BUY
TP: Rs 90 | ▲ 25%

IDFC FIRST BANK | Banking | 26 October 2026

PAT above Rs 10 bn for 2nd consecutive quarter

- **Robust loan growth 22% YoY ex FCNR, with a leading CASA ratio; AQ improved, credit cost guidance 150-160 bps maintained for FY27**
- **NIMS to remain rangebound in Q3, will recover in Q4 to 5.8%, bank expects to cross 1% RoA in FY27 as operating leverage improves.**
- **Maintain BUY with revised TP of Rs 90 (Rs 79 earlier), set at 1.4x Sep'28E ABV**

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PAT above Rs 10 bn for 2nd consecutive quarter: NII grew 21% YoY/3.5% QoQ (~4.5% adjusted for the prior-quarter tax refund). NIMs declined 32bp QoQ to 5.58% from 5.90% in Q1, driven by FCNR lending (16bp), excess liquidity (7bp), asset mix (5bp) and day-count effects (4bp); FCNR lending's RoA impact is limited to ~2bp due to lower opex and credit costs relative to assets. NIM is expected to remain range-bound in Q3 before recovering to ~5.8% in Q4FY27, supported by liquidity deployment, normalization of liquidity/day-count effects and repo rate hikes, partly offset by higher funding costs. PAT rose 196.5% YoY to Rs10.5bn for the 2nd consecutive quarter above Rs 10bn. Fee and other income grew 24.5% YoY, while treasury gains declined 80% YoY amid hardening G-sec yields. Opex increased 16% YoY/3% QoQ to ~Rs59.4bn, with the C/I ratio rising QoQ to ~70.1%.

Credit growth remains robust with leading CASA ratio: The bank mobilized Rs343.9bn ($3.6bn) in FCNR deposits (~10% of September deposits), extending Rs250bn ($2.6bn) in FCNR-backed loans. Ex-FCNR, gross loans (incl. IBPC) grew 22.2% YoY/5.7% QoQ, driven by CV/CE, VF, consumer loans and CC while BBG and wholesale loans each grew >30% YoY. The MFI book increased marginally QoQ to Rs68.25bn (~2% of funded assets), with 97% covered under CGFMU. Total deposits, including CDs, grew 25.9% YoY/11.8% QoQ, while customer deposits grew 14.1% YoY ex FCNR.

AQ improved with receding MFI stress: Gross slippages remained stable at Rs18.9 bn (2.9% of loans), while GNPA fell 19bp QoQ to 1.32% (1.36% ex FCNR loans), aided by higher write-offs and loan growth. Standard asset provisions of Rs1bn for FCNR loans contributed to credit cost of 1.38%. Management expects H2 credit costs of 150–160bp, subject to El Niño and drought risks in select states.

Maintain BUY: IDFC has strengthened its deposit franchise, with retail deposits now at 82% vs. 27% at merger and CASA strong at 47.6%. FCNR mobilization should support long-term growth and NIMs. With uptick in NIMs from Q4, lower credit cost guidance of 1.5–1.6% vs. 1.7–1.8% in Q1, sustained business momentum and 500 bps positive operating jaw, the bank should be able to deliver FY27 RoA of >1%.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IDFCBK IN/Rs 72
Market cap	US$ 6.5bn
Free float	100%
3M ADV	US$ 17.8mn
52wk high/low	Rs 90/Rs 58
Promoter/FPI/DII	0%/37%/25%

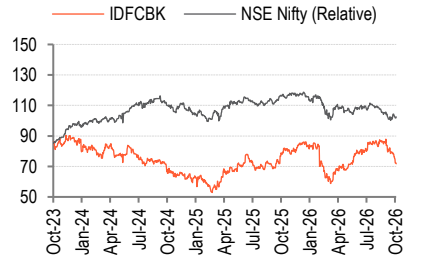
Source: NSE | Price as of 26 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
NII (Rs mn)	212,153	259,327	330,827
NII growth (%)	10.0	22.2	27.6
Adj. net profit (Rs mn)	16,363	46,463	70,217
EPS (Rs)	2.1	5.4	8.1
P/E (x)	34.9	13.3	8.8
P/BV (x)	1.3	1.2	1.1
ROA (%)	0.4	1.0	1.2
ROE (%)	3.8	9.4	12.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Income Statement							
Interest Income	83,195	87,758	89,670	94,385	1,01,691	22.23	7.74
Income on investments	14,790	15,264	15,120	14,752	16,492	11.51	11.80
Int. on bal. with RBI & inter-bank funds & Others	1,384	1,148	737	1,375	1,034	(25.25)	(24.76)
Interest income	99,369	1,04,170	1,05,528	1,10,511	1,19,218	19.97	7.88
Interest expense	48,243	49,246	48,756	50,787	57,373	18.93	12.97
Net interest income	**51,126**	**54,924**	**56,772**	**59,724**	**61,844**	**21.0**	**3.5**
Growth YoY (%)	6.8	12.0	15.7	21.1	21.0		
Non-interest income	**18,915**	**21,250**	**16,300**	**23,094**	**22,960**	**21.4**	**(0.6)**
Growth YoY (%)	9.5	19.4	(14.0)	3.7	21.4		
Total income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Growth YoY (%)	**70,040**	**76,174**	**73,072**	**82,818**	**84,804**	**21.1**	**2.4**
Staff expenses	7.5	14.0	7.4	15.7	21.1		
Other operating expenses	**14,901**	**16,020**	**15,943**	**16,962**	**17,197**	**15.4**	**1.4**
Operating expenses	**36,338**	**39,821**	**46,544**	**40,331**	**42,222**	**16.2**	**4.7**
Pre-Provisioning Profit (PPoP)	51,239	55,841	62,487	57,293	59,419	16.0	3.7
Growth YoY (%)	**18,801**	**20,334**	**10,585**	**25,526**	**25,385**	**35.0**	**(0.6)**
Provisions	**14,519**	**13,983**	**8,692**	**11,439**	**11,370**	**(21.7)**	**(0.6)**
Growth YoY (%)	(16.2)	4.5	(40.1)	(31.1)	(21.7)		
PBT	**4,282**	**6,350**	**1,893**	**14,087**	**14,016**	**227.3**	**(0.5)**
Tax	759	1,325	(1,296)	3,337	3,570	370.3	7.0
PAT	**3,523**	**5,025**	**3,189**	**10,750**	**10,446**	**196.5**	**(2.8)**
Growth YoY (%)	75.5	48.1	4.9	132.4	196.5		
Per Share							
FV (Rs)	10	10	10	10	10	-	-
EPS (Rs)	0.36	0.57	0.37	1.25	1.21	188.1	112.3
Book Value (Rs)	54.1	54.7	55.0	56.5	57.3	10.3	4.8

