

Equitas Small Finance Bank

CMP: INR57 **TP: INR70 (+23%)** **Buy**

High provisions drive slight earnings miss

NIMs contract by 26bp QoQ; asset quality broadly stable

- Equitas SFB (EQUITASB) reported 2QFY26 PAT at ~INR241m (87% YoY, miss to our estimate) vs. loss of INR2.2b in 1QFY26, owing to higher-than-expected provisions. During 2QFY26, the bank sold its NPA assets amounting to INR2.16b to an ARC.
- NII declined 3.6% YoY (down 2% QoQ) to INR7.7b (4% beat). NIM contracted 26bp QoQ to 6.29% due to the cascading effect of portfolio rundown in MFI.
- Advances grew 4.6% QoQ/7% YoY. MFI portfolio declined 4% QoQ, which now stands at 8.7% of the portfolio. Meanwhile, deposits grew 11% YoY/flat QoQ. CASA ratio improved 148bp QoQ to 30.9%.
- Slippages stood at INR6b vs. INR6.6b in 1QFY26. MFI DPD showed significant improvement sequentially on account of increased collection efficiency. GNPA/NNPA ratios remained stable at 2.92%/0.98%. PCR was stable at 67%.
- We fine-tune our earnings estimates and estimate RoA/RoE of 1.0%/10.5% by FY27. **Reiterate BUY with a TP of INR70 (1.3x FY27E ABV).**

FY26 loan growth guided at 15%; credit cost to sustain at 1.5-1.7%

- 2QFY26 PAT stood at ~INR241m (87% YoY) vs. loss of INR2.2b in 1QFY26.
- NII declined 3.6% YoY (down 2% QoQ) to INR7.7b (4% beat). NIM contracted 26bp QoQ to 6.29%. Provisions declined 37% YoY/66% QoQ to INR2.1b (17% higher than MOFSLe).
- Other income declined 4% YoY/21.5% QoQ to INR 2.3b (6% miss). Treasury income stood at INR340m vs. INR1.2b in 1QFY26. Opex grew 10% YoY/ flat QoQ at INR7.6b (in line). Thus, PPOP stood at INR2.4b (down 31% YoY and 24% QoQ, 11% beat).
- Advances grew 7% YoY/4.6% QoQ to INR363b. MFI business declined 40% YoY/4% QoQ. HF posted healthy growth, rising 4.1% QoQ. VF loan grew by 10.4% YoY/3.1% QoQ amid growth in used CV at 7% QoQ. Deposits grew 11% YoY/flat QoQ. CASA ratio improved 148bp QoQ to 30.9%. CD ratio stood at 82%.
- Disbursements grew to INR53.8b in 2QFY26 (up 11% YoY and 53% QoQ), with MFI disbursements improving to INR6.8b vs. INR2.7b in 1QFY26 (INR9.5b in 2QFY25). The share of MFI AUM decreased to 8.7% from 9.4% in 1QFY26, and the bank has guided to maintain this mix around ~8-10% going forward.
- On the asset quality front, slippages stood at INR6b vs. INR6.6b in 1QFY26. GNPA/NNPA ratios remained stable at 2.92%/0.98%. PCR was stable at 67%. Credit cost significantly improved to 2.16% in 2QFY26 from 6.48% in 1QFY26.

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	EQUITASB IN
Equity Shares (m)	1141
M.Cap.(INRb)/(USDb)	65 / 0.7
52-Week Range (INR)	76 / 50
1, 6, 12 Rel. Per (%)	-5/-21/-25
12M Avg Val (INR M)	274

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	32.5	31.8	37.8
OP	13.3	11.3	15.4
NP	1.5	0.2	6.5
NIM (%)	7.5	6.4	6.6
EPS (INR)	1.3	0.2	5.7
BV/Sh. (INR)	53	52	56
ABV/Sh. (INR)	50	50	55

Ratios

RoA (%)	0.3	0.0	1.0
RoE (%)	2.4	0.4	10.5

Valuations

P/E(X)	44.1	273.8	10.0
P/BV (X)	1.1	1.1	1.0
P/ABV (X)	1.1	1.1	1.0

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	48.2	47.1	43.7
FII	15.7	16.3	16.9
Others	36.1	36.6	39.4

FII includes depository receipts

Highlights from the management commentary

- MFI DPD showed significant improvement QoQ on account of increased collection efficiency. TN constitutes more than 50% of the MFI portfolio and its collection efficiency remains under control (higher than overall portfolio). Karnataka started showing improvement in collections (~8% of MFI portfolio).
- Provisions related to ARC were INR1.84b; INR400m reversed regarding ARC sale. The bank has received INR720m cash from this sale.
- For FY26, the bank expects advances growth of about 15% YoY. Beyond FY26, it expects to sustain a steady-state trajectory of ~20% growth.
- The bank expects to achieve an exit RoA of about 1% in 4QFY26 and credit cost of ~1.5-1.7% in the medium term.
- EQUITASB expects NIMs to cross ~6.5% by year end. At steady-state, it expects margins of ~6.5%-7%.

