

Equitas Holdings

Estimate change	↓
TP change	↑
Rating change	↔

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Bloomberg	EQUITAS IN
Equity Shares (m)	342
M.Cap.(INRb)/(USD\$)	43.9 / 0.6
52-Week Range (INR)	138 / 40
1, 6, 12 Rel. Per (%)	37/66/114
12M Avg Val (INR M)	319

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	18.0	20.6	25.0
OP	8.9	8.6	11.5
NP	3.8	2.9	5.4
NIM (%)	8.4	7.8	7.8
EPS (INR)	11.2	8.6	15.8
BV/Sh. (INR)	99.4	105.6	117.9
ABV/Sh. (INR)	93.5	96.6	108.9

Ratios

RoE (%)	12.5	8.3	14.2
RoA (%)	1.7	1.1	1.7

Valuations

P/E(X)	11.4	15.0	8.1
P/BV (X)	1.3	1.2	1.1
P/ABV (X)	1.4	1.3	1.2

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	0.0	0.0	0.0
DII	32.1	33.2	30.3
FII	28.9	28.4	28.2
Others	39.0	38.4	41.6

FII Includes depository receipts

CMP: INR129 TP: INR160 (+25%) Buy

Business growth muted; collection efficiency shows a healthy recovery in Jul'21

Restructured book increases sharply

- Equitas Small Finance Bank reported a PAT of INR119m (MOSLe: INR705m) impacted by higher opex and elevated provisions on account of restructuring. Business growth remains muted, with non-MFI AUM flat QoQ, while the MFI portfolio declined. Liability momentum continues to stay strong, with CASA ratio improving to 40%.
- On the asset quality front, slippages stood elevated as collections were impacted due to the second COVID wave. However, higher upgrades provided some support. GNPA/NNPA increased by 103bp/80bp QoQ, while the restructuring book stood elevated at INR13.3b (~7.5% of loans). Collection efficiency for Jun'21 stood at 83.5%, which improved further to mid-90s in Jul'21, providing comfort on recovery trends. We cut our FY22E/FY23E earnings estimates by 36%/14%. We maintain our **BUY** rating.

Higher opex and elevated provisioning impacts earnings; asset quality deteriorates

- PAT stood ~INR119m (79% YoY decline, miss to our estimate) in 1QFY22, impacted by higher opex and elevated provisions, as the bank made provisions on the restructuring book.
- NII grew 14% YoY (+3% QoQ; in line), with NIM expanding by 30bp QoQ to 7.87%. Other income was up 2.5x (low base) at INR1b (-42% QoQ).
- Opex grew 37% YoY (+6% QoQ), resulting in an increase in the C/I ratio to 70.9% (v/s 60.2% in 4QFY21). PPOP growth stood at 16% YoY (24% miss).
- Total AUM grew ~15% YoY (-1% QoQ) to INR178b, affected by a 3% QoQ decline in the MFI/Vehicle portfolio. The share of MFI in total AUM declined to 17.5% (v/s 23.2%/18.1% in 1Q/4QFY21). Non-MFI grew 23% YoY (flat QoQ), led by a 24%/70% growth in Small Business loans/MSE finance. Disbursements stood at INR12.7b (up 1.2x/-50% QoQ) in 1QFY22.
- Deposits (excluding CD) growth stood strong (48% YoY) at INR170b, led by 189% growth in CASA (26% QoQ growth in SA deposits), while TD grew 9% YoY, resulting in an improvement in the CASA ratio to 40% (+600bp QoQ).
- On the asset quality front**, the GNPA/NNPA ratio increased by 103bp/80bp QoQ to 4.76%/2.38%, impacted by higher slippages, even as upgrades stood strong. PCR moderated to 51.2% (v/s 58.6% in 4QFY21). The total restructuring book stood at INR13.3b (7.5% of loans) and the management guided at a total restructuring of ~INR21.5b (~12% of loans).
- Collection efficiency (CE)** was impacted over 1QFY22 and stood at 83.5% in Jun'21, while the billing efficiency stood at 69.5%. However, CE improved in Jul'21 to the mid-90s. **CE across segments:** MFI at 67% (91% in Jul'21), Small Business loans at 85% (98.7% in Jul'21), and Vehicle Finance at 89%.

