

IDFC First Bank

Estimate change



TP change



Rating change



Bloomberg	IDFCFB IN
Equity Shares (m)	6618
M.Cap.(INRb)/(USDb)	599.5 / 7.2
52-Week Range (INR)	101 / 58
1, 6, 12 Rel. Per (%)	7/-19/18
12M Avg Val (INR M)	3704

Financial and Valuation Summary (INR b)

Y/E March	FY24	FY25E	FY26E
NII	164.5	203.2	242.3
OP	62.4	86.6	113.1
NP	29.6	37.6	50.7
NIM (%)	6.1	6.2	6.0
EPS (INR)	4.3	5.3	7.2
BV/Sh. (INR)	45	51	58
ABV/Sh. (INR)	43	49	56

Ratios

RoE (%)	10.2	11.0	13.2
RoA (%)	1.1	1.1	1.3

Valuations

P/E(X)	19.6	15.9	11.8
P/BV (X)	1.9	1.7	1.5
P/ABV (X)	1.9	1.7	1.5

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	37.4	37.5	40.0
DII	10.5	10.4	11.7
FII	23.7	24.3	19.3
Others	28.4	27.9	29.1

CMP: INR85

TP: INR88 (+4%)

Neutral

Earnings in line; credit costs near normalized levels

Operating leverage to improve from 2HFY25

- IDFC First Bank (IDFCFB) reported broadly in-line PAT of INR7.2b (down10% YoY/up1.2% QoQ) in 4QFY24, amid elevated provisions and higher opex.
- NII grew 24% YoY, led by healthy loan growth, while margins contracted 7bp QoQ to 6.35%. Opex continued to grow at a higher pace of 29.4% YoY to INR44.5b, resulting in an elevated C/I ratio of 72.8% in 4QFY24.
- Gross advances rose 25.1% YoY and 6.1% QoQ, while net advances rose 24.4% YoY and 4.9% QoQ. Deposits surged 39% YoY/10% QoQ, with CASA mix improving to 47.2% (up 40bp QoQ). C/D ratio thus eased to 97% (the first time below the 100% mark).
- We estimate the bank to deliver ~30% earnings CAGR over FY24-26, with RoA/RoE reaching to 1.3%/13.2% in FY26. Reiterate Neutral with a revised TP of INR88 (premised on 1.6x FY26E ABV).**

Deposit growth robust; NIM contracts 7bp QoQ

- IDFCFB reported flattish 4QFY24 PAT of INR7.2b (up 1.2% QoQ), amid elevated provisions and opex, while revenue growth stood in line. Provisions increased 49.7% YoY to INR7.2b (16% higher than MOFSLe).
- NII grew 24.2% YoY to INR44.7b (in line), backed by healthy loan growth (up 24% YoY), while margins contracted 7bp QoQ to 6.35%. Further, management expects the margins to remain broadly stable, while it plans to achieve an RoA of 1.9-2.0% by FY29.
- Other income grew 17.5% YoY, with steady 36% YoY growth in core fees. Opex grew 29.4% YoY, with C/I ratio remaining elevated at 72.8%. PPOp rose 7% YoY to INR16.6b (in line with our estimates).
- On the business front, gross advances grew 25.1% YoY/6.1% QoQ (while net advances rose 24.4% YoY/4.9% QoQ), led by 30.9%/20.5% YoY growth in retail/business finance. Rural book stood largely flat QoQ (up 24.5% YoY). Within retail, growth was led by housing and LAP (up 14.2% and 20% YoY, respectively), VF (40% YoY) and cards (58% YoY). The share of consumer & rural finance stood at ~71% as of 4QFY24.
- Deposits grew 39% YoY (up 9.9% QoQ), led by healthy growth in CASA deposits. The CASA ratio, thus, improved 40bp QoQ to 47.2% in 4QFY24.
- GNPA ratio contracted 16bp QoQ to 1.88%, while NNPA ratio too contracted to 0.6%. PCR improved to ~69%. The SMA book stood the same as 3QFY24 at 0.85%, while the restructured book declined to 0.31% of funded assets in 4QFY24.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.Sankharva@motilaloswal.com) | **Disha Singhal** (Disha.Singhal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Management expects deposits to grow above 30% going forward.
- The bank anticipates a consistent balance sheet growth of ~20% with profit of INR120b-130b by FY29.
- Management has guided for: 1) 1.9-2.0% RoA and 17-18% RoE; and 2) GNPA/NNPA ratio of ~1.5%/0.4% by FY29.
- The C/I ratio would be flattish for the next two quarters, and is likely to improve steadily from 3QFY25.

