17 February 2025

Company Update | Sector: Financials

Equitas Small Finance Bank

BSE SENSEX	S&P CNX
75,997	22,960

Bloomberg	EQUITASB IN
Equity Shares (m)	1139
M.Cap.(INRb)/(USDb)	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)

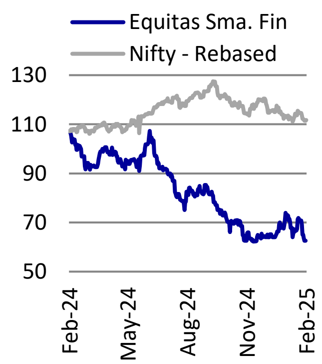
Y/E March	FY24	FY25E	FY26E
NII	30.8	32.4	38.1
OP	13.8	13.5	16.5
NP	8.0	2.0	6.6
NIM (%)	8.5	7.4	7.2
EPS (INR)	7.1	1.8	5.8
BV/Sh. (INR)	53	53	57
ABV/Sh. (INR)	50	51	55
Ratios			
RoA (%)	2.0	0.4	1.2
RoE (%)	14.4	3.4	10.6
Valuations			
P/E(X)	8.6	34.5	10.4
P/BV (X)	1.2	1.2	1.1
P/ABV (X)	1.2	1.2	1.1

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)



CMP: INR61 TP: INR77 (+25%) Buy

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.

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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 cyclicality in overall business.

Valuation and view

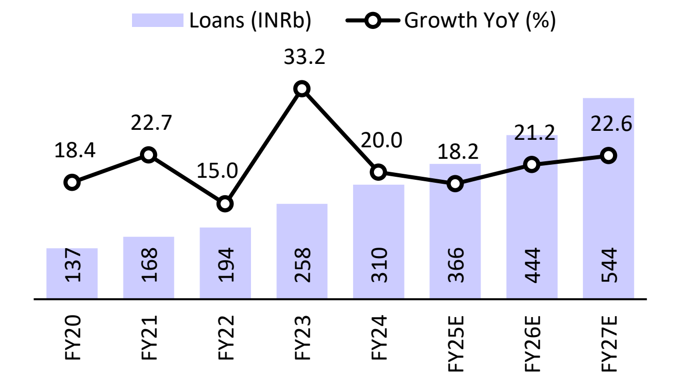
EQUITASB has demonstrated healthy growth, achieving a 26% CAGR in its loan book and a 38% CAGR in deposits over FY22-24. CD ratio has thus eased from 102% in FY23 to 87% in 3QFY25. Although ongoing stress in the MFI segment has impacted profitability, the bank's MFI exposure has declined to ~14% (from 28% five years ago). In order to reduce cyclicality 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

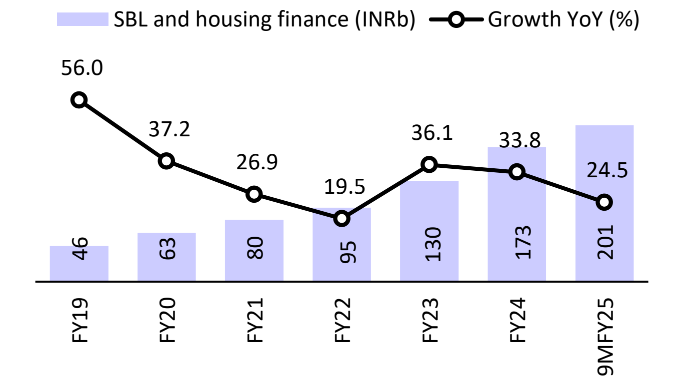
- EQUITASB reported 21% YoY loan growth in 3QFY25, driven by robust growth of 26.7% YoY in SBL and healthy traction across segments, barring MFI, as management turned cautious amid rising stress in the segment.
- The bank is shifting its portfolio mix toward secured products and has reduced MFI loan 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