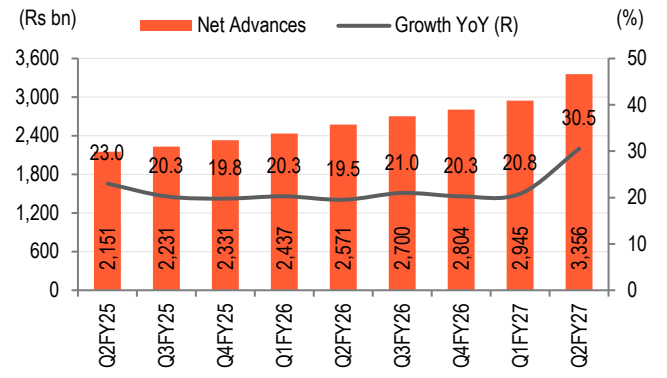
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other key metrics

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Deposits	**27,67,713**	**29,11,334**	**29,44,746**	**31,18,919**	**34,85,834**	**25.9**	**11.8**
Growth YoY (%)	23.8	22.9	16.8	17.7	25.9		
Advances	**25,71,007**	**26,99,878**	**28,03,906**	**29,44,808**	**33,56,421**	**30.5**	**14.0**
Growth YoY (%)	19.5	21.0	20.3	20.8	30.5		
Investment	9,17,794	9,52,699	8,59,663	9,52,549	10,25,929	11.8	7.7
Equity	4,64,902	4,70,482	4,73,518	4,86,512	4,94,454	6.4	1.6
Assets	38,22,178	39,33,569	39,97,801	42,08,098	47,05,481	23.1	11.8
Growth YoY (%)	19.3	17.1	16.3	16.4	23.1		
Yield (%)							
Yield on Funds	11.2	11.3	11.2	11.3	11.1	(6bps)	(17bps)
Cost of Funds	6.2	6.1	5.9	5.9	6.1	(10bps)	14bps
Spread	5.0	5.2	5.3	5.4	5.1	4bps	(30bps)
Net Interest Margin (Cal)	5.8	5.9	6.0	6.1	5.8	2bps	(33bps)
Ratios (%)							
Other Income / Net Income	27.0	27.9	22.3	27.9	27.1	7bps	(81bps)
Cost to Income ratio	73.2	73.3	85.5	69.2	70.1	(309bps)	89bps
CASA ratio	50.1	51.6	49.8	50.8	47.6	(246bps)	(321bps)
C/D ratio	92.9	92.7	95.2	94.4	96.3	339bps	187bps
Investment to Assets	24.0	24.2	21.5	22.6	21.8	(221bps)	(83bps)
Assets Quality							
GNPA	48,409	46,141	45,585	45,098	44,667	(7.73)	(0.96)
NNPA	13,454	14,269	13,464	12,862	13,341	(0.84)	3.72
Provision	34,955	31,872	32,121	32,236	31,326	(10.38)	(2.82)
GNPA (%)	1.9	1.7	1.6	1.5	1.3	(54bps)	(19bps)
NNPA (%)	0.5	0.5	0.5	0.4	0.4	(12bps)	(4bps)
Provision (%)	72.2	69.1	70.5	71.5	70.1	(208bps)	(135bps)