Valuation and view: Reiterate Neutral with a TP of INR88

IDFCFB delivered a mixed quarter, with earnings being largely in line, but provisioning and opex were elevated. NIM contracted 7bp QoQ; however, the outlook remains broadly stable. On the business front, deposit traction continues to remain robust, while CASA mix improved sequentially and advances growth too remained healthy. We believe that the C/I ratio may remain elevated in the near term, mainly due to the need to mobilize deposits at a healthy run rate and continued investments in business, technology and branches. However, improvement in operating leverage mainly from 2HFY25 onwards coupled with steady loan growth, limited deposit re-pricing, and further replacement of high-cost borrowings in FY25 will support IDFCFB's underlying profitability. We estimate the bank to deliver ~30% earnings CAGR over FY24-26, with RoA/RoE reaching to 1.3%/13.2% in FY26. **Reiterate Neutral with a revised TP of INR88 (premised on 1.6x FY26E ABV).**

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24	FY24E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	27.5	30.0	32.9	36.0	37.5	39.5	42.9	44.7	126.4	164.5	44.9	0%
% Change (YoY)	25.9	32.1	27.3	34.7	36.1	31.6	30.5	24.2	30.2	30.2	24.8	
Other Income	8.6	10.6	11.5	14.0	14.1	14.3	15.2	16.4	44.7	60.0	16.3	1%
Total Income	36.1	40.6	44.4	49.9	51.6	53.8	58.0	61.1	171.0	224.5	61.1	0%
Operating Expenses	26.6	28.9	31.8	34.4	36.6	38.7	42.4	44.5	121.7	162.2	44.6	0%
Operating Profit	9.4	11.7	12.6	15.6	15.0	15.1	15.6	16.6	49.3	62.4	16.5	1%
% Change (YoY)	-5.1	68.7	63.8	88.6	59.0	29.2	23.9	6.8	50.2	26.5	6.1	
Provisions	3.1	4.2	4.5	4.8	4.8	5.3	6.5	7.2	16.6	23.8	6.2	16%
Profit before Tax	6.4	7.4	8.1	10.8	10.2	9.8	9.1	9.4	32.7	38.6	10.3	-9%
Tax	1.6	1.9	2.1	2.7	2.6	2.3	1.9	2.2	8.3	9.0	2.8	-23%
Net Profit	4.7	5.6	6.0	8.0	7.7	7.5	7.2	7.2	24.4	29.6	7.5	-3%
% Change (YoY)	NM	266.1	115.1	134.2	61.3	35.2	18.4	-9.8	NM	21.3	-6.5	
Operating Parameters												
Deposit (INR b)	1,133	1,234	1,330	1,446	1,544	1,712	1,825	2,006	1,446	2,006	1,921	4%
Deposit Growth (%)	24.1	36.8	43.4	36.9	36.2	38.7	37.2	38.7	36.9	38.7	32.8	588
Loan (INR b)	1,326	1,402	1,457	1,564	1,674	1,781	1,855	1,946	1,518	1,946	1,925	1%
Loan Growth (%)	22.0	37.1	25.2	26.0	26.3	27.0	27.3	24.4	28.8	28.2	23.1	135
Asset Quality												
Gross NPA (%)	3.4	3.2	3.0	2.5	2.2	2.1	2.0	1.9	2.6	1.9	2.0	
Net NPA (%)	1.3	1.1	1.0	0.9	0.7	0.7	0.7	0.6	0.9	0.6	0.6	
PCR (%)	62.0	66.3	66.0	66.4	68.1	68.2	66.9	68.8	66.4	68.8	68.5	

