

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	DCBB IN
Equity Shares (m)	314
M.Cap.(INRb)/(USD\$)	34.5 / 0.4
52-Week Range (INR)	163 / 109
1, 6, 12 Rel. Per (%)	-5/-28/-32
12M Avg Val (INR M)	372

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	19.3	21.1	26.7
OP	8.6	9.7	13.6
NP	5.4	5.9	7.7
NIM (%)	3.7	3.4	3.6
EPS (INR)	17.1	18.8	24.7
EPS Gr. (%)	14.6	9.8	31.3
BV/Sh. (INR)	157	174	196
ABV/Sh. (INR)	147	162	183

Ratios

RoA (%)	0.9	0.9	1.0
RoE (%)	11.8	11.7	13.7

Valuations

P/E (x)	6.4	5.9	4.5
P/BV (x)	0.7	0.6	0.6
P/ABV (X)	0.8	0.7	0.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	14.7	14.8	14.8
DII	26.7	27.6	39.0
FII	11.1	14.7	12.7
Others	47.6	43.0	33.5

FII Includes depository receipts

CMP: INR110
TP: INR160 (+45%)
Buy

Healthy performance; other income gaining traction

Margins nearing bottom; guides an FY26E RoA of 1%

- DCB Bank (DCBB) reported 22.6% YoY growth in PAT to INR1.55b (15% beat) due to higher other income.
- NII grew 7% YoY to INR5.1b (in line, up 2.5% QoQ). NIM moderated 12bp QoQ to 3.27%, adversely affected by extension of some of the one-offs that occurred in 1QFY25 (including replacement of penal interest with penal charges).
- Advances grew 19.3% YoY/5.4% QoQ, supported by healthy growth in gold loans, agri banking, and mortgages. Deposits rose 20% YoY/5.5% QoQ, led by growth in CASA deposits. CASA mix, thus increased 20bp QoQ to 25.6%.
- Fresh slippages inched up to INR3.89b (vs. INR3.73b in 1QFY25). GNPA/NNPA ratios moderated 4bp/1bp QoQ to 3.29%/1.17% in 2QFY25. PCR stood stable at 65.2%.
- We fine-tune our earnings and estimate FY26 RoA/RoE at 0.96%/13.7%. **Reiterate BUY with a TP of INR160 (based on 0.9x FY26E ABV).**

Business growth healthy; GNPA ratio improves 4bp QoQ

- DCBB reported 22.6% YoY growth in PAT at INR1.55b (15% beat), led by strong other income. In 1HFY25, earnings grew 13% YoY to INR2.9b. We estimate 2HFY25 earnings to also grow at ~13% YoY to INR3.2b.
- NII grew 7% YoY to INR5.1b (inline, up 2.5% QoQ). NIM moderated 12bp QoQ to 3.27%. Other income grew 91% YoY to INR2b (42% beat), resulting in 22.4% YoY growth in total revenues (7% beat). The management guides for an unchanged NIM outlook at 3.65-3.75%.
- Opex increased 23% YoY to INR4.6b (4% higher than MOFSLe) as the bank continued to invest in the business and increased the employee count. C/I ratio moderated 360bp QoQ to 64.3%, and the bank expects cost-to-average asset to improve ~10-15bp in a couple of quarters. PPoP grew 21% YoY to INR2.5b (14% beat). Provisions stood at INR456m (14.9% YoY, 9% higher than MOFSLe).
- Advances grew 19% YoY, supported by healthy growth in agri banking (AIB) and gold loans. Business loan as a % of mortgage is 50% currently, but the bank is expecting to improve it going further.
- Deposits rose 20% YoY/5.5% QoQ, led by growth in CASA deposits. CASA mix, thus increased marginally by 20bp QoQ to 25.6%. Consequently, CD ratio stood at 81.5%.
- Fresh slippages increased to INR3.89b (vs. INR3.73b in 1QFY25) due to higher slippages in mortgages. GNPA/NNPA ratios moderated 4bp/1bp QoQ to 3.29%/1.17% in 2QFY25. PCR stood stable at 65.2%. The restructured book stood at INR9.2b (2.1% of loans).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- The management guided a full-year RoA of 1% for FY25-26
- NIM compression was a result of the following components: 1) extension of some of the one-offs that came in 1QFY25, which included replacement of penal interest with penal charges; 2) weakening of the MFI industry and therefore the bank has gone slow on it; and 3) some opportunistic co-lending, which comes at lower yields and lower costs.
- The driver for NIM expansion going forward will be the rejigging of the mortgage book, which would lead to higher quantum of business loans with better yields than home loans.

