

Equitas Small Finance

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	EQUITASB IN
Equity Shares (m)	1110
M.Cap.(INRb)/(USDb)	105.7 / 1.3
52-Week Range (INR)	101 / 43
1, 6, 12 Rel. Per (%)	2/63/97
12M Avg Val (INR M)	334

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	25.4	31.8	38.9
OP	11.8	14.1	17.6
NP	5.7	8.1	9.8
NIM (%)	8.8	8.6	8.3
EPS (INR)	4.9	7.3	8.8
BV/Sh. (INR)	46	53	60
ABV/Sh. (INR)	44	51	58

Ratios

RoE (%)	12.2	14.7	15.7
RoA (%)	1.9	2.0	2.0

Valuations

P/E(X)	19.4	12.9	10.7
P/BV (X)	2.0	1.8	1.6
P/ABV (X)	2.1	1.9	1.6

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	0.0	0.0	74.5
DII	43.0	43.0	15.6
FII	21.5	22.7	4.1
Others	35.6	34.3	5.8

FII Includes depository receipts

CMP: INR95 TP: INR110 (+16%) Buy

Steady quarter; margins set to moderate

Asset quality stable

- In 1QFY24, Equitas Small Finance Bank (EQUITAS) reported 97% YoY growth in PAT to INR1.9b (9% beat). This was primarily driven by a 52% QoQ reduction in provisions.
- The business growth of EQUITAS was robust at 36% YoY growth in AUM amounting to INR296b. This growth was driven by strong traction across various segments of the bank. Housing finance posted a growth of 12% QoQ. Deposits sustained momentum with a 9% sequential growth.
- On the asset quality front, slippages increased along with modest recovery and upgrades, resulting in GNPA and NNPA ratios remaining stable at 2.8% and 1.2%, respectively. PCR improved 89bp to 57.8%. 31-90 DPD book remains stable at 3.24% in 1QFY24.
- We maintain our earnings estimate and project a RoA/RoE of 2.0%/15.7% for FY25E. We reiterate our **BUY** rating on the stock.

Lower provisions drive earnings; cost of funds rises 33bp QoQ to 6.9%

- EQUITAS SFB reported 1QFY24 PAT of INR1.9b (up 97% YoY; 9% beat), led by lower provisions, which declined 52% QoQ to INR601m. The bank thus reported RoA/RoE of 2.1%/14.5% for 1QFY24.
- NII saw a healthy growth at 28% YoY (5.1% QoQ) to INR7.4b (in line), led by AUM growth of 36% YoY. NIM moderated 34bp to 8.76%.
- 'Other income' grew 29% YoY (down 28% QoQ) due to fee income declining 47% QoQ to INR910m. Treasury income stood at INR290m. Opex grew 35% YoY and came in at INR6.0b, resulting in an increase in C/I ratio to 65.9% (vs. 59.1% in 4QFY23). Thus, PPop grew 16% YoY to INR3.1b (4% miss).
- Total AUM grew 36% YoY (6% QoQ) to INR296b, led by healthy traction across segments. Small Business Loans/Vehicle Finance grew 7%/5% QoQ, and Micro Finance growth stood at ~40% YoY (up 8% QoQ). Housing finance grew at a robust 12% QoQ. The share of MFI AUM stood at 19% (vs. 18.8% in 4QFY23). Disbursements in 1QFY24 stood at INR47.6b (down 20% QoQ).
- Deposits grew 36% YoY (up 9.2% QoQ) to ~INR277b, led by 16.5% QoQ growth in term deposits, while CASA deposits remained broadly flat QoQ. Thus, the CASA ratio moderated to 38.4% in 1QFY24 vs. 42.3% in 4QFY23.
- On the asset quality front, slippages stood at INR2.1b (3.6% annualized), which along with modest recoveries and upgrades resulted in GNPA/NNPA ratio remaining flat at 2.8%/1.2%. PCR improved 89bp to 57.8%. 31-90 DPD book remains stable at 3.24% in 1QFY24.

