23 June 2023

Company Update | Sector: Financials

Equitas Small Finance Bank

BSE SENSEX	S&P CNX
62,979	18,666

Bloomberg	EQUITASB IN
Equity Shares (m)	1110
M.Cap.(INRb)/(USDb)	91.4 / 1.1
52-Week Range (INR)	91 / 38
1, 6, 12 Rel. Per (%)	-1/55/94
12M Avg Val (INR M)	279
Free float (%)	100.0

Financials & Valuation (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	25.4	32.0	39.4
OP	11.8	14.6	19.0
NP	5.7	8.1	10.5
NIM (%)	8.8	8.7	8.4
EPS (INR)	4.9	7.3	9.4
BV/Sh. (INR)	46	53	60
ABV/Sh. (INR)	44	51	59
Ratios			
RoE (%)	12.2	14.7	16.7
RoA (%)	1.9	2.1	2.1
Valuations			
P/E(X)	16.9	11.3	8.7
P/BV (X)	1.8	1.6	1.4
P/ABV (X)	1.8	1.6	1.4

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: INR82 TP: INR105 (+28%) Buy

Robust growth to drive continued re-rating

Asset quality to improve further; estimate RoA to sustain at >2%

- **EQUITASB reported strong profitability in FY23, with RoA expanding to 1.9% (avg. of 2.2% in 2HFY23). It was driven by steady margins, healthy loan growth and controlled credit costs.**
- **The bank focuses on building a diversified loan book, with small business loans (SBL), vehicle finance, microfinance (MFI) and housing finance being the key business segments. Loan growth was strong at 33% in FY23, and we estimate a robust 27% CAGR in loans over FY23-25.**
- **EQUITASB has made good progress in building a granular liability franchise, with a rising mix of retail deposits. The CASA mix is healthy at 42.3%. We expect deposit traction to remain strong even as the CASA mix declines further.**
- **It has demonstrated a strong improvement in asset quality, with X bucket collection efficiency improving to pre-Covid levels and GNPA/NNPA ratios moderating to 2.8%/1.2% as of 4QFY23. We expect asset quality ratios to improve further and expect PCR to improve to 70% by FY25 (over 1,400bp PCR improvement in FY23).**
- **We estimate EQUITASB to deliver FY25E RoA/RoE of 2.1%/16.7% and value it at INR105 (1.7x Mar'25E BV). Reiterate BUY.**

Growth momentum remains steady; estimate 27% loan CAGR over FY23-25

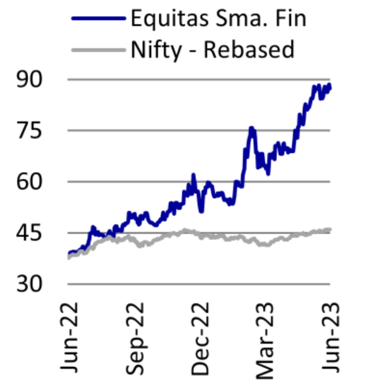
EQUITASB reported a robust loan growth of 33% YoY in FY23. The bank has been focusing on building a diversified loan book, with SBL, vehicle finance, MFI and housing finance being the key business segments. It has posted a 25% CAGR in AUM over the past two years, led by steady trends in vehicle finance, SBL and MFI segments (~80% of total AUM). Housing finance saw a 70%+ CAGR, albeit on a low base. The bank expects a steady ~40% CAGR in affordable housing over FY23-25. EQUITASB sees a huge opportunity in vehicle finance and expects the segment to be one of the key drivers of loan growth while SBL and MFI maintain healthy growth traction. We estimate a robust 27% CAGR in loans over FY23-25.

Business mix well diversified; MFI mix to remain in 15-20% range

The bank has made good progress in reducing the concentration of MFI loans, which moderated to 18.8% of AUM in FY23 from 53.6% in FY16. The mix of vehicle loans has remained broadly stable at ~25%, while the mix of SBLs has increased to 36% from 18% over the similar period. The mix of housing loans too has increased and now constitutes ~10% of AUM. Disbursements in the MFI and vehicle loans have started to pick up. Thus, the bank expects MFI mix to remain broadly stable, with MFI contributing ~15-20% of AUM. However, it expects the vehicle loan mix to increase further. The bank intends to grow the unsecured personal loan and credit card segments by focusing on the prime

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

Stock's performance (one-year)



segment; however, it aims to limit the overall mix of unsecured loans to <20% so as to maintain stability in the overall book. We believe that the bank has been successful in building a diversified franchise, which will enable it to report healthy loan growth.