Valuation and view

DCBB reported healthy earnings driven mainly by higher other income, though provisions stood higher than expected and margin moderated 12bp QoQ. However, the management expects NIM to improve in the coming quarters as the asset mix improves in favor of high-yielding business loans and the bank focuses on SME overdrafts rather than smaller-tenor SME loans. Loan growth was steady, led by healthy growth in AIB and gold loans, while deposits too grew strongly, fueled by CASA deposits. Fresh slippages inched up, while asset quality ratios witnessed marginal improvement. The restructured book was under control at 2.1% of loans. We fine-tune our earnings and estimate FY26 RoA/RoE at 0.96%/13.7%. **Reiterate BUY with a TP of INR160 (based on 0.9x FY26E ABV).**

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E	FY25E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Est
Net Interest Income	4.71	4.76	4.74	5.07	4.97	5.09	5.39	5.69	19.28	21.14	5.20	-2%
% Change (Y-o-Y)	25.88	15.72	6.27	4.43	5.49	7.03	13.73	12.15	12.28	9.65	9.37	
Other Income	1.07	1.07	1.24	1.36	1.43	2.05	1.67	1.82	4.74	6.97	1.44	42%
Total Income	5.78	5.83	5.98	6.44	6.40	7.14	7.06	7.51	24.02	28.11	6.64	7%
Operating Expenses	3.69	3.73	3.86	4.10	4.34	4.59	4.69	4.76	15.38	18.37	4.41	4%
Operating Profit	2.09	2.11	2.12	2.34	2.05	2.55	2.38	2.75	8.64	9.74	2.24	14%
% Change (Y-o-Y)	25.61	15.32	8.96	(4.19)	(1.58)	21.19	12.46	17.84	9.88	12.65	6.29	
Provisions	0.38	0.40	0.41	0.24	0.28	0.46	0.49	0.58	1.42	1.81	0.42	9%
Profit before Tax	1.71	1.71	1.71	2.10	1.77	2.10	1.89	2.17	7.22	7.93	1.82	15%
Tax	0.44	0.44	0.44	0.54	0.46	0.54	0.49	0.56	1.86	2.05	0.47	15%
Net Profit	1.27	1.27	1.27	1.56	1.31	1.55	1.40	1.61	5.36	5.88	1.35	15%
% Change (Y-o-Y)	30.7	12.9	11.2	9.5	3.5	22.6	10.8	3.6	15.1	9.78	6.53	
Operating Parameters												
Deposit (INR b)	430.1	455.0	471.2	493.5	516.9	545.3	562.0	584.8	493.5	584.8	540.4	1%
Loan (INR b)	354.7	372.8	389.5	409.2	421.8	444.7	467.6	487.0	409.2	487.0	448.1	-1%
Deposit Growth (%)	22.6	23.1	19.3	19.7	20.2	19.9	19.3	18.5	19.7	18.5	18.8	
Loan Growth (%)	19.0	19.1	18.2	19.0	18.9	19.3	20.0	19.0	19.0	19.0	20.2	
Asset Quality												
Gross NPA (%)	3.26	3.36	3.43	3.23	3.33	3.29	3.21	3.15	3.25	3.15	3.31	
Net NPA (%)	1.19	1.28	1.22	1.11	1.18	1.17	1.18	1.10	1.11	1.10	1.19	
PCR (%)	64.1	62.8	65.1	66.4	65.2	65.2	64.0	65.8	66.4	65.8	64.7	

