

# AU Small Finance Bank

**BSE SENSEX**  
 65,151

**S&P CNX**  
 19,365


## Stock Info

Bloomberg	AUBANK IN
Equity Shares (m)	667
M.Cap.(INRb)/(USDb)	466.4 / 5.6
52-Week Range (INR)	795 / 548
1, 6, 12 Rel. Per (%)	-7/6/0
12M Avg Val (INR M)	1220

## Financials Snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
NII	44.3	52.7	67.3
PPoP	20.2	24.5	33.5
PAT	14.3	17.4	23.5
NIM (%)	5.6	5.2	5.4
EPS (INR)	22.0	26.2	35.2
EPS Gr. (%)	22.3	18.7	34.7
BV/Sh. (INR)	159	185	220
ABV/Sh. (INR)	157	182	217

## Ratios

RoE (%)	15.8	15.2	17.4
RoA (%)	1.8	1.7	1.9

## Valuations

P/E(X)	32.1	27.0	20.0
P/BV (X)	4.4	3.8	3.2
P/ABV (X)	4.5	3.9	3.3

**CMP: INR698**
**TP: INR825 (+18%)**
**Upgrade to BUY**

## Playing for the long innings – Earnings growth to accelerate from FY25; Upgrade to BUY

- AUBANK delivered an impressive 54%/34% CAGR in deposits/loans over FY18-23. It has evolved as a strong franchise not just in the SFB segment but in the overall mid-cap banking space.
- Scale-up of new products, widening geographical reach, aggressive investments in technology and thrust on physical expansion should support long-term growth. We estimate the bank to maintain industry-leading loan growth at ~28% CAGR over FY23-25E.
- While near-term pressure on margins will remain an overhang on stock performance, we estimate earnings growth to accelerate from FY25 onward to 35% YoY after 22% YoY growth in FY24, leading to RoA/RoE of 1.9%/17%.
- AUBANK's stock has corrected ~12% in the past few months and is now trading at 3.2x FY25E BV vs. 3-year/5-year average valuations of 3.8x/4.0x P/BV.
- We thus upgrade our rating to BUY with a TP of INR825 (based on unchanged 3.7x FY25E BV).

## Deposit mobilization imperative to support growth

AUBANK has progressed well in building a granular liability franchise. The bank reported a 54% CAGR in total deposits over FY18-23, led by CASA deposits, which saw a 66% CAGR over the same period. The CASA mix, thus, improved from 23% in FY21 to 38.4% in FY23. The mix of retail term deposits also improved to 51% in 1QFY24. However, given the sharp rise in interest rates and rising competition for deposits, maintaining a healthy growth rate in liabilities is imperative to support robust loan growth.

- AUBANK has significantly deployed additional liquidity on the balance sheet as LCR ratio declined from 151% in 4QFY23 to 119% as on 1QFY24.
- The bank's CD ratio has increased to ~91% vs. ~84% in 4QFY23. We thus expect the bank to focus on raising deposits and we estimate a 26% deposit CAGR over FY23-25.

## Loan growth steady; estimate 28% CAGR over FY23-25

- AUBANK reported 29% loan growth in 1QFY24 vs. a 5-year CAGR of 48% over FY17-22. Retail loan mix continues to dominate with a share of ~79%. The bank is focusing on diversifying the loan book, with Home Loans seeing strong traction. The wholesale book has also grown at a healthy pace. The management focuses on strengthening the key business lines of Vehicle Loans and MSME and scaling up new segments, such as Housing Loans, Gold Loans, Credit Cards, Consumer Durable Financing, etc. Strong investments in the business and widening geographical reach will continue to aid business growth and further reduce geographical concentration. We thus estimate loan growth to remain steady at ~28% CAGR over FY23-25.

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

**Disha Singhal - Research Analyst** (Disha.Singhal@motilaloswal.com)

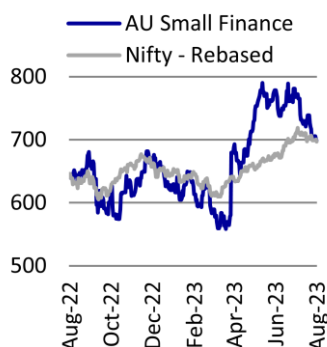
**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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

**Shareholding pattern (%)**

As On	Jun-23	Mar-23	Jun-22
Promoter	25.5	25.5	28.2
DII	19.3	20.6	18.4
FII	41.6	39.7	35.1
Others	13.6	14.1	18.3

FII Includes depository receipts

**Stock performance (one-year)****Elevated funding cost to remain a near-term drag**

The fixed-rate nature of loan book (66% of loans being fixed rate) has affected AUBANK's ability to pass on rising interest rates to its borrowers. We note that the yield on AUM has been stagnant at ~13.4% for the past 5-6 quarters. Besides, the yield on fresh disbursements has also been largely flat for the past many quarters and only increased by 29bp in 1QFY24. Further, the cost of funds has seen a constant rise as it increased by ~90bp over the past one year (up 31bp in 1QFY24). We believe that liabilities will continue to re-price at a faster pace, outpacing the lending yields, and thus further impacting spreads. We estimate the exit cost of funds to rise by another 50bp to 7.1% from 6.6% in 1QFY24.

