

Equitas Small Finance Bank

BSE SENSEX
75,997

S&P CNX
22,960

CMP: INR61

TP: INR77 (+25%)

Buy



Bloomberg	EQUITASB IN
Equity Shares (m)	1139
M.Cap.(INRb)/(USD\$)	70 / 0.8
52-Week Range (INR)	110 / 60
1, 6, 12 Rel. Per (%)	-15/-19/-47
12M Avg Val (INR M)	367
Free float (%)	100.0

Financials & Valuation (INR b)

Y/E March	FY24	FY25E	FY26E
NII	30.8	32.4	38.1
OP	13.8	13.5	16.5
NP	8.0	2.0	6.6
NIM (%)	8.5	7.4	7.2
EPS (INR)	7.1	1.8	5.8
BV/Sh. (INR)	53	53	57
ABV/Sh. (INR)	50	51	55

Ratios

RoA (%)	2.0	0.4	1.2
RoE (%)	14.4	3.4	10.6

Valuations

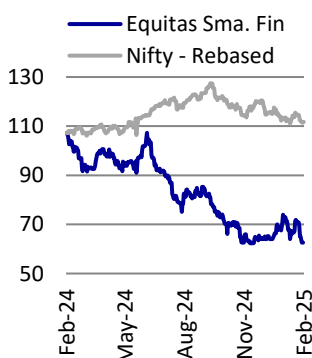
P/E(X)	8.6	34.5	10.4
P/BV (X)	1.2	1.2	1.1
P/ABV (X)	1.2	1.2	1.1

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	0.0	0.0	0.0
DII	42.6	43.7	45.7
FII	15.4	16.9	19.6
Others	42.0	39.4	34.8

FII Includes depository receipts

Stock performance (one-year)



Navigating through uncertainty

Near-term credit cost to stay high; RoA to recover to 1.5% by FY27E

- **EQUITASB has delivered a strong business growth trajectory, with a 26% CAGR in its loan book and 38% CAGR in deposits during FY22-24. This growth has improved the bank's CD ratio from 102% in FY22 to 87% currently, with the retail deposit mix standing at a healthy 67%.**
- **Margins have declined ~100bp YoY to 7.39% in 3QFY25 due to rising funding costs and high interest reversals along with a shift to secured products. Notwithstanding near term pressure on margins we expect medium term trajectory to remain steady benefitting from stabilization in funding costs, rationalization in SA rates while fixed rate nature of loan book (~80% of loans being fixed-rate) support yields in a declining rate environment.**
- **The ongoing stress in the MFI segment has impacted profitability and will keep credit costs elevated in near term. CE across states has been showing improvement (barring Karnataka which accounts for 10% of bank's MFI book) while Vehicle and SBL businesses are doing well. We thus expect overall credit cost to moderate to 1.5% by FY27E vs 3.1% in FY25.**
- **The stock has corrected 43% since Jan'24 and now trades at 1.0x Sep'26E ABV. Healthy growth momentum with an estimated loan CAGR of >20% and a gradual recovery in profitability with RoA recovering to ~1.5% by FY27E will support stock performance in the medium term. We retain our BUY rating on the stock with a revised TP of INR77 (1.3x Sep'26E ABV).**

Growth outlook steady; MFI mix to decline further

EQUITASB reported 21% YoY loan growth in 3QFY25, driven by strong growth in small business loans (SBL) at 26.7% YoY. The bank remained cautious in MFI segment amid elevated stress. The bank is shifting its focus toward secured products and has reduced its MFI concentration to ~14% of AUM, with a further decline expected in the coming quarters. The bank is ramping up disbursements in the micro-LAP segment, focusing on the top 15% of its MFI customers and driving growth in affordable housing, used CVs, and SBL. The affordable housing book is expected to turn profitable by FY26. EQUITASB has launched personal loans for deposit customers this quarter and plans to roll out credit cards by Mar'25. We estimate the bank to deliver a 22% CAGR in advances over FY25-27, primarily fueled by secured segments.

CASA mix has declined sharply; retail deposit mix steady at 67%

EQUITASB has significantly scaled up its liability franchise, achieving a 30% CAGR in total deposits over the past four years. However, the CASA ratio declined sharply from 46.2% in 3QFY23 to 28.6% in 3QFY24, due to a wide rate differential between savings account (SA) deposits and term deposits (TDs), as depositors opted for TDs amid uncertainty over interest rates. Despite this, the retail deposit mix remains strong at 67%. The bank has adjusted its SA rates, focusing on the mass affluent and HNI segments. With a healthy CD ratio of 87% in 3QFY25, the bank is well positioned to deliver steady growth while trying to prevent any further erosion in CASA mix. We estimate a 21% CAGR in deposits over FY25-27 and expect CASA mix to improve to 31% by FY27E.