Highlights from management commentary

- C/I for 1QFY24 stands at ~65%. The bank has guided for 63-65% C/I ratio as it will be looking to enter new businesses such as PL, Credit cards, forex, and invest on further digital developments.
- Cost of funds is likely to increase to 7.5% vs. 6.94% in 1QFY24. The bank has provided a full-year NIM guidance of 8.5% for FY24.
- The bank expects the Gross slippages to be at ~3%, calculated on a daily basis.

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

The bank reported an inline performance with a strong growth in AUM, led by growth across segments. Lower provisioning positively impacted earnings, although margins moderated QoQ as expected. We would closely monitor funding costs going forward. Deposit traction remains strong, led by term deposits, while CASA ratio moderated QoQ. On the asset quality front, GNPA/NNPA ratios remain stable. We maintain our earnings estimate and project RoA/RoE of 2.0%/15.7% for FY25E. **We reiterate our BUY rating on the stock with a TP of INR110 (1.8x FY25E ABV).**

Quarterly performance**(INRm)**

Y/E March	FY23				FY24E				FY23	FY24E	FY23E 1QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Interest Income	5,806	6,097	6,475	7,070	7,431	7,698	8,079	8,595	25,447	31,804	7,418	0
% Change (YoY)	25.9	26.0	19.7	28.0	28.0	26.3	24.8	21.6	24.8	25.0	27.8	
Other Income	1,332	1,450	1,526	2,387	1,714	1,801	1,899	2,153	6,696	7,566	1,665	3
Total Income	7,138	7,547	8,001	9,456	9,145	9,498	9,978	10,748	32,143	39,370	9,082	1
Operating Expenses	4,456	5,124	5,210	5,593	6,024	6,146	6,424	6,697	20,383	25,290	5,826	3
Operating Profit	2,682	2,423	2,791	3,864	3,121	3,353	3,555	4,051	11,760	14,080	3,256	-4
% Change (YoY)	63.1	21.8	24.2	36.1	16.4	38.4	27.4	4.8	34.9	19.7	21.4	
Provisions	1,416	901	499	1,256	601	761	823	1,081	4,072	3,266	907	-34
Profit before Tax	1,266	1,522	2,292	2,608	2,521	2,592	2,732	2,970	7,688	10,814	2,349	7
Tax	296	358	591	707	609	653	688	772	1,952	2,722	592	3
Net Profit	970	1,164	1,701	1,900	1,912	1,939	2,043	2,198	5,736	8,092	1,757	9
% Change (YoY)	713.4	182.6	57.4	59.0	97.1	66.5	20.1	15.7	104.3	41.1	81.1	
Operating Parameters												
AUM (INR b)	217	228	249	279	296	305	326	351	274	351	293	1
Deposits (INR b)	204	217	234	254	277	281	302	330	254	330	267	4
Loans (INR b)	205	218	233	258	275	285	305	330	258	330	272	1
Asset Quality												
Gross NPA (%)	4.1	3.9	3.6	2.8	2.8	2.6	2.4	1.9	2.8	1.9	2.6	
Net NPA (%)	2.2	2.0	1.8	1.2	1.2	1.1	0.9	0.9	1.2	0.9	1.1	
PCR (%)	48.5	50.5	50.8	56.9	57.8	60.2	61.4	54.1	56.9	54.1	58.7	

