DCB Bank

BSE SENSEX	S&P CNX
72,990	22,083

DCB BANK

Stock Info

Bloomberg	DCBB IN
Equity Shares (m)	314
M.Cap.(INRb)/(USDb)	32 / 0.4
52-Week Range (INR)	146 / 101
1, 6, 12 Rel. Per (%)	-7/-4/-20
12M Avg Val (INR M)	249

Financials & Valuations (INR b)

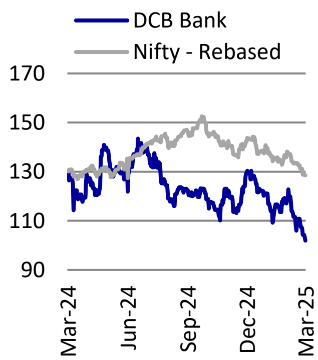
Y/E MARCH	FY24	FY25E	FY26E
NII	19.3	21.1	25.9
OP	8.6	10.2	13.3
NP	5.4	6.0	7.5
NIM (%)	3.7	3.3	3.4
EPS (INR)	17.1	19.2	23.9
EPS Gr. (%)	14.6	12.2	24.5
BV/Sh. (INR)	157	174	195
ABV/Sh. (INR)	147	161	182
Ratios			
RoA (%)	0.9	0.9	0.9
RoE (%)	11.8	11.9	13.3
Valuations			
P/E (x)	6.0	5.3	4.3
P/BV (x)	0.6	0.6	0.5
P/ABV (X)	0.7	0.6	0.6

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	14.7	14.7	14.8
DII	27.9	26.7	34.2
FII	10.9	11.1	13.0
Others	46.5	47.6	38.0

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR102 TP: INR150 (+47%) Buy

Growth outlook steady; RoA likely to improve to 1%

Valuations attractive at 0.52x FY26E BV

- **DCB Bank (DCBB) has experienced a healthy recovery in loan growth over the past two years after reporting tepid trends over FY20-22. The bank continues to focus on granular retail loans with a retail mix (ex-Agri) at 65% of the overall portfolio.**
- **DCBB arrested the downward pressure on NIM in 3QFY25, and the bank can maintain a resilient performance despite 25-50bp repo cuts. Aided by a granular liability profile, limited reliance on bulk deposits & improving asset mix, we estimate the bank to retain its NIM at ~3.4%.**
- **While opex has been high owing to investments in business, we expect operating leverage to kick in, aiding the move of RoA towards 1%. We believe the C/I ratio has broadly peaked at 64% in FY24 and expect the ratio to moderate to ~59% by FY27E.**
- **We expect a healthy 22% CAGR in total income over FY25-27 amid limited downside in margins and steady loan growth. We estimate its RoA/RoE to reach 1%/15% by FY27.**
- **With a likely recovery in loan growth and anticipated improvements in operating leverage, we estimate a 26% earnings CAGR over FY25-27.**
- **We find the current valuation of 0.52x FY26E ABV attractive for an RoA of ~1% and ~26% earnings CAGR over FY25-27E. We reiterate our BUY rating on the stock with a TP of INR150 (premised on 0.8xSep'26E ABV).**

Loan CAGR to be healthy at ~23%, loan book to double in 3-4 years

DCBB is set to maintain a robust growth trajectory with its loan book projected to double over the next 3-4 years (implying 22-23% growth CAGR). The bank reported a 22.7% YoY growth in advances for 3QFY25, reflecting sustained momentum. This growth is fueled by strategic initiatives such as optimizing business from its existing branch network and enhancing digital capabilities to improve customer experience. The bank has focused on expanding granular retail loans and increasing business loan exposure to drive profitable growth. Thus, mortgages now form 53% of the loan book, while co-lending partnerships contribute 11% to advances and have emerged as a significant growth catalyst.

Retail mix healthy; focus remains on improving productivity levels

DCBB continues to strengthen its retail portfolio, with retail loans (ex-Agri) forming ~65% of the loan book, reflecting the bank's emphasis on granular, customer-focused lending. This retail-heavy mix aligns with the bank's strategy to leverage branch-level productivity for sustainable growth. The bank is optimizing its branch network to drive higher business per branch, leveraging digital capabilities and enhancing productivity at existing locations. To drive higher business per branch, the bank has focused on enhancing digital capabilities and improving operational efficiency while maintaining strong cost controls. We thus estimate the C/I ratio to reduce to 61%/59% by FY26E/FY27E from 64% in FY24.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Dixit Sankharva (Dixit.Sankharva@motilaloswal.com) | **Disha Singhal** (Disha.Singhal@MotilalOswal.com)

NIM to remain resilient amid repo rate cuts

DCBB's NIM is likely to remain resilient even with a potential ~50bp repo rate cut driven by several strategic levers. The bank looks to cushion its NIM effectively by leveraging SA rate adjustments. DCBB offers higher interest rates in the SA book and thus has the flexibility to review its SA rates, which will help limit the impact of declining interest rates on margins. This is supported by a granular liability profile, limited reliance on bulk deposits, and a favorable asset mix resulting from a deliberate reduction in low-margin corporate loans. Additionally, with deposit re-pricing behind, the bank is better positioned to maintain control of its funding costs while the repricing of asset books that were originated and disbursed a few years ago (fixed-rate in initial years) will support lending yields. We estimate its NIM to sustain at ~3.4-3.5% over FY25-27 (3.3% in 3QFY25) with the CASA mix anticipated to remain stable.

NII growth to track closer to loan growth; operating efficiency to aid RoAs

We estimate NII growth to closely mirror loan growth over FY25-27, propelled by steady advances and resilient margins. Notably, 3QFY25 marked a turnaround for NII growth, signaling a momentum that is expected to continue. During 3Q, the bank reported a 3bp expansion in NIM to reach 3.3%. Further, operational improvements are central to the bank's strategy. It focuses sharply on reducing the C/I ratio, as the bank sees limited requirements to invest in augmenting the existing infrastructure. Improving productivity will be a significant growth driver for DCBB over the coming years. We thus estimate the C/I ratio to improve from 64% in FY24 to 59% by FY27, as we pencil in opex growth at 17% CAGR over FY25-27 (vs. 22% CAGR over FY21-24). With healthy NII growth, a receding C/I ratio amid operating leverage gains, and steady asset quality, we estimate DCBB to report 0.9-1.0% RoA over FY25-27.

Asset quality outlook healthy; credit costs to remain contained at 0.5-0.7%

DCBB's asset quality outlook remains healthy with continued improvements in key metrics underscoring the bank's focus on prudent lending practices and effective risk management. The bank's asset quality resilience is further supported by enhanced collection processes and a restructured book that is steadily declining. DCBB has strengthened its recovery mechanisms, leading to a sharp improvement in collection efficiency, particularly in key segments such as LAP and home loans. A secured portfolio mix and stringent underwriting standards support controlled credit costs, which are projected at 0.5-0.7% over FY25-27. DCBB's proactive risk management, combined with its improved portfolio composition and enhanced collection efficiencies, is expected to drive GNPA reductions. We thus estimate GNPA/NNPA ratios to improve to 2.9%/1.0% by FY26 and credit costs to sustain at 0.6% in FY26.

