

Equitas Small Finance

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	EQUITASB IN
Equity Shares (m)	1110
M.Cap.(INRb)/(USDb)	80.9 / 1
52-Week Range (INR)	78 / 38
1, 6, 12 Rel. Per (%)	6/46/27
12M Avg Val (INR M)	210

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	25.4	32.1	39.6
OP	11.8	14.8	18.8
NP	5.7	8.0	10.4
NIM (%)	8.8	8.7	8.5
EPS (INR)	4.9	7.2	9.3
BV/Sh. (INR)	46	52	60
ABV/Sh. (INR)	44	51	59

Ratios

RoE (%)	12.2	14.5	16.6
RoA (%)	1.9	2.0	2.1

Valuations

P/E(X)	15.0	10.2	7.8
P/BV (X)	1.6	1.4	1.2
P/ABV (X)	1.6	1.4	1.2

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	0.0	74.5	74.6
DII	43.0	15.4	16.7
FII	22.7	4.1	3.6
Others	34.3	6.1	5.1

FII Includes depository receipts

CMP: INR73
TP: INR87 (+19%)
Buy

Business momentum robust; RoA improves sharply

Asset quality steady; ARC sale boosts other income

- Equitas Small Finance Bank (EQUITASB) reported 59% YoY growth in PAT to INR1.9b (7% beat) in 4QFY23, driven by healthy NII and other income, resulting in a 26% beat in PPop. The bank utilized higher other income to increase its provision coverage to 56%. Margin expanded 9bp QoQ to 9.1%.
- Business growth picked up and AUM grew 12% QoQ to INR279b, led by healthy traction in most segments. NBFC posted a strong growth of 36% QoQ. The momentum in deposits remained intact with 9% growth QoQ, though CASA moderated to 42.3% (v/s 46.2% in 3QFY23).
- On the asset quality front, slippages declined owing to healthy recoveries/upgrades and write-offs, resulting in an improvement in GNPA/NNPA ratios by 87bp/61bp QoQ to 2.8%/1.2%. Restructured book stood at INR2.3b (~1% of loans) v/s INR15b in FY22. We maintain our estimates and project RoA/RoE of 2.1%/16.6% for FY25. **Maintain BUY.**

Restructured book moderates to ~1% of loans; margin expands 9bp QoQ to 9.1%

- PAT grew 59% YoY to INR1.9b (7% beat) in 4QFY23, driven by higher other income, which was utilized to increase the PCR. For FY23, PAT grew 104% YoY to INR5.7b.
- NII saw robust growth of 28% YoY (9% QoQ) to INR7.0b (5% beat), with a marginal expansion of 9bp QoQ in NIM to 9.1%. Other income grew 56% QoQ to INR 2.3b (significant beat), driven by income from the sale to ARC (INR700m).
- Opex grew 34% YoY to an elevated level of INR5.6b. The C/I ratio stood at 59.1% (v/s 65.1% in 3QFY23).
- Total AUM grew 35% YoY (12% QoQ) to INR279b, led by healthy traction across segments. NBFC (+36% QoQ) grew at the fastest pace, while housing finance/vehicle business grew 16%/12% QoQ. SBL grew 8% QoQ, while MFI rose ~14% QoQ. The demand outlook for all segments remains strong and the management has guided for loan growth of 25-30% in FY24. The share of MFI AUM stood at 18.8% (v/s 18.5% in 3QFY23).
- EQUITASB recorded the highest-ever quarterly disbursements in 4QFY23 at INR59.2b (up 81% YoY/23% QoQ). Disbursement growth was driven by strong growth in NBFC (+63% YoY), new CV (+56% YoY) and housing finance (+30% YoY).
- Deposits grew 34% YoY (9% QoQ) to INR253b, supported by 61% YoY (17% QoQ) growth in TD while CASA declined 0.8% QoQ. Thus, the CASA ratio declined to 42.3% v/s 46.2% in 3QFY23.
- On the asset quality front, GNPA/NNPA ratios improved 87bp/61bp QoQ to 2.8%/1.2%, aided by a moderation in slippages. PCR improved sharply by ~600bp QoQ to 56.9%. Total restructured book stood at INR2.3b (~1% of loans v/s ~7% in 4QFY22).