E: MOFSL Estimates

- -

Quarterly snapshot

Profit and Loss, INRm	FY22				FY23				FY24	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	4,610	4,838	5,411	5,525	5,806	6,097	6,475	7,070	7,431	28	5
Other Income	1,036	1,521	1,339	1,481	1,332	1,450	1,526	2,387	1,714	29	-28
Trading profits	160	170	190	-10	70	70	80	80	290	314	263
Core Fees	290	650	560	790	670	840	950	1,720	910	36	-47
Total Income	5,646	6,359	6,749	7,006	7,138	7,547	8,001	9,456	9,145	28	-3
Operating Expenses	4,002	4,370	4,502	4,167	4,456	5,124	5,210	5,593	6,024	35	8
Employee	2,217	2,275	2,404	2,086	2,257	2,751	2,920	3,039	3,280	45	8
Others	1,786	2,095	2,098	2,081	2,200	2,373	2,290	2,553	2,744	25	7
Operating Profits	1,644	1,989	2,247	2,839	2,682	2,423	2,791	3,864	3,121	16	-19
Core Operating Profits	1,484	1,819	2,057	2,849	2,612	2,353	2,711	3,784	2,831	8	-25
Provisions	1,501	1,421	784	1,232	1,416	901	499	1,256	601	-58	-52
PBT	142	568	1,463	1,607	1,266	1,522	2,292	2,608	2,521	99	-3
Taxes	23	156	382	412	296	358	591	707	609	106	-14
PAT	119	412	1,081	1,195	970	1,164	1,701	1,900	1,912	97	1
Balance Sheet (INRb)											
Deposits	171	181	179	190	204	217	234	254	277	36	9
Loans	167	178	183	194	205	218	233	258	275	34	7
AUM's	178	190	197	206	217	228	249	279	296	36	6
Loan mix (%)											
MFI	17.5	18.1	18.8	19.0	18.5	18.2	18.5	18.8	19.0	53	25
Vehicles	24.5	24.6	24.6	24.5	24.3	24.8	24.9	25.0	24.8	46	-22
Small Business loans (incl HF)	44.9	45.3	45.3	46.2	46.4	47.6	47.3	46.5	47.3	91	77
MSE Finance	6.8	6.2	6.1	5.7	5.2	5.1	4.7	4.2	3.7	-148	-52
Corporate loans	5.1	4.8	4.1	3.7	3.2	3.1	3.5	4.2	4.0	79	-27
Others	1.1	1.0	1.1	1.0	2.5	1.2	1.2	1.3	1.2	-121	-1
Asset Quality (INRb)											
Asset Quality Ratios	FY22				FY23				FY24	Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA	8.2	8.8	8.6	8.4	8.6	8.7	8.6	7.2	7.7	-10	6
NNPA	4.0	4.4	4.6	4.8	4.4	4.3	4.2	3.1	3.3	-26	4
Slippages	3.7	3.4	2.7	4.1	3.0	3.1	2.9	1.9	2.1	-28	12
Business Ratios (%)											
Business Ratios (%)	FY22				FY23				FY24	Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA (%)	4.8	4.8	4.6	4.2	4.1	3.9	3.6	2.8	2.8	-135	-1
NNPA (%)	2.4	2.5	2.5	2.5	2.2	2.0	1.8	1.2	1.2	-97	-3
PCR (Calc, %)	51.2	50.1	46.8	42.7	48.5	50.5	50.8	56.9	57.8	933	89
Credit Cost	3.9	3.4	1.8	2.6	2.8	1.8	0.9	2.0	0.9	-194	-115
Profitability Ratios (%)											
Cost of Funds	6.9	6.8	6.5	6.2	6.2	6.3	6.4	6.6	6.9	74	33
Margins	7.9	8.1	9.1	9.1	9.1	9.0	9.0	9.1	8.8	-29	-34
ROA	0.2	0.7	1.7	1.8	1.4	1.6	2.2	2.3	2.1	70	-18
ROE	1.4	4.8	12.3	12.2	9.0	10.6	14.9	15.5	14.5	551	-98