Valuation attractive at 0.52x FY26E BV; Reiterate BUY

DCBB has seen a healthy recovery in loan growth after witnessing sluggish trends during FY20-22, and we estimate loan growth to remain steady at ~23% CAGR over FY25-27E. The bank's shift in loan mix toward retail loans has helped maintain healthy NIMs. With a healthy retail mix, operating leverage at play, and a resilient NIM outlook, we expect DCB to report sustained traction in the balance sheet and earnings growth. We thus estimate RoA to sustain at 0.9-1% for FY25-27E. We find the current valuations at 0.52x FY26E ABV attractive for a potential RoA of ~1% and ~26% earnings CAGR estimated over FY25-27E. **We reiterate our BUY rating with a TP of INR150 (premised on 0.8xSep'26E ABV).**

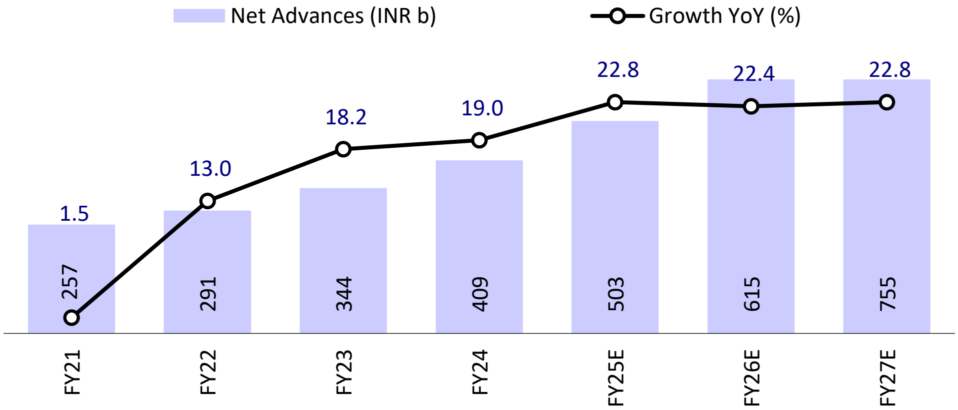
Loan CAGR to be healthy at ~23%

The focus remains on granular retail loans that would drive profitable growth

DCBB is set to maintain a robust growth trajectory with its loan books projected to double over the next 3-4 years (implying 22-23% growth CAGR). The bank reported a 22.7% YoY growth in advances for 3QFY25, reflecting sustained momentum. This growth is fueled by strategic initiatives such as optimizing business from its existing branch network and enhancing digital capabilities to improve customer experience. The bank has focused on expanding granular retail loans and increasing business loan exposure to drive profitable growth. Thus, mortgages now form 53% of the loan book, while co-lending partnerships contribute 11% to advances and have emerged as a significant growth catalyst.

We estimate DCBB to sustain a 23% loan CAGR over FY25-27

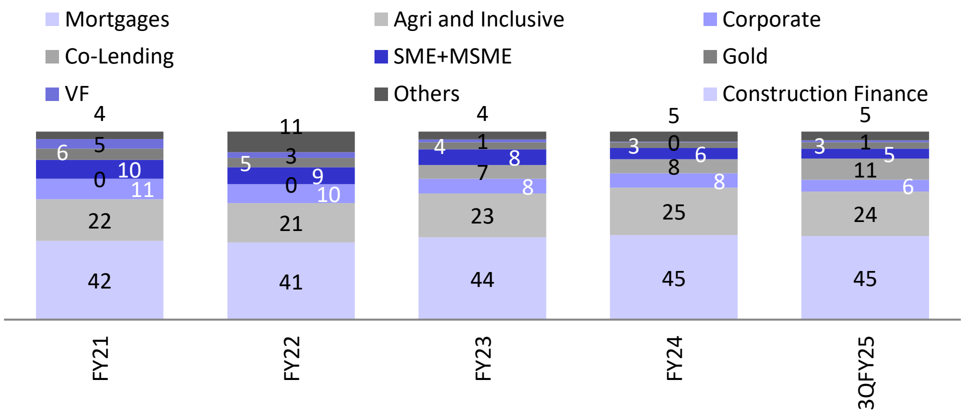
Exhibit 1: Net advances grew 19% YoY to INR409b and clocked 22% CAGR over FY21-24



Source: Company, MOFSL

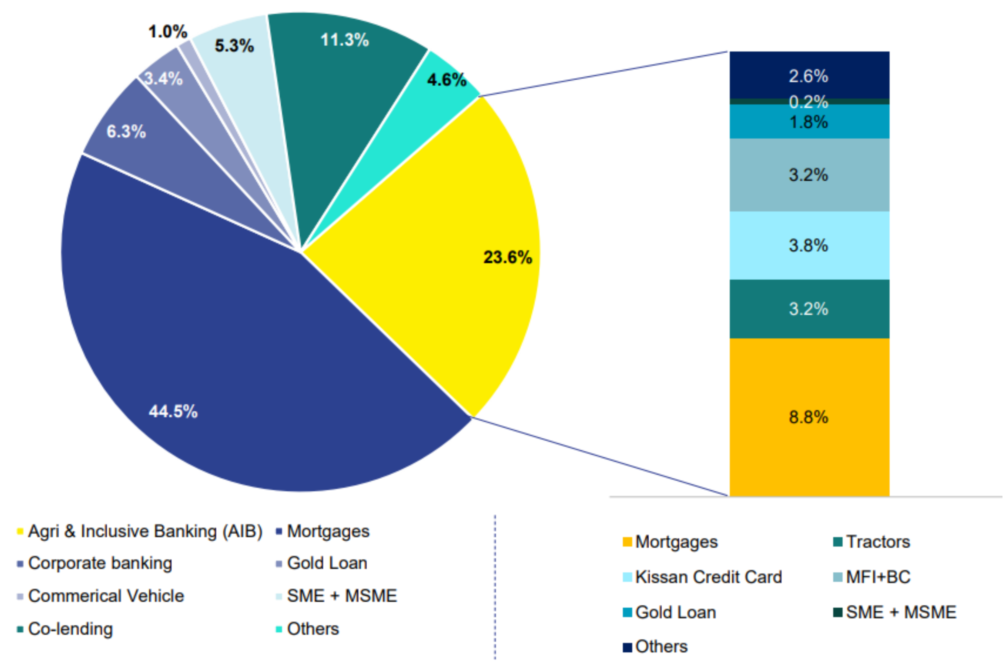
The share of mortgages in the total portfolio increased to 45% in 3QFY25 from 41% in FY22

