

Equitas Small Finance Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	EQUITASB IN
Equity Shares (m)	1141
M.Cap.(INRb)/(USD\$)	80 / 0.9
52-Week Range (INR)	73 / 50
1, 6, 12 Rel. Per (%)	17/15/-3
12M Avg Val (INR M)	281

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	32.5	33.4	40.1
OP	13.3	12.2	16.8
NP	1.5	0.5	6.5
NIM (%)	7.5	6.7	6.9
EPS (INR)	1.3	0.4	5.7
BV/Sh. (INR)	53	52	56
ABV/Sh. (INR)	50	50	55

Ratios

RoA (%)	0.3	0.1	1.0
RoE (%)	2.4	0.8	10.5

Valuations

P/E(X)	53.4	167.6	12.2
P/BV (X)	1.3	1.3	1.2
P/ABV (X)	1.4	1.4	1.3

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	0.0	0.0	0.0
DII	50.0	48.2	42.6
FII	14.6	15.7	15.4
Others	35.4	36.1	42.0

FII includes depository receipts

CMP: INR70

TP: INR80 (+14%)

Buy

Healthy revenue growth drives earnings beat

NIM expands 43bp QoQ; asset quality ratios improve

- Equitas SFB (EQUITASB) reported a 3QFY26 PAT of ~INR900m (36% YoY, 27% beat) amid healthy NII and higher other income. During 3QFY26, the bank sold its NPA assets amounting to INR548.5mn to an ARC.
 - NII grew 4.1% YoY/10.1% QoQ to INR8.5b (4% beat). NIM expanded 43bp QoQ to 6.72% in 3QFY26. Cost of funds declined from 7.35% in 2QFY26 to 7.13% in 3QFY26.
 - Advances grew 12.6% YoY/9.6% QoQ. The MFI portfolio (ex-DA) rose 12% QoQ/dipped 29% YoY, which now stands at ~8.8% of the portfolio. It is likely to be ~10% going forward. Deposits grew 7.2% YoY, but were down 1% QoQ.
 - Slippages stood at INR5.2b vs. INR6b in 2QFY26. The GNPA/NNPA ratio improved 17bp/6bp QoQ to 2.75%/0.92%. PCR increased to 67.1% in 3Q.
 - We tweak our earnings and estimate an RoA/RoE of 1.0%/10.5% by FY27E.
- Reiterate BUY with a TP of INR80 (premised on 1.4x Sep'27E ABV).**

Advances gaining traction; credit costs guided at 1.5-1.7% for FY27

- EQUITASB reported a 3QFY26 PAT of ~INR900m (36% YoY, 27% beat) amid healthy NII and higher other income.
- NII grew 4.1% YoY/ 10.1% QoQ to INR8.5b (4% beat). NIM expanded 43bp QoQ to 6.72% in 3QFY26. Cost of funds declined from 7.35% in 2QFY26 to 7.13% in 3QFY26.
- Other income grew 21% YoY/26.4% QoQ to INR 2.9b (19% beat). Treasury income stood at INR340mn in 2QFY26. Total revenues thus grew 8% YoY/ 13.8% QoQ to INR11.4b (7% beat).
- Opex grew 15% YoY/9.4% QoQ at INR8.3b (5% higher than MOFSLe) due to the labor code impact of INR295m. Provisions declined 20% YoY and 6.6% QoQ to INR1.9b (9% higher than MOFSLe). PPOp thus stood at INR3.1b (down 7.7% YoY and up 27.7% QoQ, 13% beat).
- Advances jumped 12.6% YoY/9.6% QoQ to INR398b. MFI (ex DA) grew 12% QoQ/dipped 29% YoY. HF posted healthy growth, rising 5.8% QoQ. VF loans grew 9.2% YoY/3.2% QoQ amid growth in used CV at 6% QoQ. Deposits grew 7.2% YoY/down 1% QoQ. CASA ratio moderated 138bp QoQ to 29.5%. The CD ratio rose to 91.2%. Disbursements grew to INR65.6b in 3QFY26 (up 28% YoY and 22% QoQ).
- On the asset quality front, slippages stood at INR5.2b vs. INR6b in 2QFY26. The GNPA/NNPA ratio improved 17bp/6bp QoQ to 2.75%/0.92%. The PCR stood broadly stable at 67.1%. Credit costs significantly improved from 2.16% in 2QFY26 to 1.88% in 3QFY26.

Key highlights from the management commentary

- Management guided advances growth of about 15% YoY (excluding DA book) for FY26. Beyond FY26, the bank expects to sustain a steady-state trajectory of around 20% growth, driven by diversified portfolios and making all asset products available in existing asset branches.
- Microfinance & Micro Loans Advances include the purchase of Agri assets from other Regulated Entities under Direct Assignment (DA) of INR13.43b. Excluding this DA, overall bank advances grew 12% YoY and 7% QoQ.
- EQUITASB continues to guide for 1% exit RoA in 4QFY26 and 1.5% for exit FY27E.