Valuation and view: Reiterate BUY with TP of INR70

EQUITASB reported a profitable quarter, compared to a loss in 1QFY26. Margins declined due to average MFI portfolio, though the bank expects NIM expansion in 3Q and 4Q. Loan book grew 4.6% QoQ due to healthy growth in used CV. However, MFI book further declined. MFI disbursements improved and the bank expects this to improve to INR10b in 3Q. On the asset quality front, GNPA/NNPA ratios were stable and slippages saw slight improvement. Credit cost is expected to taper down by 4QFY26, supported by improved collection efficiencies, and management expects that with sustained improvement in DPD metrics and disbursements, MFI is expected to move toward normal profitability by 4QFY26. We fine-tune our earnings estimates and estimate RoA/RoE of 1.0%/10.5% by FY27E. **Reiterate BUY with a TP of INR70 (1.3x FY27E ABV).**

Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E 2QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	8.0	8.0	8.2	8.3	7.9	7.7	7.9	8.3	32.5	31.8	7.5	4%
% Change (YoY)	7.9	4.8	4.2	5.5	-2.0	-3.6	-3.5	0.6	5.6	-2.1	-7.0	
Other Income	2.1	2.4	2.4	2.3	2.9	2.3	2.6	3.1	9.1	10.9	2.4	-6%
Total Income	10.1	10.4	10.6	10.5	10.8	10.0	10.5	11.4	41.6	42.8	9.9	1%
Operating Expenses	6.7	6.9	7.2	7.4	7.6	7.6	7.9	8.3	28.3	31.5	7.7	-1%
Operating Profit	3.4	3.5	3.3	3.1	3.1	2.4	2.6	3.1	13.3	11.3	2.2	11%
% Change (YoY)	9.1	5.9	-7.6	-16.9	-7.5	-31.2	-20.6	-0.2	-3.1	-15.3	-37.8	
Provisions	3.0	3.3	2.4	2.6	6.1	2.1	1.7	1.2	10.9	11.0	1.8	17%
Profit before Tax	0.4	0.2	0.9	0.5	-3.0	0.3	1.0	1.9	2.4	0.3	0.4	-19%
Tax	0.1	0.1	0.2	0.1	-0.7	0.1	0.3	0.5	0.9	0.1	0.1	-10%
Net Profit	0.3	0.1	0.7	0.4	-2.2	0.2	0.7	1.5	1.5	0.2	0.3	-22%
% Change (YoY)	-86.5	-93.5	-67.2	-79.7	-968.7	87.4	12.1	254.1	-81.6	-83.9	140.1	
Operating Parameters												
Deposits	375	399	407	431	444	441	473	491	431	491	452	-2%
Loans	319	340	354	362	347	364	387	411	362	411	365	0%
Deposit Growth (%)	35.4	29.2	25.8	19.3	18.3	10.6	16.0	14.0	19.3	14.0	13.4	
Loan Growth (%)	16.0	18.1	21.1	16.9	8.8	7.0	9.2	13.5	16.9	13.5	7.3	
Asset Quality												
Gross NPA (%)	2.73	2.95	2.97	2.89	2.92	2.92	3.49	2.70	2.91	2.70	3.01	
Net NPA (%)	0.83	0.97	0.96	0.98	0.98	0.98	1.17	0.79	1.48	0.79	1.02	
PCR (%)	70.3	67.7	68.3	66.8	67.0	66.9	67.2	71.2	50.0	71.2	66.7	

