

Equitas Small Finance Bank

BSE SENSEX 81,523 S&P CNX 24,918

CMP: INR81

TP: INR100 (+23%)

Buy



Bloomberg	EQUITASB IN
Equity Shares (m)	1136
M.Cap.(INRb)/(USD\$b)	92.7 / 1.1
52-Week Range (INR)	117 / 75
1, 6, 12 Rel. Per (%)	1/-28/-31
12M Avg Val (INR M)	482
Free Float (%)	100.0

Financials & Valuation (INR b)

Y/E March	FY24	FY25E	FY26E
NII	30.8	34.4	41.7
OP	13.8	15.0	19.2
NP	8.0	6.4	10.1
NIM (%)	8.5	7.6	7.4
EPS (INR)	7.1	5.6	8.9
BV/Sh. (INR)	53	57	64
ABV/Sh. (INR)	50	55	62

Ratios

RoE (%)	14.4	10.3	14.7
RoA (%)	2.0	1.3	1.7

Valuations

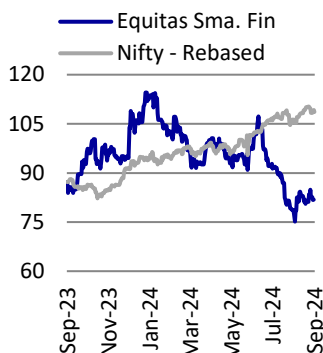
P/E(X)	11.5	14.5	9.2
P/BV (X)	1.5	1.4	1.3
P/ABV (X)	1.6	1.5	1.3

Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	0.0
DII	45.4	45.2	43.0
FII	19.7	19.5	21.5
Others	34.9	35.3	35.6

FII includes depository receipts

Stock Performance (one-year)



Factoring in near-term pain!

Steady RoA recovery; growth to drive medium-term stock performance

- Equitas Small Finance Bank (EQUITASB) has demonstrated a strong business growth trajectory with a 26% CAGR in its loan book and 38% CAGR in deposits from FY22-FY24. This growth has improved the bank's CD ratio from 102% in FY22 to 86% currently, and increased the retail deposit mix to 69%.
- The ongoing stress in the MFI segment has impacted profitability, but MFI business exposure has reduced to ~17% from 19% in FY22. The bank's ability to recover from credit cycles suggests potential asset quality improvement from 2HFY25 onwards.
- EQUITASB's stock price, which peaked at INR115 in January 2024, has corrected by 29%. We believe sustained loan growth estimated at 23% CAGR and improvement in RoA to 1.7% by FY26E will enable improvement in stock performance, particularly as confidence in asset quality improves.
- We have adjusted our earnings estimates for EQUITASB by incorporating higher credit costs, which would result in an 11%/12% reduction for FY25/26E. Despite this, we project a strong earnings recovery in FY26, with RoA/RoE improving to 1.7%/14.7%
- We, thus, find the stock's current valuation attractive at 1.3x FY26 BV, a 51% discount to AUBANK. We maintain our BUY rating with a revised TP of INR100 (based on 1.6x FY26E ABV).

Growth outlook steady; business mix shifting toward secured products

EQUITASB reported a robust 20% YoY loan growth in FY24, fueled by strong performances in Small Business Loans, Vehicle Finance, and Housing Finance, which grew 30%, 19%, and 46% YoY, respectively. However, in 1QFY25, growth moderated to 16% YoY, partly due to a cautious approach and a 16.7% YoY decline in disbursements to INR39.6b. The bank is strategically shifting toward secured products and reducing the microfinance loan concentration to ~17% of AUM. While new CV growth is expected to align with industry trends, demand recovery in the SBL segment, especially micro-LAP, is anticipated to drive overall growth. The management remains confident in achieving a 25% growth for FY25. We estimate a 23% CAGR in loans over FY24-FY26, reaching INR468b by FY26.

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

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

Robust liability franchise; mix of retail deposits growing steadily to 69%

EQUITASB has significantly scaled up its liability franchise, achieving a 30% CAGR in total deposits over the past four years. Although the CASA ratio has declined sharply to 31% YoY due to customers favoring higher-rate term deposits, the retail deposit mix remains strong at 69%. The bank's focus on the mass affluent and high-net-worth segments has helped retain and grow its customer base, as it adjusts savings account rates. With deposit growth outpacing advances, the CD ratio (after reducing refinance borrowings from advances) has improved from 90% in 1QFY24 to 83% in 1QFY25, positioning the bank well to sustain healthy margins and a stable savings account profile. We estimate deposits to grow at a 23% CAGR over FY24-FY26.

Pace of NIM moderation to ease; potential turn in rate-cycle to aid margins

The bank has reported a 64bp decline in margins over FY24. During 1QFY25, NIMs further declined 20bp QoQ to 7.97%, 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 85-86%, and lever to moderate SA rate as the rate cycle turns will help the bank maintain steady margins. We, thus, estimate NIMs to sustain at ~7.6% for FY25. The fixed-rate nature of the loan book (~85% being fixed rate) will support margins particularly as the interest rate cycle turns.

Estimate C/I ratio to maintain in mid-60s and recover to ~64% by FY26

The bank has consistently been investing in its business by adding new branches and building digital infrastructure and capabilities, which has kept operating expenses elevated. As a result, the bank's C/I ratio increased to ~64.5% in FY24. With continued investments in the business, technology, and employees, we expect the C/I ratio to maintain in the mid-60s and recover gradually to ~64% by FY26.

