

AU Small Finance Bank

Estimate change



TP change



Rating change



Bloomberg	AUBANK IN
Equity Shares (m)	667
M.Cap.(INRb)/(USDb)	459.7 / 5.5
52-Week Range (INR)	813 / 554
1, 6, 12 Rel. Per (%)	8/-27/-33
12M Avg Val (INR M)	1665

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	51.6	80.1	102.1
PPoP	25.1	39.1	52.7
PAT	15.3	21.5	29.4
NIM (%)	5.2	6.1	5.9
EPS (INR)	23.0	30.5	39.6
EPS Gr. (%)	4.3	32.6	30.1
BV/Sh. (INR)	187	231	271
ABV/Sh. (INR)	183	227	265

Ratios

RoE (%)	13.1	14.5	15.8
RoA (%)	1.5	1.6	1.7

Valuations

P/E(X)	27.0	20.4	15.6
P/BV (X)	3.3	2.7	2.3
P/ABV (X)	3.4	2.7	2.3

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	25.5	25.5	25.5
DII	22.8	20.8	20.6
FII	39.4	41.1	39.7
Others	12.4	12.6	14.1

FII Includes depository receipts

CMP: INR620
TP: INR735 (+19%)
Buy

PPoP in line; asset quality improves

One-off charges related to the merger hurt reported earnings

- AU Small Finance Bank (AUBANK) reported a PAT of INR3.7b in 4QFY24 (down 13% YoY), due to the stamp duty and other transaction charges related to the merger with Fincare SFB. AUBANK's NII grew 10% YoY to INR13.37b (3% miss), while NIM contracted 40bp QoQ to 5.1%.
- PPoP grew 16% YoY to INR6.6b (in line) even as opex increased 26% YoY (4% above our estimate). C/I ratio thus increased to 65% from 63% in 3QFY24.
- Advances grew 25% YoY (~10% QoQ), led by growth in both retail and wholesale books. Deposits reported a healthy 26% YoY (8.8% QoQ) growth. C/D ratio was comfortable at 83.9% during the quarter.
- GNPA/NNPA improved 31bp/13bp QoQ to 1.67%/0.55%. Credit costs moderated to 0.47%. PCR increased 164bp QoQ to 67.6% in 4QFY24.
- We raise our FY25E/FY26E EPS by 4-5% and estimate FY26 RoA/RoE at 1.7%/15.8%. **Reiterate BUY with a TP of INR735 (based on 2.7x FY26E BV).**

Business growth healthy; margin contracted 40bp QoQ

- AUBANK reported a 4QFY24 PAT of INR3.71b (13% YoY decline). Provisions declined 17% QoQ to INR1.33b (19% lower than MOFSLe); however, the one-off charges towards stamp duty and other transaction-related expenses of INR570m (net of tax) impacted net earnings adversely.
- Other income jumped 67% YoY to INR5.56b (17% beat) even as treasury gains were muted at INR70m. PPoP thus grew 16% YoY to INR6.6b (in line). Margin contracted 40bp QoQ to 5.1%, and management expects the cost of funds to increase 40-45bp in FY25. Therefore, NIM will remain under watch.
- Opex grew 26% YoY (up 9.9% QoQ) as the bank continued to invest in building the franchise. Total income grew 22% YoY (up 6.7% QoQ), leading to a 194bp QoQ increase in the cost-to-income ratio to 65%.
- Advances grew 25% YoY (~10% QoQ), led by growth in both retail and wholesale books. Yield on advances remained stable at 13.2%; however, the incremental disbursement yield has improved 46bp YTD.
- Deposits grew at a healthy 26% YoY (8.8% QoQ), led by strong traction in CASA deposits. CASA mix, thus, remained stable at 33%. The cost of funds rose 8bp QoQ to 6.98%.
- GNPA/NNPA improved 31bp/13bp QoQ to 1.67%/0.55%. Credit costs moderated to 0.47%. PCR increased 164bp QoQ to 67.6% in 4QFY24.
- The outstanding restructured loans declined to INR4.4b (0.6% of loans vs. 0.7% in 3QFY24). The bank has additional INR700m of provisions against standard restructured assets, along with INR410m of floating provisions.

Highlights from the management commentary

- The bank's RoA is likely to be ~1.8% by FY27, led by improvements in: 1) operating leverage and 2) asset mix towards high-margin businesses.
- On a pro-forma basis, the microfinance business accounted for 8.3% of the merged loan portfolio as of 4QFY24. Over the next three years, AUBANK expects the MFI business to be ~10% of the loan portfolio.
- The bank will provide a credit cost of 2.5-3.0% p.a. on the MFI business every year. Any unutilized portion of this credit cost, in any year, shall be used to create a countercyclical buffer for the MFI.