Highlights from management commentary

With respect to operating environment and business

- 40-42% of savings account comprises salaried account customer.
- ~83% of the book is of fixed-rate instruments. Incremental disbursement has gone up by 40bp.
- C/I ratio for 1QFY24 stood at 65.05%. The bank has provided a guidance of 63-65% C/I ratio as it will be looking to enter new businesses, such as PL, Credit cards, forex and look for further digital developments.
- The bank has provided cost of funds guidance of 7.5% (6.94% in 1QFY24).
- The CD ratio of the bank stood at 95% in 1QFY24 and the bank expects it to come down to 85% in the next couple of years.
- Average SA cost is 6.18%; Average cost for up to the 5lakh bucket is 4.7%-4.8%; customers are shifting from SA to TD.
- Average maturity of asset is 2.5yrs. The bank has added 150-200k incremental customer.
- The bank expects 7-8 bp movement in savings rate and more than 35% of CASA ratio to sustain going forward.
- SME is contributing 5% of the book. NPA in this segment is on a higher side.
- In ~60% of the book, the rate of interest offered by the bank is 50 bp more than that of peer groups.
- 60% of the book is majorly repriced and the remaining 40% will be repriced once it gets mature.
- The bank has provided a full-year NIM guidance of 8.5% for FY24.
- **Disbursement mix:** 61% in Tamil Nadu and 39% in others.
- Opex growth is expected to decline in the remaining three quarters of FY24. The bank allocated INR75m in advertisement spending during IPL in 1QFY24.
- About 70% of the fee income is linked to disbursement, which remained healthy.
- **TD mix:** 78% is retail and 22% is bulk.
- The institution business has crossed INR70b business and has CASA of 30%.
- MFI book currently stands at 19% of the total loans as on 1QFY24.
- ROA 2%-2.25% guidance for FY24 (2.10% for 1QFY24).
- SBL book disbursement grew 39% YoY. SBL Ex-bucket Collection Efficiency stands at 99.5% as on 1QFY24.

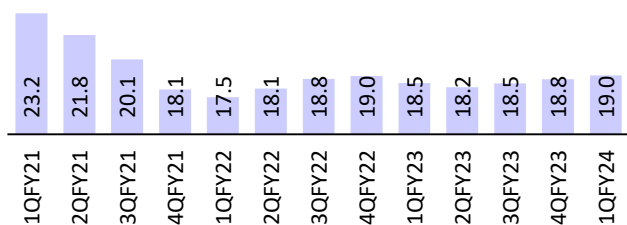
With respect to asset quality

- GNPA/ NNPA remained stable at 2.8%/1.2% as on 1QFY24.
- The bank expects the Gross slippages to be a ~3%, calculated on a daily basis.
- The bank expects the ECL provision to be lower than IRAC norm provision.
- Credit cost stood at 0.84% in 1QFY24. Credit cost to be 1.2-1.25% for FY24.
- PCR improved to 58% in 1QFY24. The bank aims to achieve 70% PCR in the next few quarters.
- Restructured book stands at INR2.13b as on 1QFY24 (0.72% of gross advances). 97% provision on NPA is arising from restructured book.

Key exhibits

Exhibit 1: MFI share stood at 19.0% vs. 18.8% in 4QFY23

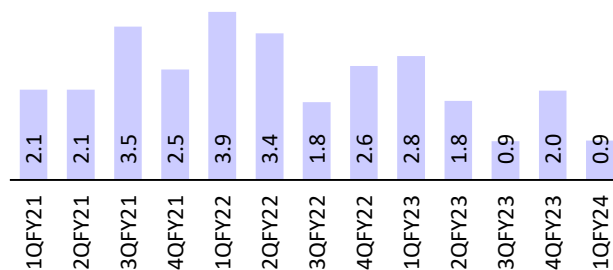
■ Share of MFI (%)



Source: MOFSL, Company

Exhibit 2: Credit cost stood at 0.9% in 1QFY24

■ Credit Cost



Source: MOFSL, Company

Valuation and view

- Non-MFI businesses such as Housing finance, NBFC, and Commercial Vehicle loans are likely to be the key growth drivers. Considering the under-penetration in these segments, EQUITAS can continue to grow at the healthy rates over FY24-25E.
- EQUITAS is making strong progress on the liability front, with a focus on mass affluent customers.

