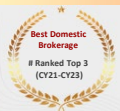


Motilal Oswal values your support in the EXTEL POLL 2025 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

EXTEL POLL
2025



DCB BANK

Stock Info

Bloomberg	DCBB IN
Equity Shares (m)	315
M.Cap.(INRb)/(USDb)	55.3 / 0.6
52-Week Range (INR)	177 / 101
1, 6, 12 Rel. Per (%)	34/20/44
12M Avg Val (INR M)	286

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	21.1	24.4	29.3
OP	10.4	13.4	16.4
NP	6.2	7.6	9.5
NIM (%)	3.3	3.1	3.2
EPS (INR)	19.6	23.6	29.5
EPS Gr. (%)	14.3	20.5	25.2
BV/Sh. (INR)	176	193	220
ABV/Sh. (INR)	163	177	204

Ratios

RoA (%)	0.9	0.9	1.0
RoE (%)	12.1	13.2	14.6

Valuations

P/E (x)	8.9	7.4	5.9
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	14.7	14.7	14.7
DII	31.9	31.8	26.7
FII	10.5	11.7	11.1
Others	42.9	41.8	47.6

FII Includes depository receipts

DCB Bank

CMP: INR176

TP: INR210 (+20%)

Buy

Growth outlook steady; RoE target at 13.5%/14.5% for FY27/FY28

We estimate 24% CAGR in earnings over FY26-28

- DCB Bank (DCBB) has been delivering healthy loan growth and has guided for a steady growth rate of 18-20% over the coming years. The bank continues to focus on granular retail loans with a retail mix (ex-Agri) at 65% of the total portfolio.
- NIMs improved 3bp QoQ to 3.23% in 2QFY26, aided by a reduction in deposit costs. NIMs are expected to improve gradually, supported by lower funding costs and limited yield compression, though further rate cuts remain a factor to watch out for.
- With healthy business growth, operating leverage and margin improvement, we expect DCBB to report steady traction in the balance sheet and earnings growth.
- Its operational focus and technology-led efficiencies will help DCBB keep cost ratios below 2.5%. As operating leverage improves, the bank targets RoE of ~13.5% by FY26-27 and ~14.5% by FY27-28 (without factoring in any capital raise).
- Notwithstanding a sharp rally in recent months, the valuations remain attractive at 0.8x FY27E ABV for a potential RoA of ~1% and ~24% earnings CAGR estimated over FY26-28E. We reiterate our BUY rating with a revised TP of INR210 (premised on 1.0x FY27E ABV).

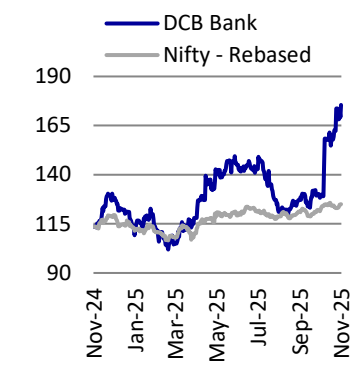
Loan growth to be healthy at 18-20%; focus remains on granularity

DCBB is set to maintain a robust growth trajectory, with expectations of annual growth of 18-20% while remaining adequately capitalized with CAR in the range of 15.50% to 17.0% in the next two years. The bank reported 19% YoY growth in advances in 2Q. This growth is fueled by strength in co-lending and 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 to drive profitable growth. However, mortgage disbursements slowed as the bank raised ticket sizes and prioritized LAP over home loans, thereby improving yields. Co-lending partnerships contribute 16% to advances and the bank intends to maintain this mix at this level. Overdraft is a key differentiator and will continue to drive growth over the coming years. We estimate loan CAGR of ~19% over FY26-28E.

Retail mix healthy; productivity to improve further

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 of leveraging branch-level productivity for sustainable growth. To increase business per branch, the bank has focused on enhancing digital capabilities and improving operational efficiency while maintaining strong cost controls. DCBB is comfortable with 60:40 mix in BL:HL ratio (at sourcing) and will maintain this going forward. Deposits grew in line with advances (19% YoY) with continued focus on retail deposits. CD ratio remained comfortable at ~82%, providing adequate room for growth. We estimate deposit CAGR of 18% over FY26-28E.

Stock Performance (1-year)



NIM to show positive bias; estimate 21% CAGR in NII over FY26-28E

DCBB's NIM is expected to remain resilient and improve further, supported by the full pass-through of repo rate cuts, ongoing benefits from lower deposit costs as older high-rate term deposits mature, and strategic actions such as a reduction in term deposits, CD issuances at more favorable rates, and sourcing fresh borrowings at significantly lower costs. While portions of the older hybrid stock portfolio shifting to floating rates may see some yield moderation, minimal compression in yields on new sourcing should help DCBB sustain lending yields. With these factors cushioning funding costs and stabilizing asset yields, DCBB's NIM appears poised to remain stable to slightly expansionary, as reflected in the 3bp QoQ increase to 3.23% in 2Q, though we remain watchful of further rate cuts. DCBB expects NII-to-average assets at 3.15-3.20% for the next two years.

Operating leverage and cost discipline to aid profitability

Operational improvements remain central to the bank's strategy, with healthy core fee income from third-party distribution and trade fees further supporting revenue growth. The bank has reduced its employee base by 9% YoY to 10.7k. Though selective hiring will resume, it will be supported by rising business volumes. Overall costs are set to increase, but income is expected to grow at a faster pace, keeping cost-asset ratio comfortable below 2.5% and fee income-to-avg asset stable at 1-1.05% over the next two years. We expect C/I ratio to moderate to ~58% by FY27E.