Asset quality showing weakness; credit cost to remain elevated in FY25

EQUITASB experienced a rise in the GNPA ratio to 2.7% in 1QFY25, driven by increased slippages in MFI (INR850m) and vehicle finance (INR1.5b), pushing the overall slippage ratio to 4.5% and surpassing the management's 4% comfort level. MFI stress is widespread across multiple regions, mainly driven by over-leveraging issues in the industry; however, with the bank successively reducing the MFI mix to 17% and anticipated recovery in vehicle finance, we expect slippage run-rate to ease from 2HFY25 onward. We estimate 2Q to remain weak for most MFI players as the forward flows begin to pick up during 1Q, driving the NPA formation over 2Q/3Q. We, thus, expect the overall credit cost to stay elevated at 1.8% for FY25. However, as the vehicle business regains its asset quality and MFI slippages also improve from 2HFY25 onwards, we expect credit costs to moderate to 1.3% by FY26.

Valuation and view

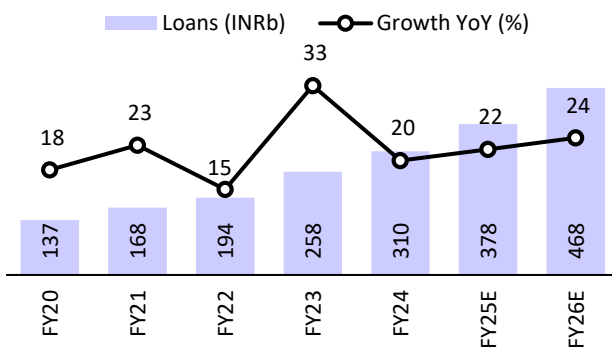
EQUITASB has demonstrated robust growth with a 26% CAGR in its loan book and a 38% CAGR in deposits from FY22-FY24, significantly improving its CD ratio from 102% to 86% and increasing the retail deposit mix to 69%. Despite current challenges in the MFI sector, where its contribution has decreased to ~17%, the bank's ability to rebound from credit cycles with controlled credit cost suggests potential asset quality improvement from 2HFY25. The stock has corrected 29% from its January 2024 peak. However, with sustained growth expected, a projected improvement in RoA to 1.7% by FY26, and a current valuation of 1.2x FY26 BV, EQUITASB remains an attractive long-term investment. **We reiterate a BUY rating with a revised TP of INR100 (based on 1.6x FY26E ABV).**

Growth outlook steady; business mix to diversify

Estimate 23% CAGR in loans over FY24-FY26

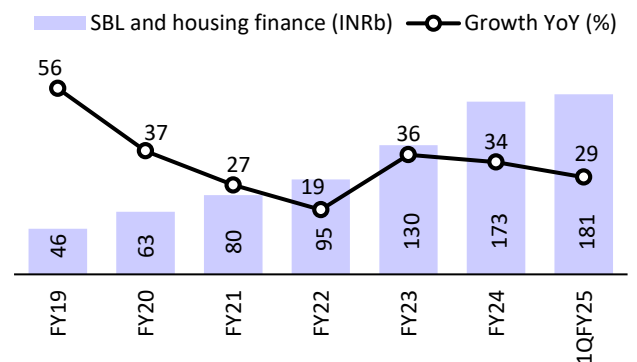
- EQUITASB reported a 20% YoY loan growth in FY24, driven by robust growth in the Small Business Loans (SBL), Vehicle Finance, and Housing Finance segments, which grew 30%, 19%, and 46% YoY, respectively. The growth rate during 1QFY25 has moderated to 16% YoY as the band adopted a cautious stance and disbursed INR39.6b during 1QFY25 (16.7% YoY decline). The growth is likely to accelerate going forward.
- The bank is shifting its portfolio mix toward secured products and has reduced the Microfinance (MFI) loan concentration to ~17% of AUM. 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 be further supportive of the overall loan growth.
- Management remains optimistic about secured products compensating for the subdued performance in MFI and has maintained growth guidance of ~25% for FY25. We estimate a 23% CAGR in loans over FY24-FY26, with loan book reaching INR468b by FY26.