Deposits traction remains healthy; CASA mix to moderate further

EQUITASB has progressed well in building a granular liability franchise and reported a 30% CAGR in total deposits over the past four years. Deposit growth was led by CASA deposits (47% CAGR). The CASA mix improved from 25% to 42.3% over the past four years. The mix of retail term deposits also improved to 61% in FY23 from 31% in FY18. However, given the sharp rise in interest rates and a widening differential between SA and term deposit rates, the bank's CASA mix has moderated by 970bp over the past one year to 42.3%. We expect this trend to continue as depositors prefer locking in their money at higher rates, and EQUITASB offers one of the best rates in the system. We thus estimate the CASA mix to decline further by ~500bp to 37% in FY24.

Rising cost of funds to weigh on margins; estimate NIM to decline to ~8.4%

EQUITASB reported healthy NIM at 9.0% in FY23. We note that in all four quarters of FY23, margins remained broadly stable at 9-9.1%, aided by a controlled cost of funds at 6.4% in FY23 vs. 6.6% in FY22. However, with persistent pressure on CASA deposits, relatively limited growth in the MFI segment (34% YoY in FY23) and re-pricing of the TD portfolio, we expect margins to moderate. Further, the bank largely has a fixed-rate book, which forms ~85% of total loans, and thus it expects yields to recover gradually. We estimate NIM to decline to 8.7%/8.4% over FY24/25, enabling a 24% CAGR in NII over the same period.

Cost ratios to remain elevated due to continued business investments

The bank has been consistently investing in business by adding new branches and building digital infrastructure and capabilities, which has kept operating expenses elevated. As a result, the bank's C/I ratio increased to 63% in FY23 (vs. 60% in FY21). The bank has indicated that it will continue to expand the branch network and increase branding and marketing expenses going forward. Accordingly, we expect the C/I ratio to remain high at ~63% in FY24 and moderate to 61% in FY25.

Asset quality remains strong; estimate credit cost to moderate to 1.3% by FY25

The bank has demonstrated strong improvements in asset quality, with X bucket collection efficiency improving to 99.6% for MFI, 99.6% for SBLs and 99% for vehicle finance. Slippages have moderated and recoveries and upgrades have been strong, resulting in an improvement in asset quality ratios with GNPA/NNPA at 2.8%/1.2% as of FY23. The bank expects to improve its PCR to 70% by FY25 from ~57% now (~600bp improvement in 4QFY23). Total restructured book stands at INR2.3b or ~1% of loans vs. ~7% in FY22. EQUITASB expects the incremental ECL provision to be negligible; however, the guidelines are still to be finalized. We thus estimate the GNPA ratio to decline to 1.8% by FY25E from 2.8% currently, while the credit cost is likely to remain in the range of 1.2-1.3% vs. 1.4% in FY23.

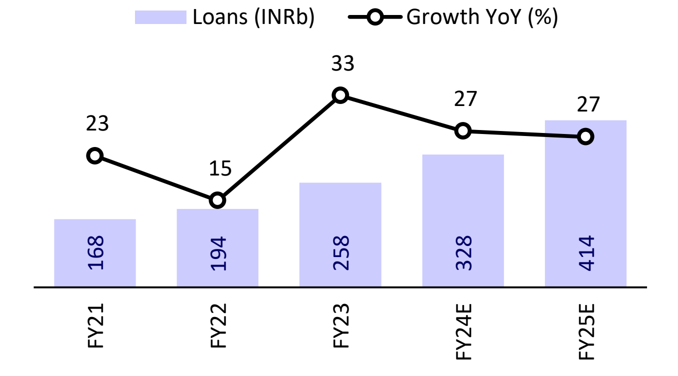
Valuation and view: Maintain BUY with revised PT of INR105

EQUITASB has been reporting a gradual improvement in its operating performance over the past few quarters. Steady AUM growth has been led by healthy traction across segments, while the moderation in credit costs has boosted earnings. As a result, the bank reported RoA/RoE of ~1.9%/~12% in FY23. The bank has achieved a consistent RoA and aims to sustain it at >2%. Deposit growth too remains healthy, with the CASA mix of ~42%. Asset quality is strong with the restructured book declining to 1% of loans from 7% last year and PCR improving 1,400bp in FY23 to 57%. **We estimate EQUITASB to deliver FY25E RoA/RoE of 2.1%/16.7% and value it at INR105 (1.7x Mar'25E BV).**

