

10 August 2025

India | Equity Research | Results Update

**Equitas Small Finance Bank****Financials****FY26 profitability to remain weak; 10% ceiling likely for near-term MFI exposure**

Equitas SFB (Equitas)'s financial performance continues to be marred by elevated credit cost and a >20% QoQ decline in the high-yielding MFI portfolio. Thus, Equitas reported its first ever (since 2008) net loss at ~INR 2bn in Q1FY26. While collection efficiency (CE) improved in Jul'25, management highlighted that it shall continue strengthening the balance sheet by up-fronting provision for the rest of FY26. This should result in higher credit cost in FY26 vs. ~3.4% in FY25. Overall, credit growth remained muted at 8% YoY; however, ex-MFI, the portfolio grew by 18% YoY and management highlighted that it shall continue focusing on scaling the non-MFI book. We downgrade to **HOLD** (from Add) with a revised TP of INR 57 (vs. INR 75), based on 1x on Sep'26E (vs. 1.25x) given subdued profitability in the near term.

**Slow credit growth continues; non-MFI portfolio driving growth**

Sustained slowdown in the MFI portfolio (down 41% YoY/22% QoQ) and new CV loans (down 20% YoY/9% QoQ) led to AUM growth decelerating to 8% YoY during Q1FY26. The non-MFI portfolio continued to drive credit growth. Overall, the non-MFI portfolio grew by 18% YoY with used CV (up 26% YoY) and used car (50% YoY) being key growth driver, while SBL (22% YoY), MSE (37% YoY) and HL (12% YoY) supported growth. The share of Used CV increased to 13% vs. 11% YoY and used car to 5% vs. 4% YoY, as on Jun'25. While management highlighted that they expect loan growth to revive to mid-teen in FY26, the deceleration in the MFI segment would continue. Overall, it expects the share of MFI portfolio to be capped at 10% in the near-term.

**MFI recovery pushed back; profitability in FY26 to remain weak**

While CE in MFI's new book (originated between Jan-Jun'25) is showing signs of normalcy with the figure at 99.6%, the legacy book's stress remains elevated – evident in MFI 1–90 DPD at 7.09% in Jul'26, though lower than Q1FY26's 8.05% but markedly higher than Q1FY25's 3.66%. Hence, it notes that normal CE in the total MFI book is now expected only by Q4FY26; and this would result in higher credit cost in FY26. Considering the additional provisions of INR 3bn in the MFI book during the rest of 9MFY26 and 1–1.25% credit cost in the non-MFI book, it expects 1% RoA by Q4FY26. We also slash our earnings estimates by >40%/>10% in FY26/FY27, baking in higher credit costs.

**Financial Summary**

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR mn)	30,797.6	32,516.1	36,642.9	42,391.2
Op. profit (INR mn)	13,773.6	13,342.7	16,980.5	19,713.5
Net Profit (INR mn)	7,989.6	1,470.5	2,326.1	5,824.8
EPS (INR)	7.0	1.3	2.0	5.1
EPS % change YoY	36.3	(81.7)	58.2	150.4
P/BV (x)	1.1	1.1	1.0	0.9
P/ABV (x)	1.1	1.1	1.1	1.0
GNPA(%)	2.7	2.9	2.5	2.3
RoA (%)	2.0	0.3	0.4	0.9
RoE (%)	14.4	2.4	3.8	8.8

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**Market Data**

Market Cap (INR)	64bn
Market Cap (USD)	735mn
Bloomberg Code	EQUITASB IN
Reuters Code	EQUI BO
52-week Range (INR)	87 /52
Free Float (%)	97.0
ADTV-3M (mn) (USD)	3.2

Price Performance (%)	3m	6m	12m
Absolute	(7.3)	(20.3)	(28.4)
Relative to Sensex	(6.7)	(22.8)	(29.7)

ESG Score	2023	2024	Change
ESG score	69.1	69.5	0.4
Environment	44.9	48.9	4.0
Social	62.1	65.7	3.6
Governance	84.1	82.2	(1.9)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	(47)	(13)

**Previous Reports**

02-05-2025: [Q4FY25 results review](#)

01-02-2025: [Q3FY25 results review](#)

### Slippages remain elevated – well above historical averages

Gross slippages increased to 6.99% vs. 5.94% QoQ and are well above its historical 3–4% range. Similarly, net slippages rose to 4.77% vs. 3.16% QoQ, also conspicuously higher than its historical average. Further, MFI gross slippages have jumped sharply to 20.83% (vs. 14.37% QoQ and 5.43% YoY) and for Jul'25, gross slippages are even higher at 27.96%. Non-MFI gross slippages also inched up to 5.12% (vs. 4.53% QoQ), but has improved to 4.91% in Jul'25. Also, net slippages inched up to 2.67% vs. 1.54% QoQ, but has moderated to 2.04% in Jul'25. The overdue portfolio showed early signs of improvement in Jul'25, with MFI 1–90 DPD falling to 7.09% (vs. 8.05% in Q1FY26) and non-MFI to 9.29% (vs. 9.63%).

Management attributed the spike in slippages to persistent MFI stress especially in Tamil Nadu and Karnataka due to the ordinance, spillover impact from MFI to the lower-ticket LAP segment and seasonal deterioration in vehicle finance portfolio. However, given the elevated gross as well as net slippages in MFI, management expects MFI stress could take another 2–3 quarters and normalisation can be expected only towards FY26-end.

