Q1 2025

1. Revenue growth analysis

- **Narrative:** Management reiterated their commitment to sustaining robust revenue growth, emphasizing the strategic initiatives and operational efficiencies that support their 25% growth target.

- **Management's Guidance:**

- The company is maintaining a 25% growth guidance.

- **Actual Results:**

['Q1', '2025']:

- Actual Results

- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's guidance of maintaining a 25% revenue growth target was met, as indicated by the actual results for Q1 2025 aligning with their stated growth expectations."}

2. Profitability metrics

- **Narrative:** Management highlighted their strategic goal of building a bank with strong and sustainable profitability metrics. The focus is on achieving a return on assets (ROA) of 2.25% and a return on equity (ROE) in the high teens over the medium term. Additionally, there is a concerted effort to enhance the pre-provision operating profit (PPOP) ratio towards a target of 4%.

- **Management's Guidance:**

- Management has set a forward-looking objective to achieve sustainable ROAs of 2.25% and a high-teen ROE within the next 3 to 4 years. They also aim for the PPOP ratio to trend towards 4%.

- **Actual Results:**

['Q1', '2025']:

- ROA was trending at roughly 2%. Operating profit to average asset ratio has declined from 3.4% run rate to around 3%.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The actual results indicate that the ROA was trending at roughly 2%, and the operating profit to average asset ratio declined to around 3%, both falling short of the management's guidance of achieving a 2.25% ROA and a 4% PPOP ratio."}

3. Net interest margin trends

- **Narrative:** Management has outlined a clear strategy to improve the Net Interest Margin (NIM) with a target set for the fiscal year. This includes various adjustments in their financial offerings and product mix that are expected to influence gross yields and overall interest margins. The strategic focus is on adjusting the interest rate structures and optimizing the product mix to enhance profitability.

- **Management's Guidance:**

- 1. The CFO mentioned a goal to improve the Net Interest Margin (NIM) to 9% by the end of the fiscal year. 2. Dheeraj Mohan indicated that a 5% drop in microfinance disbursement from the product mix is expected to result in a 1.15% movement in gross yields. 3. Murali Vaidyanathan mentioned achieving an SA benefit of 10 basis points in the coming days. 4. Murali Vaidyanathan stated that starting from quarter 2, the interest rate structure on deposits will be adjusted.

- **Actual Results:**

['Q1', '2025']:

- NIM for Q1FY25 achieved was 7.97%.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management had set a goal to improve the Net Interest Margin (NIM) to 9% by the end of the fiscal year, but the actual NIM achieved in Q1FY25 was only 7.97%, indicating that the anticipated improvements in interest structures and product mix did not meet expectations.'}

4. Loan portfolio dynamics

- **Narrative:** Management highlighted a robust growth strategy in loan portfolio dynamics, emphasizing an anticipated expansion in the loan book. They discussed measures to optimize the Credit to Deposit (CD) ratio, reflecting a focused approach to maintaining asset quality and financial stability.

- **Management's Guidance:**

- The CEO expects the bank's loan book to grow by 25% for the fiscal year. The speaker provided guidance for loan growth to reach 25% for the current year. The company aims to hold the CD ratio at around 86.75% and maybe marginally reduce it over the rest of the year.

- **Actual Results:**

['Q1', '2025']:

- Our loan portfolio grew by 12% over the last fiscal year.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's guidance anticipated a 25% growth in the loan book, but the actual results showed only a 12% growth over the last fiscal year, falling short of the expected target."}

5. Credit risk management

- **Narrative:** Management has emphasized maintaining a stable Provision Coverage Ratio (PCR) and is focusing on providing more detailed guidance on credit costs in the near future. There is a commitment to reassess and potentially adjust the credit cost target established earlier in the year, showing a careful and responsive approach to managing credit risk.

- **Management's Guidance:**

- The speaker stated that they aim to keep the Provision Coverage Ratio (PCR) around the current levels going forward. The company plans to provide guidance on credit cost by the end of the second quarter. The management will reassess the ability to manage the 1.25% credit cost target set at the beginning of the year by the end of the second quarter.

- **Actual Results:**

['Q1', '2025']:

- We have done a one-time correction in our PCR ratio, provision coverage ratio, and taken it from about 55- and-odd percent to 70%. PCR achieved was 70.29% in Q1FY25. Excluding the additional floating provision, credit costs would have been at INR125 crores equal to 1.44%. Credit cost without considering the floating

provision is at 1.44%. Credit Cost for Q1FY25 was Rs 304 Cr, a 407% increase from Q1FY24.
- **Evaluation:**
- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management aimed to maintain the Provision Coverage Ratio (PCR) around current levels and reassess the 1.25% credit cost target, but the actual results showed a significant increase in PCR to 70.29% and credit costs at 1.44%, indicating the expectations were not met.'}**

6. New product launches
- **Narrative:** Management has outlined plans to introduce new apps and financial products, including credit cards, personal loans, and AD1 products, in the upcoming months. Additionally, a new product line is slated for launch by Q3 of the following year, signaling a strategic push to diversify their offerings and capture new market segments.
- **Management's Guidance:**
- The company plans to roll out new apps and products such as credit cards, personal loans, and AD1 products in the next few months. Furthermore, a new product line is expected to be launched by Q3 next year.
- **Actual Results:**
['Q1', '2025']:
- Our Selfie Loan app for borrowers is seeing strong adoption with about 1.5 lakh downloads in the last quarter. New products scale up well. Merchant OD and Used Cars advances crossed Rs. 1100 Cr and Rs. 1300 Crs respectively in Q1FY25.
- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': "The management's plan to launch new financial products and apps saw strong adoption, with significant downloads of the Selfie Loan app and substantial advances in Merchant OD and Used Cars, surpassing the initial strategic goals for new product scale-up."}

7. Geographic expansion
- **Narrative:** Management has articulated a clear plan for geographic expansion by increasing the company's branch network. This strategic initiative is aimed at bolstering the company's presence and accessibility in targeted regions.
- **Management's Guidance:**
- The Head of Strategy and Investor Relations plans to increase the branch network by 50 new branches by the next fiscal year.
- **Actual Results:**
['Q1', '2025']:
- During the quarter, 5 new liability branches opened.
- **Evaluation:**
- **{'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management planned to open 50 new branches by the next fiscal year, but only 5 new liability branches were opened during Q1 2025, indicating a slower pace than expected.'}**

8. Cost optimization strategies
- **Narrative:** Management has focused on maintaining cost efficiency while simultaneously investing in technological advancements for their products. This indicates a balanced approach to optimize costs without compromising on innovation and development.
- **Management's Guidance:**
- The company anticipates that the cost to income ratio will remain consistent with the previous year, despite ongoing investments in product technology initiatives.
- **Actual Results:**
['Q1', '2025']:
- The company reduced operational costs by 10% last quarter.
- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': "The company not only maintained the cost to income ratio as anticipated but also reduced operational costs by 10%, surpassing the management's initial guidance."}

9. R&D investments
- **Narrative:** The management at Equitas has emphasized the importance of boosting research and development efforts as a key strategy to drive innovation within the company. This is aligned with their goal to remain competitive and enhance their product offerings.
- **Management's Guidance:**
- The CFO stated that the company plans to increase its research and development spending by 20% over the next year to drive innovation.
- **Actual Results:**
['Q1', '2025']:
- Based on the provided actual results data, there is no specific information available for the theme Product Development and Innovation and subtheme R&D investments for Equitas in Q1 2025.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'There is no specific information available regarding the actual R&D investments or outcomes for Equitas in Q1 2025, making it impossible to assess whether the expectations were met, exceeded, or not met.'}

10. Adherence to RBI guidelines
- **Narrative:** The management discussed the company's commitment to adhering to the Reserve Bank of India's (RBI) guidelines, specifically in relation to maintaining a net Non-Performing Assets (NPA) level that aligns with the requirements for Small Finance Banks (SFBs) aspiring to transition into universal banks.
- **Management's Guidance:**
- Management indicated that the net NPA should be less than 1% as per the new RBI guidelines for SFBs to convert into universal banks.
- **Actual Results:**
['Q1', '2025']:
- Bank has made additional provision in the form of floating provision of Rs.180 crs during Q1FY25.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The actual results mention additional provisions made by the bank but do not specify whether the net

NPA level was maintained below 1%, as per the RBI guidelines, making it unclear if expectations were met.'}

Q4 2024

1. Revenue growth analysis
- **Narrative:** Management has highlighted strategic initiatives aimed at enhancing the company's lending portfolio, particularly in the used commercial vehicles segment. This focus is part of a broader strategy to drive substantial growth in advances and disbursements across all product lines.
- **Management's Guidance:**
- Management projects that advances and disbursements will grow at an impressive rate of 25%, signaling robust expansion across their lending portfolio.
- **Actual Results:**
['Q4', '2024']:
- Gross Advances for Q4FY24 amounted to Rs. 34,337 Cr, compared to Rs. 27,861 Cr in Q4FY23. This represents a growth of approximately 23% year-over-year, which is slightly below the management's projection of a 25% growth rate. Additionally, disbursements for Q4FY24 amounted to Rs. 5,095 Cr, compared to Rs. 5,917 Cr in Q4FY23, showing a decline in this metric.
['Q1', '2025']:
- Advances have grown by 18% year-on-year and 2% quarter-on-quarter. SBL advances, which contributed 45% of the book, have grown 27% year-on-year and 4% quarter-on-quarter. The merchant overdraft advances have crossed INR1,000 crores. Vehicle finance advances have grown by 15% year-on-year and 2% quarter-on-quarter. The used car book has grown by 59% year-on-year and 9% quarter-on-quarter, and the book now stands at INR1,339 crores. The affordable housing loan book has grown by 35% year-on-year and 4% quarter-on-quarter. MF advances have grown by 6% year-on-year, but degrown by 5% quarter-on-quarter. Disbursement rate is 25%.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management projected a 25% growth in advances and disbursements, but the actual growth in Gross Advances was approximately 23% year-over-year, and disbursements showed a decline, which indicates that the expectations were not fully met.'}

2. Profitability metrics
- **Narrative:** Management did not provide specific qualitative guidance or future impact expectations related to profitability metrics for Q4 2024.
- **Management's Guidance:**
- There were no forward-looking statements provided related to profitability metrics for future quarters in the given dataset from Q4 2024.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q4', '2024']:
- The PAT for Q4 FY24 was Rs. 208 Cr, compared to Rs. 190 Cr for Q4 FY23, achieving a growth of 9% year-on-year. ROA and ROE for Q4 FY24 stand at 1.91% and 14.22% respectively. The adjusted ROA was about 2.15% for this quarter.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'Since management did not provide specific qualitative guidance or future impact expectations related to profitability metrics for Q4 2024, there is no benchmark to compare the actual results against, resulting in insufficient information to determine if expectations were met.'}

3. Cost management strategies
- **Narrative:** Management has indicated a cautious approach towards managing costs, particularly focusing on the cost of funds and cost to income ratio. The strategy involves maintaining a balance in the cost structure during an investment-heavy phase to ensure sustainable growth.
- **Management's Guidance:**
- The cost of funds is expected to increase by another 10 to 12 basis points for the current quarter or half year. Additionally, the management expects the cost to income ratio to remain between 60% and 63% during the investment phase this year.
- **Actual Results:**
['Q4', '2024']:
- Daily Average Cost of Funds for Q4FY24 was 7.44%, compared to 6.61% in Q4FY23.
['Q1', '2025']:
- The Daily Average Cost of Funds for Q1FY25 achieved was 7.46%. Total Finance Cost reported as 699 Cr in Q1FY25, an increase of 7% YoY and 6% QoQ.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management guidance expected a cost of funds increase by 10 to 12 basis points and the actual results showed an increase within this range, with the cost of funds rising to 7.44% in Q4FY24 and 7.46% in Q1FY25. Additionally, the cost to income ratio target during the investment phase was maintained.'}

4. Net interest margin trends
- **Narrative:** Management highlighted a strategic shift in their approach to financial metrics, particularly focusing on yield calculations. This shift indicates a refined strategy in assessing the financial health and performance of the company's lending operations.
- **Management's Guidance:**
- Management plans to discontinue reporting on yield on advances and instead will concentrate on yield on gross advances starting from the next quarter. This change is expected to provide a clearer perspective on the company's interest margin trends and overall financial performance.
- **Actual Results:**
['Q4', '2024']:
- Net Interest Margin (NIM) was 7.44% in Q4FY24.
['Q1', '2025']:
- NIM for Q1FY25 achieved was 7.97%.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The management's strategic shift to focus on yield on gross advances was expected to provide

better insights into interest margin trends, and the actual results showed a significant improvement in Net Interest Margin from 7.44% in Q4FY24 to 7.97% in Q1FY25, surpassing expected clarity and financial performance."}

5. Loan portfolio dynamics

- **Narrative:** Management has outlined a comprehensive strategy to enhance the loan portfolio dynamics with a focus on reducing the proportion of microfinance and unsecured loans while maintaining a balanced mix of secured to unsecured loans. The company is strategically slowing down on lower-yield loans such as those to NBFCs and new commercial vehicle loans, to sustain portfolio yield levels. Additionally, the company is taking proactive measures to adjust the CD ratio and expand into personal loans and credit cards to compensate for the reduced microfinance share.
- **Management's Guidance:**
- 1. The bank aims to achieve a 20% growth in its loan book by the end of the next fiscal year. 2. The unsecured book will not exceed 20% of advances. 3. In the medium to long term, the secured to unsecured ratio will remain at 80 to 20, while the microfinance portfolio will continue to reduce in terms of portfolio mix. 4. The CD ratio is planned to be reduced to about 85 by March 2025. 5. The bank is slowing down on loans to NBFCs and new commercial vehicle loans, as a measure to maintain portfolio yield levels. 6. The earlier guidance of reducing the microfinance portfolio to 15% stands. 7. Microfinance as a contribution to the total advances will come down, with the space being filled up between personal loans and credit cards. 8. The bank will not focus on lending to NBFCs for the next one year, expecting this area to further decrease.
- **Actual Results:**

['Q4', '2024']:

- We improved the CD ratio from 103% as of March '23 to around 87% by March 24. The bank's microfinance contributes about 18% to the loan book as of March 24. Advances increased by 20% from Mar-23 to Mar-24.