Valuation and view: Reiterate BUY with TP of INR80

EQUITASB reported a steady quarter with earnings beat led by healthy revenue. Margins expanded 43bp QoQ as the cost of funds declined and MFI book resumed growth. This is expected to remain in a similar range with a slight uptick going forward. Excluding the one-time incremental provision due to the implementation of the new labor code, the C/I ratio stood at 70.37%. The bank expects this to come down to ~65% by the exit of FY27. Advances growth was healthy, with the MFI book (ex-DA) rising 12% QoQ. EQUITASB expects advances to grow ~20% post-FY26, with deposits expected to grow faster than advances. On the asset quality front, GNPA/NNPA ratios improved. Credit costs are likely to taper down further by 4QFY26, aided by improved collection efficiencies. Management expects that with sustained improvement in DPD metrics and disbursements, MFI would move towards normal profitability by 4QFY26. We fine-tune our earnings and estimate an RoA/RoE of 1.0%/10.5% by FY27E. **Reiterate BUY with a TP of INR80 (1.4x Sep'27E ABV).**

Quarterly Performance

Y/E March	INR b											
	FY25				FY26E				FY25	FY26E	FY26E 3QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	8.0	8.0	8.2	8.3	7.9	7.7	8.5	9.3	32.5	33.4	8.2	4%
% Change (YoY)	7.9	4.8	4.2	5.5	-2.0	-3.6	4.1	11.7	5.6	2.6	0.3	
Other Income	2.1	2.4	2.4	2.3	2.9	2.3	2.9	2.7	9.1	10.8	2.4	19%
Total Income	10.1	10.4	10.6	10.5	10.8	10.0	11.4	11.9	41.6	44.1	10.6	7%
Operating Expenses	6.7	6.9	7.2	7.4	7.6	7.6	8.3	8.4	28.3	32.0	7.9	5%
Operating Profit	3.4	3.5	3.3	3.1	3.1	2.4	3.1	3.5	13.3	12.2	2.7	13%
% Change (YoY)	9.1	5.9	-7.6	-16.9	-7.5	-31.2	-7.7	13.5	-3.1	-8.9	-18.3	
Provisions	3.0	3.3	2.4	2.6	6.1	2.1	1.9	1.4	10.9	11.6	1.8	9%
Profit before Tax	0.4	0.2	0.9	0.5	-3.0	0.3	1.1	2.1	2.4	0.6	0.9	20%
Tax	0.1	0.1	0.2	0.1	-0.7	0.1	0.2	0.5	0.9	0.1	0.2	-1%
Net Profit	0.3	0.1	0.7	0.4	-2.2	0.2	0.9	1.6	1.5	0.5	0.7	27%
% Change (YoY)	-86.5	-93.5	-67.2	-79.7	-968.7	87.4	35.8	271.9	-81.6	-68.1	6.8	
Operating Parameters												
Deposits	375	399	407	431	444	441	437	467	431	467	470	-7%
Loans	319	340	354	362	347	364	398	420	362	420	389	2%
Deposit Growth (%)	35.4	29.2	25.8	19.3	18.3	10.6	7.2	8.4	19.3	8.4	15.5	
Loan Growth (%)	16.0	18.1	21.1	16.9	8.8	7.0	12.6	16.0	16.9	16.0	10.0	
Asset Quality												
Gross NPA (%)	2.73	2.95	2.97	2.89	2.92	2.92	2.75	2.65	2.91	2.65	2.29	
Net NPA (%)	0.83	0.97	0.96	0.98	0.98	0.98	0.92	0.84	1.48	0.84	0.73	
PCR (%)	70.3	67.7	68.3	66.8	67.0	66.9	67.1	68.8	50.0	68.8	68.8	