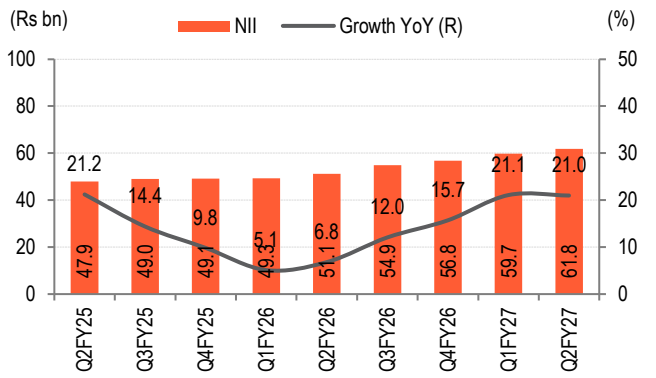
Source: Company, BOBCAPS Research

Fig 3 – Loan grew ex FCNR grew 22% YoY



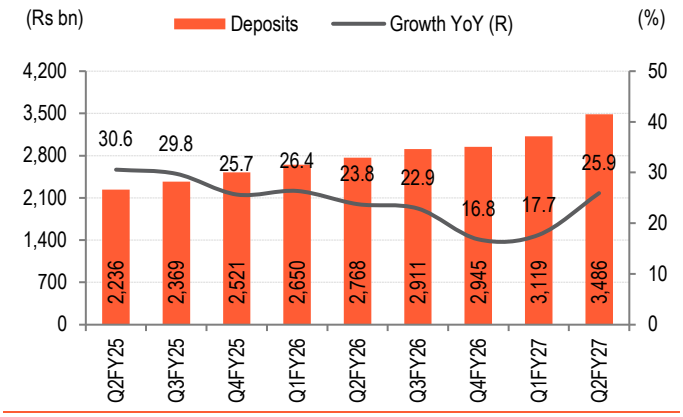
Source: Company, BOBCAPS Research

Fig 4 – …NII growth in tandem with loan growth



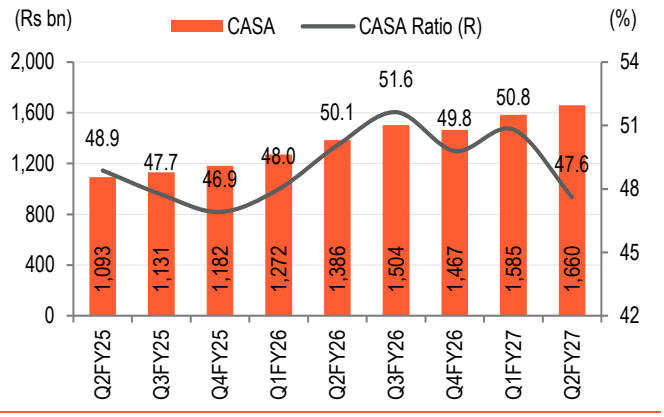
Source: Company, BOBCAPS Research

Fig 5 – Deposit grew ex FCNR 14.1% yOy



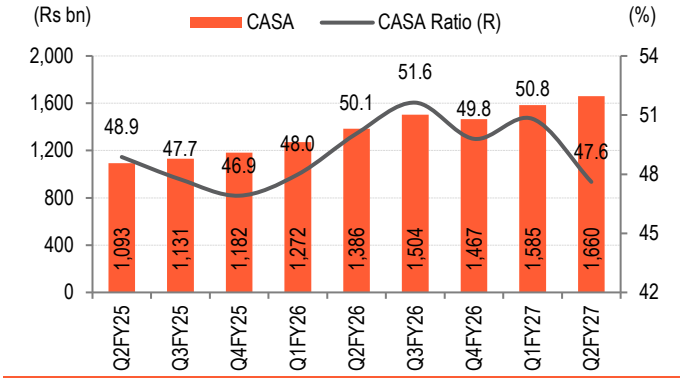
Source: Company, BOBCAPS Research

Fig 6 – CASA ratio to stay in high 40s Range



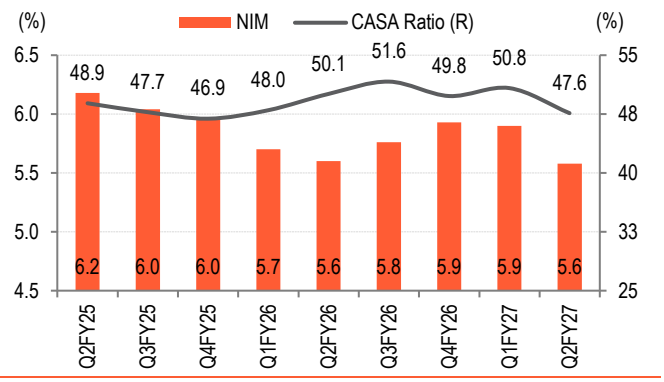
Source: Company, BOBCAPS Research

Fig 7 – FCNR deposits to give 1% benefit to overall CoF…



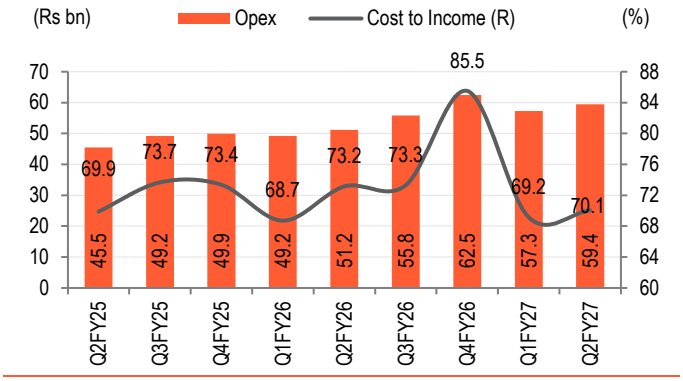
Source: Company, BOBCAPS Research

Fig 8 – …NIMs to remain rangebound in Q3, with uptick in Q4