Highlights from management commentary

- MFI book currently stands at 18.7% of total loans, which is expected to decline to 4-5% in the next five years.
- EQUITASB expects the C/I ratio to remain around the current level as it looks to enter new businesses, such as PL and credit cards, and further enhance digital capabilities.
- NIM is likely to remain at ~9% for the next 2-3 quarters and will moderate over the next three years due to new product launches.
- The credit cost is expected to be ~1.2-1.25% in FY24, with a target to achieve a PCR of 70% in the next few quarters.
- The bank has thus guided for RoA of ~2%-2.25% in FY24.

Valuation and view

EQUITASB reported a strong quarter with healthy AUM growth across segments. Higher NII and other income boosted earnings, which were utilized to increase the PCR. Margin expanded 9bp QoQ to 9.1%. Deposits growth was supported by healthy traction in term deposits while the CASA ratio declined. On the asset quality front, collection efficiency remained healthy, along with lower slippages, leading to improvement in asset quality. We estimate RoA/RoE of 2.1%/16.6% in FY25. **We maintain BUY with a revised TP of INR87 (1.6x Sep'24E ABV).**

Quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23	FY23E 4QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	4,610	4,838	5,411	5,525	5,806	6,097	6,475	7,070	20,385	25,447	6,755	5
% Change (YoY)	14.0	4.9	11.8	23.2	25.9	26.0	19.7	28.0	13.4	24.8	22.3	
Other Income	1,036	1,521	1,339	1,481	1,332	1,450	1,526	2,387	5,376	6,696	1,658	44
Total Income	5,646	6,359	6,749	7,006	7,138	7,547	8,001	9,456	25,761	32,143	8,413	12
Operating Expenses	4,002	4,370	4,502	4,167	4,456	5,124	5,210	5,593	17,041	20,383	5,351	5
Operating Profit	1,644	1,989	2,247	2,839	2,682	2,423	2,791	3,864	8,719	11,760	3,062	26
% Change (YoY)	15.8	-5.5	-20.7	13.6	63.1	21.8	24.2	36.1	-1.7	34.9	7.9	
Provisions	1,501	1,421	784	1,232	1,416	901	499	1,256	4,938	4,072	631	99
Profit before Tax	142	568	1,463	1,607	1,266	1,522	2,292	2,608	3,781	7,688	2,431	7
Tax	23	156	382	412	296	358	591	707	974	1,952	648	9
Net Profit	119	412	1,081	1,195	970	1,164	1,701	1,900	2,807	5,736	1,783	7
% Change (YoY)	-79.3	-60.0	-2.3	5.9	713.4	182.6	57.4	59.0	-26.9	104.3	49.2	
Operating Parameters												
AUM (INR b)	178	190	197	206	217	228	249	279	206	274	264	6
Deposits (INR b)	171	181	179	190	204	217	234	254	190	254	244	4
Loans (INR b)	167	178	183	194	205	218	233	258	194	258	248	4
AUM Growth (%)	15	13	13	15	22	20	27	35	15	33	28	727
Deposit Growth (%)	45	40	13	16	19	20	31	34	16	34	29	493
Loan Growth (%)	16	12	9	15	22	22	27	33	15	33	28	516
Asset Quality												
Gross NPA (%)	4.8	4.8	4.6	4.2	4.1	3.9	3.6	2.8	4.2	2.8	3.4	-63
Net NPA (%)	2.4	2.5	2.5	2.5	2.2	2.0	1.8	1.2	2.5	1.2	1.7	-45
PCR (%)	51.2	50.1	46.8	42.7	48.5	50.5	50.8	56.9	42.7	56.9	51.7	520