Source: MOFSL, Company

Quarterly Snapshot

	FY23				FY24				Change (%)	
Profit and Loss (INR m)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	27,511	30,022	32,853	35,968	37,451	39,502	42,866	44,689	24	4
Other Income	8,557	10,613	11,525	13,975	14,138	14,296	15,166	16,420	17	8
Trading profits	-440	1,160	360	2,160	730	540	476	320	-85	-33
Total Income	36,068	40,635	44,378	49,942	51,589	53,798	58,031	61,109	22	5
Operating Expenses	26,630	28,948	31,770	34,356	36,586	38,696	42,407	44,470	29	5
Employee	8,302	9,186	9,528	10,407	11,528	11,901	12,217	13,280	28	9
Others	18,328	19,762	22,242	23,949	25,059	26,795	30,190	31,190	30	3
Operating Profits	9,438	11,687	12,608	15,587	15,003	15,103	15,625	16,639	7	6
Core Operating Profits	9,878	10,527	12,248	13,427	14,273	14,563	15,149	16,319	22	8
Provisions	3,080	4,242	4,502	4,824	4,762	5,284	6,548	7,223	50	10
PBT	6,358	7,445	8,105	10,762	10,242	9,819	9,077	9,416	-13	4
Taxes	1,615	1,890	2,059	2,736	2,590	2,306	1,920	2,173	-21	13
PAT	4,743	5,556	6,046	8,026	7,652	7,513	7,157	7,244	-10	1
Balance Sheet (INR B)										
Loans	1,326	1,402	1,457	1,564	1,674	1,781	1,855	1,946	24	5
Deposits	1,133	1,234	1,330	1,446	1,544	1,712	1,825	2,006	39	10
Loan mix (INR b)										
Consumer Finance	764.1	813.5	861.2	910	973.3	1,046.0	1,114.0	1,191	31	7
Rural Finance	142.2	151.4	162.5	192	207.4	228.3	239.6	239	25	0
Business Finance	402.9	428.7	442.1	457	497.5	524.5	511.3	551	21	8
Infrastructure	67.4	59.9	55.7	47	37.6	33.6	29.9	28	-39	-5
Loan mix (%)										
Consumer Finance	55.5	56.0	56.6	56.7	56.7	57.1	58.8	59.3	260	49
Rural Finance	10.3	10.4	10.7	11.9	12.1	12.5	12.6	11.9	-6	-76
Business Finance	29.3	29.5	29.1	28.5	29.0	28.6	27.0	27.4	-104	44
Infrastructure	4.9	4.1	3.7	2.9	2.2	1.8	1.6	1.4	-150	-17
Asset Quality										
GNPA	43,548	43,962	43,026	38,845	36,034	37,478	37,754	37,184	-4	-2
NNPA	16,538	14,800	14,642	13,041	11,490	11,925	12,503	11,605	-11	-7
Ratios (%)										
	FY23				FY24				Change (bp)	
Asset quality ratios	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA	3.4	3.2	3.0	2.5	2.2	2.1	2.0	1.9	-63	-16
NNPA	1.3	1.1	1.0	0.9	0.7	0.7	0.7	0.6	-26	-8
PCR (Calculated)	62.0	66.3	66.0	66.4	68.1	68.2	66.9	68.8	236	191
Credit Cost	1.0	1.4	1.4	1.4	1.3	1.3	1.6	1.6	27	6
Business ratios										
CASA (Reported)	50.0	51.3	50.0	49.8	46.5	46.4	46.8	47.2	-257	40
Loan/Deposit	116.9	113.6	109.5	108.1	108.4	104.0	101.6	97.0	-1,110	-460
Non Int. to Total Income	23.7	26.1	26.0	28.0	27.4	26.6	26.1	26.9	-111	74
Cost to Income	73.8	71.2	71.6	68.8	70.9	71.9	73.1	72.8	398	-30
Tax Rate	25.4	25.4	25.4	25.4	25.3	23.5	21.2	23.1	-235	192
Capitalisation Ratios (%)										
Tier-1	14.0	13.7	13.5	14.2	13.7	13.5	14.0	13.4	-84	-59
CAR	15.8	15.4	16.1	16.8	17.0	16.5	16.7	16.1	-71	-62
RWA / Total Assets	74.1	73.8	74.1	72.8	75.2	75.0	80.7	78.2	537	-254
LCR	127.4	131.0	122.1	120.1	125.6	121.6	119.9	114.0	-611	-592
Profitability ratios										
YoA	13.8	15.2	15.3	15.4	15.6	15.9	16.3	16.0	59	-34
YoI	5.9	7.3	8.0	7.7	7.3	7.3	7.4	7.1	-60	-35
YoF	11.9	13.2	13.7	13.5	13.6	13.9	14.2	13.6	7	-64
CoF*	5.6	6.1	6.3	6.3	6.6	6.7	6.4	6.4	15	-1
Margins	5.8	6.0	6.1	6.4	6.3	6.3	6.4	6.4	-6	-7
Other Details										
Branches	651	670	707	809	824	862	897	944	135	47

*cost of funds for 3QFY24 and 4QFY24 is reported , rest all are calculated by MOFSL



Highlights from the management commentary

Opening remarks by the management

- The bank's total deposit is ~INR2t, which is just ~1% of the system deposit and hence, has a significant opportunity for growth.
- The bank has transformed the liability profile in five years from wholesale to retail, in order to diversify the deposit base.
- In FY24, the Wealth Management AUM grew 66% YoY. IDFCFB is doing well in current account and expects this area to grow at a healthy pace in 4-5 years.
- Its market share is 1.20% of the total bank credit, which has improved from 1.13% last year.
- About 38% of the incremental book that has been built has gone into rural. RIDF bond O/S has come down to INR9.26b.
- The bank has been able to meet its PSL requirement and is even able to sell them and generate income now.
- Balance sheet of the bank has grown at 23.4% YoY, which has come from strong deposits growth of 38.7% YoY.

Operating environment, balance sheet, and P&L

- NIM for FY24 stood at 6.36% gross of IBPC and sell down and the bank expects NIM to remain broadly stable.
- IDFCFB has opened 135 branches in the current year, and the total count stands at 944 at present.
- The bank has grown its customer deposits by 42% YoY driven by the retail deposits, which was utilized for repayment of the legacy borrowings, certificate of deposits, and loan growth.
- The recent RBI circular's impact on exposure towards consumer retail credit had an impact of ~100bp on the capital buffers.
- Excluding the above, the CET-1 would have been ~14.2% and overall CRAR would have been ~17.1% as of Mar'24.
- The five-year CAGR of: core retail deposits stood at 63% and total customer deposits stood at 37%.
- IDFCFB expects cost to normalize on liability front from next year.
- Fee and other income as a % of total average assets improved from 1.93% in FY23 to 2.16% in FY24.
- 93% of the fee income & other income originated from retail banking operations, which is granular and sustainable.
- The RoA/RoE stood at 1.1%/10.3% for FY24 and RoA is expected to be ~1.45%-1.5% in the next 2-3 years.
- The bank expects the branches to scale up to ~1,800 to handle INR4t of deposits in the next five years.
- Retail deposits as a % of total deposits and borrowings improved to 60% as of FY24.
- Card spending increased 58% YoY during FY24, and debit card spending grew 39% YoY over last year.
- Incremental C/D ratio of the bank stood at 76% in 4QFY24. Cost of funds has been stable at 6.43% and cost of deposits has been higher by 7bp.
- Infra book is 1.5% of total funded asset.