Asset quality outlook stable; guides credit costs to remain below 40-45bp

DCBB's asset quality outlook remains stable, supported by moderating fresh slippages and marginal improvements in GNPA/NNPA ratios to 2.91%/1.21% in 2Q. While PCR eased slightly to 59.2%, credit costs remained contained at 31bp in 2Q, with full-year credit costs expected to remain below 45bp. The bank continues to prioritize strengthening recoveries and managing slippages, targeting a slippage ratio of 2.5%, though it is focusing more on enhancing productivity than aggressively reducing slippages. GNPA pressure remains elevated in AIB (due to the MFI book), but improvements in the unsecured DA book provide comfort. DCBB's steady collections and ongoing portfolio improvements position it well to maintain healthy asset quality, enabling controlled credit costs. We estimate GNPA/NNPA ratios at 2.60%/1.03% for FY27E.

Valuation and view

DCBB has seen a healthy momentum in loan growth, supported by growing focus on gold loans and co-lending partnerships, and the bank expects annual growth of 18-20%. Despite repo rate cuts, NIMs expanded 3bp QoQ in 2Q and management expects further improvement on a calibrated basis. With healthy business growth, operating leverage and margin improvement, we expect DCBB to report steady traction in the balance sheet and earnings growth. Management has guided for RoE of ~13.5% by FY26-27 and ~14.5% by FY27-28 (without factoring in any capital raise). Notwithstanding a sharp rally in recent months, the valuations remain attractive at 0.8x FY27E ABV for a potential RoA of ~1% and ~24% earnings CAGR estimated over FY26-28E. **We reiterate our BUY rating with a revised TP of INR210 (premised on 1.0x FY27E ABV).**

Key takeaways from the sessions with top management

Session #1: Key takeaways from the presentation by MD & CEO

- For a foreseeable future, the bank sees itself in a secured position, i.e., low loss given default area, geographically diversified and self-employed franchise.
- It has gone through several transitions in the past few years – changed CEO, CFO, ED, Head HR, CRO, all hired from within the bank.
- The bank has tweaked its BL/HL ratio, which now stands at 60:40 on sourcing.
- Ramped up its gold loan book through branches; the gold loan book now at 4x of the Covid-period book.
- Started education finance portfolio (funding for new labs, school buildings, etc.; ATS of INR20-30m) and expects to grow it in the future.
- Will start tractor financing to fill the MFI gap as it has reasonable NPAs and has leveraged partnerships at both end of BS.
- It has leveraged partnership like Neo and co-lending on the asset side of the book. The bank is homegrown and has more direct sourcing than DSA.
- Improved productivity and reduced non-performers, thereby reducing the workforce to 10,792 now.
- Differential between the average peak retail rate of the three biggest PSU banks and private banks vs. DCBB is now 60bp vs. 89bp in 1QFY25.
- Business per employee has gone up to 9.81.
- DCBB has been relying on technology and has been controlling cos. It have reduced gold loan onboarding from 150min to 30min – no paper, no courier, no delay, no error, account opening.
- Betting big on secured credit card, which is a complete paperless and digital journey from issuance to manage and servicing.
- Tier-1 grew despite growing 20% in last two quarters. RWA/total assets has reduced to 49.08% in Sep'25.
- Management believes it can scale up to an organization that can provide all solutions that meet all financial needs (risk protection, trade finance, ample money).
- The bank operates in the secured, granular and tech-driven space only.
- DCBB wants to be a bank with high growth, low credit cost, and consistent and predictable operations.
- About 76% of customers have only one product with the bank. This provides an opportunity to cross-sell as for every 1 DCBB gold loan, 1 home loan, 1 business loan and 1 overdraft loan, there are DCBB customers with: 1.7 gold loans, 3.3 home loans, 1.7 business loans and 0.9 overdraft loans outside DCBB.
- About 10.1% of all Indian debit card international spends in Jun'25 happened through DCBB's NiYo cards.
- Around 2.1% of all Indian (Debit + Credit + Prepaid) card international spends in Jun'25 happened through DCBB's NiYo cards.
- 27% of DCB NiYo customers who have used the card abroad keep less than INR1,000 in their savings accounts with DCBB. It sees this as an opportunity, as people are using them as a service provider.
- 35% of private banks/24% of HFC/20% of NBFCs acquire DCBB's customers, but the bank has term loans and overdraft facilities and is targeting these customers.

- The bank is now building a horizontal business: 1) unified cross-sell engine, 2) product literacy uplift for RMs, 3) digital-first activation flows, 4) analytics-led funnels, 5) wallet-linked RM scorecard, 6) Governance – tone at the top.
- The bank expects annual growth of 18-20% while remaining adequately capitalized with CAR in the range of 15.50% to 17.0% in the next two years.
- RoA is expected at 0.92%-1% for the next two years.
- Cost to avg asset is expected at 2.45-2.5% and fee income to avg assets at 1-1.05% for the next two years.
- Net interest income to average assets is expected at 3.15%-3.2% and credit cost to average assets at 40-45bp for the next two years.