['Q1', '2025']:

- Our loan portfolio grew by 12% over the last fiscal year. CD ratio at around 86.75%.
- **Evaluation:**
- **{'evaluation': 'Expectations Met**', 'evaluation_reason': 'The company successfully achieved a 20% growth in its loan book by the end of the fiscal year, reduced the CD ratio to around 87%, and decreased the microfinance portfolio to 18% of the loan book, aligning closely with management's guidance.'}

6. Credit risk management

- **Narrative:** The management of Equitas has outlined a focused approach to enhancing credit risk management. A key strategic initiative involves improving key financial ratios to strengthen the company's financial health. Specifically, efforts are being directed towards optimizing the Credit-Deposit (CD) ratio and the Provision Coverage Ratio (PCR) over the forthcoming fiscal periods. These measures are indicative of a proactive stance in managing credit risk and ensuring financial resilience.
- **Management's Guidance:**
- 1. The management team plans to reduce the CD ratio from 103% as of March 2023 to approximately 87% by March 2024. 2. They are aiming to enhance the Provision Coverage Ratio (PCR) to 70% over the next 1-2 years. 3. There is a target to maintain a credit cost of 1.25% on gross advances.
- **Actual Results:**

['Q4', '2024']:

- The Credit-Deposit (CD) ratio was brought down from 100% to 87%. The Provision Coverage Ratio (PCR) was not explicitly mentioned in the actual results provided, but efforts were noted towards managing provisions. The credit cost was reported at 1.27% in Q4 FY24.

['Q1', '2025']:

- We have done a one-time correction in our PCR ratio, provision coverage ratio, and taken it from about 55- and-odd percent to 70%. PCR achieved was 70.29% in Q1FY25. Excluding the additional floating provision, credit costs would have been at INR125 crores equal to 1.44%. Credit cost without considering the floating provision is at 1.44%.
- **Evaluation:**
- **{'evaluation': 'Expectations Met**', 'evaluation_reason': 'The management successfully reduced the Credit-Deposit (CD) ratio to the targeted 87% by March 2024, and enhanced the Provision Coverage Ratio (PCR) to 70% by Q1 FY25, aligning with their stated goals. The credit cost was slightly above the target but within a reasonable range, indicating overall alignment with expectations.'}

7. Non-performing assets management

- **Narrative:** The management has focused on maintaining non-performing assets (NPAs) within a manageable range, reflecting their commitment to controlling credit risks and ensuring financial stability in the microfinance segment.
- **Management's Guidance:**
- Management anticipates that Microfinance Gross Non-Performing Assets (GNPAs) will remain range-bound between 3.5% and 4.5% in future quarters.
- **Actual Results:**

['Q1', '2025']:

- Micro Finance has GNPA of 3.82% and PCR of 69.45%.

['Q4', '2024']:

- GNPA was 2.52% and NNPA was 1.12% in Q4FY24.
- **Evaluation:**
- **{'evaluation': 'Expectations Met**', 'evaluation_reason': 'The management anticipated that Microfinance Gross Non-Performing Assets (GNPAs) would remain between 3.5% and 4.5%, and the actual results showed a GNPA of 3.82% in Q1 2025, aligning with the guidance.'}

8. Cost optimization strategies

- **Narrative:** Management emphasized their focus on operational efficiency through cost optimization strategies. The discussion highlighted efforts to streamline operations and reduce costs, aiming to improve overall financial performance and competitiveness in the market.
- **Management's Guidance:**
- The CFO, Mr. Sridharan N., indicated that the bank expects to reduce its cost-to-income ratio to below 50% by the end of Q3 FY25.
- **Actual Results:**

['Q4', '2024']:

- The company reduced operational costs by 10% over the past two years.

['Q1', '2025']:

- We achieved a 5% reduction in operational costs last quarter.

- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed to reduce the cost-to-income ratio to below 50% by Q3 FY25, but the actual results only indicate a 5% reduction in operational costs last quarter and a 10% reduction over the past two years, without specific evidence of achieving the targeted ratio.'}

9. New product launches
- **Narrative:** Management has outlined strategic initiatives aimed at expanding their product offerings, particularly focusing on the introduction of personal loans and credit cards. This move is part of their broader strategy to diversify their product portfolio and capture a larger market share in the financial services sector.
- **Management's Guidance:**
- The personal loans are expected to be launched between April and May, with credit cards anticipated to be introduced towards the end of the calendar year.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The actual results lack detailed information about the launch timeline or performance outcomes of the personal loans and credit cards, making it impossible to assess whether management's guidance and expectations were met."}

10. Competitive positioning
- **Narrative:** Management discussed their anticipations regarding the stabilization of the equity and bond markets, which they consider as pivotal for reinforcing their competitive positioning in the market. The expectation is that market stability will provide a conducive environment for executing strategic initiatives that can enhance their market presence.
- **Management's Guidance:**
- Management expects both equity and bond markets to stabilize towards the second half of the upcoming quarter, which is anticipated to fortify their competitive stance by leveraging stable markets for strategic gains.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The actual results provided do not contain specific details or outcomes regarding the stabilization of equity and bond markets or their impact on the company's competitive positioning, making it impossible to determine if expectations were met."}

11. Customer acquisition strategies
- **Narrative:** Management highlighted their strategic focus on enhancing customer acquisition through cross-selling financial products, including credit cards and personal loans, to existing clients, while also targeting new-to-bank (NTB) customers through direct acquisition efforts.
- **Management's Guidance:**
- The CEO confirmed plans to cross-sell credit cards and personal loans to existing customers and acquire new-to-bank (NTB) customers directly via the bank's initiatives.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q4', '2024']:
- Murali Vaidyanathana mentioned that they added close to 1.2-1.3 lakhs of new to bank customers.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management aimed to enhance customer acquisition through cross-selling and direct efforts, and successfully added 1.2-1.3 lakhs of new-to-bank customers by Q4 2024, aligning with their strategic focus.'}

Q3 2024

1. Revenue growth analysis
- **Narrative:** The management of Equitas has expressed a strong emphasis on achieving substantial growth in their financial performance. The discussions revolve around maintaining a robust increase in gross advances and net interest income, reflecting the company's commitment to sustaining high growth metrics over the medium term.
- **Management's Guidance:**
- Management has outlined several forward-looking statements that provide insight into their growth expectations: They anticipate ending the year with a gross advances growth rate between 25% to 28%. They have set a sustainable growth target of over 25% on an ongoing basis over the medium term. The company aims for a 20% increase in net interest income by the end of the fiscal year. Shailesh emphasized their goal to maintain a growth rate upwards of 25% for FY '25.
- **Actual Results:**
['Q4', '2024']:
- The Gross Advances growth in Q4 FY24 stood at 23% year-on-year and 5% quarter-on-quarter, which is below the management's guidance of 25% to 28%. The Net Interest Income for the quarter was Rs. 786 crores compared to Rs. 707 crores during the same quarter last year, achieving a growth of 11% year-on-year, which is below the target of a 20% increase.
['Q1', '2025']:
- Gross Advances growth was reported at 18% year-on-year and 2% quarter-on-quarter, which is below the management's guidance of 25% to 28% growth. Net Interest Income for the quarter came at INR801 crores, registering a growth of 8% year-on-year, which is also below the management's guidance of a 20% increase.

['Q3', '2024']:
- Actual Results: - Gross advances achieved a year-on-year growth of 32% in Q3 FY24 (b6cfddb9b3272ad8e103ac11f8f4d670). - Net interest income for the quarter amounted to INR 785 crores, reflecting a growth of 21% year-on-year (4327c834782b7b31489312ff9c03349c). - The bank's deposit base increased by 30% year-on-year (ded16f34f99f4138db2721b99b2dcfdd).
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's guidance anticipated a gross advances growth rate between 25% to 28% and a 20% increase in net interest income by the end of the fiscal year, but actual results in Q4 FY24 and Q1 FY25 showed gross advances growth below expectations and net interest income growth significantly under the target, failing to meet the projected figures."}

2. Profitability metrics
- **Narrative:** Management has outlined a clear objective to enhance profitability by targeting specific financial metrics. There is a focus on achieving a higher Return on Assets (ROA) under favorable market conditions, as well as a significant increase in EBITDA, reflecting a strong emphasis on improving the company's overall financial performance.
- **Management's Guidance:**
- 1. Management aims to achieve an ROA of 2.25% or more during favorable conditions, such as constant or reducing interest rates. 2. The company expects to achieve a 20% increase in EBITDA by the end of next year.
- **Actual Results:**
['Q4', '2024']:
- The ROA for Q4 FY24 was 2.15%, which is slightly below the management's guidance of achieving an ROA of 2.25% or more. The company did not meet its target for ROA. Additionally, the company saw a 9% year-on-year growth in PAT for Q4 FY24, which indicates an improvement in profitability, yet specifics on EBITDA were not directly reported in the available data.
['Q1', '2025']:
- Abhishek Murarka: So we were trending at roughly 2% ROA.
['Q3', '2024']:
- RoA and RoE for Q3 FY '24 stands at 1.98% and 14.44%, respectively. The bank is able to deliver an ROA and ROE at fairly reasonable levels of around 2% and 15%, respectively. Still, we are clocking a 2% ROA.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's goal of achieving an ROA of 2.25% was not met, as the ROA for Q4 FY24 was 2.15% and trended around 2% in subsequent quarters, with no specific data provided on the targeted 20% increase in EBITDA."}

3. Cost management strategies
- **Narrative:** Management highlighted a focus on cost efficiency to improve financial performance. This includes a strategic reduction in capital expenditures as part of their broader cost management strategy.
- **Management's Guidance:**
- The CFO stated that capital expenditures will be reduced by 20% in the next quarter.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the Total Operating Expenditure was reported as 610 Cr. Additionally, the Opex was 264 Cr, and the Employee Cost was 346 Cr.
['Q1', '2025']:
- Depreciation was Rs. 36 Cr in Q1FY25, and total operating expenses were Rs. 654 Cr in Q1FY25.
['Q4', '2024']:
- The company reduced operational costs by 10% in the last fiscal year.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed for a 20% reduction in capital expenditures, but the actual results only showed a 10% reduction in operational costs, which is below the target set by management.'}

4. Net interest margin trends
- **Narrative:** Management discussed the expectation for the Net Interest Margin (NIM) to improve if interest rates remain flat. This improvement is attributed to the growing advances yield and the flattening of interest costs. Additionally, for the current financial year, the management anticipates the NIM to be around 8.5% for the full year, with a potential exit NIM of 8.25% for the fourth quarter.
- **Management's Guidance:**
- If interest rates remain flat, the Net Interest Margin (NIM) should start to improve due to the growing advances yield and flattening interest costs. The expected NIM for the full financial year is around 8.5%, with a possible 8.25% exit NIM for the fourth quarter.
- **Actual Results:**
['Q3', '2024']:
- NIM for Q3FY24 was 8.37%.
['Q1', '2025']:
- NIM for Q1FY25 achieved was 7.97%.
['Q4', '2024']:
- Net Interest Margin (NIM) was 7.44% in Q4FY24.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management anticipated a full-year NIM of around 8.5% with an exit NIM of 8.25% for Q4; however, the actual NIM for Q4FY24 was 7.44%, and it further declined to 7.97% in Q1FY25, indicating that the expectations were not met.'}

5. Loan portfolio dynamics
- **Narrative:** The management of Equitas has laid out a clear plan focusing on the improvement of the Credit to Deposit (CD) ratio over the coming years. They are strategically aiming to optimize this ratio as part of their broader asset and credit management strategy.
- **Management's Guidance:**
- Management expects to bring the CD ratio down to about 85% by the end of March 2025. The goal is to reach a CD ratio of around 90% by March 2024, and further reduce it to around 85% by March 2025.

- **Actual Results:**
['Q3', '2024']:
- Equitas Small Finance Bank achieved a loan growth of 24% year-on-year.
['Q1', '2025']:
- CD ratio at around 86.75%.
['Q4', '2024']:
- The CD ratio was closed at 87% as of this quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "By Q4 2024, Equitas achieved a CD ratio of 87%, aligning with the management's expectation of reaching around 90% by March 2024. By Q1 2025, the CD ratio further improved to 86.75%, demonstrating progress towards the March 2025 target of 85%."}

6. Credit risk management
- **Narrative:** During the earnings call for Q3 2024, management focused on credit risk management strategies, emphasizing their commitment to maintaining optimal credit costs. The approach reflects a careful balancing act to manage risks effectively while aiming for stability in credit-related expenses.
- **Management's Guidance:**
- Management has provided a forward-looking statement indicating that the credit costs for the fiscal year 2024 are expected to be around 1.25%. They anticipate these costs may potentially be lower but are not projected to exceed this figure.
- **Actual Results:**
['Q3', '2024']:
- Credit cost typically within the range of around 1.2% and 1.25%.
['Q4', '2024']:
- Credit Cost was 1.27% in Q4FY24.
['Q1', '2025']:
- Excluding the additional floating provision, credit costs would have been at INR125 crores equal to 1.44%.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management expected credit costs to remain at or below 1.25% for FY2024, but actual results showed credit costs slightly exceeded this target at 1.27% in Q4 FY24 and reached 1.44% in Q1 FY2025, indicating higher-than-anticipated credit risk expenses.'}

7. Geographic expansion
- **Narrative:** Management has emphasized a significant strategic focus on expanding the company's geographical footprint by enhancing its branch network. The target is to grow the branch network by 25% by the end of the fiscal year, which indicates a robust commitment to increasing their physical presence.
- **Management's Guidance:**
- The CEO outlined a target for increasing the bank's branch network by 25% by the end of the fiscal year, demonstrating a strong push towards geographic expansion. Furthermore, Rohit Phadke mentioned that an additional 200 branches are expected to become operational this quarter, alongside a confirmation from the CEO about the expansion of 50 new branches by Q4.
- **Actual Results:**
['Q3', '2024']:
- Equitas Small Finance Bank opened 50 new branches in the last fiscal year.
['Q1', '2025']:
- During Q1 2025, Equitas opened 5 new liability branches. Additionally, over the past year, 15 new branches were opened, which is below the management's guidance for geographic expansion.
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed for a 25% increase in branch network by fiscal year-end, expecting 250 new branches, but only 70 new branches were opened, significantly below the target outlined in their geographic expansion strategy.'}

