Equitas Holdings

Initiating Coverage

Equitas Holdings is one of the fastest growing microfinance institutions in India having a wide portfolio of product. Backed by strong Management and recently procured license for setting up a small finance bank (SFB), it is all set for its next leg of growth. Post its conversion into a SFB, Equitas intends to continue to focus on high yielding assets like microfinance and used vehicle financing. We believe the company is ahead of other MFIs and upcoming SFBs in its learning curve as it has already been financing used vehicle, MSE and home loans. Hence it is in a position to scale up faster than its peers.

Transition to SFB likely to be smooth: Once Equitas migrates to a SFB model it will have to adhere to all the regulations applicable to commercial banks including maintenance of CRR and SLR, which could possibly levy pressure on its yields. However, once an SFB, it will have access to low cost funds, ie below the current ~11.5% rate via deposits, which in our view can insulate against any major fall in profitability. Although initial transitional expenses with regards to technology and manpower would be high, but we see operating leverage playing out in the next few years which should result in strong growth for the company post the absorption of initial one-time costs. Further, meeting the 75% Priority Sector Lending (PSL) target will not be a challenge for Equitas as its entire portfolio qualifies for PSL and hence the migration from NBFC to SFB should be smooth.

Underleveraged balance sheet leaves enough scope for growth: Equitas' AUM has grown at a CAGR of 65% over FY2012-16 to ₹6,131cr. AUM of used vehicle financing and MSE has scaled up to ₹1,510cr and ₹1,087cr in its 5th & 3rd years of operations, respectively. There is a huge untapped potential as microfinance is targeted to the lower income segment which often lacks access to formal financing sources. With a portfolio of only ~₹53,200cr, and streamlining of regulatory aspects, the microfinance industry is positioned for healthy growth going ahead. We believe there would be enough scalability for Equitas without further dilutions given its relatively low leverage of ~4.4x.

Reducing dependence on microfinance: Equitas has successfully diversified its business over the past few years as the share of microfinance in terms of its total AUM has declined to 54% in FY2016 from 100% in FY2011, while that of vehicle finance and MSE has risen to 42% from nil over the same period. Despite aggressive growth, it has been able to maintain strong asset quality with GNPA at 0.2% for microfinance and 1.3% at the consolidated level. Conversion to SFB will put pressure on the yield however access to low cost funds will help to some extent. However, we expect ~100 bps decline in NIM over the next two years.

Outlook Valuation: Equitas is rightly placed and adequately capitalized to encash on the opportunity arising out of growing credit need from the underserved segment and has the potential to deliver a high double-digit earnings growth for multiple years. At the current market price the stock is trading at 2.3x its FY2018E BV of ₹75.6. Despite regulatory compliance we expect it to deliver a ROE of 11.5% and ROA of 2.5% in FY2018. **We recommend BUY on the stock with a target price of ₹235.**

Key Financials (Consolidated)

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
NII	**293**	**460**	**675**	**934**	**1,274**
% chg	*67.8*	*57.2*	*46.6*	*38.4*	*36.4*
Net profit	**74.3**	**107.0**	**167.1**	**195.0**	**275.9**
% chg	*133.0*	*44.0*	*56.2*	*17.1*	*41.1*
NIM (%)	12.9	12.9	12.4	11.7	11.5
Book Value (₹)	**102.1**	**43.6**	**49.7**	**67.4**	**75.6**
P/ABV (x)			3.7	2.7	2.4
RoA (%)	3.3	3.0	3.1	2.5	2.5
RoE (%)	12.2	11.2	13.3	10.9	11.5

Source: Company, Angel Research; Note: CMP as of June 17, 2016

BUY

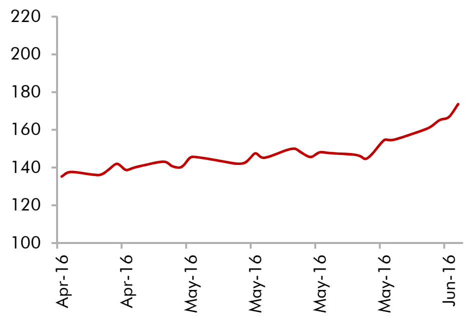
CMP	₹174
Target Price	₹235
Investment Period	12 Months

Stock Info	
Sector	Financial
Market Cap (₹ cr)	5,825
Beta	0.9
52 Week High / Low	187 / 134
Avg. Daily Volume	2,085,080
Face Value (₹)	10
BSE Sensex	26,625
Nifty	8,170
Reuters Code	NA
Bloomberg Code	EQUITAS.IN

Shareholding Pattern (%)	
Promoters	0.0
MF / Banks / Indian FIs	25.6
FII / NRIs / OCBs	44.2
Indian Public / Others	30.2

Abs.(%)	3m	1yr	3yr
Sensex	7.9	(0.8)	37.8
Equitas	32.4	NA	NA

Price History



Source: Company, Angel Research

Siddharth Purohit
022 400 3600 - 6872
siddharth.purohit@angelbroking.com

Transition to Small Finance Bank is likely to be smooth: Once Equitas migrates to a SFB it will have to adhere to all the regulations applicable to commercial banks including maintenance of CRR and SLR, which can put pressure on its yield. The company will have to maintain the CRR and SLR on its existing borrowings as well. However, it will have access to low cost funds, ie below the current ~11.5% rate via deposits, which will insulate against any major fall in profitability. Initial expenses with regards to technology and manpower will remain high, but we see operating leverage playing out in the next few years which will help strong growth post absorption of the initial one-time costs. Further, meeting the 75% Priority Sector Lending target will not be a challenge for Equitas as its entire portfolio qualifies for PSL and hence the migration from being a NBFC to a SFB should be smooth.