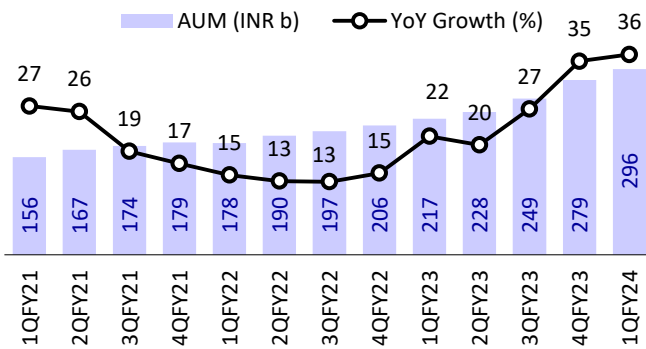
Reiterate Buy with a TP of INR110: The bank reported an in line performance with a strong growth in AUM, led by growth across segments. Lower provisioning positively impacted earnings, while margins moderated QoQ as expected. We remain watchful on funding costs going forward. Deposit traction remains strong, led by term deposits, while the CASA ratio moderated QoQ. On the asset quality front, GNPA/NNPA ratios remained stable. We maintain our earnings estimate and project RoA/RoE of 2.0%/15.7% for FY25E. **We reiterate our BUY rating with a TP of INR110 (1.8x FY25E ABV).**

Exhibit 3: DuPont Analysis

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	13.6	14.5	15.1	14.5	13.4	13.4	14.0	13.9
Interest Expense	6.0	6.6	6.6	6.3	5.5	5.2	6.0	6.1
Net Interest Income	7.63	7.93	8.53	8.17	7.89	8.22	8.02	7.77
Fee income	2.23	1.92	1.59	1.70	1.92	2.16	1.77	1.72
Trading and others	-0.09	0.02	0.02	0.20	0.17	0.00	0.14	0.11
Other Income	2.14	1.95	1.61	1.90	2.08	2.16	1.91	1.83
Total Income	9.77	9.87	10.14	10.07	9.97	10.38	9.93	9.60
Operating Expenses	7.82	6.94	6.73	6.04	6.60	6.58	6.38	6.09
Employees	4.57	3.79	4.05	3.60	3.48	3.54	3.46	3.29
Others	3.24	3.15	2.68	2.45	3.12	3.04	2.92	2.80
Operating Profits	1.96	2.93	3.41	4.03	3.38	3.80	3.55	3.52
Core operating Profits	2.05	2.91	3.39	3.83	3.21	3.80	3.41	3.40
Provisions	1.53	0.70	1.41	1.71	1.91	1.32	0.82	0.90
NPA	0.43	0.61	0.75	1.97	1.32	0.00	0.74	0.82
Othes	1.10	0.09	0.65	-0.26	0.59	1.32	0.08	0.08
PBT	0.43	2.23	2.00	2.32	1.46	2.48	2.73	2.61
Tax	0.15	0.78	0.61	0.58	0.38	0.63	0.69	0.66
RoA	0.28	1.45	1.39	1.75	1.09	1.85	2.04	1.96
Leverage (x)	5.6	6.8	7.0	7.2	6.8	6.6	7.2	8.0
RoE	1.6	9.8	9.7	12.5	7.3	12.2	14.7	15.7