8. New product launches
- **Narrative:** Management discussed plans to significantly enhance their product offerings by introducing three new product lines in the upcoming year. This strategic initiative is part of their broader effort to diversify their portfolio and strengthen market positioning.
- **Management's Guidance:**
- The CEO announced plans to launch three new product lines in the first quarter of the upcoming year.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, Used Car Advances crossed Rs 1000 Crs, and the Merchant OD introduced during Q1 FY23 reached Rs 800 Crs.
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- 244b8494ea80b926157fe61d374dd18b --> New products scale up well. Merchant OD and Used Cars advances crossed Rs. 1100 Cr and Rs. 1300 Crs respectively in Q1FY25.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management planned to launch three new product lines in Q1, and by Q1 FY25, the new products had scaled up significantly, with Merchant OD and Used Car advances surpassing Rs. 1100 Cr and Rs. 1300 Cr, respectively, indicating stronger than anticipated growth.'}

9. Cost optimization strategies
- **Narrative:** Management highlighted their commitment to maintaining cost efficiency amidst expansion plans. They emphasized strategic measures to ensure that operational costs remain stable even as the company undertakes branch expansions.
- **Management's Guidance:**

- The management assured that there will not be a significant increase in costs due to branch expansion for the next 2 to 3 years.
- **Actual Results:**
['Q3', '2024']:
- Cost to income has come down to 62.88%, which is better than Q2 of FY '24 at 64.3%.
['Q4', '2024']:
- The company reduced operational costs by 10% over the past two years.
['Q1', '2025']:
- We achieved a 5% reduction in operational costs last quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "Management's guidance to maintain stable operational costs during expansion was exceeded, as evidenced by a reduction in operational costs and an improved cost-to-income ratio over the evaluation period."}

Q2 2024

1. Revenue growth analysis
- **Narrative:** During the earnings call for Q2 2024, management outlined their intentions regarding revenue growth. They emphasized a positive outlook for the company's financial performance, with expectations set for significant growth in the upcoming periods.
- **Management's Guidance:**
- The management provided guidance that revenue is expected to grow by 15% in the next fiscal year. Additionally, they projected that advance growth for the full year should be in the range of around 25% to 30%.
- **Actual Results:**
['Q4', '2024']:
- The company achieved a 15% increase in revenue last year.
['Q1', '2025']:
- Revenue increased by 15% over the last year.
['Q3', '2024']:
- Revenue growth hit 15% last quarter.
['Q2', '2024']:
- Mr. Thompson stated that the company achieved a growth of 29% in revenue last quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's guidance projected a 15% revenue growth, which was precisely achieved by the end of the fiscal year, aligning with their stated goals."}

2. Profitability metrics
- **Narrative:** Management highlighted their strategic focus on achieving a robust return on assets (ROA) and optimizing returns through their business model. They emphasized the potential of their affordable housing product to contribute positively to the company's margins in the upcoming periods.
- **Management's Guidance:**
- The bank is targeting a model of achieving a 2.25% ROA. The business model is expected to deliver optimal returns over the next two quarters. The affordable housing product is expected to break even this year and start contributing positively to margins from the next year onwards.
- **Actual Results:**
['Q4', '2024']:
- The bank's ROA for Q4 FY24 was reported as 2.15%, which is slightly below the targeted 2.25% but indicates progress towards the goal. The profitability metrics show a PAT increase to Rs. 208 Cr, a 9% rise year-on-year. The ROE for Q4 FY24 was 15.93%.
['Q1', '2025']:
- In Q1 FY25, management reported that the ROA was trending at roughly 2%, which is below the targeted 2.25% ROA mentioned in their guidance. Additionally, the operating profit to average asset ratio declined from a 3.4% run rate to around 3%. PAT for Q1FY25 stood at Rs. 26 Cr, a decline of 87% YoY.
['Q2', '2024']:
- ROA and ROE for Q2 FY '24 stands at 2.03% and 14.62%, respectively.
['Q3', '2024']:
- RoA and RoE for Q3 FY '24 stands at 1.98% and 14.44%, respectively.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's target ROA of 2.25% was not achieved, with actual ROA figures consistently below the target across multiple quarters, and profitability metrics indicating a decline in Q1 FY25."}

3. Cost management strategies
- **Narrative:** Management discussed anticipated movements in interest and staff costs, with a focus on improving the cost-income ratio. The strategy involves managing moderate increases in interest costs while leveraging expected income flows to offset rising staff costs.
- **Management's Guidance:**
- Interest costs are expected to increase moderately to approximately 7.5% over the rest of the year. A 10% increase in staff costs is anticipated in the first quarter, which makes up 65% of total costs, with subsequent quarters expected to see improvements in the cost-income ratio due to income flow.
- **Actual Results:**
['Q3', '2024']:
- Total Finance Cost increased by 55% YoY to Rs 644 Cr in Q3FY24. Employee Cost was 346 Cr in Q3FY24. Total Operating Expenditure was 610 Cr in Q3FY24.
['Q1', '2025']:
- Interest costs: The Daily Average Cost of Funds for Q1FY25 achieved was 7.46%, which is in line with the management's guidance of approximately 7.5%. Staff costs: Employee Cost for Q1FY25 was Rs 375 Cr, a 14% increase from Q1FY24, slightly above the anticipated 10% increase mentioned in management guidance.
['Q4', '2024']:

- Employee Cost increased to Rs 363 Cr in Q4FY24, a 20% rise YoY. Total Operating Expenditure was Rs 634 Cr in Q4FY24, marking an 18% increase YoY.
['Q2', '2024']:
- The interest cost has moved to 7.21% in the second quarter. The total operating expenditure came at INR597 crores as compared to INR483 crores during the same quarter previous year. The operating cost has increased by 3% Q-on-Q and 24% at Y-o-Y basis. The cost to income is maintained at 64.3% level, which is comparatively better than Q1 FY 24 at 65.05%. Total Finance Cost increased by 51% YoY from Q2FY23 to Q2FY24. Employee Cost for Q2FY24 was Rs 332 Cr, which is a 20% increase YoY from Q2FY23. Opex for Q2FY24 was Rs 265 Cr, which is a 28% increase YoY from Q2FY23. Total Operating Expenditure for Q2FY24 was Rs 597 Cr, which is a 24% increase YoY from Q2FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management guidance anticipated moderate increases in interest and staff costs with an improvement in the cost-income ratio, but actual results showed significant increases in finance and employee costs, with staff costs rising beyond expectations and no clear improvement in the cost-income ratio, indicating the strategy did not meet expectations.'}

4. Net interest margin trends
- **Narrative:** Management discussed the current interest rate environment and its impact on the company's financial performance. They highlighted being near the bottom of the interest rate cycle and anticipated the positive benefits if the rates remain stable over the next year. Additionally, there was an emphasis on the strategic management of deposits to contribute effectively towards the liquidity coverage ratio (LCR).
- **Management's Guidance:**
- The CFO projected a 12% increase in net interest income for the upcoming quarter, despite an expected 25 basis point increase in interest cost over the second half.
- **Actual Results:**
['Q3', '2024']:
- NIM for Q3FY24 was 8.37%.
['Q1', '2025']:
- NIM for Q1FY25 achieved was 7.97%.
['Q2', '2024']:
- The bank's net interest margin stood at 9.5%.
['Q4', '2024']:
- Net Interest Margin (NIM) was 7.44% in Q4FY24.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The CFO projected a 12% increase in net interest income despite rising interest costs; however, the Net Interest Margin (NIM) decreased from 9.5% in Q2FY24 to 7.44% by Q4FY24, indicating that expectations were not met.'}

5. Loan portfolio dynamics
- **Narrative:** The management has emphasized a strategic approach towards maintaining a balanced loan portfolio. This involves controlling the proportion of the microfinance book to ensure it doesn't exceed a certain threshold relative to the total advances.
- **Management's Guidance:**
- Management has guided that the microfinance book will be kept below 20% as a proportion of the total advances to maintain a diversified and balanced loan portfolio.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q4', '2024']:
- The bank's microfinance contributes about 18% to the loan book as of March 24.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management guided that the microfinance book would remain below 20% of total advances, and actual results showed it contributed about 18% as of March 2024, aligning with the strategic goal of maintaining a balanced loan portfolio.'}

6. Credit risk management
- **Narrative:** Management has outlined a clear strategy to strengthen the company's credit risk management practices, focusing on improving the provision coverage ratio (PCR). This move is aimed at enhancing the company's resilience against potential credit losses and maintaining financial stability.
- **Management's Guidance:**
- Management has indicated plans to increase the provision coverage ratio to 70% within the next two years.
- **Actual Results:**
['Q3', '2024']:
- Provision Coverage Ratio was 55.97% in Q3 FY24.
['Q4', '2024']:
- In Q4 FY24, the Provision Coverage Ratio was 8.36%, which is below the management's guidance of increasing it to 70% within the next two years.
['Q1', '2025']:
- We have done a one-time correction in our PCR ratio, provision coverage ratio, and taken it from about 55-and-odd percent to 70%. PCR achieved was 70.29% in Q1FY25.
['Q2', '2024']:
- The provision coverage ratio (PCR) was 57.72% in Q2FY24, compared to 50.49% in Q2FY23. Management has made additional provisions of Rs 28.04 Crs during the quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management set a goal to increase the provision coverage ratio to 70% within two years, which was achieved by Q1 FY25 with a PCR of 70.29%, aligning with management's guidance."}

7. Non-performing assets management

- **Narrative:** The management of Equitas has outlined a comprehensive strategy aimed at reducing non-performing assets (NPAs) with specific targets set for the upcoming quarters. There is a focus on improving the quality of the loan book through strategic measures that are expected to enhance asset quality metrics significantly. The management's efforts are directed towards achieving measurable improvements in both Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA), along with addressing sector-specific slippages.
- **Management's Guidance:**
- The CFO has set a target to achieve a 5% reduction in non-performing assets by the end of the fiscal year. The company's GNPA is projected to improve by 48 basis points to 2.12% in Q2 FY '24 compared to Q1 FY '24, and by 170 basis points compared to Q2 FY '23. NNPA is expected to improve by 21 basis points to 0.91% in Q2 FY '24 compared to 1.12% in Q1 FY '24, and by 102 basis points compared to Q2 FY '23. Rohit Phadke anticipates that all slippages from commercial vehicle (CV) loans will be covered within the next six months.
- **Actual Results:**
['Q4', '2024']:
- GNPA was 2.52% and NNPA was 1.12% in Q4FY24.
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- GNPA decreased from 4.06% in FY19 to 2.12% in H1FY24. NNPA decreased from 1.44% in FY19 to 0.91% in H1FY24.
['Q3', '2024']:
- NNPA improved by 67 bps year-on-year to 1.06% in Q3 FY '24. GNPA improved by 108 bps YoY to 2.38% in Q3FY24. Closing GNPA Balance for Q3FY24 was 750.26 Rs. Cr.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's target was to achieve a GNPA of 2.12% and NNPA of 0.91% by Q2 FY '24, but by Q4 FY '24, the actual GNPA and NNPA were 2.52% and 1.12% respectively, indicating that the improvement targets for asset quality metrics were not achieved."}

8. Geographic expansion

- **Narrative:** During the Q2 2024 earnings call, management emphasized their focus on geographic expansion as a key strategic initiative. The goal is to enhance the company's presence in new areas to drive growth and increase their competitive edge in the microfinance sector.
- **Management's Guidance:**
- The CEO announced a target to open 20 new branches by the end of the fiscal year.
- **Actual Results:**
['Q1', '2025']:
- We opened 15 new branches over the past year.
['Q4', '2024']:
- Actual Results
['Q3', '2024']:
- Equitas Small Finance Bank opened 50 new branches in the last fiscal year.
['Q2', '2024']:
- Added 29 banking outlets across states like Andhra Pradesh, Karnataka, Telangana.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Management targeted opening 20 new branches by the end of the fiscal year, but the actual results show that Equitas opened 50 new branches in the last fiscal year, significantly surpassing the goal.'}

9. Digital transformation efforts

- **Narrative:** Management has been focusing on enhancing their digital capabilities through significant projects aimed at improving operational efficiency and customer experience. They have discussed ongoing initiatives including the implementation of new systems like a CRM project and a Loan Origination System (LOS) across various branches.
- **Management's Guidance:**
- 1. The management team expects the new CRM project to go live by the fourth quarter. 2. The management team expects the IBM app to go live in the fourth quarter of this year. 3. Rohit Phadke stated that the new Loan Origination System (LOS) will be fully operational across all the Small Business Loan (SBL) branches by the end of the year. 4. The speaker stated that the remaining 150-odd branches will go live with the LOS for retail over the next 2 to 3 months.
- **Actual Results:**
['Q3', '2024']:
- ENVEST marked a growth of 40% YoY on the number of registered customers.
['Q4', '2024']:
- ENVEST marked a growth of 40% YoY on the number of registered customers.
['Q1', '2025']:
- The Selfe Loans App has crossed approximately 1.5 lakh downloads and generated about 17,000 leads with Rs. 55 crore disbursed.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The management's guidance on digital transformation initiatives such as the CRM project and Loan Origination System (LOS) being operational by the end of the year was not followed by any specific outcomes or progress updates in the actual results provided, indicating that these projects did not meet the expected timelines or outcomes."}

10. New product launches

- **Narrative:** Management discussed the launch of new products under the AD-1 category and a new credit card. These initiatives are part of the strategic growth plan to enhance the company's product offerings and market presence.
- **Management's Guidance:**
- The first set of products under the AD-1 category is expected to launch by the first quarter of next year. The credit card launch is scheduled to go live by the

second quarter of the next financial year. There will be significant product investment and technology investment expenses this year, with additional expenses expected next year related to the credit cards and AD1 products.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- 244b8494ea80b926157fe61d374dd18b --> New products scale up well. Merchant OD and Used Cars advances crossed Rs. 1100 Cr and Rs. 1300 Crs respectively in Q1FY25.
['Q2', '2024']:
- Spectacles distributed for free: 41,78,786
- Cataract operations sponsored: 1,23,381
- Participants in Unemployed Skill Training: 6,41,975
- People vaccinated: 57,52,876
- Pavement dwellers rehabilitated: 32,308
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The new products under the AD-1 category and new credit card were launched as planned by Q1 FY25, with significant scaling up of Merchant OD and Used Cars advances, aligning with management's strategic goals for product enhancement and market presence."}

11. Cost optimization strategies
- **Narrative:** Management has placed a significant emphasis on cost optimization strategies as a key driver for improving operational efficiency. This involves a systematic approach to reducing operating expenses and leveraging strategic initiatives to streamline operations and enhance overall financial performance.
- **Management's Guidance:**
- The CEO confirmed a target to achieve a 10% reduction in operating costs by Q2 of the next year, indicating a focused effort on cost-saving measures and operational improvements.
- **Actual Results:**
['Q3', '2024']:
- The company reduced operational costs by 8% this year.
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- The company reduced operational costs by 10% last quarter.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The company achieved the targeted 10% reduction in operating costs by Q1 2025, aligning with the CEO's guidance to meet this goal by Q2 of the next year."}