Vehicle Finance remains a focused segment; Estimate ~27% loan CAGR over FY23-25E

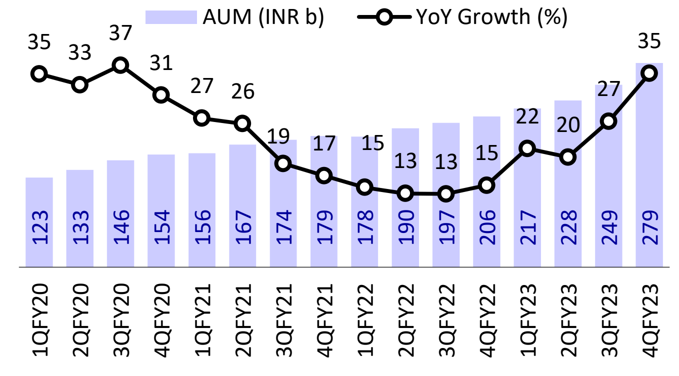
- EQUITASB reported a robust loan growth of 33% YoY in FY23. The bank has been focusing on building a diversified loan book, with SBL, vehicle finance, MFI and housing finance being the key business segments.
- It has posted a 25% CAGR in AUM over the past two years, led by steady trends in vehicle finance, SBL and MFI segments (~80% of total AUM). Housing finance saw a 70%+ CAGR, albeit on a low base. The bank expects a steady ~40% CAGR in affordable housing over FY23-25.
- EQUITASB sees a huge opportunity in vehicle finance and expects the segment to be one of the key drivers of loan growth while SBL and MFI maintain healthy growth traction. We estimate a robust 27% CAGR in loans over FY23-25.

Exhibit 1: Estimate a healthy 27% CAGR in loans over F23-25E after reporting a strong 33% growth in FY23



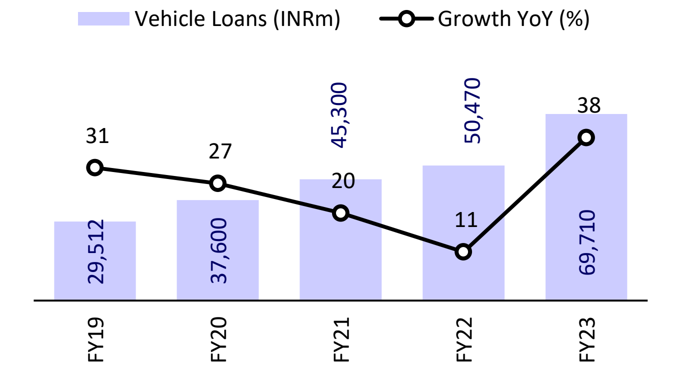
Source: MOFSL, Company

Exhibit 2: AUM growth has been healthy and gaining pace over the past few quarters



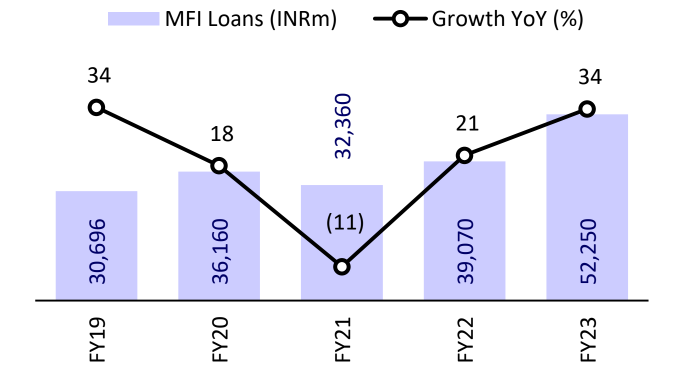
Source: MOFSL, Company

Exhibit 3: Vehicle loans grew 38% YoY; expect momentum to remain healthy



Source: MOFSL, Company

Exhibit 4: MFI loans have recovered; expect traction to sustain



Source: MOFSL, Company

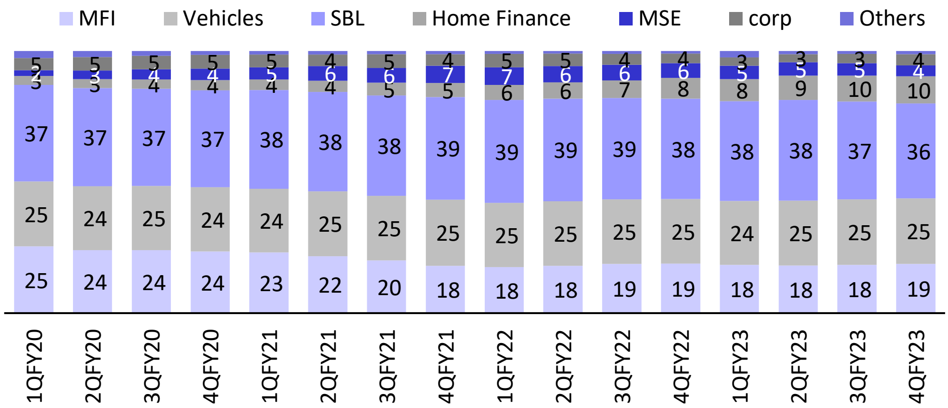
Business mix well diversified; MFI mix to remain in ~15-20% range