E: MOFSL Estimates

Quarterly snapshot

Profit and Loss, INRb	FY25				FY26			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net Interest Income	8.0	8.0	8.2	8.3	7.9	7.7	8.5	4	10
Other Income	2.1	2.4	2.4	2.3	2.9	2.3	2.9	21	26
Trading profits	0.3	0.5	0.4	0.3	1.2	0.3	0.3	-15	0
Total Income	10.1	10.4	10.6	10.5	10.8	10.0	11.4	8	14
Operating Expenses	6.7	6.9	7.2	7.4	7.6	7.6	8.3	15	9
Employee	3.7	4.0	4.3	4.2	4.6	4.7	5.2	21	9
Others	3.0	2.9	3.0	3.3	3.0	2.9	3.2	6	10
Operating Profits	3.4	3.5	3.3	3.1	3.1	2.4	3.1	-8	28
Core Operating Profits	3.1	3.0	2.9	2.8	1.9	2.1	2.7	-7	32
Provisions	3.0	3.3	2.4	2.6	6.1	2.1	1.9	-20	-7
PBT	0.4	0.2	0.9	0.5	-3.0	0.3	1.1	27	239
Taxes	0.1	0.1	0.2	0.1	-0.7	0.1	0.2	1	152
PAT	0.3	0.1	0.7	0.4	-2.2	0.2	0.9	36	273
Balance Sheet									
Loans	319	340	354	362	347	364	398	13	10
AUM's	349	361	373	380	376	391	419	12	7
Deposits	375	399	407	431	444	441	437	7	-1
CASA Deposits	117	122	117	124	131	136	129	10	-5
-Savings	106	107	102	108	108	119	116	14	-2
-Demand	12	15	15	16	23	18	13	-15	-28
Loan mix (%)									
MFI	17.1	15.6	14.4	11.9	9.4	8.7	9.1	-528	43
Vehicles	24.3	24.6	24.8	24.9	25.3	25.1	24.1	-67	-92
Small Business loans (incl HF)	51.9	52.9	53.9	55.7	57.5	56.9	55.1	123	-175
MSE Finance	3.5	3.8	4.0	4.4	4.5	4.7	4.8	81	9
Corporate loans	1.8	1.7	1.5	1.4	1.5	2.8	4.5	305	175
Others	1.3	1.4	1.4	1.7	1.8	1.9	2.3	86	40
Asset Quality (INRb)									
GNPA	8.9	10.2	10.7	10.7	10.4	10.8	11.2	4	3
NNPA	2.6	3.3	3.4	3.5	3.4	3.6	3.7	8	3
Slippages	3.9	5.1	5.9	5.5	6.6	6.0	5.2	-12	-14
Asset Quality Ratios (%)									
GNPA (%)	2.73	2.95	2.97	2.89	2.92	2.92	2.75	-22	-17
NNPA (%)	0.83	0.97	0.96	0.98	0.98	0.98	0.92	-4	-6
PCR (Calc, %)	70.3	67.7	68.3	66.8	67.0	66.9	67.1	-117	18
Slippage ratio	5.2	6.5	7.3	6.6	8.0	6.8	5.5	-175	-131
Business Ratios (%)									
Loan/Deposit	85.1	85.2	86.9	84.0	78.3	82.4	91.2	439	880
CASA	31.2	30.6	28.6	28.8	29.4	30.9	29.5	87	-138
Cost to Income	66.3	66.4	68.5	70.5	70.8	76.0	73.1	458	-293
Cost to Assets	6.3	6.2	6.3	6.1	6.1	5.9	6.3	-1	40
Tax Rate	28.0	35.8	26.1	21.0	24.8	28.0	20.8	-528	-720
Capitalisation Ratios (%)									
Tier-1 (incl profit)	19.6	18.1	17.5	17.8	17.2	16.4	16.6	-87	19
- CET 1 (incl profit)	19.6	18.1	17.5	17.8	17.2	16.4	16.6	-87	19
CAR (incl profit)	20.6	19.4	20.3	20.6	20.5	20.7	20.5	18	-27
LCR	178.6	158.8	150.0	58.4	179.6	170.9	148.8	-112	-2,203
Profitability Ratios (%)									
Yield on gross advances	16.5	16.5	16.6	0.0	16.0	15.7	15.6	-92	-10
Cost of Funds	7.5	7.5	7.5	7.5	7.5	7.4	7.1	-36	-22
Margins	8.0	7.7	7.4	7.1	6.6	6.3	6.7	-67	43
Other Details									
Branches	969	987	994	994	1,035	1,042	1,053	59	11
Employees (K)	22.6	23.2	24.2	25.4	25.9	27.1	28.5	4	1