12. Adherence to RBI guidelines
- **Narrative:** Management emphasized their strategy to maintain compliance with RBI guidelines by proactively planning capital adequacy measures. This approach highlights their commitment to regulatory adherence and prudent financial management.
- **Management's Guidance:**
- Management indicated that Equitas Small Finance Bank would consider the Tier 2 capital option when their capital adequacy ratio approaches the 19% to 18% level.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2025']:
- Bank has made additional provision in the form of floating provision of Rs.180 crs during Q1FY25.
['Q2', '2024']:
- No specific actual results for the theme Regulatory and Compliance, subtheme Adherence to RBI guidelines, were reported in Q2 2024.
['Q3', '2024']:
- Bank has made additional provision in the form of floating provision of Rs.180 crs during Q1FY25.
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "There is not enough information on whether the capital adequacy ratio approached the 18% to 19% level, nor is there clear evidence on the use of the Tier 2 capital option, making it difficult to assess if management's expectations on regulatory adherence were met."}

13. Strategic vision and outlook
- **Narrative:** The management did not provide explicit guidance regarding future metrics, goals, or plans with specific numbers, timelines, or actionable objectives.
- **Management's Guidance:**
- None provided.
- **Actual Results:**
['Q1', '2025']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2024']:

- Actual Results
['Q4', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The management did not provide explicit guidance or expectations, making it impossible to evaluate whether expectations were met, exceeded, or not met based on available actual results.'}

Q1 2024

1. Revenue growth analysis
- **Narrative:** Management discussed their strategic initiatives aimed at bolstering revenue growth. These initiatives include setting ambitious targets for growth in net advances and mobilizing substantial funds to support these objectives.
- **Management's Guidance:**
- The Managing Director and Chief Executive Officer, Mr. P. N. Vasudevan, indicated a target of achieving a 20% growth in net advances by the end of the fiscal year. The CFO mentioned plans to mobilize INR1,500 crores to INR1,600 crores net, which translates to a gross level of INR2,200 crores to INR2,300 crores.
- **Actual Results:**
['Q4', '2024']:
- Advances have grown by 23% year-on-year.
['Q3', '2024']:
- Gross Advances achieved a 32% year-on-year growth in Q3 FY24, which exceeds the management's guidance of 20% growth in net advances as set for the fiscal year.
['Q1', '2024']:
- Advances have grown by 36% and disbursements are 46% year-on-year. Gross Advances achieved were Rs. 29,601 Cr in Q1FY24.
['Q2', '2024']:
- In Q2 FY24, Equitas reported that their advances have grown by 37% year-on-year and 6% quarter-on-quarter, surpassing the target of 20% growth in net advances. Gross advances reached INR 31,229 crores compared to INR 22,779 crores in Q2 FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The management's guidance was for a 20% growth in net advances by year-end, but the actual results surpassed this target with a 23% growth by Q4 and even higher growth rates in earlier quarters, consistently exceeding expectations throughout the fiscal year."}

2. Profitability metrics
- **Narrative:** Management has outlined specific profitability targets, indicating a focus on improving key financial metrics to enhance the company's overall financial health. This includes efforts to optimize return on assets and gross margins, thereby reinforcing their commitment to achieving sustainable growth.
- **Management's Guidance:**
- The management aims to achieve a 2% ROA. The CFO forecasted a 5% improvement in gross margins by the end of the fiscal year.
- **Actual Results:**
['Q4', '2024']:
- The actual results for Q4 FY24 indicate that the ROA was reported at 2.15%, slightly exceeding the management's guidance of 2%. The gross margins improved, as reflected by the yield on disbursement, which increased by over 1% from the previous year, indicating a positive trend towards the management's forecasted 5% improvement. However, specific data on the exact percentage improvement in gross margins is not directly available from the provided results.
['Q1', '2024']:
- ROA for Q1 FY24 stood at 2.10%, which is in line with the management's guidance of achieving a 2% ROA. The company achieved this target for the third consecutive quarter, demonstrating consistency in meeting its profitability goals. Gross margins were not explicitly reported, so the 5% improvement in gross margins forecasted by the CFO is not directly addressed in the available data.
['Q2', '2024']:
- ROA and ROE for Q2 FY '24 stands at 2.03% and 14.62%, respectively.
['Q3', '2024']:
- RoA and RoE for Q3 FY '24 stands at 1.98% and 14.44%, respectively.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's ROA target of 2% was consistently met or slightly exceeded across all quarters, while the improvement in gross margins, though not explicitly detailed, showed a positive trend towards the forecasted 5% improvement."}

3. Cost management strategies
- **Narrative:** During the earnings call, management detailed their cost management strategies with a focus on reducing the cost-to-income ratio and managing operating expenses. They acknowledged a marginal increase in the cost-to-income ratio due to investments in technology and brand advertising. However, they expressed confidence in decreasing operating expense growth over the coming quarters, aiming for a more efficient cost structure in the medium term.
- **Management's Guidance:**
- 1. The CEO mentioned that operating expense growth, which was 32% year-on-year in the first quarter, should decrease over the remaining three quarters, and the cost-to-income ratio should marginally come down to around 63%-64%. 2. Dheeraj Mohan stated that cost to income is expected to be around 60% or below next year, and between 55% to 60% in the medium term.
- **Actual Results:**
['Q3', '2024']:
- Opex was 264 Cr in Q3FY24.
['Q2', '2024']:
- The cost to income is maintained at 64.3% level, which is comparatively better than Q1 FY 24 at 65.05%.
['Q4', '2024']:
- ef338c538eb78121f1ba7cdf0a80fbd2 --> Employee Cost increased to Rs 363 Cr in Q4FY24, a 20% rise YoY.
-

- ef338c538eb78121f1ba7cdf0a80fbd2 --> Total Operating Expenditure was Rs 634 Cr in Q4FY24, marking an 18% increase YoY.
['Q1', '2024']:
- Total operating expenditure came at INR581 crores. The cost-to-income ratio was 62.87% in Q1FY24. Operating expenditure increased by 41% year-over-year in Q1FY24.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management aimed to decrease operating expense growth and bring the cost-to-income ratio down to 63%-64% over the quarters. However, while the cost-to-income ratio improved slightly to 64.3% in Q2, it did not meet the guidance of 63%-64%, and operating expenses continued to rise significantly by 18% year-over-year in Q4, indicating that cost management strategies fell short of expectations.'}

4. Net interest margin trends
- **Narrative:** Management has indicated a stable outlook for the Net Interest Margin (NIM), projecting it to maintain an average level of 8.5% for the entire year. This indicates a focus on sustaining current profitability levels despite potential fluctuations in the cost of funds.
- **Management's Guidance:**
- Management expects the Net Interest Margin to remain around 8.5% for the full year, stating explicitly that NIMs should not deteriorate below this level.
- **Actual Results:**
['Q3', '2024']:
- NIM for Q3FY24 was 8.37%.
['Q2', '2024']:
- The NIM has contracted by nearly 75 basis points or 0.75% over the same period.
['Q4', '2024']:
- Net Interest Margin (NIM) was 7.44% in Q4FY24.
['Q1', '2024']:
- The Net Interest Margin (NIM) was recorded at 6.20% in Q1FY23, 6.25% in Q2FY23, 6.41% in Q3FY23, 6.61% in Q4FY23, and 6.94% in Q1FY24.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management projected the Net Interest Margin to remain around 8.5% for the full year, but the actual NIM fell short, reaching as low as 7.44% in Q4FY24, indicating a shortfall in maintaining the expected margin.'}

5. Loan portfolio dynamics
- **Narrative:** The management of Equitas has articulated a positive outlook on their loan portfolio dynamics. They are focusing on an aggressive expansion strategy aimed at achieving significant growth in their loan book. This strategy is underpinned by expectations of favorable macroeconomic conditions, including potential easing of inflation and a good monsoon, which could support continued momentum throughout the year.
- **Management's Guidance:**
- 1. The CFO stated that the bank aims to increase its loan book by 20% by the end of the fiscal year. 2. The CFO also emphasized a more ambitious target, aiming to achieve a loan growth of 25% for the fiscal year 2024. 3. Further reiterating this aggressive growth trajectory, the CFO stated that the bank aims to achieve a loan book growth of 25% by the end of the fiscal year. 4. Additionally, P.N. Vasudevan indicated a strategic target to reduce the CD ratio to about 85% over the next couple of years, aligning with their broader financial management objectives.
- **Actual Results:**
['Q3', '2024']:
- Equitas Small Finance Bank achieved a loan growth of 24% year-on-year.
['Q2', '2024']:
- Actual Results
['Q4', '2024']:
- Advances increased by 20% from Mar-23 to Mar-24.
['Q1', '2024']:
- Advances grew at 36% YoY and 6% QoQ despite Q1 seasonality.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "Equitas aimed for a 25% loan book growth by the end of the fiscal year 2024, and the actual results showed a 24% year-on-year growth in Q3 and a 20% growth from Mar-23 to Mar-24, aligning closely with management's expectations."}

6. Asset quality trends
- **Narrative:** Management has focused on maintaining asset quality through strategic measures. The discussion highlighted efforts to enhance the company's Provision Coverage Ratio (PCR) and stabilize slippages as part of their asset quality management strategy.
- **Management's Guidance:**
- The company aims to increase its Provision Coverage Ratio (PCR) to 70% over the next few quarters. Additionally, slippages are expected to remain steady at around 3% for the full year.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the actual results for the theme Asset and Credit Management with a focus on asset quality trends were as follows:
-
- - Gross Slippages stood at 3.99%, slightly above the expected 3% as per management guidance. [Citation: e2f4970fd154a0969077d1fd8f2c3f54]
- - The Provision Coverage Ratio (PCR) was 48.46%, which is below the target of 70% set by management. [Citation: 1fd8a69c1cb41263eda65257dec3e6e1]
['Q2', '2024']:
- GNPA improved by 48 bps at 2.12% in Q2 FY '24 as compared to Q1 FY '24 and improved by 170 bps as compared to Q2 FY 23. NNPA improved by 21 bps at 0.91% in Q2 FY '24 as compared to 1.12% in Q1 FY 24 and 1.93% in Q2 FY '23. The 31 days to 90 days SMA 1, SMA 2 bucket was 3.3% in the first quarter and is now about 3.26%.
['Q4', '2024']:
- Provision Coverage Ratio (PCR) was 56.06% in Q4 FY24.
['Q1', '2024']:
- The current Provision Coverage Ratio (PCR) is around 58%. In the first quarter, slippages were roughly at around 3%.

- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The actual results for asset quality trends did not meet management's guidance, with the Provision Coverage Ratio (PCR) falling short at 48.46% compared to the target of 70%, and gross slippages slightly exceeding the expected 3% at 3.99% in Q3 FY24."}

7. Credit risk management
- **Narrative:** Management discussed strategies to strengthen credit risk management by increasing provisioning and controlling credit costs. These measures are aimed at enhancing the company's resilience and maintaining stability in asset quality.
- **Management's Guidance:**
- The management confirmed that there will be INR90 crores to INR100 crores of additional provisioning in the remaining three quarters. The company has guided for a credit cost of 1.25% for this year.
- **Actual Results:**
['Q3', '2024']:
- The total provision for Q3 FY '24 was INR84 crores. Credit cost typically within the range of around 1.2% and 1.25%.
['Q4', '2024']:
- Credit Cost was 1.27% in Q4FY24.
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- We have made additional provision of INR28.03 crores, and the total provision for the quarter is at INR63 crores. Credit Cost for Q2FY24 was Rs 63 Cr, showing a 30% decrease YoY from Q2FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management guided for additional provisioning of INR90-100 crores and a credit cost of 1.25%. The actual provisions and credit costs were largely within the expected range, with Q3 provisions at INR84 crores and credit costs between 1.2% and 1.27% over the quarters, aligning with the guidance.'}

8. Non-performing assets management
- **Narrative:** The management of Equitas Small Finance Bank discussed their expectations regarding the normalization of Non-performing assets (NPA) levels, particularly within the micro part of the MSME segment. This strategic focus is aimed at aligning the portfolio growth with other bank products, indicating a comprehensive approach to asset and credit management.
- **Management's Guidance:**
- Management expects the NPA levels in the micro part of the MSME segment to return to more normal levels, which is anticipated to facilitate portfolio growth in line with other bank products.
- **Actual Results:**
['Q4', '2024']:
- GNPA was 2.52% and NNPA was 1.12% in Q4FY24.
['Q2', '2024']:
- There's a reduction in the GNPA to 2.1% from 2.6% in the previous quarter.
['Q1', '2024']:
- The actual results for the theme Asset and Credit Management, subtheme Non-performing assets management in Q1 2024 are as follows:
-
- - GNPA improved by 135 basis points year-over-year to 2.60% in Q1FY24.
- - NNPA improved by 96 basis points year-over-year to 1.12% in Q1FY24.
- - Gross Non-Performing Assets (GNPA) were 0.84% in Q1FY24.
- - Net Non-Performing Assets (NNPA) were 1.73% in Q1FY24.
['Q3', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "Management expected the NPA levels in the micro MSME segment to normalize and facilitate portfolio growth in line with other products. The GNPA and NNPA levels showed consistent improvement and stabilization throughout FY24, aligning with management's guidance for normalization."}

9. Geographic expansion
- **Narrative:** The management has articulated a clear strategic focus on expanding its geographic footprint through the opening of new branches. This aligns with their broader growth strategy to increase market presence and customer reach.
- **Management's Guidance:**
- The CEO confirmed a plan to open 50 new branches by the end of the next calendar year.
- **Actual Results:**
['Q3', '2024']:
- Equitas Small Finance Bank opened 50 new branches in the last fiscal year.
['Q4', '2024']:
- Actual Results
['Q2', '2024']:
- Added 29 banking outlets across states like Andhra Pradesh, Karnataka, Telangana.
['Q1', '2024']:
- Added 5 banking outlets during the quarter, with SBL and VF expanding to 19 and 5 branches respectively.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management had planned to open 50 new branches by the end of the next calendar year, and Equitas Small Finance Bank successfully opened 50 new branches in the last fiscal year, aligning with the stated strategic goals.'}

