

Equitas Small Finance

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR98

TP: INR125 (+28%)

Buy

Earnings in line despite one-offs; business growth steady

Asset quality ratios deteriorate slightly

Bloomberg	EQUITASB IN
Equity Shares (m)	1113
M.Cap.(INRb)/(USD\$)	110.7 / 1.3
52-Week Range (INR)	117 / 68
1, 6, 12 Rel. Per (%)	4/-13/16
12M Avg Val (INR M)	530

- Equitas SFB (EQUITASB) reported in-line earnings for 4QFY24 at INR2.08b (up 9.3% YoY). However, adjusted for one-off items, the bank reported a PAT of INR2.33b.
- AUM growth was steady at 21% YoY/3% QoQ to INR337b, driven by healthy traction in most segments (barring NBFC and new CV). The management expects credit growth to remain robust at 25% YoY in FY25.
- Deposit growth was strong at 42% YoY/12% QoQ, led by healthy growth in TDs and CASA. The CASA mix moderated 74bp QoQ to 32%. Cost of funds (COF) rose 8bp QoQ to 7.44%, while NIMs dropped 20bp QoQ to 8.17%.
- Slippages were elevated on one-time classification of the co-borrower NPA. GNPA/NNPA ratios, thus, increased 8bp/4bp QoQ to 2.61%/1.17%. PCR was stable at 56%.
- We maintain our FY24E/FY25E EPS and estimate FY26 RoA/RoE of 2.0%/17.4%. **Maintain BUY with a TP of INR125 (1.9x FY26E ABV).**

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	30.8	37.4	46.7
OP	13.8	17.3	22.6
NP	8.0	9.7	12.7
NIM (%)	8.5	8.2	8.2
EPS (INR)	7.1	8.6	11.2
BV/Sh. (INR)	53	60	69
ABV/Sh. (INR)	50	57	67

Ratios

RoE (%)	14.4	15.3	17.4
RoA (%)	2.0	1.9	2.0

Valuations

P/E(X)	13.7	11.4	8.7
P/BV (X)	1.9	1.6	1.4
P/ABV (X)	1.9	1.7	1.5

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	0.0	0.0	0.0
DII	45.2	45.7	43.0
FII	19.5	19.6	22.7
Others	35.3	34.8	34.3

FII Includes depository receipts

PPoP in line; NIMs compress 20bp QoQ

- EQUITASB reported PAT of INR2.08b (up 9.3% YoY), dragged down by the co-borrower provision and change in ESOP accounting policy. Adjusted for one-off items, PAT stood at INR2.33b.
- NII grew 11% YoY to INR7.85b (in line). Other income rose 1% YoY/17% QoQ as fee income increased 14% QoQ and Treasury income declined to INR270m (vs. INR300m in 3QFY24).
- Opex grew 17% YoY/3.4% QoQ to INR6.5b, leading to an elevated C/I ratio of 63.5%. PPoP, thus, declined 3% YoY (up 4% QoQ) to INR3.7b.
- Total AUM jumped 21% YoY (3% QoQ) to INR337b, led by healthy traction across segments (barring NBFC and new CV). Disbursements stood at INR50.9b in 4QFY24, up 7.5% QoQ. Small business loans/vehicle finance grew 12%/1% QoQ, and microfinance declined by 12.5% YoY (up 6% QoQ). Housing finance grew by 7.1% QoQ. The share of MFI AUM stood at 18.6% (vs. 18.5% in 3QFY24).
- Deposits jumped 42% YoY to ~INR361b, led by 13% QoQ growth in term deposits. CASA mix moderated 74bp QoQ to 32%, down from its peak of 52% in 4QFY22. The management has guided for a CD ratio of ~85% by FY25 vs. 86% in FY24.
- On the asset quality front, slippages were elevated at INR3.6b (4.7% annualized) as the bank took a one-time impact of co-borrower NPA (wherein if the primary loan A/C becomes NPA, the co-borrower is also classified as NPA), resulting in higher credit cost in 4QFY24. GNPA/NNPA ratios increased 8bp/4bp QoQ to 2.61%/1.17%, while PCR was flat at 56%. Provisions jumped 26% QoQ to INR1.1b (18% higher than our estimate).

Highlights from the management commentary

- Going forward, the bank aims for an 80% secured and 20% unsecured composition in its loan portfolio.
- The bank expects to sustain RoA at 2% in future, supported by growth in high-yielding assets.
- Interest rates have peaked, and the CoF could potentially increase by 10-12bp in 1HFY25.
- Previous pressure on NIMs stemmed from the bank's focus on reducing the CD ratio. NIMs are anticipated to remain stable in FY25 compared to current levels.