Exhibit 1: Estimate healthy 23% loan CAGR over FY24-FY26



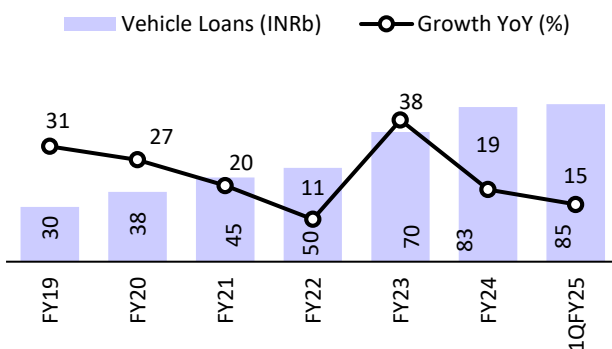
Source: MOFSL, Company

Exhibit 2: SBL grew robust 29% YoY in 1QFY25



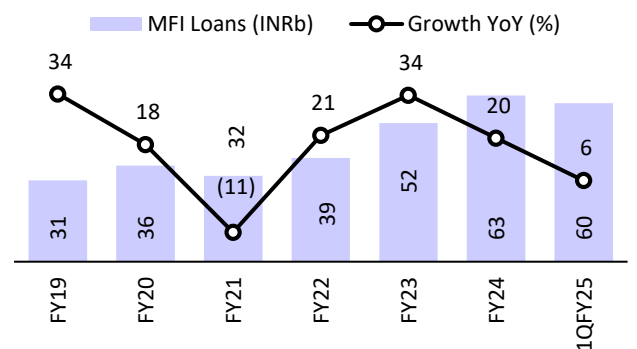
Source: MOFSL, Company

Exhibit 3: Vehicle loan grew 15% YoY in 1QFY25



Source: MOFSL, Company

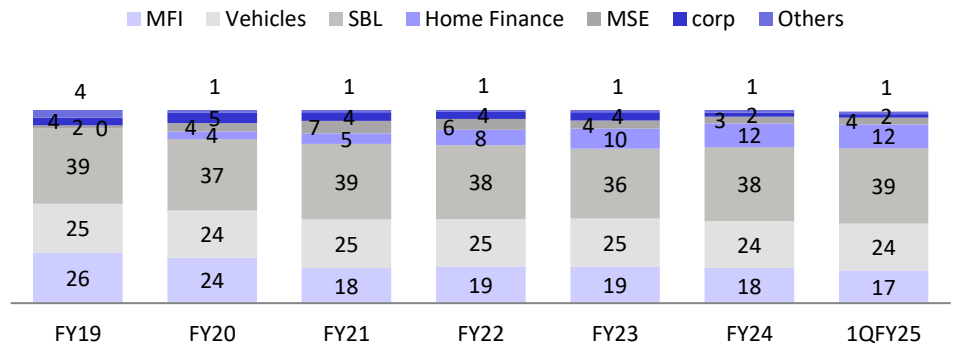
Exhibit 4: MFI grew 6% YoY; expect growth to remain soft



Source: MOFSL, Company

Exhibit 5: MFI mix moderated to 17%; vehicle/SBL form 24%/39% of the total AUM

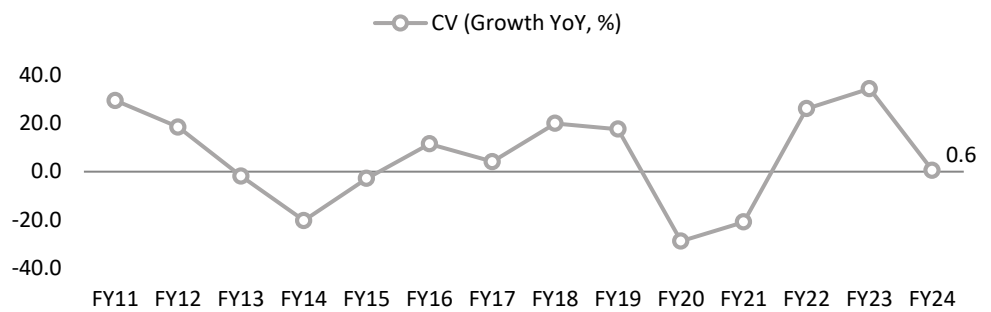
MFI mix has moderated from 26% in FY19 to 17% in 1QFY25, with the bank aiming to further reduce it.



Source: MOFSL, Company

Exhibit 6: Weak growth of the commercial vehicle segment in FY24 with 0.6% YoY growth

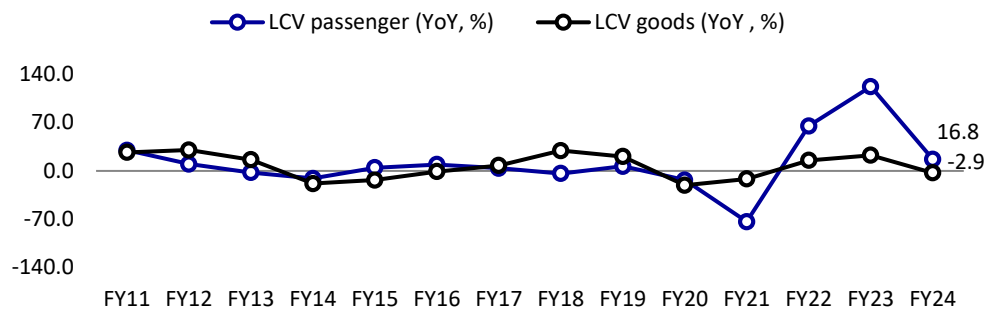
Post-COVID, CV experienced a healthy demand; however, due to elections, lower fleet utilization, and monsoon, the demand was weak in FY24.



Source: MOFSL, Company

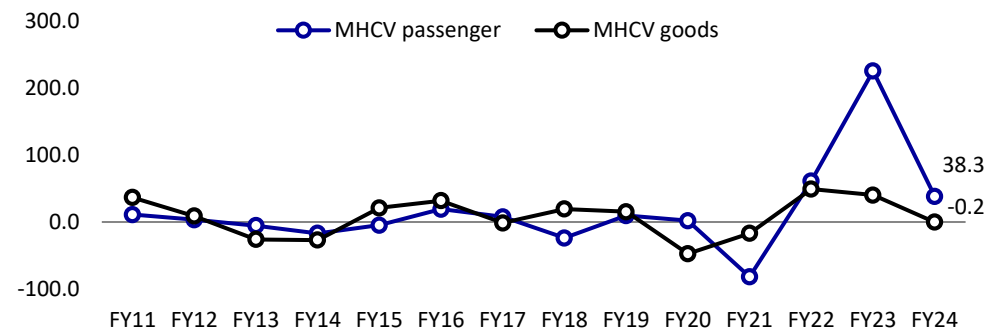
Exhibit 7: The LCV goods segment posted a 5-year CAGR of -1% and a 10-year CAGR of 3%

The growth in CV was driven by 27% YoY growth in the bus segment, while the goods segment declined 2% YoY. However, beyond the near-term weakness, the CV industry is expected to revive from 2HFY25.