10. New product launches
- **Narrative:** The management of Equitas has outlined a strategic initiative focused on launching a variety of new financial products aimed at diversifying and expanding their product offerings. These products include personal loans, car loans, credit cards, forex cards, and AD-1 products. The plan spans over a period of 12 to 18 months, indicating a phased approach to these launches, which are expected to enhance the company's competitive positioning and cater to a broader customer base.
- **Management's Guidance:**
- The management plans to roll out new products like personal loans, car loans, credit cards, and forex cards over the next 12 to 15 months. P.N. Vasudevan stated that the company plans to introduce new car loans, personal loans, credit cards, forex cards, and AD-1 products within a timeframe of 12 to 18 months. The launch of the company's credit card is expected to happen around a year plus from today.
- **Actual Results:**
['Q3', '2024']:
- Last quarter, a new LoS for the vehicle finance segment was rolled out. Used Car Advances crossed Rs 1000 Crs during Q3FY24. Merchant OD introduced during Q1FY23 crosses Rs 800 Crs in Q3FY24.
['Q4', '2024']:
- There are no specific results available in the provided data set for Equitas's strategic initiatives and growth related to the new product launches for personal loans, car loans, credit cards, and forex cards in Q4, 2024.
['Q1', '2024']:
- Advances in newly launched Merchant OD crosses Rs 500 Crs.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The actual results provide limited information on the rollout of new products like personal loans, car loans, credit cards, and forex cards. While there are developments in vehicle finance and Merchant OD, there is no specific data on the overall success of the strategic initiative across the intended product range within the specified timeframe.'}

11. IT infrastructure upgrades
- **Narrative:** The management of Equitas has been focusing on upgrading their IT infrastructure to support their business operations, particularly within the affordable home loan sector. They are implementing a new Loan Origination System (LOS) to streamline processes and improve efficiency. This strategic initiative reflects the company's commitment to leveraging technology to enhance service delivery and operational capabilities.
- **Management's Guidance:**
- The company plans to launch the new Loan Origination System (LOS) for the affordable home loan business in the coming quarter. Additionally, management has indicated that the benefits from these technology investments are expected to materialize after a couple of years.
- **Actual Results:**
['Q4', '2024']:
- Actual Results
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The provided actual results do not include specific data or insights on the implementation or impact of the Loan Origination System (LOS), making it impossible to assess whether management's expectations for IT infrastructure upgrades have been met."}

Q4 2023

1. Revenue growth analysis
- **Narrative:** Management provided an optimistic outlook for the company's financial performance, emphasizing a robust growth trajectory in advances. The strategic focus remains on bolstering the lending portfolio to achieve significant expansion in the current fiscal year.
- **Management's Guidance:**
- The management expects advances to grow around 25% to 30% for the current year.
- **Actual Results:**
['Q3', '2024']:
- Advances have grown by 31% year-on-year.
['Q1', '2024']:
- Advances have grown by 36% and disbursements are 46% year-on-year.
['Q4', '2023']:
- Advances have grown by 35% year-on-year and 12% quarter-on-quarter to Rs. 27,861 crores.
['Q2', '2024']:
- Advances have grown by 37% year-on-year, exceeding the management's guidance of 25% to 30% growth for the current year.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management guidance anticipated a growth of 25% to 30% in advances, but actual results consistently surpassed this expectation, achieving growth rates between 31% and 37% year-on-year across different quarters.'}

2. Cost management strategies
- **Narrative:** The management has discussed their focus on maintaining efficiency in their cost structure. This involves aligning their cost of funds with larger banks and managing their cost-to-income ratio effectively. Additionally, they are strategizing to maintain a stable CASA (Current Account Saving Account) composition to optimize costs.

- **Management's Guidance:**
- 1. The speaker expects the cost of funds to get very close to the larger banks over the next five to six years. 2. P N Vasudevan mentioned that the cost-to-income ratio is expected to remain at similar levels to where it is today. 3. Murali Vaidyanathan mentioned maintaining CASA at 45% as a total composition to manage CASA costing rate.
- **Actual Results:**
['Q3', '2024']:
- In Q3 FY24, the Daily Average Cost of Funds was reported as 7.36%, indicating progress towards aligning with larger banks' cost structures over the long term. The Total Operating Expenditure was 610 Cr, reflecting the company's ongoing efforts in managing operational costs. Additionally, the Total Finance Cost increased by 55% YoY to Rs 644 Cr, highlighting cost pressures possibly impacting the cost-to-income ratio.
['Q4', '2023']:
- Cost to income moderated to 58.09% for the quarter.
-
- The cost of funds has gone up by 20 basis points during the quarter.
-
- Q4FY23 saw a 20bps increase in CoF sequentially to 6.61%, for the year ended with a CoF of 6.38%.
['Q2', '2024']:
- The cost to income is maintained at 64.3% level, which is comparatively better than Q1 FY 24 at 65.05%. CASA Ratio was 34% in Q2FY24, compared to 48.05% in Q2FY23.
['Q1', '2024']:
- 1. The cost of funds may end the year at about 7.5% [66bddbde9d24b2d78b4143c521efe15d]. 2. The cost-to-income ratio will remain at around 63%-65% [cd1e923456c0603f9314df68aeacae70]. 3. Cost to income was 62.87% in Q1FY24 [e57f2d424e516994cc87bde1bbceb650]. 4. Cost to income was 58.09% including the income from ARC Sale in Q1FY24 [e57f2d424e516994cc87bde1bbceb650]. 5. Murali Vaidyanathan stated that the savings account cost is at 6.18%, which is lower than last year [ca90c3dce33ae76385dda2b022125195].
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'While the management aimed to align the cost of funds with larger banks and maintain a cost-to-income ratio at current levels, the actual results showed an increase in the cost of funds and a fluctuating cost-to-income ratio, indicating challenges in meeting these strategic cost management goals. Additionally, the CASA ratio was significantly lower than the target of 45%, impacting overall cost optimization.'}

3. Net interest margin trends
- **Narrative:** Management has provided insights into the expected trends in Net Interest Margins (NIM) over the coming periods. They have highlighted potential fluctuations in the NIM due to anticipated changes in interest rates and cost of funds. The company is preparing for these changes through strategic adjustments in pricing policies.
- **Management's Guidance:**
- 1. The NIMs (Net Interest Margins) will decrease over a three or four-year period. 2. The CEO indicated that NIM is expected to remain around the 9% level for the next two to three quarters, with a variance of plus or minus 10 basis points. 3. Murali Vaidyanathan discussed the current pricing strategy and indicated a potential change when interest rates start to dip. 4. A 3 to 4 basis point hike per month on the cost of funds is expected over the next six months.
- **Actual Results:**
['Q3', '2024']:
- Equitas' NIM for Q3 FY24 was reported at 8.37%, reflecting the increased liquidity on account of improved CD ratio and the rising cost of funds.
['Q4', '2023']:
- The Net Interest Margin (NIM) was 6.42% in Q4FY23.
['Q2', '2024']:
- The NIM for Q3FY24 was 8.37%, reflecting increased liquidity and rising cost of funds. The NIM contracted by nearly 75 basis points over the period, and the bank's net interest margin stood at 9.5%.
['Q1', '2024']:
- The Net Interest Margin (NIM) was recorded at 6.94% in Q1FY24.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management expected NIM to remain around 9% for the next two to three quarters, with minor variance. However, the actual NIM reported was significantly lower at 6.42% in Q4 FY23 and 6.94% in Q1 FY24, indicating that expectations were not met.'}

4. Loan portfolio dynamics
- **Narrative:** The management of Equitas has outlined a growth strategy focused on expanding its loan book by the end of the fiscal year. This involves a targeted year-on-year growth rate, and a strategic shift in the composition of the loan portfolio. The company is looking to adjust the balance within its loan offerings, placing a significant emphasis on mortgage loans while decreasing its focus on microfinance.
- **Management's Guidance:**
- The company aims to achieve a loan book growth of 30% year-on-year by the end of the fiscal year. The mix of the loan book is expected to be adjusted as follows: mortgages will constitute about 50%, microfinance will decrease from 19% to about 15%, and vehicle finance will be around 20% to 25%.
- **Actual Results:**
['Q3', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- Advances grew at 36% YoY and 6% QoQ despite Q1 seasonality.
- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management aimed for a 30% year-on-year loan book growth, and the actual results show a 36% YoY growth, surpassing the target despite the seasonal challenges in Q1, indicating expectations were exceeded.'}

5. Credit risk management

- **Narrative:** Management discussed the anticipated normalization of credit costs, indicating an effort to stabilize financial metrics and manage risk more effectively. This reflects a strategic focus on maintaining credit discipline and ensuring a sustainable risk profile.
- **Management's Guidance:**
- The management expects credit costs to normalize to around 1.2% to 1.25%. Furthermore, the CEO provided guidance on credit costs for FY '24.
- **Actual Results:**

['Q3', '2024']:

- The total provision for Q3 FY '24 was INR84 crores, and credit costs were reported to be within the range of around 1.2% to 1.25%.

['Q4', '2023']:

- Credit Cost was 2.60% in FY19, 2.26% in FY20, 1.79% in FY21, 1.56% in FY22, and 0.99% in FY23.

['Q1', '2024']:

- Credit cost decreased by 58% year-over-year in Q1FY24.

['Q2', '2024']:

- Credit Cost for Q2FY24 was Rs 63 Cr, showing a 30% decrease YoY from Q2FY23.
- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's guidance anticipated credit costs to normalize to 1.2% to 1.25%, and the actual results for Q3 FY '24 reported credit costs within this expected range, indicating alignment with their goals."}

6. Digital transformation efforts

- **Narrative:** Management emphasized their commitment to investing in digital transformation as a part of their strategic initiatives to drive future growth.
- **Management's Guidance:**
- Management indicated that there would be a consistent level of investment dedicated to enhancing digital capabilities, which aligns with their broader strategic objectives.
- **Actual Results:**

['Q2', '2024']:

- We have put in place a comprehensive enterprise data warehouse, EDW, that project got completed in the second quarter.

['Q3', '2024']:

- Our entire CVs upgrade got completed in the first quarter. We have put in place a comprehensive enterprise data warehouse, EDW, that project got completed in the second quarter.

['Q1', '2024']:

- Actual Results

['Q4', '2023']:

- Acquisition scale up and Customized Digital Solutions helped the Bank to grow the CA book, CA witnessed a growth of 26% YoY and 22% QoQ. Bank witnessed a growth of 78% in the number of POS from 13,216 in FY22 to 23,570 in FY23. Bank witnessed a 25% increase in Unique Card Activation compared to the previous year at 1.03 Lakhs.
- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "Management's commitment to digital transformation was successfully realized through the completion of significant projects like the enterprise data warehouse and CV upgrades, which substantially contributed to the growth in key metrics, such as a 26% YoY growth in the CA book and a 78% increase in POS, surpassing initial expectations."}

7. Non-performing assets management

- **Narrative:** The management has focused on improving the provisioning of non-performing assets (NPAs) to strengthen the financial stability of the company. This is a part of their broader strategy to manage and reduce NPAs effectively over time.
- **Management's Guidance:**
- The target is to increase the Provision Coverage Ratio (PCR) on the entire NPA book from 57% to 70% over the next few quarters.
- **Actual Results:**

['Q2', '2024']:

- Actual Results

['Q1', '2024']:

- In Q1 FY24, the Provision Coverage Ratio (PCR) was reported at 57.79%.

['Q3', '2024']:

- In Q3 FY24, the Net Non-Performing Assets (NNPA) improved by 67 basis points year-on-year to 1.06%. The Gross Non-Performing Assets (GNPA) improved by 108 basis points year-on-year to 2.38%.

['Q4', '2023']:

- The actual results for Q4 2023 indicate that the overall Provision Coverage Ratio (PCR) on the entire NPA book remained at 57% as of March. Collections have been strong, with the Gross Non-Performing Assets (GNPA) in absolute terms decreasing from Rs. 837 crores in March 2022 to Rs. 724 crores in March 2023. Additionally, GNPA improved by 147 basis points year-on-year, reaching 2.6% in Q4 FY23 compared to 3.46% in Q3 FY23 and 4.06% in Q4 FY22. Meanwhile, the Net Non-Performing Assets (NNPA) came in at 1.14% in Q4 FY23, improving from 1.73% in Q3 FY23 and 2.37% in Q4 FY22.
- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed to increase the Provision Coverage Ratio (PCR) from 57% to 70%, but by Q3 FY24, the PCR remained closer to 57.79%, indicating that the target was not achieved within the expected timeframe.'}

8. Geographic expansion

- **Narrative:** Management's discussion focused on expanding the company's branch network to enhance geographic reach. This involves not only increasing the number of branches but also strategically focusing on different types of branches to optimize growth and service offerings.
- **Management's Guidance:**
- P N Vasudevan stated that there will be an addition of approximately 15 liability branches and 30 to 40 asset branches for the current financial year. Murali

Vaidyanathan mentioned that the company plans to expand the RS. 1 lakh to RS. 1 crores bucket to get the SA.
- **Actual Results:**
['Q3', '2024']:
- Equitas Small Finance Bank opened 50 new branches in the last fiscal year.
['Q2', '2024']:
- Actual Results
['Q4', '2023']:
- Mr. Murali Vaidyanathan mentioned the bank opened 50 new branches last year.
['Q1', '2024']:
- Added 5 banking outlets during the quarter, with SBL and VF expanding to 19 and 5 branches respectively.
- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': "Management planned to add 15 liability branches and 30 to 40 asset branches, totaling 45 to 55 branches for the year. The actual results showed that Equitas Small Finance Bank opened 50 new branches, which surpassed the lower end of management's guidance."}

9. New product launches
- **Narrative:** Management emphasized a strategic focus on expanding the retail term deposit (TD) customer base. This initiative aligns with the company's broader goal of strengthening its retail banking segment. The bank has noted a trend of increasing interest from individuals in bulk term deposits, indicating a potential area of growth.
- **Management's Guidance:**
- Management expects a continuation of the trend with more individuals opting for bulk TDs, which is anticipated to contribute positively to the bank's retail deposit growth in the upcoming quarters.
- **Actual Results:**
['Q3', '2024']:
- Actual Results:
['Q4', '2023']:
- The team successfully launched 5 new products in the past six months.
['Q1', '2024']:
- Advances in newly launched Merchant OD crosses Rs 500 Crs.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The actual results provided do not offer specific insights into the impact of the strategic focus on expanding the retail term deposit customer base or the anticipated growth in retail deposits, making it impossible to determine if expectations were met.'}

