

AU Small Finance Bank

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	AUBANK IN
Equity Shares (m)	747
M.Cap.(INRb)/(USD\$)	780.5 / 8.3
52-Week Range (INR)	1080 / 655
1, 6, 12 Rel. Per (%)	13/28/54
12M Avg Val (INR M)	2537

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	91.1	116.6	145.0
PPoP	50.9	64.8	81.7
PAT	26.4	37.4	48.7
NIM (%)	5.2	5.5	5.5
EPS (INR)	35.4	49.8	64.8
EPS Gr. (%)	18.8	40.9	30.0
BV/Sh. (INR)	264	310	373
ABV/Sh. (INR)	258	300	361

Ratios

RoA (%)	1.5	1.8	1.9
RoE (%)	14.4	17.4	19.0

Valuations

P/E(X)	29.5	20.9	16.1
P/BV (X)	4.0	3.4	2.8
P/ABV (X)	4.0	3.5	2.9

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	22.8	22.8	22.9
DII	31.3	31.3	27.2
FII	37.3	36.5	35.6
Others	8.7	9.5	14.4

FII includes depository receipts

CMP: INR1,043 **TP: INR1,275 (+22%)** **Buy**

Business momentum robust; well poised for RoA expansion NIM expands 24bp QoQ

- **AU Small Finance Bank (AUBANK) delivered a healthy performance in 4QFY26, characterized by a healthy uptick in NIM, as well as lower-than-expected provisions. Business growth was robust at 24% YoY/9.6% QoQ.**
- AUBANK's 4QFY26 PAT stood at INR8.3b, up 65% YoY (5% beat), led by healthy NII and a sharp decline in provisions.
- NII came in at INR25.8b, up 23% YoY (in line). NIMs expanded 24p QoQ to 5.96%. The bank sustained industry-leading growth at 25% YoY/9% QoQ.
- Asset quality improved, with slippages declining 17% QoQ. GNPA/NNPA ratios declined to 2.03%/0.74% (down 27bp/14bp QoQ). PCR improved to 64% from 62% in 3QFY26.
- Credit costs declined to 0.6% (0.96% for FY26). Provisions were lower at INR2.7b (20% below our est., down 19% QoQ).
- **We fine-tune our earnings and estimate a PAT CAGR of 35% over FY27-28E. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,275 (premised on 3.4x Sep'27E BV).**

Robust growth outlook; FY27E credit costs guided at 0.9%

- AUBANK's 4QFY26 PAT grew by 65% YoY/25% QoQ (5% beat), aided by lower-than-expected provisions and healthy NII growth.
- NII grew 23.3% YoY/10.3% QoQ to INR25.8b (in line), as NIM expanded 24bp QoQ to 5.96%. This growth was led by CoF reduction, lower day count, and lower interest reversals.
- Provisions were lower at INR2.7b (20% lower than MOFSLe), while the quarterly credit cost ratio dipped to 15bp from 19bp in 3Q. PCR improved to 64.1% from 62.1% in 3QFY26.
- Other income was lower at INR7.3b (8% lower vs. MOFSLe; up 1% QoQ), as the bank reported a minor treasury loss in 4Q. Opex grew 26% YoY/6% QoQ to INR19.6b (in line). The C/I ratio thus dipped to 59.2% (down 114bp QoQ).
- Advances grew 25.4% YoY/ 8.8% QoQ, led by commercial banking (29% YoY/ 11.6% QoQ), and Retail secured (up 21% YoY/ 5.7% QoQ). The unsecured business grew 7% QoQ, fueled by MFI.
- Bank guides for 2.2-2.5x nominal GDP growth, translating to 22-25% growth in FY27E, aided by favorable macro and strong execution.
- Deposit growth was strong at 22.8% YoY/10.3% QoQ, while the CASA book grew 19.6% YoY/8.6% QoQ. As a result, the CASA ratio stood at 28%. The CD ratio declined to 88% from 89.2% in 3Q.
- Slippages declined 17% QoQ to INR6.6b in 4Q, aided by improved asset quality across segments. GNPA/NNPA ratios declined to 2.03%/0.74%. The bank reported a lower credit cost of 15p (FY26 credit cost at 96bp) and has stated FY27E full-year guidance at 0.9%.

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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.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- AUBANK's 4Q is typically a seasonal quarter and better for credit costs. The bank targets credit costs of ~90bp for FY27E.
- The 1.8% RoA reported in 4QFY26 is partly seasonal. The bank aims to sustain ~1.8% RoA in FY27E. The key levers include improvement in the opex-to-assets ratio and moderation in credit costs, which are expected to be lower on a full-year basis.
- CoF has likely bottomed out, with repricing offset by recent increases in deposit rates.
- Overall, the bank continues to target sustainable growth of ~2.0-2.5x India's GDP growth.