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Highlights from the management commentary

- **CE in the X bucket across states:** Tamil Nadu grew to 98.2% in Jul'21 from 64% in Jun'21, Chennai: 99%, Erode: ~96%, and the rest are in the range of 96-99%.
- **Vehicle Finance:** CE improved further in Jul'21. Billing efficiency has improved to 75-80% in Jul'21 from 69% in Jun'21.
- The bank expects the amalgamation to get completed in ~12 months.
- Credit cost based on current trends is expected to be ~2.5% for FY22. Credit cost should moderate from 2HFY22.

Valuation and view

Equitas reported a muted 1QFY22, with AUM growth impacted due to the lockdown, while higher provisioning dented earnings. Deposit growth remains robust, led by healthy traction in SA deposits. On the asset quality front, CE was impacted over 1QFY22, which resulted in a deterioration in asset quality. However, it showed a strong recovery in Jul'21, pointing towards a quicker recovery. Restructured book increased to 7.5% of loans (guidance of ~12%), which keeps us watchful on asset quality in the near term. We cut our FY22E/FY23E earnings estimate by 36%/14% and build in higher (2.5%) credit cost for FY22E. We estimate a RoA/RoE of 1.7%/14.2% for FY23E. We maintain our Buy rating with a revised TP of INR160/share (1.5x FY23E ABV).

Quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Interest Income	4,043	4,613	4,839	4,486	4,610	4,938	5,328	5,697	17,980	20,573	4,682	-2
% Change (YoY)	19.9	31.6	26.1	5.8	14.0	7.0	10.1	27.0	20.2	14.4	15.8	
Other Income	297	637	1,463	1,784	1,036	1,158	1,239	1,332	4,181	4,766	858	21
Total Income	4,339	5,249	6,302	6,270	5,647	6,096	6,568	7,029	22,160	25,339	5,539	2
Operating Expenses	2,919	3,053	3,551	3,771	4,002	4,157	4,274	4,328	13,294	16,760	3,383	18
Operating Profit	1,420	2,197	2,750	2,498	1,644	1,939	2,294	2,702	8,866	8,579	2,157	-24
% Change (YoY)	18.8	67.5	73.6	32.6	15.8	-11.7	-16.6	8.1	48.4	-3.2	51.9	
Provisions	683	839	1,261	970	1,502	1,168	1,074	927	3,753	4,670	1,214	24
Profit before Tax	737	1,358	1,490	1,529	142	772	1,220	1,775	5,113	3,908	943	-85
Tax	160	328	383	400	23	194	307	459	1,270	984	238	-90
Net Profit	577	1,030	1,107	1,129	119	577	912	1,316	3,842	2,925	705	-83
% Change (YoY)	1.1	108.1	17.6	162.4	-79.3	-44.0	-17.6	16.6	57.7	-23.9	22.3	
Operating Parameters												
AUM (INR b)	156	167	174	180	178	190	201	216	180	216	183	-2
Deposits (INR b)	118	129	159	164	171	176	188	203	164	203	169	1
Loans (INR b)	144	159	168	168	167	177	185	195	168	195	172	-3
AUM Growth (%)	27	26	19	17	15	14	16	20	17	20	17	-291
Deposit Growth (%)	29	29	51	52	45	36	18	24	52	24	43	179
Loan Growth (%)	20	23	23	23	16	11	10	16	23	16	19	-324
Asset Quality												
Gross NPA (%)	2.9	2.5	2.3	3.7	4.8	4.8	4.7	4.7	3.7	4.7	4.8	-2
Net NPA (%)	1.5	1.0	0.7	1.6	2.4	2.1	2.0	2.2	1.6	2.2	2.1	32
PCR (%)	48.8	50.2	66.2	58.6	51.2	58.5	59.0	53.8	55.6	53.8	58.0	-679