Valuation and view: Reiterate BUY with a TP of INR735

AUBANK reported a mixed quarter as stamp duty and other transaction charges related to the merger with Fincare SFB dragged earnings even as PPOP stood in line. Margins continued to compress further as the cost of funds rose 8bp QoQ, while the disbursement yield remained broadly unchanged. On the business front, disbursement growth was healthy, led by both retail and commercial asset books. The traction in deposits also stood healthy. The asset quality improved, enabling a moderation in provisioning expenses while the bank further carried floating provisions of INR410m. We raise our FY25E/FY26E EPS by 4-5% and estimate the operating performance to improve gradually, thus resulting in an FY26 RoA/RoE of 1.7%/15.8%. **Reiterate BUY with a TP of INR735 (based on 2.7x FY26E BV).**

Quarterly performance (INR m)

	FY23				FY24				FY23	FY24	FY24E 4QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	9,760	10,833	11,527	12,132	12,462	12,490	13,249	13,370	44,253	51,571	13,720	-2.5
% Change (Y-o-Y)	34.8	43.8	40.5	29.5	27.7	15.3	14.9	10.2	36.8	16.5	13.1	
Other Income	1,592	2,474	2,949	3,331	3,151	4,255	4,497	5,556	10,345	17,459	4,752	16.9
Total Income	11,352	13,307	14,476	15,463	15,613	16,744	17,746	18,926	54,597	69,030	18,472	2.5
Operating Expenses	7,411	8,319	8,919	9,753	10,153	10,267	11,175	12,285	34,403	43,880	11,776	4.3
Operating Profit	3,941	4,988	5,557	5,709	5,461	6,477	6,571	6,642	20,195	25,150	6,697	-0.8
% Change (Y-o-Y)	-18.2	27.1	21.2	18.4	38.6	29.9	18.2	16.3	11.3	24.5	17.3	
Provisions	384	430	326	409	330	1,143	1,589	1,325	1,548	5,155	1,637	-19.1
Profit before Tax	3,557	4,558	5,231	5,300	5,131	5,334	4,981	6,084	18,646	19,994	5,060	20.3
Tax	878	1,132	1,302	1,054	1,262	1,315	1,229	841	4,367	4,647	1,218	-30.9
Net Profit	2,679	3,426	3,928	4,246	3,869	4,018	3,752	5,243	14,279	15,347	3,842	36.5
% Change (Y-o-Y)	31.8	23.0	30.1	22.7	44.4	17.3	-4.5	23.5	26.4	7.5	-9.5	
Operating Parameters												
Deposit (INR b)	546.3	583.4	611.0	693.6	693.2	757.4	801.2	871.8	693.6	871.8	871.8	
Loan (INR b)	486.5	517.4	556.0	584.2	628.6	641.7	667.4	731.6	584.2	731.6	727.5	
Deposit Growth (%)	47.6	49.4	38.0	31.9	26.9	29.8	31.1	25.7	31.9	25.7	25.7	
Loan Growth (%)	43.3	44.4	38.4	26.7	29.2	24.0	20.0	25.2	26.7	25.2	24.5	
Asset Quality												
GNPA (%)	2.0	1.9	1.8	1.7	1.8	1.9	2.0	1.7	1.7	1.7	2.0	
NNPA (%)	0.6	0.6	0.5	0.4	0.6	0.6	0.7	0.6	0.5	0.5	0.7	
PCR (%)	71.7	71.1	72.1	75.0	69.0	69.1	66.0	67.6	70.8	67.6	64.7	