**NIMs contracted 38bp in 1QFY24; bank has guided for NIMs of ~5.5%-5.7%**

AUBANK's margins have moderated by 38bp to 5.72% in 1QFY24 from 6.1% in 4QFY23. The bank has indicated that an uptick in funding costs and flat trends in disbursement yields have impacted margins. As AUBANK largely has a fixed-rate book forming ~66% of total loans, we expect only a gradual recovery in yields. Given rising competition in the key lending segments both from banks and NBFCs, it has been difficult to pass on the entire rate hike to borrowers. The management expects NIMs to sustain at ~5.5%-5.7% in FY24. In the recent policy announcement, the RBI increased CRR on incremental NDTL between 19th May'23 to 28th Jul'23 by 10%; however, we note that as AUBANK focused mainly on liquidity deployment during the quarter and deposit growth was flat, it is likely to see minimal impact of this move by the RBI. We thus estimate a 23% CAGR in NII over FY23-25.

**Business investments to continue; aiming to build a sustainable franchise**

The bank has been constantly investing in the business by adding branches, hiring employees and building digital infrastructure and capabilities, which have kept operating expenses high. As a result, its C/I ratio increased to 65% in 1QFY24 (62-65% over the past 4 quarters). The bank has added 44 new branches and invested INR1.6b in technological advancements in the current year. The bank has indicated that it will continue to make investments in its business and technological capabilities and further plans to add 50+ branches and touch-points in FY24. We thus expect the C/I ratio to remain elevated at ~63% in FY24.

**Asset quality to recover after a seasonal 1Q blip**

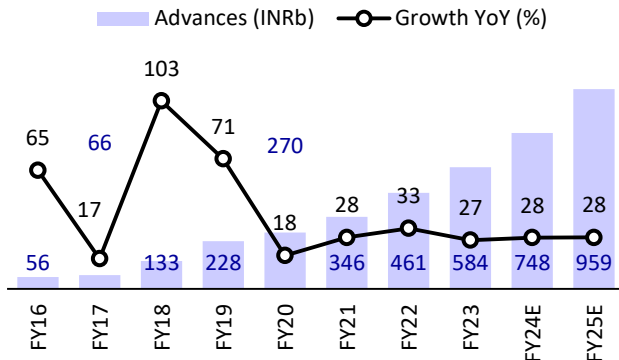
AUBANK's slippage run rate stood at ~2.4% in 1QFY24, a seasonally weak quarter. This, coupled with healthy recoveries and upgrades, resulted in a slight deterioration in asset quality ratios. GNPA/NNPA ratios deteriorated by 10bp/13bp QoQ to 1.76%/0.55%, while PCR declined to 69%. The total restructured book moderated to INR6.3b (~1.0% of total loans) in 1QFY24, on which the bank carries provisions of INR1.0b. Going forward, we expect asset quality to recover and we estimate the credit cost to remain in control at 25-30bp over FY24-25.

**Earnings growth to accelerate from FY25 onward; upgrade to Buy**

AUBANK has evolved as a strong franchise not just in SFBs but in overall mid-cap banking space, and given strong investments in the business, improving geographical and product diversity and a track record of execution, we believe the stock will be a compounder in the long term. AUBANK's stock has corrected by ~12% in recent months due to concerns over margin and high opex, which also led to a moderation in return ratios. While near-term pressure on margins will remain an overhang on the stock's performance, we estimate earnings growth to accelerate from FY25 onward to 35% YoY after 22% YoY growth in FY24, leading to RoA/RoE of 1.9%/17%. The stock is now trading at 3.2x FY25E BV vs. 3-year/5-year average valuations of 3.8x/4.0x P/BV. We thus upgrade our rating to BUY with a TP of INR825 (based on unchanged 3.7x FY25E BV).