E: MOFSL estimates

Quarterly snapshot

Profit & Loss, INR m	FY20				FY21				FY22	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	3,372	3,505	3,836	4,240	4,043	4,613	4,839	4,486	4,610	14	3
Other Income	592	639	857	736	297	637	1,463	1,784	1,036	249	-42
Total Income	3,963	4,145	4,693	4,976	4,339	5,249	6,302	6,270	5,647	30	-10
Operating Expenses	2,768	2,833	3,108	3,092	2,919	3,053	3,551	3,771	4,002	37	6
Employee	1,694	1,696	1,839	1,870	1,945	1,878	2,049	2,042	2,217	14	9
Others	1,074	1,137	1,270	1,223	974	1,175	1,502	1,729	1,786	83	3
Operating Profit	1,196	1,312	1,584	1,884	1,420	2,197	2,750	2,498	1,644	16	-34
Provisions	308	454	405	1,300	683	839	1,261	970	1,502	120	55
PBT	888	858	1,180	584	737	1,358	1,490	1,529	142	-81	-91
Taxes	317	363	239	154	160	328	383	400	23	-85	-94
PAT	571	495	941	430	577	1,030	1,107	1,129	119	-79	-89
Balance Sheet (INR b)											
Deposits	91	100	105	108	118	129	159	164	171	45	4
Loans	120	130	137	137	144	159	168	168	167	16	-1
AUMs	123	133	146	154	156	167	174	179	178	15	0
Loan mix (%)											
MFI	25.5	24.1	24.0	23.5	23.2	21.8	20.1	18.1	17.5	-570	-52
Vehicles	24.7	24.4	24.6	24.5	24.3	24.7	24.6	25.3	24.5	29	-73
Small Business loans (incl. HF)	40.2	40.7	40.6	40.9	41.6	42.1	43.1	44.5	44.9	330	47
MSE Finance	2.3	3.3	3.9	4.4	4.6	5.6	5.7	6.6	6.8	220	19
Corporate loans	4.5	5.2	5.2	5.3	5.0	4.4	5.2	4.4	5.1	17	76
Others	2.8	2.3	1.8	1.5	1.3	1.4	1.3	1.3	1.1	-26	-16
Asset Quality											
(INR b)	FY20				FY21				FY22	Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA	3.3	3.8	4.2	4.2	4.2	4.0	3.9	6.4	8.2	96	27
NNPA	1.9	2.3	2.6	2.3	2.1	2.0	1.3	2.7	4.0	87	50
Slippages	0.8	1.1	1.3	0.9	0.2	0.2	0.4	5.1	3.7	2,336	-27
Asset Quality Ratios											
GNPA (%)	2.7	2.9	3.0	2.7	2.9	2.5	2.3	3.7	4.8	190	103
NNPA (%)	1.5	1.6	1.7	1.5	1.5	1.0	0.7	1.6	2.4	90	80
PCR (Calc., %)	44.0	38.8	38.9	45.2	48.8	50.2	66.2	58.6	51.2	242	-738
Credit Cost	1.2	1.6	1.3	4.1	2.1	2.3	3.3	2.5	3.9	179	133
Business Ratios (%)											
Loan/Deposit	131.7	129.3	130.6	127.2	122.1	123.5	106.0	102.8	97.8	-2,427	-498
CASA	24.5	22.4	20.9	20.5	20.0	25.2	25.0	34.2	39.7	1,977	549
Cost-to-Income	69.8	68.3	66.2	62.1	67.3	58.2	56.4	60.2	70.9	361	1,073
Cost-to-assets	6.8	6.7	7.0	6.5	5.8	5.6	5.9	6.0	6.4	62	42
Tax Rate	35.7	42.3	20.2	26.4	21.7	24.1	25.7	26.2	16.3	-543	-987
Profitability Ratios (%)											
Cost of Funds	8.2	8.3	8.0	7.8	7.6	7.4	7.3	7.2	7.0	-59	-23
Margin	8.9	8.8	9.2	9.5	8.6	9.0	8.5	7.6	7.9	-76	30
RoA	1.5	1.2	2.1	0.9	1.2	1.9	1.8	1.8	0.2	-96	-161
RoE	10.3	8.5	14.9	6.3	8.3	14.4	14.3	13.5	1.4	-692	-1,212



Highlights from the management commentary

Amalgamation

- The bank expects the amalgamation to get completed in ~12 months.
- The impact on holding discount would be less than the tax impact if the shares are sold. This would result in reduced liquidity in the case of a sale of shares.