- The bank has made good progress in reducing the concentration of MFI loans, which moderated to 18.8% of AUM in FY23 from 53.6% in FY16. The mix of vehicle loans has remained broadly stable at ~25%, while the mix of SBLs has increased to 36% from 18% over the similar period. The mix of housing loans too has increased and now constitutes ~10% of AUM.
- Disbursements in the MFI and vehicle loans have started to pick up. Thus, the bank expects MFI mix to remain broadly stable, with MFI contributing ~15-20% of AUM. However, it expects the vehicle loan mix to increase further. The bank

intends to grow the unsecured personal loan and credit card segments by focusing on the prime segment; however, it aims to limit the overall mix of unsecured loans to <20% so as to maintain stability in the overall book. We believe that the bank has been successful in building a diversified franchise, which will enable it to report healthy loan growth.

The bank expects the mix of MFI loans to remain ~15-20% going ahead

Exhibit 5: Mix of SBLs improves to 36%, while vehicle/home loans constitutes 25%/10% of total AUM as on 4QFY23

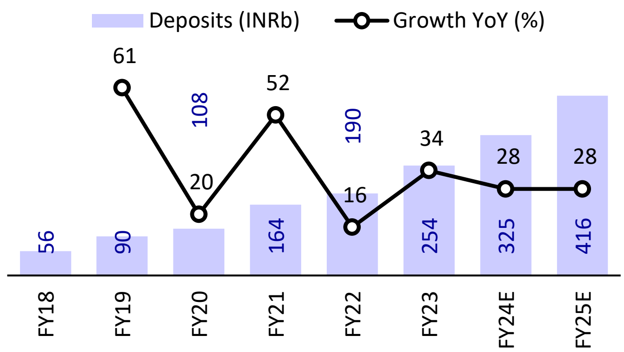


Source: MOFSL, Company

Deposit traction remains healthy; CASA mix to moderate further

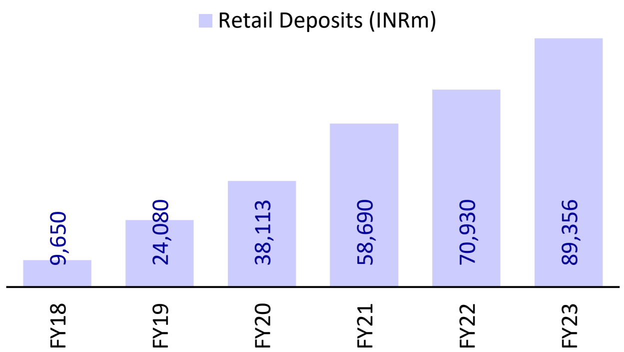
- EQUITASB has progressed well in building a granular liability franchise and reported a 30% CAGR in total deposits over the past four years. Deposit growth was led by CASA deposits (47% CAGR). The CASA mix improved from 25% to 42.3% over the past four years.
- The mix of retail term deposits also improved to 61% in FY23 from 31% in FY18. However, given the sharp rise in interest rates and a widening differential between SA and term deposit rates, the bank's CASA mix has moderated by 970bp over the past one year to 42.3%.
- We expect this trend to continue as depositors prefer locking in their money at higher rates, and EQUITASB offers one of the best rates in the system. We thus estimate the CASA mix to decline further by ~500bp to 37% in FY24.

Exhibit 6: EQUITASB has demonstrated strong capability in garnering deposits; expect to grow 28% over FY23-25



Source: MOFSL, Company

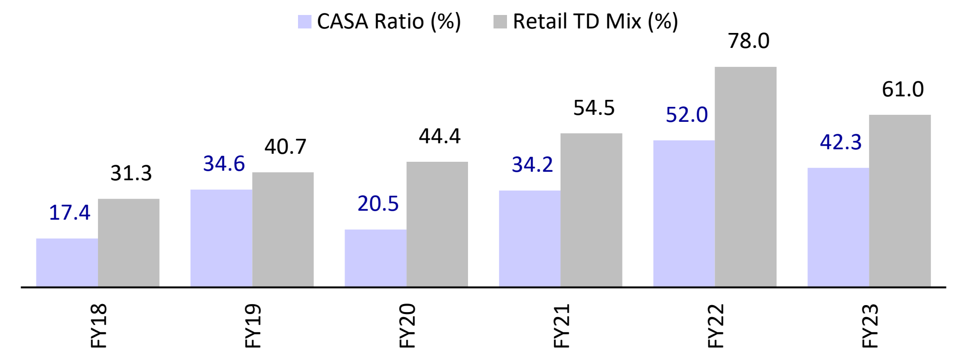
Exhibit 7: Retail term deposits have seen a healthy 56% CAGR over the past five years