### Credit cost spikes on account of additional MFI provisions and tightening of NPA provisioning norms

GNPA improved marginally to 2.82% (vs. 2.89% QoQ) and NNPA also moderated to 0.95% (vs. 0.98% QoQ), while provision coverage ratio stood steady at 67%. Reduction in GNPA/NNPA was aided by aggressive write-offs (INR4.85bn vs. INR2.99bn QoQ). Write-off intensity has however moderated considerably to INR 0.2bn in Jul'25 vs. monthly average of INR 1.6bn in Q1FY26.

Reported credit cost spiked to 6.48% vs. 2.74% QoQ, driven by an INR 1.45bn (1.53%) one-time increase in NPA provisioning norms (mainly secured buckets) and INR 1.85bn (1.96%) management overlay in terms of standard provisioning for MFI. In terms of credit cost break-up of 6.45%, 2.99% was credit cost for Q1 as per Mar'25 norms (vs. 2.74% QoQ), 1.96% was towards additional MFI standard asset provisions and 1.53% impact was due to tightening in NPA provisioning norms, especially on the non-MFI portfolio. In terms of provision tightening, it has now provided 100% on MFI sub-standard vs. 87% earlier, 27% for non-MFI sub-standard vs. 25% earlier, 81% for non-MFI Doubtful-1 vs. 57% earlier and 100% for non-MFI Doubtful-2 vs. 61% earlier.

Overall, Equitas has provided INR 4.04bn towards MFI in Q1 and expects another ~INR3.0bn credit cost for MFI segment over the next three quarters. For non-MFI portfolio, reported credit cost was INR 2.08bn and is expected to settle around 1.0–1.2% for FY26. Management highlighted that the change in provisioning norms was largely a one-off, with a view to strengthening PCR and front-loading of credit cost. Post the latest MFI over leveraging crisis, management expects that the MFI business could have steady state credit costs of 3–4% vs. 2–2.5% in the pre-Covid-19 era.

Lastly, as a matter of eligibility to apply for universal banking license by this fiscal-end, Equitas will have to restrict its GNPA/NNPA below 3%/1% for the remaining three quarters of FY26; hence, we believe, write-offs as well as credit costs could be elevated in the event of sustained higher slippages.

### Margins contract further; stabilisation likely from H2FY26

Yield on advances fell 29bps QoQ to 16.01%, impacted by lower MFI mix and elevated interest reversals, while cost of funds fell 5bps QoQ to 7.49% (TD cost: 8.42%, SA cost: 5.93%). Reported NIMs dropped sharply by 58bps QoQ to 6.55%, marking the ninth consecutive quarter of decline from the Q4FY23 peak of 9.10%. With ~90% of the loan book being fixed rate, management expects to benefit from the current rate cut cycle;

though, the ongoing shift towards secured lending (non-MFI mix up to 91%) may cap the extent of NIM expansion. NIMs are expected to hover around current levels in FY26, before improving in FY27, as credit costs normalise and MFI stress eases.

### Deposit growth steady; CD ratio moderates and CASA ratio settling around current levels

Total deposits grew 18% YoY/3% QoQ to INR 443.8bn, led by 20% YoY growth in retail TD; CASA ratio remained stable at 29%. CA balances (ex-ASBA) rose 21% YoY, while SA growth was muted at 2% YoY. Bulk TDs (~34% of TD base) remain 95% non-callable. Overall, CD ratio fell to 79.9% (vs. 85.7% QoQ) due to faster deposit growth than advances. The bank launched FCNR deposits in Q1FY26, garnering over USD 3mn. The 'Liability 2.0' strategy (2025–28) aims to lower deposit mobilisation costs through family-level sourcing and deeper penetration in mass affluent segments, supported by the recently launched Equitas 2.0 mobile platform.

### Loan growth to be largely secured led; MFI book contracts sharply

Gross advances grew 8% YoY, but down 1% QoQ to INR 376.1bn, with the MFI portfolio contracting 41% YoY/22% QoQ to INR 35.4bn (9% of book vs. 17% YoY). Non-MFI book grew 18% YoY, led by SBL (+22% YoY), used car finance (+50%), and used CV finance (+26%). New CV segment declined 20% YoY. Management wants to keep the MFI book at ~10% levels with more focus on the secured book vs. 9% as of Q1FY26. Secured book is dominated by small ticket LAP with 45% share, followed by 25% towards vehicle finance and 13% towards housing finance.

Overall, management is confident of 15–16% loan growth for FY26, which stems from the view that secured would grow at >20%. Also, the company is looking to gradually increase its MFI disbursements through the rest of the year and expects MFI growth to be 15–20% lower for FY26 vs. 41% YoY currently, which would imply that the MFI book in absolute terms would likely settle near current levels by year-end.

### Q4FY26-exit RoA to be 1%; loan growth of 15–16% for FY26

MFI stress is expected to taper only by Q4FY26, with credit costs normalising thereafter. Management, therefore, reiterated its FY26 guidance of 15–16% of overall loan growth, largely on the back of >20% growth in the secured book and MFI book decline of 15–20% for FY26 vs. decline of 41% YoY/22% QoQ, as of Q1FY26. Cost-to-income ratio, at 70.6% in Q1, would peak and gradually trend back towards 60–65% over the next two years, as growth returns and recent investments in branches and manpower start yielding operating leverage. Management guides for exit-quarter RoA of >1% and is positive for steady recovery going ahead. Moreover, it is looking to apply for universal banking license by the end of this fiscal, which would imply that GNPA/NNPA are likely to remain below 3%/1% throughout the rest of the year.