Valuation and view: Maintain Buy with a TP of INR125

EQUITASB reported an in-line performance in 4QFY24, with strong AUM growth driven by healthy traction across segments. However, slippages increased but NIMs declined slightly. Deposit growth remained robust, fueled by healthy growth in retail term deposits, although the CASA mix deteriorated sharply over the past year. While margins are likely to witness a bit pressure due to rising CoF, the rise in disbursement yields and the nearing end of deposit re-pricing would help the bank limit the impact. Asset quality deteriorated further amid higher slippages and lower recoveries. The bank has guided for a moderation in the slippage run rate as collection efficiency improves. It expects credit cost at ~1.25% in FY25. We raise our estimates by 4%/3% in FY25/FY26, translating into RoA/RoE of 2%/17.4% in FY26E.

Maintain BUY with a TP of INR125 (premised on 1.9x FY26E ABV).

Quarterly performance

Y/E March	FY23				FY24				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24	FY23 4QE	v/s Est
Net Interest Income	5,806	6,097	6,475	7,070	7,431	7,656	7,851	7,859	25,447	30,798	7,962	-1
% Change (YoY)	25.9	26.0	19.7	28.0	28.0	25.6	21.3	11.2	24.8	21.0	12.6	
Other Income	1,332	1,450	1,526	2,387	1,714	1,814	2,055	2,405	6,696	7,987	2,279	6
Total Income	7,138	7,547	8,001	9,456	9,145	9,470	9,906	10,263	32,143	38,784	10,241	0
Operating Expenses	4,456	5,124	5,210	5,593	6,024	6,168	6,303	6,516	20,383	25,011	6,561	-1
Operating Profit	2,682	2,423	2,791	3,864	3,121	3,302	3,603	3,748	11,760	13,774	3,680	2
% Change (YoY)	63.1	21.8	24.2	36.1	16.4	36.3	29.1	-3.0	34.9	17.1	-4.8	
Provisions	1,416	901	499	1,256	601	632	844	1,066	4,072	3,142	906	18
Profit before Tax	1,266	1,522	2,292	2,608	2,521	2,670	2,759	2,682	7,688	10,631	2,774	-3
Tax	296	358	591	707	609	689	739	605	1,952	2,642	663	-9
Net Profit	970	1,164	1,701	1,900	1,912	1,982	2,020	2,076	5,736	7,990	2,111	-2
% Change (YoY)	713.4	182.6	57.4	59.0	97.1	70.2	18.7	9.3	104.3	39.3	11.1	
Operating Parameters												
AUM (INR b)	217	228	249	279	296	312	328	337	279	337	337	
Deposits (INR b)	204	217	234	254	277	308	324	361	254	361	361	
Loans (INR b)	205	218	233	258	275	288	292	310	258	310	307	
AUM Growth (%)	22	20	27	35	36	37	32	21	35	21	21	
Deposit Growth (%)	19	20	31	34	36	42	38	42	34	42	42	
Loan Growth (%)	22	22	27	33	34	32	25	20	33	20	19	
Asset Quality												
Gross NPA (%)	4.1	3.9	3.6	2.8	2.8	2.3	2.5	2.6	2.8	2.6	2.4	
Net NPA (%)	2.2	2.0	1.8	1.2	1.2	1.0	1.1	1.2	1.2	1.2	1.1	
PCR (%)	48.5	50.5	50.8	56.9	57.8	57.7	56.0	56.1	56.9	56.1	56.5	