E: MOFSL Estimates

Quarterly Snapshot

	FY24				FY25		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss (INR b)								
Net Interest Income	4.7	4.8	4.7	5.1	5.0	5.1	7	3
Other Income	1.1	1.1	1.2	1.4	1.4	2.0	91	43
Total Income	5.8	5.8	6.0	6.4	6.4	7.1	22	12
Operating Expenses	3.7	3.7	3.9	4.1	4.3	4.6	23	6
Employee	2.0	1.9	2.0	2.1	2.3	2.4	24	4
Others	1.7	1.8	1.9	2.0	2.1	2.2	22	7
Operating Profits	2.1	2.1	2.1	2.3	2.1	2.6	21	24
Core Operating Profits	2.1	2.1	2.0	2.2	1.9	2.0	-2	8
Provisions	0.4	0.4	0.4	0.2	0.3	0.5	15	61
PBT	1.7	1.7	1.7	2.1	1.8	2.1	23	18
Taxes	0.4	0.4	0.4	0.5	0.5	0.5	23	18
PAT	1.3	1.3	1.3	1.6	1.3	1.6	23	18
Balance Sheet (INR B)								
Loans	355	373	390	409	422	445	19	5
Deposits	430	455	471	494	517	545	20	5
CASA Deposits	112	114	123	128	131	140	23	6
-Savings	91	92	102	104	110	118	27	7
-Current	21	21	21	24	21	22	3	4
Loan Mix (%)								
Retail Banking	72.6	72.1	72.6	73.7	74.3	74.0	190	-30
-Mortgages	44.7	44.4	45.0	44.9	45.4	45.3	90	-10
-CV2	1.1	0.8	0.6	0.4	0.4	0.6	-20	20
-AIB	23.2	23.5	23.9	25.3	25.2	24.6	110	-60
-Gold loans	3.6	3.4	3.1	3.1	3.3	3.5	10	20
SME	8.1	6.6	6.0	5.9	6.2	5.9	-70	-30
Co-lending	6.7	8.0	8.6	7.5	7.1	8.0	0	90
Corporate	7.8	8.4	7.8	7.6	6.9	6.9	-150	0
Asset Quality								
GNPA	11.81	12.81	13.68	13.53	14.35	14.97	17	4
NNPA	4.24	4.76	4.77	4.54	4.99	5.21	9	4
Slippages	3.4	4.0	4.3	3.2	3.7	3.9	-2	4
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	YoY (bp)	QoQ (bp)
GNPA (%)	3.3	3.4	3.4	3.2	3.3	3.3	-7	-4
NNPA (%)	1.2	1.3	1.2	1.1	1.2	1.2	-11	-1
PCR (Exc TWO, %)	64.1	62.8	65.1	66.4	65.2	65.2	235	-3
Slippage ratio (%)	5.0	5.5	5.7	4.1	4.6	4.5	-93	-3
Business Ratios (%)								
CASA	26.0	25.0	26.1	26.0	25.4	25.6	57	20
Loan/Deposit	82.5	81.9	82.7	82.9	81.6	81.5	-39	-6
Other income/Total Income	18.5	18.4	20.7	21.2	22.4	28.7	1,026	631
Cost to Income	63.9	63.9	64.6	63.7	67.9	64.3	36	-363
Cost to Asset	2.9	2.9	2.8	2.8	2.9	0.0	-285	-291
Tax Rate	25.7	25.8	25.8	25.8	25.8	25.8	1	2
Capitalisation Ratios (%)								
Tier-1	14.8	14.3	13.7	14.5	14.0	13.7	-63	-35
CAR	17.1	16.6	15.7	16.6	16.0	15.6	-100	-40
RWA / Total Assets	52.9	52.2	52.4	52.1	53.0	51.0	-115	-202
LCR	121.5	117.5	127.5	120.7	124.3	NA	NA	NA
Profitability Ratios (%)								
Yield on loans	11.6	11.6	11.4	11.7	11.5	11.4	-17	-11
Cost of funds	6.7	6.9	7.0	7.1	7.2	7.2	32	-2
Margins	3.83	3.69	3.48	3.62	3.39	3.27	-42	-12
Others								
Branches	436	439	440	442	445	451	12	6
ATM	409	414	416	418	418	428	14	10
Employees (K)	9.6	10.0	10.5	11.3	11.9	11.9	2	0

Source: MOSL, Company



Highlights from the management commentary

Opening remarks

- During 2Q, the bank's advances grew 19% YoY, while deposits rose 20% YoY.
- Mortgages (Home Loan + LAP), MSME/SME, Gold Loan, Co-lending, AIB, Construction Finance expected to lead the growth.
- Growth in deposits was robust even in a tight liquidity market and top 20 deposits was comfortable at 6.9%.
- CASA ratio marginally improved to 25.6%. Savings grew 27% YoY clearly showing effort leading to the desired results.
- Core fee increased 43% YoY leading to healthy other income.
- On the non-financial front, the bank had two very important technology upgrades. One that it upgraded its treasury system and from a cyber-security perspective, the bank upgraded its SIEM system.
- Mortgage is undergoing a revamp; first element of which is reorienting them to more of business loans.
- SME book is aimed to be more focused on the overdraft product than what is there currently.