Source: MOFSL, Company

Retail term deposits constitute 61% of total term deposits in FY23 vs. 31% in FY18

Exhibit 8: CASA ratio stands healthy at 42.3%, but is expected to moderate further



Source: MOFSL, Company

Estimate NIMs to decline to ~8.4%

- EQUITASB reported healthy NIM at 9.0% in FY23. We note that in all four quarters of FY23, margins remained broadly stable at 9-9.1%, aided by a controlled cost of funds at 6.4% in FY23 vs. 6.6% in FY22. However, with persistent pressure on CASA deposits, relatively limited growth in the MFI segment (34% YoY in FY23) and re-pricing of the TD portfolio, we expect margins to moderate.
- Further, the bank largely has a fixed-rate book, which forms ~85% of total loans, and thus it expects yields to recover gradually. We estimate NIM to decline to 8.7%/8.4% over FY24/25, enabling a 24% CAGR in NII over the same period.

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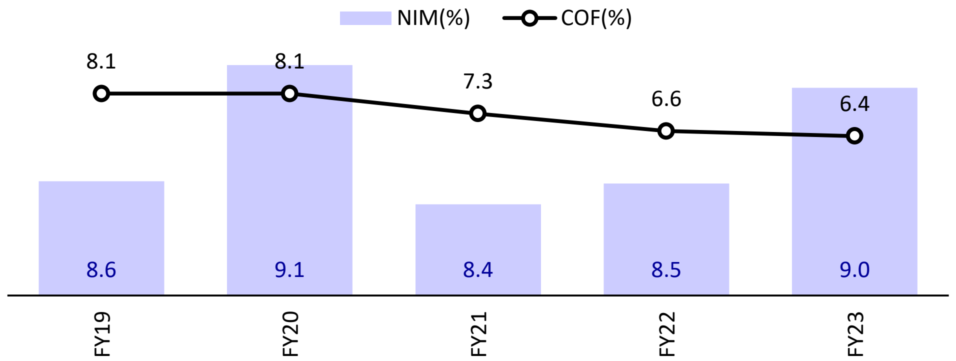
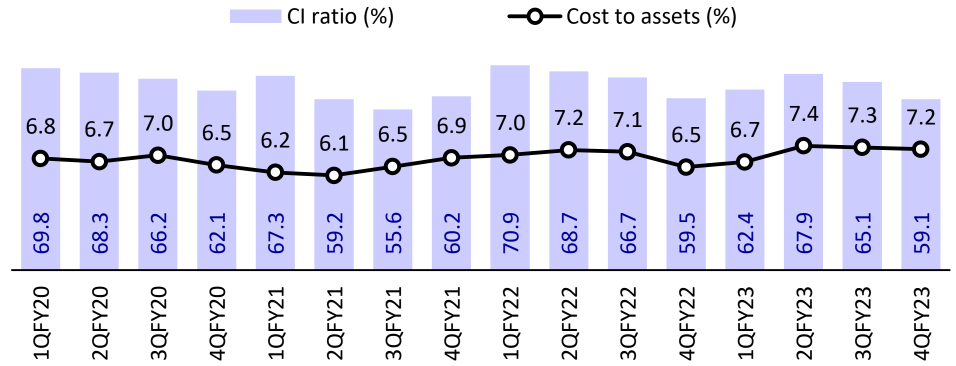
Exhibit 9: EQUITASB reported healthy NIM at 9.0%



Source: MOFSL, Company

The bank has indicated that it will continue to expand its branch network and increase branding and marketing expenses going forward. We, thus, expect the C/I ratio to remain elevated at ~63% in FY24 before moderating to 61% in FY25.