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

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

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

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

NIMs to remain under pressure in near term; turn in rate cycle to offer some relief

EQUITASB has reported a ~100bp decline in margins over the past one year, standing at 7.39% in 3QFY25, due to rising funding costs and a shift from high-yield MFI loans to secured products. However, with stabilizing funding costs, a comfortable CD ratio of 86-87%, and its ability to moderate SA rates as the interest rate cycle turns, the bank is expected to maintain steady margins, especially as fixed-rate loans (~80% of the book) support margins in a favorable rate environment. The moderation in MFI mix may put pressure on portfolio yields; however, the bank is aiming to offset some impact by focusing on other high-yielding segments, viz. used CV, micro-LAP, etc. The bank's ongoing investments in branch expansion, digital infrastructure, and employees (strengthened its collection team) pushed the C/I ratio to 68.5% in 3QFY25. With continued investments, C/I ratio may remain elevated in the near term and gradually improve to ~64% by FY27E.

Asset quality stress (MFI) to linger in near term; credit cost to remain elevated

EQUITASB's GNPA ratio rose to 2.97% in 3QFY25, driven by increased slippages in the MFI segment, which rose from 8.3% to 14.2% due to customer overleveraging. In contrast, the non-MFI portfolio showed improvement, with slippages falling from 2.3% to 1.1%. While stress in the non-MFI segment remains contained, the MFI segment continues to pose challenges, with the next two quarters being critical for managing credit costs and improving asset quality. The bank has strengthened its collections efforts by adding 1,000 employees. MFI stress is particularly pronounced in regions like Karnataka, where collection efficiency (CE) has dropped to 90% and the government intervention has created significant uncertainty in collection outlook. Despite these challenges, the bank's continuous efforts to reduce MFI exposure (currently at 14% and expected to go down to single digits) and recovery in vehicle finance are expected to ease the slippage run rate in the medium term. We estimate a credit cost of 1.6% in FY27, which will reduce cyclical in overall business.

Valuation and view

EQUITASB has demonstrated healthy growth, achieving a 26% CAGR in its loan book and a 38% CAGR in deposits over FY22-24. CD ratio has thus eased from 102% in FY23 to 87% in 3QFY25. Although ongoing stress in the MFI segment has impacted profitability, the bank's MFI exposure has declined to ~14% (from 28% five years ago). In order to reduce cyclical in the business, the bank aims to further bring down the MFI mix over the coming years. EQUITASB has hired ~1,000 employees to boost CE, which has affected cost ratios, which we estimate will ease gradually over the coming years. The stock has corrected 43% since Jan'24 and now trades at 1.0x Sep'26E ABV. The bank's sustained growth momentum with an estimated loan CAGR of 22% and a gradual recovery in profitability with RoA of 1.5% by FY27E will support stock performance in the medium term, especially as MFI segment regains stability.

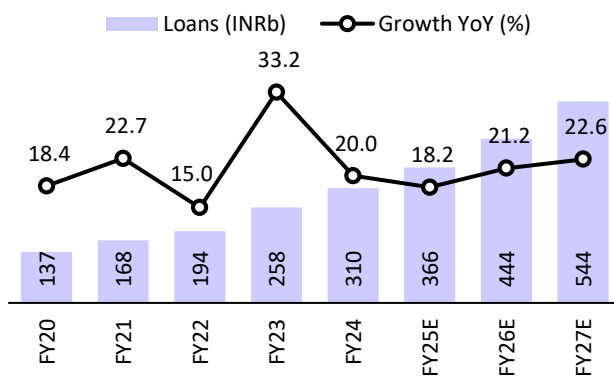
We retain our BUY rating on the stock with a revised TP of INR77 (1.3x Sep'26E ABV).

Growth outlook steady; MFI mix to decline further

Estimate 22% CAGR in loans over FY25-27E

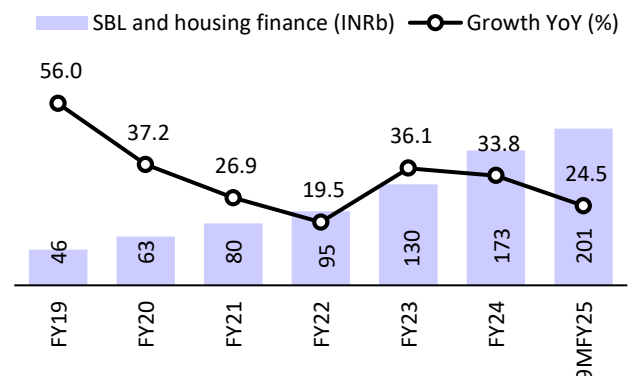
- EQUITASB reported 21% YoY loan growth in 3QFY25, driven by robust growth of 26.7% YoY in SBL and healthy traction across segments, barring MFI, as management turned cautious amid rising stress in the segment.
- The bank is shifting its portfolio mix toward secured products and has reduced MFI loan concentration sharply to ~14.4% of AUM, with a target of reducing it to single digits in the near term. Used CV is gaining momentum, whereas new CV growth is expected to moderate in line with the industry trends. Demand recovery in the SBL segment, which is expected to benefit Micro-LAP, will support overall loan growth.
- The bank is focusing on growth in the micro-LAP segment, targeting the top 15% of its MFI customers and ramping up disbursements. Additionally, it continues to pursue growth in secured products like affordable housing, used cars, used CVs, and SBL, with expectations of the affordable housing book becoming profitable by FY26. The bank has launched personal loans for deposit customers and plans to introduce credit cards by Mar'25. We estimate the bank to deliver a 22% CAGR in advances over FY25-27E, driven primarily by secured segments.