- C/I ratio in credit card stood at 116% in FY24 and management expects this to be sub-100% for FY25.
- NIM moderated 7bp QoQ to 6.35% from 6.42% in 3QFY24.
- The Cost to Income ratio is higher at 72.8%. The drag is mainly coming from the liability side of the book. The exit quarter of FY25 will likely to see the C/I ratio improving.

Loans and deposits

- The FY24 deposits included INR28.12b of Current Account deposits received for short term from a large Government Banking client.
- Loan growth has been 25% YoY in this quarter and is likely to be ~22-23% in the next year.
- CASA ratio improved 40bp QoQ for the bank at 47.2%. ~78% of the customer deposits are now retail deposits.
- Management expects deposits to grow above 30% going forward.
- C/D ratio of 75-80% is expected going forward. Bank will continue to maintain its LCR at ~115-120% going forward

Asset quality

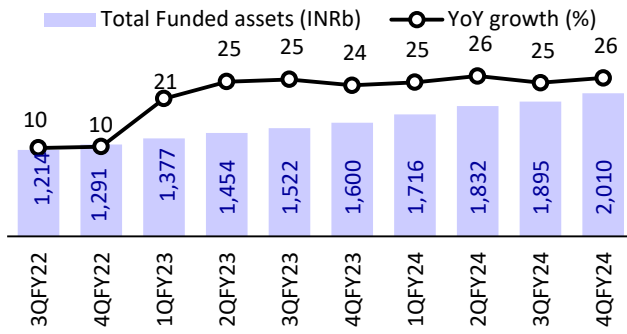
- GNPA came down to 1.88%, while NNPA stood at 0.60%. GNPA without infra was 1.55%, while NNPA was 0.42%.
- PCR after excluding infrastructure finance book was at 73.4% as of FY24.
- ~0.31% of funded asset is restructured book. ~95% of restructured book is secured in nature.
- The significant and growing part of the book, i.e. the Retail, Rural and SME business financing business has low NPA levels because of high-quality underwriting, credit bureaus, technology, and cash flow-based lending capabilities.
- Gross slippages of the bank stood at INR13.47b and net slippages at ~INR7.22b.
- Credit cost stood at 1.5% for 4QFY24 and the bank has guided for 1.65% next year.
- Collection efficiency also remained stable at 99.6%. The bank is quite comfortable on its asset quality and slippages fronts.
- SMA remained stable at 0.85% in 4QFY24.

Guidance (FY24-FY29)

- The bank has guided for 1.9-2.0% RoA and 17-18% RoE.
- IDFCFB has guided for GNPA/NNPA ratio to be ~1.5%/0.4% by FY29.
- The bank expects a consistent balance sheet growth of ~20% with profit of INR120-130b by FY29.
- In the next five years, the bank expects to open ~1,700-1,800 branches.
- CASA ratio expected to be ~50% after FY24.
- C/I ratio to be flattish for next two quarters and is expected to go down from 3QFY25.