E: MOSL Estimates

Quarterly snapshot

Profit and Loss (INR m)	FY23				FY24				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	5,806	6,097	6,475	7,070	7,431	7,656	7,851	7,859	11	0
Other Income	1,332	1,450	1,526	2,387	1,714	1,814	2,055	2,405	1	17
Trading profits	70	70	80	80	290	180	300	270	238	-10
Total Income	7,138	7,547	8,001	9,456	9,145	9,470	9,906	10,263	9	4
Operating Expenses	4,456	5,124	5,210	5,593	6,024	6,168	6,303	6,516	17	3
Employee	2,257	2,751	2,920	3,039	3,279	3,315	3,460	3,634	20	5
Others	2,200	2,373	2,290	2,553	2,745	2,853	2,843	2,882	13	1
Operating Profits	2,682	2,423	2,791	3,864	3,121	3,302	3,603	3,748	-3	4
Core Operating Profits	2,612	2,353	2,711	3,784	2,831	3,122	3,303	3,478	-8	5
Provisions	1,416	901	499	1,256	601	632	844	1,066	-15	26
PBT	1,266	1,522	2,292	2,608	2,521	2,670	2,759	2,682	3	-3
Taxes	296	358	591	707	609	689	739	605	-14	-18
PAT	970	1,164	1,701	1,900	1,912	1,982	2,020	2,076	9	3
Balance Sheet (INRb)										
Deposits	204	217	234	254	277	308	324	361	42	12
Loans	205	218	233	258	275	288	292	310	20	6
AUM's	217	228	249	279	296	312	328	337	21	3
Loan mix (%)										
MFI	18.5	18.2	18.5	18.8	19.0	18.8	18.5	18.6	-17	11
Vehicles	24.3	24.8	24.9	25.0	24.8	24.9	24.7	24.7	-33	0
Small Business loans (incl HF)	46.4	47.6	47.3	46.5	47.3	48.5	49.3	51.4	492	209
MSE Finance	5.2	5.1	4.7	4.2	3.7	3.3	3.4	3.6	-65	19
Corporate loans	3.2	3.1	3.5	4.2	4.0	3.3	2.7	2.1	-213	-58
Others	2.5	1.2	1.2	1.3	1.2	1.2	1.4	1.5	21	4
Asset Quality (INRb)										
	FY23				FY24				Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA	8.6	8.7	8.6	7.2	7.7	6.6	7.5	8.2	13	9
NNPA	4.4	4.3	4.2	3.1	3.3	2.8	3.3	3.6	16	9
Slippages	3.0	3.1	2.9	1.9	2.1	2.6	3.1	3.6	87	14
Ratios (%)										
	FY23				FY24				Change (bp)	
Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
GNPA (%)	4.10	3.91	3.63	2.76	2.75	2.27	2.53	2.61	-15	8
NNPA (%)	2.15	1.97	1.82	1.21	1.18	0.97	1.13	1.17	-4	4
PCR (Calc, %)	48.5	50.5	50.8	56.9	57.8	57.7	56.0	56.1	-85	9
Slippage ratio	6.4	6.3	5.5	3.0	3.6	4.1	4.8	4.7	178	-3
Business Ratios (%)										
Loan/Deposit	100.5	100.5	99.5	101.6	99.3	93.3	90.2	85.7	-1,594	-449
CASA	51.7	48.1	46.2	42.3	38.4	33.6	32.7	32.0	-1,031	-74
Cost to Income	62.4	67.9	65.1	59.1	65.9	65.1	63.6	63.5	435	-14
Cost to Assets	6.7	7.4	7.3	7.2	7.3	7.0	6.9	6.0	-123	-87
Tax Rate	23.4	23.5	25.8	27.1	24.1	25.8	26.8	22.6	-456	-422
Capitalisation Ratios (%)										
Tier-1	24.1	22.6	23.7	23.1	21.4	20.7	19.7	20.7	-237	102
CAR	24.6	23.1	24.3	23.8	22.1	21.3	20.2	21.7	-210	146
LCR	67.7	69.2	68.8	66.3	64.0	62.6	63.0	0.0	-6,633	-6,300
Profitability Ratios (%)										
Yield on Loans	17.2	17.1	17.0	17.1	17.1	17.4	17.6	17.0	-5	-58
Cost of Funds	6.2	6.3	6.4	6.6	6.9	7.2	7.4	7.4	83	8
Margins	9.1	9.0	9.0	9.1	8.8	8.4	8.4	8.2	-93	-20
Profitability Ratios (%)										
Branches	876	887	901	922	927	956	963	964	42	1
ATMs	342	345	347	349	352	356	363	365	16	2
Employees (K)	17.4	19.0	20.0	20.6	21.0	21.9	21.7	23	2	1



Highlights from the management commentary

Opening remarks by MD and CEO Mr. P. N. Vasudevan

- The bank will continue to invest in both personnel and technology.
- 85% of the loans are fixed, resulting in a significant impact on NIMs.
- On the lending side, the focus has shifted away from NBFC loans and low-yielding products like new commercial vehicles.
- Efforts have been made to improve the CD ratio from 103% in Mar'23 to 87% in Mar'24.
- Despite receiving a notification from the RBI about marking co-borrowers as NPAs, the bank has managed to maintain healthy return ratios.
- Digital channels are being utilized for customer acquisition and enhancement.
- The goal is to develop a modern and resilient bank focused on customer enhancement by leveraging the use of technology.
- Collection efficiency remains robust at 99.5%.
- The AD-1 project aims to further expand and strengthen customer relationships.
- 18k SIP accounts have been added in the past year.
- As part of the strategy, the bank is transitioning from individual sourcing to family sourcing.
- The bank's objective is to sustain a capital adequacy ratio (CAR) of over 21%. Should the ratio fall below 19%, the bank may consider raising capital.