E: MOFSL Estimates

Quarterly snapshot

Profit and Loss, INRb	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Net Interest Income	8.0	8.0	8.2	8.3	7.9	7.7	-4	-2
Other Income	2.1	2.4	2.4	2.3	2.9	2.3	-4	-22
Trading profits	0.3	0.5	0.4	0.3	1.2	0.3	-26	-72
Total Income	10.1	10.4	10.6	10.5	10.8	10.0	-4	-7
Operating Expenses	6.7	6.9	7.2	7.4	7.6	7.6	10	0
Employee	3.7	4.0	4.3	4.2	4.6	4.7	18	3
Others	3.0	2.9	3.0	3.3	3.0	2.9	0	-5
Operating Profits	3.4	3.5	3.3	3.1	3.1	2.4	-31	-24
Core Operating Profits	3.1	3.0	2.9	2.8	1.9	2.1	-32	6
Provisions	3.0	3.3	2.4	2.6	6.1	2.1	-37	-66
PBT	0.4	0.2	0.9	0.5	-3.0	0.3	67	-111
Taxes	0.1	0.1	0.2	0.1	-0.7	0.1	31	-113
PAT	0.3	0.1	0.7	0.4	-2.2	0.2	87	-111
Balance Sheet								
Loans	319	340	354	362	347	364	7	5
AUM's	349	361	373	380	376	391	9	4
Deposits	375	399	407	431	444	441	11	-1
CASA Deposits	117	122	117	124	131	136	12	4
-Savings	106	107	102	108	108	119	11	10
-Demand	12	15	15	16	23	18	21	-22
Loan mix (%)								
MFI	17.1	15.6	14.4	11.9	9.4	8.7	-696	-73
Vehicles	24.3	24.6	24.8	24.9	25.3	25.1	43	-23
Small Business loans (incl HF)	51.9	52.9	53.9	55.7	57.5	56.9	400	-64
MSE Finance	3.5	3.8	4.0	4.4	4.5	4.7	94	22
Corporate loans	1.8	1.7	1.5	1.4	1.5	2.8	110	128
Others	1.3	1.4	1.4	1.7	1.8	1.9	50	11
Asset Quality (INRb)								
GNPA	8.9	10.2	10.7	10.7	10.4	10.8	6	4
NNPA	2.6	3.3	3.4	3.5	3.4	3.6	8	5
Slippages	3.9	5.1	5.9	5.5	6.6	6.0	18	-10
Asset Quality Ratios (%)								
GNPA (%)	2.73	2.95	2.97	2.89	2.92	2.92	-3	0
NNPA (%)	0.83	0.97	0.96	0.98	0.98	0.98	1	0
PCR (Calc, %)	70.3	67.7	68.3	66.8	67.0	66.9	-78	-10
Slippage ratio	5.2	6.5	7.3	6.6	8.0	6.8	36	-115
Business Ratios (%)								
Loan/Deposit	85.1	85.2	86.9	84.0	78.3	82.4	-276	416
CASA	31.2	30.6	28.6	28.8	29.4	30.9	33	148
Cost to Income	66.3	66.4	68.5	70.5	70.8	76.0	959	522
Cost to Assets	6.3	6.2	6.3	6.1	6.1	5.9	-37	-22
Tax Rate	28.0	35.8	26.1	21.0	24.8	28.0	-775	326
Capitalisation Ratios (%)								
Tier-1 (incl profit)	19.6	18.1	17.5	17.8	17.2	16.4	-167	-72
- CET 1 (incl profit)	19.6	18.1	17.5	17.8	17.2	16.4	-167	-72
CAR (incl profit)	20.6	19.4	20.3	20.6	20.5	20.7	138	26
LCR	178.6	158.8	150.0	58.4	179.6	184.4	2,565	480
Profitability Ratios (%)								
Yield on gross advances	16.5	16.5	16.6	0.0	16.0	15.7	-76	-28
Cost of Funds	7.5	7.5	7.5	7.5	7.5	7.4	-15	-14
Margins	8.0	7.7	7.4	7.1	6.6	6.3	-140	-26
Other Details								
Branches	969	987	994	994	1,035	1,042	55	7
Employees (K)	22.6	23.2	24.2	25.4	25.9	27.1	4	1



Highlights from the management commentary

Opening remarks by MD & CEO

- Dheeraj, who was handling the IR and head strategy, is moving out and Shubham is now the head of strategy, and Sundaram will take place of Dheeraj in support of Abhishek.
- Stress was coming from MFI. Overall, loans O/S for the sector are continuously coming down. The percentage of customers at the sector level, who have four or more lender relationships, has come down to 10% in Jun'25.
- Slippages from ex to OD bucket are continuously coming down.
- Stress in MFI has eased to an acceptable level for the bank. Stress in MLAP was an issue for the last two quarters due to Karnataka, and the bank now sees a recovery from Oct'25.
- Overall advances and deposits have delivered a robust CAGR of 23% and 32%, respectively, over the past three years ending FY25, underscoring inherent strength in the banking franchise.
- Gold loan has been commenced in over 200 liability branches and will be introduced in ~50 asset branches now; this will increase going forward.
- Banking sector disbursements to NTC were INR1.7t; Equitas contribution was 0.7% of the entire MSME segment.
- Equitas disbursements contribute ~5% of total MSME disbursement of the sector.
- Restarted disbursing MFI loans to maintain portfolio at around 10% of the overall advances mix.
- MFI disbursements in 2QFY26 grew by 156% QoQ to INR6.82b from INR2.66b in 1QFY26.
- Credit cost has significantly improved to 2.16% in 2QFY26 from 6.48% in 1QFY26 and 3.72% in 2QFY25.
- During 2QFY26, the bank sold its NPA assets (Secured Portfolio) amounting to INR2.16b to an ARC. This is mainly in SBL and micro loans segment.