Exhibit 1: Estimate healthy 22% loan CAGR over FY25-27E



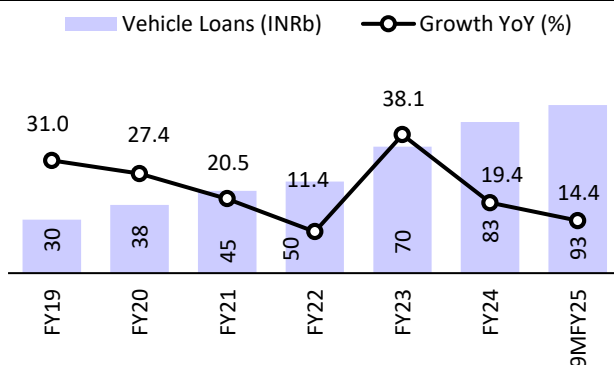
Source: MOFSL, Company

Exhibit 2: SBL and HF business grew at 24% YoY in 3QFY25



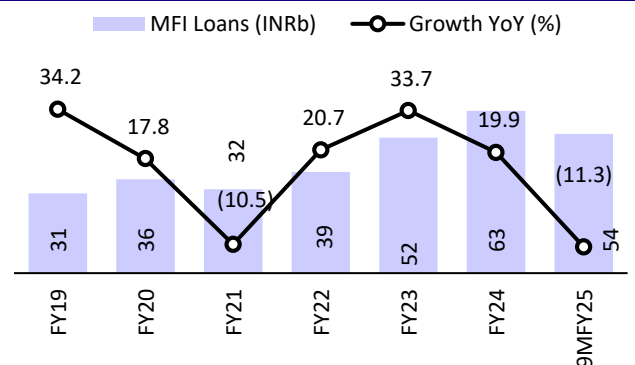
Source: MOFSL, Company

Exhibit 3: Vehicle loan grew 14.4% YoY in 3QFY25



Source: MOFSL, Company

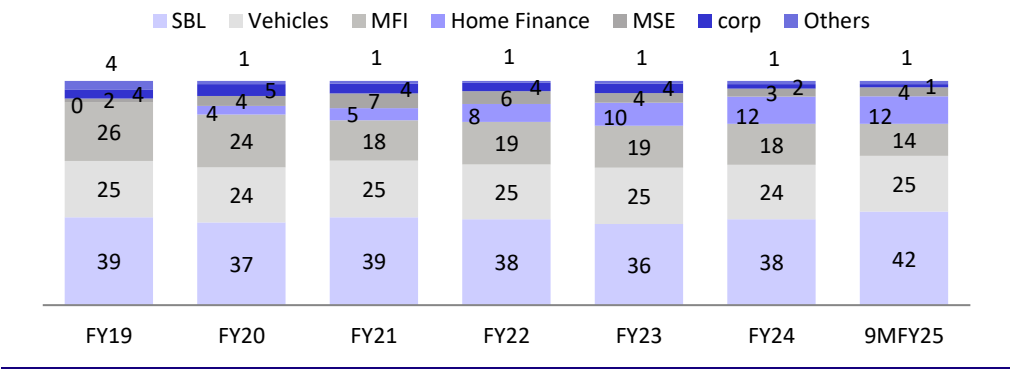
Exhibit 4: MFI decline 11.3% YoY; expect growth to stay soft



Source: MOFSL, Company

Exhibit 5: MFI mix has moderated to 14%; Vehicle/SBL form 25%/42% of total AUM

MFI mix has moderated from 26% in FY19 to 14% in 3QFY25, with the bank aiming to reduce it further