Asset quality related

- Most customers exhibited conservative behavior and hoarded cash, thus resulting in lower collections and higher delinquencies.
- The management expects restructuring worth INR14-17b in FY22. So far, the bank has restructured ~INR9b in 1QFY22.
- Most restructuring would be from the SMA 1-30/30-60 day delinquent book.
- The collection behavior of SMA 0-1 customers have been different in the second wave v/s that witnessed in the first wave. The management said customers have been upfront about making payments.
- **CE for MFI as on 27th Jul'21 stands at 91% v/s 67% in Jun'21.**
- **CE in the X bucket across states:** Tamil Nadu grew to 98.2% in Jul'21 from 64% in Jun'21, Chennai: 99%, Erode: ~96%, and the rest are in the range of 96-99%.
- **CE in the X bucket in Tamil Nadu is ~100% in Jul'21.**
- **CE in Small Business loans stands at 98.7% as of 27th Jul'21.**
- **Vehicle Finance:** CE improved further in Jul'21. Billing efficiency has improved to 75-80% in Jul'21 from 69% in Jun'21.
- Upgrades remains strong, which is an encouraging sign. Of the total upgrades of INR1.6b, ~INR950m were due to collections, while INR640m were restructured.
- Recoveries in the second COVID wave have been much faster than the first wave, both in terms of collections and business disbursements.
- The bank expects to reach normalcy by Sep-Oct'21 in terms of collections.
- Credit cost based on current trends is expected to be ~2.5% for FY22. Credit cost should moderate from 2HFY22.
- NPA accounts, which have been restructured, would get upgraded once 20% is paid in the first year and 10% is paid in the second year.
- **Potential restructuring breakup:** Vehicle Finance (INR2b), Small Business loans (INR1b), and MSME (INR400m).
- Around 30% of collections, excluding MFI, are done via cash.

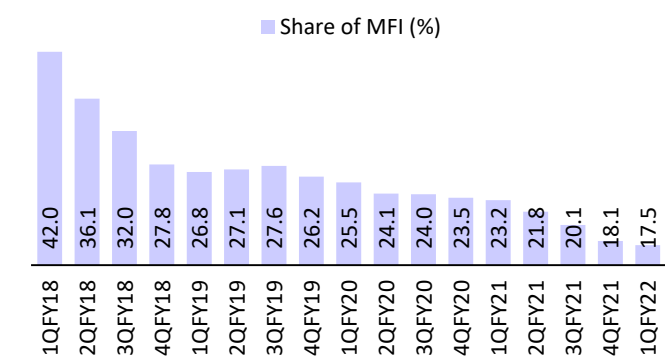
P&L and Balance Sheet related

- The MSME business has seen a sharper deterioration and is facing a slower bounce back. Recovery has been slow, but the management expects it to recover at a faster pace.
- Lead generation has been strong, which will result in higher disbursements.
- Fleet capacity utilization has been improving. This has resulted in an improvement in overall collections.
- Demand for Vehicle Finance is expected to continue post the festive season, which will result in lower delinquencies and improved disbursements.
- Disbursements under Small Business loans touched Mar'21 levels in Jul'21.
- The bank continues to focus on the Mass Affluent and HNI segment, which has scaled up well. This is also contributing to TPP income.

- Equitas sourced the largest proportion of Visa cards in 1QFY22.
- There were nil disbursements under ECLGS.
- The management is targeting a C/I ratio of 55% by FY23, and then reduce it further to 50%.

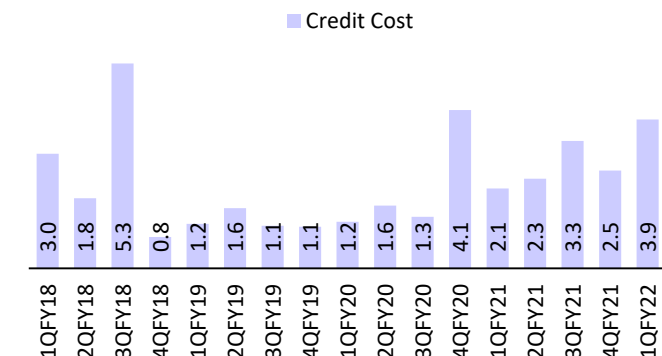
Key exhibits

Exhibit 1: Share of MFI declines to 17.5% v/s 23% in 1QFY21



Source: MOFSL, Company

Exhibit 2: Credit cost trends over the past few quarters



Source: MOFSL, Company

Exhibit 3: CE and billing efficiency trends across segments

Product segments (%)	CE Mar'21	CE Jun'21	Billing efficiency Mar'21	Billing efficiency Jun'21
MFI	93.44	66.90	91.90	63.02
SBL	106.56	85.14	91.48	73.02
Vehicle Finance	113.84	89.33	87.74	68.94
MSE Finance	180.26	108.34	89.04	72.89
Corporate	174.91	103.00	99.91	99.21
Total	108.51	83.49	91.12	69.52