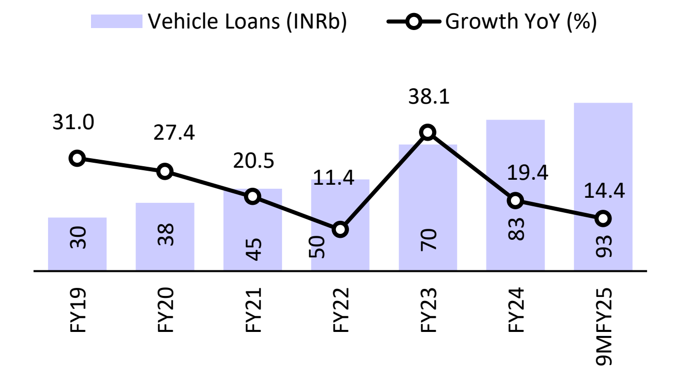
Source: MOFSL, Company

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



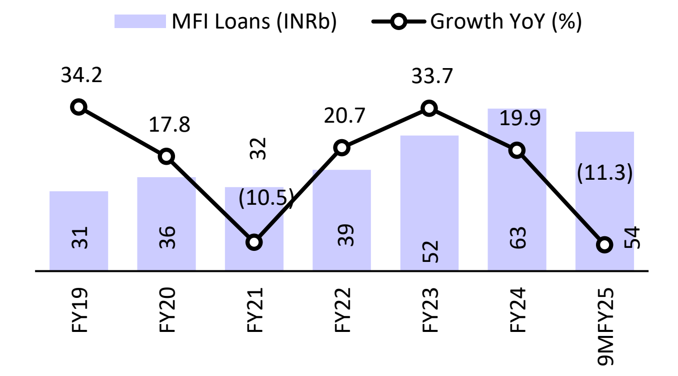
Source: MOFSL, Company

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



Source: MOFSL, Company

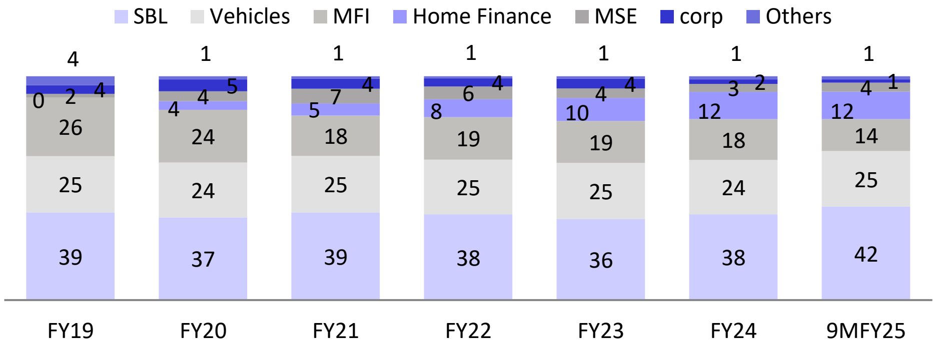
Exhibit 4: MFI decline 11.3% YoY; expect growth to stay soft