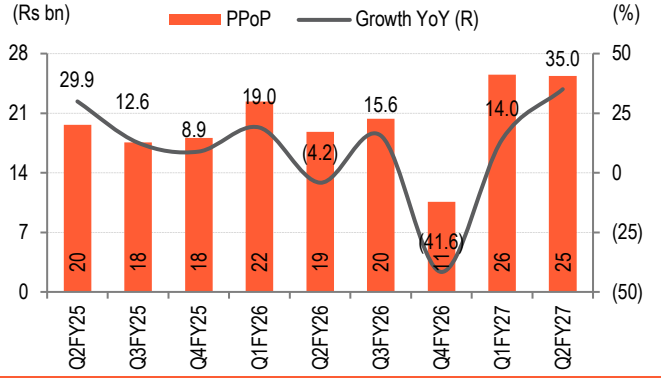
Source: Company, BOBCAPS Research

Fig 9 – Cost-to-Income is expected to improve



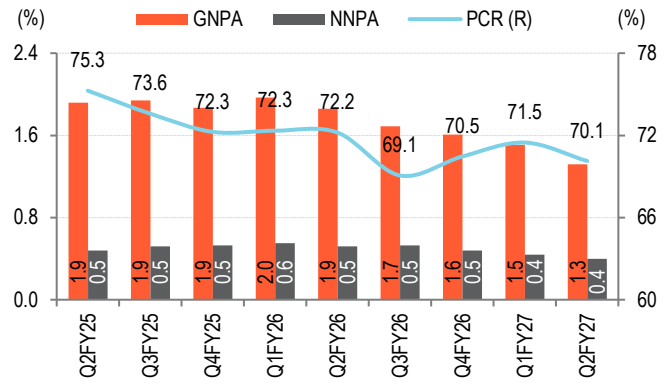
Source: Company, BOBCAPS Research

Fig 10 – PPoP growth strong at 35% YoY



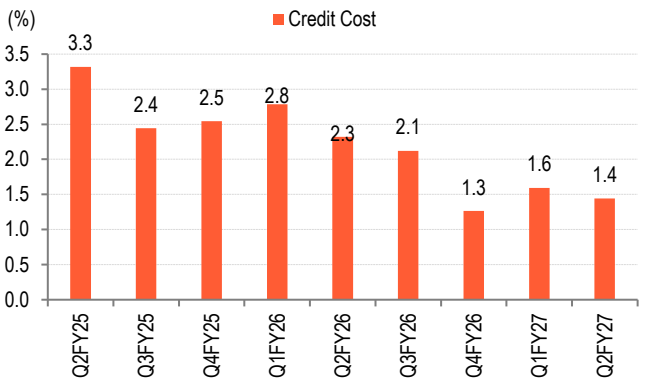
Source: Company, BOBCAPS Research

Fig 11 – Asset quality improved QoQ



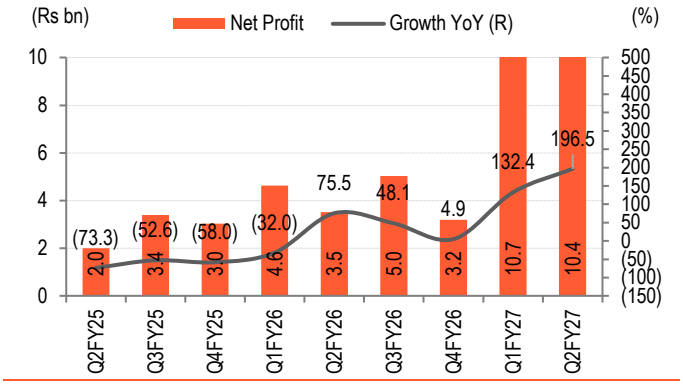
Source: Company, BOBCAPS Research

Fig 12 – Credit costs continues to improve



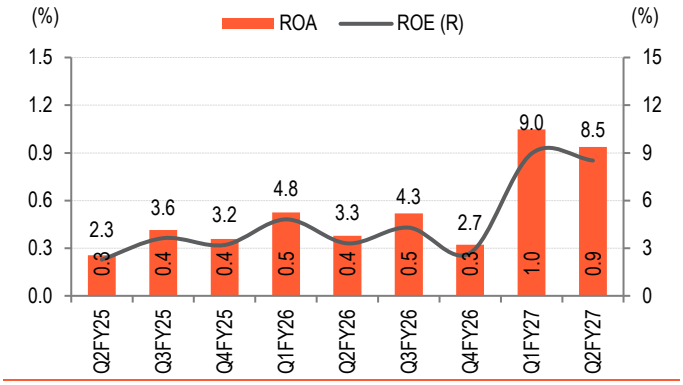
Source: Company, BOBCAPS Research

Fig 13 – PAT up 197% YoY



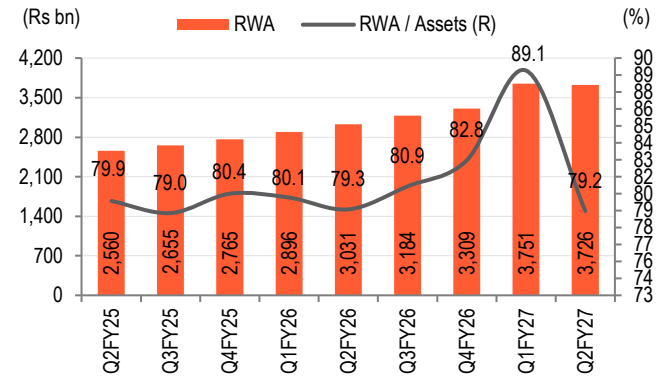
Source: Company, BOBCAPS Research

Fig 14 – Strong profitability with positive operating jaw, robust business growth to drive RoA improvement