Quarterly snapshot

Profit and Loss, INRm	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	4,043	4,613	4,839	4,486	4,610	4,838	5,411	5,525	5,806	6,097	6,475	7,070	28	9
Other Income	297	545	1,545	1,784	1,036	1,521	1,339	1,481	1,332	1,450	1,526	2,387	61	56
Trading profits	40	-70	680	20	160	170	190	-10	70	70	80	80	-900	0
Core Fees	110	490	480	610	290	650	560	790	670	840	950	1,720	118	81
Total Income	4,339	5,158	6,384	6,270	5,646	6,359	6,749	7,006	7,138	7,547	8,001	9,456	35	18
Operating Expenses	2,919	3,053	3,551	3,771	4,002	4,370	4,502	4,167	4,456	5,124	5,210	5,593	34	7
Employee	1,945	1,878	2,049	2,042	2,217	2,275	2,404	2,086	2,257	2,751	2,920	3,039	46	4
Others	974	1,175	1,502	1,729	1,786	2,095	2,098	2,081	2,200	2,373	2,290	2,553	23	11
Operating Profits	1,420	2,105	2,833	2,498	1,644	1,989	2,247	2,839	2,682	2,423	2,791	3,864	36	38
Core Operating Profits	1,380	2,175	2,153	2,478	1,484	1,819	2,057	2,849	2,612	2,353	2,711	3,784	33	40
Provisions	683	748	1,343	970	1,501	1,421	784	1,232	1,416	901	499	1,256	2	152
PBT	737	1,358	1,490	1,529	142	568	1,463	1,607	1,266	1,522	2,292	2,608	62	14
Taxes	160	328	383	400	23	156	382	412	296	358	591	707	72	20
PAT	577	1,030	1,107	1,129	119	412	1,081	1,195	970	1,164	1,701	1,900	59	12
Balance Sheet (INRb)														
Deposits	118	129	159	164	171	181	179	190	204	217	234	254	34	8
Loans	144	159	168	168	167	178	183	194	205	218	233	258	33	11
AUM's	156	167	174	179	178	190	197	206	217	228	249	279	35	12
Loan mix (%)														
MFI	23.2	21.8	20.1	18.1	17.5	18.1	18.8	19.0	18.5	18.2	18.5	18.8	-21	29
Vehicles	24.3	24.7	24.6	25.3	24.5	24.6	24.6	24.5	24.3	24.8	24.9	25.0	52	12
Small Business loans (incl HF)	41.6	42.1	43.1	44.5	44.9	45.3	45.3	46.2	46.4	47.6	47.3	46.5	27	-76
MSE Finance	4.6	5.6	5.7	6.6	6.8	6.2	6.1	5.7	5.2	5.1	4.7	4.2	-143	-49
Corporate loans	5.0	4.4	5.2	4.4	5.1	4.8	4.1	3.7	3.2	3.1	3.5	4.2	57	75
Others	1.3	1.4	1.3	1.3	1.1	1.0	1.1	1.0	2.5	1.2	1.2	1.3	29	8
Asset Quality (INRb)	FY21				FY22				FY23				Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA	4.2	4.0	3.9	6.4	8.2	8.8	8.6	8.4	8.6	8.7	8.6	7.2	-14	-16
NNPA	2.1	2.0	1.3	2.7	4.0	4.4	4.6	4.8	4.4	4.3	4.2	3.1	-35	-26
Slippages	0.2	0.2	0.4	5.1	3.7	3.4	2.7	4.1	3.0	3.1	2.9	1.9	-53	-33
Ratios (%)	FY21				FY22				FY23				Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
GNPA (%)	2.9	2.5	2.3	3.7	4.8	4.8	4.6	4.2	4.1	3.9	3.6	2.8	-148	-87
NNPA (%)	1.5	1.0	0.7	1.6	2.4	2.5	2.5	2.5	2.2	2.0	1.8	1.2	-126	-61
PCR (Calc, %)	48.8	50.2	66.2	58.6	51.2	50.1	46.8	42.7	48.5	50.5	50.8	56.9	1,417	606
Credit Cost	2.1	2.1	3.5	2.5	3.9	3.4	1.8	2.6	2.8	1.8	0.9	2.0	-57	116
Business Ratios (%)														
Loan/Deposit	122.1	123.5	105.9	102.8	97.8	98.6	102.4	102.2	100.5	100.5	99.5	101.6	-59	215
CASA	20.0	25.2	25.0	34.2	39.7	45.3	50.8	52.0	51.7	48.1	46.2	42.3	-972	-395
Cost to Income	67.3	59.2	55.6	60.2	70.9	68.7	66.7	59.5	62.4	67.9	65.1	59.1	-34	-598
Cost to assets	6.2	6.1	6.5	6.9	7.0	7.2	7.1	6.5	6.7	7.4	7.3	7.2	77	-8
Tax Rate	21.7	24.1	25.7	26.2	16.3	27.5	26.1	25.6	23.4	23.5	25.8	27.1	148	135
Profitability Ratios (%)														
Cost of Funds	7.6	7.4	7.3	7.2	6.9	6.8	6.5	6.2	6.2	6.3	6.4	6.6	41	20
Margins	8.6	9.0	8.5	7.6	7.9	8.1	9.1	9.1	9.1	9.0	9.0	9.1	-2	9
ROA	1.2	1.9	1.8	1.8	0.2	0.7	1.7	1.8	1.4	1.6	2.2	2.3	45	7
ROE	8.3	14.4	14.3	13.5	1.4	4.8	12.3	12.2	9.0	10.6	14.9	15.5	331	58