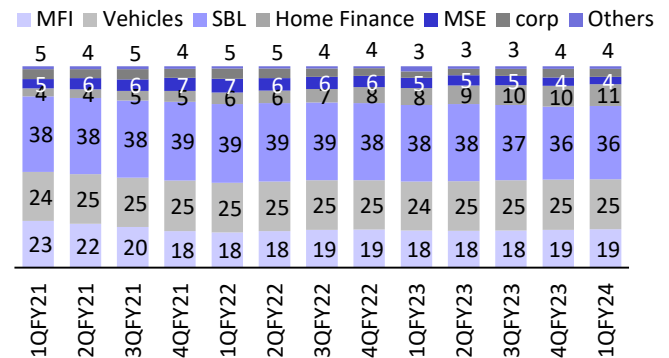
Story in charts

Exhibit 4: AUM growth healthy at 36% YoY/6% QoQ



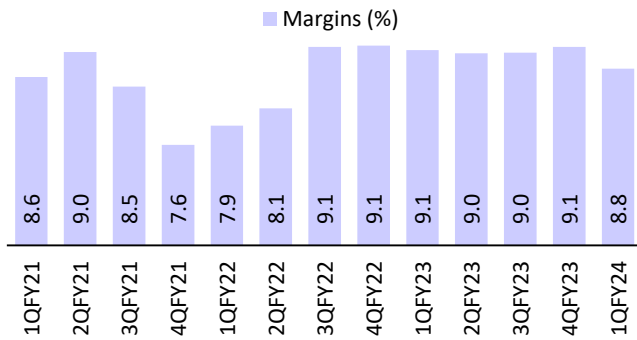
Source: MOFSL, Company

Exhibit 5: Share of Small Business loans stood at 36%



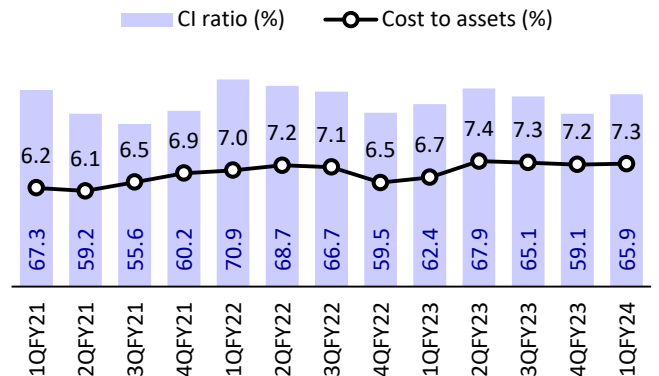
Source: MOFSL, Company

Exhibit 6: Margin moderated 34bp QoQ to 8.8%



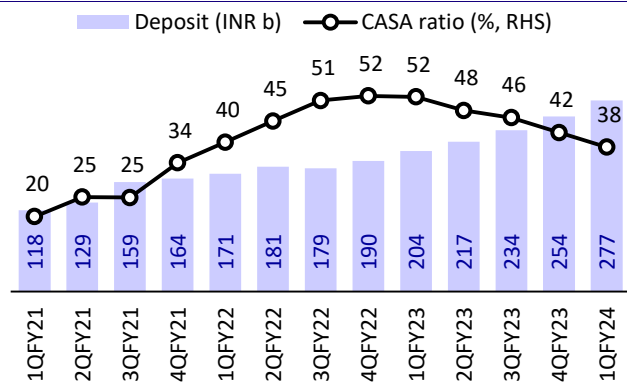
Source: MOFSL, Company

Exhibit 7: C/I ratio stood at 65.9% vs. 59.1% in 4QFY23



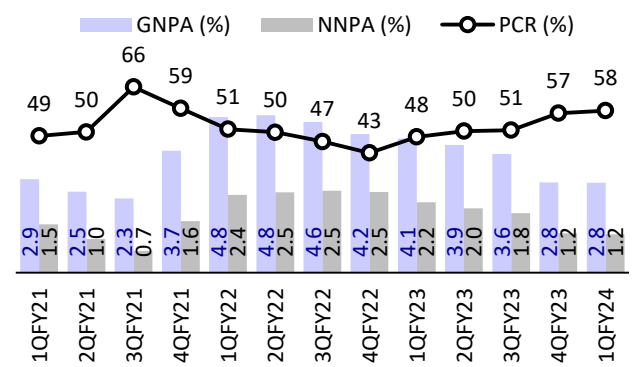
Source: MOFSL, Company

Exhibit 8: CASA ratio declined to 38% vs. 42% in 4QFY23



Source: MOFSL, Company

Exhibit 9: GNPA ratio remained stable at 2.8%/1.2%; PCR improved to 58%



Source: MOFSL, Company

Financials and valuations

Income Statement								(INRm)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	15,317	21,119	26,454	31,944	34,597	41,619	55,595	69,587
Interest Expense	6,711	9,602	11,501	13,965	14,211	16,172	23,791	30,682
Net Interest Income	8,605	11,517	14,953	17,980	20,385	25,447	31,804	38,905
Growth (%)	61.2	33.8	29.8	20.2	13.4	24.8	25.0	22.3
Non Interest Income	2,412	2,829	2,824	4,181	5,376	6,696	7,566	9,155
Total Income	11,018	14,346	17,777	22,160	25,761	32,143	39,370	48,060
Growth (%)	43.6	30.2	23.9	24.7	16.2	24.8	22.5	22.1
Operating Expenses	8,811	10,085	11,801	13,294	17,041	20,383	25,290	30,464
Pre Provision Profits	2,206	4,261	5,976	8,866	8,719	11,760	14,080	17,596
Growth (%)	-1.5	93.1	40.2	48.4	-1.7	34.9	19.7	25.0
Core PPoP	2,309	4,229	5,942	8,419	8,293	11,760	13,514	17,030
Growth (%)	11.3	83.1	40.5	41.7	-1.5	41.8	14.9	26.0
Provisions (excl tax)	1,721	1,024	2,466	3,753	4,938	4,072	3,266	4,508
PBT	485	3,237	3,509	5,113	3,781	7,688	10,814	13,088
Tax	167	1,132	1,073	1,270	974	1,952	2,722	3,294
Tax Rate (%)	34.4	35.0	30.6	24.8	25.8	25.4	25.2	25.2
PAT	318	2,106	2,436	3,842	2,807	5,736	8,092	9,794