Advances and deposits

- The bank is working on hitching up the average ticket size from 2.8-3mn to 4-5mn. Mortgage book is divided into LAP and home loan and bank expects to have higher LAP as it has better yields.
- Most of the saving account deposit customers are self-employed and DCBB has differentiated products where self-employed customers' current accounts are swept to savings accounts and therefore they earn something on the same. This has led to an increase in savings account deposits.
- DCBB has always been playing a key role in alliance and partnership and is involved in more than 10 co-lending partners till now and also has relationship with many financial institutions.
- It has decided not to do high yield MFI book as this is seeing some stress.
- More of opportunistic lending given to existing CV customer but bank doesn't see it rapidly moving. Bank is focusing on converting the SME book to overdraft product fully.
- Transition from home loans to business loans is ongoing which gives the bank additional yield.
- Movement from 50:50 business loans to higher business loan and reduction in thread SME will lead to higher yields going forward.
- Improving the liability profile by focusing more on individual than on institutions and entities.
- Business loan as a % of mortgage is 50% at present, but the bank is expecting to improve it going further.

Cost and income

- NIM moderated 12bp QoQ to 3.27% due to extension of some of the one-offs that came in 1QFY25, which included replacement of penal interests with penal charges, and weakening of MFI industry and therefore the bank has gone slow on it. DCBB also has done opportunistic co-lending which comes at lower yields and lower costs.

- Bank has upgraded transaction banking, treasury management, finacle, and behavioral biometrics system and therefore opex was higher but the Cost to avg assets is more of investment in nature.
- The one-off impact has been taken fully into effect in 1Q and 2Q and will not happen in future, which will have a positive effect on margins.
- Net structural change between penal interests and charges will be only a single-digit basis point.
- Bank doesn't expect organic book to grow faster as they expect co-lending book to grow.
- Margin is at the bottom currently and is not expected to go below this. Cost of funds is expected to hold at the current level.
- DCBB has really worked on engagement going up both in asset and liabilities and therefore core fee income increased. As saving deposits are growing up, the bank has good opportunity to connect with these customers.
- Bank is looking at Overdraft product which itself brings higher ticket size and which will help bank grow its core fee income. Some growth in fee income has come due to the penal interest which is being transferred from NII line to fee income.
- The RBI has sent communication to banks where interest charged to customer who has taken loan will be charged from where demand draft is handed over. Therefore, there has been a one-off in 1Q and 2Q, which has affected margins.
- There has been moderation in cost of funds and cost of deposits and they are expected to stabilize going forward.
- Opex is elevated due to increase in number of people and more investment in technology.
- The driver for NIM expansion going forward will be due Rejigging of the mortgage book which would led to higher quantum of business loan over home loan and so the onboarding rates on business loans are significantly higher than that of housing loan.
- Increase in fee income is primarily due to some good performance from the third party, distribution, processing fee etc. The second part of it is due to the penal charges coming to play instead of penal interest which would otherwise come in NIM has come in fee income.

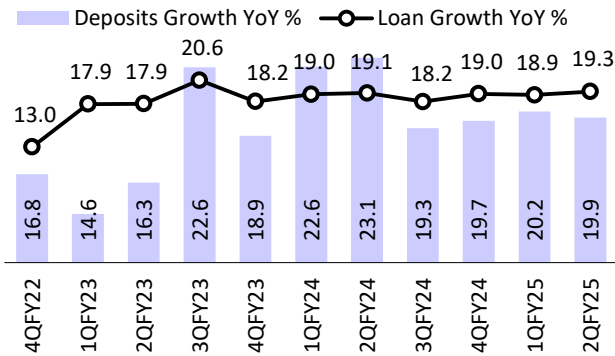
Asset quality

- GNPA/NNPA ratio stood at 3.29%/1.17%. PCR stood at 75.6%.
- The bank has guided for GNPA of below 2.50% and NNPA of 1.00%.
- Sourcing in FY23 was not of the quality that bank aspired but new vintage are performing well and therefore there were higher GNPA in mortgages.
- In mortgages, there was changes in LTV and income assessment norms in certain segments.
- Fresh slippages increased due to higher slippages in mortgages, however recoveries are expected to pick up.
- Bank guides for credit cost at ~45-55bps to average assets.