Highlights from management commentary

Operating environment and business

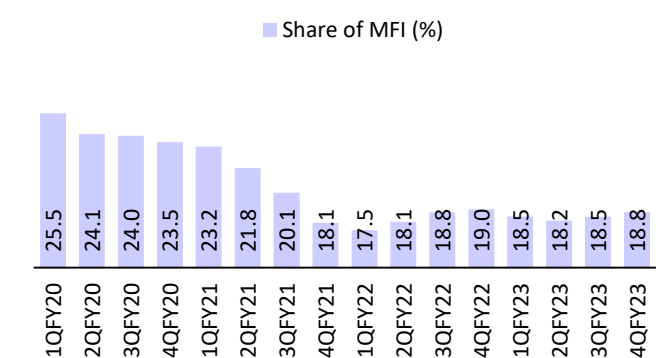
- Advances are expected to grow 25%-30% in FY24 (up 33% in FY23).
- MFI book currently stands at 18.7% of total loans as of FY23 and is expected to decline to 4-5% in the next five years.
- It has guided for RoA of 2-2.25% in FY24 (2.28% in 4QFY23).
- In SBL book, disbursements grew 66% YoY. SBL blended yields stood at ~17%. SBL ex-bucket collection efficiency stood at 99.6% as of 4QFY23.
- PV sales hit an all-time high of 3.6m units. CE for Vehicle Finance stood at 99%. MFI ex-bucket CE was at 99.6%.
- Profit on the sale of investments came in at INR29m as of 4QFY23.
- The C/I ratio for 4QFY23 stood at 58.9% and, excluding ARC sale, the C/I would be ~62%. The bank will maintain the C/I ratio at the current level as it looks to enter new businesses, such as PL, Credit cards and forex, and look for further digital developments.
- Security Receipts have been 100% provided for and any receipt will be recorded as other income.
- COF increased by 20bp in 4QFY23. It will rise by 4bp-5bp in the next few months.
- Increased lending rates and operating efficiency helped the bank achieve stable NIM (+10bp in 4QFY23) despite rising COF.
- NIM will be ~9% for the next 2-3 quarters (9.1% in 4QFY23). NIM will moderate in the next three years as the bank introduces new products with higher ATS.
- The cost to assets will moderate over the next 3-4 years, depending on the bank's product mix. For FY24, it will be similar to the FY23 level of 6.3%.
- 15 liability branches and ~30 asset branches will be added in FY24. The bank plans to leverage its existing branch network and will limit branch expansion in FY24.
- 550 employees were added in 4QFY23, taking the total to 20,562 as on 4QFY23.
- The merger has been completed and the bank will apply for a Universal Banking license after regulatory approval.
- Expected Loan Mix: Mortgage 50%, Vehicle 20-25%, MFI to 15% in FY24.

Asset quality

- GNPA/ NNPA ratios improved by 87bp/61bp to 2.76%/1.21% as of 4QFY23.
- The credit cost stood at 1.5% in FY23, in line with guidance. The bank expects a credit cost of 1.2-1.25% in FY24.
- PCR improved to 56.9% in 4QFY23. The bank aims to achieve 70% PCR in the next few quarters.
- Slippages declined to INR1.9b as of 4QFY23 (INR2.9b as of 3QFY23) and the bank expects a further decline in the subsequent further.
- The bank sold INR5.8b of MFI loans to an ARC in 4QFY23 and recorded INR0.7b as other income and reversed excess provisions of INR0.1b on these ARC loans.
- Restructured book stood at INR2.3b as of 4QFY23, out of which INR1.8b has been classified as NPAs (88% of NPAs have been provided for).
- SMA 1 and 2 book declined to 3.19% in 4QFY23 from 3.88% in 3QFY23.