The company doesn't intend to get into new products in the near future and would like to grow its existing set of lending portfolios before getting into other retail products. We believe this is a move in the right direction. However, post the conversion to a SFB we expect the company to start launching new products in other segments post some consolidation in its existing areas of operations. The company intends to roll out ~400 new branches under the SFB in areas where it currently doesn't have a presence.

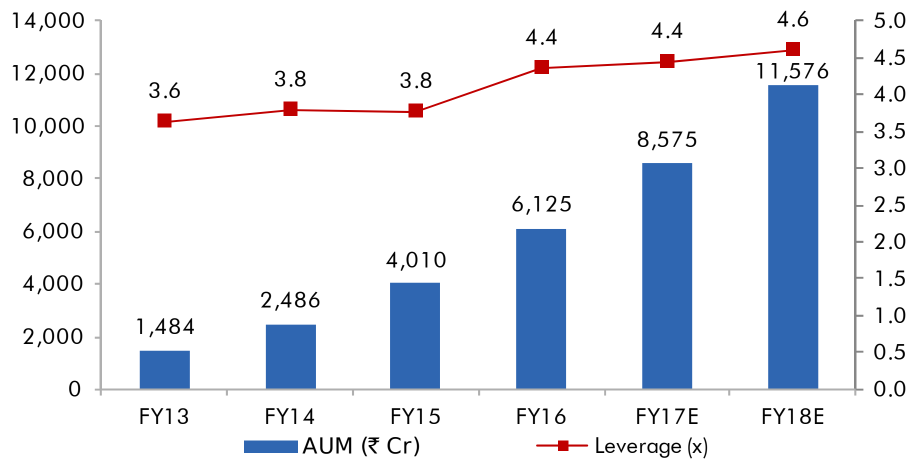
Exhibit 1: Regulatory aspect of Small Finance Bank (SFB)

Key Regulations	Company's Plan of Action
50% of a SFB's loan portfolio should constitute of loans not exceeding ₹25 lakhs.	With MFI's average ticket size of ₹9,364 and that of vehicle finance and MSE at ₹3.8lakhs and ₹2.1 lakhs respectively, the SFB will comfortably meet the guidelines.
As per FDI rule, the holding of foreign stake holders in a SFB cannot exceed 49%.	Post the IPO, foreign investor holding in the company has declined to below 49% from 93% earlier.
SFBs need to operate 25% of their branches in unbanked rural areas.	Work in progress to set up ~400 branches including the unbanked rural areas.
CRR & SLR to be maintained as per RBI norms.	Will be complied as per the guidelines by the RBI.
SFB needs to have 75% of its loans under the priority sector.	The company's existing loan book qualifies for PSL, so there shouldn't be any constraints in meeting the PSL target, going ahead.
Maximum exposure to single entity and group to be capped at 10% & 15% of net worth respectively.	Will be complied as per the guidelines by the RBI.
SFBs are not permitted to set up any subsidiary.	Will be complied as per the guidelines by the RBI.
Minimum CAR of 15% of its RWA, with Tier of 7.5%.	Post the IPO, the company is now well capitalized to comply with stipulations and capital should not be a constraint factor.

Source: Company, Angel Research

Underleveraged balance sheet leaves enough scope for growth: Equitas' AUM has grown at a CAGR of 65% over FY2012-16 to ₹6,131cr with strong growth witnessed across its lending business. The AUM of used vehicle finance segment and MSE has scaled up to ₹1,510cr and ₹1,087cr in its 5th & 3rd years of operations. There is a huge untapped opportunity as microfinance is targeted at the lower income segment which often lacks access to formal financing sources. With a portfolio of only ~₹53,200cr, and given the government's focus on financial inclusion coupled with streamlining of regulatory aspects, the microfinance industry is positioned for healthy growth going ahead. We believe there would be enough scalability for Equitas without further dilutions, given its relatively low leverage of ~4.4x.