Source: MOFSL, Company

Exhibit 8: Domestic MHCV goods volumes: 5-year CAGR: -2%, 10-year CAGR: 7%



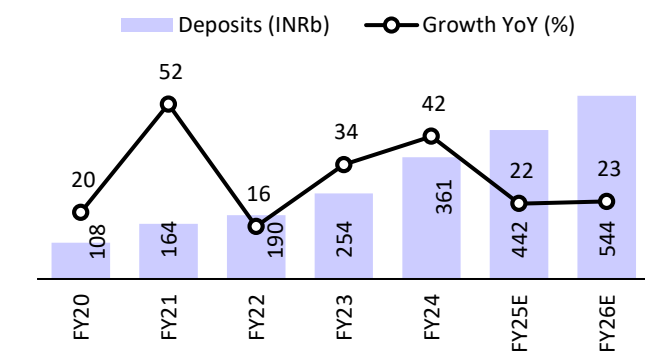
Source: MOFSL, Company

Robust liability franchise; CD ratio improved 1650bp over FY22-FY24 to ~86%

Mix of retail deposits improved steadily to 69%

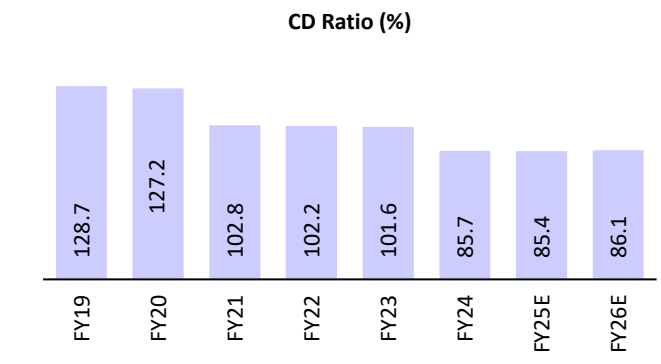
- EQUITASB has made significant progress in scaling up its liability franchise as it delivered a 30% CAGR in total deposits over the past four years. While the CASA ratio has declined sharply, owing to the high rate differential between SA and TDs and customers’ preference to lock in higher-rate TDs at the near peak of the rate cycle, we note that the mix of retail deposits remains healthy at 69%.
- CASA mix has, thus, declined to 31% YoY (716bp decline over the past year) and we estimate it to broadly remain at current levels. The bank has realigned its SA rate as it is focusing on the mass affluent and the H&I segment. This has helped it retain and grow customers.
- EQUITASB's deposit growth has outpaced advances, leading to a decline in the loan-to-deposit ratio (net of refinance borrowings) from 90% in 1QFY24 to 83% in 1QFY25. The bank now appears well-positioned on the CD ratio, which will incrementally enable it to maintain healthy margins and a stable SA profile. We estimate deposits to grow at 23% CAGR over FY24-FY26.

Exhibit 9: Estimate deposits CAGR at ~23% over FY24-FY26



Source: MOFSL, Company

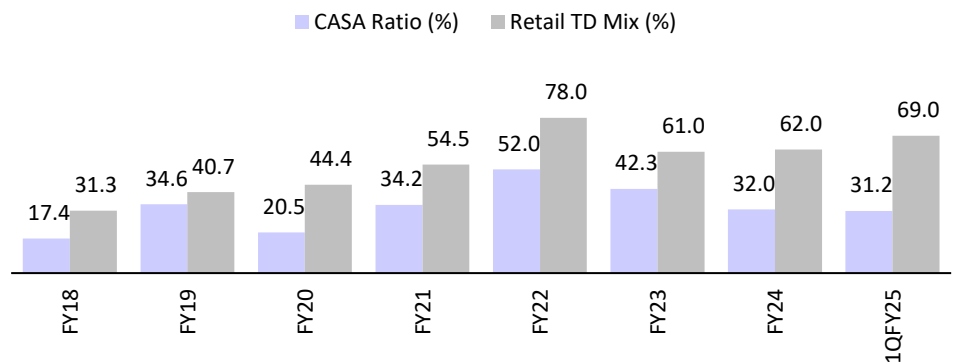
Exhibit 10: Estimate CD ratio to remain stable at ~85%-86%



Source: MOFSL, Company

Exhibit 11: CASA ratio moderated to 31.2%; expects to remain ~32% in FY25

Retail term deposits constituted 69% of the total term deposits in 1QFY25 vs. 31% in FY18.



Source: MOFSL, Company

Earlier, the SA rates were:
 up to INR0.1m: 3.5%;
 INR0.1m to INR0.5m: 5%;
 and above INR0.5m: 7%.
 However, from July'24, it has changed as shown in the table.

Exhibit 12: The bank has realigned its SA rate; ranges from 3.5%-7.8%

Closing balance	Savings account rates
Up to INR0.1m	3.50%
Above INR0.1m to INR0.7m	5.00%
Above INR0.7m to INR250m	7.00%
Above INR250m	7.80%

Source: MOFSL, Company

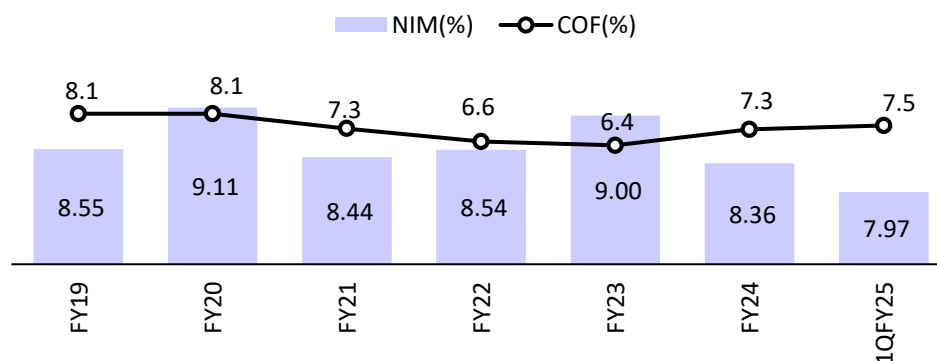
Funding cost nearing peak; pace of NIM moderation to ease

Potential turn in rate-cycle to support margins

- EQUITASB reported a 64bp decline in margins over FY24. During 1QFY25, NIMs further declined 20bp QoQ to 7.97%, affected by a continued rise in funding costs and a shift in the asset mix from high-yield MFI business to secured products. However, a stabilizing cost of funds, CD ratio reaching the comfortable range of 85%-86%, and lever to moderate SA rate as the rate cycle turns will help the bank maintain steady margins. We estimate NIMs to sustain at ~7.6% for FY25.
- The fixed-rate nature of the loan book (~85% being fixed rate) will support margins, particularly as the interest rate cycle turns.
- The bank's continued investment in branch expansion and digital infrastructure has led to an elevated C/I ratio (64.5% in FY24). With continued investment in the business, technology, and employees, we expect the C/I ratio to maintain in the mid-60s and recover gradually to ~64% by FY26.