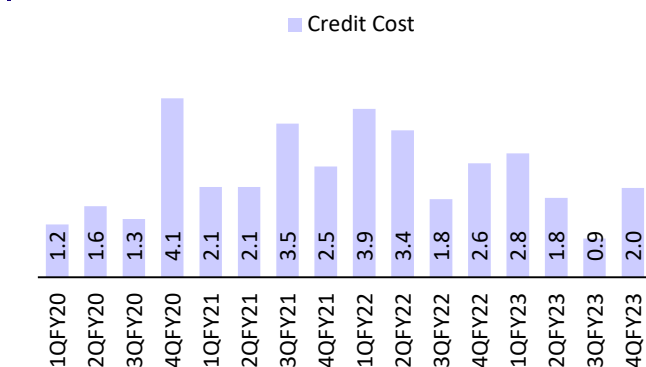
Key exhibits

Exhibit 1: MFI share stood at 19.0% v/s 18.5% in 3QFY23



Source: MOFSL, Company

Exhibit 2: Credit cost increased as bank shored up its PCR



Source: MOFSL, Company

Valuation and view

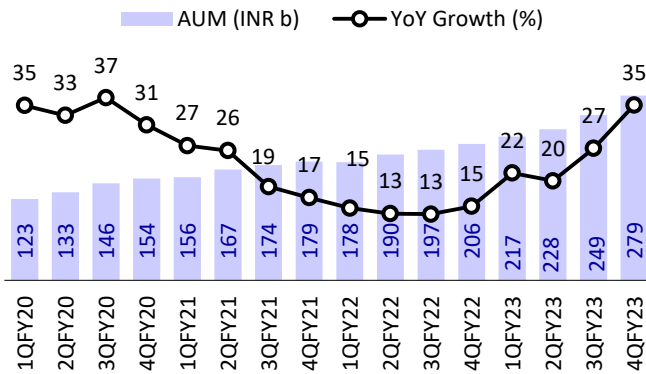
- Non-MFI businesses, such as Housing Finance, NBFC and Commercial Vehicle loans, are likely to be the key growth drivers. Considering the under-penetration in these segments, EQUITASB can continue to grow at the same healthy rate over FY24-25E.
- EQUITASB is making strong progress on the liability front, with a focus on mass affluent customers.
- **Maintain BUY with a TP of INR87:** EQUITASB reported a strong quarter with healthy AUM growth across segments. Higher NII and other income boosted earnings, which were utilized to increase the PCR. Margin expanded 9bp QoQ to 9.1%. Deposit growth was supported by healthy traction in term deposits while the CASA ratio declined. On the asset quality front, collection efficiency remains healthy, along with lower slippages and healthy reductions, resulting in an improvement in asset quality. We estimate RoA/RoE of 2.1%/16.6% in FY25. **We maintain BUY with a revised TP of INR87 (1.6x Sep'24E ABV).**

Exhibit 3: DuPont Analysis

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	13.6	14.5	15.1	14.5	13.4	13.4	14.1	14.0
Interest Expense	6.0	6.6	6.6	6.3	5.5	5.2	5.9	5.9
Net Interest Income	7.63	7.93	8.53	8.17	7.89	8.22	8.15	8.03
Fee income	2.23	1.92	1.59	1.70	1.92	2.16	1.78	1.74
Trading and others	-0.09	0.02	0.02	0.20	0.17	0.00	0.14	0.11
Other Income	2.14	1.95	1.61	1.90	2.08	2.16	1.92	1.86
Total Income	9.77	9.87	10.14	10.07	9.97	10.38	10.07	9.89
Operating Expenses	7.82	6.94	6.73	6.04	6.60	6.58	6.32	6.06
Employees	4.57	3.79	4.05	3.60	3.48	3.54	3.45	3.31
Others	3.24	3.15	2.68	2.45	3.12	3.04	2.87	2.75
Operating Profits	1.96	2.93	3.41	4.03	3.38	3.80	3.75	3.83
Core operating Profits	2.05	2.91	3.39	3.83	3.21	3.80	3.61	3.71
Provisions	1.53	0.70	1.41	1.71	1.91	1.32	1.05	1.02
NPA	0.43	0.61	0.75	1.97	1.32	0.00	0.97	0.94
Othes	1.10	0.09	0.65	-0.26	0.59	1.32	0.08	0.08
PBT	0.43	2.23	2.00	2.32	1.46	2.48	2.70	2.81
Tax	0.15	0.78	0.61	0.58	0.38	0.63	0.68	0.71
RoA	0.28	1.45	1.39	1.75	1.09	1.85	2.02	2.10
Leverage (x)	5.6	6.8	7.0	7.2	6.8	6.6	7.2	7.9
RoE	1.6	9.8	9.7	12.5	7.3	12.2	14.5	16.6