Assets

- The primary focus is on expanding the micro-LAP portfolio, ensuring that the unsecured portfolio does not exceed 20% of total advances.
- Going forward, the bank aims for an 80% secured and 20% unsecured composition in its loan portfolio.
- Personal loans will be launched in Apr-May'24, with credit cards slated for introduction by the end of the calendar year. Together, these products will constitute 20% of the loan portfolio.
- The bank will continue to focus on MFI, as it helps to cross sell small business loans. MFI will grow slower compared to overall assets growth.
- The bank's attention in vehicle finance has shifted toward used cars and CVs, with less emphasis on new CVs and cars, although growth is still expected in the new CV segment.
- Momentum in housing disbursements remains strong, while other segments too are expected to continue to grow strongly.
- The bank aims for 25% growth in gross advances moving forward.
- Disbursements should continue to increase due to high demand. However, in 4Q, disbursements were slower as the bank prioritized yield over growth.
- The bank aims for RoA of 2% in the future, supported by growth in high-yielding assets.

Deposits

- The bank has outlined a plan to reduce the CD ratio, aiming to bring it down to 85% by FY25.
- The bank aims to achieve an 85% CD ratio, excluding the impact of refinance. Moreover, due to regulatory requirements, SFBs are mandated to maintain higher capital adequacy ratios.

- On the deposits side, bulk deposits are categorized into two segments: Institutions and Retail, with retail TDs accounting for 62%.
- Retail term deposits remain stable, with 28% consisting of institutional term deposits, of which 91% are non-callable.
- TD rates will be influenced by market conditions, with the maximum variance between EQUITASB and other banks currently at 1.25%. The bank's strategy will align with market movements.

Yields, CoF and margins

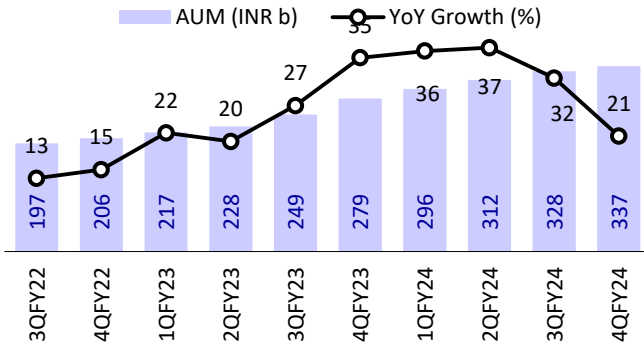
- Interest rates have peaked, and the CoF could potentially increase by 10-12bp in 1HFY25.
- In FY24, the NIM impact was attributed to the rise in interest rates. However, in FY25, NIMs are expected to remain largely stable at current levels, with changes primarily influenced by the portfolio mix.
- Over the medium to long term, the MFI portfolio mix is expected to continue decreasing, potentially impacting NIMs.
- Yields at the portfolio level have declined due to securitization, resulting in a quarterly decrease of INR600-700m, consequently leading to a slight drop in yields.
- The bank is reducing lending to NBFCs and new commercial vehicles, which offer lower yields, thereby potentially benefiting yield levels.
- NIMs are anticipated to remain stable in FY25 compared to current levels.
- Previous pressure on NIMs stemmed from the bank's focus on reducing the CD ratio. However, moving forward, NIMs are expected to stabilize within the same range.

Asset quality

- A one-time impact on asset quality occurred, wherein if the primary loan account becomes an NPA, the co-borrower is also classified as NPA, resulting in slippages of INR384m in 4Q.
- The majority of co-borrowers originate from the SBL portfolio, thus accounting for the INR384m impact.
- Consequently, GNPA increased by 8bp QoQ to 2.61%, while net NPA increased by 4bp QoQ to 1.17%, with a PCR of 56%.
- The impact of the Tamil Nadu floods has diminished significantly and there is no pain left in the book.
- No write-offs were made in the MFI segment this year. MFI GNPA is expected to remain within the range of 3.5-4.5%, consistent with industry trends.
- Collection efficiency across different segments stands at: SBL – 99.5%, MFI – 99.5%, VF – 99.1%.
- The bank aims for a PCR of 75% and targets credit costs at 1.25% of gross advances. After Covid, the bank has consistently worked toward achieving these targets.