Valuation and view

- AUBANK delivered a strong quarter, supported by robust growth, 24bp QoQ NIM expansion, and a sharp decline in credit costs. Margin expansion was driven by lower cost of funds, an improved asset mix, favorable day-count impact, lower interest reversals, and partial benefit from tax reversals. Growth continues to remain among the best in the industry, supported by a high-yielding asset mix and strong momentum. We remain constructive on the bank's underlying growth trajectory. Operating expenses are expected to moderate, leading to a decline in the C/I ratio towards ~56-57% over FY27-28E.
- Asset quality trends remain encouraging, with stress levels easing and a recovery visible in the unsecured portfolio. With NIM expansion, normalization in credit costs, and sustained business growth, we expect AUBANK to deliver best-in-class earnings growth in the medium term. **We broadly retain our earnings estimates and expect a PAT CAGR of 35% over FY27-28. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,275 (based on 3.4x Sep'27E BV).**

Quarterly performance

	FY25				FY26				FY26	FY27E	FY26E	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	19.2	19.7	20.2	20.9	20.4	21.4	23.4	25.8	91.1	116.6	26	1.2
% Change (Y-o-Y)	54.1	58.1	52.7	56.6	6.5	8.6	15.7	23.3	13.7	27.9	-68.2	
Other Income	5.1	6.4	6.2	7.6	8.1	7.1	7.2	7.3	29.8	35.3	8	-7.9
Total Income	24.3	26.1	26.4	28.5	28.6	28.6	30.7	33.1	120.9	151.9	33	-0.9
Operating Expenses	14.8	14.8	14.4	15.6	15.4	16.5	18.5	19.6	70.0	87.1	19	0.6
Operating Profit	9.5	11.3	12.0	12.9	13.1	12.1	12.2	13.5	50.9	64.8	14	-3.1
% Change (Y-o-Y)	74.3	80.0	83.4	94.6	37.9	6.9	0.9	4.6	11.1	27.4	-69.5	
Provisions	2.8	3.7	5.0	6.4	5.3	4.8	3.3	2.7	16.1	15.2	3	-20.4
Profit before Tax	6.7	7.6	7.0	6.6	7.8	7.3	8.8	10.8	34.7	49.7	11	2.4
Tax	1.7	1.9	1.7	1.5	2.0	1.7	2.2	2.5	8.3	12.3	3	-4.6
Net Profit	5.0	5.7	5.3	5.0	5.8	5.6	6.7	8.3	26.4	37.4	8	4.7
% Change (Y-o-Y)	29.9	42.1	40.8	35.9	15.6	(1.8)	26.3	65.2	25.4	41.4	-62.3	
Operating Parameters												
Deposit (INR b)	972.9	1,096.9	1,122.6	1,242.7	1,277.0	1,325.1	1,384.2	1,526.6	1,526.6	1,883.8	1,470.1	
Loan (INR b)	896.5	948.4	995.6	1,070.9	1,098.3	1,157.0	1,234.2	1,342.8	1,342.8	1,674.4	1,315.1	
Deposit Growth (%)	40.4	44.8	40.1	42.5	31.3	20.8	23.3	22.8	22.8	23.4	18.3	
Loan Growth (%)	42.6	47.8	49.2	46.4	22.5	22.0	24.0	25.4	25.4	24.7	22.8	
Asset Quality												
GNPA (%)	1.8	2.0	2.3	2.3	2.5	2.4	2.3	2.0	2.1	2.1	2.3	
NNPA (%)	0.6	0.8	0.9	0.7	0.9	0.9	0.9	0.7	0.7	0.8	0.9	
PCR (%)	65.1	62.8	61.2	68.1	64.7	64.2	62.1	64.1	66.9	60.4	61.3	