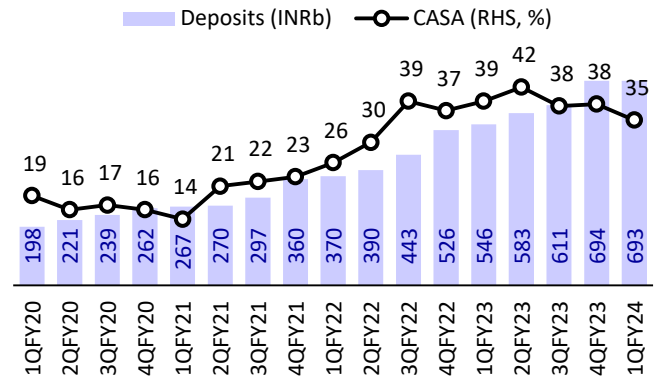
## Story in charts

**Exhibit 1: Advances growth to sustain at ~28% CAGR over FY23-25E**



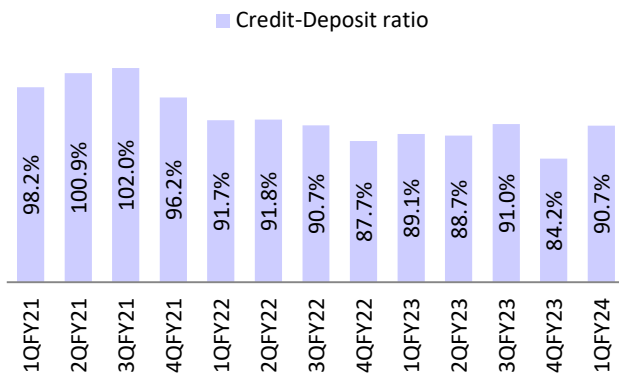
Source: MOFSL, Company

**Exhibit 2: Healthy traction in deposit mobilization; expect to grow 26% over FY23-25E**



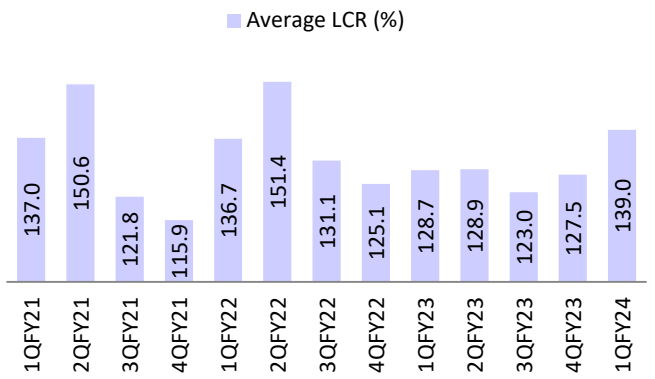
Source: MOFSL, Company

**Exhibit 3: AUBANK mainly deployed liquidity during 1QFY24 and will thus have minimal impact from incremental CRR**



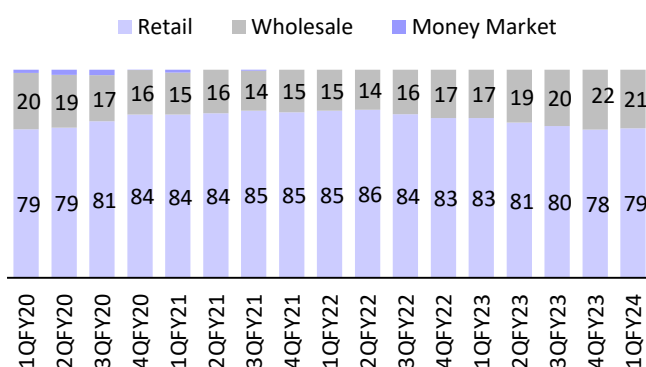
Source: MOFSL, Company

**Exhibit 4: Average LCR stood at 139% in 1QFY24 vs. 128% in 4QFY23**



Source: MOFSL, Company

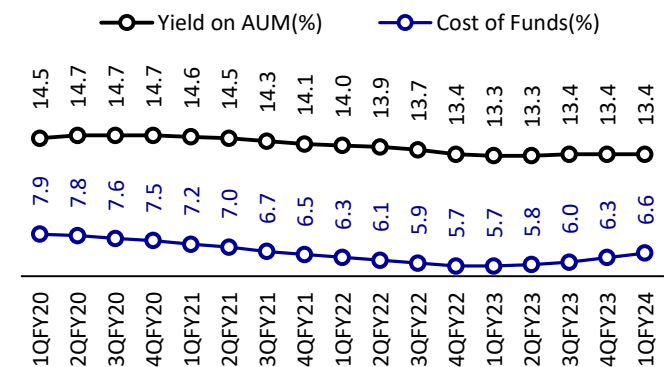
**Exhibit 5: Retail Mix dominates with share of ~79%**