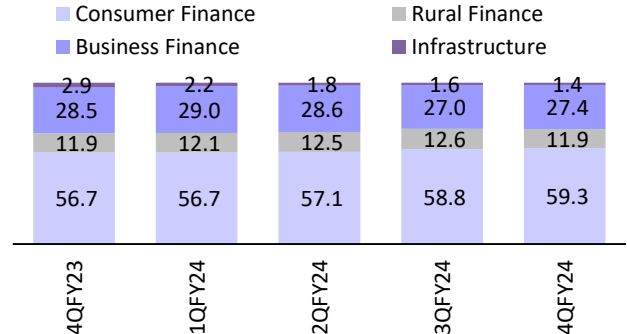
Story in charts

Exhibit 1: Total funded assets grew 26% YoY in 4QFY24



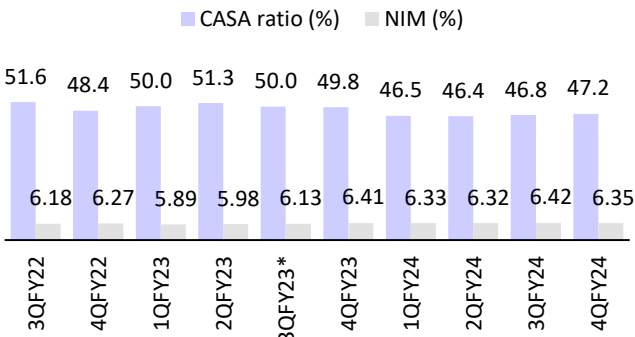
Source: MOFSL, Company

Exhibit 2: Consumer & Rural Finance formed ~71.2% of loans



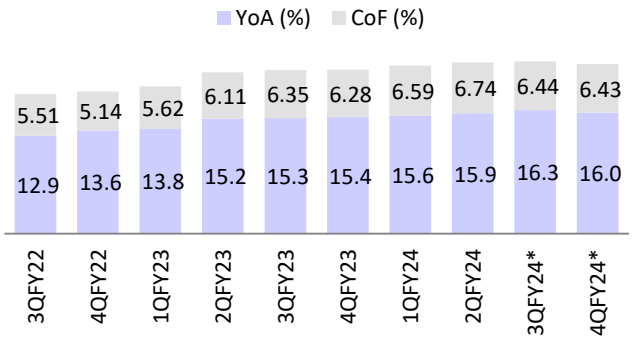
Source: MOFSL, Company

Exhibit 3: NIM moderated 7bp QoQ to 6.35%



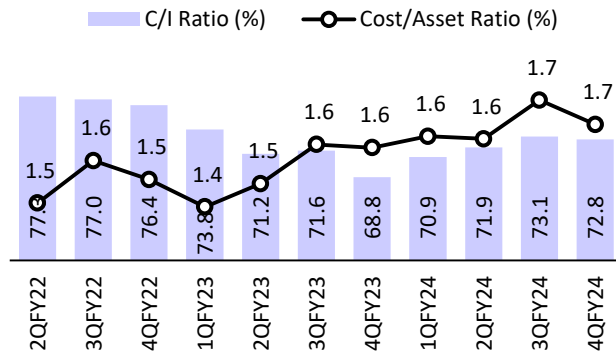
*NIMs reported from 3QFY24 are gross of IBPC and Sell-down
Source: MOFSL, Company

Exhibit 4: Cost of funds improved to 6.43% from 6.44% in 3QFY24



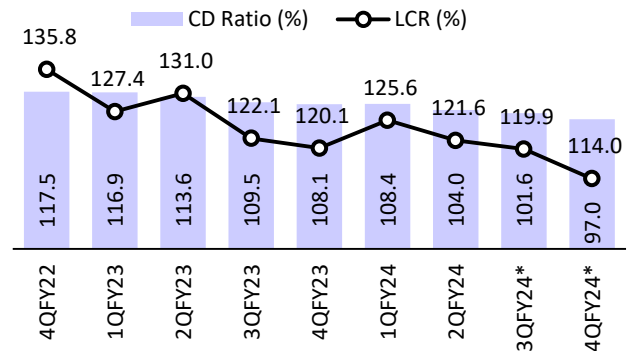
*cost of funds for 3QFY24 and 4QFY24 is reported, rest all are calculated
Source: MOFSL, Company