Exhibit 2: AUM and Leverage

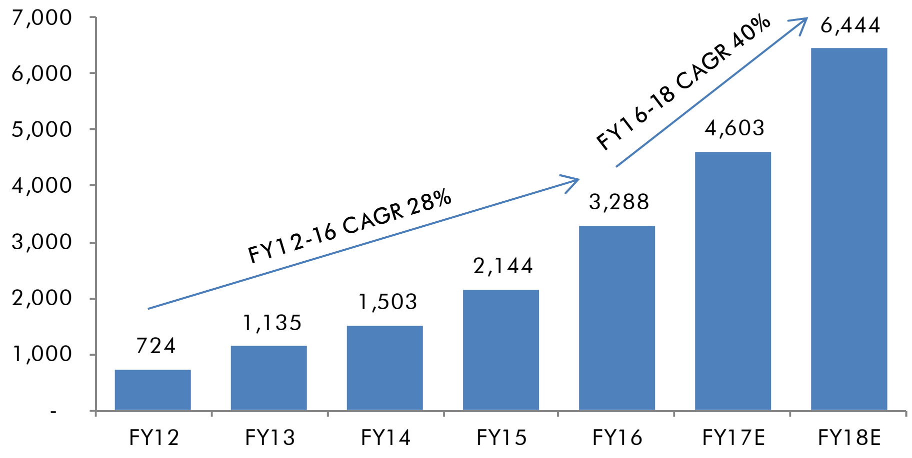


Source: Company, Angel Research

Microfinance business has huge scalability: Equita's microfinance business has grown at a CAGR of 46% over FY2012-16 to ₹3,288cr. There is a huge untapped opportunity in this segment as microfinance is targeted to the lower income segment which often lacks access to formal financing sources. Ideally the ticket size of the loans range from ₹2,000-₹35,000 (average ticket size of ₹9,634) and more than 90% of the borrowers are female, who access loans via group borrowings (Self Help Group) for very small businesses. Sharing the group liability has resulted in maintaining credit discipline and hence the delinquency in this type of business has been very low despite it being an unsecured form of loan. EMIs are collected on 14 days or 28 days basis, which reduces the risk of any bad loans. Though the RBI has relaxed the norm by increasing the ticket size of loans up to one year from ₹15,000 to ₹30,000, the company doesn't intend to aggressively increase the average incremental ticket size as it could result in deterioration in the asset quality.

With a loan portfolio of only ~₹53,300cr for the microfinance industry and the government's focus on financial inclusion together with streamlining of regulatory aspects, the industry can look forward for healthy growth ahead. Refinancing from MUDRA brought adequate and timely availability of funds and has resulted in strong growth for the industry. Further, easing of interest rates by banks has also been beneficial for MFIs as the NCD market reflects the overall interest rates in the economy. Despite being a late entrant, Equitas has been able to scale up its operations very fast and now ranks fourth in terms of gross loan portfolio within the microfinance industry.

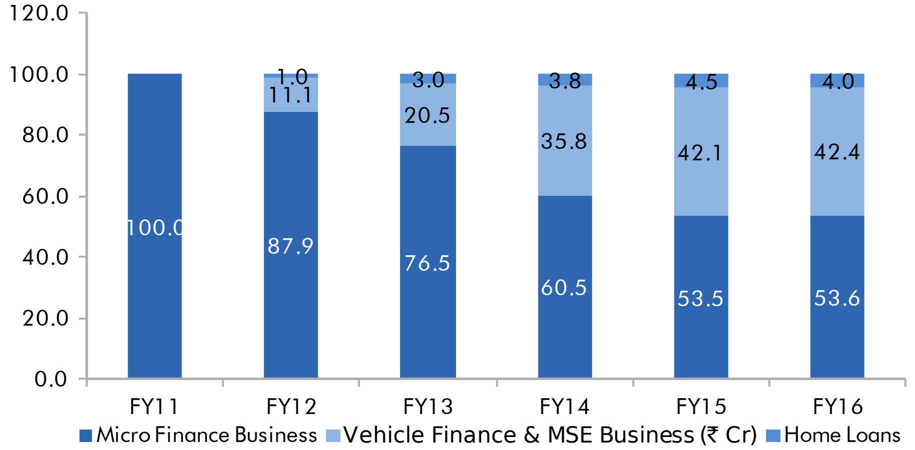
Exhibit 3: Microfinance AUM (₹ In Cr)



Source: Company, Angel Research

Reducing dependence on microfinance: Equitas has successfully diversified its business over the past few years with the share of microfinance in terms of its total AUM having declined to 54% in FY2016 from 100% in FY2011, while that of vehicle finance and MSE has risen to 42% from nil over the same period. Despite aggressive growth, it has been able to maintain strong asset quality with the GNPA at 0.2% for microfinance and 1.3% at the consolidated level. Its NIM of 11.1% and 12.5% respectively for the two aforementioned segments should help mitigate against any serious deterioration in asset quality, going forward. It is worth noting that while the company has expanded its product portfolio it has not neglected the microfinance business and we believe that this would likely be one of the key areas of growth in the years to come.

Exhibit 4: Portfolio Distribution



Source: Company, Angel Research

Diversifying into used vehicle finance and MSE financing a positive move: The company earlier diversified into used vehicle & MSE financing and within 5 years it has been able to scale up its AUM to ₹2,597cr, growing at a CAGR of 131% over FY2012-16. The segment combined now forms 43% of the company's overall AUM, of which 25% is accounted by the used vehicle segment while the MSE segment accounts for 18%. With an average ticket size of ₹3.8 lakhs, the primary target customers are first time buyers of used vehicles and the Management believes its experience in handling the unsecured loan portfolio will help in further scaling up the vehicle & MSE portfolio.

There are large players in the used vehicle financing business. However, the company believes it has enough scope to penetrate the hinterland of the country where a formal system of financing in this segment is still missing and borrowers have to depend on high cost funds from local players. Private financers still account for ~65-70% of the market share in the used vehicle financing business and this leaves enough scope for NBFCs to scale up their operations.

The MSE segment has see rapid growth and the company has been able to scale up to an AUM of ₹1,087cr by the end of the 3rd year of operations which is a commendable job. We expect the company to report 40% growth over the next few years and there is enough potential to meet the growth target.