E: MOFSL Estimates

Quarterly snapshot

	FY23				FY24				Change (%)	
Profit and Loss (INR m)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	9,760	10,833	11,527	12,132	12,462	12,490	13,249	13,370	10	1
Other Income	1,592	2,474	2,949	3,331	3,151	4,255	4,497	5,556	67	24
Total Income	11,352	13,307	14,476	15,463	15,613	16,744	17,746	18,926	22	7
Operating Expenses	7,411	8,319	8,919	9,753	10,153	10,267	11,175	12,285	26	10
Employee	3,940	4,513	4,652	4,825	5,070	5,120	5,287	5,559	15	5
Others	3,471	3,806	4,267	4,928	5,082	5,147	5,887	6,726	36	14
Operating Profits	3,941	4,988	5,557	5,709	5,461	6,477	6,571	6,642	16	1
Provisions	384	430	326	409	330	1,143	1,589	1,325	224	-17
PBT	3,557	4,558	5,231	5,300	5,131	5,334	4,981	6,084	15	22
Taxes	878	1,132	1,302	1,054	1,262	1,315	1,229	841	-20	-32
PAT	2,679	3,426	3,928	4,246	3,869	4,018	3,752	3,707	-13	-1
Balance Sheet (INRb)										
Loans	487	517	556	584	629	642	667	732	25	10
Deposits	546	583	611	694	693	757	801	872	26	9
Total Assets	710	779	807	902	916	960	1,012	1,094	21	8
Asset Quality (INR m)										
GNPA	9,696	9,967	10,189	9,813	11,212	12,448	13,397	12,374	26	-8
NNPA	2,748	2,882	2,846	2,452	3,471	3,847	4,562	4,010	64	-12
Slippages	2,530	2,620	2,310	1,910	3,170	3,490	4,030	2,960	55	-27
Loan Mix (%)									Change (bp)	
Retail	82.6	80.9	80.2	78.4	78.9	77.2	75.8	75.5	-298	-31
Wheels	36.4	36.2	34.6	32.2	33.1	31.9	30.1	30.4	-180	22
Secured MSME	33.9	33.0	32.1	31.3	29.9	28.6	28.4	27.8	-356	-66
Wholesale	17.4	19.1	19.8	21.6	21.1	22.8	24.2	24.5	298	31
NBFC	3.6	3.6	4.1	4.3	3.7	3.9	4.1	4.1	-18	8
RE Group	1.7	1.8	1.9	2.1	2.0	2.1	2.3	2.6	52	33
Business Banking	6.6	7.4	7.8	8.4	8.7	9.4	10.1	9.9	147	-19
Ratios (%)	FY23				FY24				Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA (%)	1.96	1.90	1.81	1.66	1.76	1.91	1.98	1.67	1	-31
NNPA (%)	0.56	0.56	0.51	0.42	0.55	0.60	0.68	0.55	13	-13
PCR (Reported, %)	71.7	71.1	72.1	75.0	69.0	69.0	72.0	76.0	100	400
Slippage Ratio (annualized)	2.5	2.4	1.9	1.5	2.3	2.4	2.6	2.0	56	-61
Business Ratios (%)										
Other Inc to Total Inc	14.0	18.6	20.4	21.5	20.2	25.4	25.3	29.4	782	402
Cost to Income	65.3	62.5	61.6	63.1	65.0	61.3	63.0	64.9	183	194
Cost to Avg Assets	4.8	5.1	5.1	4.9	5.0	4.7	4.9	4.9	2	1
Tax Rate	24.7	24.8	24.9	19.9	24.6	24.7	24.7	13.8	-606	-1,085
CASA (Reported)	39.0	42.0	38.0	38.4	35.0	33.9	33.0	33.0	-540	0
Loan/Deposit	89.1	88.7	91.0	84.2	90.7	84.7	83.3	83.9	-30	62
Capitalisation ratios (%)										
Tier-1	18.4	21.3	20.0	21.8	19.9	21.0	19.5	18.8	-300	-70
- CET 1	18.4	21.3	20.0	21.8	19.9	21.0	19.5	18.8	-300	-70
CAR	19.4	23.4	22.0	23.6	21.5	22.4	20.8	20.1	-349	-70
Profitability Ratios										
Margins	5.90	6.20	6.20	6.10	5.72	5.50	5.50	5.10	-100	-40
Yield on AUM	13.3	13.3	13.4	13.4	13.4	13.3	13.2	13.2	-20	0
Cost of funds	5.7	5.8	6.0	6.3	6.6	6.7	6.9	7.0	71	10
RoA	1.5	1.8	2.0	2.0	1.7	1.7	1.5	1.6	-40	10
RoE	14.0	15.3	15.2	15.8	13.8	13.9	12.5	13.9	-190	140
Other Details									Change (No.)	
Branches + BC's	432	447	469	474	476	476	476	2,383	84	58
Employees	29,900	28,700	27,800	28,320	28,400	28,500	28,900	29,738	2,736	1,119