10. Cost optimization strategies
- **Narrative:** Management discussed their focus on improving operational efficiency through cost optimization strategies. This involves maintaining a disciplined approach to managing expenses while aiming to enhance the overall cost structure of the company.
- **Management's Guidance:**
- The Chief Financial Officer, Mr. Sridharan N., indicated that the bank expects to maintain a Cost-to-Income ratio below 60% for the next fiscal year.
- **Actual Results:**
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- Cost to income has come down to 62.88%, which is better than Q2 of FY '24 at 64.3%.
['Q1', '2024']:
- In Q1 FY24, the company reduced operational costs by 5% over the past six months.
['Q4', '2023']:
- Cost to Income improved to 58.09% from 63.95% in Q3FY24 and 56.85% in Q4FY22.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed for a Cost-to-Income ratio below 60% for the next fiscal year, but the actual results showed a ratio of 62.88% in Q3 FY24, indicating that the target was not achieved.'}

11. Adherence to RBI guidelines
- **Narrative:** Management highlighted their commitment to adhering to RBI guidelines by strategically planning the utilization of provisions to align with regulatory expectations.
- **Management's Guidance:**
- The company intends to utilize the remaining restructured standard provision of Rs. 48 crores over a period, contingent upon collections as mandated by the RBI guidelines.
- **Actual Results:**
['Q3', '2024']:
- Bank has made additional provision in the form of floating provision of Rs.180 crs during Q1FY25.
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- Bank has made additional provision in the form of floating provision of Rs.180 crs during Q1FY25.
['Q2', '2024']:
- Actual Results
- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': 'Management planned to utilize Rs. 48 crores in provisions, but the actual result showed an

additional provision of Rs. 180 crores, indicating a more proactive approach in aligning with RBI guidelines, thus exceeding expectations.'}

12. Digital onboarding processes
- **Narrative:** Management discussed their strategic focus on leveraging digital routes to target specific corporate clients, categorized as CAT A and CAT B. This initiative is part of their broader digital transformation efforts to streamline onboarding processes and enhance client acquisition.
- **Management's Guidance:**
- Management plans to continue targeting CAT A and CAT B corporates through digital channels, with the current progress indicating that the user acceptance testing (UAT) phase has been completed, and further rollout is underway.
- **Actual Results:**
['Q1', '2024']:
- 82% of all customers acquired last quarter were onboarded using e-KYC. 46% of all customers e-signed the agreement, eliminating the use of physical agreements for this set of customers. E-KYC penetration stood at 82% as of Jun’23.
['Q2', '2024']:
- Actual Results
['Q3', '2024']:
- 100% of all new customers acquired last quarter were onboarded using e-KYC. 95% of all new customers acquired last quarter signed the agreement, eliminating the need for use of physical agreement.
['Q4', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The management's goal of streamlining onboarding processes through digital channels was exceeded, as evidenced by 100% of new customers being onboarded using e-KYC and 95% signing agreements digitally by Q3 2024, surpassing the initial rollout expectations."}

Q3 2023

1. Revenue growth analysis
- **Narrative:** Management discussed the strategic objectives aimed at enhancing the company's growth trajectory. They highlighted plans to improve key financial metrics, specifically focusing on the growth expectations in credit, which are central to driving revenue growth.
- **Management's Guidance:**
- Management expects growth in credit, which is anticipated to contribute positively to the company's revenue in the upcoming quarters.
- **Actual Results:**
['Q1', '2024']:
- The company achieved a 56% year-on-year growth in Micro Finance for Q1FY24.
['Q4', '2023']:
- In Q4 FY23, Equitas Small Finance Bank reported net income of Rs. 922 crore, which was a 32% increase compared to Q4 FY22 and a 19% increase compared to Q3 FY23, indicating significant revenue growth and aligning with the management's guidance on credit growth positively impacting revenue. The net interest income for the quarter was Rs. 707 crore, a growth of 28% YoY, and other income was Rs. 215 crore, a growth of 104%.
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- The company achieved a revenue growth of 56.85% in Q3FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The company achieved a 56% year-on-year growth in Micro Finance for Q1FY24 and significant revenue growth in Q4 FY23, surpassing management's guidance on credit growth positively impacting revenue."}

2. Profitability metrics
- **Narrative:** Management highlighted the significance of maintaining a strong Current Account Savings Account (CASA) ratio as a strategic move to support profitability. By focusing on retaining a healthy ratio, the company aims to ensure a stable and cost-effective source of funding, which is crucial for sustaining its profitability metrics in the competitive microfinance sector.
- **Management's Guidance:**
- Management, led by P.N. Vasudevan, stated the goal to retain CASA at around 45%, indicating their commitment to maintaining a robust and efficient financial foundation for future growth.
- **Actual Results:**
['Q4', '2023']:
- PAT for the quarter came in at RS. 190 crores as against RS. 120 crores during the same period last year. Core pre-provisioning operating profit grew 11% year-on-year and 13% quarter-on-quarter to RS. 316 crores. Core PPOP assets expanded to 3.79% for the quarter from 3.62% of last quarter. The Return on Assets (RoA) was 2.28% in Q4FY23.
['Q1', '2024']:
- CASA Ratio is 38.40% for Q1FY24, which is below the management's guidance of retaining CASA at around 45%.
['Q2', '2024']:
- PAT for Q2FY24 was Rs. 198 Cr, compared to Rs. 116 Cr in Q2FY23. RoA and RoE for Q2FY24 stands at 2.03% and 14.62% respectively.
['Q3', '2023']:
- PAT for Q3FY23 came in at INR 170 crores, reflecting a year-on-year growth of 57%. The ROA increased to 1.10% in Q3FY23. The Pre-Provision Operating Profit (PPoP) expanded from 3.52% in Q3FY22 to 3.62% in Q3FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed to maintain a CASA ratio around 45% to support profitability, but the actual CASA ratio fell to 38.40% in Q1FY24, below the target, indicating that the expectations were not met despite improvements in profitability metrics like PAT and RoA.'}

3. Cost management strategies

- **Narrative:** Management has discussed strategies focused on reducing the cost to asset ratio, indicating a commitment to improving operational efficiency. This involves strategic planning aimed at cost reduction while maintaining service quality.
- **Management's Guidance:**
- Management expects the cost to asset ratio to trend down, although it is not anticipated to reach below 6 in FY '24.
- **Actual Results:**

['Q4', '2023']:

- The total operating expenditure in Q4 FY23 was 536 Rs Cr, representing a 43% increase from Q4 FY22 and an 8% increase from Q3 FY23. For FY23, the total operating expenditure was 1,926 Rs Cr, a 26% increase from FY22.

['Q2', '2024']:

- The cost to income for Q2FY24 was 64.37%, which shows a slight improvement from Q1FY24's 65.05%. The total operating expenditure for Q2FY24 was INR 597 crores, a 24% increase year-on-year from Q2FY23. Despite these increases, operational costs were reduced by 10% compared to the previous year, aligning with management's focus on cost management strategies.

['Q3', '2023']:

- Total Operating Expenditure was Rs 495 Cr in Q3FY23 compared to Rs 411 Cr in Q3FY22.

['Q1', '2024']:

- The cost to income was 62.87% in Q1FY24.
- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "Despite management's focus on reducing the cost to asset ratio, the actual results showed a significant increase in total operating expenditure and only a slight improvement in cost to income, indicating that the expected trend of cost reduction did not materialize as anticipated."}

4. Loan portfolio dynamics

- **Narrative:** The management of Equitas discussed their strategic focus on driving loan book growth while maintaining a balanced portfolio. They are committed to expanding the overall loan book significantly by the fiscal year's end and are keen on maintaining a controlled exposure to the microfinance segment to manage risk effectively.
- **Management's Guidance:**
- The CFO stated that the bank aims to achieve a loan book growth of 30% by the end of the fiscal year. Rohit Phadke confirmed that the microfinance book will be kept restricted between 15% to 20% of the total advances to ensure a balanced credit portfolio.
- **Actual Results:**

['Q2', '2024']:

- Actual Results

['Q1', '2024']:

- Advances grew at 36% YoY and 6% QoQ despite Q1 seasonality.

['Q4', '2023']:

- Rohit Phadke stated that the microfinance book is currently at 19%. Gross advances crossed Rs. 10,000 Crs during the quarter, and there was an all-time high disbursement in Q4 FY23 at Rs 1,464 Crs.

['Q3', '2023']:

- Microfinance is just 18% of the book.
- **Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The management's aim of a 30% loan book growth was exceeded with a 36% YoY growth, and the microfinance book was maintained within the 15%-20% range, meeting the strategic objectives of balanced portfolio growth."}

5. Credit risk management

- **Narrative:** During the earnings call, management emphasized their strategic focus on enhancing credit risk management by increasing the Provision Coverage Ratio (PCR) and managing credit costs effectively. This approach is aimed at strengthening the company's financial resilience and ensuring better asset quality over time.
- **Management's Guidance:**
- - The company plans to increase the Provision Coverage Ratio (PCR) to 60% by FY '25, with a target to achieve this in about 4 to 6 quarters.
- - The expected steady state credit cost is projected to be 1.5%.
- - INR 60 crores of provisioning on the standard restructured book is planned to be utilized in the next 4 to 6 months.
- **Actual Results:**

['Q4', '2023']:

- The Provision Coverage Ratio improved to 56.9%, and the steady state credit cost was reported at the guided level of 1.5%. Additional provisions of Rs. 90 crores were made to strengthen the Provision Coverage Ratio (PCR), with total provisions for the quarter amounting to Rs. 85 crores.

['Q1', '2024']:

- Provision coverage ratio improved to 57.79%. Additional provision of INR14 crores was made to strengthen the PCR. Total provision for the quarter is INR60 crores. Credit cost decreased by 58% year-over-year in Q1FY24.

['Q2', '2024']:

- We have made additional provision of INR28.03 crores, and the total provision for the quarter is at INR63 crores. The provision coverage ratio remains at 57.72%. PCR was 57.72% in Q2FY24, compared to 50.49% in Q2FY23. Credit Cost decreased from 2.60% in FY19 to 0.99% in H1FY24. Credit Cost for Q2FY24 was Rs 63 Cr, showing a 30% decrease YoY from Q2FY23.

['Q3', '2023']:

- Provision coverage ratio (PCR) for Q3FY23 was 50.84%. The credit cost this quarter was abnormally lower at 0.84% compared to the expected steady state of 1.5%. The bank utilized INR 36 crores of COVID restructured loan standard provision during this quarter.
- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management guidance to increase the Provision Coverage Ratio (PCR) to 60% by FY '25 is on track, with PCR improving to 57.72% by Q2FY24, and the steady state credit cost was maintained at the guided level of 1.5%. Additionally, the company strategically utilized provisions, aligning with stated objectives."}

6. Non-performing assets management

- **Narrative:** During the discussion, management highlighted their focus on managing the restructured book as part of their non-performing assets management strategy. This indicates a proactive approach in minimizing potential risks from restructured accounts and ensuring asset quality.
- **Management's Guidance:**
- Rohit Phadke provided guidance on the restructured book, outlining the current figures and hinting at future measures to maintain or improve asset quality.
- **Actual Results:**

['Q2', '2024']:
- There's a reduction in the GNPA to 2.1% from 2.6% in the previous quarter.

['Q1', '2024']:
- GNPA improved by 135 bps YoY to 2.60% in Q1FY24.

['Q3', '2023']:
- The restructured book stands at INR 730 crores with INR 244 crores in GNPA and only INR 76 crores in 61 DPD to 90 DPD.

['Q4', '2023']:
- GNPA improved by 147 bps year-on-year and came in at 2.6% in Q4 FY ‘23 as compared to 3.46% in Q3 FY ‘23 and 4.06% in Q4 FY ‘22. NNPA came at 1.14% in Q4 FY ‘23 as compared to 1.73% in Q3 FY ‘23 and 2.37% in Q4 FY ‘22.

- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': "Management's proactive approach to managing the restructured book resulted in a significant reduction in GNPA from 2.6% to 2.1%, surpassing the expectations set by the guidance for maintaining or improving asset quality."}

7. Asset quality trends

- **Narrative:** Management expressed optimism regarding the company's asset quality, emphasizing a positive outlook on the reduction of gross slippage in the upcoming quarters.
- **Management's Guidance:**
- Management anticipates gross slippage to trend downward over the next 3 to 4 quarters.
- **Actual Results:**

['Q2', '2024']:
- GNPA improved by 48 bps at 2.12% in Q2 FY '24 as compared to Q1 FY '24 and improved by 170 bps as compared to Q2 FY 23.

['Q1', '2024']:
- In Q1 FY24, Equitas Small Finance Bank Limited achieved a lower level of gross slippage in the first quarter compared to the same period last year, with slippages roughly at around 3%.

['Q3', '2023']:
- GNPA improved by 93 bps YoY and came in at 3.46% in Q3 FY23 as compared to 3.82% in Q2 FY23 and 4.39% in Q3 FY22. Slippages were at INR 286 crores against INR 314 crores last quarter. Restructured book slippages were at INR 86 crores.

['Q4', '2023']:
- In Q4 FY23, the annualized gross slippages were reported at 3.06%, showing a significant decrease from 5.03% in Q3 FY23 and 8.30% in Q4 FY22.

- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': "Management anticipated a downward trend in gross slippage over the next 3 to 4 quarters, and the actual results showed a significant improvement in asset quality with GNPA decreasing by 48 bps in Q2 FY'24 and annualized gross slippages reducing from 8.30% in Q4 FY'22 to 3.06% in Q4 FY'23, surpassing expectations."}

8. Geographic expansion

- **Narrative:** Management highlighted plans to expand their geographic footprint by strategically increasing their workforce to support anticipated growth.
- **Management's Guidance:**
- The company will continue to add employees due to growth expectations for the next year.
- **Actual Results:**

['Q2', '2024']:
- Added 29 banking outlets across states like Andhra Pradesh, Karnataka, Telangana.

['Q4', '2023']:
- Mr. Murali Vaidyanathan mentioned the bank opened 50 new branches last year.

['Q1', '2024']:
- Actual Results

['Q3', '2023']:
- We are present in almost 20 countries.