Highlights from the management commentary

Opening remarks by MD & CEO

- From Aug'25, all MFI disbursements are aligned to a monthly repayment mode, which is helping to improve collection efficiency. 63% of the entire book is currently aligned to the monthly repayment mode.
- MFI mix stood at 8.8% of advances (excluding DA pool of 3QFY26). MFI mix is expected to be ~10% going forward.
- Delinquencies in SBL have shown improvement. Karnataka has shown signs of improvement in net slippages. Also, disbursements have improved and reached closer to normal levels.
- EQUITASB will continue to guide for 1% exit RoA in 4QFY26.
- EQUITASB expects 15% advances growth for the full year (without DA purchase in 3Q). In the current quarter, excluding this DA purchase, advances growth was 12% YoY/7% QoQ.
- RoA/RoE stood at 0.65%/6.1% in 3QFY26.
- The recently launched FCNR deposit has crossed USD20 million.
- Growth in the MFI segment led to overall healthy growth in 3QFY26.
- Excluding MFI, the bank has made the highest ever disbursement of INR53.8b in 3Q.
- MFI (ex DA) stood at INR38b in 3QFY26.
- Strategic Drivers to enable reduction in interest rates on deposits: Introduced Elite Lite & ARTHA to complement the existing elite product, addressing the Mass affluent to HNI segment; increased the number of clients on family banking for Elite accountholders; and raised the number of products and services per client
- The bank has started expanding new customer acquisition in MFI. The NTB (New to Bank) customer mix has increased to 47% in 3QFY26 from 18% in 2QFY26.
- Last quarter, the bank did rate tweaking strategically. CD, which was earlier 8.48%, stood at ~7.3% in 3Q.
- New book (Disbursed from Jan'25) constitutes 65% of the MFI portfolio. The X Bucket collection efficiency of the said book for Dec'25 is 99.72%.
- With the MFI contribution expected to grow from 8.8% to 10% by the end of this year, the proportion of new books will increase, resulting in improved collection efficiency.
- Gold loans from branches – signs are very positive, and the bank is disbursing ~INR1.0-1.2b in a month.
- Credit costs have significantly improved from 2.16% in 2QFY26 to 1.88% in 3QFY26. Credit cost is further expected to taper down from here.
- During 3QFY26, the bank sold its NPA assets (Secured Portfolio) to ARC, from which income was ~INR315.2mn.

Loans and deposits

- 60% of existing book has been repriced, 20% is due for repricing now.
- Increase to disbursement has been there in the quarter.
- For FY26, we expect advances growth of about 15% YoY (excluding DA book). Beyond FY26, we expect to sustain a steady-state trajectory of around 20% growth, driven by diversified portfolios and making all asset products available in existing asset branches.
- Microfinance & Micro Loans Advances includes purchase of Agri assets from other Regulated Entities under Direct Assignment (DA) of INR13.43b. Excluding this DA, Overall bank Advances grew by 12% YoY & 7% QoQ.

- By Mar'26, the bank will comply with all the requirements required for Universal Bank, and then it will apply for the license.
- In TN, currently the book is 44%, and EQUITASB expects this to reduce to ~36%.
- Traction in the used CV segment will continue, and asset quality is also healthy in this segment.
- Affordable housing is a three-year-old product post Covid. This year, EQUITASB has turned profitable, and from next year, it will be fully contributing to the RoA.
- The overall book, excluding MFI, is secured in nature.
- SBL growth is expected to be above 20% YoY next year.
- To further strengthen the Used Car segment, EQUITASB has identified ~100 high-potential existing branches and started deploying dedicated teams, ensuring focused execution and accelerated growth.
- Gold Loans: Presently, this is offered in 250+ liability branches. To improve this business, Gold loan has been introduced in 38 existing Asset branches. A phased rollout in other branches will follow in FY27.
- AHF, which was operating through 70 asset branches, expanded to an additional 19 asset branches in 3QFY26. The expansion pipeline remains intact, with ~10 more asset branches expected to be added by 4QFY26.
- Used Car and Used CV Advances have registered a growth of 36% YoY and 23% YoY, respectively. The vehicle finance portfolio is shifting towards used segments as per plan and guidance.
- Retail deposits (Retail TD+ CASA) form ~73% of the deposit base.
- ~10% is the MFI mix that the bank expects to maintain.
- Deposits growth is expected to be higher than advances growth going forward.

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

- Cost of SA as of Sep '25 at 5.57% reduced to 5.24% by Dec'25.
- NIM has expanded 43bp QoQ, as for the first time, MFI has not dipped, and the rest of the book continues to do well.
- NIM is expected to remain around a similar range, with a very minor uptick.
- Labor code impact was ~INR295mn in 3QFY26, which led to higher opex.
- Cost of fund is expected to trend down more over 2-3 quarters, and MFI is expected to be ~10% vs 8.6% currently; these two will be the lever for better margins. Some offset will be there from lower yields on advances.
- 65% of deposits have been repriced. 4QFY26 exit will be ~85% repriced book.
- ~17% yields is there for used CV and used Car.
- C/I ratio will come down to 65% in next year.
- Excluding the one-time incremental provision due to the implementation of the new labor code, the C/I ratio stood at 70.37%.
- ~5.1% is the SA rate, 8.1% is the TD rate in the repriced book.
- ~10.75% is the yield on the DA book purchased. None of this has exposure to Karnataka and Gujarat.
- CRAR stood at ~20.47%, EQUITASB does IBPC, and CGTSME to maintain its capital. Going forward, the bank will cover its VF book under CGTSME.
- In 3Q, disbursement yield on overall book stood at 16.22%.