Highlights from the management commentary

Balance sheet and P&L

- The cost of funds on a merged basis stood at 7.1%, and the yield on a merged basis was at 14.2% on a pro-forma basis.
- Provisions declined 17% QoQ to INR1.33b (19% lower than MOFSLe); however, the one-off charges towards stamp duty and other transaction-related expenses of INR570m (net of tax) impacted net earnings adversely.
- The bank has ~37% foreign holdings and 63% domestic holdings at present.
- The bank is focusing on higher RoA, high yielding asset classes like MBL, Wheels, Microfinance, etc.
- AUBANK expects to make 65% of their branches live as on Dec'24 and profitable by Mar'27.
- CA has already scaled up to 5%+ and the bank expects it to move up further to 7.5% by FY27.
- On a standalone basis, the cost of funds is expected to increase 40-45bp in FY25 and therefore NIM will remain under pressure.
- AUBANK will not undertake any significant new platform-building investments until 2027.
- The RoA stood at 1.6% and RoE at 13.5% for FY24, excluding exceptional business.
- Incremental cost of funds for 4QFY24 declined 4bp to 7.71% vs. 3QFY24 whereas the incremental disbursement yields increased 8bp to 13.56% vs. 3QFY24.
- The bank will not issue more than 0.6m credit cards, and beyond two years there is no visibility in this segment.
- Video banking in QR code has been merged with branch banking team and there will be no investments in this, as the bank does not want to have a separate QR code.
- After acquiring Fincare, in MBL business, the bank wants to capitalize its presence in the South market as North is more competitive.
- Incremental 26-27bp has been seen in the wheel business over 3Q-4QFY24.
- 75% of disbursements this year would be from the high-yielding businesses. Average LCR for the quarter stood at 117%.
- For FY24, the disbursement yields increased 39bp vs. 84bp increase in CoF.
- Other income grew 69% YoY aided by initiatives on credit cards and third-party products.
- AUBANK's merger with Fincare deal was worth ~INR25.5b. Hence, the bank's securitization requirement will come down in the coming years.
- All transaction-related expenses has been provided for except INR500-600m, which will be incurred as BAU expenses over the next 2-3 years.
- Actual upside of INR1.4-1.5b likely over the expected valuation at the time of merger.
- On a pro-forma basis, the microfinance business accounted for 8.3% of the merged loan portfolio as of 4QFY24. Over the next three years, AUBANK expects the MFI business to be ~10% of the loan portfolio.
- AUBANK securitized INR6.2b of loans during the quarter and the total securitized book was at INR81.8b. Gross loan portfolio (including the securitized book) grew 28% YoY.

- CASA + retail TD stood at 64% of total deposits with CASA contributing to 33% of total deposits.
- Tier-1 to be ~20-21% on a merged basis. The bank has incurred ~INR200m as capex for AD-1.
- Retail asset RoA will go up as more focus is on MFI, wheels and MBL. Branch banking has to be more efficient and profitable. Yield of MFI business is ~25% currently.
- The bank has additional INR700m of provisions against standard restructured assets and INR410m of floating provisions.
- There has been 11% QoQ uptick in credit card acquisitions and the contribution to total credit cards stood at 46% during 4QFY24

Asset quality

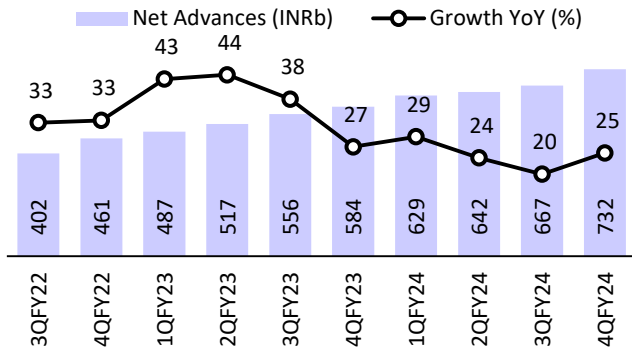
- Credit cost (with contingency provision creation) stood at 0.59% in FY24 and without contingency provision, credit cost stood at 0.72%.
- Credit cost for the merged entity will be 70-75bp on total assets and 100-120bp on total advances.
- Adjusting for the securitized book, GNPA stood at 1.57% vs 1.83% as of 4QFY24. Standard restructured assets have reduced to 0.6% of gross advances
- In FY24, Fincare incurred a credit cost of ~1.6% on microfinance book (net of recoveries).
- The bank will provide a credit cost of 2.5-3.0% p.a. on the MFI business every year. Any unutilized portion of this credit cost, in any year, shall be used to create a countercyclical buffer for the MFI.
- Standard Covid restructured book declined to 0.6% of gross advances. Restructured advances of INR80m upgraded during the quarter.
- Credit cost for the credit cards in 4QFY24 is similar to 3QFY24 at INR450m. AUBANK expects the credit costs for this business to be in-line with the industry as their book attains size and gets seasoned.

Guidance

- RoA is expected to be ~1.8% by FY27 as the bank has vintage higher RoA businesses.
- The bank expects FY25 RoA to be ~1.6%.
- Management expects to increase the mix of higher RoA businesses from 70% to ~72-75%.
- The bank expects the merged entity's MFI book to generate ~3% credit cost.