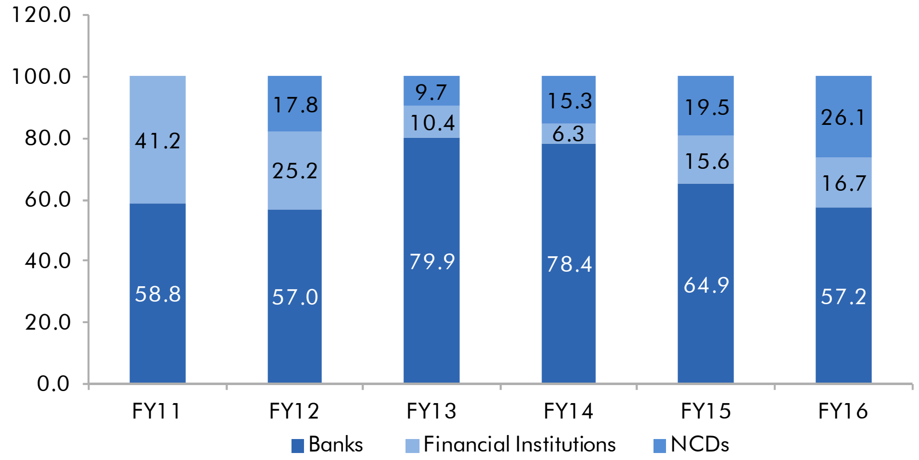
Exhibit 5: Vehicle finance and MSE

	FY13	FY14	FY15	FY16
AUM Combined	305	889	1,686	2,597
% Growth	*232.1*	*191.9*	*89.7*	*54.0*
Vehicle	305	801	1,175	1,510
% Growth	*232.1*	*163.2*	*46.7*	*28.5*
MSE		87	511	1,087
% Growth			*484.5*	*112.7*
Opex	14.1	12.1	7.7	6.8
Credit Cost	1.4	2.1	3.2	1.9

Source: Company, Angel Research

Funding mix to change in company's favor over the next 2-3 years: The company has over the years tilted its borrowings mix more in favor of banks and reduced its exposure to Non Convertible Debentures. Upon conversion of SFB, the bank will have more leeway of low cost funds in the form of deposits and higher credibility will allow it to price its NCDs at a competitive rate. This will result in lower cost of funds for the company going ahead, although deposit mobilizations could be tepid in the initial years, particularly in the low cost CASA. The bank is likely to raise wholesale deposits and gradually tap its existing customers for the low cost saving deposits.

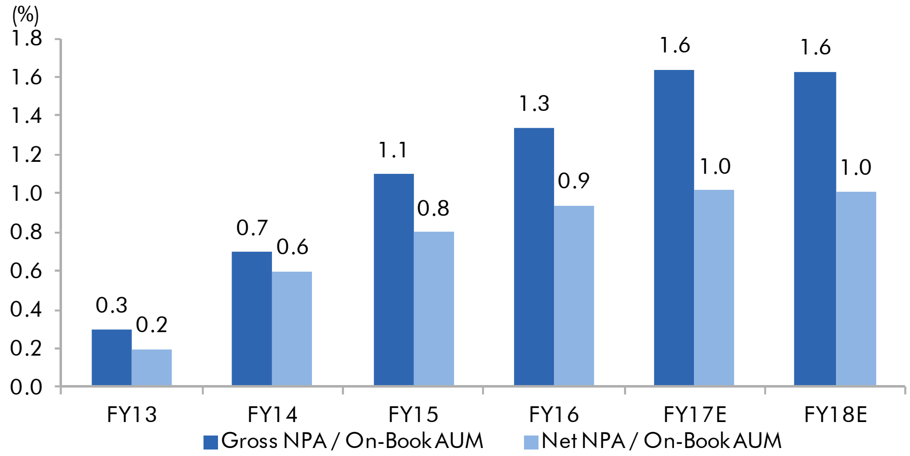
Exhibit 6: Funding Mix



Source: Company, Angel Research

Asset quality has been decent; we don't expect material change going ahead: The company has managed to maintain a low NPA level despite aggressive growth in the last 4-5 years and also considering that microfinance is an unsecured form of loan. The company has maintained its Gross NPA at 0.23% which is a commendable job. However, in the vehicle finance business, the Gross NPA is 2.46% which can be a cause of concern if it escalates further. In the home loan business, Gross NPA has gone up to 2.84% and hence the Management intends to go slow on expanding the business. The vehicle finance business by virtue of its nature will have higher NPAs compared to other products. But CV sales numbers in the last one year indicate there is some improvement in freight in the domestic market and hence we believe we may not see any substantial deterioration in the asset quality, going forward.