Asset quality

- PCR ratio is ~67%, and the bank is comfortable with this ratio.
- X bucket CE of SBL is 99.3%. Net slippages in 4Q are expected to go down.
- 1-90 DPD for the bank has reduced by 146 bps QoQ.

- 100% of all the MFI loans disbursed from 1QFY26 are covered under CGFMU. As of Dec'25, 51% of the MFI principal outstanding is covered under this guarantee scheme.
- No asset quality concern can be seen in the used CV and car segment in 4Q as well. The bank will be disbursing more going forward.
- Bank expects credit cost in 4Q to be <1.5%, and full-year credit costs are expected to be ~1.5-1.7%.
- MFI DPD shows significant improvement QoQ on account of increased collection efficiency. TN constitutes more than 50% of the MFI portfolio, and its collection efficiency continues to remain under control (higher than the overall portfolio). Karnataka started showing improvement in collections, which is ~8% of the MFI portfolio.

Guidance and outlook

- C/I ratio will come down to 65% in next year.
- Bank expects credit cost in 4Q to be <1.5%, and full-year credit cost is expected to be ~1.5-1.7%.
- Bank will continue to guide for 1% exit RoA in 4QFY26.
- For FY26, we expect advances growth of about 15% YoY (excluding DA book). Beyond FY26, we expect to sustain a steady-state trajectory of around 20% growth.
- SBL growth is expected to be above 20% YoY next year.
- NIM is expected to remain around a similar range as now, with a very minor uptick going forward.