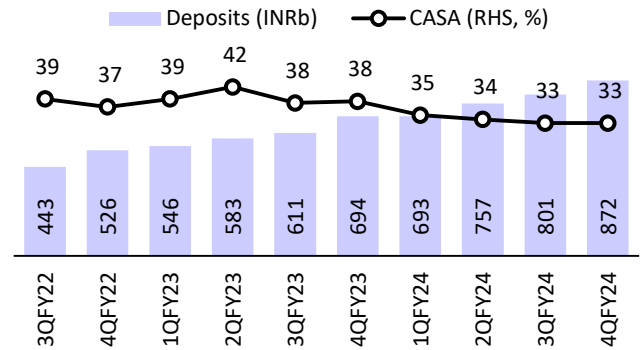
Story in charts

Exhibit 1: Net advances grew 25% YoY to INR732b



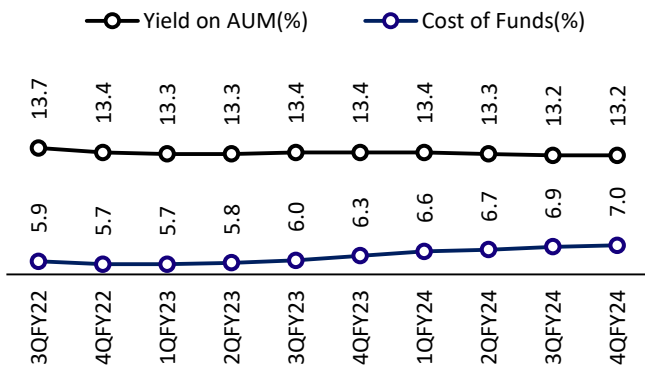
Source: Company, MOFSL

Exhibit 2: Healthy traction in deposit mobilization (~26% YoY); CASA ratio stable at 33%



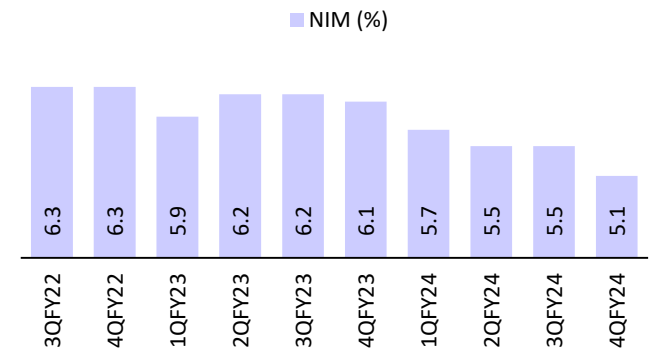
Source: Company, MOFSL

Exhibit 3: Yields on gross advances stable at 13.2%, while cost of funds increased 10bp QoQ