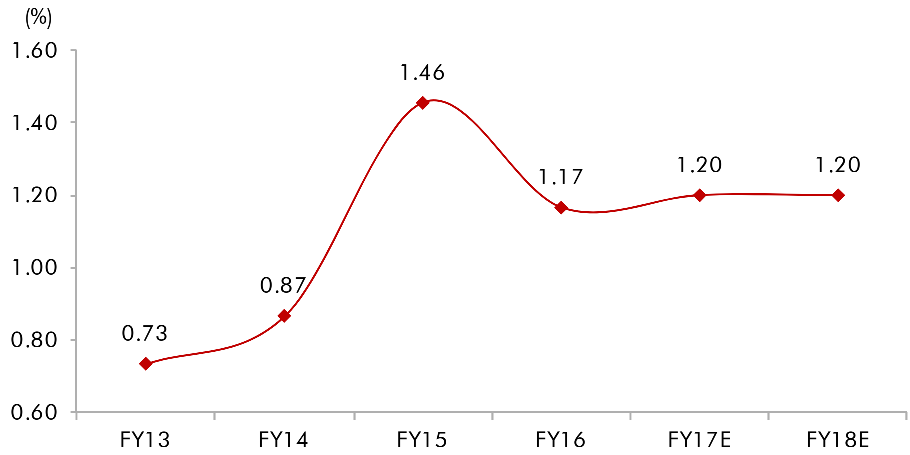
Exhibit 7: Asset Quality Trend



Source: Company, Angel Research

Slippages in the microfinance segment was 0.33% and in the vehicle finance and MSE segment it was at 2.95% while in the housing finance segment the slippages ratios remained elevated at 4.44% in 4QFY2016. Credit cost for microfinance stood at 65bp, while that of vehicle finance and MSE was at 188bp; for the home loans segment it was 0.53%. Overall credit cost remained at 1.17% for 4QFY2016. We expect credit cost to remain at 125bp for FY2017 and FY2018.

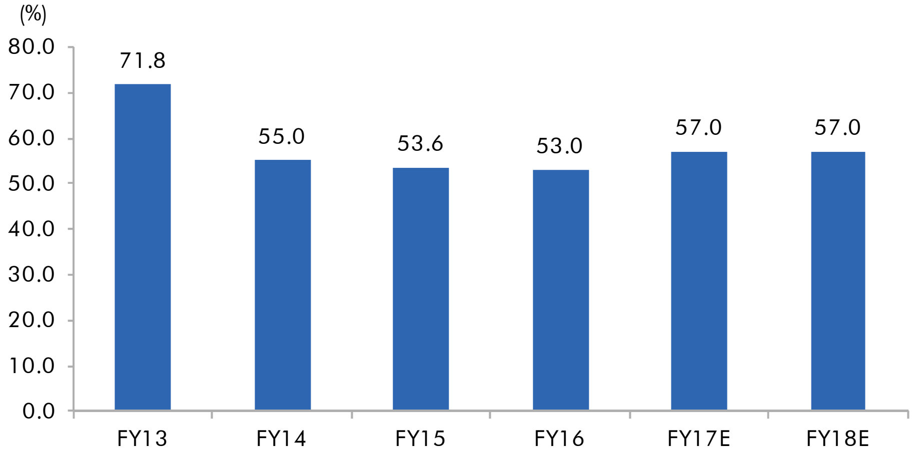
Exhibit 8: Credit Cost



Source: Company, Angel Research

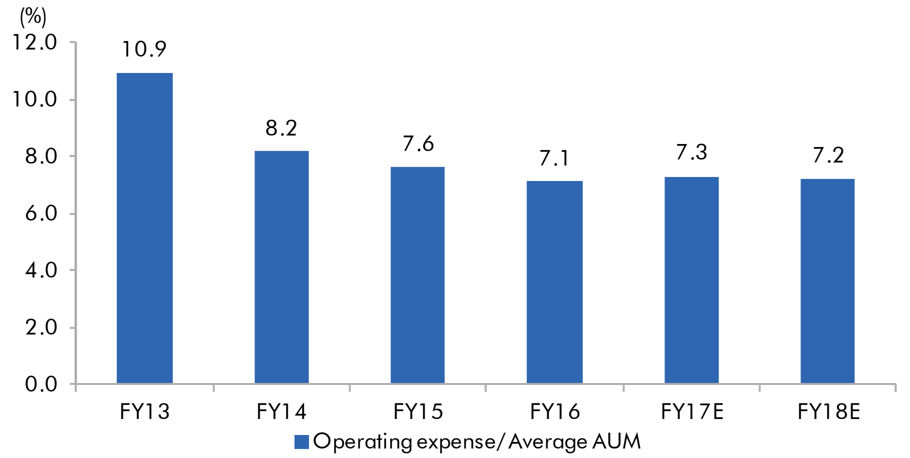
Operating cost to go up in the near term due to SFB conversion: Microfinance business by virtue of its nature attracts high costs as the sourcing of clients and managing them needs high number of employees. Though we have seen Cost/ Income ratio of Equitas coming down from 71.8% in FY2013 to 53% in FY2016, there is still scope for it to come down, when it converts itself to a SFB. However, during the process of conversion we see the cost going up for the company and hence expect the Cost/Income ratio to go up from current 53% to 57% by FY2017. However, FY2018 onwards, there is high possibility of it trending down.