Growth (%)	-69.4	561.4	15.7	57.7	-26.9	104.3	41.1	21.0
Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	10,059	10,059	10,534	11,393	12,520	11,106	11,106	11,106
Reserves & Surplus	10,378	12,484	16,907	22,571	29,941	40,474	47,233	55,361
Net Worth	20,438	22,543	27,441	33,963	42,462	51,579	58,339	66,467
Deposits	56,040	90,067	1,07,884	1,63,920	1,89,508	2,53,806	3,29,947	4,22,332
Growth (%)	191.7	60.7	19.8	51.9	15.6	33.9	30.0	28.0
of which CASA Dep	16,378	22,743	22,082	56,138	98,554	1,07,320	1,22,080	1,66,821
Growth (%)	393.8	38.9	-2.9	154.2	75.6	8.9	13.8	36.6
Borrowings	51,772	39,730	51,349	41,653	26,164	29,738	37,469	46,837
Other Liabilities & Prov.	4,762	5,286	6,281	7,548	11,385	14,459	17,784	21,874
Total Liabilities	1,33,012	1,57,626	1,92,955	2,47,085	2,69,519	3,49,581	4,43,539	5,57,510
Current Assets	12,112	12,606	25,368	33,787	21,325	12,443	13,594	15,483
Investments	38,568	23,445	23,425	37,052	44,498	66,646	83,707	1,06,308
Growth (%)	104.0	-39.2	-0.1	58.2	20.1	49.8	25.6	27.0
Loans	77,060	1,15,935	1,37,282	1,68,482	1,93,742	2,57,986	3,30,222	4,17,730
Growth (%)	35.2	50.4	18.4	22.7	15.0	33.2	28.0	26.5
Fixed Assets	2,809	2,373	2,128	1,851	2,004	3,791	4,360	5,145
Other Assets	2,462	3,267	4,752	5,914	7,949	8,716	11,656	12,845
Total Assets	1,33,012	1,57,626	1,92,955	2,47,085	2,69,519	3,49,581	4,43,539	5,57,510
Total AUM	82,390	1,17,043	1,53,660	1,79,250	2,05,970	2,74,268	3,51,063	4,44,095
Growth (%)	14.8	42.1	31.3	16.7	14.9	33.2	28.0	26.5
Asset Quality								
GNPA (INR m)	2,125	2,957	4,173	6,427	8,371	7,240	6,497	7,774
NNPA (INR m)	1,315	1,864	2,286	2,662	4,795	3,120	2,983	2,965
GNPA Ratio	2.73	2.53	3.00	3.73	4.24	2.76	1.95	1.84
NNPA Ratio	1.71	1.61	1.67	1.58	2.47	1.21	0.90	0.71
Slippage Ratio	5.14	3.29	3.23	3.86	7.67	4.81	2.80	2.60
Credit Cost	1.78	0.81	1.61	2.07	2.19	1.38	1.00	1.10
PCR (Excl Tech. write off)	38.1	36.9	45.2	58.6	42.7	56.9	54.1	61.9