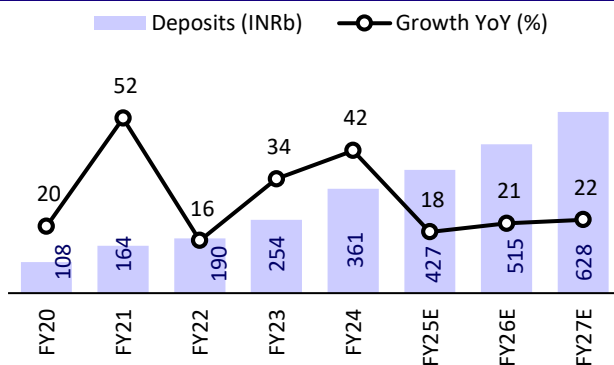
Source: MOFSL, Company

Robust liability franchise; CASA mix declines sharply

Retail deposit mix healthy at 67%

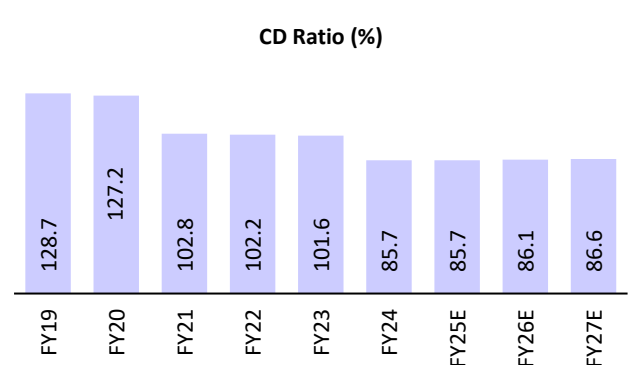
- EQUITASB has made significant progress in scaling up its liability franchise, with a 30% CAGR in total deposits over the past four years. However, deposit growth was slower in 9MFY25 and the CASA ratio declined sharply owing to a high rate differential between SA and TDs. Growing SA balance remains a challenge as depositors prefer parking money in TDs given the uncertainty about a turn in the interest rate cycle. We note that the mix of retail deposits still remains healthy at 67%.
- CASA mix has, thus, declined to 28.6% YoY (down 1700bp over past two years), and we estimate it to broadly remain at ~30%. The bank has realigned its SA rate, as it is focusing on the mass affluent and H&I segment.
- EQUITASB now appears well positioned in terms of the CD ratio (on net basis), which was at 87% in 3QFY25, and this will incrementally enable it to maintain healthy margins and a stable SA profile. As and when the interest rate cycle turns, the bank will be able to replace its deposits faster as they have shorter maturity. We estimate a 21% CAGR in deposits over FY25-27E.

Exhibit 6: Estimate deposit CAGR at ~21% over FY25-27E



Source: MOFSL, Company

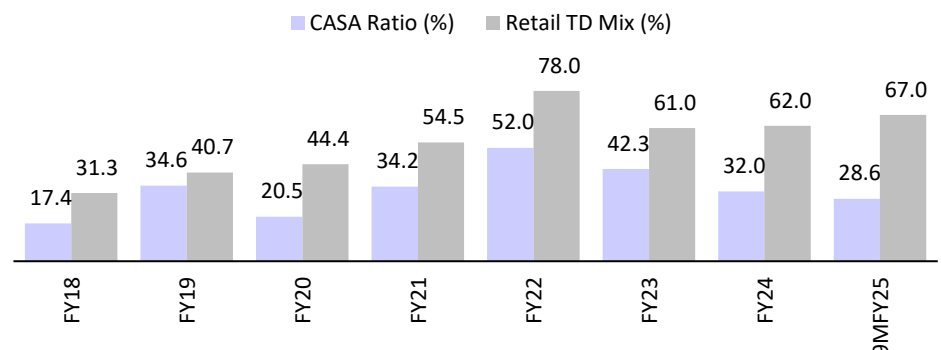
Exhibit 7: Estimate CD ratio to remain at 86-87% in FY26-27



Source: MOFSL, Company

Exhibit 8: CASA mix has declined to 28.6%; expect it to sustain at ~30% over FY26-27

Retail TDs accounted for 67% of total TDs in 3QFY25 vs. 31% in FY18



Source: MOFSL, Company

SA costs dropped by 13bp QoQ during 3Q25, led by a recent revision in SA rates; Cost of SA in 3Q was 5.92%

Exhibit 9: Bank has realigned its SA rate (3.0%-7.8%)

Closing balance	Savings account rates
Up to INR0.1m	3.00%
Above INR0.1m to INR1m	5.00%
Above INR1m to INR2.5m	7.00%
Above INR2.5m to INR10m	7.25%
Above INR10m to INR250m	7.50%
Above INR250m	7.80%

Source: MOFSL, Company

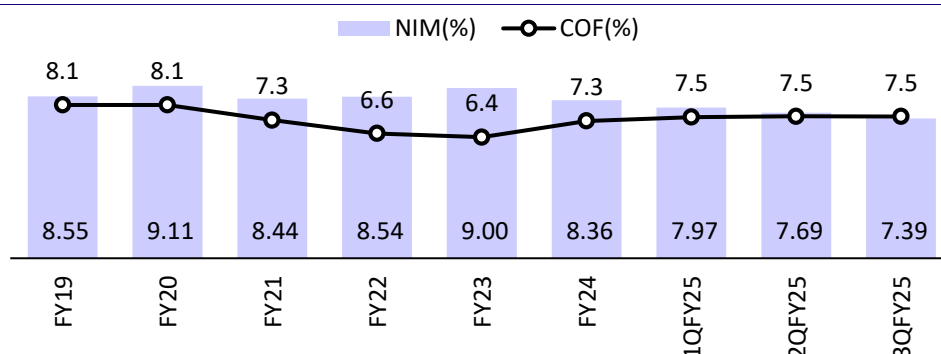
NIM to remain under pressure in near term

Turn in rate cycle to offer some relief

- EQUITASB has reported a ~100bp decline in margins over the past one year (7.39% in 3QFY25), affected by a continued rise in funding costs and a shift in asset mix from high-yield MFI business to secured products. However, a stabilizing cost of funds, CD ratio reaching the comfortable range of 86-87%, and the lever to moderate SA rates when the rate cycle turns will help the bank maintain steady margins (RBI cuts repo rate by 25bp). We thus estimate NIMs to remain under pressure in FY25 and then gradually start recovering from FY26 onward.
- The fixed-rate nature of the loan book (~80% fixed rate) will support margins, particularly as the interest rate cycle turns. The bank has introduced a slab rate vs. flat rates charged earlier on MFI loans. The yields would range around 20-25% depending on the profile of the borrower, repayment track record and other credit parameters. This could reduce the MFI yields by 100-150bp.
- The bank's continued investment in branch expansion and digital infrastructure has led to elevated C/I ratio (64.5% in FY24). Also, the bank has hired many employees to boost its CE (C/I ratio at 68.5% in 3QFY25). With continued investment in the business, technology and employees, we expect C/I ratio to increase to ~67.8% and recover gradually to ~64% by FY27E.