Exhibit 9: Cost/Income to go up



Source: Company, Angel Research

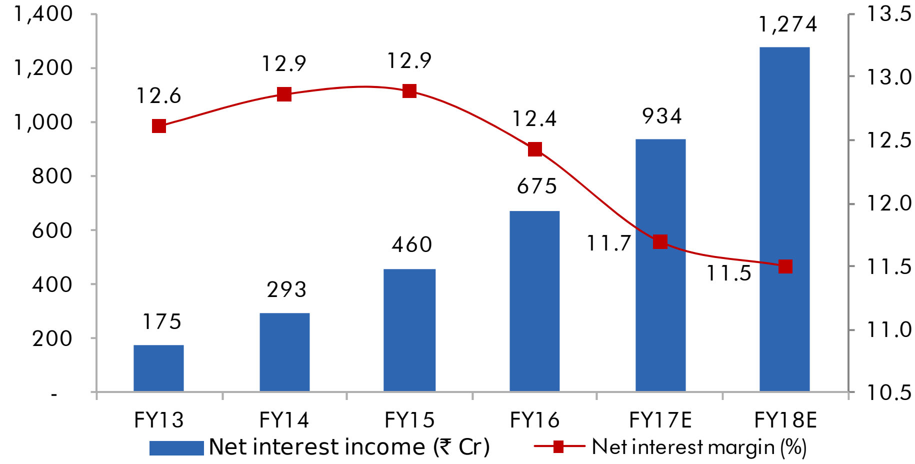
Exhibit 10: Cost/Asset



Source: Company, Angel Research

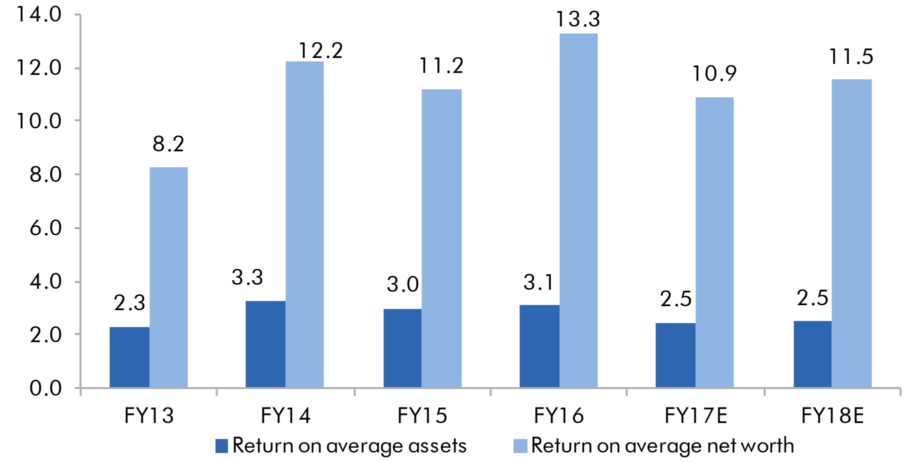
NIM, ROA and ROE to drop in near term; to bounce back over few years: NII growth for the company has been strong over FY2012-16, having grown at a CAGR of ~50%. We expect the same to grow by 37.4% over FY2016-18. However, looking at the compliance with regards to CRR and SLR, we expect NIM to contract over the next two years. We have already seen our calculated NIM for the company coming down by 50bp over the last one year and believe it could drop by another 100bp to 11.5% by FY2018. Equitas will have to spend substantially higher going ahead on technology and manpower as it migrates to a SFB and this will result in ROA and ROE compression going ahead, before it bounces back to normal level.

Exhibit 11: NIM Trend



Source: Company, Angel Research

Exhibit 12: ROA & ROE



Source: Company, Angel Research

High Concentration to Tamil Nadu is not a risk: A close comparison of Portfolio At Risk (PAR) among various states suggests that Tamil Nadu has a moderate PAR with 30 day PAR at 0.21% and 90 days and 180 days PAR at 0.11 and 0.05% respectively. The same is lower for the large northern states of India. From this point of view we believe that the high concentration of business for Equitas from Tamil Nadu is not a big risk as it is perceived to be.

Exhibit 13: States with High PAR

States with high PAR	PAR 30 days	PAR 90 days	PAR 180 days
Delhi	1.80	0.71	0.31
Rajasthan	0.64	0.47	0.18
Gujarat	0.53	0.33	0.14
Karnataka	0.49	0.33	0.19
Madhya Pradesh	0.46	0.30	0.17

Source: Company, Angel Research

Exhibit 14: States with Low PAR

States	PAR 30 days	PAR 90 days	PAR 180 days
Assam	0.07	0.04	0.03
Odisha	0.09	0.06	0.03
Kerala	0.10	0.06	0.04
West Bengal	0.18	0.13	0.08
Tamil Nadu	0.21	0.11	0.05
Bihar	0.22	0.14	0.08

Source: Company, Angel Research

Exhibit 15: Consolidated Performance

	FY12	FY13	FY14	FY15	FY16
AUM (₹ crs)	824	1,484	2,486	4,010	6,131
% growth	3.8	80.1	67.5	61.3	52.9
On Book %	74.8	81.8	85.4	86.4	82.7
Off Book %	25.2	18.2	14.6	13.6	17.2
NIM %	14.5	12.6	12.9	12.9	12.4
ROA	(0.8)	2.3	3.3	3.0	3.1
ROE %	(2.3)	8.2	12.3	11.2	13.3
Cost/ Income %	88.3	71.8	55.0	53.6	58.0
Cost/ AUM %	14.7	10.9	8.2	7.6	7.1
Gross NPA/ On Book AUM (%)	1.2	0.3	0.7	1.1	1.3
Net NPA/ On Book AUM (%)	0.1	0.2	0.6	0.8	0.9
Leverage	3.2	3.6	3.8	3.8	4.4

Source: Company, Angel Research

Overview of Microfinance Industry:

The microfinance industry (MFI) witnessed rapid growth post 2001, after the RBI granted priority sector status to bank loans advanced to MFIs. MFI had a problem of high cost of funds and in order to tackle the problem the Union Budget 2016 announced setting up MUDRA Bank to refinance the microfinance sector. As a result microfinance companies have better access to funds at lower costs and can now scale up. Though there are ~60 microfinance companies in India, nearly 72% of the gross loan portfolio is accounted by the top 10 players.