E: MOFSL Estimates

Quarterly Snapshot

Profit and Loss (INR b)	FY25				FY26				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	19.2	19.7	20.2	20.9	20.4	21.4	23.4	25.8	23.3	10.3
Other Income	5.1	6.4	6.2	7.6	8.1	7.1	7.2	7.3	-3.9	1.0
Total Income	24.3	26.1	26.4	28.5	28.6	28.6	30.7	33.1	16.1	8.1
Operating Expenses	14.8	14.8	14.4	15.6	15.4	16.5	18.5	19.6	25.6	6.1
Employee	7.9	7.9	7.5	8.2	8.7	9.2	10.2	10.4	27.8	2.5
Others	6.9	7.0	6.8	7.4	6.8	7.3	0.0	0.0	-99.9	10.4
Operating Profits	9.5	11.3	12.0	12.9	13.1	12.1	12.2	13.5	4.6	11.2
Provisions	2.8	3.7	5.0	6.4	5.3	4.8	3.3	2.7	-57.6	-18.6
PBT	6.7	7.6	7.0	6.6	7.8	7.3	8.8	10.8	64.7	22.4
Taxes	1.7	1.9	1.7	1.5	2.0	1.7	2.2	2.5	63.1	15.6
PAT	5.0	5.7	5.3	5.0	5.8	5.6	6.7	8.3	65.2	24.6
Balance Sheet (INRb)										
Loans	897	948	996	1,071	1,098	1,157	1,234	1,343	25.4	8.8
Deposits	973	1,097	1,123	1,243	1,277	1,325	1,384	1,527	22.8	10.3
CASA Deposits	320	355	344	363	372	390	399	434	19.6	8.6
- Savings	273	295	288	293	309	314	325	340	16.2	4.5
- Current	47	60	56	70	63	76	74	94	33.8	26.5
Loan Mix (%) - New classification										
									Change (bp)	
Retail Secured Assets	66.0	65.8	66.6	66.2	66.9	67.3	67.6	66.1	-13	-148
Commercial Banking	18.9	19.8	20.3	20.7	20.8	20.7	21.4	22.1	137	71
Inclusive Banking	8.2	7.5	6.8	6.0	5.5	5.3	5.1	5.1	-90	1
Digital unsecured	4.3	4.1	3.6	2.8	2.6	2.4	2.2	2.1	-74	-8
Others and SME	2.7	2.8	2.7	4.2	4.1	4.3	3.8	4.6	40	84
Asset Quality (INR m)										
GNPA	16.1	19.0	23.4	24.8	27.5	28.4	28.8	27.6	11.2	-4.3
NNPA	5.6	7.1	9.1	7.9	9.7	10.2	10.9	9.9	25.1	-9.3
Slippages	5.4	7.4	9.6	8.9	10.3	9.1	7.9	6.6	-26.3	-16.7
Asset Quality Ratios (%)										
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY(bp)	QoQ(bp)
GNPA (%)	1.78	1.98	2.31	2.28	2.47	2.41	2.30	2.03	-25	-27
NNPA (%)	0.63	0.75	0.91	0.74	0.88	0.88	0.88	0.74	0	-14
PCR (calc, %)	65.1	62.8	61.2	68.1	64.7	64.2	62.1	64.1	-398	197
PCR (inc TWO, %)	76.0	82.0	80.0	84.0	83.0	84.0	83.0	85.0	100	200
Slippage Ratio (annualized)	2.8	3.7	3.8	3.3	4.6	3.8	3.2	2.5	-88	-72
Business Ratios (%)										
CASA (Reported)	33.0	32.0	30.6	29.2	29.2	29.4	29.0	28.0	-120	-100
Loan/Deposit	92.1	86.5	88.7	86.2	86.0	87.3	89.2	88.0	178	-121
Other Inc to Total Inc	21.0	24.4	23.4	26.6	28.4	24.9	23.6	22.1	-459	-155
Cost to Income	60.8	56.7	54.4	54.7	54.0	57.7	60.3	59.2	448	-114
Cost to Avg Assets	5.4	5.0	4.7	4.7	4.3	4.3	4.7	4.5	-19	-18
Tax Rate	24.9	24.7	24.9	23.4	25.4	23.1	24.5	23.1	-23	-136
Capitalisation ratios (%)										
Tier-1	19.5	17.4	16.9	18.1	17.5	16.9	17.1	16.9	-120	-20
- CET 1	19.5	17.4	16.9	18.1	17.5	16.9	17.1	16.9	-120	-20
CAR	20.8	18.5	18.0	20.1	19.4	18.8	19.0	18.7	-140	-30
LCR	117.0	112.0	115.0	116.0	123.0	119.0	118.0	119.0	300	100
Profitability Ratios										
Yield on AUM	14.4	14.4	14.4	14.4	14.1	13.9	13.8	13.8	-60	0
Cost of funds	7.0	7.0	7.1	7.1	7.1	6.8	6.6	6.5	-64	-10
Margins	6.0	6.1	5.9	5.8	5.4	5.5	5.7	6.0	16	26
RoA	1.6	1.7	1.5	1.4	1.5	1.4	1.6	1.8	40	20
Branches	637	630	617	616	615	661	690	703	87	13
ATM	695	688	674	677	678	707	742	762	85	20