Source: MOFSL, Company

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

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



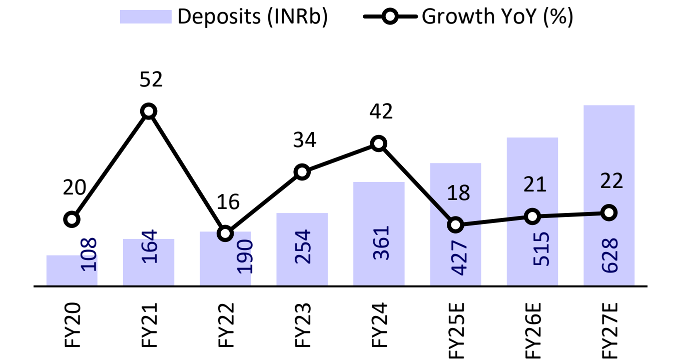
Source: MOFSL, Company

Robust liability franchise; CASA mix declines sharply

Retail deposit mix healthy at 67%

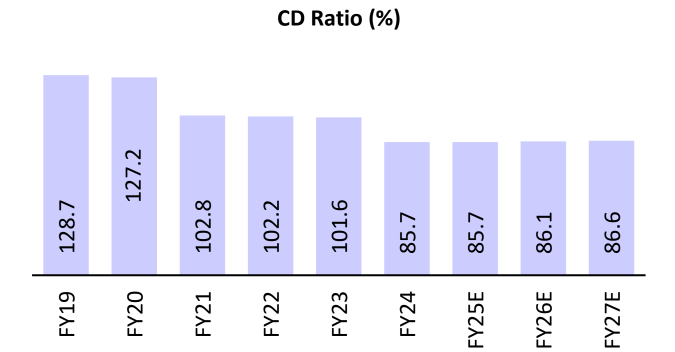
- EQUITASB has made significant progress in scaling up its liability franchise, with a 30% CAGR in total deposits over the past four years. However, deposit growth was slower in 9MFY25 and the CASA ratio declined sharply owing to a high rate differential between SA and TDs. Growing SA balance remains 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

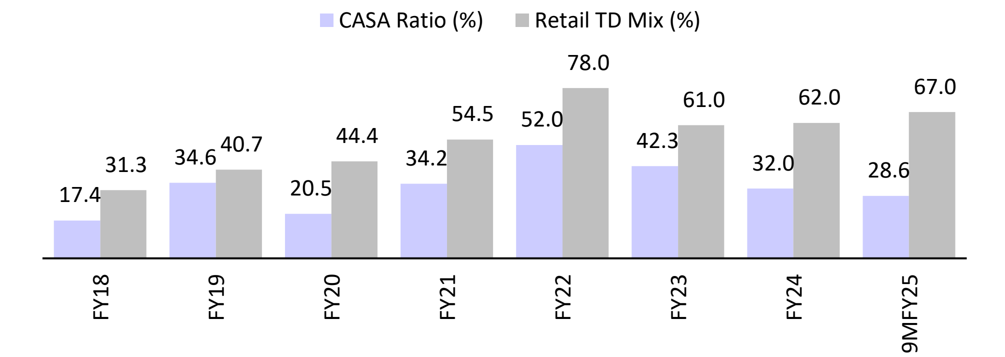
Exhibit 7: Estimate CD ratio to remain at 86-87% in FY26-27



Source: MOFSL, Company

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

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



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

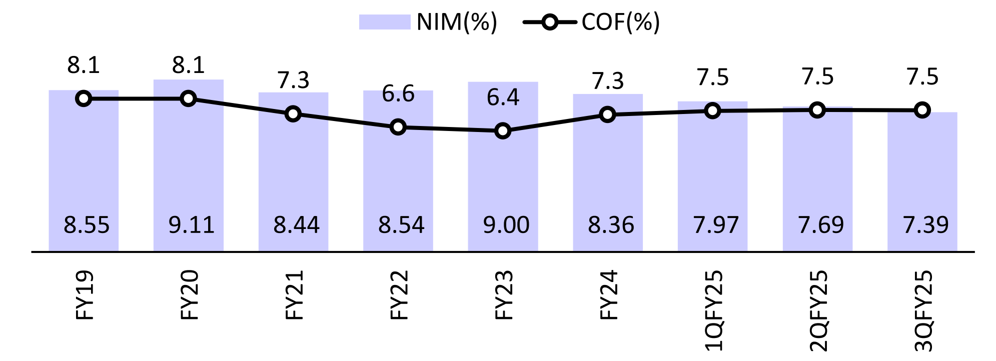
NIM to remain under pressure in near term

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.

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

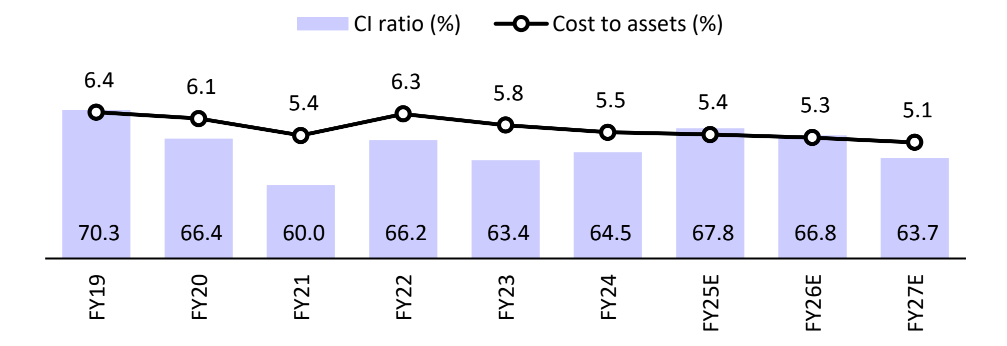
Exhibit 10: Margins have compressed sharply in recent quarters due to rising funding costs and higher interest reversals



Source: MOFSL, Company

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.