**Key risks:** Loan growth falling short of guidance and credit cost settling lower than expected.

## Q1FY26 earnings call takeaways

### Guidance FY26

- Advances growth ~15-16% with secured >20%
- Maintained guidance of RoA of >1% by exit-FY26, i.e. Q4FY26
- Progressive RoA improvement in FY27
- Credit Cost 1-1.2% for non-MFI portfolio
- Additional INR 3bn provisioning needed for MFI portfolio in FY26 – has already provisioned INR 4bn for the segment

### Strategic actions taken

- MFI disbursements restarted with cautious approach; further wants to reduce the contribution of MFI in total advances and short-term goal of improving CE
- 100% of MFI disbursements covered by CGFMU from Q1FY26

### MFI

- **1-90 DPD increased to 8.05% vs 7.82% QoQ; MFI loan mix coming down to below 10%**
- Jul'25 has saw improvement in 1-90 DPD, coming down to 7.09%
- Credit norms stricter in Karnataka than MFIN guardrails 2.0
- **Stress is expected to normalise by Q4FY26**
- TN and KA ordinances impacted collections
- MFI stress spill over impact in SBL
- MFI growth < non-MFI growth going forward. Ideal MFI:non-MFI mix would be 10:90
- CE at 99.14% in Jul'25 vs. 98.69% in Jun'25; TN ~99%, KTK ~97.4% and improved for these states
- Does not see really any issue in asset quality, except for Karnataka and Tamil Nadu, as the company mentioned there was a slower effect of the MFI stress, because of the ordinance which was passed in these two states.

### Asset quality

- **Provisions for the quarter rose to INR 6.1bn >135% QoQ increase. Detailed breakup of the provisions is listed below**
  - Provision as per Mar'25 norms including reversal: -INR 2.8bn
  - Additional one-time impact in NPA provision due to change in provisioning norms: - INR 1.5bn
  - Additional management overlay standard provision on MFI portfolio: - INR 1.9bn
- CE will likely return to normalised levels in Q3/Q4
- Additional provisions would strengthen B/S; and PPop is still at healthy levels
- For FY26, there is no need for additional provision. But management is unsure whether for FY27 they would need additional provisioning
- Post 2024, overleveraging in MFI segment, normalised credit cost is anywhere above 3% vs. 1.5% few years ago.

- Overall, 1-90DPD stood at 9.48% vs. 7.92% QoQ on account of MFI Stress
- Non-MFI 1-90 DPD deteriorated to 9.63% vs. 7.94% QoQ, although in the month of Jul'25 it has improved to 9.29%
- **In Jul'25, net slippage for non-MFI book has reduced to 2.19%, from Q1's slippage of ~2.6%**
- **On ground level, S-LAP saw stress in the portfolio a few quarters back and it anticipate no stress going forward, since the company does not operate in the below INR 0.3mn LAP segment**

#### Operational efficiency

- In Jul'25, growth momentum has returned and a lot of positives could be seen in fee income and interest income
- **CIR is possibly at its peak. CIR to be in the range of 60-65% in medium term**
- Expect to add 50 new branches while focusing on semi-urban and rural locations to improve yields
- Affordable housing and credit card has not started generating revenue and investments in new products increased so cost to income is high

#### Borrowings

- Cost of funds will moderate going forward
- **Fixed rate book ~90% and management expect this to benefit in declining interest rate environment**
- Bank launched FCNR deposits for ETB (Existing to Bank Customers) garnering over USD 3mn in inflows, demonstrating strong initial traction and customer confidence

#### Micro LAP

- Stopped funding Loans with ticket size <INR 0.3mn since Aug'24
- Customers graduating from microfinance to MLAP are required to close their microfinance loans before taking MLAP since Jan'25

#### Vehicle finance

- Used car grew by 50% YoY in Q1 and is strengthened by creating a dedicated sales team in high potential branches

#### Margins

- NIM, at 6.55%, contracted largely on reduced MFI mix and Interest reversal
- Expect NIMs to hover in the same range

#### Miscellaneous

- IBPC Transaction completed of INR12.5bn; CAR improved by 0.9%
- **Secured advances >90% and expect no stress in the book except for the spillover effect of LAP book in Karnataka and Tamil Nadu**
- An SFB has received its universal bank license; this lays down direction as to how SFBs can proceed forward
- Profit on sale of investments for the quarter is INR 1.16bn

## Q4FY25 earnings call takeaways

### Guidance FY26

- Expect late-teens credit growth for FY26
- Expect RoA of >1% by exit FY26 i.e., Q4FY26
- 1.5-1.7% RoA likely in FY27
- It remains focused on accelerating growth and improving return ratios

### MFI

- MFI portfolio slowed 28% YoY and this was by choice
- MFI portfolio is expected to fall to INR 30bn, from INR 45bn currently
- Entire MFI team has now been trained to do micro-LAP. Intent is to reduce MFI and increase micro-LAP.
- MFI share in overall portfolio is expected to fall from 12% in Mar'25 to mid single-digit by Mar'26
- ~47% of existing MFI clients are not eligible for additional funding as per the revised guard rails
- It has implemented guard rails in Jan'25 and CE has been improving since then. Moreover, it has improved further in Apr'25 as well