Highlights from the management commentary

Opening Remarks

- Ongoing geopolitical tensions in West Asia continue to disrupt supply chains, leading to volatility in yields and currency toward the end of the quarter.
- Deposit growth remained strong at 10% QoQ, while loans grew 8% QoQ—both outperforming system growth.
- The unsecured portfolio has seen a turnaround, registering 1% QoQ growth.
- NIMs expanded by 26bp QoQ in 4Q, aided by a favourable day count impact.
- Asset quality improved, driven by normalization in the unsecured segment.
- Credit costs declined, supported by a recovery in unsecured portfolios and a seasonal improvement in secured assets.
- On the universal banking transition, the NOFHC structure has been amended, and the bank has filed its final application, currently awaiting approval.
- The bank is increasingly embedding AI into its operations to enhance customer experience.
- The Wheels business operates on the Salesforce platform, while liability account opening is now fully STP-enabled.
- Integration and migration of Fincare into AU have been completed.
- CASA deposits grew 9% QoQ, with the CASA ratio stable at 28%. The focus remains on improving the granularity, stability, and cost efficiency of deposits.
- New CASA acquisition rose 62% YoY, reinforcing liability franchise strengthening as a key priority.
- Within wholesale deposits, the bank is focusing on non-callable deposits to enhance liability stability.
- LCR remains comfortable and stable at 118%.
- Retail secured business distribution has doubled over the past two years.
- The bank has created a dedicated renewable energy segment within commercial banking, reflecting strategic focus.
- In microfinance, ~92% of the portfolio is covered under CGFMU.
- Credit cards are expected to see gradual growth going forward.
- NII grew 10% QoQ and 24% YoY.
- Operating expenses rose 6% QoQ, in line with higher business volumes.
- Provisions declined due to normalization in unsecured portfolios and seasonal recoveries in secured segments.
- Overall, the bank continues to target sustainable growth of ~2–2.5x India's GDP growth.

Advances and Deposits

- Bank aims to strengthen its liability franchise by making it more retail-focused, granular, and sustainable. It expects to increase its visibility in the liability segment going forward.
- Liability mobilization is a continuous, day-to-day activity. The bank reviews progress monthly through ALCO and accordingly decides target segments and growth intensity.
- In housing finance, particularly affordable housing, the bank remains disciplined and avoids aggressive pricing. It actively balances risk and return.
- The bank aspires to grow at ~2-2.5x nominal GDP. While some geographies may outperform and others lag, the focus is now on overall growth rather than dependence on any single product or region. The strategic goal is to evolve into a pan-India franchise rather than a geography-specific one.

- CASA stands at 28%, while stable deposits (CASA + Retail TD + Non-callable Bulk TD) account for 79% of total deposits.

Yields, Costs, and Margins

- The bank has recently increased deposit rates as part of its long-term strategy to strengthen deposit mobilization. It believes the CoF has largely bottomed out.
- NIMs were impacted by ~7bp due to lower day count and ~6bp due to lower slippages and tax refunds.
- Bank continues to invest heavily in technology to build its pan-India franchise. Technology is enabling scale expansion, and the bank is focusing on AI-led efficiencies through new products (e.g., gold loans). However, the impact of AI on the cost-to-income ratio will become clearer over the next year.
- CoF has likely bottomed out, supported by recent increases in deposit rates.
- Over the long term, the bank targets CoF to align closely with prevailing repo rates at that time, especially as it transitions into a mature universal bank.

Asset Quality

- The bank created a contingency provision of INR210m as part of normal business operations, based on internal risk assessment.
- Stress in credit cards and unsecured lending is stabilizing. The impact of ECL guidelines remains uncertain at this stage, but the bank maintains a prudent provisioning policy with adequate PCR, which provides comfort during stress periods.
- Increase in PCR is a function of accounting policy, and the bank views PCR as an outcome of its provisioning framework.

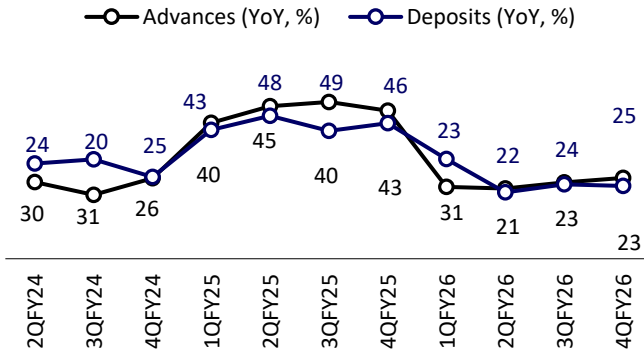
Credit Costs (Provisions)

- 4Q is typically a seasonal quarter, and the reported credit costs should not be extrapolated for FY27E. The bank targets credit costs of ~90bp for FY27E.
- Under ECL, LGD in retail assets is already low. In MFI, ~92% exposure is covered under CGFMU.

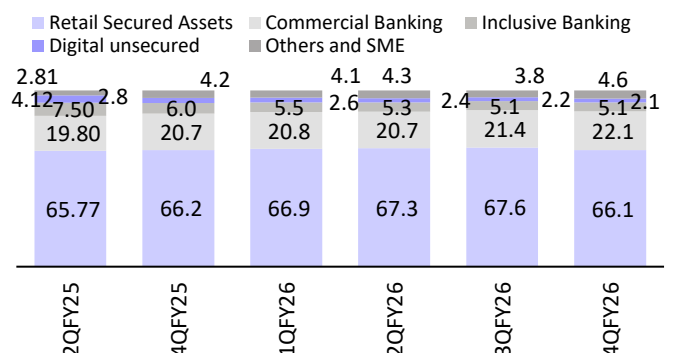
RoA

- The 1.8% RoA reported in 4QFY26 is partly seasonal. The bank aims to sustain ~1.8% RoA in FY27E. Key levers include improvement in the opex-to-assets ratio and moderation in credit costs, which are expected to be lower on a full-year basis.