Exhibit 2: Loan mix has tilted toward retail with the segment forming ~65% of loans (ex-Agri)



Source: Company, MOFSL

Exhibit 3: Mortgages form 53% of the portfolio



Source: Company, MOFSL

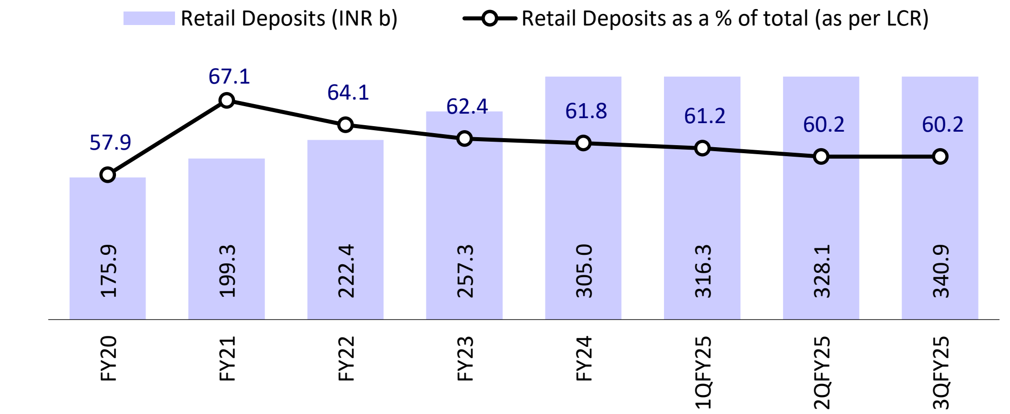
Liabilities growing at a steady run rate; estimate deposits to clock 22% CAGR over FY25-27

DCBB has delivered a healthy 19% CAGR in deposits over FY22-24 while maintaining a broadly stable CASA mix. During 3QFY25, the bank reported 17.1% YoY growth in SA deposits, backed by consistent focus, new products, and effective fintech tie-ups. Higher interest rates on savings and term deposits also helped attract deposits. The bank has been making efforts to build a highly granular deposit profile, with retail deposits accounting for ~60% of total deposits.

The bank's LDR remains in control at 84%, indicating that DCBB has been able to adequately fund the loan growth, supported by healthy traction in deposits.

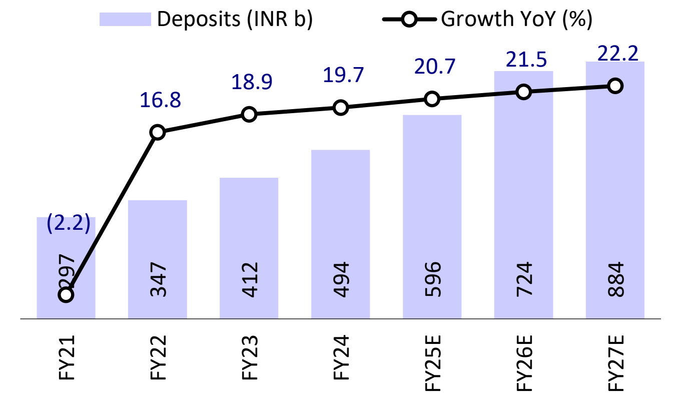
With retail deposits being healthy at ~60%, DCBB has lower reliance on bulk deposits

Exhibit 4: Retail deposit mix stood at ~60% for 3QFY25



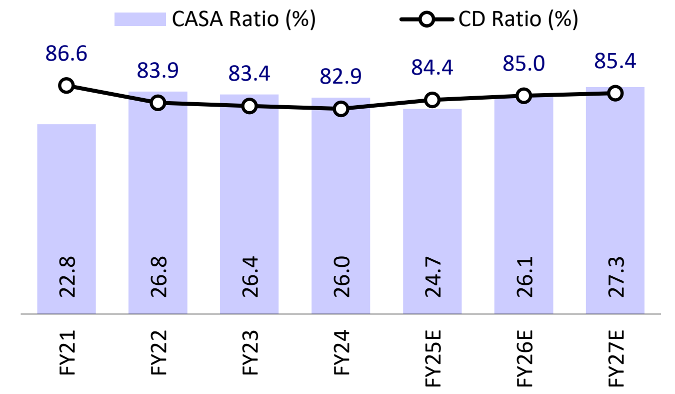
Source: Company, MOFSL

Exhibit 5: Deposits estimated to post ~22% CAGR over FY25-27E



Source: Company, MOFSL

Exhibit 6: CASA ratio to remain stagnant at 26-27%; CD ratio estimated at 85% in FY27



Source: Company, MOFSL

NIM to remain resilient amid repo rate cuts

Cushion in SA rates to limit downside

DCBB's NIM is likely to remain resilient even with a potential ~50bp repo rate cut driven by several strategic levers. The bank looks to cushion its NIM effectively by leveraging SA rate adjustments. DCBB offers higher interest rates in the SA book and thus has the flexibility to review its SA rates, which will help limit the impact of declining interest rates on margins. This is supported by a granular liability profile, limited reliance on bulk deposits, and a favorable asset mix resulting from a deliberate reduction in low-margin corporate loans. Additionally, with deposit re-pricing behind, the bank is better positioned to maintain control of its funding costs while the repricing of asset books that were originated and disbursed a few years ago (fixed-rate in initial years) will support lending yields. We estimate its NIM to sustain at ~3.4-3.5% over FY25-27 (3.3% in 3QFY25) with the CASA mix anticipated to remain stable.

NII growth to track closer to loan growth; operational efficiency to aid RoAs

We estimate NII growth to closely mirror loan growth over FY25-27, propelled by steady advances and resilient margins. Notably, 3QFY25 marked a turnaround for NII growth, signaling a momentum that is expected to continue. During 3Q, the bank reported a 3bp expansion in NIM to reach 3.3%. Further, operational improvements are central to the bank's strategy. It focuses sharply on reducing the C/I ratio, as the bank sees limited requirements to invest in augmenting the existing infrastructure. Improving productivity will be a significant growth driver for DCBB over the coming years. We thus estimate the C/I ratio to improve from 64% in FY24 to 59% by FY27, as we pencil in opex growth at 17% CAGR over FY25-27 (vs. 22% CAGR over FY21-24). With healthy NII growth, a receding C/I ratio amid operating leverage gains, and steady asset quality, we estimate DCBB to report 0.9-1.0% RoA over FY25-27.