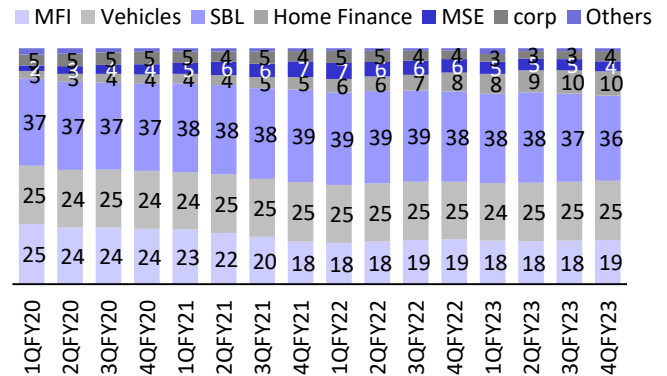
Story in charts

Exhibit 4: AUM up 35.3% YoY (+11.8%QoQ) to INR279b



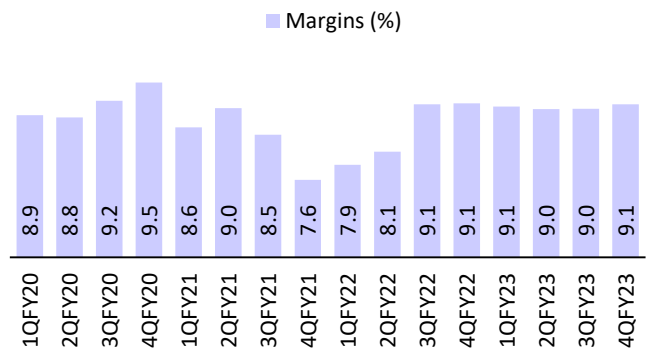
Source: MOFSL, Company

Exhibit 5: Share of Small Business loans stood at 36%



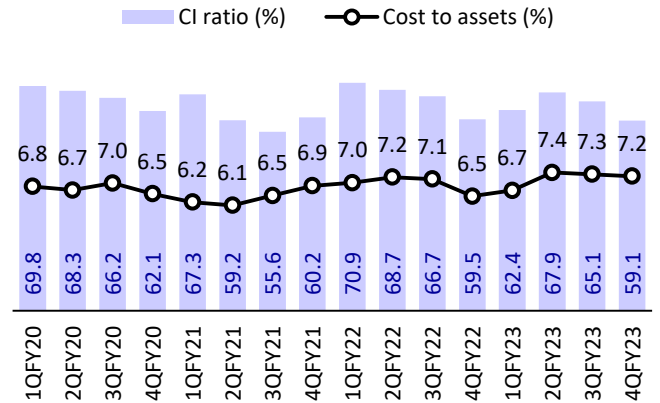
Source: MOFSL, Company

Exhibit 6: Margin expands marginally by 9bp QoQ to 9.1%



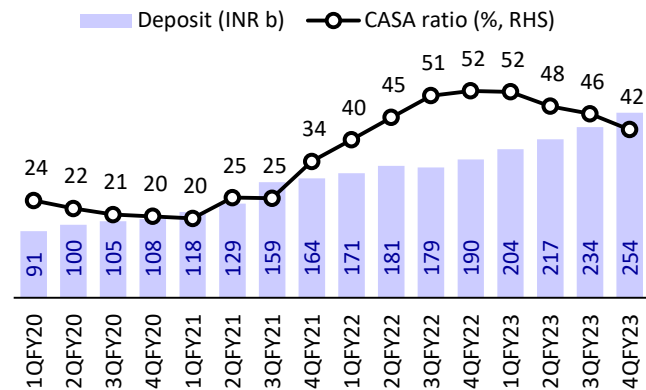
Source: MOFSL, Company

Exhibit 7: C/I ratio moderates to 59.1% v/s 65.1% in 3QFY23



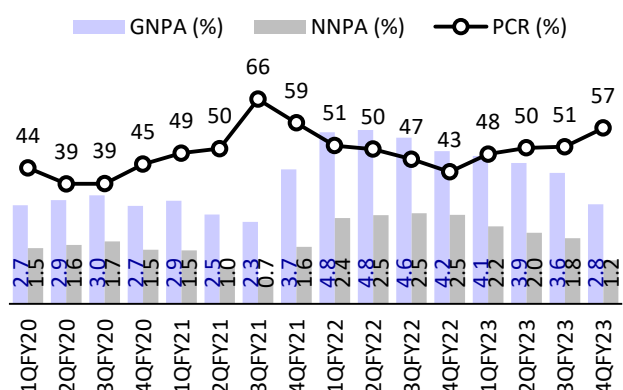
Source: MOFSL, Company

Exhibit 8: CASA ratio declined to 42% vs 46% in 3QFY23



Source: MOFSL, Company

Exhibit 9: GNPA ratio declined 87bp QoQ to 2.76%, while NNPA ratio increased 61bp to 1.21%; PCR moderates to 57%



Source: MOFSL, Company

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	15,317	21,119	26,454	31,944	34,597	41,619	55,365	68,880
Interest Expense	6,711	9,602	11,501	13,965	14,211	16,172	23,266	29,309
Net Interest Income	8,605	11,517	14,953	17,980	20,385	25,447	32,099	39,571
Growth (%)	61.2	33.8	29.8	20.2	13.4	24.8	26.1	23.3
Non-Interest Income	2,412	2,829	2,824	4,181	5,376	6,696	7,566	9,155
Total Income	11,018	14,346	17,777	22,160	25,761	32,143	39,665	48,726
Growth (%)	43.6	30.2	23.9	24.7	16.2	24.8	23.4	22.8
Operating Expenses	8,811	10,085	11,801	13,294	17,041	20,383	24,898	29,878
Pre Provision Profits	2,206	4,261	5,976	8,866	8,719	11,760	14,767	18,848
Growth (%)	-1.5	93.1	40.2	48.4	-1.7	34.9	25.6	27.6
Core PPOp	2,309	4,229	5,942	8,419	8,293	11,760	14,201	18,282
Growth (%)	11.3	83.1	40.5	41.7	-1.5	41.8	20.8	28.7
Provisions (exc. tax)	1,721	1,024	2,466	3,753	4,938	4,072	4,120	5,011