Session #2: Key takeaways from the presentation by CFO

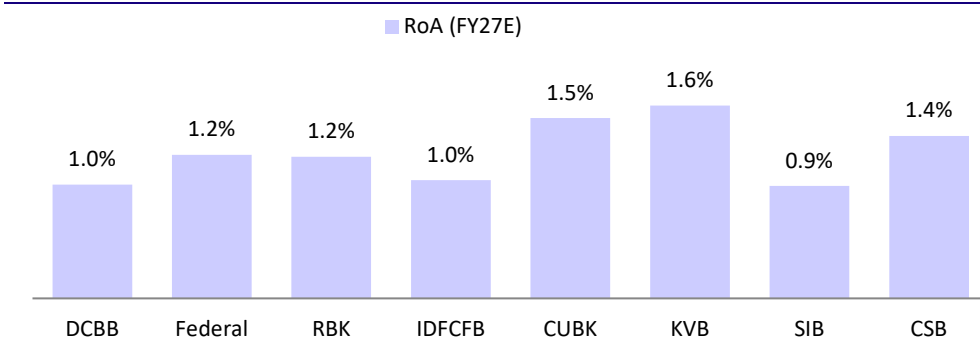
- Bank was above 1.5x P/BV before Covid period consistently.
- In last 12 quarters, average advances/deposit growth stood at 21.17%/20.5%.
- In 2Q, DCBB's advances grew 19% vs. 13% for private banks (excluding SFBs) having less than INR3t balance sheet size.
- In 1HFY26, yields fell 43bp against a 100bp repo rate cut. Going forward, product mix is expected to enhance yields.
- The bank is changing the mix from housing loan to LAP.
- Cost of deposits is declining (6.96% in 2QFY26 vs. 7.12% in 1QFY26), and re-pricing benefit will play out fully in 3-4 more quarters.
- NIMs have bottomed out and will see upward trends from hereon. Reduction in cost of deposits is key to improving NIM.
- NIM is expected to reach 3.30% to 3.40% as the deposit repricing unfolds over the next 3-4 quarters.
- GNPA has improved from 3.33% in 1QFY25 to 2.91% in 2QFY26.
- Management actions are underway to improve collections/recoveries and others and expects to improve asset quality going forward.
- Credit cost is well under control at 31bp and is consistently below 40bp, but the bank is still working on it as ECL will also have some impact.
- The bank has shown significant improvement in cost to average assets and there has been 32bp reduction from peak of 2.75% in 2QFY25 to 2.43% in 2QFY26.
- Operating leverage has increased to 2.23x in 2QFY26. The bank expects operating leverage of 1.6x going forward.
- Improvements in ROA will be the result of: 1) benefits flowing from reduction in cost of deposit, 2) continued focus/tight leash on operating costs, 3) controlled credit costs.
- RoE is expected at 13.5% by FY26-27 end and 14.5% by FY27-28 end (without considering any additional capital that may be raised during this period).
- P/BV is currently at 0.7x, with a book value at 180.41. This is consistently growing sequentially.
- The balance sheet size crossed the INR750b mark in FY25 and stood at INR788.9b as of 2QFY26.
- Consistent increase in core fee income – the highest fee income growth in last 16 years (58% YoY) in FY25.
- The bank is working on the cost of deposits, which was at 6.63% average in 4QFY17-3QFY20 vs. 7.11% average in 1QFY25-2QFY26.

Session #3: Q&A session

- Single biggest co-lending partner from Mar'24 to Oct'25; there was zero incremental sourcing in this book. Despite this rundown, the bank posted 18-20% growth.
- Organic growth is in high-teens. INR30-100m higher ticket size growth is coming organically.
- SME has element called treads, which is lower yield and low tenor and the bank has gone slow on it.
- The bank has gone heavy on lower-earning assets and higher borrowings. Most of overdraft, which the bank is doing, will come from SME.
- Only treads in SME is going down but overdraft is critical for the bank and this will grow.
- Most of the gold is at the rate at which customer was onboarded and customer does not get much benefit.
- In C/I ratio, the bank does not expect much juice is left to lower it as DCBB will continue to invest in people and business.
- In 2030, the bank expects to be an INR2.5t bank; still large proportion of secured lending opportunities will be there in India at that time as well.
- The bank will stick to secured lending going forward as well.
- 2Q NIM on average assets was at 3.05% and the bank expects this at 3.15%-3.2% for the next two years.
- DCBB has long-tenor term deposits, which is an advantage. Renewal rate is in high-70s.
- To reach RoA of 1.1%, the play is on cost of deposits, which is a challenge and the bank should be tracked on basis of liability side.
- The bank is really concentrating on right kind of assets and as long as credit cost is under control, the bank is focusing less on slippages. Improvement will be gradual on GNPA's and NNPA's.
- DCBB mainly has low-margin, low-opex products. It has hit the ladder on cost to avg assets and a slight uptick is expected. Credit cost is expected to be below 45bp. Fee income is good. Treasury has mostly dried up. High probability that NIMs have bottomed out.
- The bank is cautious about liability growth at the same granular manner with lower cost of deposits. It is not much worried about further rate cuts.
- On asset growth, co-lending will not be more than 15% in 4Q.
- RWA/total asset is expected at early-50s. On capital, the bank is comfortable with capital that it currently has with the kind of growth it is expecting. However, if opportunities come, it could have capital with right kind of partner.
- DCBB will not create NPA problem in future and mix problem on liability side. The bank will not compromise on the franchise.
- Co-lending for gold typically does not come with credit cost; comes with near-zero expenses; NIM is low; small capital consumption and it helps RoE. On other products, credit is yet to be played out.
- Next year, the bank would be touching 500 branches.
- Liability is based on setting branches in same areas, but in assets, there should be concentration.
- Slippages, apart from gold, are 2.5%.
- The bank has a campaign where 90DPD is replaced by 1DPD.