Exhibit 10: Cost ratios to remain elevated due to continued business investments

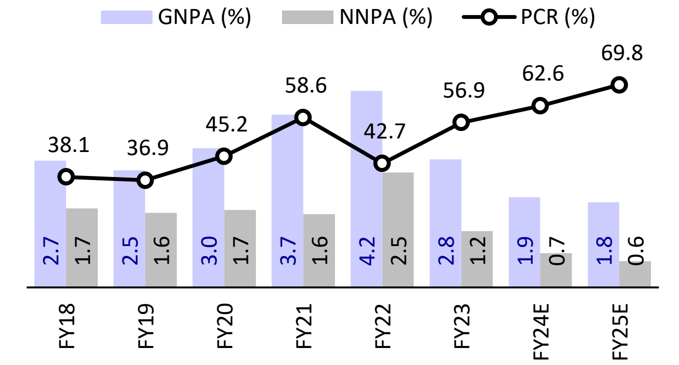


Source: MOFSL, Company

Asset quality remains strong; Estimate credit cost to moderate to 1.3% by FY25

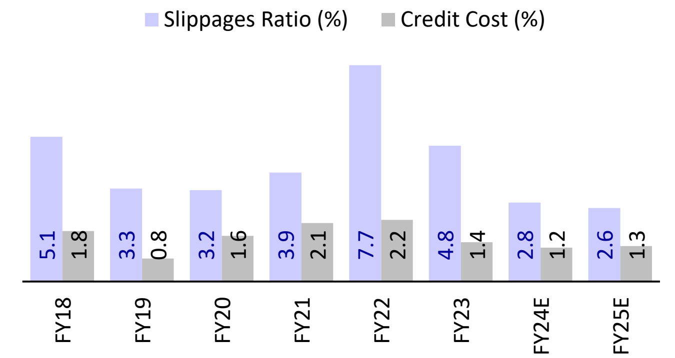
- EQUITASB has demonstrated strong improvements in asset quality, with X bucket's collection efficiency improving to 99.6% for MFI, 99.6% for SBLs and 99% for vehicle finance. Slippages have moderated and recoveries and upgrades have been strong, resulting in an improvement in asset quality ratios with GNPA/NNPA at 2.8%/1.2% as of FY23.
- The bank expects to improve its PCR to 70% by FY25 from ~57% now (~600bp improvement in 4QFY23). Total restructured book stands at INR2.3b or ~1% of loans vs. ~7% in FY22. EQUITASB expects the incremental ECL provision to be negligible; however, the guidelines are still to be finalized. We thus estimate the GNPA ratio to decline to 1.8% by FY25E from 2.8% currently, while the credit cost is likely to remain in the range of 1.2-1.3% vs. 1.4% in FY23.

Exhibit 11: Asset quality to continue to improve gradually; PCR to improve to 70% by FY25



Source: MOFSL, Company

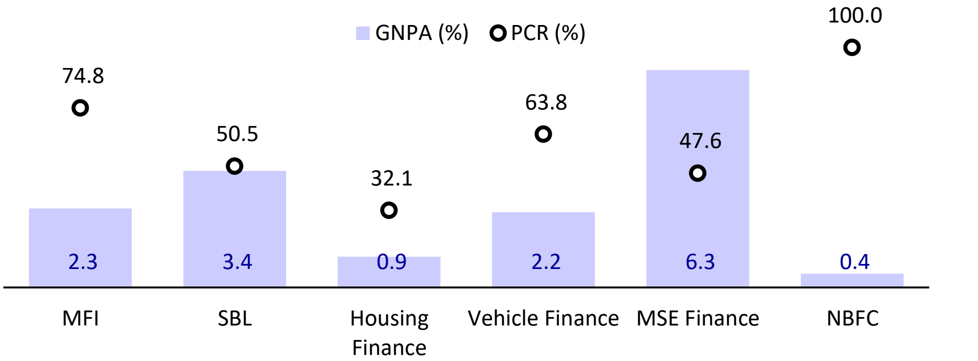
Exhibit 12: We expect credit cost to moderate to 1.3% by FY25; Slippages ratio to moderate to 2.6%



Source: MOFSL, Company

Exhibit 13: Segmental Asset Quality – witnessing gradual moderation over the past few quarters

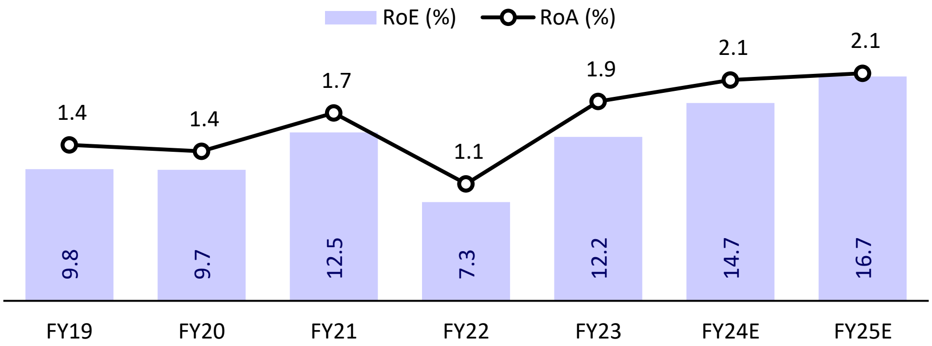
Bank maintains a healthy PCR across segments; focusing on improving the PCR in MFI & vehicle segment