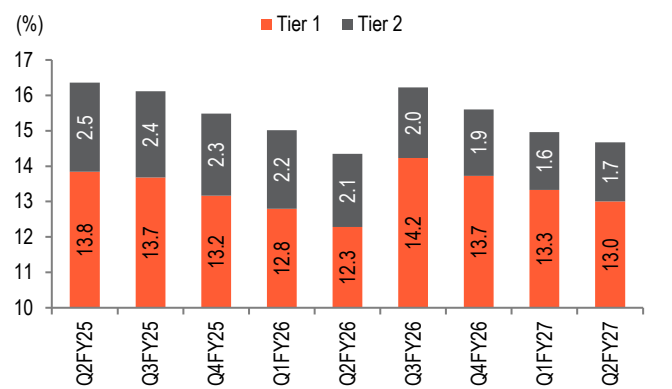
Source: Company, BOBCAPS Research

Fig 15 – Stable RWA-to-asset ratio



Source: Company, BOBCAPS Research

Fig 16 – Capital ratios adequate



Source: Company, BOBCAPS Research

Key Conference Call Takeaways

1.Advances

- Advances grew 30.1% YoY/13.6% QoQ to ~Rs347bn, including FCNR(B)-backed lending. Excluding FCNR(B), advances grew 22.2% YoY/5.7% QoQ to ~Rs 329bn, indicating healthy underlying growth.
- Growth was driven by mortgages, vehicle loans and consumer loans, alongside >30% YoY growth in business banking and wholesale banking.
- Wholesale banking increased to ~20% of advances from ~15% two years ago, supported by strong demand, faster credit decisions and transaction-banking capabilities. Corporate exposure comprises 76% A-rated and above, 20% BBB-rated and 4% BB-rated and below borrowers.
- Corporate banking maintains a 32–33% cost-to-income ratio, with low credit costs supporting estimated RoA of at least 1.6–1.7%. The bank sees opportunities to deepen cash management, trade finance and forex relationships alongside lending.
- The MFI book increased marginally to Rs68.3bn (~2% of funded assets), with 97% covered under the CGFMU scheme.
- Credit-card spends grew 15% YoY, with the outstanding book at Rs98.8bn and cards in force exceeding 5mn. Improving cost-to-income and credit-cost trends are supporting profitability.
- Mortgage growth remains subdued due to relatively low yields and limited expansion focus. Recent mortgage delinquencies reflect normal portfolio seasoning rather than material deterioration in underlying credit quality.

2. Deposits

- Total deposits, including certificates of deposit (CDs), grew 25.9% YoY/11.8% QoQ to ~Rs348bn. Customer deposits increased 26.9% YoY/14.0% QoQ to over ~Rs340bn, including FCNR(B) inflows.
- Excluding FCNR(B), customer deposits grew 14.1% YoY. Deposit mobilisation was deliberately calibrated after strong FCNR(B) inflows and surplus liquidity, although management believes 20–22% deposit growth remains achievable.
- CASA deposits grew 19.8% YoY to ~Rs166bn. The reported CASA ratio was 47.6%, while the average ratio stood at 48.4%; the reported ratio was diluted by the larger FCNR(B) deposit base.
- The bulk deposit ratio declined to 13.9% from 17.1% in Q1FY27, supported by FCNR(B) inflows, repayment of ~Rs5bn of bulk deposits and non-renewal of ~Rs5bn of maturing CDs.
- Average LCR was 125% in Q2FY27, rising to 139% at September-end following late-quarter FCNR(B) inflows. Management expects excess liquidity to be deployed over the following month, bringing LCR towards the normalised 115–116% range.

- Deposit growth is expected to remain slightly ahead of loan growth, supporting a comfortable loan-to-deposit trajectory. Management intends to maintain CASA in the high-40% range through digital capabilities, customer service and calibrated savings-account rates.

3. Profitability

- NII grew 21% YoY/3.5% QoQ, with sequential growth accelerating to ~4.5% after adjusting for the prior-quarter income-tax refund. NIM declined to 5.58% from 5.90% in Q1FY27.
- PAT reached Rs10.5bn for the second consecutive quarter above Rs10bn, up 196.5% YoY. Core PAT, excluding trading gains and specified one-offs, increased to Rs10.36bn from Rs8.97bn in Q1FY27.
- Fee and other income grew 24.5% YoY, while total income excluding trading gains rose 21.9% YoY. Treasury gains moderated amid hardening government-security yields.