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Yield and Cost Ratio (%)								
Avg. Yield- on Earning Assets	14.7	15.5	16.0	15.3	14.3	14.5	15.0	14.8
Avg. Yield on loans	19.9	18.9	19.1	19.0	17.3	16.7	17.0	16.7
Avg. Yield on Investments	6.3	8.3	6.7	7.3	6.1	5.7	6.6	6.8
Avg. Cost of Int. Bear. Liab.	7.7	8.1	8.0	7.7	6.7	6.5	7.3	7.3
Avg. Cost of Deposits	6.5	7.0	7.5	7.1	6.4	0.0	7.0	7.1
Interest Spread	7.0	7.5	8.1	7.7	7.5	8.0	7.7	7.5
NIM (on IEA)	8.3	8.5	9.1	8.6	8.4	8.8	8.6	8.3

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	137.5	128.7	127.2	102.8	102.2	101.6	100.1	98.9
CASA Ratio	29.2	25.3	20.5	34.2	52.0	42.3	37.0	39.5
Cost/Assets	6.6	6.4	6.1	5.4	6.3	5.8	5.7	5.5
Cost/Total Income	80.0	70.3	66.4	60.0	66.2	63.4	64.2	63.4
Cost/Core income	79.2	70.5	66.5	61.2	67.3	63.4	65.2	64.1
Int. Expense/Int.Income	43.8	45.5	43.5	43.7	41.1	38.9	42.8	44.1
Fee Income/Total Income	22.8	19.5	15.7	16.8	19.2	20.8	17.8	17.9
Non Int. Inc./Total Income	21.9	19.7	15.9	18.9	20.9	20.8	19.2	19.0
Empl. Cost/Total Expense	58.5	54.7	60.1	59.5	52.7	53.8	54.2	54.0
Investment/Deposit Ratio	68.8	26.0	21.7	22.6	23.5	26.3	25.4	25.2

Profitability Ratios and Valuation

RoE	1.6	9.8	9.7	12.5	7.3	12.2	14.7	15.7
RoA	0.3	1.4	1.4	1.7	1.1	1.9	2.0	2.0
Book Value (INR)	20	22	26	30	34	46	53	60
Growth (%)	1.6	10.3	16.2	14.4	13.8	36.9	13.1	13.9
Price-BV (x)	4.6	4.2	3.6	3.2	2.8	2.0	1.8	1.6
Adjusted BV (INR)	19	21	25	28	31	44	51	58
Price-ABV (x)	4.8	4.5	3.8	3.3	3.0	2.1	1.9	1.6
EPS (INR)	0.3	2.1	2.4	3.5	2.3	4.9	7.3	8.8
Growth (%)	-78.3	561.4	13.0	48.1	-33.0	106.8	50.1	21.0
Price-Earnings (x)	297.0	44.9	39.7	26.8	40.0	19.4	12.9	10.7

E: MOSL 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") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 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.

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.