*CE represents total collections during the month as a percentage of total EMIs

**Billing efficiency represents only EMIs collected as a percentage of total EMIs due in that month

Source: MOFSL, Company

Exhibit 4: CE in the X bucket touched pre-COVID levels

Product segments (%)	Dec'20	Mar'21	Jun'21
MFI	98.30	98.70	73.97
SBL	99.05	99.60	96.15
Vehicle Finance	95.72	98.85	91.58

Source: MOFSL, Company

Valuation and view

- Non-MFI businesses such as Small Business and Commercial Vehicle loans are likely to be the growth drivers. Considering the under-penetration in both segments, Equitas can continue to grow more than 20% over the next two years.
- It is making strong progress on the liability front, with a focus on mass affluent customers. It is offering a higher SA rate (on deposits above INR0.1m) to improve its Retail deposits. The CASA ratio has improved to ~40%.
- **Maintain Buy with a TP of INR160/share:** Equitas reported a muted 1QFY22, with AUM growth impacted due to the lockdown, while higher provisioning dented earnings. Deposit growth remains robust, led by healthy traction in SA deposits. On the asset quality front, CE was impacted over 1QFY22, which

resulted in a deterioration in asset quality. However, it showed a strong recovery in Jul'21, pointing towards a quicker recovery. Restructured book increased to 7.5% of loans (guidance of ~12%), which keeps us watchful on asset quality in the near term. We cut our FY22E/FY23E earnings estimate by 36%/14% and build in higher (2.5%) credit cost for FY22E. We estimate a RoA/RoE of 1.7%/14.2% for FY23E. We maintain our Buy rating with a revised TP of INR160/share (1.5x FY23E ABV).

Exhibit 5: Cut our FY22E/FY23E earnings estimates by ~36%/14%

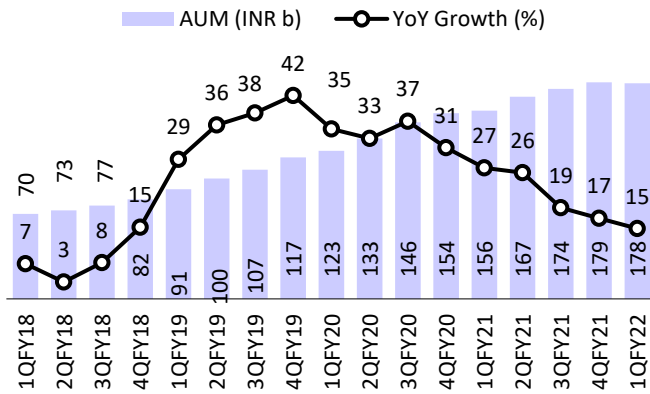
INR b	Old estimate		Revised estimate		Change (%) /bp	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Net Interest Income	21.6	26.6	20.6	25.0	-4.6	-6.0
Other Income	4.8	5.5	4.8	5.8	0.0	5.2
Total Income	26.3	32.2	25.3	30.8	-3.8	-4.1
Operating Expenses	15.8	19.1	16.8	19.3	5.9	1.4
Operating Profit	10.5	13.1	8.6	11.5	-18.3	-12.2
Provisions	4.4	4.7	4.7	4.3	5.8	-8.4
PBT	6.1	8.4	3.9	7.2	-35.8	-14.3
Tax	1.5	2.1	1.0	1.8	-35.8	-14.3
PAT	4.6	6.3	2.9	5.4	-35.8	-14.3
Loans	202	253	195	242	-3.3	-4.1
Deposits	213	277	203	260	-4.6	-6.1
Credit Cost (%)	2.3	1.9	2.5	1.9	20	-10
EPS	15.5	20.8	8.6	15.8	-44.9	-23.9
BV	106.8	115.1	105.6	117.9	-1.1	2.4
ABV	99.6	107.0	96.6	108.9	-3.0	1.8