Source: MOFSL, Company

Bank has achieved a consistent ROA and aims to sustain it at >2%

Exhibit 14: Return ratios to witness a gradual improvement with RoA/RoE at 2.1%/16.7% by FY25



Source: MOFSL, Company

Valuation and view: Maintain BUY with a revised TP of INR105

- The 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 healthy rates over FY24-25E.
- EQUITASB is making strong progress on the liability front, with a focus on mass-affluent customers. It has been reporting a gradual improvement in its operating performance over the past few quarters. Steady AUM growth was led by healthy traction across segments, while moderation in credit cost aided earnings. As a result, the bank reported RoA/RoE of ~1.9%/~12% in FY23. The bank has achieved a consistent RO) and aims to sustain it at >2%. Deposit growth too remains healthy with a CASA mix of ~42%. Asset quality remains strong with restructured book declining to 1% of loans from 7% last year and PCR improving 1,400bp in FY23 to 57%. **We estimate EQUITASB to deliver FY25 RoA/RoE of 2.1%/16.7% and value it at INR105 (1.7x Mar'25E BV).**

Exhibit 15: DuPont Analysis: Return ratios to show a steady improvement over FY23-25

	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	6.0
Net Interest Income	**7.63**	**7.93**	**8.53**	**8.17**	**7.89**	**8.22**	**8.11**	**7.96**
Fee income	2.23	1.92	1.59	1.70	1.92	2.16	1.78	1.73
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**	**1.85**
Total Income	**9.77**	**9.87**	**10.14**	**10.07**	**9.97**	**10.38**	**10.03**	**9.80**
Operating Expenses	**7.82**	**6.94**	**6.73**	**6.04**	**6.60**	**6.58**	**6.32**	**5.96**
Employees	4.57	3.79	4.05	3.60	3.48	3.54	3.45	3.27
Others	3.24	3.15	2.68	2.45	3.12	3.04	2.87	2.69
Operating Profits	**1.96**	**2.93**	**3.41**	**4.03**	**3.38**	**3.80**	**3.71**	**3.84**
Core operating Profits	**2.05**	**2.91**	**3.39**	**3.83**	**3.21**	**3.80**	**3.57**	**3.73**
Provisions	**1.53**	**0.70**	**1.41**	**1.71**	**1.91**	**1.32**	**0.97**	**1.02**
NPA	**0.43**	0.61	0.75	1.97	1.32	0.00	0.89	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**	**2.74**	**2.83**
Tax	0.15	0.78	0.61	0.58	0.38	0.63	0.69	0.71
RoA	**0.28**	**1.45**	**1.39**	**1.75**	**1.09**	**1.85**	**2.05**	**2.12**
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**	**14.7**	**16.7**

Source: MOFSL, Company

Financials and valuations

Income Statement (INRm)

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	55,370	69,087
Interest Expense	6,711	9,602	11,501	13,965	14,211	16,172	23,401	29,703
Net Interest Income	**8,605**	**11,517**	**14,953**	**17,980**	**20,385**	**25,447**	**31,968**	**39,385**
Growth (%)	61.2	33.8	29.8	20.2	13.4	24.8	25.6	23.2
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**	**39,535**	**48,540**
Growth (%)	43.6	30.2	23.9	24.7	16.2	24.8	23.0	22.8
Operating Expenses	8,811	10,085	11,801	13,294	17,041	20,383	24,898	29,516
Pre Provision Profits	**2,206**	**4,261**	**5,976**	**8,866**	**8,719**	**11,760**	**14,636**	**19,024**
Growth (%)	-1.5	93.1	40.2	48.4	-1.7	34.9	24.5	30.0
Core PPoP	**2,309**	**4,229**	**5,942**	**8,419**	**8,293**	**11,760**	**14,070**	**18,458**
Growth (%)	11.3	83.1	40.5	41.7	-1.5	41.8	19.6	31.2
Provisions (excl tax)	1,721	1,024	2,466	3,753	4,938	4,072	3,827	5,029
PBT	**485**	**3,237**	**3,509**	**5,113**	**3,781**	**7,688**	**10,809**	**13,995**
Tax	167	1,132	1,073	1,270	974	1,952	2,721	3,523
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**	**8,089**	**10,473**
Growth (%)	-69.4	561.4	15.7	57.7	-26.9	104.3	41.0	29.5