DCB offers much higher interest rates in certain buckets than other larger banks

Exhibit 7: SA rates offered by various banks

(%)	SA Rate
AXSB	❖ 3.0%/3.5% (>INR5m)
HDFCB	❖ 3.0%/3.5% (>INR5m)
ICICIBC	❖ 3.0%/3.5% (>INR5m)
KMB	❖ 3.5%/4.0% (>INR5m)
IIB	❖ 3.5% to 6.75% (max rate for deposits between INR1m and above)
RBK	❖ 3.50% to 7.75% (max rate for deposits between INR0.75b to 1.25b)
IDFCFB	❖ 3% to 7.25% (max rate for deposits between INR0.5m-500m)
BANDHAN	❖ 3.0% to 8.0% (max rate for deposits above INR0.5b)
AUBANK	❖ 3.0% to 7.25% (max rate for deposits between INR10m to 50m)
BOB	❖ 2.75%/4.5% (max rate for deposits for INR10b and above)
PNB	❖ 2.7%/3.0% (max rate for deposits for INR1b and above)
SBIN	❖ 2.7%/3% (>INR100m)
DCBB	❖ 1.75% to 8.0% (max rate for deposits between INR10m to 20m)

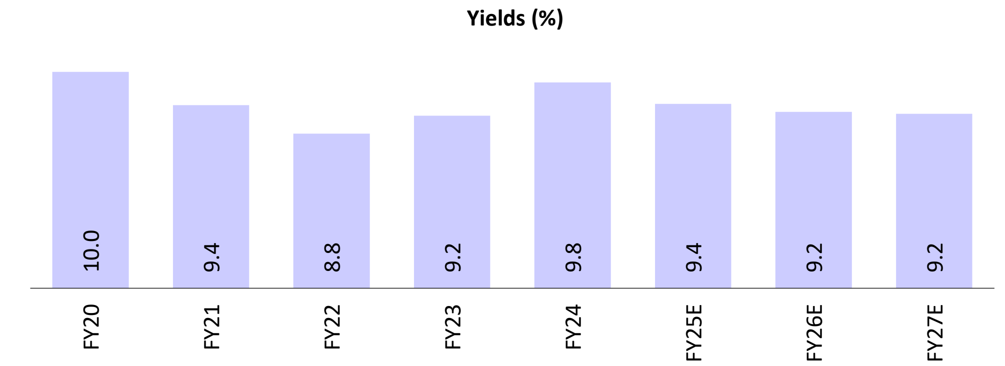
Source: MOFSL, Company

Exhibit 8: Peak term deposit rates across different buckets for major banks

(%)	7-14 days	0-3 months	3-9 months	9-15 months	15-36 months
Large Private Banks					
HDFCB	3.00	4.50	5.75	6.60	7.35
AXSB	3.00	4.50	5.75	6.70	7.25
ICICIBC	3.00	4.50	5.75	6.70	7.25
KMB	2.75	3.50	7.00	7.40	7.40
IIB	3.50	4.75	6.10	7.75	7.99
Mid-size Private Banks					
RBK	3.50	4.50	6.05	7.50	8.00
IDFCFB	3.00	4.50	5.75	7.25	7.90
BANDHAN	3.00	4.50	4.50	8.05	7.25
Federal	3.00	5.50	6.25	6.50	7.50
DCBB	3.75	4.00	6.20	7.15	8.05
Small Finance Banks					
AUBANK	3.75	5.50	7.25	7.85	8.10
EQUITASB	3.50	4.50	6.75	8.10	8.15
JANASFB	3.00	5.00	7.50	8.25	8.25
UJJIVAN	3.75	4.25	7.50	8.25	8.00

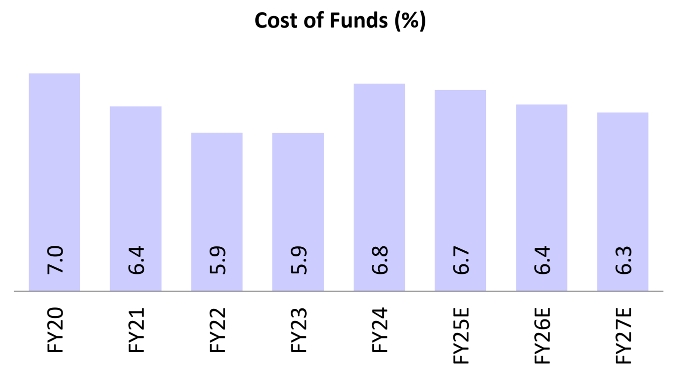
Source: MOFSL, Company

Exhibit 9: Yields expected to decline amid declining rates



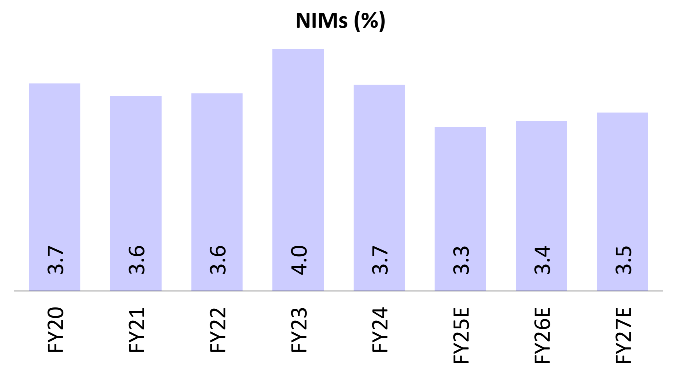
Source: Company, MOFSL

Exhibit 10: Cost of funds likely to see a downward trajectory



Source: Company, MOFSL

Exhibit 11: Estimate NIM to sustain at ~3.4-3.5% over FY25-27E



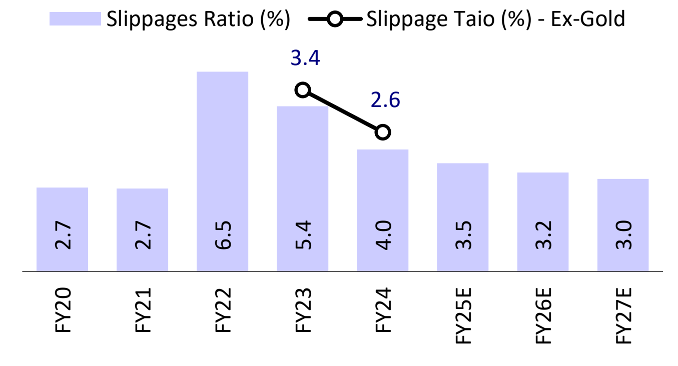
Source: Company, MOFSL

Asset quality steady; credit costs to remain contained at 0.5-0.7%

Expect GNPA/NNPA to improve to 2.9%/1.0% by FY26E

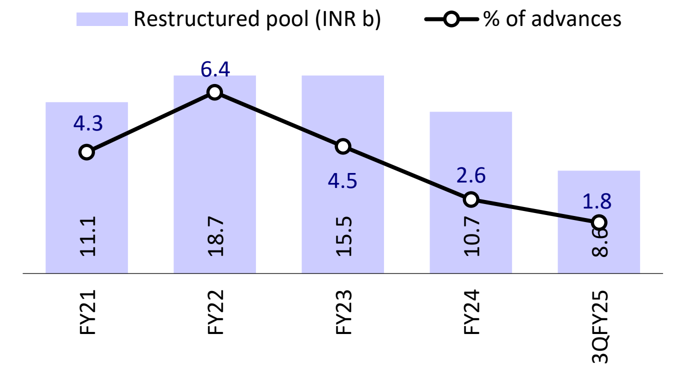
DCBB's asset quality outlook remains healthy with continued improvements in key metrics underscoring the bank's focus on prudent lending practices and effective risk management. The bank's asset quality resilience is further supported by enhanced collection processes and a restructured book that is steadily declining. DCBB has strengthened its recovery mechanisms, leading to a sharp improvement in collection efficiency, particularly in key segments such as LAP and home loans. A secured portfolio mix and stringent underwriting standards support controlled credit costs, which are projected at 0.5-0.7% over FY25-27. DCBB's proactive risk management, combined with its improved portfolio composition and enhanced collection efficiencies, is expected to drive GNPA reductions. We thus estimate GNPA/NNPA ratios to improve to 2.9%/1.0% by FY26 and credit costs to sustain at 0.6% in FY26.