PBT	485	3,237	3,509	5,113	3,781	7,688	10,647	13,837
Tax	167	1,132	1,073	1,270	974	1,952	2,680	3,483
Tax Rate (%)	34.4	35.0	30.6	24.8	25.8	25.4	25.2	25.2
PAT	318	2,106	2,436	3,842	2,807	5,736	7,967	10,354
Growth (%)	-69.4	561.4	15.7	57.7	-26.9	104.3	38.9	30.0

Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	10,059	10,059	10,534	11,393	12,520	11,106	11,106	11,106
Reserves & Surplus	10,378	12,484	16,907	22,571	29,941	40,474	47,108	55,797
Net Worth	20,438	22,543	27,441	33,963	42,462	51,579	58,214	66,902
Deposits	56,040	90,067	107,884	163,920	189,508	253,806	324,871	412,586
Growth (%)	191.7	60.7	19.8	51.9	15.6	33.9	28.0	27.0
of which CASA Deposits	16,378	22,743	22,082	56,138	98,554	107,320	136,121	179,475
Growth (%)	393.8	38.9	-2.9	154.2	75.6	8.9	26.8	31.8
Borrowings	51,772	39,730	51,349	41,653	26,164	29,738	37,469	46,087
Other Liabilities & Prov.	4,762	5,286	6,281	7,548	11,385	14,459	17,640	21,520
Total Liabilities	133,012	157,626	192,955	247,085	269,519	349,581	438,194	547,096
Current Assets	12,112	12,606	25,368	33,787	21,325	12,443	13,407	15,136
Investments	38,568	23,445	23,425	37,052	44,498	66,646	83,574	104,467
Growth (%)	104.0	-39.2	-0.1	58.2	20.1	49.8	25.4	25.0
Loans	77,060	115,935	137,282	168,482	193,742	257,986	327,642	412,829
Growth (%)	35.2	50.4	18.4	22.7	15.0	33.2	27.0	26.0
Fixed Assets	2,809	2,373	2,128	1,851	2,004	3,791	4,360	5,145
Other Assets	2,462	3,267	4,752	5,914	7,949	8,716	9,212	9,520
Total Assets	133,012	157,626	192,955	247,085	269,519	349,581	438,194	547,096
Total AUM	82,390	117,043	153,660	179,250	205,970	274,268	348,321	438,884
Growth (%)	14.8	42.1	31.3	16.7	14.9	33.2	27.0	26.0