- **Evaluation:**
- **{'evaluation': 'Expectations Exceeded'**, 'evaluation_reason': "The management's guidance focused on expanding their geographic footprint by adding employees, and the actual results show a significant expansion with 29 new banking outlets in several states and 50 new branches opened last year, surpassing the anticipated growth expectations."}

9. Digital transformation efforts

- **Narrative:** The management of Equitas has outlined its strategic initiatives in digital transformation, emphasizing the deployment of advanced technologies to streamline operations and enhance customer acquisition. A significant focus is on the adoption of a new loan origination system nationwide, which is expected to optimize loan processing and improve customer experience. Moreover, the company is leveraging digital platforms for customer acquisition, employing strategies such as direct sourcing, aggregator models, and sophisticated payment gateway solutions. These efforts are supplemented by metrics tracking point-of-sale (POS) machine usage and QR code activity, reflecting a comprehensive approach to digital engagement.
- **Management's Guidance:**
- 1. The management indicated that the InsurTech platform will be operational within the current quarter, marking a significant step in their digital offerings.
- 2. A new loan origination system is slated for implementation across the country within a time frame of the next 3 to 6 months, suggesting a phased rollout aimed at strengthening the company's digital infrastructure.
- 3. The strategic focus on digital customer acquisition through direct sourcing, aggregator models, and payment gateway solutions has been emphasized, along with specific performance metrics related to POS machines and QR code activities.

- **Actual Results:**
['Q2', '2024']:
- We have put in place a comprehensive enterprise data warehouse, EDW, that project got completed in the second quarter.
['Q3', '2023']:
- Actual Results
['Q1', '2024']:
- Actual Results
['Q4', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The actual results provided do not contain specific details on the deployment timeline or impact of the new loan origination system, digital customer acquisition strategies, or InsurTech platform, making it impossible to assess whether management's expectations were met or exceeded."}

10. New product launches
- **Narrative:** Management discussed the strategic initiative to introduce new services by launching premium liability branches and trialing a merchant app. These initiatives are aimed at expanding the company's service offerings and enhancing customer experience.
- **Management's Guidance:**
- Management plans to launch premium liability branches at 18 to 20 locations and trial a merchant app by the end of the quarter.
- **Actual Results:**
['Q4', '2023']:
- The team successfully launched 5 new products in the past six months.
['Q1', '2024']:
- Advances in newly launched Merchant OD crosses Rs 500 Crs.
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- Disbursement in New Products at 12% for the quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management planned to launch premium liability branches and trial a merchant app, and the actual results show five new products launched and significant financial advancements, including Merchant OD crossing Rs 500 Crs, indicating outcomes beyond initial expectations.'}

11. New market entry
- **Narrative:** The management of Equitas discussed the procedural steps being undertaken to facilitate the trading of shares of the holding company, which is a strategic move aimed at enhancing their market presence and operational flexibility. This initiative is part of their broader strategy to solidify their market positioning and create opportunities for entering new markets.
- **Management's Guidance:**
- Management anticipates that the shares of the holding company will be available for trading within a couple of weeks, contingent on the completion of necessary procedures with the Ministry of Corporate Affairs (MCA) and stock exchanges.
- **Actual Results:**
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- Based on the provided actual results data, there is no specific information directly related to the theme 'Market Strategy and Expansion' and subtheme 'New market entry' for Equitas in Q3 2023 concerning the narrative and management guidance provided.
['Q4', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The actual results data lacks specific information related to the 'New market entry' strategy for Equitas in the relevant period, making it impossible to determine if the management's expectations were met or exceeded."}

12. Adherence to RBI guidelines
- **Narrative:** The management discussed the adherence to RBI guidelines, particularly focusing on the regulatory dispensation provided by the RBI for their HTM (Held to Maturity) portfolio. This indicates the company's proactive approach in aligning with regulatory frameworks and ensuring compliance with the central bank's mandates.
- **Management's Guidance:**
- The CFO highlighted that the RBI has granted a dispensation of 23% for the HTM portfolio, which is expected to impact the company's investment strategy and asset management practices positively in upcoming quarters.
- **Actual Results:**
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- Actual Results
['Q2', '2024']:
- Actual Results
['Q3', '2023']:
- Actual Results

- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The actual results data provided does not specify whether the regulatory dispensation from the RBI positively impacted Equitas's investment strategy and asset management practices as anticipated, leaving the expectation evaluation inconclusive."}

Q2 2023

1. Revenue growth analysis
- **Narrative:** Management at Equitas has outlined a strategic focus on enhancing growth over the upcoming quarters. They have emphasized the importance of maintaining robust revenue growth through targeted strategies and effective management of credit costs. This commitment to growth is part of their broader objective to achieve significant market penetration and expansion.
- **Management's Guidance:**
- Management plans to achieve a 25% growth and maintain an annualized credit cost of 1.5% in the coming quarters. Mr. P. N. Vasudevan provided a revised guidance for the year's growth at 25%. P. N. Vasudevan expressed the objective to achieve a 30% growth rate in 6 to 9 months.
- **Actual Results:**
['Q1', '2024']:
- Advances have grown by 36% and disbursements are 46% year-on-year. Net interest income for the quarter came at INR743 crores, registering a growth of 28% YoY. Other income for the quarter came in at INR150 crores, registering a growth of 50%.
['Q2', '2023']:
- Advances grew by 20% year-on-year and 5% quarter-on-quarter.
['Q4', '2023']:
- In Q4 FY23, Equitas Small Finance Bank achieved a 35% year-on-year growth in advances, and deposits grew 34% YoY. The net interest income for the quarter was reported at Rs. 707 crores, reflecting a 28% year-on-year growth. Net income increased by 32% year-on-year to Rs. 922 crores. This indicates that Equitas's growth metrics were robust, although specific revenue growth percentages for the quarter were not delineated.
['Q3', '2023']:
- The company achieved a revenue growth of 56.85% in Q3FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'Equitas aimed for a 25-30% growth rate, but actual results showed a 36% growth in advances and a 28% growth in net interest income in Q1 2024, surpassing their guidance.'}

2. Profitability metrics
- **Narrative:** Management discussed efforts to improve profitability metrics by addressing specific areas that contribute to losses. This includes a strategic focus on reducing the percentage of loss on sales, signaling a proactive approach to enhance overall financial health.
- **Management's Guidance:**
- Rohit Phadke expects the loss on sale to come down to about 30%-32% going forward.
- **Actual Results:**
['Q1', '2024']:
- Actual Results
['Q4', '2023']:
- In Q4 FY23, the highest ever PAT was reported at Rs. 190 Crs, showing a growth of 59% year-on-year and 12% quarter-on-quarter. The Return on Assets (RoA) was 2.28% in Q4FY23.
['Q2', '2023']:
- Loss on sale decreased to 36% in the last quarter.
['Q3', '2023']:
- In Q3 FY23, the company reported a Profit After Tax (PAT) of Rs. 170 Cr, showing a growth of 57% YoY compared to the same period last year. The Pre-Provision Operating Profit (PPoP) came at INR 279 crores, registering a growth of 24% YoY. Additionally, the PPoP as a percentage of average assets expanded YoY to 3.62% from 3.52%. The ROA increased to 1.10% in Q3 FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management expected the loss on sale to decrease to about 30%-32%, but actual results show it reduced only to 36%, not meeting the expected improvement.'}

3. Cost management strategies
- **Narrative:** The management of Equitas discussed their focus on cost management strategies with an emphasis on controlling employee-related expenses and optimizing the cost-to-income ratio. They are implementing measures to stabilize employee costs over the next two quarters and aim to manage operational expenses effectively. The company is also targeting specific cost-to-income ratios in the medium-term and adjusting their strategies based on anticipated growth rates.
- **Management's Guidance:**
- 1. Employee expenses are expected to grow by about 18% for the year. 2. In the next two quarters, the run rate of employee costs will not continue to grow. 3. The cost-to-income ratio is expected to be in the range of 60% to 63% in the medium-term. 4. Other expenses are expected to be close to about 25%, and overall operating expenses (net of digital) are projected to be between the range of 20% to 23% for the year. 5. There will be an addition of maybe 500 to 1000 employees, resulting in an incremental change in cost going forward. 6. If the growth rate returns to pre-COVID levels of 30% plus next year, the cost-to-income ratio is expected to decrease from the early 60s to the mid-50s or slightly over the mid-50s.
- **Actual Results:**
['Q4', '2023']:
- The employee cost in Q4FY23 was 304 Rs Cr, which represents a 46% increase from Q4FY22 and a 4% increase from Q3FY23. The total operating expenditure in Q4FY23 was 536 Rs Cr, representing a 43% increase from Q4FY22 and an 8% increase from Q3FY23. The cost-to-income ratio moderated to 58.09% for the quarter.
['Q3', '2023']:
- Employee Cost was Rs 292 Cr in Q3FY23 compared to Rs 240 Cr in Q3FY22. Total Operating Expenditure was Rs 495 Cr in Q3FY23 compared to Rs 411 Cr in Q3FY22.

['Q1', '2024']:
- In Q1 FY24, the cost-to-income ratio was reported at 62.87%, and including the income from ARC Sale, it was adjusted to 58.09%. Employee costs increased by 45% year-over-year. The number of employees increased to 20,996, and overall operating expenditure increased by 41% year-over-year.
['Q2', '2023']:
- The cost-to-income ratio was 56.85% in Q2FY23. Employee expenses were Rs 275 Crores in Q2FY23, and total operating expenditure was Rs 483 Crores in Q2FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': "The actual employee cost increased by 46% year-over-year, significantly exceeding the expected 18% growth. Additionally, the cost-to-income ratio fluctuated around management's target but did not consistently align with the medium-term expectation of 60% to 63%."}

4. Loan portfolio dynamics
- **Narrative:** The management of Equitas Small Finance Limited discussed their expectations for loan portfolio growth, indicating a strong focus on achieving substantial growth in their loan segments. They emphasized that the growth would be driven primarily by increased credit uptake rather than deposit growth. This reflects a strategic emphasis on expanding their loan portfolio to enhance overall market penetration and performance.
- **Management's Guidance:**
- Equitas Small Finance Limited's management indicated a realistic 25% loan growth for the current year. The management had guided that loan growth would be about 30% for the year. P. N. Vasudevan mentioned that the overall growth reduction would largely be from a credit pickup and not from a deposit pickup.
- **Actual Results:**
['Q4', '2023']:
- Gross advances crossed Rs. 10,000 Crs during the quarter. All time high disbursement in Q4FY23 at Rs 1,464 Crs.
['Q1', '2024']:
- Advances grew at 36% YoY and 6% QoQ despite Q1 seasonality.
['Q3', '2023']:
- Actual Results
['Q2', '2023']:
- Gross Advances reached 22,779, growing by 20%.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The actual results show that Equitas Small Finance Limited's loan portfolio grew by 36% YoY, surpassing the management's guidance of a 25%-30% growth, indicating stronger-than-expected credit uptake and market penetration."}

5. Credit risk management
- **Narrative:** The management of Equitas is focused on maintaining and potentially reducing credit costs as part of its credit risk management strategy. There is an emphasis on stabilizing credit costs and enhancing the credit profile by gradually shifting towards products with lower credit risk. This aligns with the broader goal of maintaining financial stability and improving credit risk management over the coming quarters.
- **Management's Guidance:**
- The management team aims to maintain a credit cost of Rs.75 Crore quarterly run rate for the rest of the year and contain the credit cost to 1.5% for the full year. Rohit Phadke mentioned that achieving an annualized credit cost of 1.5% is feasible, with expectations that credit costs will decrease progressively each quarter. The management anticipates only a marginal change in credit cost over the next 6 to 12 months due to a strategic shift towards products that have a better credit profile.
- **Actual Results:**
['Q4', '2023']:
- Last year, we had guided for a 1.5% credit cost and the actuals has turned out to be at the same level.
['Q1', '2024']:
- Credit cost decreased by 58% year-over-year in Q1FY24.
['Q2', '2023']:
- The credit cost has normalized to almost Rs.75 Crore quarterly run rate in the second quarter. Annualized credit cost is at 1.62%, excluding the onetime impact at 1.35%.
['Q3', '2023']:
- Credit Cost was Rs 50 Cr in Q3FY23 compared to Rs 79 Cr in Q3FY22.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management aimed for a 1.5% credit cost, and actual results showed the credit cost was maintained at 1.5% for the year, meeting their guidance. Additionally, the quarterly run rate of Rs.75 Crore was achieved, aligning with their expectations for stabilizing and reducing credit costs over time.'}

6. Strategic partnerships
- **Narrative:** Management discussed the strategic amalgamation of the holding company with the bank to streamline operations and enhance market presence.
- **Management's Guidance:**
- The amalgamation is expected to be completed a couple of months earlier than the financial year-end.
- **Actual Results:**
['Q3', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
['Q1', '2024']:
- Actual Results
['Q2', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
['Q4', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The strategic amalgamation of the holding company with the bank was completed on schedule, aligning

with management's guidance for completion a couple of months earlier than the financial year-end."}

7. Geographic expansion
- **Narrative:** Management has outlined a strategic focus on expanding the company’s reach beyond its traditional stronghold in Tamil Nadu. This includes a targeted growth strategy aimed at increasing the contribution from non-Tamil Nadu areas.
- **Management's Guidance:**
- Rohit Phadke indicated a 25% growth target for small business loans, with additional focus on increasing volumes outside Tamil Nadu. The CEO inferred that the contribution from non-TN areas should increase, leading to a growth from 20% in September to 25% by March.
- **Actual Results:**
['Q4', '2023']:
- Mr. Murali Vaidyanathan mentioned the bank opened 50 new branches last year.
['Q1', '2024']:
- Added 5 banking outlets during the quarter, with SBL and VF expanding to 19 and 5 branches respectively.
['Q3', '2023']:
- Actual Results
['Q2', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'Management aimed for a 25% growth target for small business loans and increased contributions from non-Tamil Nadu areas. The opening of 50 new branches and expansion in banking outlets aligns with these strategic goals, indicating the expectations were met.'}

8. Customer acquisition strategies
- **Narrative:** Management emphasized the importance of enhancing customer acquisition through innovative digital solutions, particularly focusing on the implementation of V-KYC technology to streamline the onboarding process and improve customer sourcing efficiency.
- **Management's Guidance:**
- Management highlighted a forward-looking target of achieving a 40% customer sourcing rate through the V-KYC process on a monthly basis.
- **Actual Results:**
['Q1', '2024']:
- Onboarded 1.3 lakh customers during the first quarter.
['Q2', '2023']:
- Month-on-month, we could do at least 40% of the customer V-KYC of the same month.
['Q4', '2023']:
- Actual Results
['Q3', '2023']:
- NR customer acquisition has been growing steady with deposits crossing Rs. 1,200 Crs.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "Management's goal of achieving a 40% customer sourcing rate through V-KYC on a monthly basis was met, as indicated by the Q2, 2023 commentary confirming that at least 40% of customer V-KYC was achieved each month."}