Exhibit 12: Estimate slippage rate to moderate



Source: Company, MOFSL

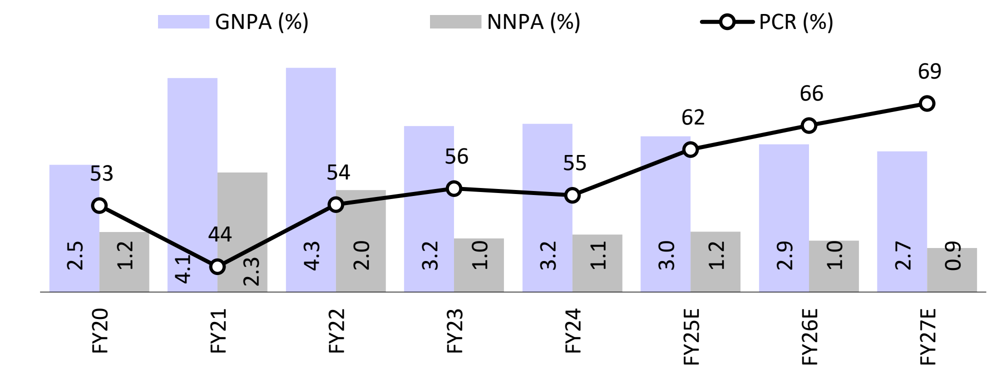
Exhibit 13: Restructured pool has declined to 1.8%...



Note – Net restructured book, Source: Company, MOFSL

Exhibit 14: ...which should aid improvement in asset quality ratios

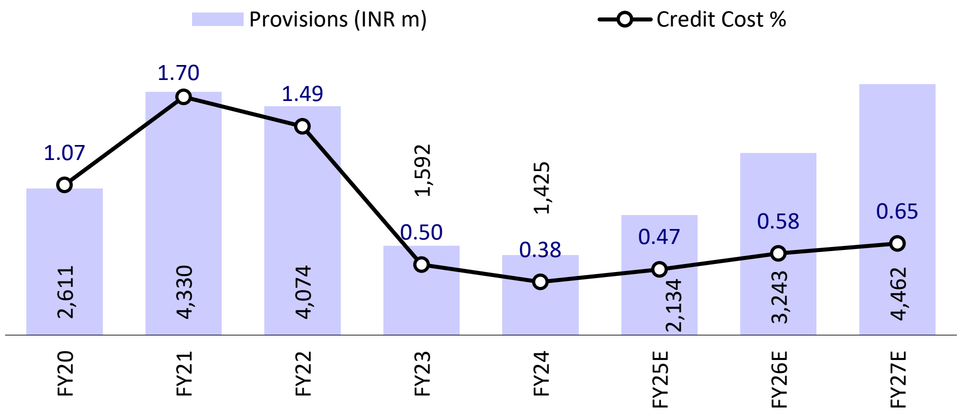
Estimate GNPA/NNPA ratios to improve to 2.7%/0.9%, while PCR to improve to 66% by FY27E



Source: Company, MOFSL

Healthy asset quality to lead to benign credit costs at 0.58-0.65% for FY26-27E

Exhibit 15: Credit costs to remain under control at 0.58-0.65% over FY25-27E

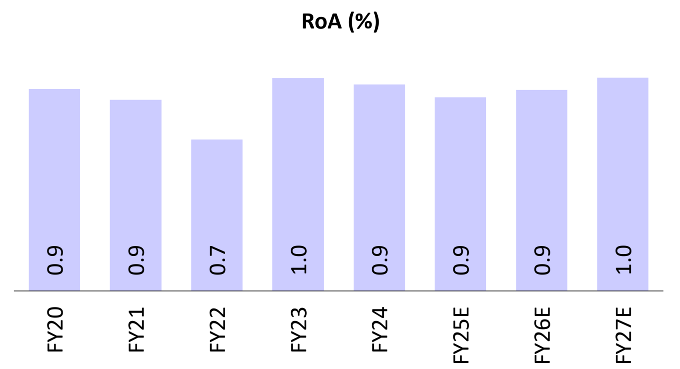


Source: Company, MOFSL

Valuations and view: Reiterate BUY with a TP of INR150

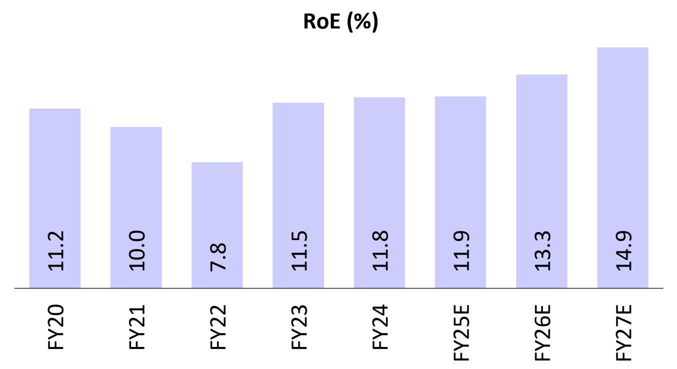
- DCBB has seen a healthy recovery in loan growth after witnessing sluggish trends during FY20-22, and we estimate loan growth to remain steady at ~23% CAGR over FY25-27E.
- The bank's shift in loan mix toward retail loans has helped maintain healthy NIMs. With a healthy retail mix, operating leverage at play, and a resilient NIM outlook, we expect DCB to report sustained traction in the balance sheet and earnings growth. We thus estimate RoA to sustain at 0.9-1% for FY25-27E.
- **We find the current valuations at 0.52x FY26E ABV attractive for a potential RoA of ~1% and ~26% earnings CAGR estimated over FY25-27E. We reiterate our BUY rating with a TP of INR150 (premised on 0.8xSep'26E ABV).**