Exhibit 10: Margins have compressed sharply in recent quarters due to rising funding costs and higher interest reversals

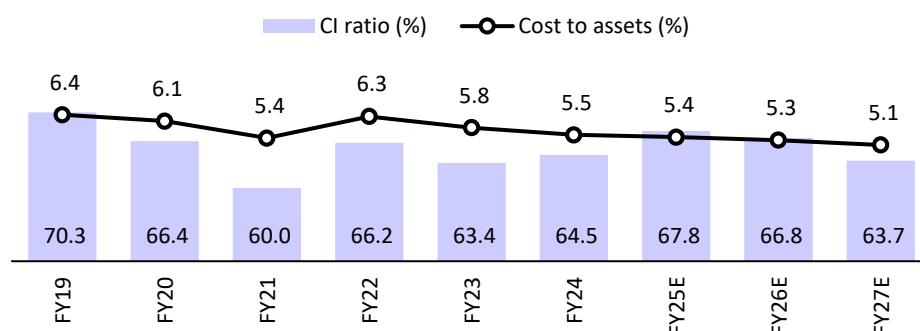
NIMs have been declining due to rising funding cost and shift in asset mix; we estimate near-term margins to remain under pressure.



Source: MOFSL, Company

Exhibit 11: Cost ratios to stay elevated in FY25 and gradually recover thereafter

With continued investment in the business, technology and employees, we expect C/I ratio at 67.8% in FY25E, which will recover to ~64% by FY27E.



Source: MOFSL, Company

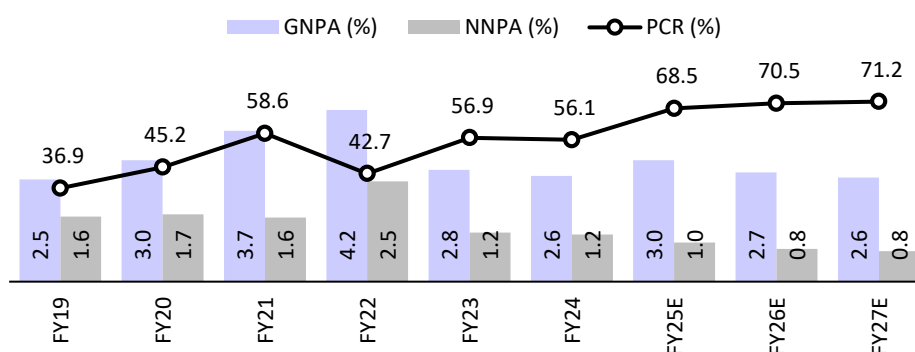
Asset quality stress (MFI) to linger in near term

Credit cost to remain elevated in medium term

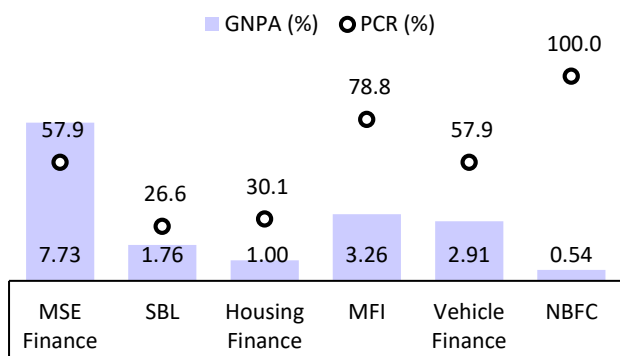
- EQUITASB's GNPA ratio rose to 2.97% in 3QFY25, driven by increased slippages in MFI (up from 8.3% to 14.2% in 3Q) due to customer overleveraging. In contrast, the non-MFI book demonstrated improvement, with slippages decreasing from 2.28% to 1.11%. While the management indicates that stress in the non-MFI segment remains contained, the elevated MFI stress remains a concern, making the next two quarters crucial for managing credit costs and improving asset quality.
- During the quarter, the bank witnessed an improvement in the SMA 0 and SMA 1 levels in the MFI pool. However, SMA 2 continued to inch up. The bank's X-bucket CE in the MFI segment stabilized in 3QFY25, though no significant improvement has been seen through Jan'25, with hopes pinned on better performance in Feb-Mar'25 to gain clarity on credit cost for FY26.
- EQUITASB has strengthened its collection efforts by adding 1,000 employees, but high credit cost remains a key challenge, with lower visibility on the near-term improvement. Outside of the MFI portfolio, credit costs in the Non-MFI book remain manageable.
- MFI stress is particularly pronounced in regions like Karnataka, where CE has dropped to 90% and the government intervention has brought significant uncertainty in the collection outlook. Despite these challenges, the bank's continuous efforts to reduce MFI exposure (currently at 14% and expected to go down to single digits) and recovery in vehicle finance should ease the slippage run rate in the medium term. We estimate a credit cost of 1.6% in FY27, which will reduce cyclicalities in overall business.