Loans and deposits

- The bank has started expanding new customer acquisition in MFI. The NTB (New to Bank) customer mix has increased to 18% in 2QFY26 from 10% in 1QFY26.
- For FY26, the bank expects advances growth of about 15% YoY. Beyond FY26, it expects to sustain a steady-state trajectory of ~20% growth, driven by diversified portfolios and making all asset products available in most of the existing asset branches.
- From Aug'25, all MFI disbursements are aligned to a monthly repayment mode, enabling streamlined repayment schedules, which will further improve collection efficiency.
- Used car advances grew 43% YoY and used CV advances rose 25% YoY. Vehicle finance portfolio is shifting toward used segments as per plan and guidance.
- Highest-ever quarterly non-MFI disbursements at ~INR47b in 2QFY26, up 20% YoY and 45% QoQ.
- To scale up SBL, the bank has expanded its footprint by adding around 60 new branches across Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Maharashtra, and Rajasthan this year. Karnataka has started showing signs of

improvement in net slippages. Also, disbursements started picking up in the region.

- To further strengthen the used car segment, the bank has identified ~100 high-potential existing branches and started deploying dedicated teams.
- Gold loan: Presently, this is offered in 250+ liability branches. To improve this business, gold loan is being introduced in 50 asset branches by 2HFY26. A phased rollout in other branches will follow in FY27.
- AHF, currently operating in 70 branches, is being expanded to additional 30 asset branches in tier 2 to 5 towns by 2HFY26. Further expansion to about 120 upcountry asset branches will be done by FY27.
- Retail deposits form over 75% of deposit base.
- NR customer base is spread across 145+ countries. The bank has launched 'Equitas Explorer' targeted at seafarers and is also planning to enhance product offering to tap NR affluent segment.
- During the quarter, the bank launched FX inward remittance for our existing NR & domestic customers.
- The bank expects to maintain MFI mix at the current level of 8-10%.
- MFI disbursement is expected at ~INR10b in 3Q from ~INR6.82b currently.

Yield, cost of funds, margins, and operating expenses:

- The decline in overall yield is primarily due to the reduction in MFI mix.
- A decline of 29bp in interest income from advances is predominantly due to the cascading effect of portfolio rundown in MFI.
- Yield on gross advances declined 33bp QoQ; in non-MFI portfolio, it stood at 15%.
- 60% of book is in HNI segment, i.e., premium segment. Elite plus is the model that can be seen in the coming quarter.
- Yield at customer level is expected to increase due to the product suite across segments from middle income to HNI.
- NIM declined due to average MFI portfolio and the bank expects NIM expansion between 3Q and 4Q.
- The bank expects NIMs to cross ~6.5% by year end. At steady-state, it expects margins at ~6.5%-7%.
- It expects steady-state RoA of 1.5%+.
- Provisions taken in respect of ARC were INR1.84b; INR400mn reversed regarding ARC sale. The bank has received INR720m cash regarding this.
- In 2Q, ~INR580m of provisions were utilized, which were made in 1QFY26.
- In 2Q, INR780m did not require standard asset provisions and INR380m was moved to NPA provisions.

Asset quality

- MFI DPD showed significant improvement QoQ on account of increased collection efficiency. TN constitutes more than 50% of the MFI portfolio and its collection efficiency remains under control (higher than overall portfolio). Karnataka started showing improvement in collections (~8% of MFI portfolio).
- The X bucket collection efficiency of new loans disbursed during the current calendar year is at the earlier normal level.

- 100% of all the MFI loans (including Shubham Loans) disbursed from 1QFY26 are covered under CGFMU. As of Sep'25, 28% of the MFI principle outstanding is covered under this guarantee scheme.
- The bank continues to lend cautiously in Karnataka, with credit norms made more conservative than MFIN guardrails 2.0.
- In Sep, fresh OD is INR300m and in Oct, it fell to INR240m. This shows that in the coming quarters, normalcy can be seen going forward.
- Net slippages will further come down in 3Q both in MFI and non-MFI. Normalcy is expected from 4Q in both as trends in ex-bucket efficiency and OD improved.
- The bank does not see any impact of tariffs as slippages are more from SBL mainly from Karnataka.
- As far as Karnataka is concerned, lenders can be only 1 and another would be Equitas.

Credit cost

- Credit cost is ~1.01% in non-MFI portfolio.
- The bank expects ~1.5-1.7% medium-term credit cost as forward flows from fresh OD have come down drastically.