9. New product launches
- **Narrative:** During the earnings call, management emphasized strategic initiatives focused on strengthening the company's growth trajectory. They highlighted plans for further recruitment to support expansion efforts, indicating a proactive approach to scaling operations in anticipation of future demands.
- **Management's Guidance:**
- Management conveyed intentions to increase recruitment in the third and fourth quarters, laying the groundwork for anticipated growth and positioning the company for the upcoming year.
- **Actual Results:**
['Q4', '2023']:
- The team successfully launched 5 new products in the past six months.
['Q1', '2024']:
- Advances in newly launched Merchant OD crosses Rs 500 Crs.
['Q2', '2023']:
- Used car was a new product that we launched a year and half back, and it is already clocking about 50 Crores in disbursement month-on-month.
-
- TD Sweep Product for Current Account is seeing a good traction with 1200+ Customers registered and portfolio crossing 100 Crs.
-
- Achieved highest ever quarterly disbursement in Q2FY23 in Vehicle Finance.
-
- Used Car business disbursements increased by 49% YoY.
['Q3', '2023']:
- Disbursement in New Products at 12% for the quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': "The management's guidance on recruitment and growth was supported by the actual launch of five new products and significant advances in Merchant OD, indicating a proactive approach to scaling that surpassed initial expectations."}

10. Adherence to RBI guidelines
- **Narrative:** Management has been focusing on ensuring full compliance with the evolving regulatory framework set by the Reserve Bank of India (RBI). The strategic approach includes proactive adjustments in operations to align with anticipated regulatory changes, which reflects the company's commitment to maintaining a robust compliance framework.
- **Management's Guidance:**

- The speaker expects the RBI to hike rates by another 25 to 35 basis points in the upcoming meeting, indicating potential implications for the company's cost of funds and lending rates.
- **Actual Results:**
['Q4', '2023']:
- Actual Results
['Q1', '2024']:
- As of March 31, 2023, the total CRAR at 23.8% comprising of Tier 1 at 23.08% and Tier 2 at 0.72%.
['Q2', '2023']:
- Actual Results
['Q3', '2023']:
- As of March 31, 2023, the total CRAR at 23.8% comprising of Tier 1 at 23.08% and Tier 2 at 0.72%.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The company successfully maintained a robust compliance framework, evidenced by a strong CRAR of 23.8%, aligning with management's focus on proactive regulatory adherence amidst anticipated RBI rate hikes."}

Q1 2023

1. Revenue growth analysis
- **Narrative:** During the earnings call for Q1 2023, management reiterated their commitment to sustaining robust revenue growth. They emphasized a strategic focus on maintaining a consistent growth trajectory, which aligns with their long-term objectives for financial performance and market expansion.
- **Management's Guidance:**
- Management confirmed a growth target of 30% for the fiscal year 2023, highlighting their confidence in achieving this benchmark through strategic initiatives and market penetration strategies.
- **Actual Results:**
['Q2', '2023']:
- Revenue increased by 15% in the last quarter.
['Q4', '2023']:
- In Q4 FY23, the net income achieved was Rs. 922 crores, which represented a 32% increase compared to Q4 FY22 and a 19% increase compared to Q3 FY23.
['Q3', '2023']:
- The company achieved a revenue growth of 56.85% in Q3FY23.
['Q1', '2023']:
- In Q1 FY23, the net interest income was reported at Rs. 581 Crores, which represented a 26% year-over-year growth. The total interest income achieved was Rs. 941 Crores, marking a 15% increase from the previous year.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management guided for a 30% revenue growth for FY23, and the company achieved a 56.85% growth in Q3 and a 32% increase in net income in Q4 compared to Q4 FY22, surpassing the targeted growth.'}

2. Profitability metrics
- **Narrative:** Management has expressed confidence in the financial stability of the company, indicating that they do not anticipate any significant adverse events that could impact the profitability metrics going forward.
- **Management's Guidance:**
- The CFO projected a 20% increase in net income for the upcoming fiscal year.
- **Actual Results:**
['Q4', '2023']:
- Highest ever PAT at Rs. 190 Crs for Q4FY23, growth of 59% YoY and 12% QoQ.
['Q2', '2023']:
- Net income grew 23% YoY and came at Rs. 725 Crores for the quarter. Profit after tax for the quarter came at Rs. 116 Crores as against Rs. 41 Crores during the same period last year.
['Q1', '2023']:
- Profit after tax (PAT) for Q1FY23 was Rs. 97 Crores, compared to Rs. 12 Crores in Q1FY22, showing significant growth. Net income grew by 31% to Rs. 681 Crores for Q1FY23 compared to Rs. 520 Crores in Q1FY22.
['Q3', '2023']:
- PAT for Q3FY23 was Rs. 170 Cr, registering a growth of 57% YoY. The PPoP expanded to 3.62% from 3.52% YoY. ROA increased to 1.10% in Q3FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management projected a 20% increase in net income, but the actual results showed significant growth with PAT increasing 59% YoY in Q4FY23, indicating that the profitability metrics surpassed the management's expectations.'}

3. Cost management strategies
- **Narrative:** Management has outlined a strategic focus on improving cost efficiency. This involves setting clear targets for reducing the cost-to-income ratio, which is a key performance metric for the company. The emphasis is on achieving these improvements within a defined timeline to enhance overall financial performance.
- **Management's Guidance:**
- The CFO mentioned a target to improve the cost-to-income ratio by 5% in the next two quarters. The management plans to achieve a cost-to-income ratio of about 55%. The milestones related to cost-to-income ratio should be hit in the next two years.
- **Actual Results:**
['Q4', '2023']:
- Cost to income moderated to 58.09% for the quarter.
['Q1', '2023']:
- Actual Results

['Q3', '2023']:
- Total Operating Expenditure was Rs 495 Cr in Q3FY23 compared to Rs 411 Cr in Q3FY22.
['Q2', '2023']:
- The cost to income ratio was 56.85% in Q2FY23.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'Management aimed to improve the cost-to-income ratio to 55% within two quarters, but by Q4 2023, it only moderated to 58.09%, indicating the target was not achieved within the specified timeframe.'}

4. Loan portfolio dynamics
- **Narrative:** The management has focused on the dynamics of the loan portfolio, emphasizing strategic growth and diversification of the loan book. They aim to achieve significant growth in their lending operations while maintaining a balanced portfolio composition. This reflects a proactive approach to enhancing the company's lending capabilities and market presence.
- **Management's Guidance:**
- The Managing Director and CEO, Mr. P.N. Vasudevan, stated that the company aims to achieve a loan growth of 25% year-on-year in the next fiscal year. The CEO mentioned that the bank aims to increase its loan book by 20% over the next year. Rohit Phadke stated that the unsecured book on microfinance will be in the range of 10% to 15% of the overall portfolio.
- **Actual Results:**
['Q4', '2023']:
- Rohit Phadke stated that microfinance is currently at 19%.
['Q1', '2023']:
- Advances increased by 22% from 16,719 to 20,479.
['Q3', '2023']:
- Small business loans are the bank's flagship product at 37% of the advances. Microfinance is just 18% of the book.
['Q2', '2023']:
- Gross Advances reached 22,779, growing by 20%.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management aimed for a 20-25% loan growth and achieved a 22% increase in advances, aligning with their guidance. The unsecured microfinance portfolio was expected to be 10-15% but reached 18-19%, slightly above the target range, indicating balanced portfolio composition as intended.'}

5. Credit risk management
- **Narrative:** The management of Equitas has focused on refining its credit risk management strategy, particularly in the domains of vehicle finance and small business loans. Their approach involves increasing provisions and coverage to mitigate potential losses, with an emphasis on a cautious yet optimistic outlook regarding credit costs.
- **Management's Guidance:**
- The company plans to increase provisions for vehicle finance to 100% and for small business loans to 25%, reflecting a proactive stance in managing potential risks. Dheeraj M highlighted that the credit cost is expected to be contained at 1.5% for the year, alongside an anticipated loan growth of approximately 30%. The company has decided to provide 100% coverage for losses in vehicle finance, with the expectation that actual losses will decrease over time, indicating a strong risk mitigation measure. Rohit Phadke stated that credit costs will be below 1.5% in the fourth quarter, suggesting an optimistic forecast for managing credit risk.
- **Actual Results:**
['Q4', '2023']:
- Last year, we had guided for a 1.5% credit cost and the actuals have turned out to be at the same level.
['Q2', '2023']:
- Annualized credit cost is at 1.62%, excluding the onetime impact at 1.35%.
['Q1', '2023']:
- An additional provision of 76 Crores was made in the first quarter. Credit cost came at 2.68%. Provisions on Q1FY23 is Rs. 142 Crores, comprising Rs. 95 Crores from restructured loans and Rs. 47 Crores from the non-restructured book. Provision coverage ratio improves to 48.46% from 42.73% in Q4FY22. Deepak Poddar mentioned that the first quarter credit cost is already at 2.8%.
['Q3', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's guidance for a 1.5% credit cost was met in Q4, aligning with their expectations despite initial fluctuations in earlier quarters, demonstrating effective credit risk management as anticipated."}

6. Strategic partnerships
- **Narrative:** Management discussed the strategic merger aimed at bolstering the company’s operational capabilities and market presence.
- **Management's Guidance:**
- Management expects the merger to be completed a few months ahead of the initially guided timeline of March 2023.
- **Actual Results:**
['Q3', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
['Q2', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
['Q4', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
['Q1', '2023']:
- The merger of the HoldCo with the Bank was completed in the last quarter.
- **Evaluation:**
- {'evaluation': 'Expectations Exceeded', 'evaluation_reason': 'The management expected the merger to be completed a few months ahead of the initially guided timeline of March 2023, and the actual results indicate that the merger was completed earlier than anticipated, surpassing the expected timeline.'}

7. Non-performing assets management
- **Narrative:** The management discussed plans to manage non-performing assets (NPAs) effectively as part of their strategy to stabilize asset quality post-COVID impact. They aim to bring NPAs to pre-pandemic levels, indicating a focus on improving asset quality and minimizing credit risks in the near future.
- **Management's Guidance:**
- The management expects to revert back to normal levels of credit cost of 1.25% and NPA of 2.25% once the COVID impact is over.
- **Actual Results:**
['Q4', '2023']:
- In Q4 FY23, the Gross Non-Performing Assets (GNPA) improved to 2.6%, down from 3.46% in Q3 FY23 and 4.06% in Q4 FY22. The Net Non-Performing Assets (NNPA) came in at 1.14% in Q4 FY23 compared to 1.73% in Q3 FY23 and 2.37% in Q4 FY22. Additionally, the closing GNPA balance at the end of Q4 FY23 was Rs. 723.96 Cr, reduced from Rs. 837 Cr in March 2022.
['Q2', '2023']:
- GNPA, including IBPC sold, came at 3.82% in Q2FY23 as compared to 3.95% in Q1FY23 and 4.64% in Q2FY22. NNPA came at 1.93% in Q2FY23 as compared to 2.07% in Q1FY23 and 2.37% in Q2FY22.
['Q1', '2023']:
- The Gross Non-Performing Assets (GNPA) were 3.95% in Q1FY23. The Net Non-Performing Assets (NNPA) were 2.07% in Q1FY23.
['Q3', '2023']:
- GNPA for Q3FY23 was 3.46%. NNPA for Q3FY23 was 1.73%.
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': 'The management expected to revert to GNPA of 2.25%, and the actual results in Q4 FY23 showed GNPA improving to 2.6%, which is close to the target. Similarly, the NNPA target was achieved with a result of 1.14%, indicating that asset quality management was largely in line with expectations.'}

8. Geographic expansion
- **Narrative:** Management emphasized the strategic goal of increasing the bank's physical presence to enhance customer reach and strengthen regional market positions.
- **Management's Guidance:**
- The CEO stated that Equitas Small Finance Bank aims to expand its branch network by opening 50 new branches by the end of the fiscal year.
- **Actual Results:**
['Q4', '2023']:
- Mr. Murali Vaidyanathan mentioned the bank opened 50 new branches last year.
['Q1', '2023']:
- We met our target of opening 10 new stores last year.
['Q3', '2023']:
- Actual Results
['Q2', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Expectations Met', 'evaluation_reason': "The management's goal to expand the branch network by opening 50 new branches was successfully achieved by the end of the fiscal year, as confirmed by Mr. Murali Vaidyanathan in the Q4, 2023 update."}

9. Executive leadership insights
- **Narrative:** Management highlighted a change in the presentation of the company's treasury operations by introducing Natarajan, the Head of Treasury, as a key spokesperson for these discussions going forward. This indicates a strategic focus on enhancing the transparency and understanding of the bank's treasury functions.
- **Management's Guidance:**
- From the next quarter onwards, Natarajan, the Head of Treasury, will discuss the Bank’s treasury operations.
- **Actual Results:**
['Q3', '2023']:
- Actual Results
['Q4', '2023']:
- Shreepal Doshi mentioned that during the last 12 months, 3,000 employees were added. Rahul Rajagopalan stated that from last quarter to this quarter, roughly 550 employee additions have happened.
['Q1', '2023']:
- Actual Results
['Q2', '2023']:
- Actual Results
- **Evaluation:**
- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The actual results provided do not contain specific follow-up information about Natarajan's involvement in treasury discussions, making it difficult to determine if the management's guidance was met."}

10. Cost optimization strategies
- **Narrative:** The management of Equitas has demonstrated a focus on improving operational efficiency through cost optimization strategies. They have outlined plans to enhance the company's financial performance by strategically targeting and reducing operational costs.
- **Management's Guidance:**
- The CFO, Ms. Srimathy Raghunathan, stated that the company aims to reduce its cost-to-income ratio to 50% by the end of the current fiscal year.
- **Actual Results:**
['Q4', '2023']:
- The Cost to Income improved to 58.09% from 63.95% in Q3FY24 and 56.85% in Q4FY22. The company reduced operational costs by 8% over the past year.
['Q1', '2023']:
- Cost to Income ratio at 60.60% in Q1FY23.

['Q3', '2023']:
- Actual Results:
['Q2', '2023']:
- In Q2 2023, the company reduced operational costs by 8% in the past six months.
- **Evaluation:**
- {'evaluation': 'Expectations Not Met', 'evaluation_reason': 'The management aimed to reduce the cost-to-income ratio to 50% by the end of the fiscal year, but the actual result in Q4 2023 was 58.09%, indicating that the target was not achieved.'}