### Asset quality

- MFI credit cost at 2.3% in FY24 rose to >11% in FY25, resulting in additional INR 6bn towards provisions
- Outside MFI, rest of advances up 19% YoY
- CE in MFI is back to near normal and hence expect normalised credit cost in MFI by Q3FY26
- It shall look to provide guidance on credit cost post Q1FY26
- Equitas expects credit cost to remain elevated in Q1 and Q2, since credit cost usually comes with a lag
- SMA 0 has fallen to 3.65% from 3.9%
- SMA 1 has inched up to 2.8% from 2.7%
- SMA 2 at 1.69%
- Credit cost for non-MFI book was 1% in FY25
- As of now, Equitas does not see any impact of Tamil Nadu ordinance

### Micro LAP

- For 12 years, it is doing micro-LAP. However, through all the cycles, credit cost has been quite comfortable
- It has not seen any particular stress in any particular geographies for micro-LAP
- This product would continue to be a key focus product for the bank

### Margins

- Yield steady ~16.3% for FY26, despite reduction in MFI book
- Yield from used CV is in the range of 18-19%
- Light CV and small CV has the majority share in CV financing
- It has tweaked deposit and SA rates, post RBI repo rate cut. This should aid in reducing cost of funds

### Miscellaneous

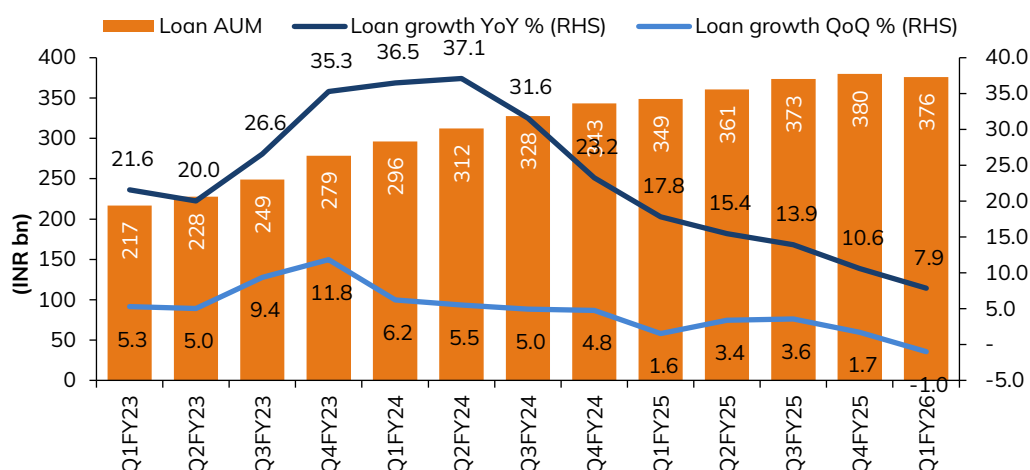
- Opex towards liability franchise in FY25 was at INR 7.5bn, excluding allocated cost (head office cost, tech cost and some common resources is the allocated cost which is another INR 1.2bn)
- Bought PSL in SMF category
- Balaji Nuthalapadi has joined as Executive Director and is the Head of Tech at Equitas