4. Opex

- Operating expenses increased 16% YoY/3% QoQ to ~Rs59.4bn. The cost-to-income ratio excluding trading gains improved 57bp QoQ to ~70.2%.
- Operating profit grew 38.5% YoY/6.6% QoQ, marking three consecutive quarters of >30% YoY growth.
- The incremental cost-to-income ratio of ~55% reflects operating expenses growing ~500bp below income growth. This supports a higher incremental RoA than the reported portfolio RoA of ~0.93%. As the bank scales and its liability franchise matures, lower incremental costs and a declining liability-side drag should further improve RoA.

5. NIMs and FCNR

- The 32bp QoQ NIM decline comprised FCNR(B)-backed lending (16bp), excess liquidity in low-yielding treasury instruments and nostro balances (7bp), asset-mix changes from faster business and wholesale banking growth (5bp) and day-count effects (4bp).
- The bank mobilised ~Rs334bn (US$3.6bn) in FCNR(B) deposits during Q2FY27, equivalent to ~10% of September-end deposits and ~2.7% of overall industry mobilisation. FCNR(B)-backed lending amounted to ~Rs250bn, or ~7% of the loan book.
- FCNR(B) deposits carry 3–5-year tenors, locking in funding ahead of recent interest-rate increases. Management estimates a ~100bp funding-cost benefit versus equivalent domestic deposits after considering annualised deposit costs, hedging, IBU lending spreads and statutory benefits.
- The programme benefits from positive IBU spreads and the absence of domestic PSL deployment requirements. The 16bp NIM dilution from FCNR(B) lending should not be viewed in isolation, as the expanded balance sheet lowers opex and credit costs relative to assets, limiting the estimated RoA impact to ~2bp.

- The full FCNR(B) earnings benefit should flow through progressively, with a more complete impact from FY28. FCNR(B) deposits also support incremental profitability and returns without consuming capital in the same manner as domestic deposits.
- The bank raised US$950mn through its debut international bond issuance from its offshore IBU branch after securing investment-grade international ratings. Management does not currently see a significant additional foreign-borrowing pipeline.
- Excess liquidity created a further 7bp NIM drag, which management expects to largely unwind in Q3FY27. NIMs are expected to remain range-bound in Q3 before recovering to ~5.8% in Q4FY27, supported by liquidity deployment, normalisation of day-count effects and an assumed cumulative 50bp repo-rate increase during FY27, partly offset by higher funding costs.

6. ECL impact and IRDAI impact on banca income

- Capital adequacy stood at 14.66%, with CET1 at 13.01% at September-end. Management expects loan and deposit growth to remain adequately funded while maintaining regulatory capital and liquidity buffers.
- The estimated CET1 impact of the expected credit loss (ECL) framework should be broadly offset by changes in credit-risk and operational-risk capital requirements. Revised operational-risk guidelines are expected to take effect from April 1, 2027, with estimates still being refined.
- ECL adoption may increase steady-state credit costs to some extent, but the RoA impact is expected to remain manageable, partly offset by amortisation of operating expenses and processing fees associated with the sizeable retail book.
- Proposed insurance commission regulations remain at the consultation stage. If implemented broadly in their current form, the impact on fee income is expected to be substantially mitigated by FCNR(B)-related funding savings, anticipated repo-rate increases and product-mix adjustments. Management does not currently expect material changes to publicly available earnings estimates.

7. Asset quality and credit costs

- GNPA improved 19bp QoQ to ~1.32%, while NNPA declined 4bp to ~0.40%. Excluding FCNR(B)-backed loans, GNPA would have been 1.41% and NNPA 0.43%, compared with 1.51% and 0.44%, respectively, in Q1FY27.
- GNPA in the retail, agriculture and MSME portfolio improved to 1.24% from 1.40% QoQ, or 1.36% excluding FCNR(B)-backed lending. Retail current-bucket collection efficiency remained stable at ~99.5%.
- Retail SMA-1/SMA-2 declined to 0.72% from 0.77% QoQ, while MFI SMA-1/SMA-2 normalised to 0.60%. Overall bank-level SMA-1/SMA-2 declined 4bp QoQ to 0.58%.
- Net slippage ratio remained broadly stable at ~1.6%. Credit cost improved to 1.38% from 1.53% QoQ and would have been 1.30% excluding FCNR(B)-backed loans and associated provisions. Credit cost on average total assets stood at 1.01%.

- Provisions declined 21.7% YoY to Rs11.4bn and remained broadly stable QoQ. Excluding the Rs1.0bn standard-asset provision on FCNR(B)-backed loans, provisions declined 9.3% sequentially. The bank continues to hold Rs5.15bn in contingency provisions against macroeconomic and geopolitical uncertainties.
- Management sees no immediate deterioration in portfolio indicators from El Niño or drought conditions in Maharashtra, Karnataka and other affected regions. However, the potential lagged impact on rural borrowers will be monitored, with no material change to the current credit-cost outlook.
- Credit-card credit costs are declining despite normal quarterly variations in SMA levels. The increase in mortgage GNPA was attributed to portfolio seasoning, with limited growth in a relatively low-yielding book.

