

Pick of the Day (Short Term Delivery Call)

Company Name: IDFC First Bank

NSE code	IDFCFIRSTB
BSE code	539437
Market Cap (Rs Cr)	59,931
Promotor holding (%)	37.5
PE(x) TTM	19.8
Industry PE (x) TTM	12.7
EV/EBITDA (x) TTM	14.6
P/PB (x) TTM	2.22

CMP (Rs): 84.4 | Buy Range: 82-84 | Target Price: 97 | Upside: 15%

Duration of recommendation: 1 to 3 months

IDFC First Bank Ltd. was formed with the merger between erstwhile Capital First and erstwhile IDFC Bank. It is a banking company. The Bank's segments include treasury, corporate/wholesale banking, retail banking and other

Investment Rationale

Strong Growth in Retail Deposits: IDFCFB has continued to experience robust growth in retail deposits, demonstrating the establishment of a strong liability franchise over recent years due to superior customer service standards, higher interest rates, a well-established brand reputation, and transparent product offerings. In the third quarter of the fiscal year 2024, deposits witnessed a notable increase of 37% year-on-year and 6.6% quarter-on-quarter with CASA deposits showing particularly healthy growth rates of 28.6% year-on-year and 7.6% quarter-on-quarter.

Improvement in Asset Quality: Asset quality continued to improve. GNPA & NNPA of retail, rural and SME portfolios recorded reduction of 8bps/1bps to 1.45%/0.51%. The standard restructured book was brought down to 0.35%, compared to 0.38% in the last quarter. The anticipated credit cost remains projected to remain under 1.5% in the forthcoming years.

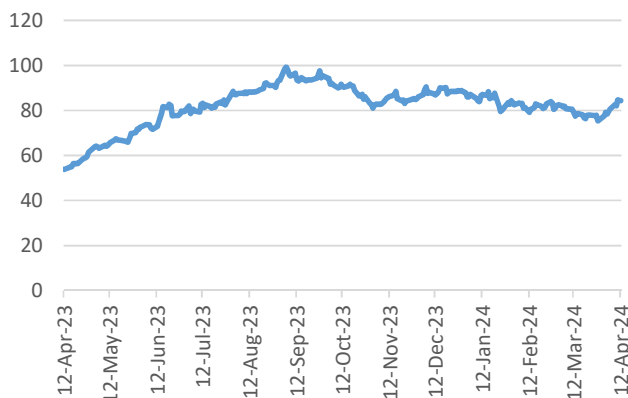
Q3FY24 Results: Bank reported strong set of numbers in third quarter.

- ❖ Net Interest Income increased by 30.5% YoY to Rs. 4,287 crores from Rs. 3,285 crores in year ago period.
- ❖ Fee & other income reported a growth of 31.6% YoY to Rs. 1517 crores from Rs. 1152 crores in same quarter last year.
- ❖ Net Profit up by 18.4% YoY to Rs. 716 crores from Rs 605 crores.
- ❖ Loan book increased by 27% YoY & 4.2% QoQ. Deposit growth was robust at 37% YoY with CASA mix increasing 40bp QoQ to 46.8%

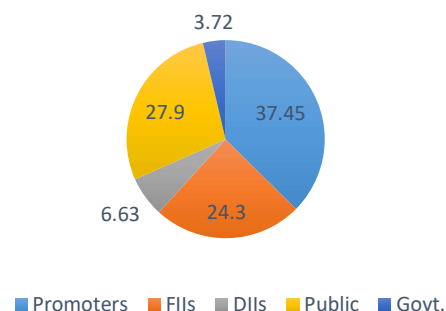
Management guidance: IDFCB has unveiled Guidance 2.0, in which bank targets 24.8% CAGR in deposits and 20.3% CAGR in loans over FY24-29. The bank has guided for 1.9-2.0% RoA & 17-18% RoE by FY29.

Reasonable Valuation: At current market price, the stock is currently trading at a P/BV multiple of 1.6x/1.4x of its FY25E/FY26E BVPS respectively, which is reasonable given strong momentum in loan and deposit growth, expansion of

Price Performance



Shareholding Pattern %



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