Exhibit 5: C/I ratio stood high at 72.8% in 4QFY24



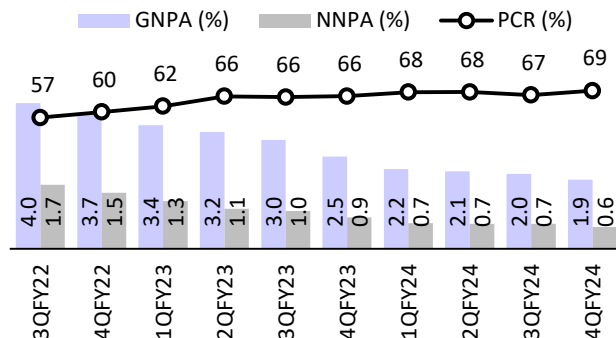
Source: MOFSL, Company

Exhibit 6: LCR ratio was lower at 114% with CD ratio at 97%



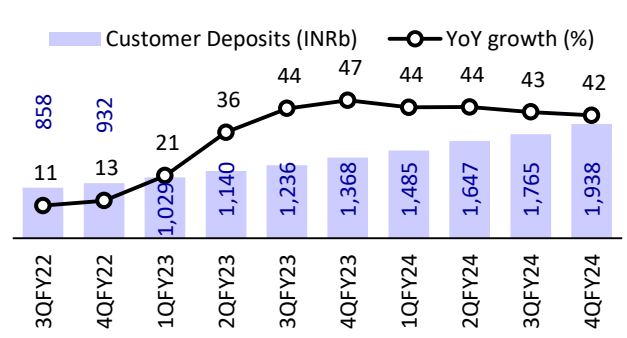
Source: MOFSL, Company

Exhibit 7: GNPA/NNPA ratio stood at 1.9%/0.6%; PCR at 69%



Source: MOFSL, Company

Exhibit 8: Customer deposits grew 42% YoY in 4QFY24



Source: MOFSL, Company

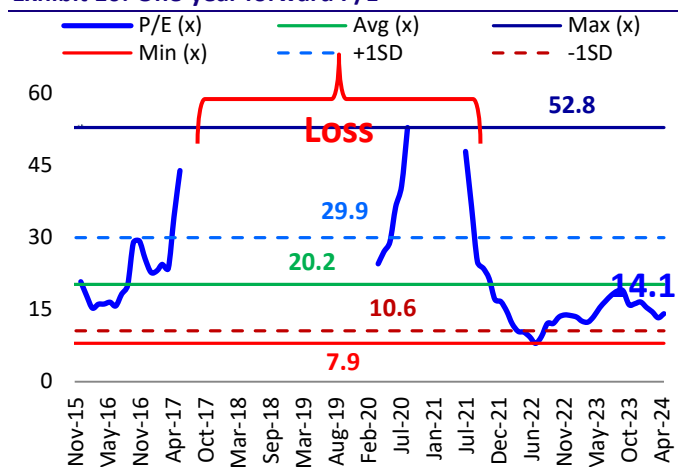
Valuation and view

- **Robust liability franchise:** IDFCFB continues to witness strong growth in Retail deposits and has succeeded in building a robust liability franchise over the past years, led by attractive customer service levels, higher interest rates, a strong brand, and transparent products and services. In 4QFY24, Deposits grew 39% YoY (up 9.9% QoQ), with healthy growth in CASA deposits at 31.7% YoY/10.9% QoQ. Thus, the CASA ratio improved 40bp QoQ to 47.2%.
 - **Asset quality continues to improve,** with GNPA ratio declining 16bp QoQ to 1.9% while NNPA ratio remaining stable at 0.6%. PCR stood at ~69%. Further, the SMA book stood at 0.85% as of 4QFY24 vs. 0.85% in 3QFY24. The restructured book declined to 0.31% of funded assets in 4QFY24.
 - **Reiterate BUY with a TP of INR88:** IDFCFB delivered a mixed quarter, with earnings being largely in line, but provisioning and opex were elevated. NIM contracted 7bp QoQ; however, the outlook remains broadly stable. On the business front, deposit traction continues to remain robust, while CASA mix improved sequentially and advances growth too remained healthy. We believe that the C/I ratio may remain elevated in the near term, mainly due to the need to mobilize deposits at a healthy run rate and continued investments in business, technology and branches. However, improvement in operating leverage mainly from 2HFY25 onwards coupled with steady loan growth, limited deposit re-pricing, and further replacement of high-cost borrowings in FY25 will support IDFCFB's underlying profitability. We estimate the bank to deliver ~30% earnings CAGR over FY24-26, with RoA/RoE reaching to 1.3%/13.2% in FY26.
- Reiterate Neutral with a revised TP of INR88 (premised on 1.6x FY26E ABV).**

Exhibit 9: Changes in our estimates

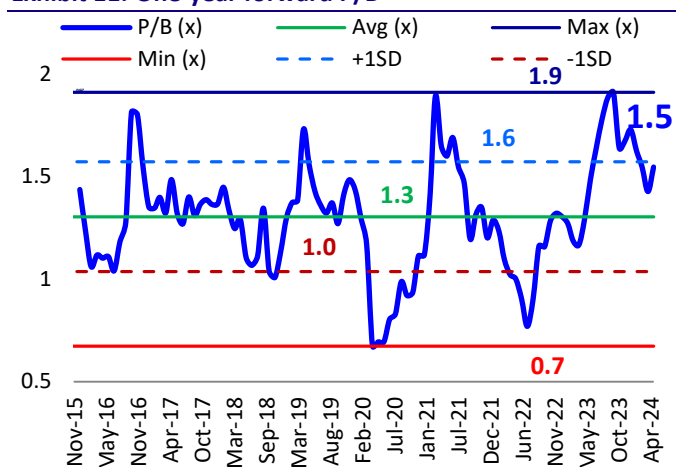
INR b	Old Est.		New Est.		Change (%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	197.5	238.6	203.2	242.3	2.8	1.6
Other Income	74.2	92.8	75.0	93.8	1.1	1.1
Total Income	271.8	331.4	278.2	336.1	2.4	1.4
Operating Expenses	190.4	224.1	191.5	223.0	0.6	-0.5
Operating Profits	81.3	107.3	86.6	113.1	6.5	5.4
Provisions	29.8	36.1	36.5	45.4	22.4	25.7
PBT	51.5	71.2	50.2	67.7	-2.6	-4.8
Tax	12.9	17.9	12.6	17.0	-2.6	-4.8
PAT	38.6	53.3	37.6	50.7	-2.6	-4.8
Loans	2,329	2,841	2,382	2,906	2.3	2.3
Deposits	2,497	3,196	2,607	3,301	4.4	3.3
Margins (%)	6.22	6.15	6.2	6.0	(7)	(15)
Credit Cost (%)	1.37	1.34	1.7	1.7	28	32
RoA (%)	1.2	1.4	1.1	1.3	(8)	(12)
RoE (%)	11.4	13.8	11.0	13.2	(34)	(68)
EPS	5.7	7.9	5.3	7.2	-6.5	-8.6
BV	52.8	60.7	50.9	58.1	-3.6	-4.2
ABV	50.3	57.6	48.7	55.5	-3.2	-3.6