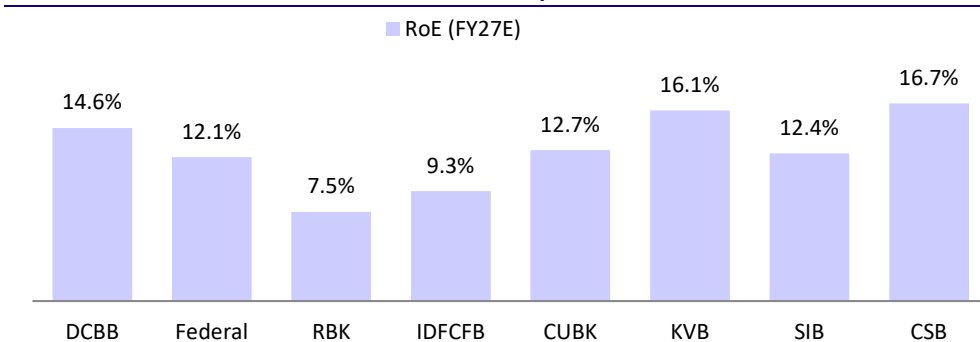
- It has the ability to cross-sell products through branch banking. Secured credit card is a liability product of sort.
- The bank is comfortable with 60:40 mix in BL:HL, which it will continue.
- There will be a dilution yield from the hybrid deposit becoming floating now.
- Co-lending will continue to grow at ~20% YoY, which is same as rest of the asset.

Exhibit 1: FY27E RoA for mid-sized banks



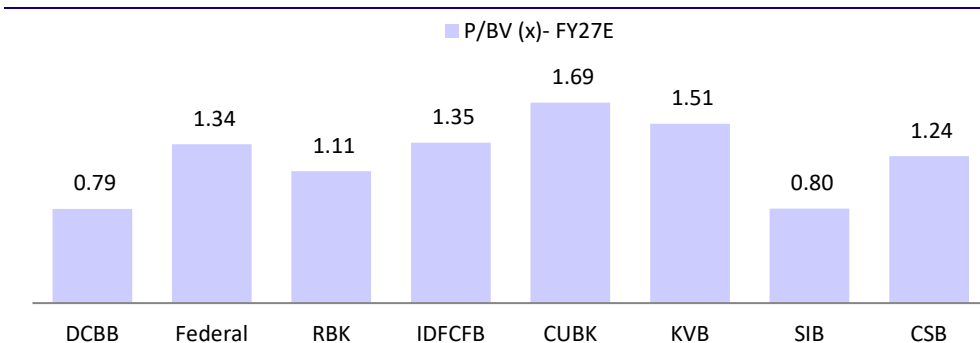
Source: MOFSL, Company

Exhibit 2: FY27E RoE for DCBB better than most peers'



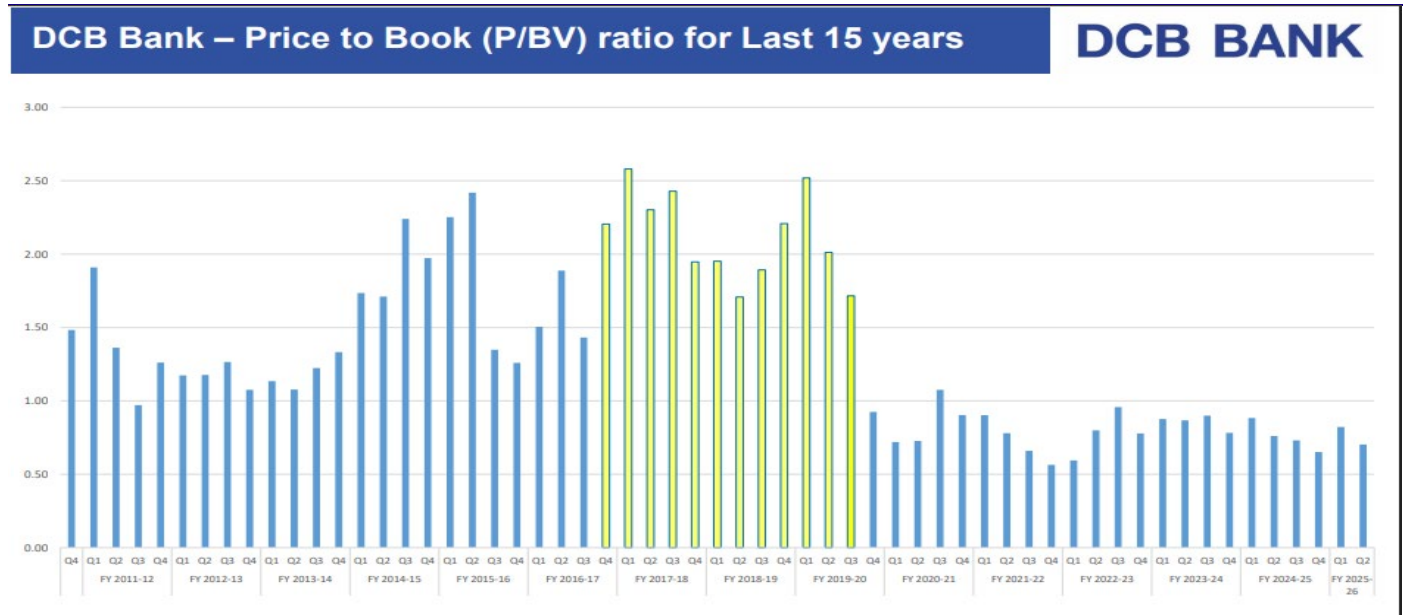
Source: MOFSL, Company

Exhibit 3: Despite strong rally, DCBB trades comparatively cheaper vs. most mid-sized banks