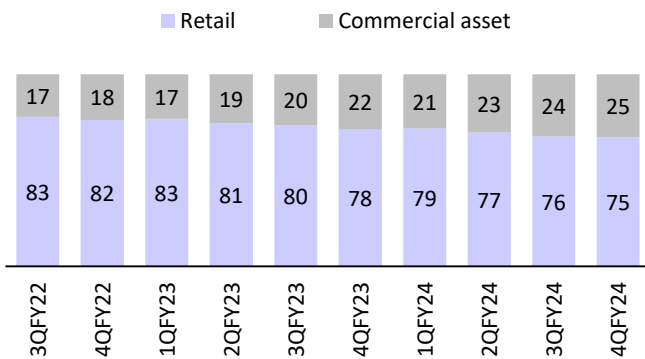
Source: Company, MOFSL

Exhibit 4: Margins stood at 5.1% in 4QFY24



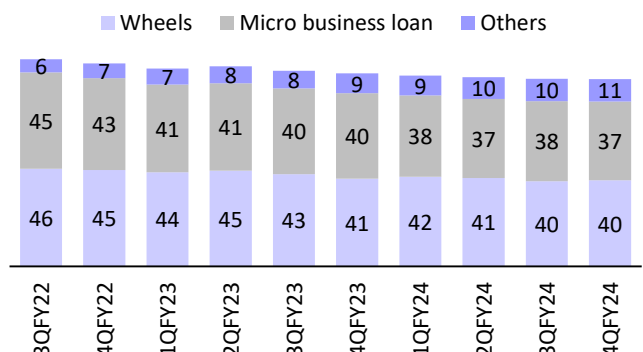
Source: Company, MOFSL

Exhibit 5: Retail loan mix moderated to ~75.5%



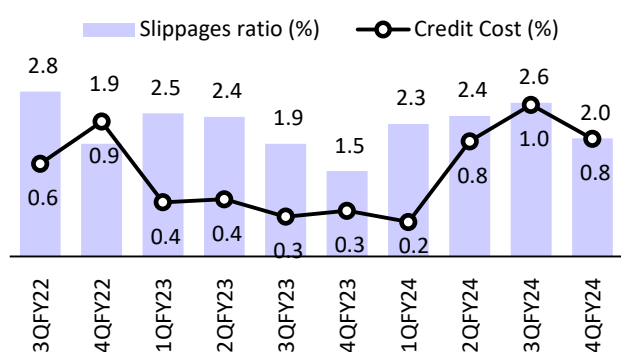
Source: Company, MOFSL

Exhibit 6: Vehicles and Micro business loans formed ~77% of retail loans



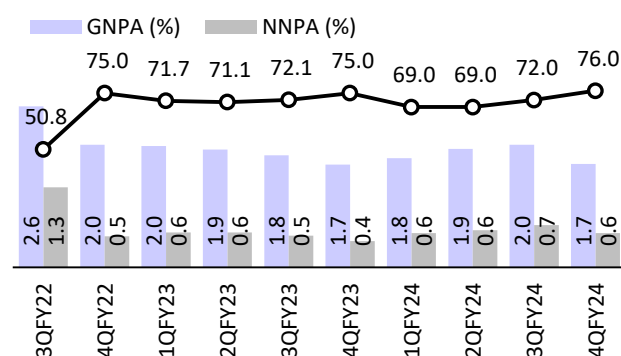
Source: Company, MOFSL

Exhibit 7: Fresh slippages moderated to 2.0% in 4QFY24



Source: Company, MOFSL

Exhibit 8: Asset quality ratios improved; PCR stood at 76%



Source: Company, MOFSL

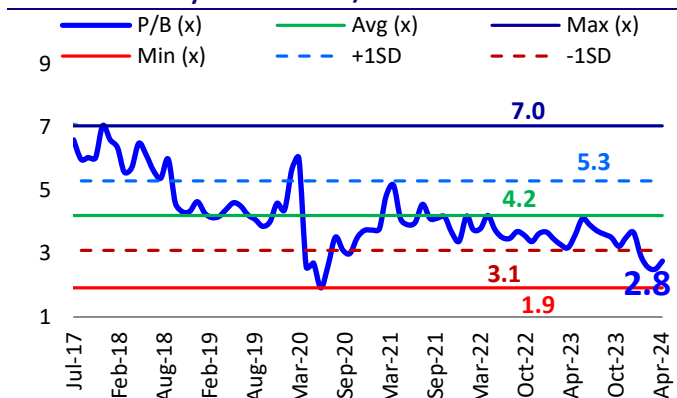
Valuation and view: Reiterate BUY with a TP of INR735

AUBANK reported a mixed quarter as stamp duty and other transaction charges related to the merger with Fincare SFB dragged earnings even as PPop stood in line. Margins continued to compress further as the cost of funds rose 8bp QoQ, while the disbursement yield remained broadly unchanged. On the business front, disbursement growth was healthy, led by both retail and commercial asset books. The traction in deposits also stood healthy. The asset quality improved, enabling a moderation in provisioning expenses while the bank further carried floating provisions of INR410m. We raise our FY25E/FY26E EPS by 4-5% and estimate the operating performance to improve gradually, thus resulting in an FY26 RoA/RoE of 1.7%/15.8%. **Reiterate BUY with a TP of INR735 (based on 2.7x FY26E BV).**

Exhibit 9: Changes to our estimates

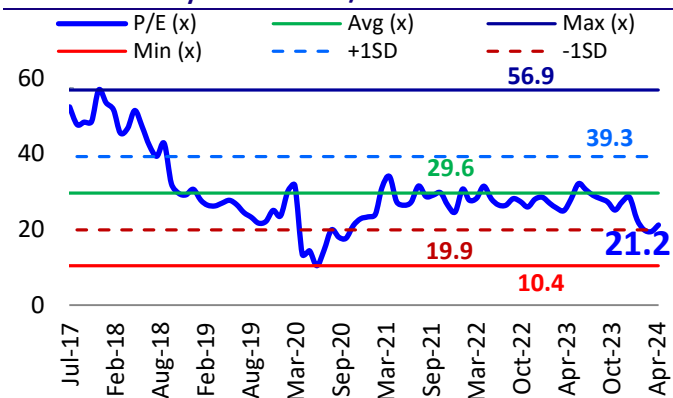
INRb	Old Est.		New Est.		% / bp Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
NII	79.9	101.8	80.1	102.1	0.3	0.3
Other Income	24.3	31.1	25.8	33.1	6.3	6.3
Total Income	104.2	132.9	106.0	135.2	1.7	1.7
Opex	66.5	81.9	66.9	82.5	0.6	0.6
PPoP	37.8	51.0	39.1	52.7	3.6	3.4
Provisions	10.6	13.6	10.6	13.7	0.5	0.3
PBT	27.2	37.3	28.5	39.0	4.8	4.5
Tax	6.7	9.1	7.0	9.6	4.8	4.5
PAT	20.5	28.2	21.5	29.4	4.8	4.5
Loans	1,017	1,269	1,028	1,284	1.1	1.2
Deposits	1,192	1,502	1,204	1,517	1.0	1.0
Margins (%)	6.1	6.0	6.1	5.9	-6	-5
Credit Cost (%)	1.2	1.2	1.1	1.1	-1	-1
RoA (%)	1.58	1.66	1.63	1.71	5	5
RoE (%)	14.2	15.5	14.5	15.8	28	26
EPS	29	38	30	40	4.7	4.4
BV	225	263	231	271	2.6	2.9