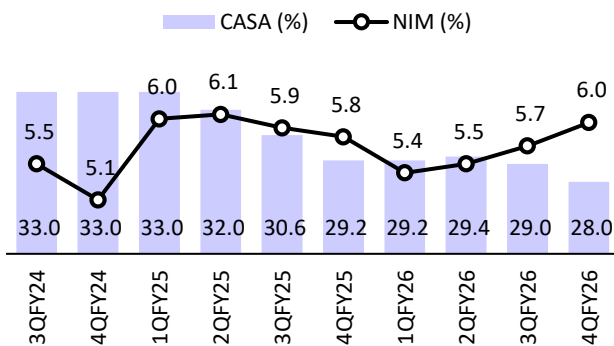
Story in charts

Exhibit 1: Advances/deposits grew 25%/23% YoY


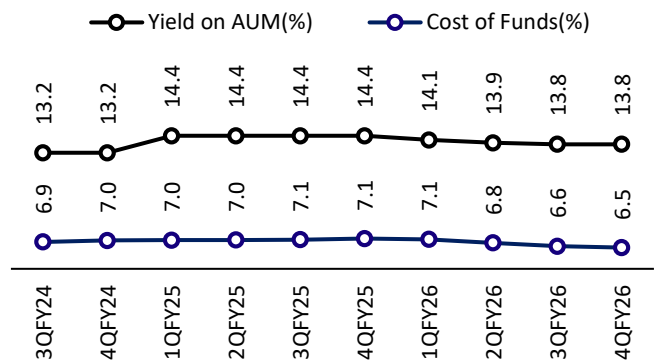
1Q-4QFY25 has a merger impact; Source: Company, MOFSL

Exhibit 2: Trend in the mix of % of total advances


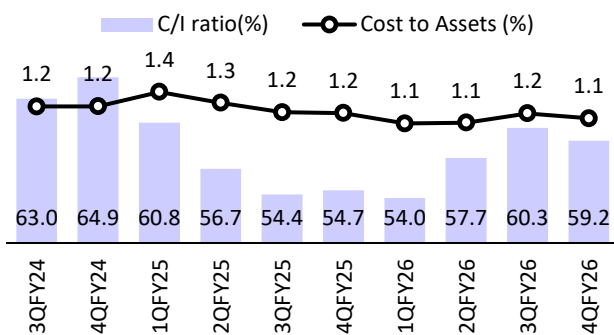
1QFY25 Numbers post-merger, Source: Company, MOFSL