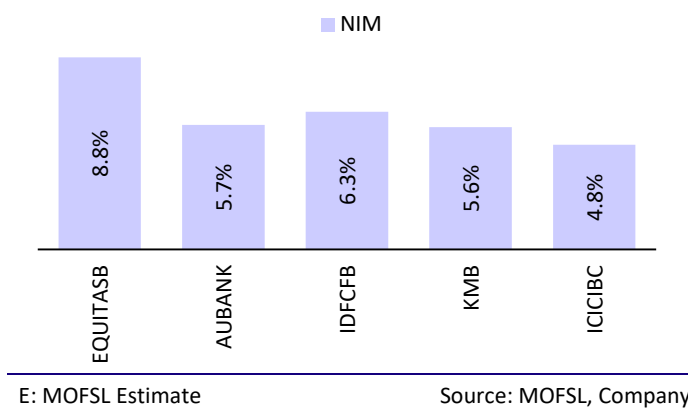
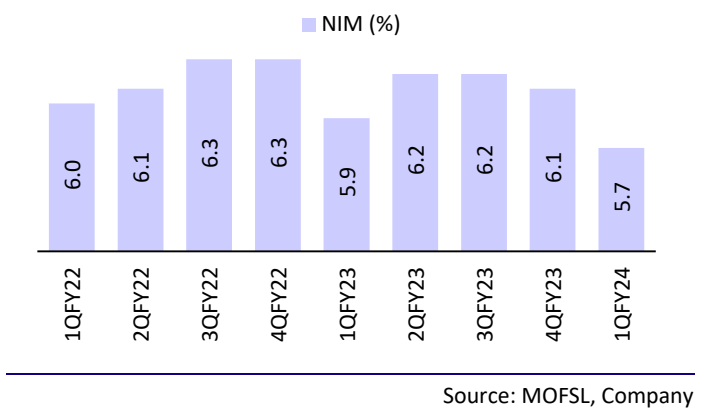
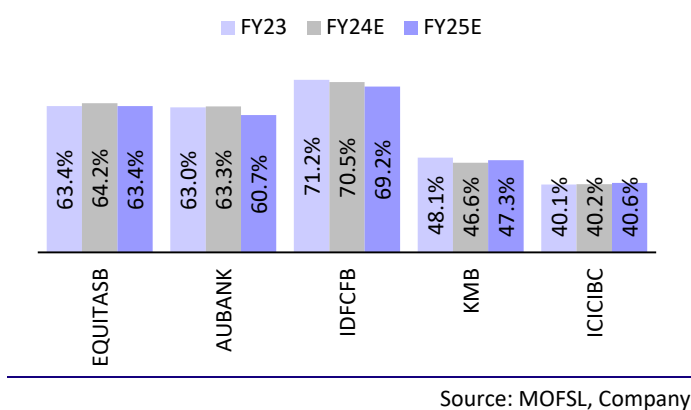
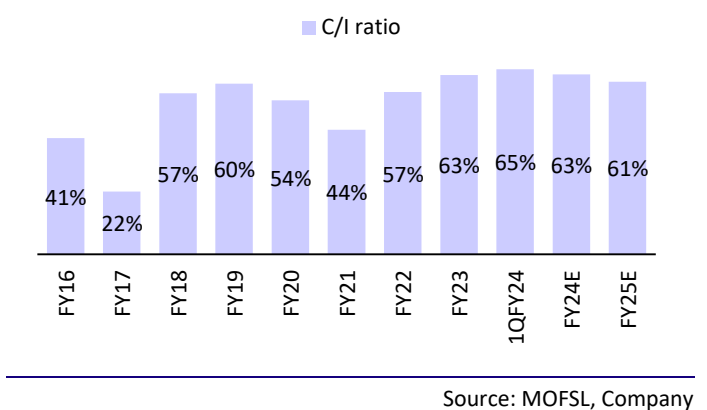
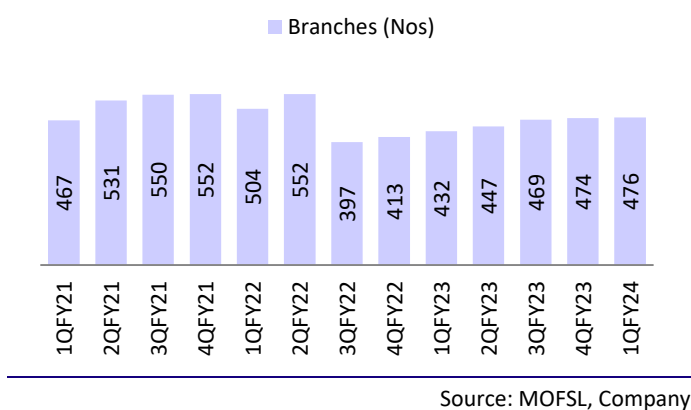
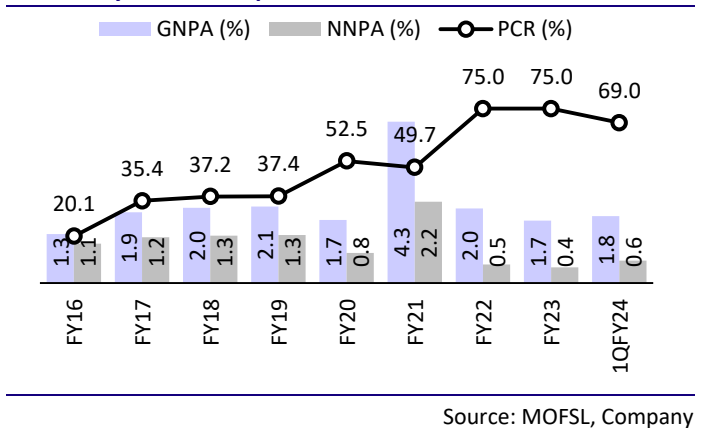
E: MOFSL Estimate