Asset Quality	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GNPA (INR m)	2,125	2,957	4,173	6,427	8,371	7,240	6,461	7,688
NNPA (INR m)	1,315	1,864	2,286	2,662	4,795	3,120	2,135	2,278
GNPA Ratio	2.73	2.53	3.00	3.73	4.24	2.76	1.95	1.84
NNPA Ratio	1.71	1.61	1.67	1.58	2.47	1.21	0.65	0.55
Slippage Ratio	5.14	3.29	3.23	3.86	7.67	4.81	2.80	2.60
Credit Cost	1.78	0.81	1.61	2.07	2.19	1.39	1.30	1.25
PCR (Excl. Tech. write off)	38.1	36.9	45.2	58.6	42.7	56.9	67.0	70.4

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Yield and Cost Ratio (%)								
Avg. Yield- on Earning Assets	14.7	15.5	16.0	15.3	14.3	14.5	15.0	14.8
Avg. Yield on loans	19.9	18.9	19.1	19.0	17.3	16.7	17.0	16.7
Avg. Yield on Investments	6.3	8.3	6.7	7.3	6.1	5.7	6.6	6.8
Avg. Cost of Int. Bear. Liab.	7.7	8.1	8.0	7.7	6.7	6.5	7.2	7.1
Interest Spread	7.0	7.5	8.1	7.7	7.5	8.0	7.8	7.7
NIM (on IEA)	8.3	8.5	9.1	8.6	8.4	8.8	8.7	8.5

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	137.5	128.7	127.2	102.8	102.2	101.6	100.9	100.1
CASA Ratio	29.2	25.3	20.5	34.2	52.0	42.3	41.9	43.5
Cost/Assets	6.6	6.4	6.1	5.4	6.3	5.8	5.7	5.5
Cost/Total Income	80.0	70.3	66.4	60.0	66.2	63.4	62.8	61.3
Cost/Core income	79.2	70.5	66.5	61.2	67.3	63.4	63.7	62.0
Int. Expense/Int. Income	43.8	45.5	43.5	43.7	41.1	38.9	42.0	42.6
Fee Income/Total Income	22.8	19.5	15.7	16.8	19.2	20.8	17.6	17.6
Non Int. Inc./Total Income	21.9	19.7	15.9	18.9	20.9	20.8	19.1	18.8
Emp. Cost/Total Expense	58.5	54.7	60.1	59.5	52.7	53.8	54.6	54.6
Investment/Deposit Ratio	68.8	26.0	21.7	22.6	23.5	26.3	25.7	25.3

Profitability Ratios and Valuation

RoE	1.6	9.8	9.7	12.5	7.3	12.2	14.5	16.6
RoA	0.3	1.4	1.4	1.7	1.1	1.9	2.0	2.1
Book Value (INR)	20	22	26	30	34	46	52	60
Growth (%)	1.6	10.3	16.2	14.4	13.8	36.9	12.9	14.9
Price-BV (x)	3.6	3.3	2.8	2.4	2.1	1.6	1.4	1.2
Adjusted BV (INR)	19	21	25	28	31	44	51	59
Price-ABV (x)	3.8	3.5	3.0	2.6	2.3	1.6	1.4	1.2
EPS (INR)	0.3	2.1	2.4	3.5	2.3	4.9	7.2	9.3
Growth (%)	-78.3	561.4	13.0	48.1	-33.0	106.8	47.7	30.0
Price-Earnings (x)	230.2	34.8	30.8	20.8	31.0	15.0	10.2	7.8

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

NOTES

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") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

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, not 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.

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 dp@motilaloswal.com.