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



Source: MOFSL, Company

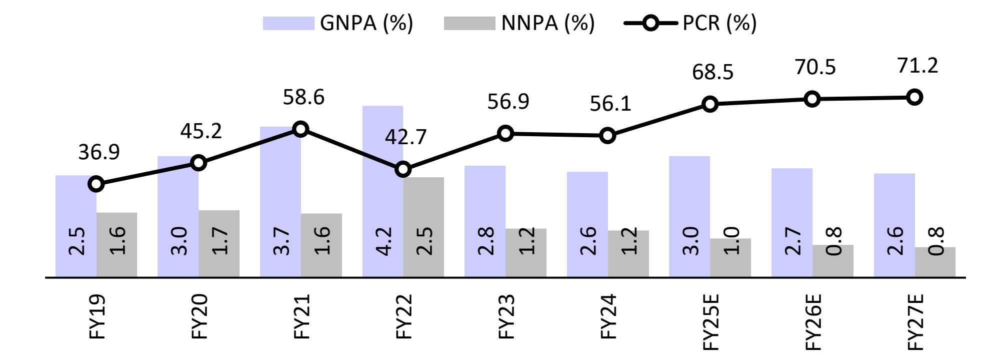
Asset quality stress (MFI) to linger in near term

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 cyclicality in overall business.

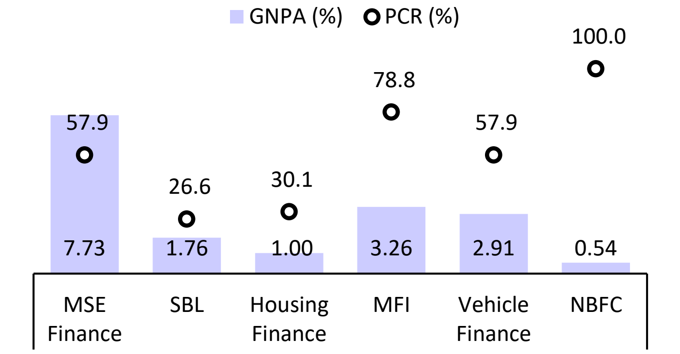
GNPA ratio rose to 2.97% in 3QFY25, led by high MFI slippages. GNPA ratio of MFI segment stood at 5.6% in 3QFY25 vs. 3.3% in 3QFY24.