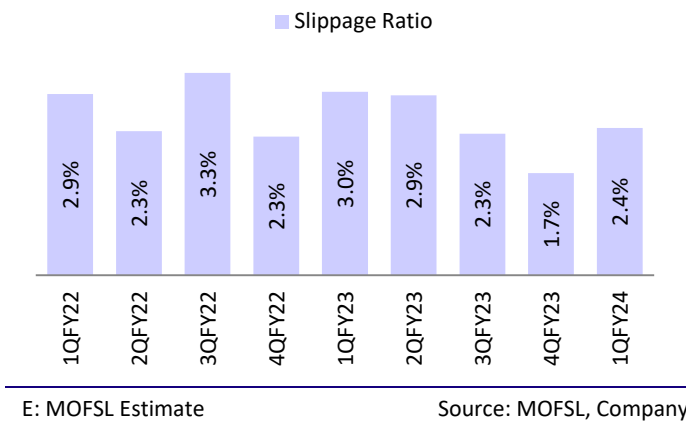
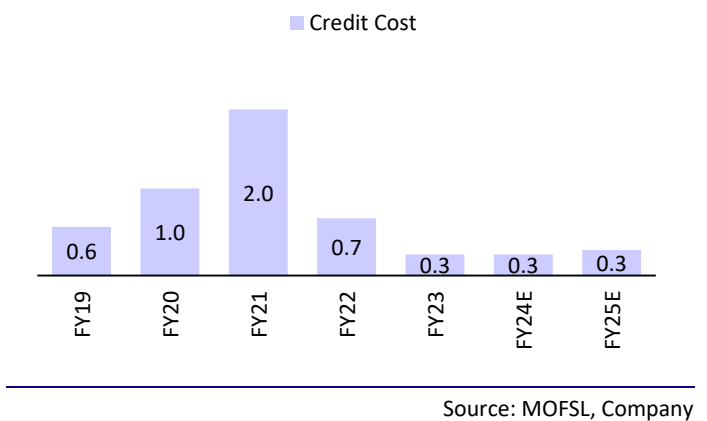
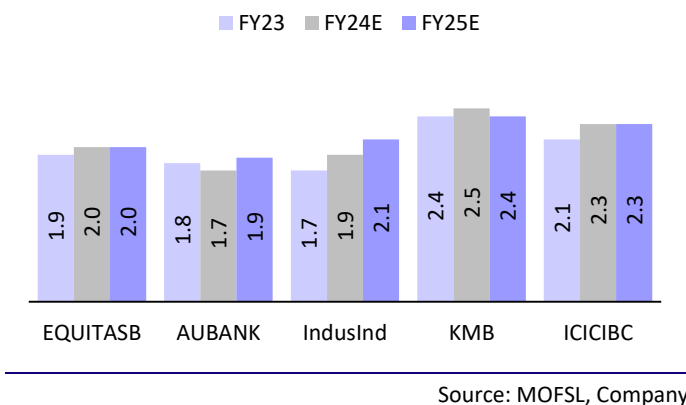
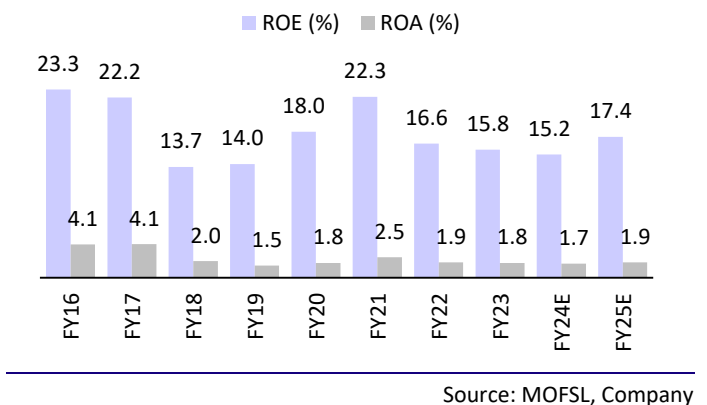
Source: MOFSL, Company

**Exhibit 7: Cost of funds increased to 6.6% in 1QFY24**



Source: MOFSL, Company

**Exhibit 8: AUBANK's margin profile vs peers in 1QFY24****Exhibit 9: NIMs moderated 38bp QoQ to 5.7% in 1QFY24****Exhibit 10: C/I ratio of AUBANK vs peers****Exhibit 11: AUBANK: C/I ratio to moderate from FY25****Exhibit 12: Branch count rises to 476 in 1QFY24 vs. 432 in 1QFY23; bank plans to open 50+ more branches in FY24****Exhibit 13: Asset quality ratios deteriorated slightly in a seasonally weak first quarter**

**Exhibit 14: Slippage ratio has been broadly under control****Exhibit 15: Credit cost to remain stable over FY23-25E****Exhibit 16: Estimate AUBANK to report RoA expansion from FY25 onward****Exhibit 17: Estimate AUBANK to deliver FY25E RoA/RoE of 1.9%/17.4%**

## Valuation and view

- The management focuses on scaling up the key business lines of Vehicle Loans and MSME Loans. It aims to expand the new segments of Housing Loans, Gold Loans, Consumer Durable Financing, and Credit Cards, among others. Growth has picked up over the last few quarters, with demand is increasing across segments. We expect a 28% CAGR in loans over FY23-25.
- AUBANK has shown strong progress in building a granular liability franchise, with the proportion of deposits to overall funding constantly improving. Deposit growth was led by CASA deposits (66% CAGR over FY18-23). The CASA mix improved from 23% in FY21 to 38.4% in FY23. The mix of retail term deposits also improved to 51% in 1QFY24. Bank had an LCR of 151% as on 4QFY23 and thus the focus in 1QFY24 was to deploy this excess liquidity buffer instead of raising high-cost deposits which is reflected in its CD ratio which stood at ~91% in 1QFY24 vs. ~84% in 4QFY23. Thus, while deposits grew 27% YoY, QoQ deposit growth remained flat and LCR for 1QFY24 declined to 119%.
- GNPA/NNPA ratios moderated to 1.7%/0.4% as on FY23. Interestingly, the bank has increased its PCR significantly to 75% vs. 49% in 2QFY22. Since 1Q is a seasonally weak quarter in terms of asset quality, GNPA/NNPA ratios in 1QFY24 deteriorated by 10bp/13bp QoQ to 1.76%/0.55%. The PCR ratio thus moderated to 69%. The total restructured book moderated to INR6.3b (~1.0% of total loans) in 1QFY24, on which the bank carries provisions of INR1.0b. Going forward, we expect asset quality to recover and we estimate the credit cost to remain stable at ~0.3% over FY24-25.