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont Analysis | Expect return ratios to remain healthy

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	11.46	10.56	9.81	10.30	10.57	12.38	12.09
Interest Expense	6.36	5.51	4.45	4.75	5.41	6.28	6.16
Net Interest Income	5.11	5.05	5.36	5.56	5.17	6.09	5.93
Core Fee and Secu. Inc	1.43	1.21	1.41	1.35	1.53	1.75	1.70
Non-Interest income	1.89	3.03	1.65	1.30	1.75	1.96	1.92
Total Income	7.00	8.08	7.01	6.85	6.92	8.06	7.85
Operating Expenses	3.79	3.54	4.00	4.32	4.40	5.08	4.79
Employee cost	2.03	2.09	2.29	2.25	2.12	2.41	2.27
Others	1.76	1.45	1.71	2.07	2.28	2.67	2.52
Operating Profits	3.20	4.54	3.01	2.54	2.52	2.97	3.06
Core operating Profits	2.74	2.72	2.77	2.59	2.30	2.75	2.84
Provisions	0.76	1.43	0.60	0.19	0.52	0.81	0.80
PBT	2.44	3.11	2.41	2.34	2.00	2.16	2.26
Tax	0.64	0.61	0.54	0.55	0.47	0.53	0.55
RoA	1.81	2.50	1.87	1.79	1.54	1.63	1.71
Leverage (x)	10.0	8.9	8.8	8.7	8.5	8.9	9.2
RoE	18.0	22.3	16.6	15.5	13.1	14.5	15.8

Source: MOFSL, Company

Financials and valuations

Income Statement							(INRm)
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	42,859	49,501	59,217	82,054	1,05,547	1,62,819	2,08,133
Interest Expense	23,769	25,846	26,876	37,801	53,976	82,678	1,06,056
Net Interest income	19,089	23,654	32,341	44,253	51,571	80,141	1,02,077
Growth (%)	42.2	23.9	36.7	36.8	16.5	55.4	27.4
Other Income	7,061	14,209	9,937	10,345	17,459	25,839	33,074
Total Income	26,150	37,864	42,278	54,597	69,030	1,05,980	1,35,151
Growth (%)	44.9	44.8	11.7	29.1	26.4	53.5	27.5
Operating Expenses	14,179	16,584	24,128	34,403	43,880	66,874	82,468
Growth (%)	31.0	17.0	45.5	42.6	27.5	52.4	23.3
Operating Profits	11,972	21,279	18,150	20,195	25,150	39,106	52,683
Growth (%)	65.8	77.7	-14.7	11.3	24.5	55.5	34.7
Core Operating Profits	10,246	12,737	16,721	20,638	22,989	36,230	48,909
Growth (%)	46.4	24.3	31.3	23.4	11.4	57.6	35.0
Total Provisions	2,832	6,694	3,610	1,548	5,155	10,625	13,691
% to operating income	23.7	31.5	19.9	7.7	20.5	27.2	26.0
PBT	9,140	14,585	14,541	18,646	19,994	28,482	38,993
Tax	2,392	2,878	3,242	4,367	4,647	6,978	9,553
Tax Rate (%)	26.2	19.7	22.3	23.4	23.2	24.5	24.5
PAT	6,748	11,707	11,298	14,279	15,347	21,504	29,439
Growth (%)	76.8	73.5	-3.5	26.4	7.5	40.1	36.9

Balance Sheet							
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	6,082	6,244	6,298	6,667	6,692	7,430	7,430
Reserves & Surplus	37,164	55,477	68,429	1,02,666	1,18,276	1,64,309	1,93,748
Equity Network	43,247	61,721	74,727	1,09,333	1,24,968	1,71,738	2,01,178
Deposits	2,61,639	3,59,793	5,25,846	6,93,650	8,71,821	12,03,715	15,16,680
Growth (%)	35%	38%	46%	32%	26%	38.1%	26.0%
of which CASA Dep	37,873	82,754	1,96,083	2,66,600	2,78,983	3,67,133	4,74,721
Growth (%)	5%	119%	137%	36%	5%	31.6%	29.3%
Borrowings	1,03,353	70,297	59,908	62,987	54,794	1,05,191	1,22,022
Other liabilities	12,670	23,071	29,884	35,751	42,046	55,706	65,733
Growth (%)	-11.0	82.1	29.5	19.6	17.6	32.5	18.0
Total Liabilities	4,21,431	5,15,913	6,90,778	9,02,161	10,94,257	15,36,977	19,06,240
Current Assets	33,697	47,813	59,285	94,252	63,763	85,024	92,928
Investments	1,06,682	1,08,154	1,53,065	2,00,720	2,71,334	3,84,584	4,84,576
Growth (%)	49.0	1.4	41.5	31.1	35.2	41.7	26.0
Loans	2,69,924	3,46,089	4,60,953	5,84,215	7,31,627	10,28,275	12,83,895
Growth (%)	18.3	28.2	33.2	26.7	25.2	40.5	24.9
Net Fixed Assets	4,480	4,824	6,226	7,401	8,516	10,248	11,785
Other assets	6,648	9,033	11,250	15,573	19,017	28,847	33,056
Total Assets	4,21,431	5,15,913	6,90,778	9,02,161	10,94,257	15,36,977	19,06,240
Total Assets (incl. off BS)	4,60,437	5,46,944	7,08,135	9,09,526	11,92,142	16,44,245	20,20,362