Story in Charts

Exhibit 1: AUM grew 16% YoY (up 10.6% QoQ) to IN433b

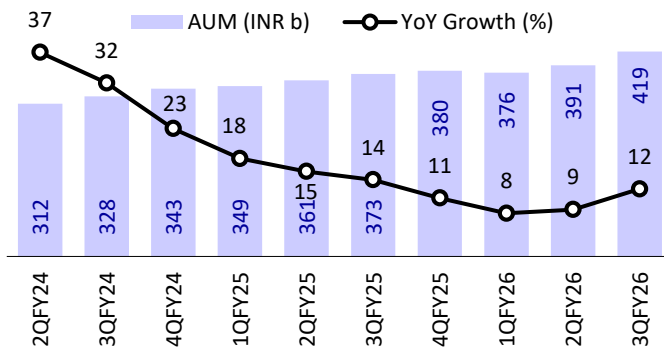


Exhibit 2: Loans/deposits grew 12.6%/7.2% YoY in 3QFY26

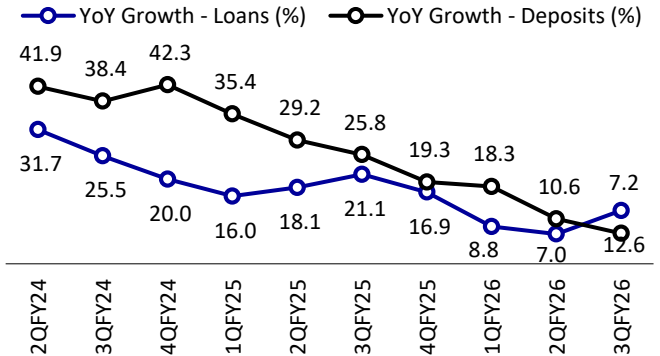


Exhibit 3: NIM expanded 43bp QoQ to 6.72%

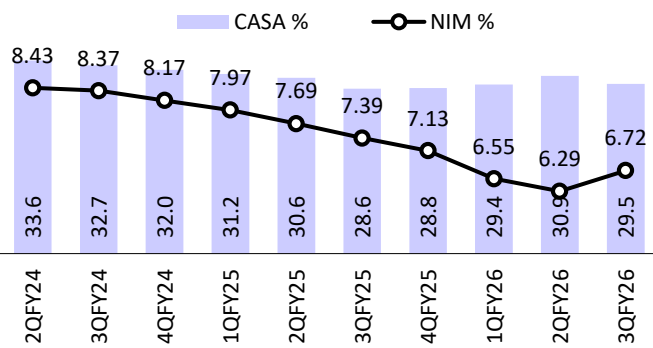


Exhibit 4: YoA declined to 15.63%, and COF stood at 7.13%

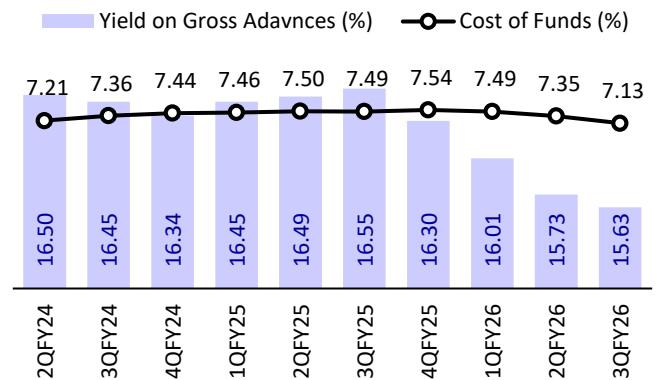


Exhibit 5: CD ratio increased to 91.2%; LCR ratio at 148.8%

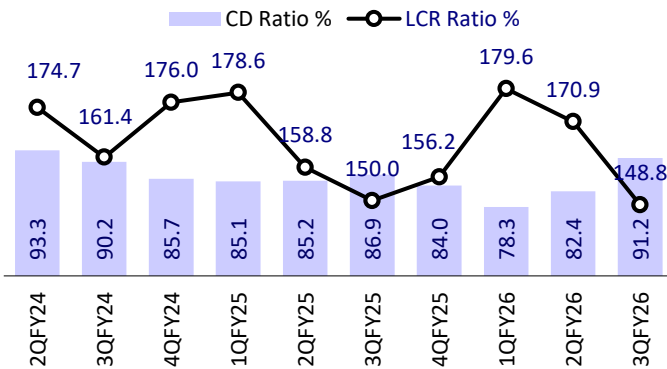


Exhibit 6: C/I ratio moderated to 73.1% in 3QFY26

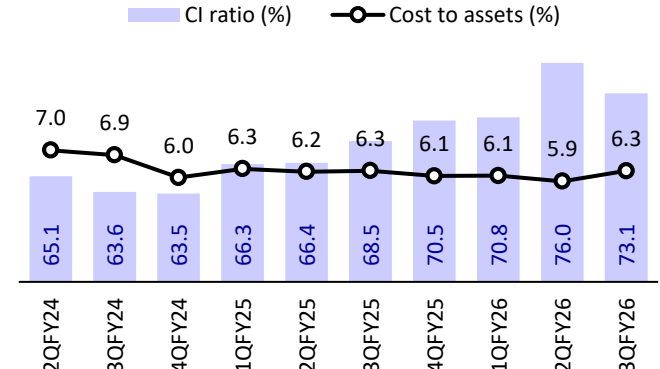


Exhibit 7: Credit costs declined to 1.9% vs. 2.2% in 2QFY26

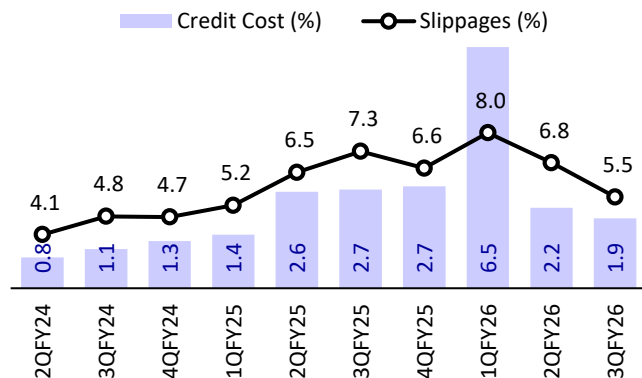
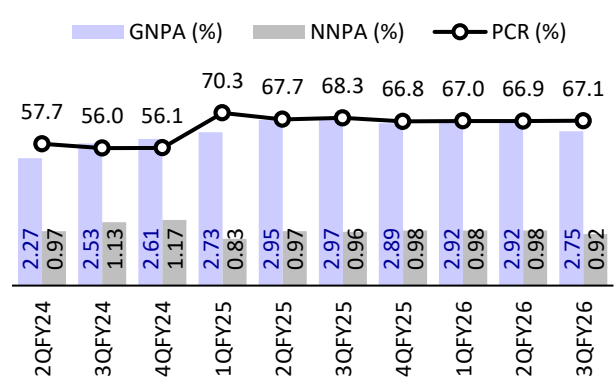


Exhibit 8: GNPA/NNPA ratio improved 17bp/6bp QoQ



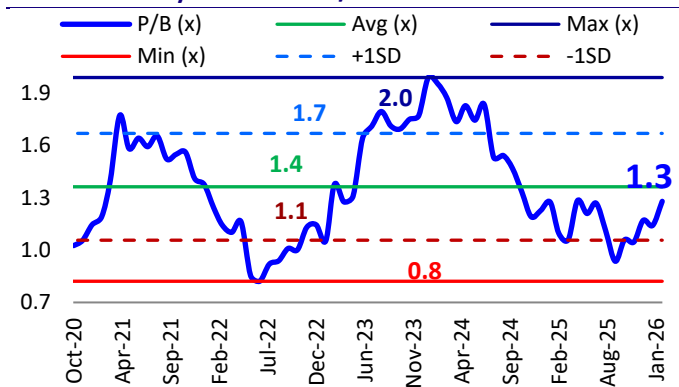
Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR80