- **Upgrade to Buy with a TP of INR825:** AUBANK has evolved as a strong franchise not just in SFBs but in overall mid-cap banking space and given strong investments in the business, improving geographical and product diversity and a track record of execution, we believe the stock will be a compounder in the long term. AUBANK's stock has corrected by ~12% in recent months due to concerns over margin and high opex, which also led to moderation in return ratios. While near-term pressure on margins will remain an overhang on the stock's performance, we estimate earnings growth to accelerate from FY25 onward to 35% YoY after 22% YoY growth in FY24, leading to RoA/RoE of 1.9%/17%. The stock is now trading at 3.2x FY25E BV vs. 3-year/5-year average valuations of 3.8x/4.0x P/BV. **We thus upgrade our rating to BUY with a TP of INR825 (based on unchanged 3.7x FY25E BV).**

**Exhibit 18: DuPont Analysis: Estimate RoA to sustain at 1.7%-1.9%**

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	12.35	11.46	11.46	10.56	9.81	10.30	10.49	10.74
Interest Expense	5.78	6.24	6.36	5.51	4.45	4.75	5.26	5.36
<b>Net Interest Income</b>	<b>6.57</b>	<b>5.22</b>	<b>5.11</b>	<b>5.05</b>	<b>5.36</b>	<b>5.56</b>	<b>5.23</b>	<b>5.38</b>
Core Fee and Secu. Inc	2.45	1.71	1.43	1.21	1.41	1.35	1.17	1.21
<b>Non-Interest income</b>	<b>2.71</b>	<b>1.80</b>	<b>1.89</b>	<b>3.03</b>	<b>1.65</b>	<b>1.30</b>	<b>1.39</b>	<b>1.43</b>
<b>Total Income</b>	<b>9.29</b>	<b>7.01</b>	<b>7.00</b>	<b>8.08</b>	<b>7.01</b>	<b>6.85</b>	<b>6.62</b>	<b>6.81</b>
<b>Operating Expenses</b>	<b>5.26</b>	<b>4.21</b>	<b>3.79</b>	<b>3.54</b>	<b>4.00</b>	<b>4.32</b>	<b>4.19</b>	<b>4.13</b>
Employee cost	2.97	2.34	2.03	2.09	2.29	2.25	2.17	2.13
Others	2.29	1.87	1.76	1.45	1.71	2.07	2.02	2.00
<b>Operating Profits</b>	<b>4.03</b>	<b>2.81</b>	<b>3.20</b>	<b>4.54</b>	<b>3.01</b>	<b>2.54</b>	<b>2.43</b>	<b>2.68</b>
<b>Core operating Profits</b>	<b>3.76</b>	<b>2.72</b>	<b>2.74</b>	<b>2.72</b>	<b>2.77</b>	<b>2.59</b>	<b>2.21</b>	<b>2.46</b>
<b>Provisions</b>	<b>0.93</b>	<b>0.55</b>	<b>0.76</b>	<b>1.43</b>	<b>0.60</b>	<b>0.19</b>	<b>0.16</b>	<b>0.20</b>
NPA	0.39	0.29	0.17	1.36	0.19	0.31	0.14	0.17
Others	0.53	0.26	0.58	0.07	0.40	-0.12	0.02	0.03
<b>PBT</b>	<b>3.10</b>	<b>2.25</b>	<b>2.44</b>	<b>3.11</b>	<b>2.41</b>	<b>2.34</b>	<b>2.26</b>	<b>2.47</b>
Tax	1.06	0.77	0.64	0.61	0.54	0.55	0.53	0.59
<b>RoA</b>	<b>2.04</b>	<b>1.48</b>	<b>1.81</b>	<b>2.50</b>	<b>1.87</b>	<b>1.79</b>	<b>1.73</b>	<b>1.88</b>
Leverage (x)	6.7	9.5	10.0	8.9	8.8	8.8	8.8	9.2
<b>RoE</b>	<b>13.7</b>	<b>14.0</b>	<b>18.0</b>	<b>22.3</b>	<b>16.6</b>	<b>15.8</b>	<b>15.2</b>	<b>17.4</b>