Asset Quality	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA (INR m)	4,578	15,028	9,244	9,813	12,378	18,231	23,731
NNPA (INR m)	2,173	7,555	2,308	2,862	4,014	5,691	6,789
Slippages (INR m)	6,170	12,858	14,421	12,399	12,829	18,479	24,278
GNPA Ratio	1.70	4.34	2.01	1.68	1.69	1.77	1.85
NNPA Ratio	0.81	2.18	0.50	0.49	0.55	0.55	0.53
Slippage Ratio	2.5	4.2	3.6	2.4	2.0	2.1	2.1
Credit Cost	1.0	2.0	0.7	0.3	0.7	1.1	1.1
PCR (Excl Tech. write off)	52.5	49.7	75.0	70.8	67.6	68.8	71.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield - on IEA	12.1	11.2	10.7	11.7	11.7	13.2	12.9
Avg. Yield on loans	12.4	11.5	11.4	12.8	12.9	14.2	14.0
Avg. Cost of funds	7.4	6.5	5.3	5.6	6.4	7.4	7.2
Spreads	5.0	5.0	6.1	7.2	6.5	6.8	6.8
NIM (On total assets)	5.1	5.0	5.4	5.6	5.2	6.1	5.9
NIM (On IEA)	5.4	5.3	5.9	6.3	5.7	6.5	6.3

Capitalization Ratios (%)

CAR	22.0	23.4	21.0	23.6	20.1	18.8	17.6
Tier I	18.4	21.5	19.7	21.8	18.9	18.1	17.0
Tier II	3.6	1.8	1.3	1.8	1.2	0.8	0.6

Business and Efficiency Ratios (%)

Loan/Deposit Ratio	103.2	96.2	87.7	84.2	83.9	85.4	84.7
CASA Ratio	14.5	23.0	37.3	38.4	32.0	30.5	31.3
Cost/Assets	3.8	3.5	4.0	4.3	4.4	5.1	4.8
Cost/Total Income	54.2	43.8	57.1	63.0	63.6	63.1	61.0
Cost/Core Income	58.1	56.6	59.1	62.5	65.6	64.9	62.8
Int. Expense/Int. Income	55.5	52.2	45.4	46.1	51.1	50.8	51.0
Fee Income/Total Income	20.4	15.0	20.1	19.8	22.2	21.7	21.7
Other Inc./Total Income	27.0	37.5	23.5	18.9	25.3	24.4	24.5
CASA per branch (INR m)	93	150	283	485	483	353	404
Deposits per branch (INR m)	644	652	760	1,261	1,510	1,158	1,291
Bus. Per Employee (INR m)	31	31	35	45	54	55	67
Profit per Employee (INR m)	0.4	0.5	0.4	0.5	0.5	0.5	0.7

Profitability and Valuations

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
RoE	18.0	22.3	16.6	15.5	13.1	14.5	15.8
RoA (On Bal Sheet)	1.8	2.5	1.9	1.8	1.5	1.6	1.7
RoRWA	3.0	4.2	3.1	2.9	2.4	2.3	2.5
Book Value (INR)	71.1	98.8	118.7	164.0	186.8	231.2	270.8
Growth (%)	31.4	39.0	20.0	38.2	13.9	23.8	17.1
Price-BV (x)	8.7	6.3	5.2	3.8	3.3	2.7	2.3
Adjusted BV (INR)	69.5	92.0	116.7	161.6	183.5	226.6	265.2
Growth (%)	35.4	32.5	26.9	38.5	13.5	23.5	17.0
Price-ABV (x)	8.9	6.7	5.3	3.8	3.4	2.7	2.3
EPS (INR)	11.3	19.0	18.0	22.0	23.0	30.5	39.6
Adjusted EPS (INR)	11.3	19.0	18.0	22.0	23.0	30.5	39.6
Growth (%)	71.3	67.9	-5.1	22.3	4.3	32.6	30.1
Price-Earnings (x)	54.8	32.6	34.4	28.1	27.0	20.4	15.6

E: MOFSL Estimates

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