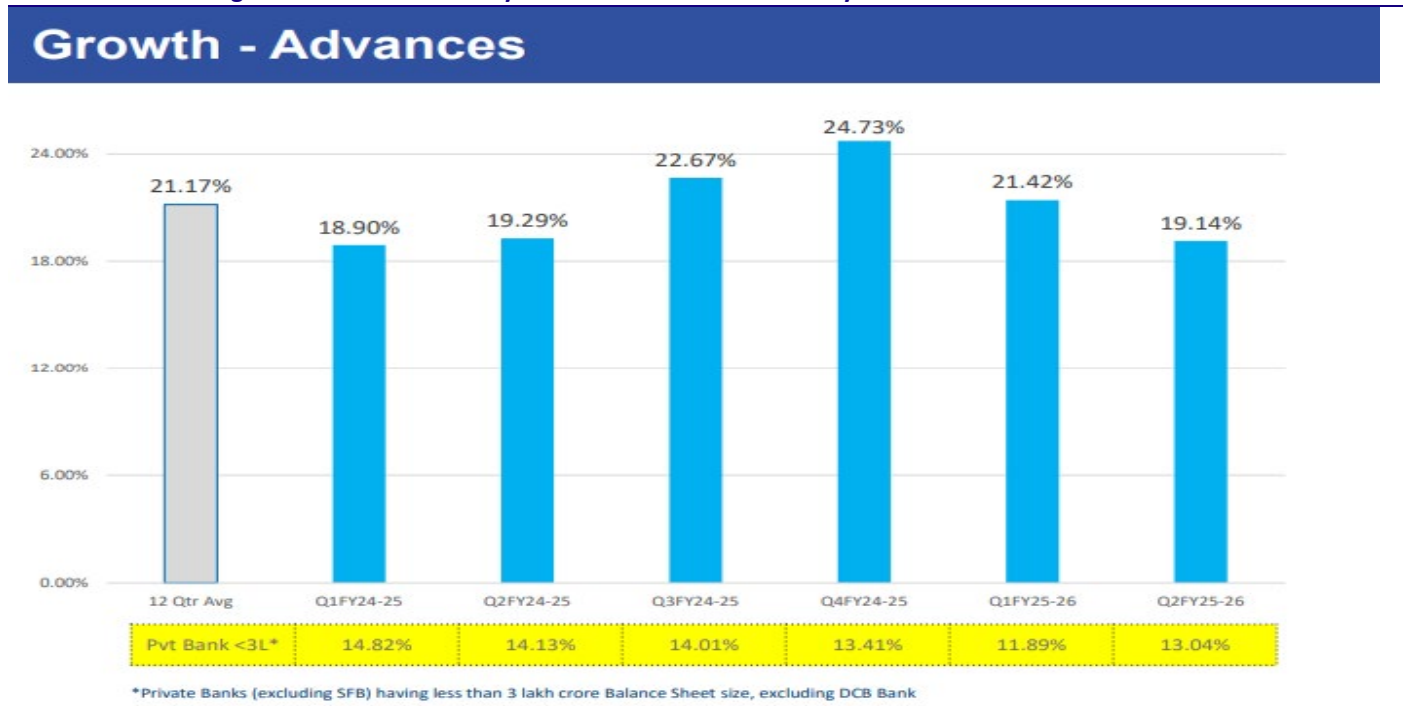
Source: MOFSL, Company

Exhibit 1: DCBB's P/BV ratio for last 15 years



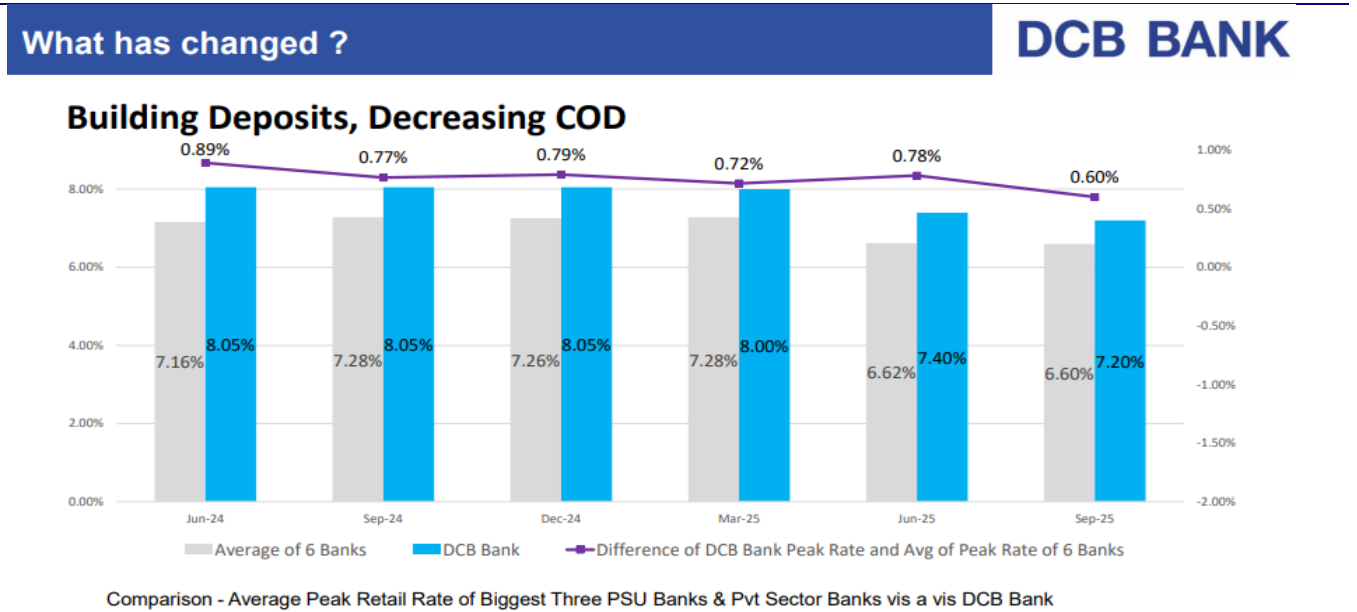
Source: MOFSL, Company

Exhibit 2: Advances growth to remain healthy at ~18-20% YoY for next two years



Source: MOFSL, Company

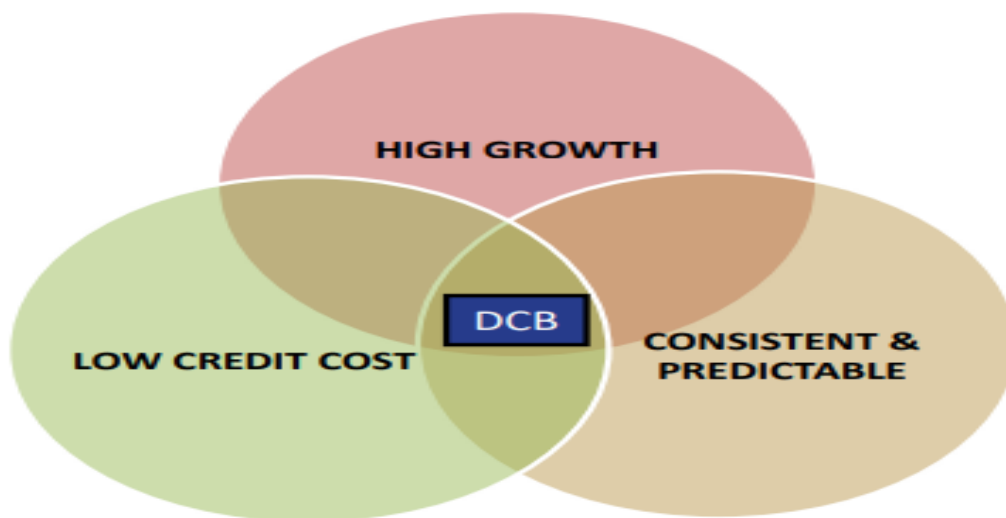
Exhibit 3: Differential between average peak retail deposit rate of three biggest PSU banks and private banks vs. DCBC has moderated to 60bp from 89bp in 1QFY25