## Financials and valuations

Income Statement							(INR m)	
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	17,672	29,488	42,859	49,501	59,217	82,054	1,05,786	1,34,335
Interest Expense	8,267	16,064	23,769	25,846	26,876	37,801	53,045	67,055
<b>Net Interest income</b>	<b>9,405</b>	<b>13,425</b>	<b>19,089</b>	<b>23,654</b>	<b>32,341</b>	<b>44,253</b>	<b>52,741</b>	<b>67,280</b>
Growth (%)	20.0	42.7	42.2	23.9	36.7	36.8	19.2	27.6
Other Income	3,881	4,620	7,061	14,209	9,937	10,345	13,965	17,876
<b>Total Income</b>	<b>13,285</b>	<b>18,045</b>	<b>26,150</b>	<b>37,864</b>	<b>42,278</b>	<b>54,597</b>	<b>66,706</b>	<b>85,156</b>
Growth (%)	-16.6	35.8	44.9	44.8	11.7	29.1	22.2	27.7
<b>Operating Expenses</b>	<b>7,526</b>	<b>10,826</b>	<b>14,179</b>	<b>16,584</b>	<b>24,128</b>	<b>34,403</b>	<b>42,234</b>	<b>51,692</b>
Growth (%)	113.3	43.8	31.0	17.0	45.5	42.6	22.8	22.4
<b>Operating Profits</b>	<b>5,759</b>	<b>7,219</b>	<b>11,972</b>	<b>21,279</b>	<b>18,150</b>	<b>20,195</b>	<b>24,473</b>	<b>33,463</b>
Growth (%)	-53.6	25.3	65.8	77.7	-14.7	11.3	21.2	36.7
<b>Core Operating Profits</b>	<b>5,377</b>	<b>6,998</b>	<b>10,246</b>	<b>12,737</b>	<b>16,721</b>	<b>20,638</b>	<b>22,297</b>	<b>30,701</b>
Growth (%)	-4.8	30.1	46.4	24.3	31.3	23.4	8.0	37.7
Total Provisions	1,326	1,418	2,832	6,694	3,610	1,548	1,646	2,556
% to operating income	23.0	19.6	23.7	31.5	19.9	7.7	6.7	7.6
<b>PBT</b>	<b>4,433</b>	<b>5,801</b>	<b>9,140</b>	<b>14,585</b>	<b>14,541</b>	<b>18,646</b>	<b>22,827</b>	<b>30,907</b>
Tax	1,513	1,984	2,392	2,878	3,242	4,367	5,387	7,418
Tax Rate (%)	34.1	34.2	26.2	19.7	22.3	23.4	23.6	24.0
<b>PAT</b>	<b>2,920</b>	<b>3,818</b>	<b>6,748</b>	<b>11,707</b>	<b>11,298</b>	<b>14,279</b>	<b>17,440</b>	<b>23,489</b>
Growth (%)	-64.5	30.7	76.8	73.5	-3.5	26.4	22.1	34.7
<b>Adj. PAT</b>	<b>2,920</b>	<b>3,818</b>	<b>5,962</b>	<b>6,002</b>	<b>11,298</b>	<b>14,279</b>	<b>17,440</b>	<b>23,489</b>
Growth (%)	-12.4	30.7	56.2	0.7	88.2	26.4	22.1	34.7

Balance Sheet								
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	5,714	5,847	6,082	6,244	6,298	6,667	6,667	6,667
Reserves & Surplus	17,098	25,782	37,164	55,477	68,429	99,332	1,16,772	1,40,261
<b>Equity Network</b>	<b>22,812</b>	<b>31,629</b>	<b>43,247</b>	<b>61,721</b>	<b>74,727</b>	<b>1,05,999</b>	<b>1,23,439</b>	<b>1,46,929</b>
<b>Deposits</b>	<b>79,233</b>	<b>1,94,224</b>	<b>2,61,639</b>	<b>3,59,793</b>	<b>5,25,846</b>	<b>6,93,650</b>	<b>8,73,999</b>	<b>11,01,239</b>
Growth (%)	NA	145%	35%	38%	46%	32%	26.0%	26.0%
Borrowings	76,389	86,134	1,03,353	70,297	59,908	62,987	74,324	87,702
Other liabilities	9,894	14,241	12,670	23,071	29,884	35,751	42,187	50,202
<b>Total Liabilities</b>	<b>1,88,328</b>	<b>3,26,228</b>	<b>4,21,431</b>	<b>5,15,913</b>	<b>6,90,778</b>	<b>8,98,827</b>	<b>11,14,389</b>	<b>13,86,512</b>
Current Assets	17,612	17,402	33,697	47,813	59,285	94,252	98,277	1,01,199
<b>Investments</b>	<b>30,506</b>	<b>71,617</b>	<b>1,06,682</b>	<b>1,08,154</b>	<b>1,53,065</b>	<b>2,00,720</b>	<b>2,53,710</b>	<b>3,11,302</b>
Growth (%)	41.9	134.8	49.0	1.4	41.5	31.1	26.4	22.7
<b>Loans</b>	<b>1,33,121</b>	<b>2,28,187</b>	<b>2,69,924</b>	<b>3,46,089</b>	<b>4,60,953</b>	<b>5,84,215</b>	<b>7,48,463</b>	<b>9,59,298</b>
Growth (%)	103.2	71.4	18.3	28.2	33.2	26.7	28.1	28.2
Net Fixed Assets	3,861	4,470	4,480	4,824	6,226	7,401	8,142	8,956
Other assets	3,227	4,552	6,648	9,033	11,250	15,573	5,798	5,757
<b>Total Assets</b>	<b>1,88,328</b>	<b>3,26,228</b>	<b>4,21,431</b>	<b>5,15,913</b>	<b>6,90,778</b>	<b>9,02,161</b>	<b>11,14,389</b>	<b>13,86,512</b>
<b>Total Assets (incl. off BS)</b>	<b>2,15,586</b>	<b>3,40,501</b>	<b>4,60,437</b>	<b>5,46,944</b>	<b>7,08,135</b>	<b>9,09,526</b>	<b>11,35,158</b>	<b>14,16,181</b>