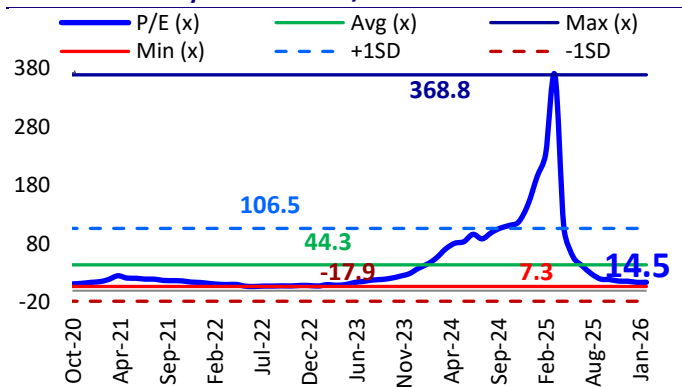
- EQUITASB reported a steady quarter with earnings beat led by healthy revenue. Margins expanded 43bp QoQ as the cost of funds declined and MFI book resumed growth. This is expected to remain in a similar range with a slight uptick going forward. Excluding the one-time incremental provision due to the implementation of the new labor code, the C/I ratio stood at 70.37%. The bank expects this to come down to ~65% by the exit of FY27.
- Advances growth was healthy, with the MFI book (ex-DA) rising 12% QoQ. EQUITASB expects advances to grow ~20% post-FY26, with deposits expected to grow faster than advances. On the asset quality front, GNPA/ NNPA ratios improved. Credit costs are likely to taper down further by 4QFY26, aided by improved collection efficiencies. Management expects that with sustained improvement in DPD metrics and disbursements, MFI would move towards normal profitability by 4QFY26.
- We fine-tune our earnings and estimate an RoA/RoE of 1.0%/10.5% by FY27E. **Reiterate BUY with a TP of INR80 (1.4x Sep'27E 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	12.4	12.5	12.3
Interest Expense	5.2	6.0	6.2	6.4	6.3	5.9
Net Interest Income	8.22	7.67	6.63	5.97	6.25	6.39
Fee income	2.09	1.73	1.56	1.82	1.89	1.88
Trading and others	0.07	0.26	0.29	0.10	0.09	0.08
Other Income	2.16	1.99	1.86	1.92	1.98	1.95
Total Income	10.38	9.66	8.48	7.89	8.23	8.34
Operating Expenses	6.58	6.23	5.76	5.72	5.62	5.41
Employees	3.54	3.41	3.30	3.36	3.34	3.24
Others	3.04	2.82	2.46	2.35	2.28	2.17
Operating Profits	3.80	3.43	2.72	2.17	2.61	2.93
Core operating Profits	3.73	3.17	2.42	2.07	2.52	2.86
Provisions	1.32	0.75	2.23	2.07	1.26	1.21
PBT	2.48	2.68	0.49	0.10	1.35	1.73
Tax	0.63	0.69	0.19	0.02	0.34	0.43
RoA	1.85	1.99	0.30	0.08	1.01	1.29
Leverage (x)	6.58	7.21	8.15	9.30	10.37	11.05
RoE	12.20	14.36	2.44	0.78	10.45	14.29

Financials and valuations

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	41.6	54.9	63.1	69.1	80.4	92.8
Interest Expense	16.2	24.1	30.6	35.7	40.3	44.5
Net Interest Income	25.4	30.8	32.5	33.4	40.1	48.2
-growth (%)	24.8	21.0	5.6	2.6	20.2	20.2
Non-Interest Income	6.7	8.0	9.1	10.8	12.7	14.7
Total Income	32.1	38.8	41.6	44.1	52.8	62.9
-growth (%)	24.8	20.7	7.3	6.0	19.7	19.2
Operating Expenses	20.4	25.0	28.3	32.0	36.0	40.8
Pre-Provision Profits	11.8	13.8	13.3	12.2	16.8	22.1
-growth (%)	34.9	17.1	-3.1	-8.9	37.8	32.1
Core PPOp	11.5	12.7	11.9	11.6	16.2	21.6
-growth (%)	39.2	10.3	-6.6	-2.5	39.6	33.2
Provisions	4.1	3.0	10.9	11.6	8.1	9.1
PBT	7.7	10.8	2.4	0.6	8.6	13.0
Tax	2.0	2.8	0.9	0.1	2.2	3.3
Tax Rate (%)	25.4	25.7	38.7	20.0	25.2	25.2
PAT	5.7	8.0	1.5	0.5	6.5	9.8
-growth (%)	104.3	39.3	-81.6	-68.1	1,277.5	50.8