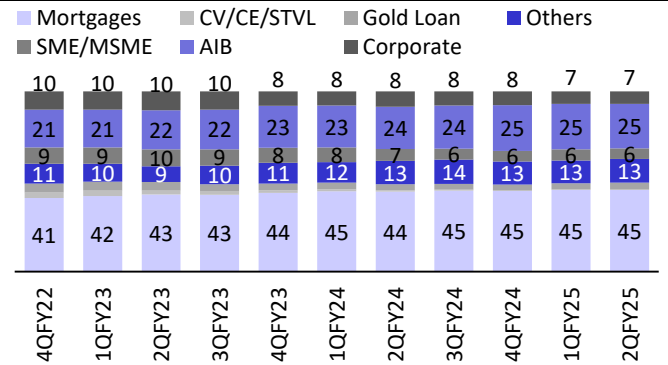
Guidance

- Full-year RoA of 1% for FY25-26 is expected by the bank.
- Cost-to-average assets are expected to improve ~10-15bp in 2-3 quarters.
- The bank aims to double the book every 3-4 years.
- Except NIM to be ~3.65%-3.75% going forward.

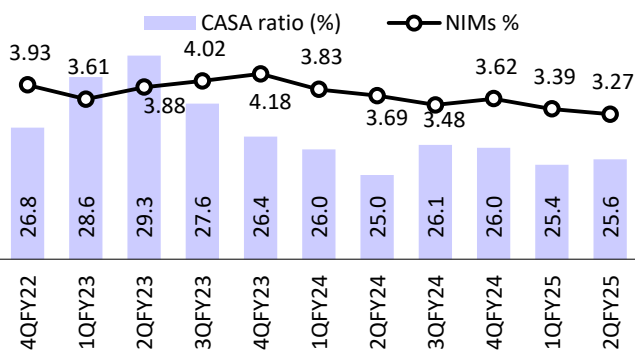
Story in charts

Exhibit 1: Loan/deposit book grew 19%/20% YoY


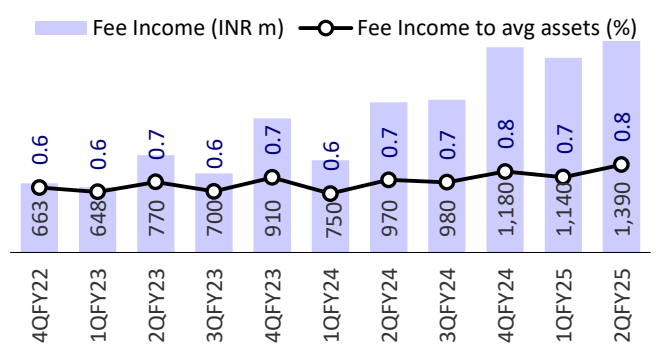
Source: MOFSL, Company

Exhibit 2: Trend in loan mix


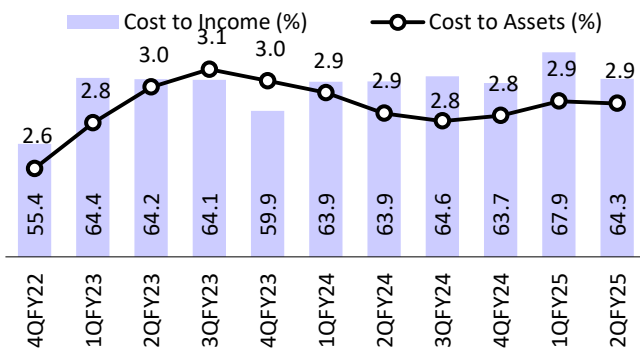
Source: MOFSL, Company

Exhibit 3: CASA ratio stood at 25.6%; NIM at 3.27%


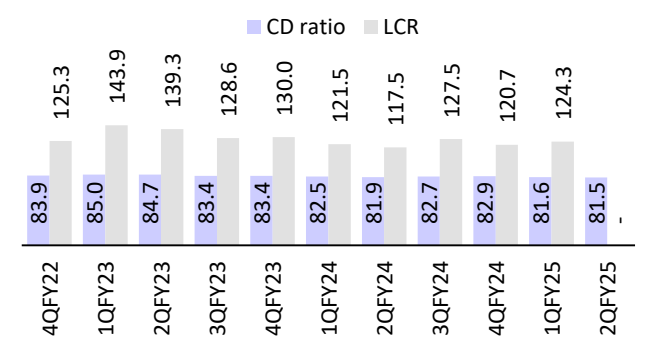
Source: MOFSL, Company

Exhibit 4: Fee income to assets stood at 0.8% of avg assets


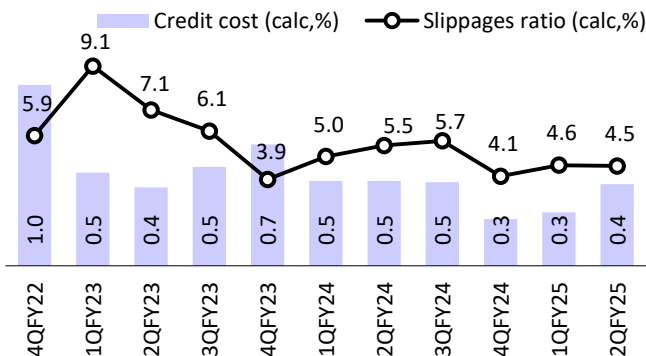
Source: MOFSL, Company

Exhibit 5: CI ratio moderated to 64.3%; Cost/asset at 2.9%


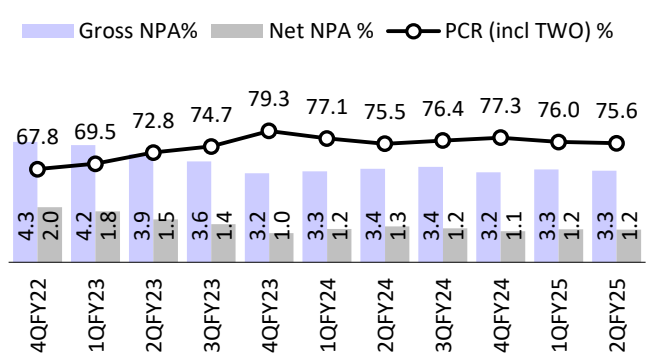
Source: MOFSL, Company

Exhibit 6: CD ratio stood at 81.5% during the quarter


Source: MOFSL, Company

Exhibit 7: Slippage ratio (calc) stood at 4.5% in 2QFY25


Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios stood at 3.29%/1.17%


Source: MOFSL, Company

Valuation and view - Reiterate BUY with a TP of INR160

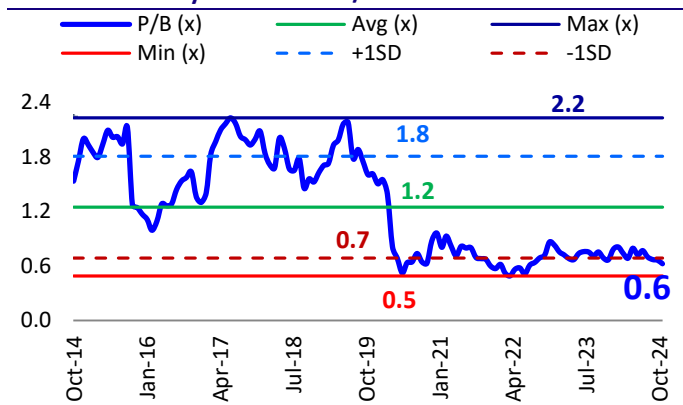