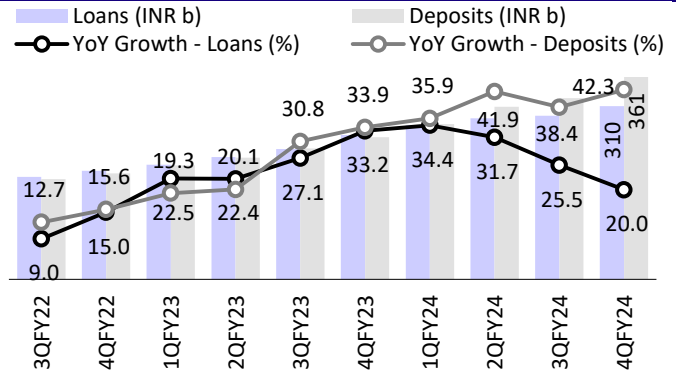
Story in Charts

Exhibit 1: AUM showed healthy growth of 21% YoY



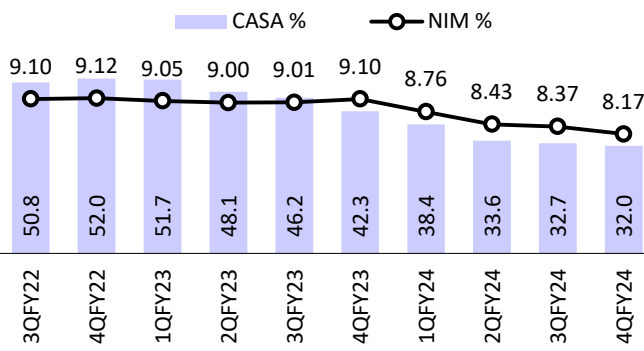
Source: MOFSL, Company

Exhibit 2: Loans/deposits grew 20%/42% QoQ in 4QFY24



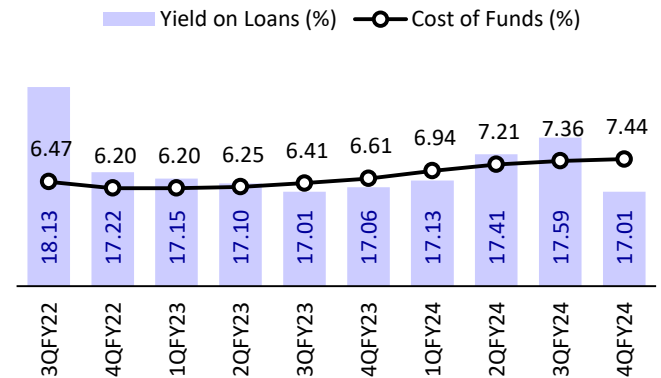
Source: MOFSL, Company

Exhibit 3: NIMs moderated 6bp QoQ to 8.17%



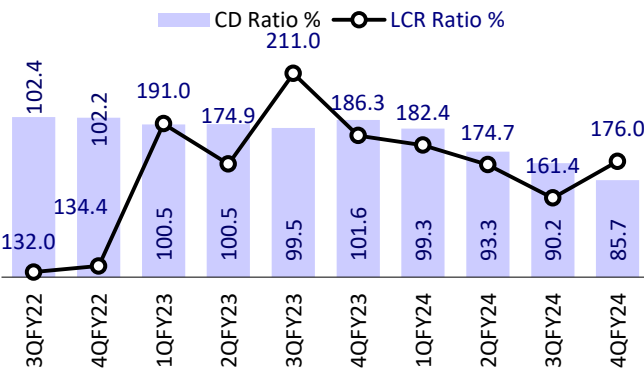
Source: MOFSL, Company

Exhibit 4: Yields declined to 17%; cost inched up to 7.44%



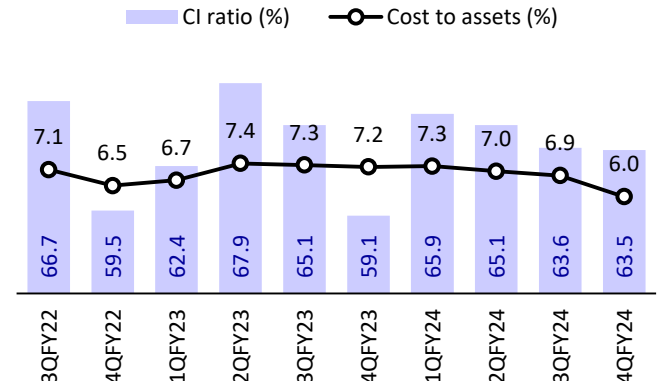
Source: MOFSL, Company

Exhibit 5: CD ratio improved to 86% in 4Q



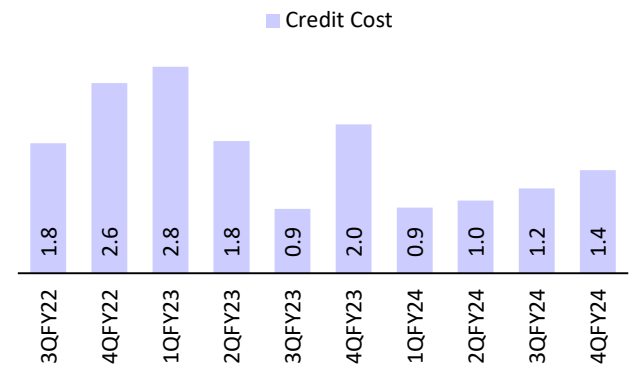
Source: MOFSL, Company

Exhibit 6: C/I ratio declined to 63.5% in 4QFY24



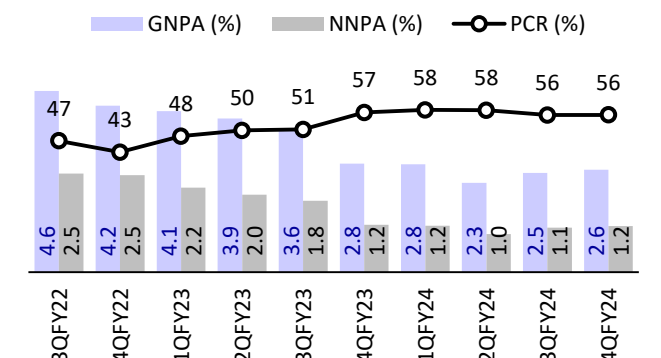
Source: MOFSL, Company

Exhibit 7: Credit cost stood at 1.4% in 4QFY24



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratio increased by 8bp/4bp in 4Q24



Source: MOFSL, Company

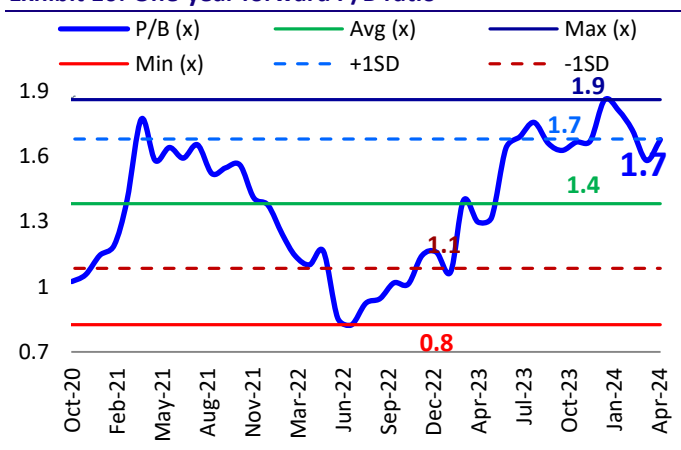
Valuation and view: Maintain BUY with a TP of INR125

- EQUITASB reported an in-line performance in 4QFY24, with strong AUM growth driven by healthy traction across segments. However, slippages increased but NIMs declined slightly.
- Deposit growth remained robust, fueled by healthy growth in retail term deposits, although the CASA mix deteriorated sharply over the past year.