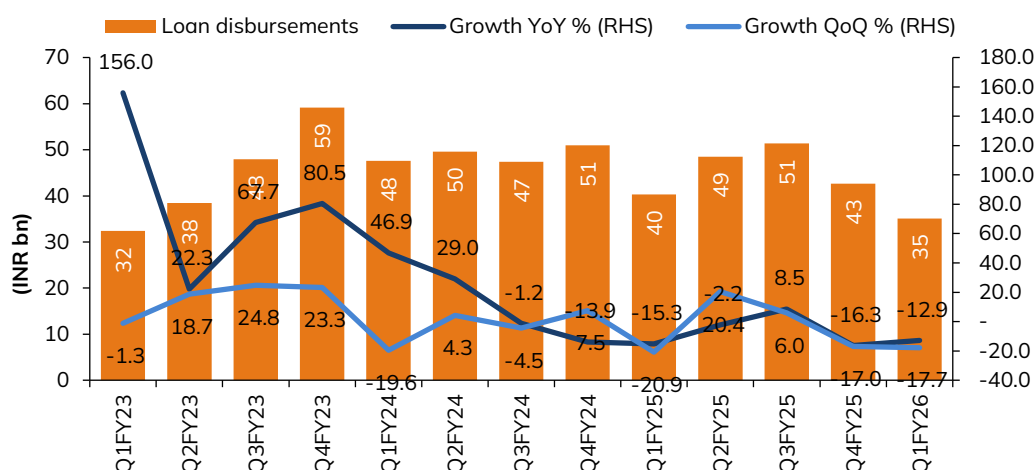
**Exhibit 1: Q1FY26 result review**

Profit and loss (INR mn)	Q1FY26	Q1FY25	% change YoY	Q4FY25	% change QoQ
Interest Income	16,489	15,010	9.9	16,440	5.0
Interest Expended	8,631	6,995	23.4	8,145	6.0
<b>Net interest income (NII)</b>	<b>7,857</b>	<b>8,015</b>	<b>-2.0</b>	<b>8,294</b>	<b>-5.3</b>
Other income	2,917	2,087	39.8	2,254	29.4
<b>Total income</b>	<b>10,774</b>	<b>10,102</b>	<b>6.7</b>	<b>10,549</b>	<b>2.1</b>
<b>Operating expenses</b>	<b>7,627</b>	<b>6,698</b>	<b>13.9</b>	<b>7,436</b>	<b>2.6</b>
-Staff expenses	4,600	3,747	22.8	4,184	9.9
-Other expenses	3,027	2,951	2.6	3,251	-6.9
<b>Operating profit</b>	<b>3,148</b>	<b>3,404</b>	<b>-7.5</b>	<b>3,113</b>	<b>1.1</b>
Total provisions	6,122	3,046	101.0	2,580	137.3
<b>Profit before tax</b>	<b>-2,975</b>	<b>358</b>	<b>-931.9</b>	<b>533</b>	<b>-658.2</b>
Tax	-737	100	-836.9	112	-759.3
<b>Profit after tax</b>	<b>-2,238</b>	<b>258</b>	<b>-968.7</b>	<b>421</b>	<b>-631.4</b>
<b>Balance sheet (INR mn)</b>					
Gross NPL (INR mn)	10,360	8,890	16.5	10,677	-3.0
Gross NPL (%)	2.92	2.7	19	2.9	3
Net NPL (INR mn)	3,420	2,641	29.5	3,542	-3.4
Net NPL (%)	1.0	0.8	15	1.0	-
Coverage ratio	66.4	69.6	(316)	66.1	35
<b>Ratios (%)</b>					
<b>Profitability ratios</b>					
Yield on Advances	16.0	16.5	(44)	16.3	(29)
Cost of Funds	7.5	7.5	3	7.5	(5)
<b>NIM</b>	<b>6.6</b>	<b>8.0</b>	<b>(142)</b>	<b>7.1</b>	<b>(58)</b>
RoaA	-1.7	0.2	(190)	0.3	(200)
RoaE	-15.0	1.7	(1,674)	2.8	(1,781)
<b>Business &amp; Other Ratios</b>					
CASA ratio	29.0	31.0	(200)	29.0	-
Cost-income ratio	70.8	66.3	448	70.5	30
CAR	20.5	20.6	(7)	20.6	(12)
<b>AUM mix</b>					
<b>Micro Finance</b>	<b>35,370</b>	<b>59,730</b>	<b>-40.8</b>	<b>45,270</b>	<b>-21.9</b>
<b>Vehicle Finance</b>	<b>95,100</b>	<b>84,720</b>	<b>12.3</b>	<b>94,560</b>	<b>0.6</b>
Used CV	48,970	38,950	25.7	47,300	3.5
New CV	26,010	32,380	-19.7	28,530	-8.8
Used Car	20,120	13,390	50.3	18,730	7.4
<b>Small Business Loans</b>	<b>1,91,330</b>	<b>1,54,410</b>	<b>23.9</b>	<b>1,87,090</b>	<b>2.3</b>
Small Business Loans & Agri loans	1,67,670	1,37,470	22.0	1,63,830	2.3
MSE Finance	16,960	12,350	37.3	16,890	0.4
Others	6,700	4,590	46.0	6,370	5.2
<b>Housing Finance</b>	<b>48,680</b>	<b>43,420</b>	<b>12.1</b>	<b>47,690</b>	<b>2.1</b>
<b>Corporate Loans</b>	<b>5,620</b>	<b>6,430</b>	<b>-12.6</b>	<b>5,250</b>	<b>7.0</b>
<b>Total</b>	<b>3,76,100</b>	<b>3,48,710</b>	<b>7.9</b>	<b>3,79,860</b>	<b>-1.0</b>