- DCBB reported healthy earnings driven mainly by higher other income, though provisions stood higher than expected and margin moderated 12bp QoQ. However, the management expects NIM to improve in the coming quarters as the asset mix improves in favor of high-yielding business loans and the bank focuses on SME overdrafts rather than smaller-tenor SME loans.
- Loan growth was steady, led by healthy growth in AIB and gold loans, while deposits too grew strongly, fueled by CASA deposits. Fresh slippages inched up, while asset quality ratios witnessed marginal improvement. The restructured book was under control at 2.1% of loans.
- We fine-tune our earnings and estimate FY26 RoA/RoE at 0.96%/13.7%.
Reiterate BUY with a TP of INR160 (based on 0.9x FY26E ABV).

Exhibit 9: Summary of changes to our earnings estimates

(INR b)	Old Estimates		Revised Estimates		Change (%/bp)	
	FY25	FY26	FY25	FY26	FY25	FY26
NII	22.0	26.9	21.1	26.7	-3.7	-1.1
Other Income	5.9	6.9	7.0	8.2	17.6	18.6
Total Income	27.9	33.9	28.1	34.9	0.8	3.0
Operating Expenses	17.8	20.7	18.4	21.3	3.0	3.0
Operating Profits	10.0	13.2	9.7	13.6	-3.1	2.9
Provisions	1.9	3.0	1.8	3.2	-4.7	5.3
PBT	8.1	10.2	7.9	10.4	-2.7	2.2
Tax	2.1	2.6	2.0	2.7	-2.7	2.2
PAT	6.0	7.6	5.9	7.7	-2.7	2.2
Loans	487	580	487	580	0.0	0.0
Deposits	587	696	585	693	-0.4	-0.4
Margins (%)	3.5	3.6	3.4	3.6	-13	-4
Credit Cost (%)	0.4	0.6	0.4	0.6	-2	3
RoA (%)	0.88	0.93	0.86	0.96	-2	2
RoE (%)	12.0	13.4	11.7	13.7	-30	31
BV	174	196	174	196	-0.3	0.0
ABV	162	183	162	183	-0.5	-0.2
EPS	19	24	19	25	-2.7	2.2