- While margins are likely to witness a bit pressure due to rising CoF, the rise in disbursement yields and the nearing end of deposit re-pricing would help the bank limit the impact.
- Asset quality deteriorated further amid higher slippages and lower recoveries. The bank has guided for a moderation in slippage run rate as collection efficiency improves. It expects credit cost at ~1.25% in FY25.
- **We raise our estimates by 4%/3% in FY25/26, translating into RoA/RoE of 2%/17.4% in FY26E. Maintain BUY with a TP of INR125 (premised on 1.9x FY26E ABV).**

Exhibit 9: Change in Estimates

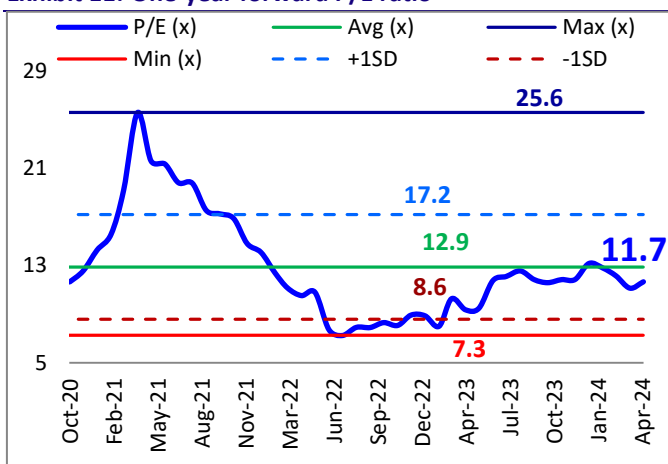
INR B	Old Est.		Rev. Est.		Chg. (%)/bps	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	36.8	46.4	37.4	46.7	1.7	0.8
Other Income	9.4	11.1	9.4	11.1	0.7	-0.1
Total Income	46.2	57.5	46.9	57.9	1.5	0.6
Operating Expenses	30.1	36.2	29.6	35.3	-1.7	-2.5
Operating Profit	16.1	21.3	17.3	22.6	7.5	5.9
Provisions	3.6	4.8	4.3	5.6	20.2	16.8
PBT	12.5	16.5	13.0	17.0	3.9	2.8
Tax	3.2	4.2	3.3	4.3	3.9	2.8
PAT	9.4	12.4	9.7	12.7	3.9	2.8
Loans	381	465	384	476	0.8	2.6
Deposits	438	552	453	566	3.4	2.5
Credit Cost (%)	1.0	1.1	1.2	1.2	20	16
RoA (%)	1.9	2.0	1.9	2.0	4	2
RoE (%)	15.1	17.3	15.3	17.4	24	5
EPS	8.3	10.9	8.6	11.2	3.6	2.5
BV	58.5	67.9	59.7	69.4	2.1	2.2
ABV	56.1	65.2	57.2	66.6	2.0	2.1