Exhibit 3: Margin expanded 24bp QoQ to 5.96% in 4QFY26


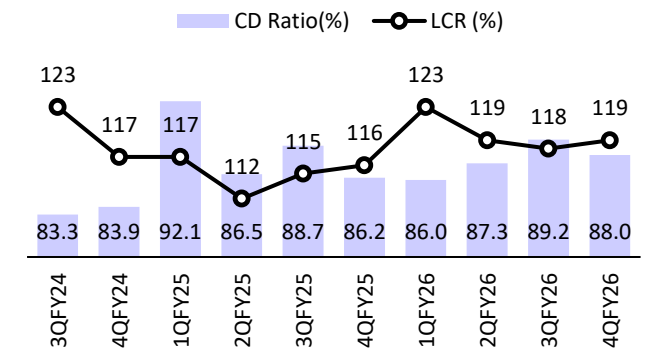
Source: Company, MOFSL

Exhibit 4: Yield on gross advances stood at 13.8%


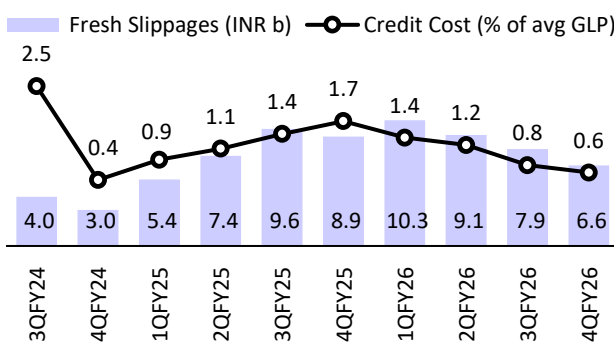
Source: Company, MOFSL

Exhibit 5: C/I ratio declined to 59.2% in 4QFY26


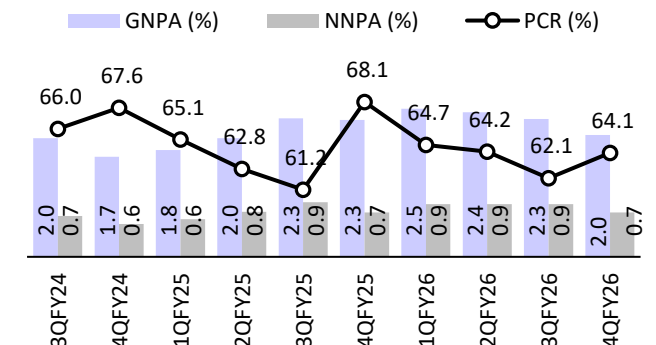
Source: Company, MOFSL

Exhibit 6: C/D ratio declined to 88%; LCR at 119%


Source: Company, MOFSL

Exhibit 7: Credit costs declined to 0.6%, and slippages declined 17% QoQ


Source: Company, MOFSL

Exhibit 8: Asset quality ratios improved; PCR improved to 64.1%


Source: Company, MOFSL

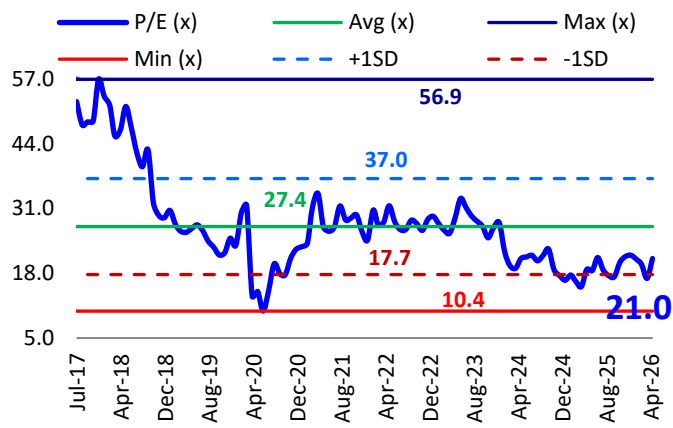
Valuation and view: Reiterate BUY with a TP of INR1,275

- AUBANK delivered a strong quarter, supported by robust growth, 24bp QoQ NIM expansion, and a sharp decline in credit costs.
- Margin expansion was driven by lower cost of funds, an improved asset mix, favorable day-count impact, lower interest reversals, and partial benefit from tax reversals.
- Growth continues to remain among the best in the industry, supported by a high-yielding asset mix and strong momentum. We remain constructive on the bank's underlying growth trajectory. Operating expenses are expected to moderate, leading to a decline in the C/I ratio towards ~56-57% over FY27-28E.
- Asset quality trends remain encouraging, with stress levels easing and a recovery visible in the unsecured portfolio. With NIM expansion, normalization in credit costs, and sustained business growth, we expect AUBANK to deliver best-in-class earnings growth in the medium term.
- **We broadly retain our earnings estimates and expect a PAT CAGR of 35% over FY27-28. AUBANK remains our top pick among mid-size private banks. Reiterate BUY with a TP of INR1,275 (based on 3.4x Sep'27E BV).**

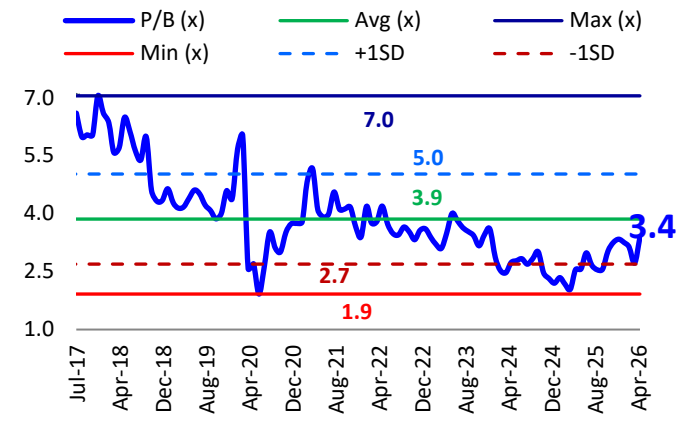
Exhibit 9: Revisions to our earnings estimates

INRb	Old Est.			New Est.			% / bp Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NII	90.8	117.9	146.1	91.1	116.6	145.0	0.3	-1.2	-0.7
Other Income	30.4	36.1	42.9	29.8	35.3	42.1	-2.1	-2.1	-2.1
Total Income	121.2	154.0	189.0	120.9	151.9	187.1	-0.3	-1.4	-1.0
Opex	69.9	87.5	106.0	70.0	87.1	105.4	0.2	-0.6	-0.6
PPoP	51.3	66.5	83.0	50.9	64.8	81.7	-0.9	-2.4	-1.6
Provisions	16.8	17.2	19.5	16.1	15.2	17.2	-4.1	-11.6	-11.9
PBT	34.5	49.3	63.5	34.7	49.7	64.5	0.7	0.8	1.5
Tax	8.4	12.2	15.7	8.3	12.3	15.8	-1.4	1.2	0.7
PAT	26.0	37.1	47.8	26.4	37.4	48.7	1.4	0.6	1.8
Loans	1,315	1,633	2,034	1,343	1,674	2,085	2.1	2.5	2.5
Deposits	1,470	1,823	2,253	1,527	1,884	2,334	3.8	3.3	3.6
Margins (%)	5.3	5.7	5.7	5.2	5.5	5.5	-6	-19	-14
Credit Cost (%)	1.4	1.1	1.0	1.4	0.9	0.9	0	-16	-15
RoA (%)	1.51	1.78	1.86	1.51	1.75	1.86	0	-3	0
RoE (%)	14.2	17.4	18.7	14.4	17.4	19.0	14	2	26
EPS	35	50	64	35	50	65	1.3	0.4	1.6
BV	262	310	372	264	310	373	0.6	0.0	0.3