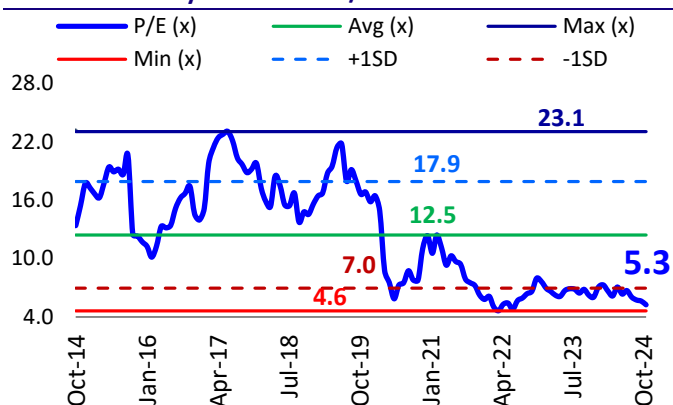
Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont Analysis – Estimate RoA to sustain at ~1.02% for FY27

DCB Bank	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	8.65	9.29	8.97	9.00	9.00
Interest Expended	5.11	5.95	5.89	5.70	5.62
Net interest Income	3.53	3.34	3.08	3.30	3.37
Fee income	0.82	0.77	0.89	0.90	0.91
Trading and others	0.02	0.06	0.12	0.12	0.11
Non-interest Income	0.84	0.82	1.02	1.02	1.02
Total Income	4.38	4.16	4.09	4.31	4.39
Operating expenses	2.76	2.66	2.68	2.63	2.59
Employees	1.43	1.38	1.38	1.34	1.31
Others	1.33	1.29	1.30	1.29	1.27
Operating profits	1.62	1.50	1.42	1.68	1.80
Core PPOP	1.60	1.44	1.29	1.56	1.69
Provisions	0.33	0.25	0.26	0.39	0.43
NPA	0.09	0.03	0.23	0.36	0.40
Others	0.24	0.22	0.03	0.03	0.03
PBT	1.29	1.25	1.15	1.29	1.37
Tax	0.33	0.32	0.30	0.33	0.35
ROA (%)	0.96	0.93	0.86	0.96	1.02
Leverage (x)	12.01	12.76	13.63	14.33	14.78
ROE (%)	11.51	11.85	11.68	13.69	15.07

Source: MOFSL, Company

Financials and valuations

Income Statement					(INRb)
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	42.0	53.6	61.6	72.8	85.6
Interest Expense	24.8	34.3	40.5	46.1	53.5
Net Interest Income	17.2	19.3	21.1	26.7	32.1
-growth (%)	26.5	12.3	9.6	26.1	20.3
Non-Interest Income	4.1	4.7	7.0	8.2	9.7
Total Income	21.3	24.0	28.1	34.9	41.8
-growth (%)	17.5	13.0	17.0	24.1	19.7
Operating Expenses	13.4	15.4	18.4	21.3	24.6
Pre Provision Profits	7.9	8.6	9.7	13.6	17.2
-growth (%)	-1.3	9.9	12.6	39.4	26.4
Core PPOp	7.8	8.3	8.9	12.6	16.1
-growth (%)	8.3	7.2	6.8	42.0	27.4
Provisions	1.6	1.4	1.8	3.2	4.1
PBT	6.3	7.2	7.9	10.4	13.1
Tax	1.6	1.9	2.0	2.7	3.4
Tax Rate (%)	25.8	25.8	25.8	25.8	25.8
PAT	4.7	5.4	5.9	7.7	9.7
-growth (%)	61.9	15.1	9.8	31.3	25.6