Exhibit 13: Margin experienced compression in the past few quarters due to a rise in the funding cost

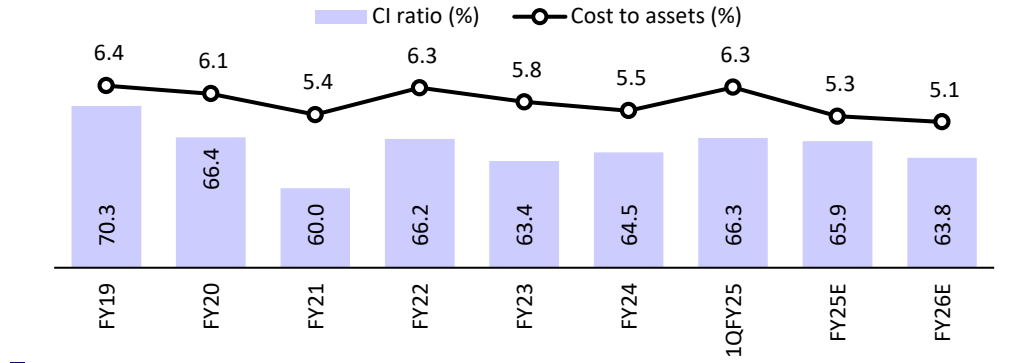
We estimate NIMs to sustain at 7.6% in FY25 as the cost of funds stabilizes.



Source: MOFSL, Company

Exhibit 14: Cost-ratios to maintain at ~66% in FY25 and recover to 64% by FY26

With continued investment in the business, technology, and employees, we expect the C/I ratio to maintain in the mid-60s and recover gradually to ~64% by FY26.



Source: MOFSL, Company

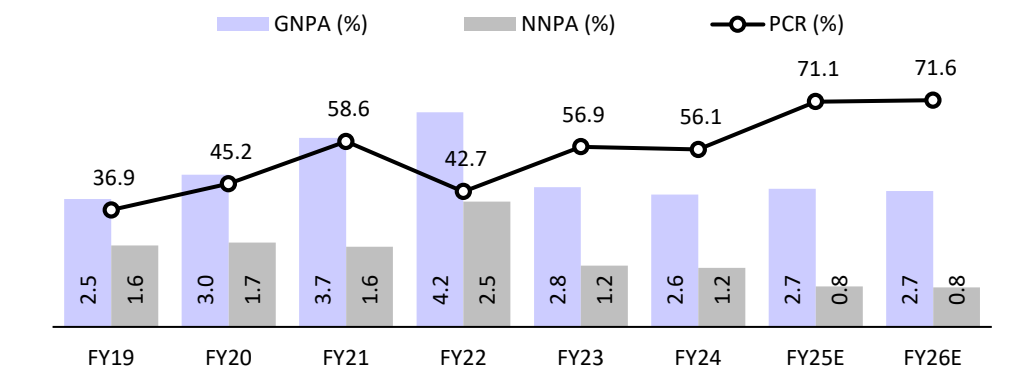
Asset quality showing weakness; credit cost to stay elevated for FY25E

Reduced MFI mix and demonstrated ability to recover post-credit cycles keep us hopeful for FY26E

- EQUITASB experienced a rise in the GNPA ratio to 2.7% in 1QFY25, driven by increased slippages in MFI (INR850m) and vehicle finance (INR1.5b), pushing the overall slippage ratio to 4.5% and surpassing the management's 4% comfort level. MFI stress is widespread across multiple regions, mainly driven by over-leveraging issues in the industry. However, with the bank successively reducing the MFI mix to 17% and anticipated recovery in vehicle finance, we expect the slippage run-rate to ease from 2HFY25 onwards.
- We estimate 2Q to remain weak for most MFI players as the forward flows begin to pick up during 1Q, driving the NPA formation over 2Q/3Q. We expect the overall credit cost to stay elevated at 1.8% for FY25E. However, as the vehicle business regains its asset quality and MFI slippages also improve from 2HFY25, we expect credit costs to moderate to 1.3% by FY26E.

Exhibit 15: Estimate GNPA/NNPA ratio at 2.7%/0.8%, respectively, by FY26

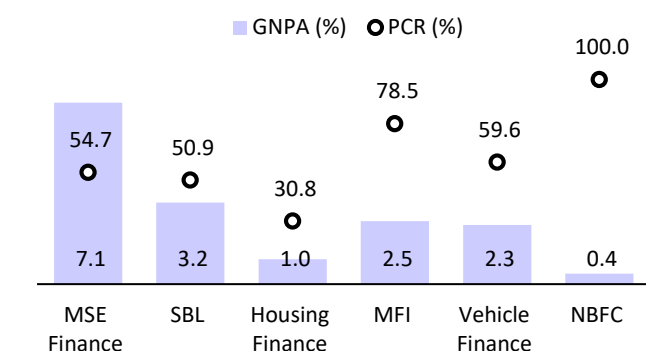
The bank experienced a rise in the GNPA ratio to 2.7% in 1QFY25 due to an increase in MFI and vehicle finance slippages. The GNPA ratio of the MFI segment stood at 3.8% in 1QFY25 vs 2.5% in 1QFY24.