Source: MOFSL, Company

Exhibit 10: One-year forward P/E ratio


Source: Company, MOFSL

Exhibit 11: One-year forward P/B ratio


Source: Company, MOFSL

Exhibit 12: DuPont analysis - RoA to improve to 1.86% by FY28E

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	10.30	10.57	12.02	10.66	10.97	10.94
Interest Expense	4.75	5.41	6.03	5.45	5.50	5.41
Net Interest Income	5.56	5.17	6.00	5.21	5.46	5.54
Core Fee and Secu. Inc	1.35	1.65	1.71	1.51	1.43	1.38
Trading and others	-0.06	0.05	0.18	0.19	0.23	0.23
Non-Interest income	1.30	1.70	1.89	1.70	1.66	1.61
Total Income	6.85	6.87	7.89	6.92	7.12	7.14
Operating Expenses	4.32	4.47	4.46	4.01	4.08	4.02
- Employee cost	2.25	2.11	2.36	2.21	2.24	2.23
- Others	2.07	2.37	2.10	1.80	1.84	1.80
Operating Profits	2.54	2.39	3.43	2.91	3.04	3.12
Core operating Profits	2.59	2.34	3.25	2.72	2.81	2.89
Provisions	0.19	0.44	1.34	0.92	0.71	0.66
PBT	2.34	1.95	2.09	1.99	2.33	2.46
Tax	0.55	0.47	0.51	0.48	0.58	0.60
RoA	1.79	1.49	1.58	1.51	1.75	1.86
Leverage (x)	8.7	8.5	9.0	9.5	9.9	10.2
RoE	15.5	12.7	14.3	14.4	17.4	19.0

Source: MOFSL, Company

Financials and valuations

Income Statement						(INRb)
Y/E MARCH	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	82.1	105.5	160.6	186.4	234.0	286.6
Interest Expense	37.8	54.0	80.5	95.2	117.4	141.6
Net Interest income	44.3	51.6	80.1	91.1	116.6	145.0
- growth (%)	36.8	16.5	55.4	13.7	27.9	24.4
Other Income	10.3	17.0	25.3	29.8	35.3	42.1
Total Income	54.6	68.5	105.4	120.9	151.9	187.1
- growth (%)	29.1	25.5	53.7	14.7	25.6	23.2
Operating Expenses	34.4	44.6	59.6	70.0	87.1	105.4
- growth (%)	42.6	29.8	33.4	17.5	24.3	21.1
Operating Profits	20.2	23.9	45.8	50.9	64.8	81.7
- growth (%)	11.3	18.3	91.7	11.1	27.4	26.0
Core Operating Profits	20.6	23.4	43.5	47.5	60.0	75.7
- growth (%)	23.4	13.3	85.9	9.4	26.3	26.1
Total Provisions	1.5	4.4	17.9	16.1	15.2	17.2
% to operating income	7.7	18.4	39.1	31.7	23.4	21.1
PBT	18.6	19.5	27.9	34.7	49.7	64.5
Tax	4.4	4.6	6.8	8.3	12.3	15.8
<i>Tax Rate (%)</i>	<i>23.4</i>	<i>23.8</i>	<i>24.5</i>	<i>24.0</i>	<i>24.8</i>	<i>24.5</i>
PAT	14.3	14.9	21.1	26.4	37.4	48.7
- growth (%)	26.4	4.1	41.7	25.4	41.4	30.3