Exhibit 16: Top10 MFI's in India

Top MFIs, gross loan portfolio (Rs. cr)	FY16	Market Share (%)
Janalakshmi	10,983	21
SKS	7,677	14
Ujjivan	4,088	8
Equitas	3,283	6
Grameen Koota	2,539	5
Satin	2,538	5
L & T Finance	2,210	4
ESAF	1,925	4
Grama Vidiyal	1,502	3
Utkarsh	1,432	3
Total of Top 10	38,177	72

Source: MFIN

Exhibit 17: State-wise distribution of gross loan portfolio of the industry

State-wise distribution of gross loan portfolio	FY16
Tamil Nadu	16.0%
Karnataka	13.0%
Maharashtra	12.0%
Uttar Pradesh	11.0%
Madhya Pradesh	8.0%
Odisha	6.0%
West Bengal	6.0%
Bihar	5.0%
Kerela	5.0%
Gujarat	4.0%
Others	14.0%
Total	100.0%

Source: MFIN

Valuation

Equitas is rightly placed and adequately capitalized to encash on the opportunity of growing credit need from the underserved segment and has the potential to deliver high double digit earnings growth for multiple years. At the current market price the stock is trading at 2.3x its FY2018E BV of ₹75.6. Despite regulatory compliance we expect it to deliver ROE of 11.5% and ROA of 2.5% respectively in FY2018. **We recommend BUY with a target price of ₹235.**

Comparative table

Within the listed space, we believe SKS Microfinance is the best comparable company, while we have tried to make a comparison with other listed NBFCs as well.

Exhibit 18: Comparative – Micro Finance

Micro-Finance	Equitas	SKS Micro Fin	Janlakshmi	Ujjivan	Satin
Gross Loan Portfolio (crs)	3,283	7,677	10,983	4,088	2,538
Avg loan o/s per client	11,961	16,557	23,773	15,739	15,873
Branches	397	1,191	341	469	364
Employees	3,055	6,323	7,803	4,105	2,368
Clients (lakhs)	27.4	46.4	46.2	26.0	16.0

Source: MFIN

Exhibit 19: Comparative – Micro Finance

	Equitas	Ujiivan	SKS Micro Fin
NIM (%)	11.4	12.3	5.6
ROA (%)	3.1	3.7	4.5
ROE (%)	13.3	18.3	25.1
CAR (%)	21.0	24.1	23.1
GNPAs (%)	1.3	0.2	0.1
NNPAs (%)	0.9	0.1	0.1
P/BV	3.5x	3.1x	6.7x
Leverage	4.8x	4.7x	4.9x

Source: Company, Angel Research

Exhibit 20: Comparison with – Vehicle Finance NBFCs

Consolidated	Equitas	STFC	Chola	Sundaram Fin	Magma
AUM ₹ Crs	6,125	72,760	29,815	17,895	18,183
AUM CAGR (FY12-16) (%)	65.5	16.0	22.0	7.3	8.1
Yield (%)	21.9	NA	17.1	NA	NA
Spread (%)	10.6	NA	NA	NA	8.6
NIM (%)	12.4	7.3	8.7	NA	7.0
GNPAs (%)	1.3	6.2	3.5	2.1	7.4
NNPAs (%)	1.0	1.9	2.1	0.9	5.7
ROA (%)	3.0	1.9	2.3	2.5	1.4
ROE (%)	13.0	12.0	15.5	15.2	10.8

Source: Company, Angel Research

Risks

High concentration to a single state: Equitas derives ~63% of its AUM from Tamil Nadu alone. Any change in socio political situation / occurrence of a natural calamity can impact the economic condition of the borrowers and in turn impact the credit quality of the company.

Ability to scale up its operations fast: The company has raised ₹720cr through fresh issuance of shares, amounting to 56% of its pre-IPO net worth. Inability to scale up its operations will result in ROE dilution in the near term.

Ability to meet deposits targets post SFB conversion: Post conversion to a SFB, Equitas will be allowed to raise deposits from customers. Ability to raise deposits from its existing client base will be limited looking at the average income profile of the said borrowers. It might have to offer higher rates vis-a-vis other banks which might have a negative impact on the NIM.

Company background

Equitas is a diversified financial services player with strong presence across microfinance, vehicle finance, MSE finance, and housing finance segments. Incorporated in 2007 and headquartered in Chennai, Equitas operates across 11 states through 549 branches. Equitas, through its subsidiary Equitas Micro Finance Ltd (EMFL) is the fifth largest microfinance company in India (on gross loan portfolio basis). Equitas has also received in-principle approval from the RBI to set up a SFB in October 2015.

Key Management Personnel:

P. N. Vasudevan, Managing Director.

S. Bhaskar, CFO, joined the Equitas Group in 2007.

H.K.N. Raghavan, CEO of EMFL, joined the Equitas Group in 2008.