Exhibit 10: One-year forward P/E



Source: MOFSL, Company

Exhibit 11: One-year forward P/B



Source: MOFSL, Company

Exhibit 12: DuPont Analysis – Return ratios to improve gradually

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	10.3	10.2	9.7	10.6	11.3	11.3	11.2
Interest Expense	6.5	5.5	4.2	4.7	5.2	5.2	5.2
Net Interest Income	3.8	4.7	5.5	5.9	6.1	6.2	6.0
Fee income	-1.4	-2.4	-1.3	0.6	1.1	1.4	1.6
Trading and others	2.5	3.8	3.1	1.5	1.1	0.9	0.7
Non-Interest income	1.1	1.4	1.8	2.1	2.2	2.3	2.3
Total Income	4.9	6.1	7.3	8.0	8.4	8.4	8.3
Operating Expenses	3.7	4.5	5.5	5.7	6.1	5.8	5.5
Employee cost	1.0	1.3	1.5	1.7	1.8	1.7	1.6
Others	2.7	3.3	3.9	3.9	4.3	4.1	3.9
Operating Profit	1.2	1.6	1.9	2.3	2.3	2.6	2.8
Core Operating Profit	-1.2	-2.2	-1.2	0.8	1.2	1.8	2.1
Provisions	2.7	1.3	1.8	0.8	0.9	1.1	1.1
PBT	-1.5	0.3	0.1	1.5	1.4	1.5	1.7
Tax	0.3	0.0	0.0	0.4	0.3	0.4	0.4
RoA	-1.8	0.3	0.1	1.1	1.1	1.1	1.3
Leverage (x)	9.4	9.4	9.1	9.2	9.3	9.7	10.5
RoE	-17.1	2.7	0.7	10.4	10.2	11.0	13.2

Financials and valuations

Income Statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	1,63,076	1,59,679	1,71,727	2,27,275	3,03,225	3,73,864	4,52,002
Interest Expense	1,02,320	85,876	74,665	1,00,922	1,38,718	1,70,710	2,09,681
Net Interest Income	60,756	73,803	97,062	1,26,353	1,64,508	2,03,153	2,42,321
Growth (%)	89.9	21.5	31.5	30.2	30.2	23.5	19.3
Non-Interest Income	17,222	22,113	32,220	44,670	60,020	75,025	93,781
Total Income	77,977	95,916	1,29,282	1,71,023	2,24,528	2,78,178	3,36,102
Growth (%)	92.5	23.0	34.8	32.3	31.3	23.9	20.8
Operating Expenses	58,610	70,933	96,444	1,21,704	1,62,158	1,91,530	2,22,972
Pre Provision Profits	19,367	24,983	32,837	49,320	62,370	86,648	1,13,130
Growth (%)	-205.5	29.0	31.4	50.2	26.5	38.9	30.6
Core PPP	15,463	19,014	27,374	46,139	59,348	83,778	1,10,403
Growth (%)	-182.8	23.0	44.0	68.6	28.6	41.2	31.8
Provisions (excl tax)	43,153	20,225	31,086	16,648	23,817	36,464	45,393
PBT	-23,785	4,758	1,752	32,671	38,553	50,185	67,737
Tax	4,857	235	297	8,300	8,988	12,596	17,002
Tax Rate (%)	-20.4	4.9	16.9	25.4	23.3	25.1	25.1
PAT	-28,642	4,523	1,455	24,371	29,565	37,588	50,735
Growth (%)	47.3	-115.8	-67.8	1,575.3	21.3	27.1	35.0

Balance Sheet							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	48,099	56,758	62,177	66,181	70,699	70,699	70,699
Reserves & Surplus	1,05,327	1,21,320	1,47,697	1,90,659	2,50,325	2,89,488	3,40,223
Net Worth	1,53,426	1,78,079	2,09,874	2,56,840	3,21,024	3,60,188	4,10,923
Deposits	6,51,080	8,86,884	10,56,344	14,46,373	20,05,763	26,07,492	33,01,085
Growth (%)	-7.6	36.2	19.1	36.9	38.7	30.0	26.6
- CASA Dep	2,09,397	4,58,961	5,11,704	7,19,827	9,36,691	12,09,876	15,51,510
Growth (%)	129.8	119.2	11.5	40.7	30.1	29.2	28.2
Borrowings	5,73,972	4,57,861	5,29,626	5,72,121	5,09,356	5,41,451	5,95,180
Other Liabilities & Prov.	1,13,526	1,08,615	1,05,812	1,23,711	1,24,419	1,30,640	1,39,785
Total Liabilities	14,92,004	16,31,439	19,01,655	23,99,045	29,60,562	36,39,770	44,46,973
Current Assets	41,908	58,279	1,57,579	1,38,980	1,24,802	1,85,788	2,25,983
Investments	4,54,046	4,54,117	4,61,448	6,11,236	7,47,104	9,11,467	11,21,104
Growth (%)	-22.4	0.0	1.6	32.5	22.2	22.0	23.0
Loans	8,55,954	10,05,501	11,78,578	15,17,945	19,45,924	23,81,811	29,05,809
Growth (%)	-0.8	17.5	17.2	28.8	28.2	22.4	22.0
Fixed Assets	10,377	12,664	13,612	20,901	26,194	32,783	40,705
Other Assets	1,29,719	1,00,877	90,598	1,10,355	1,17,127	1,27,922	1,53,372
Total Assets	14,92,004	16,31,439	19,01,816	23,99,417	29,61,151	36,39,770	44,46,973