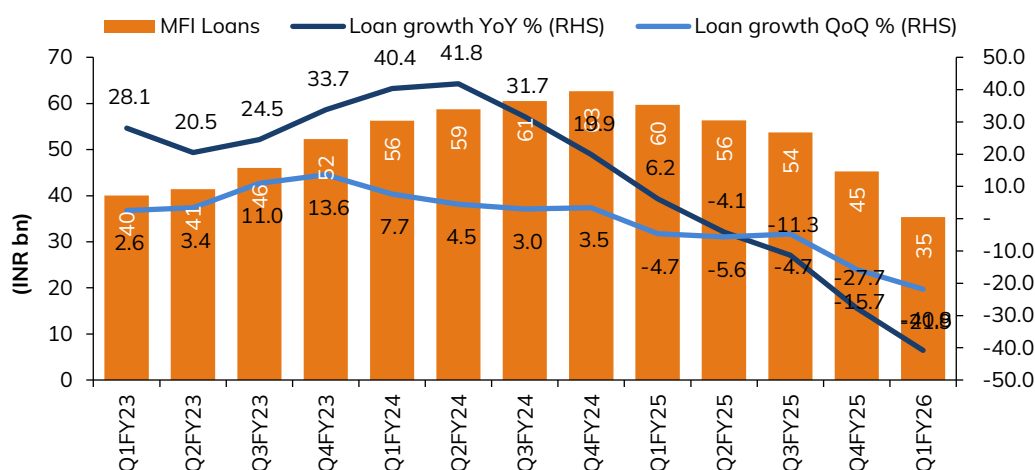
Source: Company data, I-Sec research

**Exhibit 2: Growth deceleration continued in MFI; non-MFI segments drove overall loan growth**


Source: Company data, I-Sec research

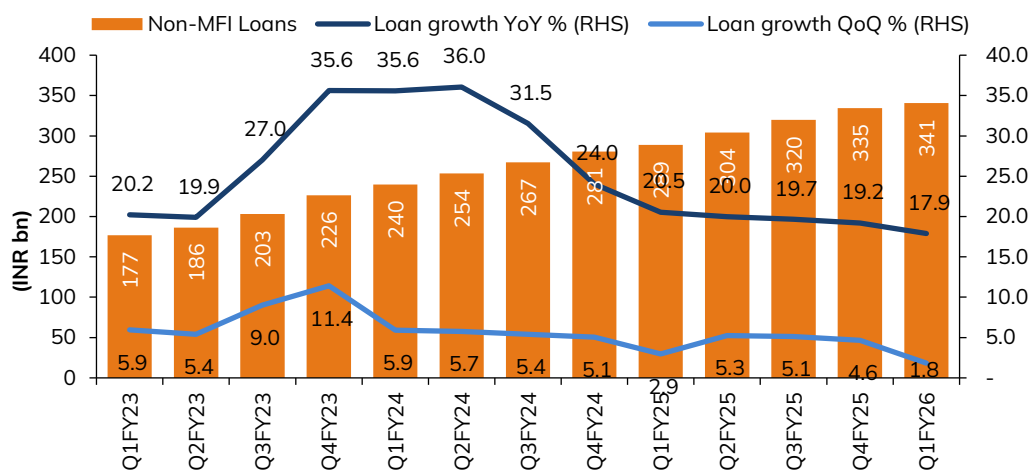
**Exhibit 3: Disbursements lower QoQ as well as YoY due to slowdown in MFI**


Source: Company data, I-Sec research

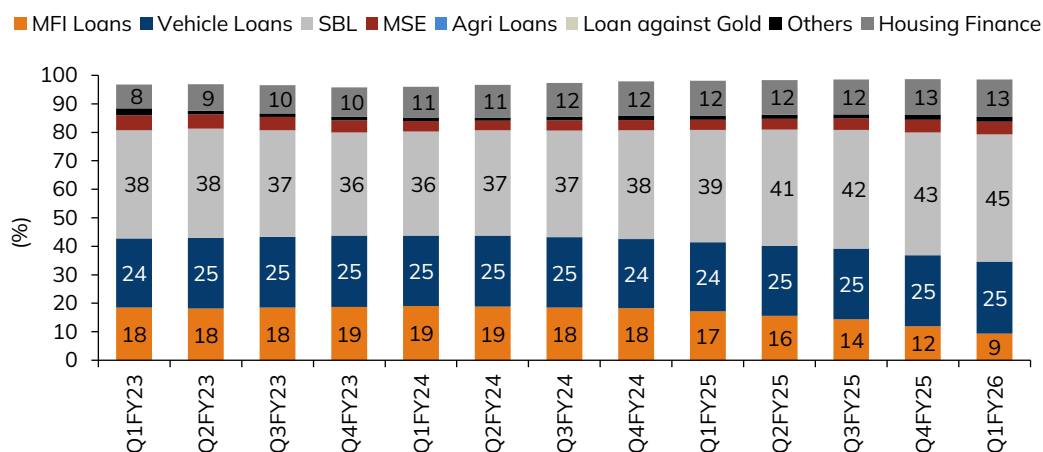
**Exhibit 4: MFI loans continue to descend, in-line with company's strategy**