Exhibit 6: DuPont Analysis for Equitas

	FY17	FY18	FY19	FY20E	FY21	FY22E	FY23E
Interest Income	18.3	14.1	14.4	15.1	14.5	13.4	13.4
Interest Expense	7.5	5.8	6.6	6.6	6.3	5.7	5.7
Net Interest Income	10.86	8.24	7.87	8.53	8.17	7.62	7.66
Fee income	1.11	1.47	1.93	1.59	1.70	1.55	1.61
Trading and others	0.34	0.00	0.00	0.02	0.20	0.21	0.17
Other Income	1.45	1.47	1.93	1.61	1.90	1.76	1.78
Total Income	12.31	9.70	9.81	10.14	10.07	9.38	9.44
Operating Expenses	7.81	8.07	6.89	6.73	6.04	6.21	5.92
Employees	5.08	4.80	3.77	4.05	3.60	3.52	3.34
Others	2.73	3.26	3.13	2.68	2.44	2.69	2.58
Operating Profit	4.50	1.64	2.91	3.41	4.03	3.18	3.52
Core operating Profit	4.16	1.64	2.91	3.39	3.82	2.97	3.34
Provisions	1.31	1.42	0.70	1.41	1.70	1.73	1.30
NPA	1.25	0.22	0.70	0.00	1.97	1.68	1.24
Others	0.06	1.20	0.00	1.41	-0.26	0.04	0.06
PBT	3.20	0.22	2.21	2.00	2.32	1.45	2.21
Tax	1.17	0.17	0.77	0.61	0.58	0.36	0.56
RoA	2.02	0.05	1.44	1.39	1.75	1.08	1.66
Leverage (x)	4.4	5.1	6.5	7.0	7.2	7.7	8.6
RoE	8.9	0.2	9.3	9.7	12.5	8.3	14.2