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



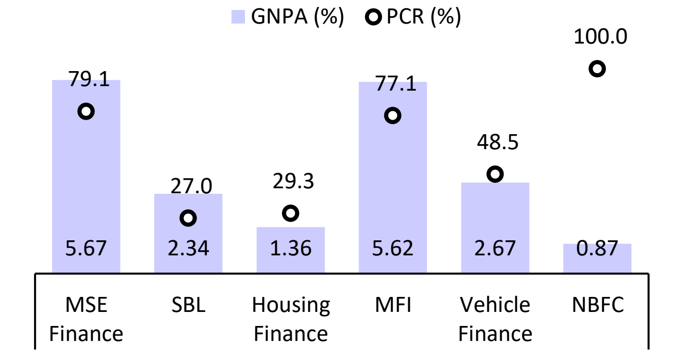
Source: MOFSL, Company

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



Source: MOFSL, Company

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

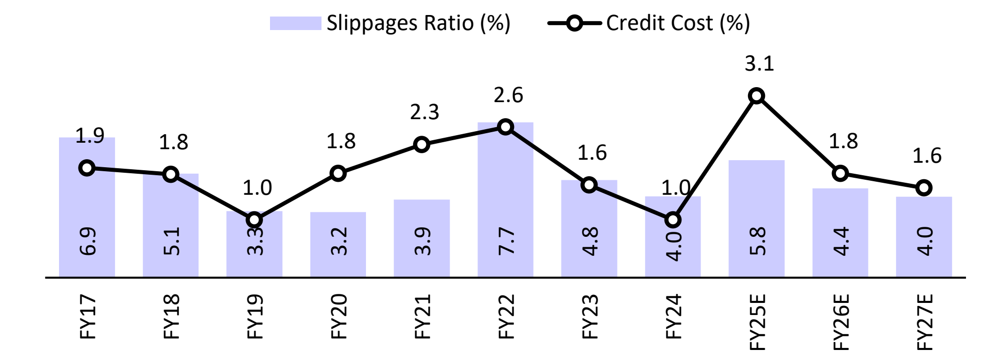


Source: MOFSL, Company

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.

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

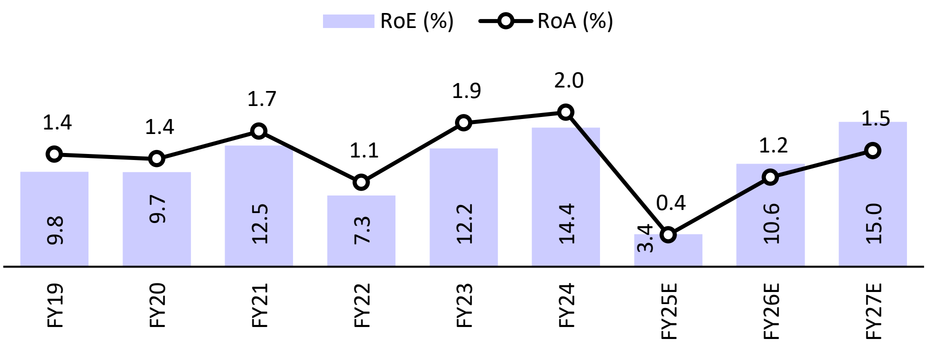


Source: MOFSL, Company

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

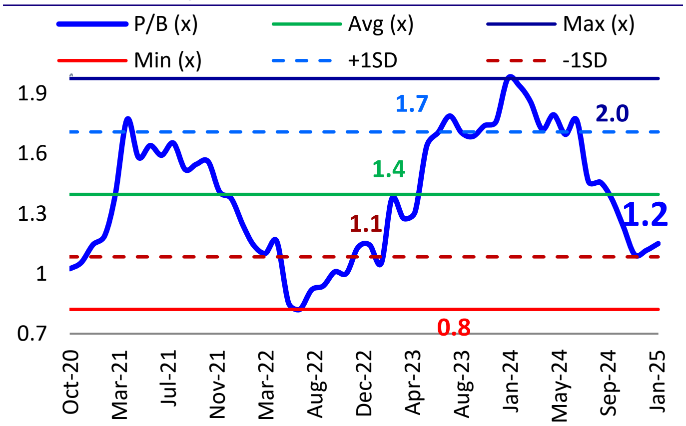
- EQUITASB has reported a healthy business growth trajectory, with a 26% CAGR in the loan book and a 38% CAGR in deposits over FY22-24, with its CD ratio improving from 102% in FY23 to 87% currently. The mix of retail deposits is healthy at 67%, demonstrating the bank's ability to mobilize deposits at 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%



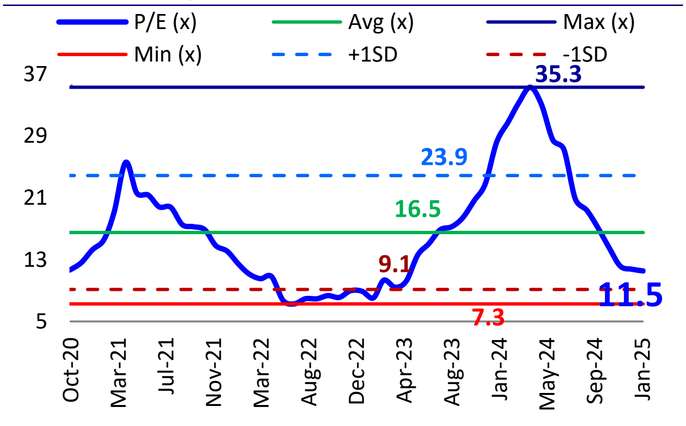
Source: MOFSL, Company

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

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
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