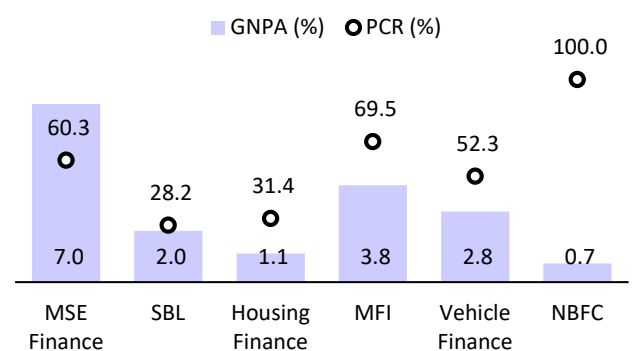
Source: MOFSL, Company

Exhibit 16: GNPA ratio for MFI stood at 2.5% in 1QFY24

Exhibit 17: ...which increased to 3.8% in 1QFY25



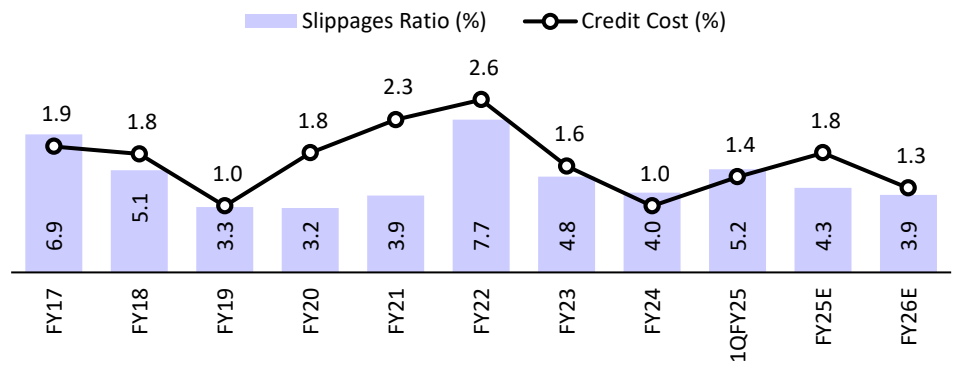
Source: MOFSL, Company



Source: MOFSL, Company

Exhibit 18: Estimate near term credit cost to stay elevated

The bank has quickly made a comeback from its higher credit costs during the DeMon period and COVID-19 to 1% in FY24, keeping us hopeful for an improvement in the asset quality from 2HFY25 onwards.



Source: MOFSL, Company

Valuation and view: Reiterate BUY with a revised TP of INR100

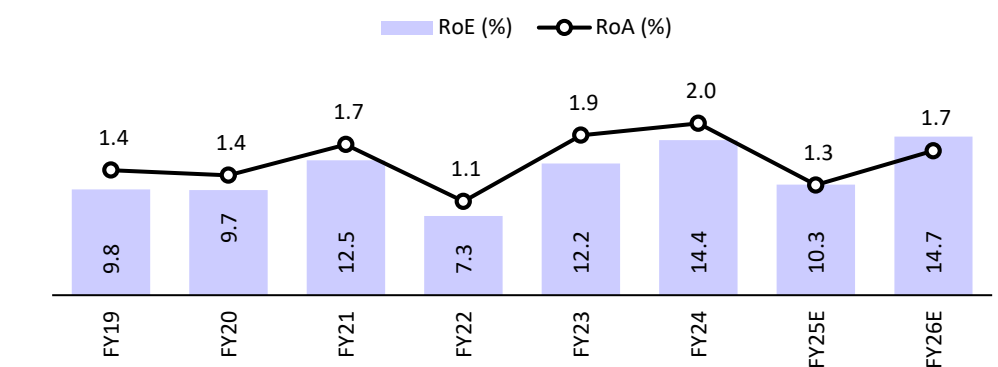
- EQUITASB reported a healthy business growth trajectory, delivering a 26% CAGR in loan books over FY22-FY24. The deposit growth stood even better at a 38% CAGR over the same period, enabling the bank to improve its CD ratio from 102% in FY22 to 86% currently. Further, the mix of retail deposits has improved to 69%, demonstrating the bank's ability to mobilize deposits at a healthy run rate.
- The ongoing stress in the MFI business has impacted profitability and will keep near term performance under check. However, the mix of the MFI business has reduced to ~17% (19% in FY22) and the bank's ability to quickly make a comeback from a credit cycle with controlled credit costs (COVID-19, DeMon, etc) keeps us hopeful for an improvement in the asset quality from 2HFY25 onwards.
- EQUITASB's stock price reached INR115 in Jan'24 and the stock has corrected 29% from the peak. We believe that the sustained growth momentum with estimated loan growth at 23% CAGR, alongside an improvement in the RoA to 1.7% by FY26E (from an estimated 1.3% in FY25), will enable improved stock performance, particularly as the confidence in the asset quality starts to improve from 2HFY25 onwards.
- **We revise our assumptions and factor in higher credit cost, resulting in 11%/12% cut in our FY25/26E earnings. However, we estimate EQUITASB to deliver strong earnings recovery over FY26E, leading to RoA/RoE of 1.7%/14.7%.** We, thus, find the current valuations at 1.3x FY26 BV attractive for the long term as EQUITAS remains a good play on growth and profitability and trades at a 51% discount to AUBANK. We reiterate our BUY rating on the stock with a revised PT of INR100 (1.6x FY26E ABV).