8. Management guidance

- Loan growth of ~20% and deposit growth of 20–22% remain achievable. Deposit growth is expected to remain slightly ahead of loan growth, with CASA maintained in the high-40% range.
- The incremental cost-to-income ratio of ~55% is expected to remain achievable through FY27, with operating expense growth maintained ~500bp below income growth.
- Management remains confident of sustaining credit costs at 150–160bp over the next two quarters, while monitoring potential lagged effects of El Niño and drought conditions across select states.
- NIMs are expected to remain broadly range-bound in Q3FY27 before recovering to ~5.8% by Q4FY27, supported by deployment of excess FCNR(B) liquidity, normalisation of day-count effects and an assumed cumulative 50bp repo-rate increase during FY27.
- The bank expects RoA to cross 1% as operating leverage improves and the drag from building the liability franchise gradually reduces.
- The impact of proposed insurance commission regulations is expected to remain manageable through FCNR(B)-related funding benefits, anticipated repo-rate increases and product-mix adjustments. Management does not currently expect material changes to publicly available earnings estimates.

Valuation Methodology

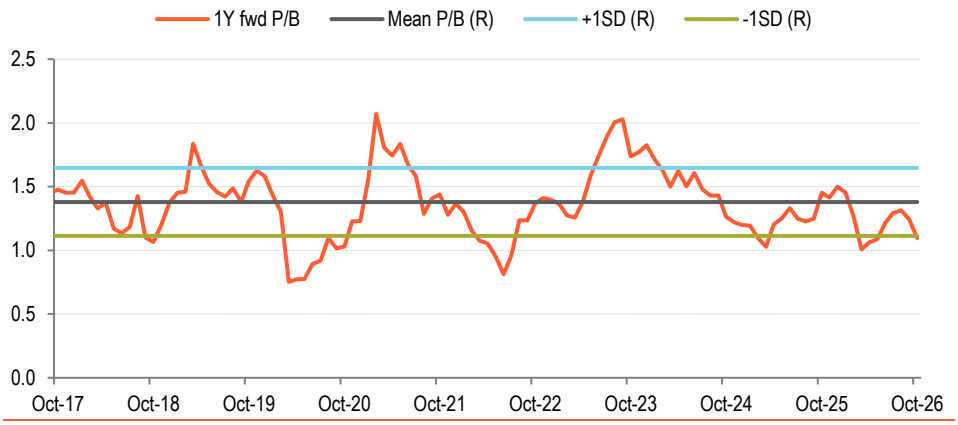
IDFC has strengthened its deposit franchise, with retail deposits accounting for 82% of total deposits (wholesale: 18%) vs. 27% (wholesale: 73%) at merger, alongside a healthy CASA ratio of 47.6%. FCNR mobilization should strengthen its NRI franchise and support long-term growth and margins. While peers anticipate NIM pressure in Q3 as the FCNR impact will fully reflect in Q3, management expects NIMs to remain range-bound in Q3, followed by an uptick in Q4. PAT remained above Rs 10bn for the second consecutive quarter, reflecting consistent QoQ improvement. Credit cost guidance has been lowered to 1.5–1.6% from 1.7–1.8% last quarter, while management remains confident of sustaining 500bp positive operating jaw in FY27. Supported by sustained business momentum, lower credit costs and improving asset quality, we expect the bank to achieve its FY27 RoA guidance of 1%, with estimated FY27 RoA/RoE of 1.02%/9.38%. Maintain BUY with a revised TP of Rs 90 (earlier Rs 79), based on 1.4x Sep'28E ABV, reflecting a re-rating driven by PAT recovery, improving asset quality and a positive outlook. Maintain BUY

Key operational assumptions

Parameter (%)	FY26	FY27E	FY28E	FY29E
Advances Growth	20.3	27.8	24.6	24.5
NII Growth	10.0	22.2	27.6	23.4
PPoP Growth	(2.7)	49.2	39.7	26.5
PAT Growth	7.3	183.9	51.1	28.8
NIM	5.8	6.0	6.1	6.1
GNPA	1.6	1.3	1.3	1.3
CAR	15.6	14.3	13.0	12.1

Source: Company, BOBCAPS Research

Fig 17 – PB Band Chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- El Niño and drought conditions could lead to asset quality deterioration, potentially causing credit costs to exceed management guidance and putting valuations at risk, given that current valuations factor in strong asset quality improvement.
- Inability to control costs and improve cost efficiency.
- If insurance commission cap is enforced by IRDAI, fee income can be impacted, thereby impacting PPOP growth and hampering PAT.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	**192,920**	**212,153**	**259,327**	**330,827**	**408,311**
NII growth (%)	17.3	10.0	22.2	27.6	23.4
Non-interest income	70,217	78,733	91,833	106,133	121,899
Total income	263,137	290,886	351,160	436,960	530,210
Operating expenses	188,988	218,772	243,548	286,625	340,013
PPOP	74,149	72,113	107,612	150,335	190,197
PPOP growth (%)	18.9	(2.7)	49.2	39.7	26.5
Provisions	55,147	53,786	45,661	56,712	69,623
PBT	19,001	18,328	61,951	93,623	120,574
Tax	3,753	1,965	15,488	23,406	30,144
Reported net profit	**15,248**	**16,363**	**46,463**	**70,217**	**90,431**
Adjustments	0	0	0	0	0
Adjusted net profit	**15,248**	**16,363**	**46,463**	**70,217**	**90,431**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity capital	73,221	86,017	86,228	86,228	86,228
Reserves & surplus	307,559	387,501	430,768	495,368	578,564
Net worth	380,780	473,518	516,997	581,596	664,792
Deposits	2,520,652	2,944,746	3,680,700	4,642,795	5,924,121
Borrowings	389,748	366,207	474,892	451,148	428,590
Other liab. & provisions	147,006	213,330	430,703	578,205	686,784
Total liab. & equities	**3,438,187**	**3,997,801**	**5,103,292**	**6,253,744**	**7,704,287**
Cash & bank balance	150,974	127,624	185,687	226,177	281,086
Investments	807,155	859,662	1,098,474	1,309,106	1,588,267
Advances	2,331,125	2,803,906	3,582,228	4,462,068	5,555,601
Fixed & Other assets	148,932	206,609	236,903	256,393	279,333
Total assets	**3,438,187**	**3,997,801**	**5,103,292**	**6,253,744**	**7,704,287**
Deposit growth (%)	25.7	16.8	25.0	26.1	27.6
Advances growth (%)	19.8	20.3	27.8	24.6	24.5