GNPA ratio rose to 2.97% in 3QFY25, led by high MFI slippages. GNPA ratio of MFI segment stood at 5.6% in 3QFY25 vs. 3.3% in 3QFY24.

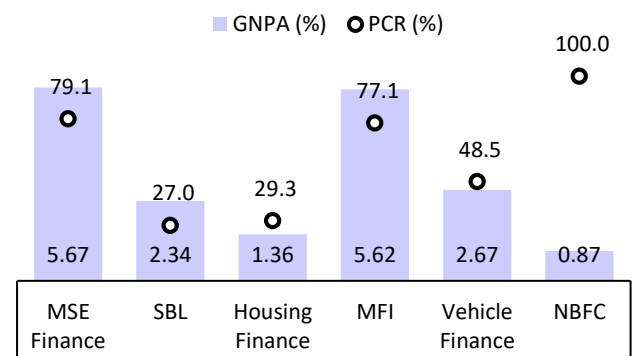
Exhibit 12: Estimate GNPA/NNPA ratios at 2.6%/0.8% by FY27



Source: MOFSL, Company

Exhibit 13: GNPA ratio for MFI stood at 3.3% in 3QFY24...

Source: MOFSL, Company

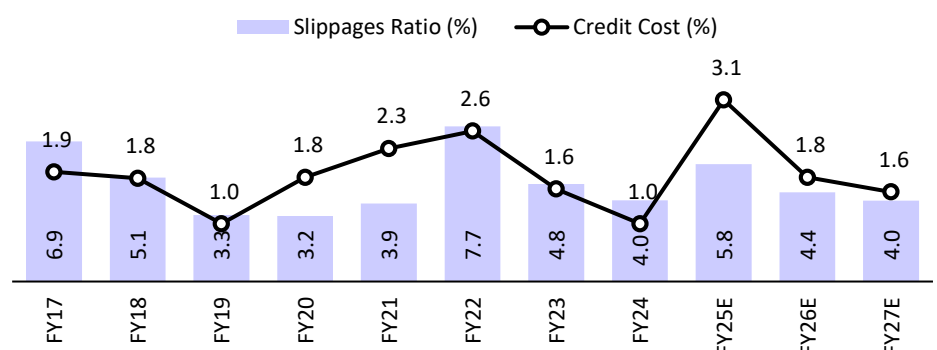
Exhibit 14: ...which increased to 5.6% in 3QFY25

Source: MOFSL, Company

Exhibit 15: Estimate near-term credit cost to stay elevated

Karnataka has been seeing higher stress; therefore, credit cost is expected to be elevated in the near term. CE in other states improved.

The bank is also making higher provisions to maintain its Net NPA ratio at <1% as it wants to apply for a universal banking license.

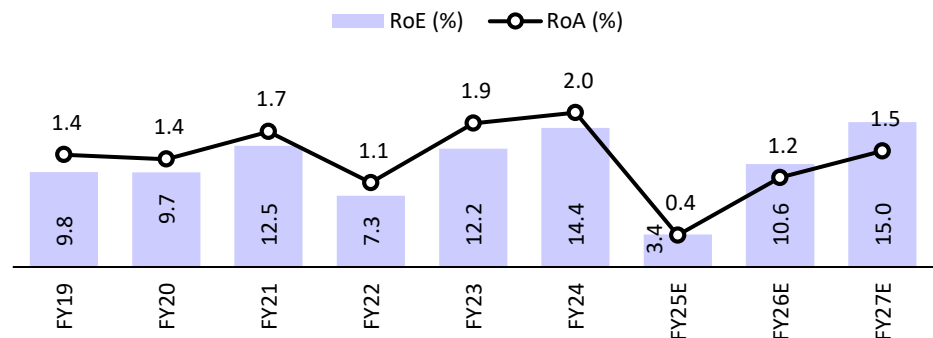


Source: MOFSL, Company

Valuation and view: Maintain BUY with a revised TP of INR77

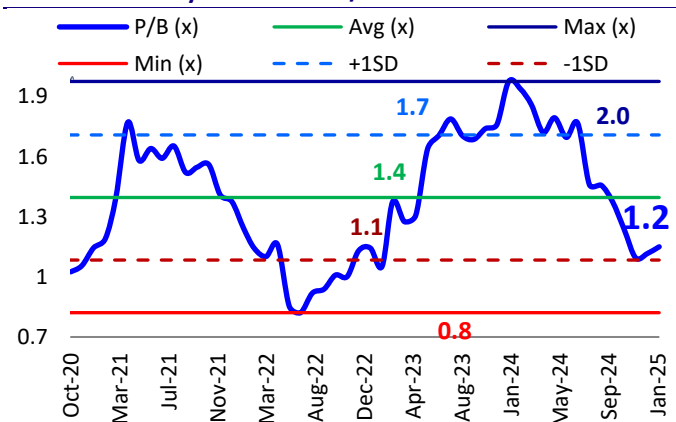
- EQUITASB has reported a healthy business growth trajectory, with a 26% CAGR in the loan book and a 38% CAGR in deposits over FY22-24, with its CD ratio improving from 102% in FY23 to 87% currently. The mix of retail deposits is healthy at 67%, demonstrating the bank's ability to mobilize deposits at a healthy run rate.
- The ongoing stress in MFI business has impacted the bank's profitability and will keep its near-term performance in check. However, the mix of MFI business has declined to ~14% (19% in FY22) and the bank is taking various steps (hiring 1,000 employees to boost CE in MFI). Given its ability to quickly bounce back from a credit cycle with controlled credit costs, we hope for an improvement in asset quality going forward.
- EQUITASB's stock price has corrected 43% since Jan'24 and now trades at 1.0x Sep'26E ABV. The bank's sustained growth momentum with an estimated loan CAGR of 22% and a gradual recovery in profitability with RoA of 1.5% by FY27E will support stock performance in the medium term, especially as MFI segment regains stability. **We retain our BUY rating on the stock with a revised TP of INR77 (1.3x Sep'26E ABV).**