Exhibit 19: Our earnings estimates are lower than consensus by 22%/7% for FY25E/FY26E

INRb	MOFSLe		Consensus estimates		% difference in estimates	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
NII	34.4	41.7	45.1	55.3	31%	33%
PPoP	15.0	19.2	15.5	20.2	4%	5%
PAT	6.4	10.1	7.8	10.8	22%	7%

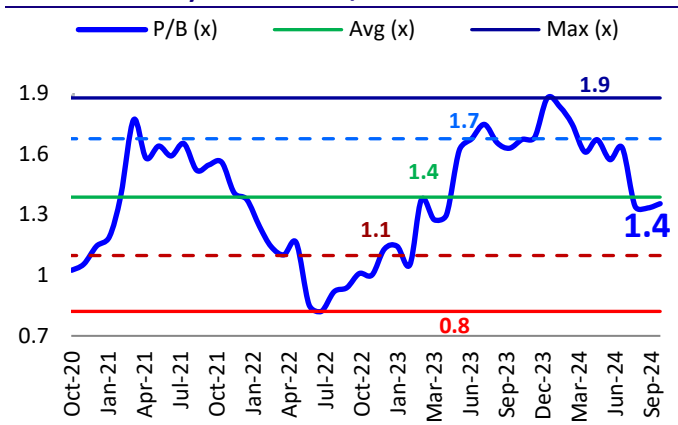
Source: MOFSL, Company

Exhibit 20: Return ratios to remain steady; estimate FY26E RoA/RoE at 1.9%/16.4%



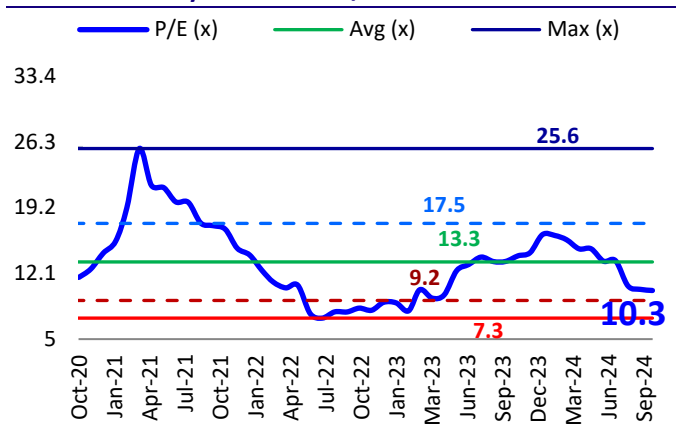
Source: MOFSL, Company

Exhibit 21: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 22: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 23: DuPont Analysis: Estimate RoE to improve 14.7% by FY26E as leverage improves

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	15.1	14.5	13.4	13.4	13.7	13.3	13.2
Interest Expense	6.6	6.3	5.5	5.2	6.0	6.4	6.3
Net Interest Income	8.53	8.17	7.89	8.22	7.67	6.91	6.93
Fee Income	1.59	1.70	1.92	2.09	1.73	1.78	1.79
Trading and Others	0.02	0.20	0.17	0.07	0.26	0.11	0.09
Other Income	1.61	1.90	2.08	2.16	1.99	1.89	1.88
Total Income	10.14	10.07	9.97	10.38	9.66	8.80	8.81
Operating Expenses	6.73	6.04	6.60	6.58	6.23	5.80	5.62
Employees	4.05	3.60	3.48	3.54	3.41	3.19	3.09
Others	2.68	2.45	3.12	3.04	2.82	2.61	2.53
Operating Profits	3.41	4.03	3.38	3.80	3.43	3.00	3.19
Core Operating Profits	3.39	3.83	3.21	3.73	3.17	2.89	3.10
Provisions	1.41	1.71	1.91	1.32	0.78	1.30	0.95
PBT	2.00	2.32	1.46	2.48	2.65	1.71	2.24
Tax	0.61	0.58	0.38	0.63	0.66	0.43	0.56
RoA	1.39	1.75	1.09	1.85	1.99	1.28	1.67
Leverage (x)	7.0	7.2	6.8	6.6	7.2	8.0	8.8
RoE	9.7	12.5	7.3	12.2	14.4	10.3	14.7

Source: MOFSL, Company

Financials and valuations

Income Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	26.5	31.9	34.6	41.6	54.9	66.2	79.7
Interest Expense	11.5	14.0	14.2	16.2	24.1	31.7	38.0
Net Interest Income	15.0	18.0	20.4	25.4	30.8	34.4	41.7
-growth (%)	29.8	20.2	13.4	24.8	21.0	11.8	21.1
Non-interest Income	2.8	4.2	5.4	6.7	8.0	9.4	11.3
Total Income	17.8	22.2	25.8	32.1	38.8	43.9	53.0
-growth (%)	23.9	24.7	16.2	24.8	20.7	13.1	20.9
Operating Expenses	11.8	13.3	17.0	20.4	25.0	28.9	33.8
Pre-provision Profits	6.0	8.9	8.7	11.8	13.8	15.0	19.2
-growth (%)	40.2	48.4	-1.7	34.9	17.1	8.6	28.3
Core PPop	5.9	8.4	8.3	11.5	12.7	14.4	18.6
-growth (%)	40.5	41.7	-1.5	39.2	10.3	13.1	29.4
Provisions	2.5	3.8	4.9	4.1	3.1	6.5	5.7
PBT	3.5	5.1	3.8	7.7	10.6	8.5	13.5
Tax	1.1	1.3	1.0	2.0	2.6	2.1	3.4
Tax Rate (%)	30.6	24.8	25.8	25.4	24.8	25.2	25.2
PAT	2.4	3.8	2.8	5.7	8.0	6.4	10.1
-growth (%)	15.7	57.7	-26.9	104.3	39.3	-20.4	58.3