Asset Quality	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GNPA (INR m)	2,697	4,701	4,578	15,028	9,244	9,813	11,679	14,589
NNPA (INR m)	1,693	2,945	2,173	7,555	2,308	2,862	3,398	4,255
GNPA Ratio	2.0	2.1	1.7	4.3	2.0	1.7	1.6	1.5
NNPA Ratio	1.3	1.3	0.8	2.2	0.5	0.5	0.5	0.4
Slippage Ratio	2.1	2.5	2.5	4.2	3.6	2.4	1.9	1.9
Credit Cost	1.0	0.6	1.0	2.0	0.7	0.3	0.2	0.3
PCR (Excl Tech. write off)	37.2	37.4	52.5	49.7	75.0	70.8	70.9	70.8

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield - on IEA</b>	<b>13.1</b>	<b>12.1</b>	<b>12.1</b>	<b>11.2</b>	<b>10.7</b>	<b>11.7</b>	11.8	11.8
Avg. Yield on loans	9.4	11.7	12.4	11.5	11.4	12.8	13.0	12.8
Avg. Cost of funds	7.3	7.4	7.4	6.5	5.3	5.6	6.2	6.3
<b>Spreads</b>	<b>2.1</b>	<b>4.3</b>	<b>5.0</b>	<b>5.0</b>	<b>6.1</b>	<b>7.2</b>	6.8	6.5
<b>NIM (On total assets)</b>	<b>6.6</b>	<b>5.2</b>	<b>5.1</b>	<b>5.0</b>	<b>5.4</b>	<b>5.6</b>	5.2	5.4
<b>NIM (On IEA)</b>	<b>7.0</b>	<b>5.5</b>	<b>5.4</b>	<b>5.3</b>	<b>5.9</b>	<b>6.3</b>	5.9	5.9

### Capitalization Ratios (%)

CAR	19.3	19.3	22.0	23.4	21.0	23.6	21.4	19.8
Tier I	18.4	16.0	18.4	21.5	19.7	21.8	20.1	18.8
Tier II	0.9	3.4	3.6	1.8	1.3	1.8	1.3	0.9

### Business and Efficiency Ratios (%)

Loan/Deposit Ratio	168.0	117.5	103.2	96.2	87.7	84.2	85.6	87.1
CASA Ratio	26.9	18.5	14.5	23.0	37.3	38.4	36.7	38.1
Cost/Assets	5.3	4.2	3.8	3.5	4.0	4.3	4.2	4.1
Cost/Total Income	56.7	60.0	54.2	43.8	57.1	63.0	63.3	60.7
Cost/Core Income	58.3	60.7	58.1	56.6	59.1	62.5	65.4	62.7
Int. Expense/Int. Income	46.8	54.5	55.5	52.2	45.4	46.1	50.1	49.9
Fee Income/Total Income	26.3	24.4	20.4	15.0	20.1	19.8	17.7	17.7
Non Int. Income/Total Income	29.2	25.6	27.0	37.5	23.5	18.9	20.9	21.0
Investment/Deposit Ratio	38.5	36.9	40.8	30.1	29.1	28.9	29.0	28.3
Empl. Cost/Total Expense	56.5	55.5	53.6	59.1	57.2	52.1	51.8	51.6

<b>Profitability and Valuations</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
RoE	13.7	14.0	18.0	22.3	16.6	15.8	15.2	17.4
RoA (On bal Sheet)	2.0	1.5	1.8	2.5	1.9	1.8	1.7	1.9
RoRWA	2.5	2.0	3.0	4.2	3.1	2.9	2.8	3.0
Book Value (INR)	39.9	54.1	71.1	98.8	118.7	159.0	185.1	220.4
Growth (%)	14.2	35.5	31.4	39.0	20.0	34.0	16.5	19.0
<b>Price-BV (x)</b>	<b>17.7</b>	<b>13.1</b>	<b>9.9</b>	<b>7.1</b>	<b>6.0</b>	<b>4.4</b>	<b>3.8</b>	<b>3.2</b>
Adjusted BV (INR)	38.2	51.3	69.5	92.0	116.7	156.6	182.2	216.6
Growth (%)	12.0	34.5	35.4	32.5	26.9	34.2	16.3	18.8
<b>Price-ABV (x)</b>	<b>18.5</b>	<b>13.8</b>	<b>10.2</b>	<b>7.7</b>	<b>6.0</b>	<b>4.5</b>	<b>3.9</b>	<b>3.3</b>
EPS (INR)	5.1	6.6	11.3	19.0	18.0	22.0	26.2	35.2
Adjusted EPS (INR)	5.1	6.6	11.3	19.0	18.0	22.0	26.2	35.2
Growth (%)	-79.5	28.9	71.3	67.9	-5.1	22.3	18.7	34.7
<b>Price-Earnings (x)</b>	<b>137.8</b>	<b>106.9</b>	<b>62.4</b>	<b>37.2</b>	<b>39.2</b>	<b>32.1</b>	<b>27.0</b>	<b>20.0</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
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Grievance Redressal Cell:

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

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