Source: Company data, I-Sec research

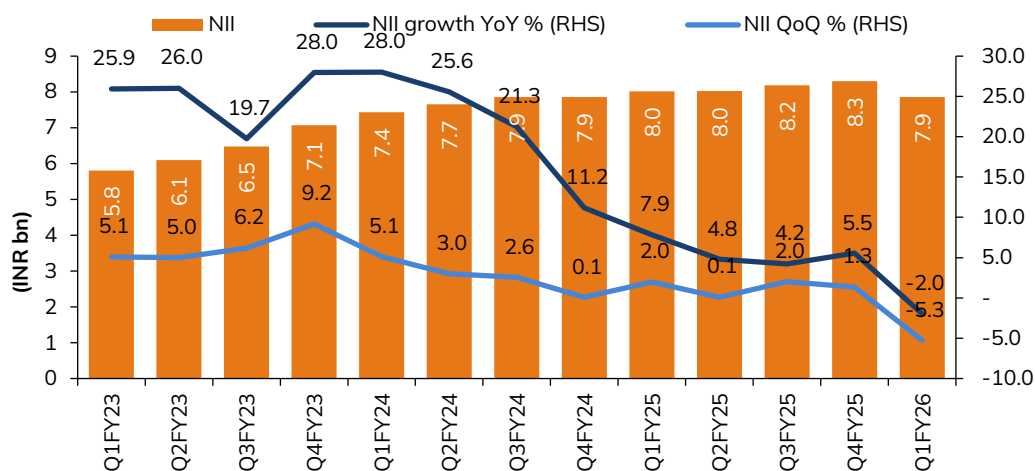


**Exhibit 5: Non-MFI book growing at a steady pace of 18-20% YoY**

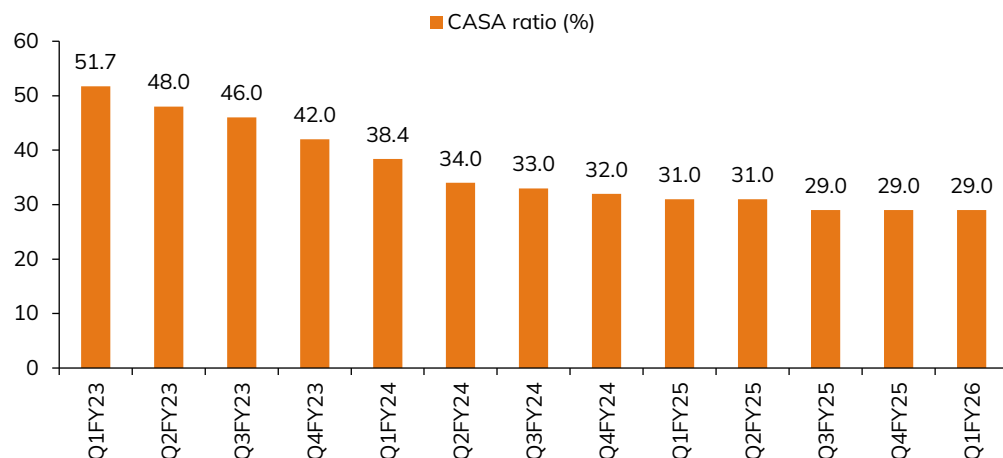
Source: Company data, I-Sec research

**Exhibit 6: Secured share inching up gradually in overall book**

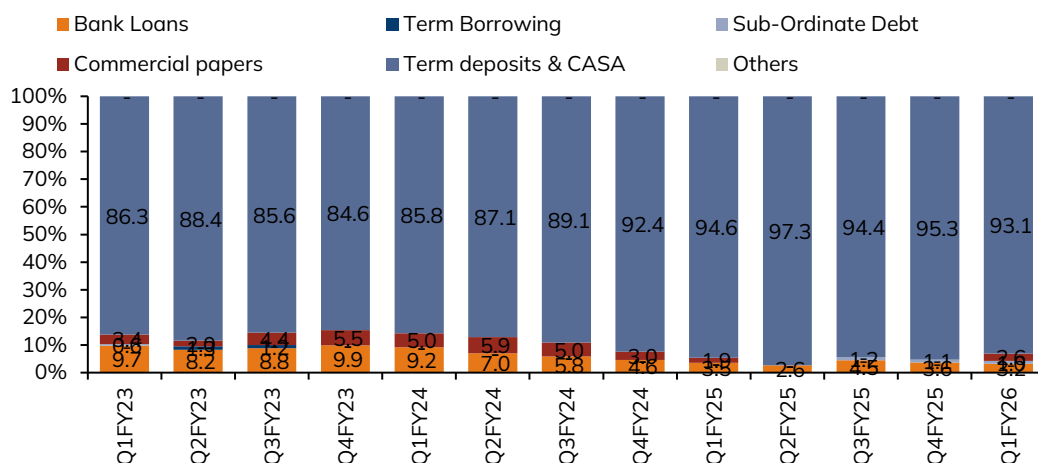
Source: Company data, I-Sec research

**Exhibit 7: NII lower QoQ on account of deceleration in MFI book**

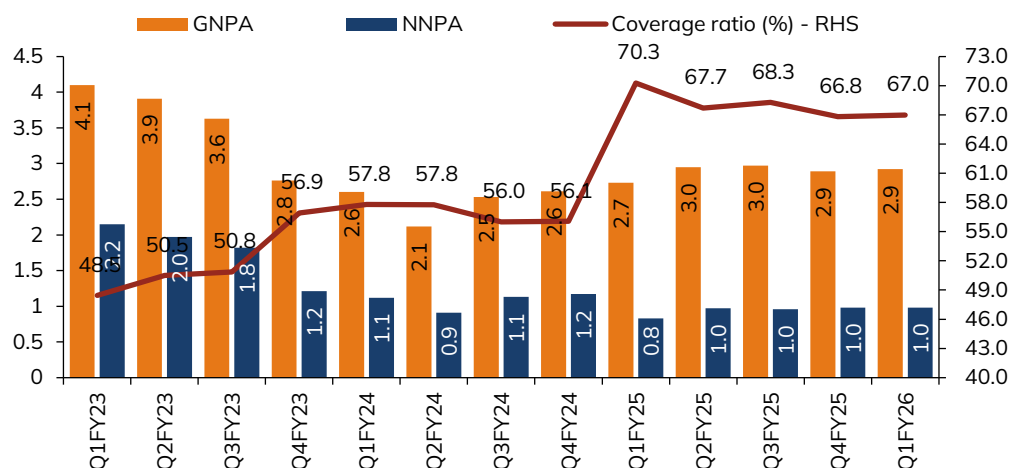
Source: Company data, I-Sec research

**Exhibit 8: CASA ratio flat QoQ, thereby settling at a lower base**

Source: Company data, I-Sec research

**Exhibit 9: Liabilities shaping up well**

Source: Company data, I-Sec research

**Exhibit 10: GNPA/NNPA ratios largely stable QoQ and below the threshold for universal banking license eligibility**

Source: Company data, I-Sec research

Exhibit 11: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	0.0	0.0	0.0
Institutional investors	58.0	59.2	63.5
MFs and other	37.3	37.6	41.9
FIs/ Banks	3.1	2.4	2.4
Insurance	2.2	2.8	2.9
FIIIs	15.4	16.5	16.3
Others	42.0	40.8	36.5