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	10.5	11.4	12.5	11.1	11.3	11.3	11.3
Reserves & Surplus	16.9	22.6	29.9	40.5	48.3	53.0	61.4
Net Worth	27.4	34.0	42.5	51.6	59.7	64.3	72.7
Deposits	107.9	163.9	189.5	253.8	361.3	442.2	543.9
-growth (%)	19.8	51.9	15.6	33.9	42.3	22.4	23.0
-CASA Dep	22.1	56.1	98.6	107.3	115.5	137.5	173.0
-growth (%)	-2.9	154.2	75.6	8.9	7.6	19.0	25.8
Borrowings	51.3	41.7	26.2	29.7	17.9	20.0	23.6
Other Liabilities & Prov.	6.3	7.5	11.4	14.5	14.2	16.6	19.6
Total Liabilities	193.0	247.1	269.5	349.6	453.0	543.2	659.9
Current Assets	25.4	33.8	21.3	12.4	35.8	35.1	38.0
Investments	23.4	37.1	44.5	66.6	90.7	111.5	137.1
-growth (%)	-0.1	58.2	20.1	49.8	36.0	23.0	23.0
Loans	137.3	168.5	193.7	258.0	309.6	377.8	468.4
-growth (%)	18.4	22.7	15.0	33.2	20.0	22.0	24.0
Fixed Assets	2.1	1.9	2.0	3.8	6.0	7.9	10.2
Other Assets	4.8	5.9	7.9	8.7	10.9	10.9	6.0
Total Assets	193.0	247.1	269.5	349.6	453.0	543.2	659.9
Total AUM	153.7	179.3	206.0	278.6	343.4	418.9	519.5
-growth (%)	31.3	16.7	14.9	35.3	23.2	22.0	24.0

Asset Quality	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA (INR m)	4.2	6.4	8.4	7.2	8.2	10.5	12.8
NNPA (INR m)	2.3	2.7	4.8	3.1	3.6	3.0	3.6
Slippage (INR m)	4.1	5.9	13.9	10.9	11.4	14.6	16.5
GNPA Ratio	3.00	3.73	4.24	2.76	2.61	2.73	2.69
NNPA Ratio	1.67	1.58	2.47	1.21	1.17	0.80	0.78
Slippage Ratio	3.23	3.86	7.67	4.81	4.01	4.25	3.90
Credit Cost	1.61	2.07	2.19	1.43	0.91	1.80	1.27
PCR (Excl Tech. write off)	45.2	58.6	42.7	56.9	56.1	71.1	71.6

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	14.7	14.2
Avg. Yield on Loans	19.1	19.0	17.3	16.7	17.3	16.8	16.5
Avg. Yield on Investments	6.7	7.3	6.1	5.7	6.9	6.7	6.8
Avg. Cost of Int. Bear. Liab.	8.0	7.7	6.7	6.5	7.3	7.5	7.4
Avg. Cost of Deposits	7.5	7.1	6.4	6.1	7.0	7.3	7.1
Interest Spread	8.1	7.7	7.9	8.3	7.8	7.1	6.8
NIM (on IEA)	9.1	8.6	8.6	9.0	8.5	7.6	7.4

Capitalisation Ratios (%)

CAR	23.6	24.2	25.2	23.8	21.7	18.1	16.6
<i>Tier I</i>	22.4	23.2	24.5	23.1	20.7	17.3	15.9
<i>Tier II</i>	1.2	1.0	0.6	0.7	1.0	0.8	0.6

Business Ratios (%)

Loans/Deposit Ratio	127.2	102.8	102.2	101.6	85.7	85.4	86.1
CASA Ratio	20.5	34.2	52.0	42.3	32.0	31.1	31.8
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	65.9	63.8
Cost/Core Income	-73.8	-3.1	-4.3	-11.2	-2.5	-5.5	-6.6
Int. Expense/Int. Income	43.5	43.7	41.1	38.9	43.9	48.0	47.7
Fee Income/Total Income	15.7	16.8	19.2	20.2	17.9	20.2	20.3
Other Inc./Total Income	15.9	18.9	20.9	20.8	20.6	21.5	21.3
Empl. Cost/Total Expense	60.1	59.5	52.7	53.8	54.7	54.9	54.9

Efficiency Ratios (INRm)

Employee Per Branch (in nos)	18.9	19.2	20.4	22.3	23.7	25.3	27.2
Staff Cost Per Employee	0.4	0.5	0.5	0.5	0.6	0.6	0.6
CASA Per Branch	25.9	65.2	114.5	116.4	119.8	137.2	164.3
Deposits Per Branch	126.3	190.4	220.1	275.3	374.8	441.1	516.7
Business Per Employee	15.2	20.1	21.8	24.9	29.4	32.3	35.3
Profit Per Employee	0.2	0.2	0.2	0.3	0.3	0.3	0.4

Profitability Ratios and Valuation

RoE	9.7	12.5	7.3	12.2	14.4	10.3	14.7
RoA	1.4	1.7	1.1	1.9	2.0	1.3	1.7
Book Value (INR)	26	30	34	46	53	57	64
-growth (%)	16.2	14.4	13.8	36.9	13.2	7.8	13.0
Price-BV (x)	3.1	2.7	2.4	1.7	1.5	1.4	1.3
Adjusted BV (INR)	25	28	31	44	50	55	62
Price-ABV (x)	3.3	2.9	2.6	1.8	1.6	1.5	1.3
EPS (INR)	2.4	3.5	2.3	4.9	7.1	5.6	8.9
-growth (%)	13.0	48.1	-33.0	106.8	46.6	-21.2	58.3
Price-Earnings (x)	34.2	23.1	34.5	16.7	11.4	14.5	9.1

E: MOFSL Estimates

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