Balance Sheet						
Y/E MARCH	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	6.7	6.7	7.4	7.5	7.5	7.5
Reserves & Surplus	102.7	118.3	163.0	189.8	225.1	272.9
Equity Networkh	109.3	125.0	170.4	197.3	232.6	280.5
Deposits	693.6	871.8	1,242.7	1,526.6	1,883.8	2,334.1
- growth (%)	31.9	25.7	42.5	22.8	23.4	23.9
of which CASA Dep	266.6	291.3	362.5	445.8	576.5	737.6
- growth (%)	36.0	9.3	24.5	23.0	29.3	27.9
Borrowings	63.0	54.8	116.6	138.7	169.3	199.7
Other liabilities	35.8	42.0	47.5	52.9	61.4	71.8
- growth (%)	19.6	17.6	13.0	11.4	16.0	17.0
Total Liabilities	902.2	1,094.3	1,578.5	1,918.0	2,349.5	2,888.5
Current Assets	94.3	63.8	94.7	85.2	92.7	100.8
Investments	200.7	271.3	378.5	447.9	533.0	645.0
- growth (%)	31.1	35.2	39.5	18.4	19.0	21.0
Loans	584.2	731.6	1,070.9	1,342.8	1,674.4	2,084.6
- growth (%)	26.7	25.2	46.4	25.4	24.7	24.5
Net Fixed Assets	7.4	8.5	9.1	14.4	16.1	17.3
Other assets	15.6	19.0	25.3	27.7	33.3	40.7
Total Assets	902.2	1,094.3	1,578.5	1,918.0	2,349.5	2,888.5

Asset Quality	FY23	FY24	FY25	FY26	FY27E	FY28E
GNPA (INR b)	9.8	12.4	24.8	27.6	35.7	42.2
NNPA (INR b)	2.9	4.4	8.3	9.1	14.1	16.5
Slippages (INR b)	12.4	17.0	40.0	33.9	36.2	43.2
GNPA Ratio (%)	1.7	1.7	2.3	2.1	2.13	2.02
NNPA Ratio (%)	0.5	0.6	0.8	0.7	0.84	0.79
Slippage Ratio (%)	2.4	2.6	4.4	2.6	2.4	2.3
Credit Cost (%)	0.3	0.6	1.9	1.4	0.9	0.9
PCR (Excl Tech. write off)	70.8	64.3	66.4	66.9	60.4	60.9

E: MOFSL Estimates

Financials and valuations

Ratios						
Y/E MARCH	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield - on IEA	11.7	11.7	13.0	11.4	11.6	11.5
Avg. Yield on loans	12.8	11.9	13.4	12.2	12.3	12.2
Avg. Cost of funds	5.6	6.4	7.0	6.3	6.3	6.2
Spreads	7.2	5.5	6.4	5.9	5.9	6.0
NIM (On total assets)	5.6	5.2	6.0	5.2	5.5	5.5
NIM (On IEA)	6.3	5.7	6.5	5.6	5.8	5.8
Capitalization Ratios (%)						
CAR	23.6	20.1	20.1	18.9	17.7	16.9
<i>Tier I</i>	21.8	18.8	18.1	17.5	16.7	16.2
<i>CET 1</i>	21.8	18.8	18.1	17.5	16.7	16.2
<i>Tier II</i>	1.8	1.3	1.9	1.4	1.0	0.7
Business Ratios (%)						
Loan/Deposit Ratio	84.2	83.9	86.2	88.0	88.9	89.3
CASA Ratio	38.4	33.4	29.2	29.2	30.6	31.6
Cost/Assets	4.3	4.5	4.5	4.0	4.1	4.0
Cost/Total Income	63.0	65.1	56.5	57.9	57.3	56.3
Cost/Core Income	62.5	65.6	57.8	59.6	59.2	58.2
Int. Expense/Int. Income	46.1	51.1	50.1	51.1	50.2	49.4
Fee Income/Total Income	19.8	24.0	21.4	21.8	20.1	19.3
Other Inc./Total Income	18.9	24.8	24.0	24.6	23.3	22.5
Efficiency Ratios (%)						
Employee per branch (in nos)	51.5	47.3	65.9	51.9	47.0	42.5
Staff cost per employee (INR m)	0.6	0.7	0.6	0.7	0.9	1.1
CASA per branch (INR m)	485	463	469	444	508	575
Deposits per branch (INR m)	1,261	1,386	1,608	1,519	1,659	1,819
Bus. Per Employee (INR m)	45	54	45	55	67	81
Profit per Employee (INR m)	0.5	0.5	0.4	0.5	0.7	0.9
Profitability and Valuations						
RoE	15.5	12.7	14.3	14.4	17.4	19.0
RoA (On Balance Sheet)	1.8	1.5	1.6	1.5	1.8	1.9
RoRWA	2.9	2.3	2.3	2.4	2.8	2.9
Book Value (INR)	164.0	186.8	228.9	263.7	310.0	372.8
- growth (%)	38.2	13.9	22.6	15.2	17.6	20.3
Price-BV (x)	6.4	5.6	4.6	4.0	3.4	2.8
Adjusted BV (INR)	161.6	183.1	222.7	258.4	300.1	360.7
- growth (%)	38.5	13.3	21.7	16.0	16.1	20.2
Price-ABV (x)	6.5	5.7	4.7	4.0	3.5	2.9
EPS (INR)	22.0	22.2	29.8	35.4	49.8	64.8
- growth (%)	22.3	1.0	33.9	18.8	40.9	30.0
Price-Earnings (x)	47.4	46.9	35.0	29.5	20.9	16.1

E: MOFSL Estimates

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