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	47,230	56,037
Net Worth	**20,438**	**22,543**	**27,441**	**33,963**	**42,462**	**51,579**	**58,335**	**67,142**
Deposits	**56,040**	**90,067**	**1,07,884**	**1,63,920**	**1,89,508**	**2,53,806**	**3,24,871**	**4,15,835**
Growth (%)	191.7	60.7	19.8	51.9	15.6	33.9	28.0	28.0
of which CASA Dep	**16,378**	**22,743**	**22,082**	**56,138**	**98,554**	**1,07,320**	**1,20,202**	**1,64,255**
Growth (%)	393.8	38.9	-2.9	154.2	75.6	8.9	12.0	36.6
Borrowings	51,772	39,730	51,349	41,653	26,164	29,738	37,469	46,837
Other Liabilities & Prov.	4,762	5,286	6,281	7,548	11,385	14,459	17,784	21,874
Total Liabilities	**1,33,012**	**1,57,626**	**1,92,955**	**2,47,085**	**2,69,519**	**3,49,581**	**4,38,460**	**5,51,688**
Current Assets	12,112	12,606	25,368	33,787	21,325	12,443	13,407	15,268
Investments	38,568	23,445	23,425	37,052	44,498	66,646	83,707	1,06,308
Growth (%)	104.0	-39.2	-0.1	58.2	20.1	49.8	25.6	27.0
Loans	**77,060**	**1,15,935**	**1,37,282**	**1,68,482**	**1,93,742**	**2,57,986**	**3,27,642**	**4,14,467**
Growth (%)	35.2	50.4	18.4	22.7	15.0	33.2	27.0	26.5
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	9,345	10,501
Total Assets	**1,33,012**	**1,57,626**	**1,92,955**	**2,47,085**	**2,69,519**	**3,49,581**	**4,38,460**	**5,51,688**
Total AUM	**82,390**	**1,17,043**	**1,53,660**	**1,79,250**	**2,05,970**	**2,74,268**	**3,48,321**	**4,40,626**
Growth (%)	**14.8**	**42.1**	**31.3**	**16.7**	**14.9**	**33.2**	**27.0**	**26.5**

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	7,709
NNPA (INR m)	1,315	1,864	2,286	2,662	4,795	3,120	2,413	2,324
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	0.74	0.56
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	1.20	1.25
PCR (Excl Tech. write off)	38.1	36.9	45.2	58.6	42.7	56.9	62.6	69.8

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**	**7.2**
Avg. Cost of Deposits	6.5	7.0	7.5	7.1	6.4	0.0	6.9	6.9
Interest Spread	**7.0**	**7.5**	**8.1**	**7.7**	**7.5**	**8.0**	**7.8**	**7.6**
NIM (on IEA)	**8.3**	**8.5**	**9.1**	**8.6**	**8.4**	**8.8**	**8.7**	**8.4**
Business and Efficiency Ratios (%)								
Loans/Deposit Ratio	137.5	128.7	127.2	102.8	102.2	101.6	100.9	99.7
CASA Ratio	29.2	25.3	20.5	34.2	52.0	42.3	37.0	39.5
Cost/Assets	6.6	6.4	6.1	5.4	6.3	5.8	5.7	5.4
Cost/Total Income	80.0	70.3	66.4	60.0	66.2	63.4	63.0	60.8
Cost/Core income	79.2	70.5	66.5	61.2	67.3	63.4	63.9	61.5
Int. Expense/Int.Income	43.8	45.5	43.5	43.7	41.1	38.9	42.3	43.0
Fee Income/Total Income	22.8	19.5	15.7	16.8	19.2	20.8	17.7	17.7
Non Int. Inc./Total Income	21.9	19.7	15.9	18.9	20.9	20.8	19.1	18.9
Empl. Cost/Total Expense	58.5	54.7	60.1	59.5	52.7	53.8	54.6	54.8
Investment/Deposit Ratio	68.8	26.0	21.7	22.6	23.5	26.3	25.8	25.6
Profitability Ratios and Valuation								
RoE	1.6	9.8	9.7	12.5	7.3	12.2	14.7	16.7
RoA	0.3	1.4	1.4	1.7	1.1	1.9	2.1	2.1
Book Value (INR)	20	22	26	30	34	46	53	60
Growth (%)	1.6	10.3	16.2	14.4	13.8	36.9	13.1	15.1
Price-BV (x)	**4.0**	**3.7**	**3.2**	**2.8**	**2.4**	**1.8**	**1.6**	**1.4**
Adjusted BV (INR)	19	21	25	28	31	44	51	59
Price-ABV (x)	**4.2**	**3.9**	**3.4**	**2.9**	**2.6**	**1.8**	**1.6**	**1.4**
EPS (INR)	0.3	2.1	2.4	3.5	2.3	4.9	7.3	9.4
Growth (%)	-78.3	561.4	13.0	48.1	-33.0	106.8	50.0	29.5
Price-Earnings (x)	**259.7**	**39.3**	**34.7**	**23.5**	**35.0**	**16.9**	**11.3**	**8.7**

Source: Company, MOFSL

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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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

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