Source: MOFSL, Company

Exhibit 4: Bank is focusing on high growth and low credit cost

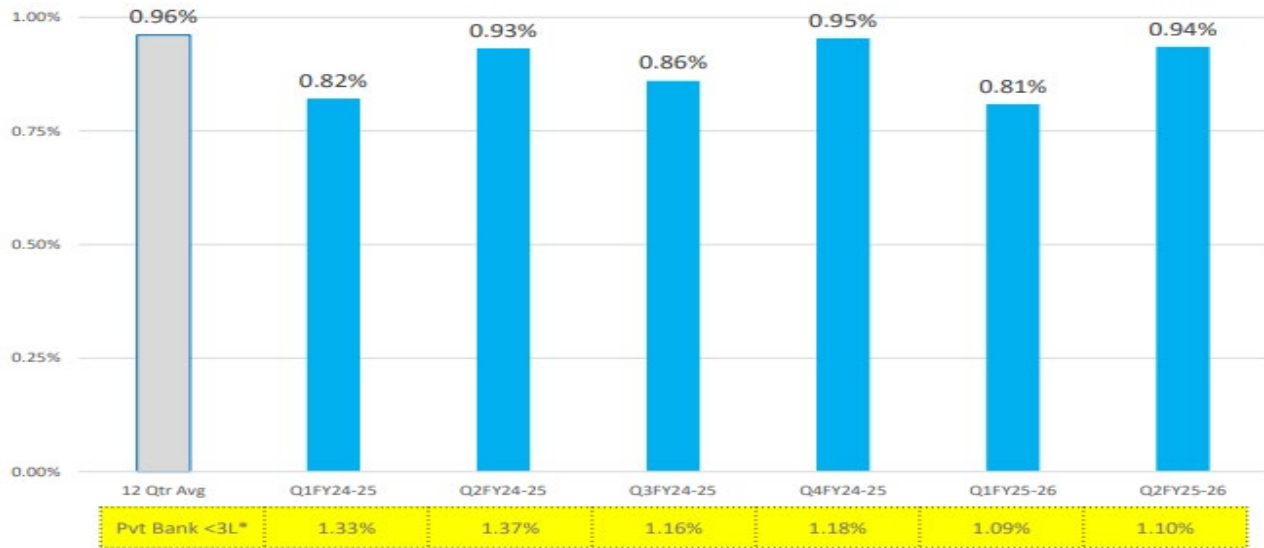
The Culture We Are Building



Source: MOFSL, Company

Exhibit 5: RoA stood at 0.94% in 2QFY26

Return on Average Assets (ROA)



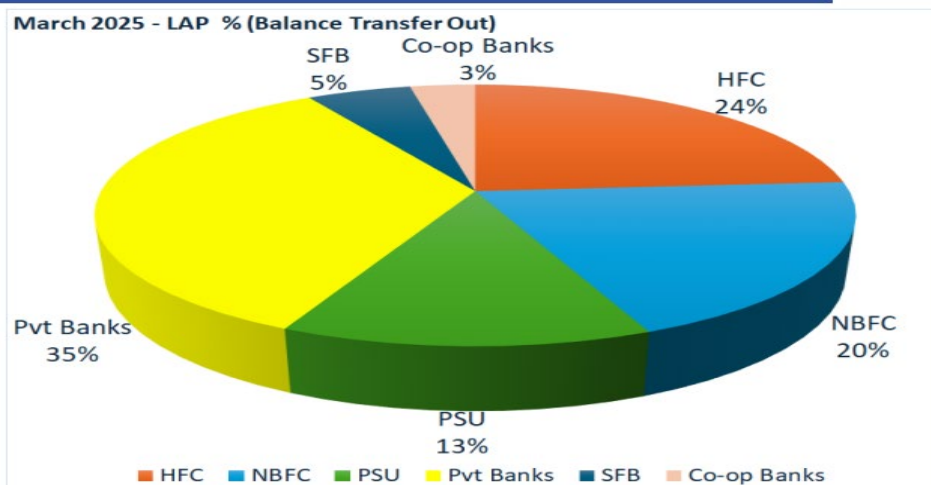
*Private Banks (excluding SFB) having less than 3 lakh crore Balance Sheet size, excluding DCB Bank