Exhibit 16: Return ratios to recover over FY25-27E with RoA/RoE improving to 1.5%/15.0%



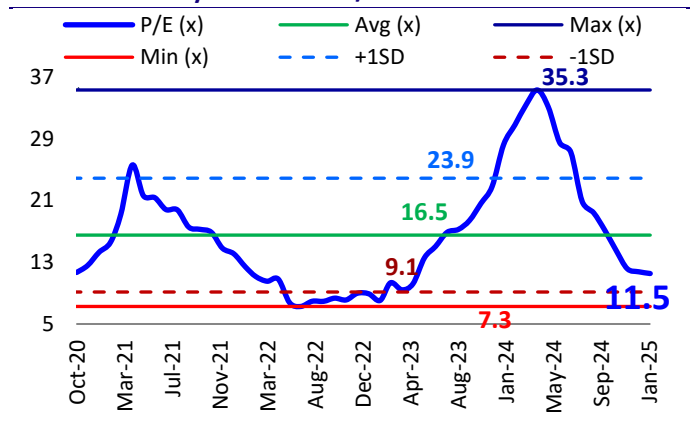
Source: MOFSL, Company

Exhibit 17: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 18: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 19: DuPont Analysis: Estimate RoE to improve to 15.0% by FY27E

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	13.4	13.4	13.7	13.1	13.1	13.1
Interest Expense	5.5	5.2	6.0	6.5	6.5	6.3
Net Interest Income	7.89	8.22	7.67	6.62	6.62	6.72
Fee income	1.92	2.09	1.73	1.84	1.90	1.91
Trading and others	0.17	0.07	0.26	0.12	0.10	0.08
Other Income	2.08	2.16	1.99	1.96	2.00	1.99
Total Income	9.97	10.38	9.66	8.58	8.62	8.72
Operating Expenses	6.60	6.58	6.23	5.82	5.76	5.56
Employees	3.48	3.54	3.41	3.36	3.34	3.22
Others	3.12	3.04	2.82	2.46	2.42	2.33
Operating Profits	3.38	3.80	3.43	2.76	2.86	3.16
Core operating Profits	3.21	3.73	3.17	2.65	2.76	3.08
Provisions	1.91	1.32	0.78	2.22	1.32	1.16
PBT	1.46	2.48	2.65	0.55	1.54	2.00
Tax	0.38	0.63	0.66	0.14	0.39	0.50
RoA	1.09	1.85	1.99	0.41	1.15	1.50
Leverage (x)	6.8	6.6	7.2	8.2	9.2	10.0
RoE	7.3	12.2	14.4	3.4	10.6	15.0

Source: MOFSL, Company

Financials and valuations

Income Statement

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	34.6	41.6	54.9	64.0	75.5	90.4
Interest Expense	14.2	16.2	24.1	31.6	37.4	43.9
Net Interest Income	20.4	25.4	30.8	32.4	38.1	46.6
-growth (%)	13.4	24.8	21.0	5.1	17.7	22.1
Non-Interest Income	5.4	6.7	8.0	9.6	11.5	13.8
Total Income	25.8	32.1	38.8	42.0	49.6	60.4
-growth (%)	16.2	24.8	20.7	8.2	18.3	21.6
Operating Expenses	17.0	20.4	25.0	28.4	33.2	38.5
Pre Provision Profits	8.7	11.8	13.8	13.5	16.5	21.9
-growth (%)	-1.7	34.9	17.1	-1.9	21.8	33.0
Core PPOp	8.3	11.5	12.7	12.9	15.9	21.3
-growth (%)	-1.5	39.2	10.3	1.7	22.8	34.2
Provisions	4.9	4.1	3.1	10.8	7.6	8.1
PBT	3.8	7.7	10.6	2.7	8.9	13.8
Tax	1.0	2.0	2.6	0.7	2.2	3.5
Tax Rate (%)	25.8	25.4	24.8	25.2	25.2	25.2
PAT	2.8	5.7	8.0	2.0	6.6	10.4
-growth (%)	-26.9	104.3	39.3	-74.9	230.5	56.1