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont analysis

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	15.1	14.5	13.4	13.4	13.7	13.6	13.5
Interest Expense	6.6	6.3	5.5	5.2	6.0	6.2	6.0
Net Interest Income	8.53	8.17	7.89	8.22	7.67	7.42	7.52
Fee income	1.59	1.70	1.92	2.09	1.85	1.76	1.70
Trading and others	0.02	0.20	0.17	0.07	0.14	0.11	0.09
Other Income	1.61	1.90	2.08	2.16	1.99	1.87	1.79
Total Income	10.14	10.07	9.97	10.38	9.66	9.29	9.31
Operating Expenses	6.73	6.04	6.60	6.58	6.23	5.86	5.68
Employees	4.05	3.60	3.48	3.54	3.33	3.13	3.00
Others	2.68	2.45	3.12	3.04	2.90	2.73	2.68
Operating Profits	3.41	4.03	3.38	3.80	3.43	3.43	3.63
Core operating Profits	3.39	3.83	3.21	3.73	3.29	3.32	3.54
Provisions	1.41	1.71	1.91	1.32	0.78	0.85	0.90
PBT	2.00	2.32	1.46	2.48	2.65	2.58	2.73
Tax	0.61	0.58	0.38	0.63	0.66	0.65	0.69
RoA	1.39	1.75	1.09	1.85	1.99	1.93	2.05
Leverage (x)	7.0	7.2	6.8	6.6	7.2	7.9	8.5
RoE	9.7	12.5	7.3	12.2	14.4	15.3	17.4

Financials and valuations

Income Statement							(INRm)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
Interest Income	26,454	31,944	34,597	41,619	54,864	68,655	84,160	
Interest Expense	11,501	13,965	14,211	16,172	24,066	31,207	37,417	
Net Interest Income	14,953	17,980	20,385	25,447	30,798	37,448	46,743	
Growth (%)	29.8	20.2	13.4	24.8	21.0	21.6	24.8	
Non-Interest Income	2,824	4,181	5,376	6,696	7,987	9,424	11,121	
Total Income	17,777	22,160	25,761	32,143	38,784	46,872	57,864	
Growth (%)	23.9	24.7	16.2	24.8	20.7	20.9	23.5	
Operating Expenses	11,801	13,294	17,041	20,383	25,011	29,566	35,301	
Pre Provision Profits	5,976	8,866	8,719	11,760	13,774	17,307	22,563	
Growth (%)	40.2	48.4	-1.7	34.9	17.1	25.7	30.4	
Core PPOP	5,942	8,419	8,293	11,546	13,208	16,741	21,997	
Growth (%)	40.5	41.7	-1.5	39.2	14.4	26.7	31.4	
Provisions	2,466	3,753	4,938	4,072	3,142	4,285	5,576	
PBT	3,509	5,113	3,781	7,688	10,631	13,021	16,987	
Tax	1,073	1,270	974	1,952	2,642	3,277	4,276	
Tax Rate (%)	30.6	24.8	25.8	25.4	24.8	25.2	25.2	
PAT	2,436	3,842	2,807	5,736	7,990	9,744	12,712	
Growth (%)	15.7	57.7	-26.9	104.3	39.3	22.0	30.5	
Balance Sheet								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
Equity Share Capital	10,534	11,393	12,520	11,106	11,349	11,349	11,349	
Reserves & Surplus	16,907	22,571	29,941	40,474	48,338	56,380	67,389	
Net Worth	27,441	33,963	42,462	51,579	59,687	67,728	78,738	
Deposits	1,07,884	1,63,920	1,89,508	2,53,806	3,61,292	4,53,060	5,66,325	
Growth (%)	19.8	51.9	15.6	33.9	42.3	25.4	25.0	
of which CASA Dep	22,082	56,138	98,554	1,07,319	1,15,520	1,49,057	1,90,852	
Growth (%)	-2.9	154.2	75.6	8.9	7.6	29.0	28.0	
Borrowings	51,349	41,653	26,164	29,738	17,875	18,948	21,600	
Other Liabilities & Prov.	6,281	7,548	11,385	14,459	14,184	16,596	19,583	
Total Liabilities	1,92,955	2,47,085	2,69,519	3,49,581	4,53,039	5,56,332	6,86,246	
Current Assets	25,368	33,787	21,325	12,443	35,790	35,873	39,979	
Investments	23,425	37,052	44,498	66,646	90,653	1,15,129	1,43,911	
Growth (%)	-0.1	58.2	20.1	49.8	36.0	27.0	25.0	
Loans	1,37,282	1,68,482	1,93,742	2,57,986	3,09,643	3,83,957	4,76,491	
Growth (%)	18.4	22.7	15.0	33.2	20.0	24.0	24.1	
Fixed Assets	2,128	1,851	2,004	3,791	6,047	8,379	10,892	
Other Assets	4,752	5,914	7,949	8,716	10,906	12,994	14,972	
Total Assets	1,92,955	2,47,085	2,69,519	3,49,581	4,53,039	5,56,332	6,86,246	
Total AUM	1,53,660	1,79,250	2,05,970	2,78,610	3,37,118	4,18,026	5,18,771	
Growth (%)	31.3	16.7	14.9	35.3	21.0	24.0	24.1	
Asset Quality								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
GNPA (INR m)	4,173	6,427	8,371	7,240	8,213	9,546	11,717	
NNPA (INR m)	2,286	2,662	4,795	3,120	3,604	4,001	4,534	
Slippage (INR m)	4,093	5,894	13,893	10,871	11,389	12,832	15,058	
GNPA Ratio	3.00	3.73	4.24	2.76	2.61	2.45	2.42	
NNPA Ratio	1.67	1.58	2.47	1.21	1.16	1.04	0.95	
Slippage Ratio	3.23	3.86	7.67	4.81	3.90	3.70	3.50	
Credit Cost	1.61	2.07	2.19	1.43	0.97	1.15	1.21	
PCR (Excl Tech. write off)	45.2	58.6	42.7	56.9	56.1	58.1	61.3	