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	48.1	52.8	60.9
Net Worth	51.6	59.7	60.7	59.5	64.2	72.3
Deposits	253.8	361.3	431.1	467.3	551.4	650.6
-growth (%)	33.9	42.3	19.3	8.4	18.0	18.0
-CASA Dep	107.3	115.5	124.1	137.4	171.5	202.3
-growth (%)	8.9	7.6	7.4	10.7	24.8	18.0
Borrowings	29.7	17.9	21.4	44.9	55.6	67.9
Other Liabilities & Prov.	14.5	14.2	15.2	18.4	21.5	25.2
Total Liabilities	349.6	453.0	528.4	590.0	692.8	816.0
Current Assets	12.4	35.8	55.4	39.4	44.9	46.7
Investments	66.6	90.7	92.9	106.8	124.3	144.2
-growth (%)	49.8	36.0	2.5	15.0	16.4	16.0
Loans	258.0	309.6	362.1	420.0	497.7	592.3
-growth (%)	33.2	20.0	16.9	16.0	18.5	19.0
Fixed Assets	3.8	6.0	7.0	7.4	8.3	9.3
Other Assets	8.7	10.9	11.1	16.4	17.5	23.4
Total Assets	349.6	453.0	528.4	590.0	692.8	816.0
Total AUM	278.6	343.4	379.9	440.6	522.2	621.4
-growth (%)	35.3	23.2	10.6	16.0	18.5	19.0

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA (INR m)	7.2	8.2	10.7	11.3	9.6	10.5
NNPA (INR m)	3.1	3.6	5.3	3.5	2.8	2.8
Slippage (INR m)	10.9	11.4	20.3	19.6	14.7	15.3
GNPA Ratio	2.76	2.61	2.91	2.65	1.90	1.74
NNPA Ratio	1.21	1.17	1.48	0.84	0.57	0.48
Slippage Ratio	4.81	4.01	6.05	5.00	3.20	2.80
Credit Cost	1.43	0.90	2.80	2.90	1.70	1.60
PCR (Excl Tech. write off)	56.9	56.1	50.0	68.8	70.6	72.9

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	13.9	13.8	13.5
Avg. Yield on loans	16.7	17.3	16.6	15.3	15.4	15.0
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	7.4	7.2	6.7
Avg. Cost of Deposits	6.1	7.0	7.3	7.2	6.9	6.4
Interest Spread	8.3	7.8	7.3	6.5	6.6	6.8
NIM (on IEA)	9.0	8.5	7.5	6.7	6.9	7.0

Capitalisation Ratios (%)

CAR	23.8	21.7	20.6	19.4	18.0	17.3
Tier I	23.1	20.7	17.8	15.5	14.4	14.1
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	89.9	90.3	91.0
CASA Ratio	42.3	32.0	28.8	29.4	31.1	31.1
Cost/Assets	5.8	5.5	5.4	5.4	5.2	5.0
Cost/Total Income	63.4	64.5	68.0	72.4	68.3	64.8
Cost/Core income	-11.2	-2.5	-2.0	-6.1	-7.0	-8.1
Int. Expense/Int.Income	38.9	43.9	48.5	51.7	50.1	48.0
Fee Income/Total Income	20.2	17.9	18.4	23.1	23.0	22.5
Other Inc./Total Income	20.8	20.6	21.9	24.4	24.0	23.4
Empl. Cost/Total Expense	53.8	54.7	57.3	58.8	59.5	59.9

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	0.7	0.7	0.7
CASA per branch	116.4	119.8	124.9	131.6	156.5	175.9
Deposits per branch	275.3	374.8	433.7	447.7	503.1	565.4
Business per Employee (INR m)	24.9	29.4	31.2	30.9	32.3	33.9
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	0.1	1.0	1.3
RoE	12.2	14.4	2.4	0.8	10.5	14.3
Book Value (INR)	46	53	53	52	56	63
-growth (%)	36.9	13.2	1.3	-2.0	8.0	12.5
Price-BV (x)	1.5	1.3	1.3	1.3	1.2	1.1
Adjusted BV (INR)	44	50	50	50	55	62
Price-ABV (x)	1.6	1.4	1.4	1.4	1.3	1.1
EPS (INR)	4.9	7.1	1.3	0.4	5.7	8.6
-growth (%)	106.8	46.6	-81.8	-68.2	1,277.5	50.8
Price-Earnings (x)	14.2	9.7	53.4	167.6	12.2	8.1

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. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (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.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. 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.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor 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 and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.