Source: Bloomberg, I-Sec research

Exhibit 12: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 13: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest income	54,864	63,117	72,268	84,380
Interest expense	(24,066)	(30,601)	(35,625)	(41,989)
<b>Net interest income</b>	<b>30,798</b>	<b>32,516</b>	<b>36,643</b>	<b>42,391</b>
Non interest income	7,987	9,115	11,453	13,498
<b>Operating income</b>	<b>38,784</b>	<b>41,631</b>	<b>48,096</b>	<b>55,889</b>
Operating expense	(25,011)	(28,288)	(31,115)	(36,176)
- Staff expense	(13,688)	(16,210)	(18,517)	(21,328)
<b>Pre-provisions profit</b>	<b>13,774</b>	<b>13,343</b>	<b>16,980</b>	<b>19,713</b>
<b>Core operating profit</b>	<b>13,774</b>	<b>13,343</b>	<b>16,980</b>	<b>19,713</b>
Provisions & Contingencies	(3,142)	(11,354)	(13,835)	(11,837)
<b>Pre-tax profit</b>	<b>10,631</b>	<b>1,988</b>	<b>3,145</b>	<b>7,877</b>
Tax (current + deferred)	(2,642)	(518)	(819)	(2,052)
<b>Net Profit</b>	<b>7,990</b>	<b>1,470</b>	<b>2,326</b>	<b>5,825</b>
<b>Adjusted net profit</b>	<b>7,990</b>	<b>1,470</b>	<b>2,326</b>	<b>5,825</b>

Source Company data, I-Sec research

### Exhibit 14: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Cash and balance with RBI/Banks	35,788	55,363	66,989	81,727
Investments	90,653	92,887	101,961	111,666
Advances	309,643	362,089	428,482	518,463
Fixed assets (Net block)	6,047	6,957	7,305	7,670
Other assets	10,906	11,061	12,167	13,383
<b>Total assets</b>	<b>453,037</b>	<b>528,356</b>	<b>616,904</b>	<b>732,910</b>
Deposits	361,290	431,067	521,591	636,341
Other interest bearing liabilities	32,060	36,564	32,261	27,692
Other liabilities and provisions	14,184	15,194	16,713	18,385
Share capital	11,349	11,399	11,399	11,399
Reserve & surplus	48,338	49,327	51,653	57,478
<b>Total equity &amp; liabilities</b>	<b>453,037</b>	<b>528,356</b>	<b>616,904</b>	<b>732,910</b>
% Growth	4.4	6.6	3.5	3.6

Source Company data, I-Sec research

### Exhibit 15: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>No. of shares and per share data</b>				
No. of shares (mn)	1,135	1,140	1,140	1,140
Adjusted EPS (Rs)	7.0	1.3	2.0	5.1
Nominal Book Value per share (Rs)	53	53	55	60
Adjusted BVPS (Rs)	49	50	52	56
<b>Valuation ratio</b>				
PER (x)	8.0	43.8	27.7	11.1
Price/ Nominal Book (x)	1.1	1.1	1.0	0.9
Price/ Adjusted book (x)	1.1	1.1	1.1	1.0
Dividend Yield (%)	-	-	-	-
<b>Profitability ratio</b>				
Yield on advances (%)	17.3	16.6	16.2	16.2
Yields on Assets	14.2	13.3	13.0	12.9
Cost of funds	7.3	7.4	7.2	7.1
NIMs (%)	8.0	6.9	6.6	6.5
Cost/Income (%)	64.5	68.0	64.7	64.7
<b>Dupont Analysis (as % of Avg Assets)</b>				
Interest Income	13.7	12.9	12.6	12.5
Interest expended	(6.0)	(6.2)	(6.2)	(6.2)
Net Interest Income	7.7	6.6	6.4	6.3
Non-interest income	2.0	1.9	2.0	2.0
<b>Total Income</b>	<b>9.7</b>	<b>8.5</b>	<b>8.4</b>	<b>8.3</b>
Staff costs	(3.4)	(3.3)	(3.2)	(3.2)
Non-staff costs	-	-	-	-
<b>Total Cost</b>	<b>(6.2)</b>	<b>(5.8)</b>	<b>(5.4)</b>	<b>(5.4)</b>
<b>PPoP</b>	<b>3.4</b>	<b>2.7</b>	<b>3.0</b>	<b>2.9</b>
Non-tax Provisions	(0.8)	(2.3)	(2.4)	(1.8)
<b>PBT</b>	<b>2.6</b>	<b>0.4</b>	<b>0.5</b>	<b>1.2</b>
Tax Provisions	(0.7)	(0.1)	(0.1)	(0.3)
<b>ROA (%)</b>	<b>2.0</b>	<b>0.3</b>	<b>0.4</b>	<b>0.9</b>
Leverage (x)	7.6	8.7	9.8	10.6
<b>ROE (%)</b>	<b>15.1</b>	<b>2.6</b>	<b>4.0</b>	<b>9.2</b>
<b>Asset quality ratios</b>				
Gross NPLs (%)	2.7	2.9	2.5	2.3
Net NPLs (%)	1.2	1.0	1.0	0.9
PCR (%)	56.1	66.8	60.0	60.0
Gross Slippages (% of PY loans)	4.4	6.6	3.5	3.6
Total provisions/ Avg loans (%)	-	-	-	-
Net NPLs / Networth (%)	6.0	5.8	6.7	6.8
<b>Capitalisation ratios</b>				
Core Equity Capital (%)	-	-	-	-
Tier I cap.adequacy (%)	20.3	17.5	15.6	14.4
Total cap.adequacy (%)	0.5	0.5	0.5	0.5

Source Company data, I-Sec research

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