Guidance and outlook

- With sustained improvement in DPD metrics and disbursements, MFI is expected to move toward normal profitability by 4QFY26.
- Targeting mid-teen growth in overall advances for FY26, primarily driven by the secured (non-MFI) portfolio, which offers a stable yield of ~15%.
- The cost of funds has commenced a downward trajectory and is anticipated to decline further.
- Cost to Income is expected to moderate in 2HFY26, driven by growth in advances and income.
- Credit cost is expected to taper down by 4QFY26, supported by improved collection efficiencies.
- With these positive levers in place, the bank expects to achieve an exit ROA of about 1% in 4QFY26.
- For FY26, the bank expects advances growth of about 15% YoY. Beyond FY26, it expects to sustain a steady-state trajectory of ~20% growth.
- MFI disbursement is expected at ~INR10b in 3Q from ~INR6.82b currently.
- The bank expects ~1.5-1.7% medium-term credit cost.

Story in Charts

Exhibit 1: AUM grew 9% YoY (up 4% QoQ) to IN391b

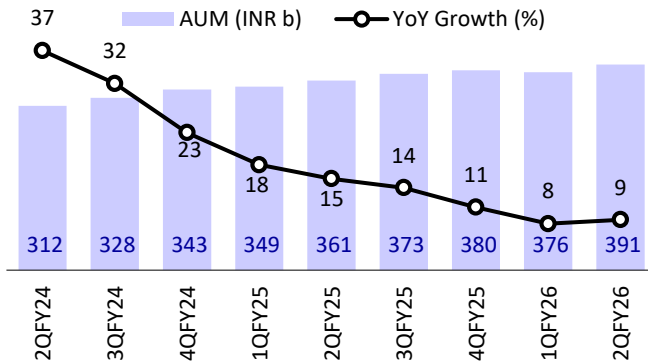


Exhibit 2: Loans/deposits grew 7%/10.6% YoY in 2QFY26

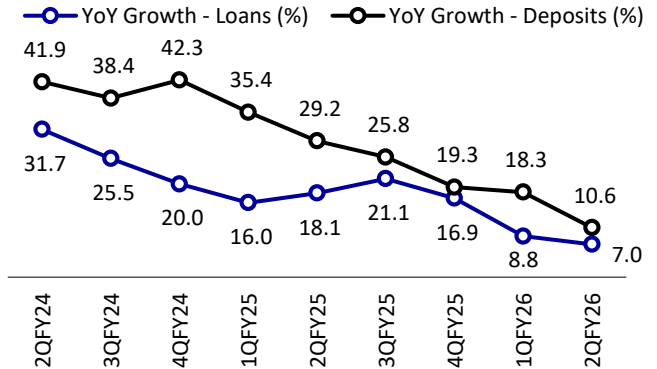


Exhibit 3: NIM moderated 26bp QoQ to 6.29%

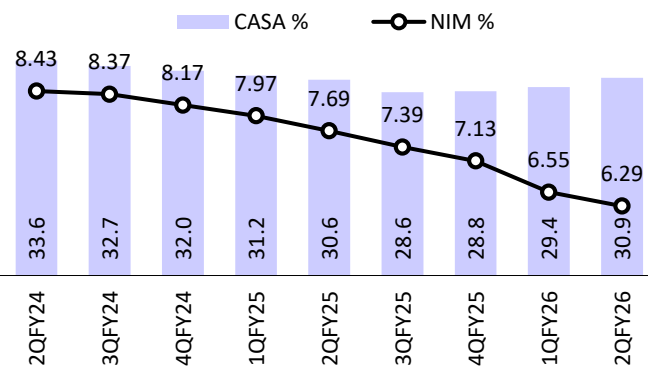


Exhibit 4: YoA declined to 15.73% and COF stood at 7.35%

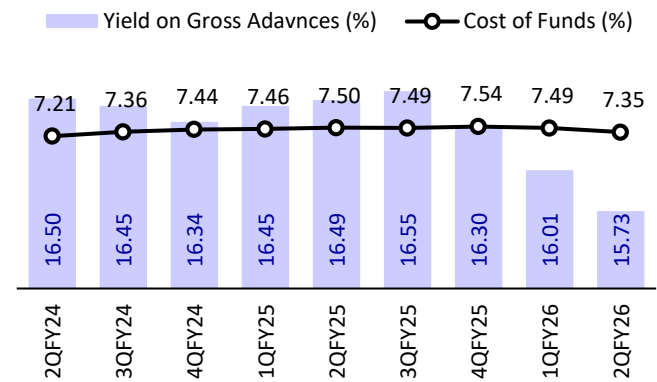


Exhibit 5: CD ratio increased to 82.4%; LCR ratio at 184.4%

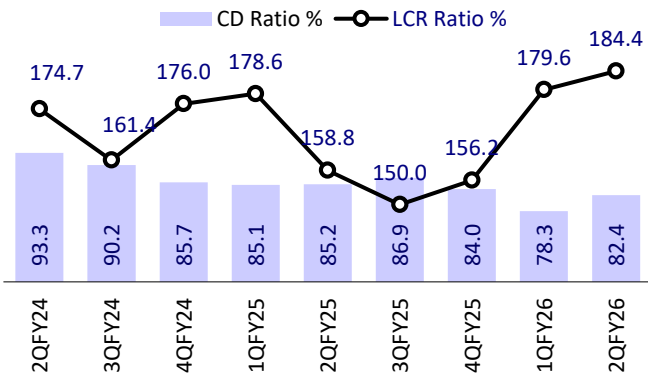


Exhibit 6: C/I ratio increased to 76% in 2QFY26

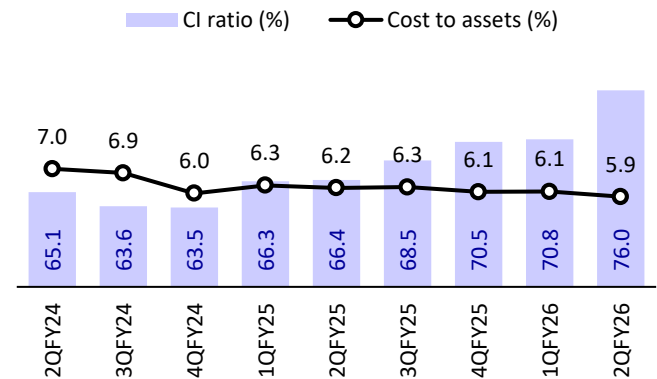


Exhibit 7: Credit cost declined to 2.2% vs 6.5% in 1QFY26

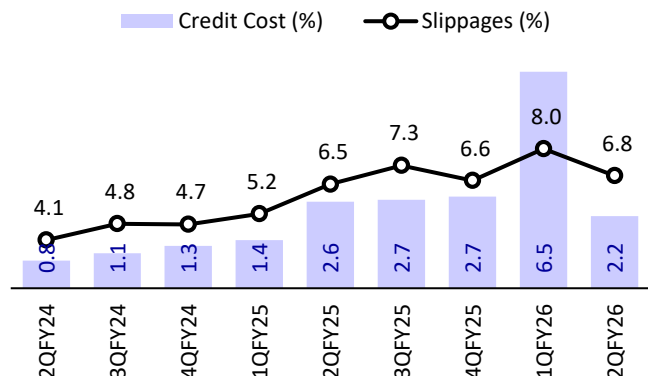
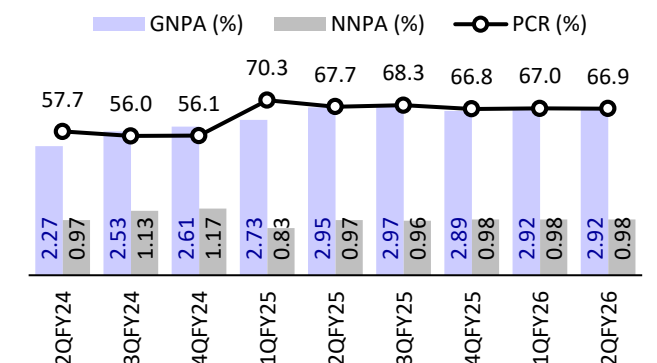


Exhibit 8: GNPA/NNPA ratios stood stable at 2.92%/0.98%



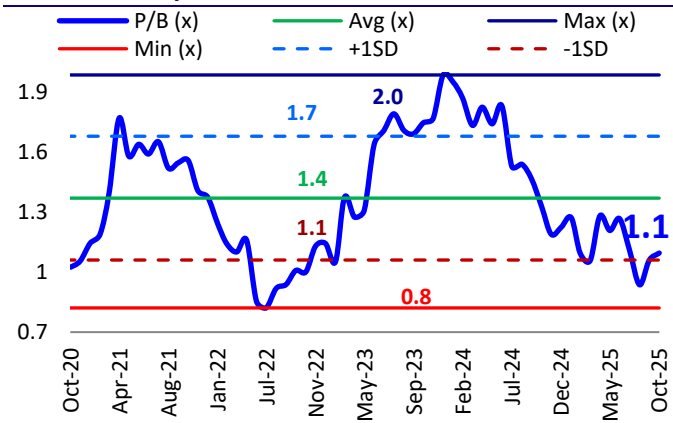
Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR70