Exhibit 16: RoA likely to sustain at 1% by FY27E…



Source: Company, MOFSL

Exhibit 17: …while RoE estimated to sustain at 14-15%



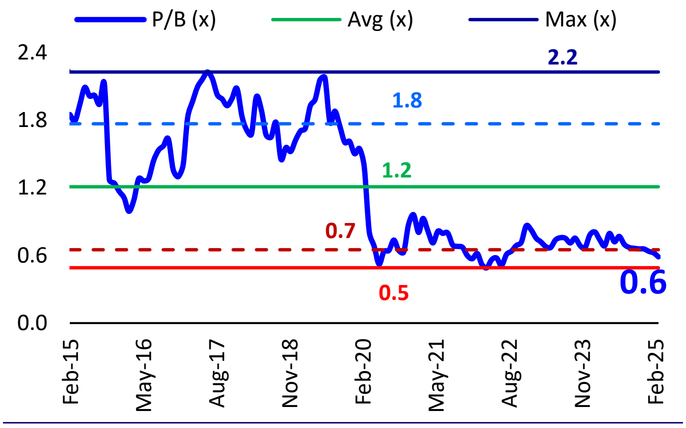
Source: Company, MOFSL

Exhibit 18: DCBB: DuPont Analysis – Estimate return ratios to improve gradually

DCBB	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	8.86	8.32	8.65	9.29	9.01	8.92	8.91
Interest Expended	5.56	5.11	5.11	5.95	5.95	5.78	5.69
Net interest Income	**3.29**	**3.22**	**3.53**	**3.34**	**3.06**	**3.13**	**3.21**
Fee income	0.78	0.88	0.82	0.77	0.90	0.91	0.92
Trading and others	0.37	0.19	0.02	0.06	0.15	0.13	0.10
Non-interest Income	**1.14**	**1.07**	**0.84**	**0.82**	**1.05**	**1.04**	**1.03**
Total Income	**4.44**	**4.29**	**4.38**	**4.16**	**4.11**	**4.18**	**4.24**
Operating expenses	**2.17**	**2.40**	**2.76**	**2.66**	**2.63**	**2.56**	**2.50**
Employees	1.11	1.28	1.43	1.38	1.34	1.29	1.26
Others	1.06	1.12	1.33	1.29	1.29	1.27	1.24
Operating profits	**2.27**	**1.89**	**1.62**	**1.50**	**1.48**	**1.61**	**1.74**
Core PPoP	**1.90**	**1.70**	**1.60**	**1.44**	**1.33**	**1.48**	**1.63**
Provisions	**1.11**	**0.97**	**0.33**	**0.25**	**0.31**	**0.39**	**0.45**
NPA	-0.07	0.09	0.09	0.03	0.28	0.36	0.41
Others	1.18	0.88	0.24	0.22	0.03	0.03	0.04
PBT	**1.16**	**0.92**	**1.29**	**1.25**	**1.17**	**1.22**	**1.29**
Tax	0.30	0.24	0.33	0.32	0.30	0.31	0.33
ROA (%)	**0.86**	**0.68**	**0.96**	**0.93**	**0.87**	**0.91**	**0.96**
Leverage (x)	11.64	11.48	12.01	12.76	13.68	14.66	15.58
ROE (%)	**10.01**	**7.82**	**11.51**	**11.85**	**11.92**	**13.27**	**14.94**