Balance Sheet					
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	3.1	3.1	3.1	3.1	3.1
Equity Share Capital	3.1	3.1	3.1	3.1	3.1
Preference Share Capital	0.0	0.0	0.0	0.0	0.0
Reserves & Surplus	42.5	47.6	52.7	59.7	68.6
Net Worth	45.6	50.7	55.9	62.8	71.7
Deposits	412.4	493.5	584.8	693.0	817.8
-growth (%)	18.9	19.7	18.5	18.5	18.0
of which CASA Dep	109.0	128.4	149.7	186.4	220.0
-growth (%)	17.4	17.9	16.6	24.5	18.0
Borrowings	41.2	62.2	73.7	85.0	99.0
Other Liabilities & Prov.	24.4	23.9	28.5	33.6	39.7
Total Liabilities	523.6	630.3	742.9	874.5	1,028.1
Current Assets	23.7	30.7	33.6	37.1	41.5
Investments	125.8	162.1	191.9	224.6	262.7
-growth (%)	39.0	28.8	18.4	17.0	17.0
Loans	343.8	409.2	487.0	579.5	689.6
-growth (%)	18.2	19.0	19.0	19.0	19.0
Fixed Assets	8.3	8.6	9.4	10.3	11.3
Other Assets	22.1	19.7	21.0	22.9	22.9
Total Assets	523.7	630.4	742.9	874.5	1,028.1

ASSET QUALITY					
GNPA	11.2	13.5	15.7	17.5	19.9
NNPA	3.6	4.5	5.4	5.6	6.0
GNPA Ratio (%)	3.21	3.25	3.15	2.96	2.83
NNPA Ratio (%)	1.04	1.11	1.10	0.97	0.87
Slippage Ratio (%)	5.4	4.0	3.5	3.2	3.0
Credit Cost (%)	0.50	0.38	0.4	0.6	0.6
PCR (Excl Tech. write off) (%)	56.0	55.0	65.8	67.9	70.0
E: MOFSL Estimates					

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Yield and Cost Ratios (%)					
Avg. Yield-Earning Assets	9.2	9.8	9.4	9.4	9.3
Avg. Yield on loans	10.7	11.3	10.8	10.7	10.6
Avg. Yield on Investments	6.6	7.3	6.9	6.9	6.9
Avg. Cost-Int. Bear. Liab.	5.9	6.8	6.7	6.4	6.3
Avg. Cost of Deposits	5.9	6.8	6.7	6.5	6.4
Interest Spread	3.3	3.0	2.7	2.9	3.0
Net Interest Margin	4.0	3.7	3.4	3.6	3.6
Profitability Ratios (%)					
CAR	17.6	16.6	15.0	13.7	12.7
Tier I	15.2	14.5	13.2	12.1	11.4
CET 1	15.2	14.5	14.5	13.4	12.6
Tier II	2.4	2.1	1.8	1.5	1.3
Business Ratio (%)					
Loans/Deposit Ratio	83.4	82.9	83.3	83.6	84.3
CASA Ratio	26.4	26.0	25.6	26.9	26.9
Cost/Assets	2.8	2.7	2.7	2.6	2.6
Cost/Income	63.0	64.0	65.4	61.1	58.9
Cost/ Core Income	63.3	64.9	67.4	62.8	60.5
Int. Expense/Int.Income	59.1	64.0	65.7	63.4	62.5
Fee Income/Net Income	18.7	18.4	21.8	20.8	20.6
Other Income/Net Income	19.3	19.7	24.8	23.6	23.2
Employee Cost/Operating Expense	51.7	51.7	51.4	51.0	50.8

Efficiency Ratios (INRm)

Employee per branch (in nos)	23.2	25.6	26.1	26.3	26.6
Staff cost per employee	0.7	0.7	0.8	0.8	0.9
CASA per branch	232.0	255.2	290.6	319.6	371.9
Deposits per branch	867.3	965.8	1,116.6	1,248.3	1,382.4
Business per Employee	79.0	76.3	79.7	87.6	96.3
Profit per Employee	3.6	4.7	4.7	4.8	5.8

Profitability and Valuations Ratios

RoE	11.5	11.8	11.7	13.7	15.1
RoA	1.0	0.9	0.9	1.0	1.0
RoRWA	1.6	1.6	1.5	1.7	1.9
Book Value (INR)	141	157	174	196	224
-growth (%)	12.0	11.1	10.5	12.8	14.6
Price-BV (x)	0.8	0.7	0.6	0.6	0.5
Adjusted BV (INR)	133	147	162	183	211
Price-ABV (x)	0.8	0.8	0.7	0.6	0.5
EPS (INR)	14.9	17.1	18.8	24.7	31.0
-growth (%)	61.7	14.6	9.8	31.3	25.6
Price-Earnings (x)	7.4	6.4	5.9	4.5	3.6
Dividend Per Share (INR)	1.0	1.2	2.2	2.5	2.5
Dividend Yield (%)	0.9	1.1	2.0	2.3	2.3

E: MOFSL Estimates

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