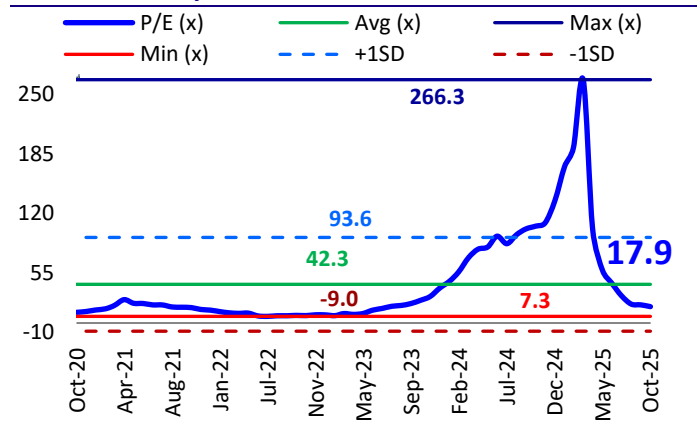
- EQUITASB reported a quarter with profit vs. loss the previous quarter. Margins decline due to average MFI portfolio and the bank expects NIM expansion between 3Q and 4Q. Loan book grew 4.6% QoQ due to healthy growth in used CV. However, MFI book further declined. MFI disbursements improved and the bank expects this to improve to INR10b in 3Q.
- On the asset quality front, GNPA/NNPA ratios were stable and slippages saw slight improvement. Credit cost is expected to taper down by 4QFY26, supported by improved collection efficiencies, and management expects that with sustained improvement in DPD metrics and disbursements, MFI is expected to move toward normal profitability by 4QFY26.
- We fine-tune our earnings estimates and estimate RoA/RoE of 1.0%/10.5% by FY27E. **Reiterate BUY with a TP of INR70 (1.3x FY27E ABV).**

Exhibit 9: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 10: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit12: DuPont analysis

	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	13.4	13.7	12.9	12.2	12.4	12.4
Interest Expense	5.2	6.0	6.2	6.5	6.4	6.0
Net Interest Income	8.22	7.67	6.63	5.70	5.96	6.39
Fee income	2.09	1.73	1.56	1.86	1.89	1.92
Trading and others	0.07	0.26	0.29	0.10	0.09	0.08
Other Income	2.16	1.99	1.86	1.96	1.98	2.00
Total Income	10.38	9.66	8.48	7.65	7.95	8.39
Operating Expenses	6.58	6.23	5.76	5.63	5.52	5.51
Employees	3.54	3.41	3.30	3.23	3.19	3.17
Others	3.04	2.82	2.46	2.40	2.32	2.35
Operating Profits	3.80	3.43	2.72	2.02	2.43	2.88
Core operating Profits	3.73	3.17	2.42	1.92	2.34	2.80
Provisions	1.32	0.75	2.23	1.97	1.07	1.01
PBT	2.48	2.68	0.49	0.05	1.36	1.87
Tax	0.63	0.69	0.19	0.01	0.34	0.47
RoA	1.85	1.99	0.30	0.04	1.02	1.40
Leverage (x)	6.6	7.2	8.2	9.3	10.3	10.8
RoE	12.2	14.4	2.4	0.4	10.5	15.1

Financials and valuations

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	41.6	54.9	63.1	68.3	78.5	90.9
Interest Expense	16.2	24.1	30.6	36.5	40.7	43.9
Net Interest Income	25.4	30.8	32.5	31.8	37.8	47.0
-growth (%)	24.8	21.0	5.6	-2.1	18.8	24.2
Non-Interest Income	6.7	8.0	9.1	10.9	12.6	14.7
Total Income	32.1	38.8	41.6	42.8	50.4	61.7
-growth (%)	24.8	20.7	7.3	2.8	17.8	22.4
Operating Expenses	20.4	25.0	28.3	31.5	35.0	40.5
Pre Provision Profits	11.8	13.8	13.3	11.3	15.4	21.2
-growth (%)	34.9	17.1	-3.1	-15.3	36.4	37.4
Core PPOp	11.5	12.7	11.9	10.7	14.9	20.6
-growth (%)	39.2	10.3	-6.6	-9.7	38.4	38.8
Provisions	4.1	3.0	10.9	11.0	6.8	7.4
PBT	7.7	10.8	2.4	0.3	8.7	13.8
Tax	2.0	2.8	0.9	0.1	2.2	3.5
Tax Rate (%)	25.4	25.7	38.7	20.0	25.2	25.2
PAT	5.7	8.0	1.5	0.2	6.5	10.3
-growth (%)	104.3	39.3	-81.6	-83.9	2,630.3	58.9