Balance Sheet

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	12.5	11.1	11.3	11.3	11.3	11.3
Reserves & Surplus	29.9	40.5	48.3	48.6	53.6	62.2
Net Worth	42.5	51.6	59.7	60.0	64.9	73.6
Deposits	189.5	253.8	361.3	427.0	515.4	627.8
-growth (%)	15.6	33.9	42.3	18.2	20.7	21.8
-CASA Dep	98.6	107.3	115.5	123.0	155.1	195.2
-growth (%)	75.6	8.9	7.6	6.5	26.1	25.8
Borrowings	26.2	29.7	17.9	21.3	26.6	33.0
Other Liabilities & Prov.	11.4	14.5	14.2	16.6	19.7	23.5
Total Liabilities	269.5	349.6	453.0	524.9	626.7	757.9
Current Assets	21.3	12.4	35.8	39.5	43.4	49.6
Investments	44.5	66.6	90.7	100.4	118.4	143.8
-growth (%)	20.1	49.8	36.0	10.7	18.0	21.4
Loans	193.7	258.0	309.6	366.0	443.6	543.8
-growth (%)	15.0	33.2	20.0	18.2	21.2	22.6
Fixed Assets	2.0	3.8	6.0	6.7	7.7	9.0
Other Assets	7.9	8.7	10.9	12.4	13.6	11.7
Total Assets	269.5	349.6	453.0	524.9	626.7	757.9
Total AUM	206.0	278.6	343.4	405.9	491.9	603.1
-growth (%)	14.9	35.3	23.2	18.2	21.2	22.6

Asset Quality	FY22	FY23	FY24	FY25E	FY26E	FY27E
GNPA (INR m)	8.4	7.2	8.2	11.2	12.2	14.3
NNPA (INR m)	4.8	3.1	3.6	3.5	3.6	4.1
Slippage (INR m)	13.9	10.9	11.4	19.6	17.8	19.7
GNPA Ratio	4.24	2.76	2.61	3.00	2.70	2.57
NNPA Ratio	2.47	1.21	1.17	0.97	0.81	0.76
Slippage Ratio	7.67	4.81	4.01	5.80	4.40	4.00
Credit Cost	2.19	1.43	0.93	3.14	1.80	1.55
PCR (Excl Tech. write off)	42.7	56.9	56.1	68.5	70.5	71.2

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Yield and Cost Ratio (%)						
Avg. Yield- on Earning Assets	14.6	14.8	15.1	14.5	14.3	14.2
Avg. Yield on loans	17.3	16.7	17.3	16.5	16.4	16.1
Avg. Yield on Investments	6.1	5.7	6.9	6.7	6.8	6.8
Avg. Cost of Int. Bear. Liab.	6.7	6.5	7.3	7.6	7.5	7.3
Avg. Cost of Deposits	6.4	6.1	7.0	7.4	7.3	7.0
Interest Spread	7.9	8.3	7.8	6.9	6.8	6.9
NIM (on IEA)	8.6	9.0	8.5	7.4	7.2	7.3
Capitalisation Ratios (%)						
CAR	25.2	23.8	21.7	20.0	18.4	17.6
Tier I	24.5	23.1	20.7	17.7	16.2	15.5
CET 1	24.5	23.1	20.7	17.3	16.0	15.6
Tier II	0.6	0.7	1.0	2.3	2.2	2.0
Business and Efficiency Ratios (%)						
Loans/Deposit Ratio	102.2	101.6	85.7	85.7	86.1	86.6
CASA Ratio	52.0	42.3	32.0	28.8	30.1	31.1
Cost/Assets	6.3	5.8	5.5	5.4	5.3	5.1
Cost/Total Income	66.2	63.4	64.5	67.8	66.8	63.7
Cost/Core income	67.3	63.8	66.3	68.7	67.6	64.3
Int. Expense/Int.Income	41.1	38.9	43.9	49.4	49.5	48.5
Fee Income/Total Income	19.2	20.2	17.9	21.5	22.0	21.9
Other Inc./Total Income	20.9	20.8	20.6	22.8	23.2	22.9
Empl. Cost/Total Expense	52.7	53.8	54.7	57.8	58.0	58.0
CASA per branch (INR m)	114.5	116.4	119.8	122.7	147.4	176.6
Deposits per branch (INR m)	220.1	275.3	374.8	426.0	489.6	568.0
Business per Employee (INR m)	21.8	24.9	29.4	31.3	33.5	36.2
Profit per Employee (INR m)	0.2	0.3	0.3	0.1	0.2	0.3

Profitability Ratios and Valuation

RoA	1.1	1.9	2.0	0.4	1.2	1.5
RoE	7.3	12.2	14.4	3.4	10.6	15.0
Book Value (INR)	34	46	53	53	57	65
Growth (%)	13.8	36.9	13.2	0.5	8.2	13.3
Price-BV (x)	1.8	1.3	1.2	1.2	1.1	0.9
Adjusted BV (INR)	31	44	50	51	55	62
Price-ABV (x)	2.0	1.4	1.2	1.2	1.1	1.0
EPS (INR)	2.3	4.9	7.1	1.8	5.8	9.1
Growth (%)	-33.0	106.8	46.6	-75.1	230.5	56.1
Price-Earnings (x)	26.0	12.6	8.6	34.5	10.4	6.7

E: MOFSL Estimates

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

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

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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. This report is meant for the clients of Motilal Oswal only.

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

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

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

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

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

Grievance Redressal Cell:

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

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

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