Asset Quality	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA (INR m)	22,796	43,026	44,686	38,839	37,184	46,358	55,809
NNPA (INR m)	8,086	18,826	18,076	13,036	11,605	12,945	14,640
Slippages (INR m)	26,935	56,260	75,190	45,431	55,422	63,834	76,670
GNPA Ratio	2.66	4.28	3.79	2.56	1.89	1.95	1.92
NNPA Ratio	0.94	1.87	1.53	0.86	0.60	0.54	0.50
Slippage Ratio	3.1	6.0	6.9	3.4	3.2	3.0	2.9
Credit Cost	5.0	2.2	2.8	1.2	1.3	1.7	1.7
PCR (Excl Tech. write off)	64.5	56.2	59.5	66.4	68.8	72.1	73.8

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	11.3	11.1	10.4	11.2	11.9	11.9	11.7
Avg. Yield on loans	14.0	13.6	13.0	14.2	15.0	14.6	14.4
Avg. Yield on Investments	7.6	6.8	5.8	6.1	6.1	6.9	6.9
Avg. Cost-Int. Bear. Liab.	7.8	6.7	5.1	5.6	6.1	6.0	6.0
Avg. Cost of Deposits	7.0	6.2	4.4	5.0	5.8	5.9	5.8
Interest Spread	7.1	7.4	8.6	9.2	9.1	8.7	8.6
Net Interest Margin	3.8	4.7	5.5	5.9	6.1	6.2	6.0

Capitalisation Ratios (%)

CAR	13.4	13.8	16.7	16.8	16.3	14.8	13.8
Tier I	13.3	13.3	14.9	14.2	13.5	12.4	11.7
Tier II	0.1	0.5	1.9	2.6	2.8	2.4	2.1

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	131.5	113.4	111.6	104.9	97.0	91.3	88.0
CASA Ratio	32.2	51.7	48.4	49.8	46.7	46.4	47.0
Cost/Assets	3.9	4.3	5.1	5.1	5.5	5.3	5.0
Cost/Total Income	75.2	74.0	74.6	71.2	72.2	68.9	66.3
Cost/Core Income	79.1	78.9	77.9	72.5	73.2	69.6	66.9
Int. Expense/Int. Income	62.7	53.8	43.5	44.4	45.7	45.7	46.4
Fee Income/Total Income	17.1	16.8	20.7	24.3	25.4	25.9	27.1
Non Int. Inc./Total Income	22.1	23.1	24.9	26.1	26.7	27.0	27.9
Empl. Cost/Total Expense	26.1	27.9	28.0	30.7	29.3	29.0	28.9
CASA per branch (INR b)	451.3	770.1	798.3	889.8	1,561.2	2,016.5	2,585.8
Deposits per branch (INR b)	1,403.2	1,488.1	1,648.0	1,787.9	3,342.9	4,345.8	5,501.8
Busi. per Empl. (INR m)	74.5	78.3	80.4	83.8	97.2	111.6	123.9
Profit per Empl. (INR lac)	-1.4	0.2	0.1	0.7	0.7	0.8	1.0

Profitability Ratios and Valuation

RoE	-17.1	2.7	0.7	10.4	10.2	11.0	13.2
RoA	-1.8	0.3	0.1	1.1	1.1	1.1	1.3
RoRWA	-2.6	0.4	0.1	1.6	1.5	1.5	1.7
Book Value (INR)	32	31	34	39	45	51	58
Growth (%)	-16.0	-1.6	7.6	15.0	17.0	12.2	14.1
Price-BV (x)	2.7	2.7	2.5	2.2	1.9	1.7	1.5
Adjusted BV (INR)	30	28	31	37	43	49	56
Price-ABV (x)	2.8	3.1	2.8	2.3	1.9	1.7	1.5
EPS (INR)	-6.0	0.9	0.2	3.8	4.3	5.3	7.2
Growth (%)	25.7	-114.4	-71.6	1,452.3	13.8	23.1	35.0
Price-Earnings (x)	-14.2	98.2	346.2	22.3	19.6	15.9	11.8
Dividend Per Share (INR)	0.75	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield (%)	0.9	0.0	0.0	0.0	0.0	0.0	0.0

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors. Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.raiani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.