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	11.1	11.3	11.4	11.4	11.4	11.4
Reserves & Surplus	40.5	48.3	49.3	47.9	52.6	61.2
Net Worth	51.6	59.7	60.7	59.3	64.0	72.6
Deposits	253.8	361.3	431.1	491.4	570.0	667.0
-growth (%)	33.9	42.3	19.3	14.0	16.0	17.0
-CASA Dep	107.3	115.5	124.1	144.5	177.3	207.4
-growth (%)	8.9	7.6	7.4	16.4	22.7	17.0
Borrowings	29.7	17.9	21.4	22.4	26.0	29.9
Other Liabilities & Prov.	14.5	14.2	15.2	16.6	19.0	21.9
Total Liabilities	349.6	453.0	528.4	589.7	679.1	791.4
Current Assets	12.4	35.8	55.4	48.3	46.5	46.7
Investments	66.6	90.7	92.9	108.7	126.5	146.7
-growth (%)	49.8	36.0	2.5	17.0	16.4	16.0
Loans	258.0	309.6	362.1	411.0	482.5	572.2
-growth (%)	33.2	20.0	16.9	13.5	17.4	18.6
Fixed Assets	3.8	6.0	7.0	7.7	9.0	10.6
Other Assets	8.7	10.9	11.1	14.0	14.6	15.2
Total Assets	349.6	453.0	528.4	589.7	679.1	791.4
Total AUM	278.6	343.4	379.9	431.1	506.2	600.3
-growth (%)	35.3	23.2	10.6	13.5	17.4	18.6

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA (INR m)	7.2	8.2	10.7	11.3	9.1	10.4
NNPA (INR m)	3.1	3.6	5.3	3.3	2.4	2.7
Slippage (INR m)	10.9	11.4	20.3	19.3	12.5	13.2
GNPA Ratio	2.76	2.61	2.91	2.70	1.86	1.80
NNPA Ratio	1.21	1.17	1.48	0.79	0.49	0.48
Slippage Ratio	4.81	4.01	6.05	5.00	2.80	2.50
Credit Cost	1.43	0.90	2.83	2.80	1.45	1.34
PCR (Excl Tech. write off)	56.9	56.1	50.0	71.2	74.0	74.0

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratio (%)						
Avg. Yield- on Earning Assets	14.8	15.1	14.6	13.8	13.7	13.5
Avg. Yield on loans	16.7	17.3	16.6	15.2	15.3	15.1
Avg. Yield on Investments	5.7	6.9	7.1	6.8	6.7	6.7
Avg. Cost of Int. Bear. Liab.	6.5	7.3	7.4	7.5	7.3	6.8
Avg. Cost of Deposits	6.1	7.0	7.3	7.4	7.2	6.6
Interest Spread	8.3	7.8	7.3	6.2	6.3	6.7
NIM (on IEA)	9.0	8.5	7.5	6.4	6.6	7.0
Capitalisation Ratios (%)						
CAR	23.8	21.7	20.6	19.3	18.1	17.6
Tier I	23.1	20.7	17.8	15.4	14.5	14.4
CET 1	23.1	20.7	17.8	16.0	15.6	15.6
Tier II	0.7	1.0	2.8	3.9	3.5	3.2
Business Ratios (%)						
Loans/Deposit Ratio	101.6	85.7	84.0	83.6	84.6	85.8
CASA Ratio	42.3	32.0	28.8	29.4	31.1	31.1
Cost/Assets	5.8	5.5	5.4	5.3	5.2	5.1
Cost/Total Income	63.4	64.5	68.0	73.6	69.4	65.7
Cost/Core income	-11.2	-2.5	-2.0	-6.0	-6.8	-8.0
Int. Expense/Int.Income	38.9	43.9	48.5	53.4	51.8	48.3
Fee Income/Total Income	20.2	17.9	18.4	24.2	23.8	22.9
Other Inc./Total Income	20.8	20.6	21.9	25.6	25.0	23.8
Empl. Cost/Total Expense	53.8	54.7	57.3	57.4	57.9	57.4
Efficiency Ratios (INRm)						
Employee per branch (in nos)	22.3	23.7	25.6	27.5	29.6	31.9
Staff cost per employee	0.5	0.6	0.6	0.6	0.6	0.6
CASA per branch	116.4	119.8	124.9	138.4	161.8	180.3
Deposits per branch	275.3	374.8	433.7	470.8	520.2	579.6
Business per Employee (INR m)	24.9	29.4	31.2	31.4	32.4	33.8
Profit per Employee (INR m)	0.3	0.3	0.1	0.0	0.2	0.3

Profitability Ratios and Valuation

RoA	1.9	2.0	0.3	0.0	1.0	1.4
RoE	12.2	14.4	2.4	0.4	10.5	15.1
Book Value (INR)	46	53	53	52	56	64
-growth (%)	36.9	13.2	1.3	-2.4	8.1	13.4
Price-BV (x)	1.2	1.1	1.1	1.1	1.0	0.9
Adjusted BV (INR)	44	50	50	50	55	62
Price-ABV (x)	1.3	1.1	1.1	1.1	1.0	0.9
EPS (INR)	4.9	7.1	1.3	0.2	5.7	9.0
-growth (%)	106.8	46.6	-81.8	-83.9	2,630.3	58.9
Price-Earnings (x)	11.7	8.0	44.1	273.8	10.0	6.3

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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 and BSE enlistment no. 5028. 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 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.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>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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.