V. S. Murthy, CEO of Equitas Finance Ltd (EFL), joined the Equitas Group in 2010.

Exhibit 21: Key Businesses – Segment-wise data (As on 31st March 16)

Particulars	Micro Finance	Vehicle Finance	MSE Finance	Affordable Housing
AUM (₹ Cr)	3,283	1,510	1087	246
% of Total AUM	53.6%	24.7%	17.8%	4.0%
Ticket Size	₹ 2,000-₹35,000	₹3.8 Lakhs	₹ 2.1 Lakhs	Micro Housing-₹2.4 Lakhs Affordable Housing ₹10.6 Lakhs

Source: Company, Angel Research

Profit & Loss Statement

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
NII	293	460	675	934	1,274
- *YoY Growth (%)*	*67.8*	*57.2*	*46.6*	*38.4*	*36.4*
Other Income	1.1	0.9	3.9	5.1	6.9
- *YoY Growth (%)*	-	-	-	*30.5*	*35.0*
Operating Income	294.0	461.2	678.9	939.2	1280.8
- *YoY Growth (%)*	*67.5*	*56.9*	*47.2*	*38.3*	*36.4*
Operating Expenses	161.8	247.2	359.7	535.4	730.1
- *YoY Growth (%)*	*28.4*	*52.8*	*45.5*	*48.8*	*36.4*
Pre - Provision Profit	132.2	214.0	319.2	403.9	550.7
- *YoY Growth (%)*	*166.9*	*61.9*	*49.2*	*26.5*	*36.4*
Prov. & Cont.	18.4	50.4	59.1	102.9	138.9
- *YoY Growth (%)*	*106.5*	*174.1*	*17.2*	*74.1*	*35.0*
Profit Before Tax	113.8	163.6	260.1	301.0	411.8
- *YoY Growth (%)*	*186.3*	*43.7*	*59.0*	*15.7*	*36.8*
Prov. for Taxation	39.5	56.6	93.0	105.3	135.9
- *as a % of PBT*	*35*	*35*	*36*	*35*	*33*
PAT	74.3	107.0	167.1	195.6	275.9
- *YoY Growth (%)*	*133.0*	*44.0*	*56.2*	*17.1*	*41.0*

Balance Sheet

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
Share Capital	73	269	270	335	335
Reserve & Surplus	669	902	1,071	1,921	2,197
Net Worth	742	1,172	1,341	2,256	2,532
Borrowings	1,849	3,032	4,683	6,557	7,868
- Growth (%)	45	64	54	40	20
Deposits	-	-	-	350	1,850
- Growth (%)	-	-	-	-	429
Other Liab. & Prov.	160	262	482	426	575
Total Liabilities	2,751	4,466	6,507	9,588	12,825
Cash and Cash Equivalents	415	557	947	852	958
Investments	72	176	12	1,468	1,731
Advances	2,123	3,465	5,070	7,098	9,583
- Growth (%)	75.0	63.2	46.3	40.0	35.0
Fixed Assets	27.2	46.7	65.8	85.5	111.2
Other Assets	114	222	412	85	442
Total Assets	2,751	4,466	6,507	9,588	12,825

Key Ratio

Y/E March	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profitability ratios (%)					
NIMs	12.9	12.9	12.4	11.7	11.5
RoA	3.3	3.0	3.1	2.5	2.5
RoE	12.2	11.2	13.3	10.9	11.5
Asset Quality (%)					
Gross NPAs	15.5	37.4	68.1	140.3	188.4
Gross NPAs %	0.7	1.1	1.3	1.6	1.6
Net NPAs	13.0	27.8	47.8	87.0	116.8
Net NPAs %	0.6	0.8	0.9	1.0	1.0
Credit Cost	0.9	1.5	1.2	1.2	1.2
Per Share Data (₹)					
EPS	10.2	4.0	6.2	5.8	8.2
BVPS	102.1	43.6	49.7	67.4	75.6
Adj BV	100.3	42.5	47.9	64.8	72.1
Valuation Ratios					
PER (x)	17.4	44.7	28.7	29.8	21.1
P/ABVPS (x)	NA	NA	3.7	2.7	2.4
Dividend Yield (%)	-	-	-	-	-
DuPont Analysis					
Interest Income	21.0	20.9	20.2	19.3	18.4
Interest Expenses	8.2	8.2	7.9	7.7	7.1
NII	12.7	12.8	12.3	11.6	11.4
(-) Prov. Exp.	0.0	0.0	0.1	0.1	0.1
Adj. NII	12.8	12.8	12.4	11.7	11.4
Other Inc.	7.0	6.9	6.6	6.7	6.5
Op. Inc.	5.7	5.9	5.8	5.0	4.9
Opex	0.8	1.4	1.1	1.3	1.2
PBT	4.9	4.5	4.7	3.7	3.7
Taxes	1.7	1.6	1.7	1.3	1.2
RoA	**3.2**	**3.0**	**3.0**	**2.4**	**2.5**
Leverage	3.8	3.8	4.4	4.5	4.7
RoE	**12.2**	**11.2**	**13.3**	**10.9**	**11.5**

Research Team Tel: 022 - 39357800 E-mail: research@angelbroking.com Website: www.angelbroking.com

DISCLAIMER

Angel Broking Private Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange of India Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel Broking Private Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000000164. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates including its relatives/analyst do not hold any financial interest/beneficial ownership of more than 1% in the company covered by Analyst. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. Angel/analyst has not served as an officer, director or employee of company covered by Analyst and has not been engaged in market making activity of the company covered by Analyst.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Pvt. Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Pvt. Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Pvt. Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Pvt. Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Pvt. Limited and its affiliates may have investment positions in the stocks recommended in this report.

Disclosure of Interest Statement	**Equitas Holdings**
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Based on expected returns over 12 months investment period):	*Buy (> 15%)*	*Accumulate (5% to 15%)* *Reduce (-5% to -15%)*	*Neutral (-5 to 5%)* *Sell (< -15)*