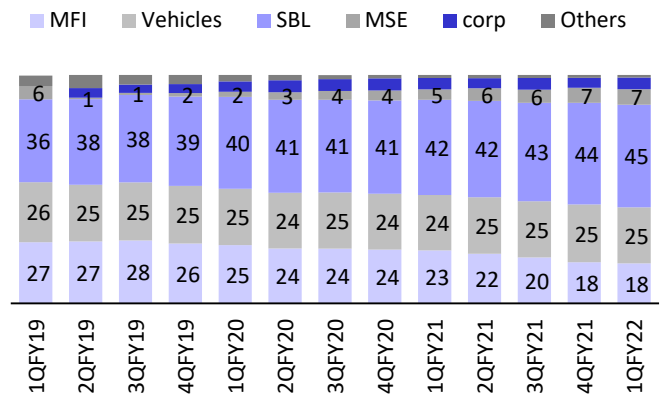
Story in charts

Exhibit 7: AUM grew 15% YoY (-1% QoQ) to INR178b



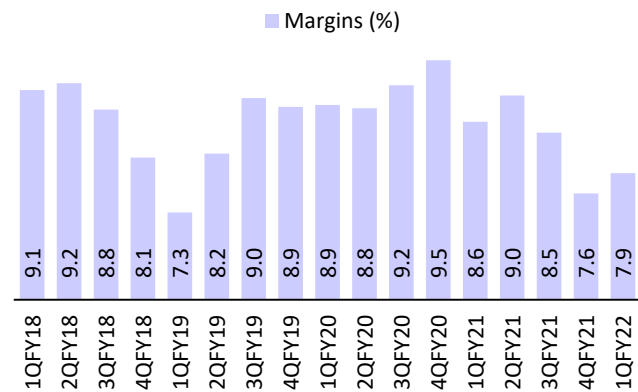
Source: MOFSL, Company

Exhibit 8: Share of Small Business loans inches up to 45%



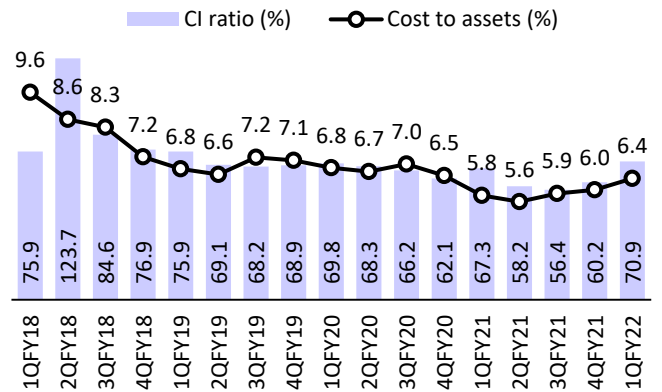
Source: MOFSL, Company

Exhibit 9: Margin expands by ~30bp QoQ to 7.87%



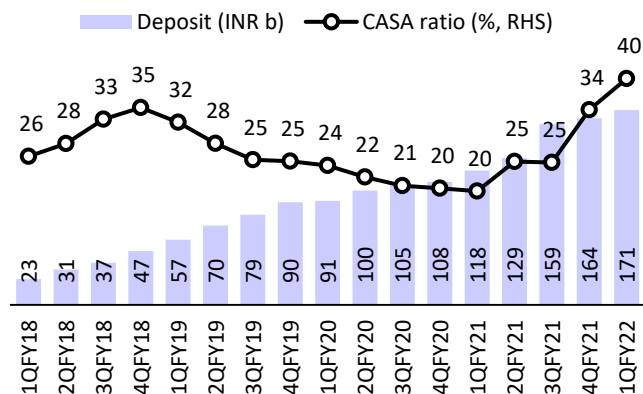
Source: MOFSL, Company

Exhibit 10: C/I ratio increases to 70.9% v/s 60.2% in 4QFY21



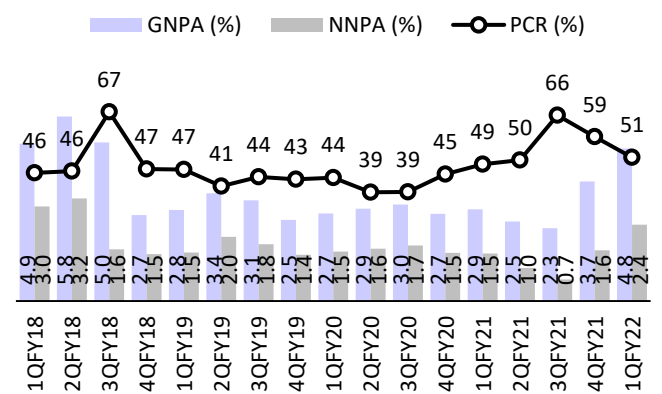
Source: MOFSL, Company

Exhibit 11: CASA ratio increases to ~40% on strong (21% QoQ) CASA growth, with a reduction in bulk TDs



Source: MOFSL, Company

Exhibit 12: GNPA/NNPA ratio increases by 103bp/80bp QoQ to 4.76%/2.38%; PCR moderates to 51%



Source: MOFSL, Company

Financials and valuations

Income Statement						(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	14,426	16,120	21,119	26,454	31,944	36,071	43,743
Interest Expense	5,871	6,691	9,602	11,501	13,965	15,498	18,718
Net Interest Income	8,555	9,428	11,517	14,953	17,980	20,573	25,025
Growth (%)	42.4	10.2	22.2	29.8	20.2	14.4	21.6
Non-Interest Income	1,140	1,677	2,829	2,824	4,181	4,766	5,814
Total Income	9,695	11,106	14,346	17,777	22,160	25,339	30,839
Growth (%)	42.8	14.5	29.2	23.9	24.7	14.3	21.7
Operating Expenses	6,150	9,233	10,085	11,801	13,294	16,760	19,347
Pre-Provision Profit	3,545	1,873	4,261	5,976	8,866	8,579	11,492
Growth (%)	11.0	-47.2	127.5	40.2	48.4	-3.2	34.0
Core PPOP	3,279	1,873	4,261	5,942	8,419	8,013	10,926
Growth (%)	6.6	-42.9	127.5	39.4	41.7	-4.8	36.4
Provisions (excl. tax)	1,029	1,621	1,024	2,466	3,753	4,670	4,261
PBT	2,516	252	3,237	3,509	5,113	3,908	7,232
Tax	922	198	1,132	1,073	1,270	984	1,820
Tax Rate (%)	36.6	78.5	35.0	30.6	24.8	25.2	25.2
PAT	1,594	54	2,106	2,436	3,842	2,925	5,412
Growth (%)	-4.7	-96.6	3,775.3	15.7	57.7	-23.9	85.0