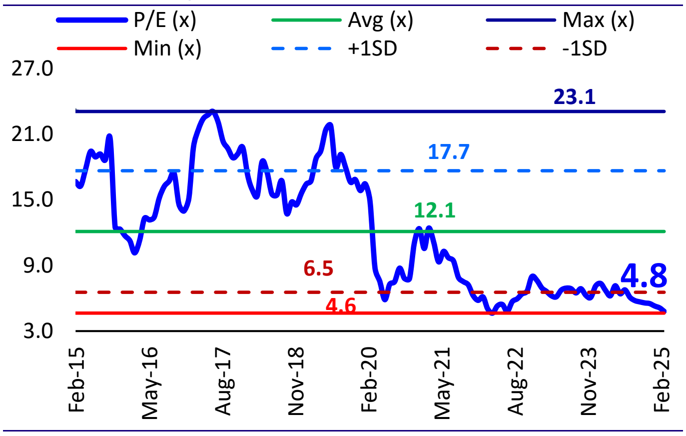
Source: MOFSL, Company

Exhibit 19: One-year forward P/B ratio



Source: MOFSL, Company

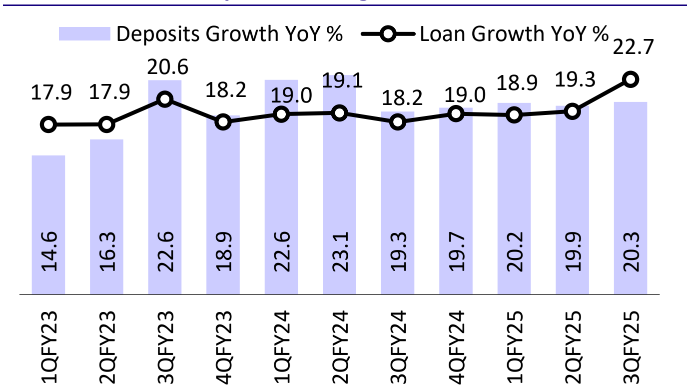
Exhibit 20: One-year forward P/E ratio



Source: MOFSL, Company

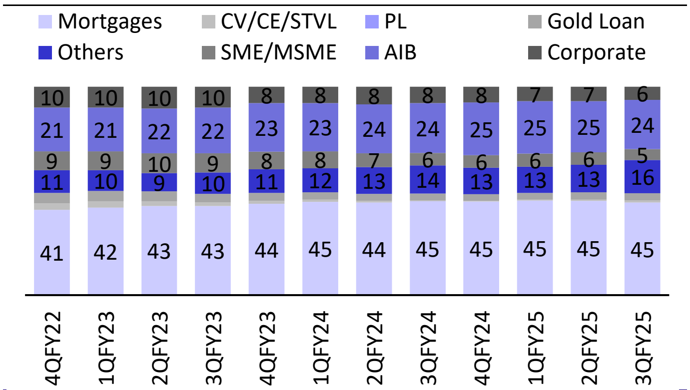
Story in Charts

Exhibit 21: Loan/deposit books grew 22.7%/20.3% YoY



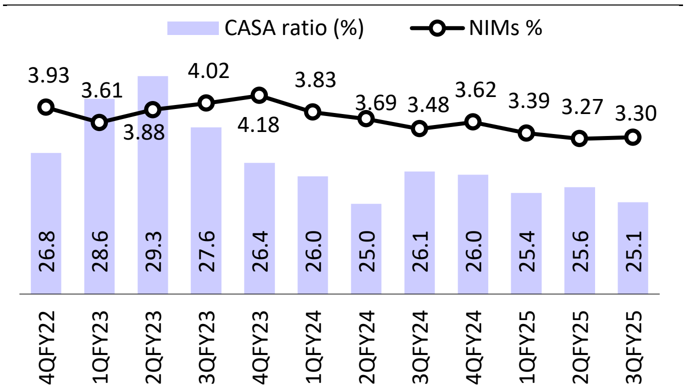
Source: MOFSL, Company

Exhibit 22: Trend in loan mix



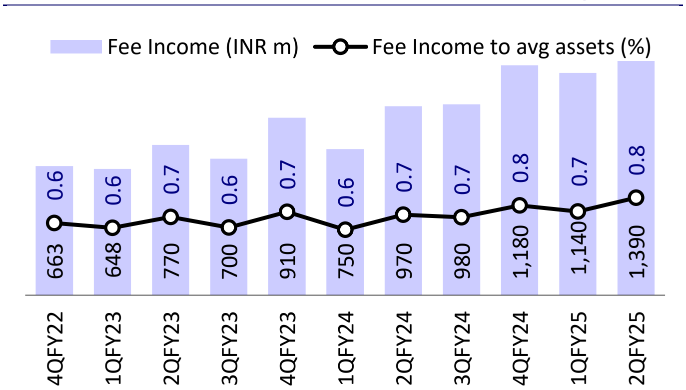
Source: MOFSL, Company

Exhibit 23: CASA ratio stood at 25.1%; NIM at 3.30%



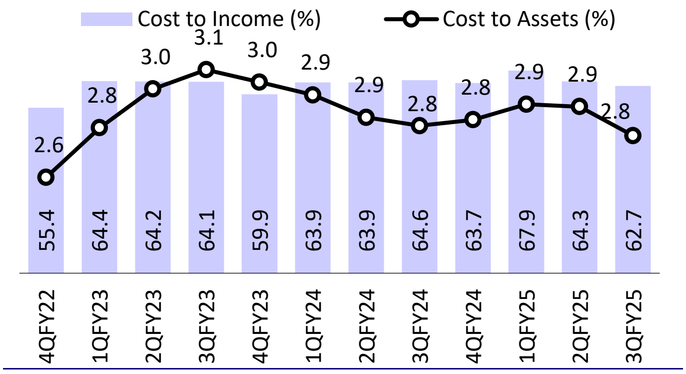
Source: MOFSL, Company

Exhibit 24: Fee income to assets stood at 0.8% of avg. assets



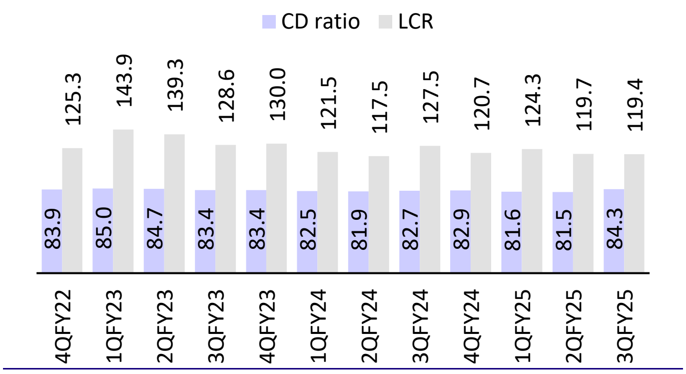
Source: MOFSL, Company

Exhibit 25: CI ratio moderated to 62.7%; Cost/Asset at 2.8%



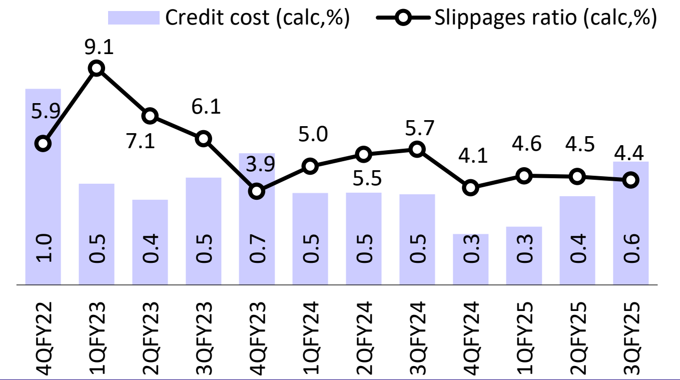
Source: MOFSL, Company

Exhibit 26: CD ratio increased to 84.3% during the quarter



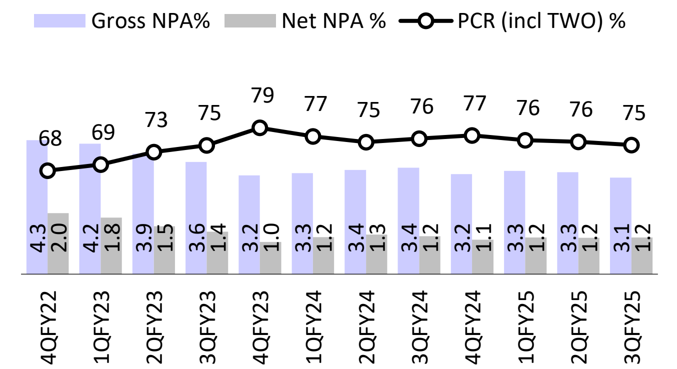
Source: MOFSL, Company

Exhibit 27: Slippage ratio (calc) stood at 4.4% in 3QFY25



Source: MOFSL, Company

Exhibit 28: GNPA/NNPA ratios stood at 3.11%/1.18%



Source: MOFSL, Company

DCBB: Financials and valuations

Income Statement							(INRb)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Interest Income	34.6	35.1	42.0	53.6	62.2	73.8	89.1
Interest Expense	21.7	21.6	24.8	34.3	41.1	47.9	57.0
Net Interest Income	**12.9**	**13.6**	**17.2**	**19.3**	**21.1**	**25.9**	**32.2**
-growth (%)	1.7	5.5	26.5	12.3	9.5	22.7	24.1
Non-Interest Income	4.5	4.5	4.1	4.7	7.3	8.6	10.3
Total Income	**17.3**	**18.1**	**21.3**	**24.0**	**28.4**	**34.6**	**42.4**
-growth (%)	4.6	4.5	17.5	13.0	18.1	21.8	22.8
Operating Expenses	8.5	10.1	13.4	15.4	18.1	21.2	25.0
Pre Provision Profits	**8.9**	**8.0**	**7.9**	**8.6**	**10.2**	**13.3**	**17.4**
-growth (%)	17.6	-10.0	-1.3	9.9	18.5	30.2	30.4
Core PPoP	**7.4**	**7.2**	**7.8**	**8.3**	**9.2**	**12.3**	**16.4**
-growth (%)	8.0	-3.6	8.3	7.2	10.4	33.4	33.4
Provisions	4.3	4.1	1.6	1.4	2.1	3.2	4.5
PBT	**4.5**	**3.9**	**6.3**	**7.2**	**8.1**	**10.1**	**12.9**
Tax	1.2	1.0	1.6	1.9	2.1	2.6	3.3
Tax Rate (%)	25.8	26.2	25.8	25.8	25.8	25.8	25.8
PAT	**3.4**	**2.9**	**4.7**	**5.4**	**6.0**	**7.5**	**9.6**
-growth (%)	-0.6	-14.4	61.9	15.1	12.2	24.5	28.1