Source: MOFSL, Company

Exhibit 6: LAP segment balance transfer out: ~35% of private banks/24% of HFC/20% of NBFCs take DCBB's customers

Shift from "Lender" to "Banker"

DCB BANK

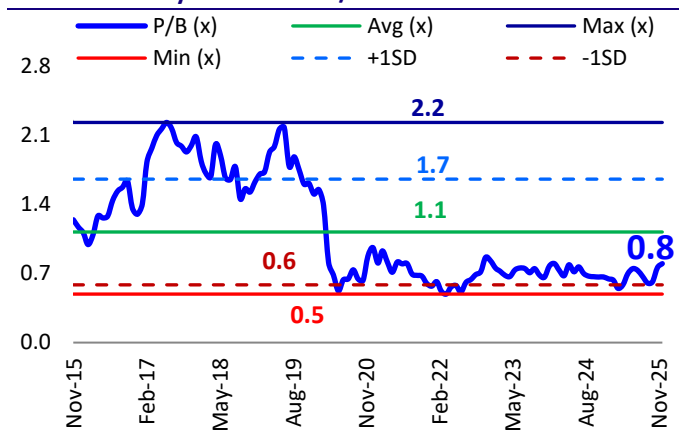


DCB Bank Limited

22

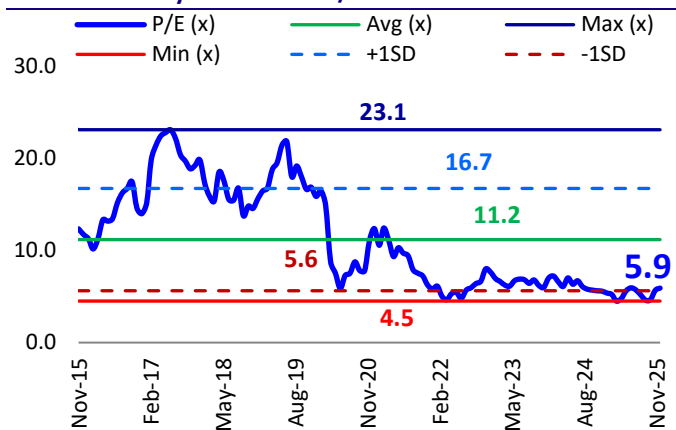
Source: MOFSL, Company

Exhibit 7: One-year forward P/BV



Source: MOFSL, Company

Exhibit 8: One-year forward P/E



Source: MOFSL, Company

Exhibit 9: DuPont analysis: Estimate FY27E RoA/RoE to improve to 0.96%/14.6%

DCB Bank	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	8.65	9.29	9.25	8.71	8.66	8.61
Interest Expended	5.11	5.95	6.24	5.79	5.70	5.57
Net interest Income	3.53	3.34	3.01	2.92	2.97	3.04
Fee income	0.82	0.77	0.86	0.90	0.90	0.90
Trading and others	0.02	0.06	0.22	0.15	0.12	0.09
Non-interest Income	0.84	0.82	1.07	1.05	1.01	0.99
Total Income	4.38	4.16	4.09	3.97	3.98	4.03
Operating expenses	2.76	2.66	2.60	2.37	2.32	2.30
Employees	1.43	1.38	1.32	1.20	1.17	1.15
Others	1.33	1.29	1.28	1.17	1.15	1.15
Operating profits	1.62	1.50	1.48	1.60	1.66	1.73
Core PPOp	1.60	1.44	1.27	1.44	1.54	1.64
Provisions	0.33	0.25	0.30	0.38	0.37	0.40
NPA	0.09	0.02	0.03	0.35	0.34	0.37
Others	0.24	0.23	0.27	0.03	0.03	0.03
PBT	1.29	1.25	1.19	1.22	1.29	1.34
Tax	0.33	0.32	0.31	0.31	0.33	0.34
ROA (%)	0.96	0.93	0.88	0.90	0.96	0.99
Leverage (x)	12.01	12.76	13.73	14.62	15.23	15.63
ROE (%)	11.51	11.85	12.09	13.20	14.59	15.50

Source: MOFSL, Company

DCBB: Financials and valuations

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	42.0	53.6	64.7	72.9	85.6	100.6
Interest Expense	24.8	34.3	43.6	48.5	56.3	65.1
Net Interest Income	17.2	19.3	21.1	24.4	29.3	35.5
-growth (%)	26.5	12.3	9.3	16.0	19.9	21.0
Non-Interest Income	4.1	4.7	7.5	8.8	10.0	11.6
Total Income	21.3	24.0	28.6	33.2	39.3	47.1
-growth (%)	17.5	13.0	18.9	16.3	18.4	19.7
Operating Expenses	13.4	15.4	18.2	19.9	22.9	26.8
Pre Provision Profits	7.9	8.6	10.4	13.4	16.4	20.2
-growth (%)	-1.3	9.9	20.0	28.8	22.6	23.6
Core PPOP	7.8	8.3	8.9	12.1	15.2	19.1
-growth (%)	8.3	7.2	6.5	36.4	26.1	25.6
Provisions	1.6	1.4	2.1	3.2	3.6	4.6
PBT	6.3	7.2	8.3	10.2	12.7	15.6
Tax	1.6	1.9	2.1	2.6	3.3	4.0
Tax Rate (%)	25.8	25.8	25.7	25.8	25.8	25.8
PAT	4.7	5.4	6.2	7.6	9.5	11.6
-growth (%)	61.9	15.1	14.8	22.8	25.2	22.5

Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	3.1	3.1	3.1	3.2	3.2	3.2
Reserves & Surplus	42.5	47.6	53.7	60.0	68.9	79.9
Net Worth	45.6	50.7	56.9	63.2	72.1	83.1
Deposits	412.4	493.5	600.3	709.0	836.6	989.7
-growth (%)	18.9	19.7	21.6	18.1	18.0	18.3
of which CASA Dep	109.0	128.4	147.2	168.0	201.6	243.5
-growth (%)	17.4	17.9	14.6	14.1	20.0	20.8
Borrowings	41.2	62.2	91.2	109.7	133.4	161.7
Other Liabilities & Prov.	24.4	23.9	19.7	23.5	27.7	32.7
Total Liabilities	523.6	630.3	768.1	905.4	1,069.8	1,267.1
Current Assets	23.7	30.7	27.0	32.2	37.2	41.8
Investments	125.8	162.1	201.5	237.8	281.3	331.9
-growth (%)	39.0	28.8	24.3	18.0	18.3	18.0
Loans	343.8	409.2	510.5	602.4	713.2	848.7
-growth (%)	18.2	19.0	24.7	18.0	18.4	19.0
Fixed Assets	8.3	8.6	9.0	10.1	10.8	11.5
Other Assets	22.1	19.7	20.2	23.0	27.5	33.2
Total Assets	523.7	630.4	768.1	905.4	1,069.8	1,267.1

ASSET QUALITY						
GNPA	11.2	13.5	15.5	17.1	18.9	22.5
NNPA	3.6	4.5	5.7	6.9	7.4	8.4
GNPA Ratio (%)	3.21	3.25	3.00	2.80	2.60	2.61
NNPA Ratio (%)	1.04	1.11	1.12	1.15	1.03	0.99
Slippage Ratio (%)	5.4	4.0	3.3	3.5	3.0	3.0
Credit Cost (%)	0.50	0.38	0.45	0.6	0.6	0.6
PCR (Excl Tech. write off) (%)	56.0	55.0	51.9	59.5	61.0	62.6

E: MOSL Estimates

DCBB: Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	9.2	9.8	9.7	9.0	9.0	8.9
Avg. Yield on loans	10.7	11.3	11.1	10.2	10.1	10.1
Avg. Yield on Investments	6.6	7.3	7.2	6.9	6.8	6.7
Avg. Cost-Int. Bear. Liab.	5.9	6.8	7.0	6.4	6.3	6.1
Avg. Cost of Deposits	5.9	6.8	7.0	6.5	6.4	6.3
Interest Spread	3.3	3.0	2.7	2.6	2.7	2.8
Net Interest Margin	4.0	3.7	3.3	3.1	3.2	3.3

Profitability Ratios (%)

CAR	17.6	16.6	16.8	16.6	15.6	14.7
Tier I	15.2	14.5	14.3	14.4	13.8	13.2
CET 1	15.2	14.5	14.3	13.4	12.6	12.6
Tier II	2.4	2.1	2.5	2.1	1.8	1.5

Business Ratio (%)

Loans/Deposit Ratio	83.4	82.9	85.0	85.0	85.3	85.8
CASA Ratio	26.4	26.0	24.5	23.7	24.1	24.6
Cost/Assets	2.8	2.7	2.6	2.4	2.3	2.3
Cost/Income	63.0	64.0	63.7	59.8	58.3	57.0
Cost/ Core Income	63.3	64.9	67.3	62.2	60.1	58.4
Int. Expense/Int.Income	59.1	64.0	67.4	66.5	65.8	64.7
Fee Income/Net Income	18.7	18.4	21.0	22.6	22.6	22.3
Other Income/Net Income	19.3	19.7	26.3	26.4	25.5	24.7
Employee Cost/Operating Expense	51.7	51.7	50.7	50.8	50.5	50.1

Efficiency Ratios (INRm)

Employee per branch (in nos)	23.2	25.6	23.8	26.3	26.5	26.8
Staff cost per employee	0.7	0.7	0.8	0.8	0.8	0.9
CASA per branch	232.0	255.2	290.6	317.3	338.4	379.5
Deposits per branch	867.3	965.8	1,116.6	1,293.8	1,428.0	1,574.8
Business per Employee	79.0	76.3	79.7	100.5	100.5	110.0
Profit per Employee	3.6	4.7	4.7	5.6	5.8	6.7

Profitability and Valuations Ratios

RoE	11.5	11.8	12.1	13.2	14.6	15.5
RoA	1.0	0.9	0.9	0.9	1.0	1.0
RoRWA	1.6	1.6	1.6	1.7	1.8	1.9
Book Value (INR)	141	157	176	193	220	254
-growth (%)	12.0	11.1	12.2	9.3	14.4	15.5
Price-BV (x)	1.2	1.1	1.0	0.9	0.8	0.7
Adjusted BV (INR)	133	147	163	177	204	236
Price-ABV (x)	1.3	1.2	1.1	1.0	0.9	0.7
EPS (INR)	14.9	17.1	19.6	23.6	29.5	36.2
-growth (%)	61.7	14.6	14.3	20.5	25.2	22.5
Price-Earnings (x)	11.7	10.2	8.9	7.4	5.9	4.8
Dividend Per Share (INR)	1.0	1.2	1.2	1.5	1.8	2.0
Dividend Yield (%)	0.6	0.7	0.7	0.8	1.0	1.1

E: MOSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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.