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratio (%)							
Avg. Yield- on Earning Assets	16.0	15.3	14.6	14.8	15.1	15.0	14.7
Avg. Yield on loans	19.1	19.0	17.3	16.7	17.3	17.3	17.2
Avg. Yield on Investments	6.7	7.3	6.1	5.7	6.9	6.8	6.8
Avg. Cost of Int. Bear. Liab.	8.0	7.7	6.7	6.5	7.3	7.3	7.1
Avg. Cost of Deposits	7.5	7.1	6.4	6.1	6.8	7.0	6.8
Interest Spread	8.1	7.7	7.9	8.3	7.8	7.7	7.6
NIM (on IEA)	9.1	8.6	8.6	9.0	8.5	8.2	8.2

Capitalisation Ratios (%)

CAR	23.6	24.2	25.2	23.8	21.7	19.5	18.5
<i>Tier I</i>	22.4	23.2	24.5	23.1	20.7	19.1	18.1
<i>Tier II</i>	1.2	1.0	0.6	0.7	1.0	0.4	0.4

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	127.2	102.8	102.2	101.6	85.7	84.7	84.1
CASA Ratio	20.5	34.2	52.0	42.3	32.0	32.9	33.7
Cost/Assets	6.1	5.4	6.3	5.8	5.5	5.3	5.1
Cost/Total Income	66.4	60.0	66.2	63.4	64.5	63.1	61.0
Cost/Core income	66.5	61.2	67.3	63.8	65.4	63.8	61.6
Int. Expense/Int.Income	43.5	43.7	41.1	38.9	43.9	45.5	44.5
Fee Income/Total Income	15.7	16.8	19.2	20.2	19.1	18.9	18.2
Other Inc./Total Income	15.9	18.9	20.9	20.8	20.6	20.1	19.2
Empl. Cost/Total Expense	60.1	59.5	52.7	53.8	53.5	53.4	52.8
CASA per branch (INR m)	25.9	65.2	114.5	116.4	121.6	150.9	184.0
Deposits per branch (INR m)	126.3	190.4	220.1	275.3	380.4	458.7	546.1
Business per Employee (INR m)	15.2	20.1	21.8	24.9	29.7	33.3	36.8
Profit per Employee (INR m)	0.2	0.2	0.2	0.3	0.4	0.4	0.4

Profitability Ratios and Valuation

RoE	9.7	12.5	7.3	12.2	14.4	15.3	17.4
RoA	1.4	1.7	1.1	1.9	2.0	1.9	2.0
Book Value (INR)	26	30	34	46	53	60	69
Growth (%)	16.2	14.4	13.8	36.9	13.2	13.5	16.3
Price-BV (x)	3.8	3.3	2.9	2.1	1.9	1.6	1.4
Adjusted BV (INR)	25	28	31	44	50	57	67
Price-ABV (x)	4.0	3.5	3.1	2.2	1.9	1.7	1.5
EPS (INR)	2.4	3.5	2.3	4.9	7.1	8.6	11.2
Growth (%)	13.0	48.1	-33.0	106.8	46.6	20.6	30.5
Price-Earnings (x)	41.3	27.9	41.6	20.1	13.7	11.4	8.7

E: MOSL Estimates

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