Balance Sheet							
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	3,378	3,404	3,415	3,418	3,418	3,418	3,418
Reserves and Surplus	18,928	19,359	19,129	24,024	30,546	32,671	36,883
Net Worth	22,306	22,763	22,543	27,441	33,963	36,089	40,301
Deposits	18,850	47,190	90,067	1,07,884	1,63,920	2,03,260	2,60,173
Growth (%)		150.3	90.9	19.8	51.9	24.0	28.0
of which CASA Dep.	3,320	16,340	22,720	22,082	56,138	53,661	70,247
Growth (%)		392.2	39.0	-2.8	154.2	-4.4	30.9
Borrowings	46,579	58,877	39,730	51,349	41,653	44,569	49,026
Other Liabilities and Prov.	6,264	6,118	5,286	6,471	7,616	9,139	10,967
Total Liabilities	93,999	1,34,948	1,57,627	1,93,145	2,47,152	2,93,057	3,60,467
Current Assets	10,642	11,940	12,606	25,368	33,787	38,414	44,525
Investments	18,959	38,569	23,445	23,425	37,052	51,872	66,397
Growth (%)	15,831.9	103.4	-39.2	-0.1	58.2	40.0	28.0
Loans	58,351	78,001	1,15,950	1,37,472	1,68,479	1,95,436	2,42,341
Growth (%)	15.1	33.7	48.7	18.6	22.6	16.0	24.0
Fixed Assets	3,288	3,304	2,373	2,128	1,851	2,036	2,341
Other Assets	2,759	3,133	3,253	4,752	5,983	5,299	4,864
Total Assets	93,999	1,34,947	1,57,627	1,93,145	2,47,152	2,93,057	3,60,467
Total AUM	71,760	82,390	1,17,043	1,53,660	1,79,782	2,15,738	2,58,886
Growth (%)	17.2	14.8	42.1	31.3	17.0	20.0	20.0

Asset Quality	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
GNPA (INR m)	2,065	2,125	2,957	4,173	6,427	9,475	10,902
NNPA (INR m)	1,015	1,315	1,864	2,286	2,851	4,379	4,404
GNPA Ratio	3.6	2.7	2.5	3.0	3.7	4.7	4.4
NNPA Ratio	1.8	1.7	1.6	1.7	1.6	2.2	1.8
Slippage Ratio	6.9	5.1	3.3	3.2	3.9	3.9	2.6
Credit Cost	1.8	1.7	0.8	1.6	2.1	2.5	1.9
PCR (Excl. Tech. write off)	50.8	38.1	36.9	45.2	55.6	53.8	59.6

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Yield and Cost Ratio (%)							
Avg. Yield on Earning Assets	19.5	14.9	15.1	15.6	15.0	13.7	13.7
Avg. Yield on loans	25.9	20.6	18.8	19.1	19.0	18.1	18.0
Avg. Yield on Investments	2.0	7.2	8.3	6.7	7.3	6.4	6.7
Avg. Cost of Int. Bear. Liab.	10.5	7.8	8.1	8.0	7.7	6.8	6.7
Interest Spread	9.0	7.1	6.9	7.7	7.4	6.9	7.0
NIM (on IEA)	11.5	8.7	8.2	8.8	8.4	7.8	7.8

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	309.6	165.3	128.7	127.4	102.8	96.2	93.1
CASA Ratio	17.6	34.6	25.2	20.5	34.2	26.4	27.0
Cost/Assets	6.5	6.8	6.4	6.1	5.4	5.7	5.4
Cost/Total Income	63.4	83.1	70.3	66.4	60.0	66.1	62.7
Cost/Core income	65.2	83.1	70.3	66.5	61.2	67.7	63.9
Int. Expense/Int. Income	40.7	41.5	45.5	43.5	43.7	43.0	42.8
Fee Income/Total Income	9.0	15.1	19.7	15.7	16.8	16.6	17.0
Non Int. Inc./Total Income	11.8	15.1	19.7	15.9	18.9	18.8	18.9
Empl. Cost/Total Expense	65.0	59.6	54.7	60.1	59.5	56.7	56.5
Investment/Deposit Ratio	100.6	81.7	26.0	21.7	22.6	25.5	25.5

Profitability Ratios and Valuation

RoE	8.9	0.2	9.3	9.7	12.5	8.3	14.2
RoA	2.0	0.0	1.4	1.4	1.7	1.1	1.7
Book Value (INR)	66.0	66.9	66.0	80.3	99.4	105.6	117.9
Growth (%)	32.9	1.3	-1.3	21.6	23.8	6.3	11.7
Price-to-BV (x)		1.9	1.9	1.6	1.3	1.2	1.1
Adjusted BV (INR)	63.9	64.2	62.2	75.6	93.5	96.6	108.9
Price-to-ABV (x)		2.0	2.1	1.7	1.4	1.3	1.2
EPS (INR)	5.2	0.2	6.2	7.1	11.2	8.6	15.8
Growth (%)	-15.5	-96.9	3,754.5	15.5	57.6	-23.9	85.0
Price-to-Earnings (x)	24.5	802.0	20.8	18.0	11.4	15.0	8.1

E: MOSL estimates

NOTES

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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

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