Balance Sheet							
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Equity Share Capital	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Equity Share Capital	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Preference Share Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves & Surplus	34.5	37.4	42.5	47.6	52.9	59.6	68.4
Net Worth	**37.6**	**40.5**	**45.6**	**50.7**	**56.0**	**62.7**	**71.5**
Deposits	**297.0**	**346.9**	**412.4**	**493.5**	**595.7**	**723.8**	**884.4**
-growth (%)	-2.2	16.8	18.9	19.7	20.7	21.5	22.2
of which CASA Dep	**67.9**	**92.8**	**109.0**	**128.4**	**147.1**	**188.9**	**241.5**
-growth (%)	4.1	36.8	17.4	17.9	14.6	28.4	27.8
Borrowings	44.8	40.8	41.2	62.2	76.6	94.7	111.8
Other Liabilities & Prov.	16.6	19.7	24.4	23.9	21.1	24.4	27.8
Total Liabilities	**396.0**	**447.9**	**523.6**	**630.3**	**749.4**	**905.6**	**1,095.6**
Current Assets	30.4	40.9	23.7	30.7	32.3	39.0	44.1
Investments	**84.1**	**90.5**	**125.8**	**162.1**	**186.7**	**220.0**	**261.8**
-growth (%)	8.7	7.6	39.0	28.8	15.2	17.8	19.0
Loans	**257.4**	**291.0**	**343.8**	**409.2**	**502.6**	**615.1**	**755.4**
-growth (%)	1.5	13.0	18.2	19.0	22.8	22.4	22.8
Fixed Assets	5.7	6.6	8.3	8.6	9.4	10.3	11.3
Other Assets	18.4	18.9	22.1	19.7	18.4	21.1	23.0
Total Assets	**396.0**	**447.9**	**523.7**	**630.4**	**749.4**	**905.6**	**1,095.6**

ASSET QUALITY							
GNPA	10.8	12.9	11.2	13.5	15.4	17.9	20.9
NNPA	5.9	5.7	3.6	4.5	5.8	6.1	6.5
GNPA Ratio (%)	4.13	4.33	3.21	3.25	3.01	2.85	2.72
NNPA Ratio (%)	2.31	1.97	1.04	1.11	1.16	0.99	0.85
Slippage Ratio (%)	2.7	6.5	5.4	4.0	3.5	3.2	3.0
Credit Cost (%)	1.70	1.49	0.50	0.38	0.5	0.6	0.7
PCR (Excl Tech. write off) (%)	43.9	53.5	56.0	55.0	62.1	65.8	69.2

E: MOFSL Estimates

DCBB: Financials and valuations

Ratios							
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	**9.4**	**8.8**	**9.2**	**9.8**	**9.4**	**9.2**	**9.2**
Avg. Yield on loans	10.9	10.3	10.7	11.3	10.7	10.5	10.4
Avg. Yield on Investments	7.2	6.8	6.6	7.3	6.9	6.9	6.9
Avg. Cost-Int. Bear. Liab.	**6.4**	**5.9**	**5.9**	**6.8**	**6.7**	**6.4**	**6.3**
Avg. Cost of Deposits	6.3	5.9	5.9	6.8	6.7	6.5	6.4
Interest Spread	**3.0**	**2.9**	**3.3**	**3.0**	**2.7**	**2.8**	**2.9**
Net Interest Margin	**3.6**	**3.6**	**4.0**	**3.7**	**3.3**	**3.4**	**3.5**
Profitability Ratios (%)							
CAR	19.7	18.9	17.6	16.6	14.7	13.2	12.1
Tier I	15.5	15.8	15.2	14.5	13.0	11.7	10.8
CET 1		15.8	15.2	14.5	14.5	13.4	12.6
Tier II	4.2	3.1	2.4	2.1	1.7	1.5	1.2
Business Ratio (%)							
Loans/Deposit Ratio	86.6	83.9	83.4	82.9	84.4	85.0	85.4
CASA Ratio	22.8	26.8	26.4	26.0	24.7	26.1	27.3
Cost/Assets	2.2	2.4	2.8	2.7	2.6	2.6	2.5
Cost/Income	48.9	56.0	63.0	64.0	63.9	61.4	59.0
Cost/ Core Income	53.3	58.6	63.3	64.9	66.4	63.4	60.5
Int. Expense/Int.Income	62.8	61.4	59.1	64.0	66.0	64.9	63.9
Fee Income/Net Income	17.5	20.5	18.7	18.4	21.9	21.9	21.8
Other Income/Net Income	25.7	25.0	19.3	19.7	25.6	25.0	24.2
Employee Cost/Operating Expense	51.2	53.2	51.7	51.7	50.8	50.4	50.4
Efficiency Ratios (INRm)							
Employee per branch (in nos)	18.3	20.2	23.2	25.6	26.1	26.3	26.6
Staff cost per employee	0.7	0.7	0.7	0.7	0.8	0.8	0.9
CASA per branch	194.0	192.8	232.0	255.2	290.6	314.0	376.8
Deposits per branch	903.9	843.9	867.3	965.8	1,116.6	1,271.4	1,443.7
Business per Employee	81.4	86.2	79.0	76.3	79.7	89.8	101.4
Profit per Employee	4.9	5.2	3.6	4.7	4.7	4.9	5.7

Profitability and Valuations Ratios							
RoE	10.0	7.8	11.5	11.8	11.9	13.3	14.9
RoA	0.9	0.7	1.0	0.9	0.9	0.9	1.0
RoRWA	1.4	1.2	1.6	1.6	1.5	1.6	1.8
Book Value (INR)	117	126	141	157	174	195	224
-growth (%)	10.3	7.9	12.0	11.1	10.8	12.3	14.4
Price-BV (x)	**0.9**	**0.8**	**0.7**	**0.6**	**0.6**	**0.5**	**0.5**
Adjusted BV (INR)	104	113	133	147	161	182	209
Price-ABV (x)	**1.0**	**0.9**	**0.8**	**0.7**	**0.6**	**0.6**	**0.5**
EPS (INR)	10.8	9.2	14.9	17.1	19.2	23.9	30.7
-growth (%)	-0.7	-14.5	61.7	14.6	12.2	24.5	28.1
Price-Earnings (x)	**9.4**	**11.0**	**6.8**	**6.0**	**5.3**	**4.3**	**3.3**
Dividend Per Share (INR)	0.0	1.0	1.0	1.2	2.2	2.5	2.5
Dividend Yield (%)	**0.0**	**1.0**	**1.0**	**1.2**	**2.2**	**2.5**	**2.5**

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.