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	2.1	2.1	5.4	8.1	10.5
Dividend per share	0.3	0.3	0.4	0.7	0.8
Book value per share	52.0	55.0	60.0	67.4	77.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	33.9	34.9	13.3	8.8	6.8
P/BV	1.4	1.3	1.2	1.1	0.9
Dividend yield (%)	0.4	0.4	0.6	0.9	1.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	6.0	5.7	5.7	5.8	5.9
Non-interest income	2.2	2.1	2.0	1.9	1.7
Operating expenses	5.9	5.9	5.4	5.0	4.9
Pre-provisioning profit	2.3	1.9	2.4	2.6	2.7
Provisions	1.7	1.4	1.0	1.0	1.0
PBT	0.6	0.5	1.4	1.6	1.7
Tax	0.1	0.1	0.3	0.4	0.4
ROA	0.5	0.4	1.0	1.2	1.3
Leverage (x)	9.1	8.7	9.2	10.3	11.2
ROE	4.3	3.8	9.4	12.8	14.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Net interest income	17.3	10.0	22.2	27.6	23.4
Pre-provisioning profit	18.9	(2.7)	49.2	39.7	26.5
EPS	(50.9)	(3.0)	162.5	50.9	28.8
Profitability & Return ratios (%)					
Net interest margin	6.1	5.8	6.0	6.1	6.1
Fees / Avg. assets	0.5	0.5	0.5	0.4	0.4
Cost-Income	71.8	75.2	69.4	65.6	64.1
ROE	4.3	3.8	9.4	12.8	14.5
ROA	0.5	0.4	1.0	1.2	1.3
Asset quality (%)					
GNPA	1.9	1.6	1.3	1.3	1.3
NNPA	0.5	0.5	0.4	0.4	0.4
Slippage ratio	4.1	3.7	3.3	3.3	3.3
Credit cost	2.6	2.1	1.4	1.4	1.4
Provision coverage	71.9	70.1	70.2	70.2	70.2
Ratios (%)					
Credit-Deposit	92.5	95.2	97.3	96.1	93.8
Investment-Deposit	32.0	29.2	29.8	28.2	26.8
CAR	15.5	15.6	14.3	13.0	12.1
Tier-1	13.2	13.7	12.6	11.7	11.0

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

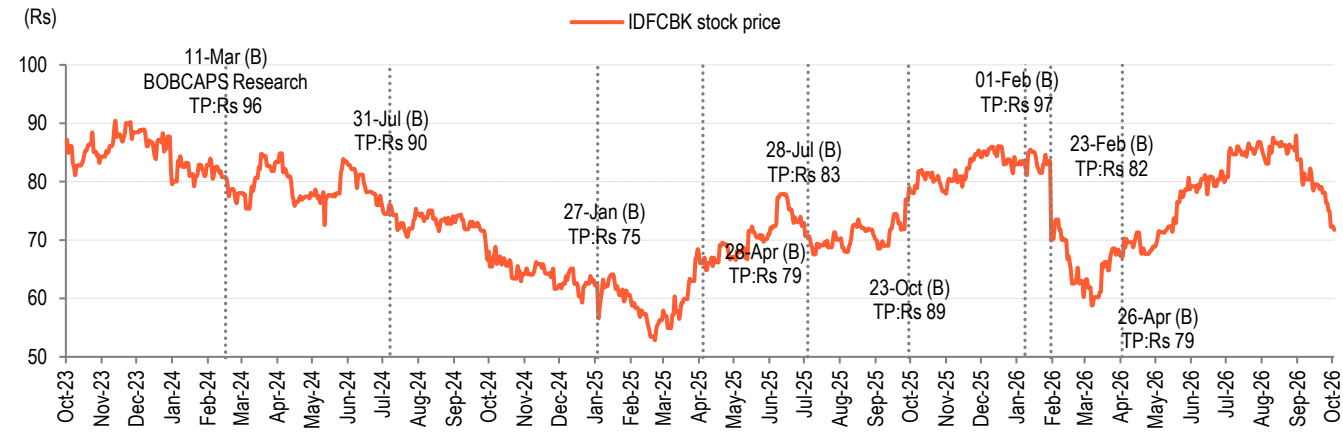
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): IDFC FIRST BANK (IDFCBK IN)



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