DCB Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	DCBB IN
Equity Shares (m)	314
M.Cap.(INRb)/(USDb)	39.9 / 0.5
52-Week Range (INR)	146 / 101
1, 6, 12 Rel. Per (%)	11/10/-13
12M Avg Val (INR M)	229

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	21.1	25.4	31.3
OP	10.4	13.3	17.2
NP	6.2	7.6	9.8
NIM (%)	3.3	3.2	3.3
EPS (INR)	19.6	24.2	31.0
EPS Gr. (%)	14.3	23.6	28.3
BV/Sh. (INR)	176	195	224
ABV/Sh. (INR)	163	182	209
Ratios			
RoA (%)	0.9	0.9	1.0
RoE (%)	12.1	13.3	15.1
Valuations			
P/E (x)	6.5	5.2	4.1
P/BV (x)	0.7	0.7	0.6
P/ABV (X)	0.8	0.7	0.6

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	14.7	14.7	14.8
DII	29.2	27.9	29.7
FII	9.6	10.9	12.8
Others	46.5	46.5	42.8

FII Includes depository receipts

CMP: INR127 TP: INR165 (+30%) Buy

NII in line; healthy other income drives earnings beat

Business growth remains robust

- DCB Bank (DCBB) reported 13.8% YoY growth in PAT to INR1.8b (12% beat), driven by better other income and lower-than-expected provisions.
- NII grew 9.9% YoY/2.8% QoQ to INR5.6b (largely in line). NIMs inched down 1bp to 3.29%. Other income grew 60.7% YoY/18.9% QoQ (16% higher than est.).
- Business growth was robust as advances grew 24.7% YoY/6.8% QoQ to INR510.5b and deposits grew at a healthy pace of 21.6% YoY/5.9% QoQ to INR600.3b, led by faster growth in TDs. CASA mix thus reduced by 57bp QoQ to 24.5%.
- Fresh slippages declined to INR3.66b (vs. INR3.95b in 3QFY25). GNPA ratio improved by 12bp QoQ to 2.99% and NNPA ratio improved by 6bp QoQ to 1.12%. PCR increased to 63.2%.
- We raise our earnings estimates by 2.7% for FY26/FY27 and expect FY27 RoA/RoE at 0.95%/15.1%. **Reiterate BUY with a TP of INR165 (based on 0.8x FY27E ABV).**

NIM largely flat; GNPA ratio improves 12bp QoQ

- DCBB reported 13.8% YoY/16.9% QoQ growth in PAT to INR1.8b (12% beat), led by better other income, in-line NII and lower-than-expected provisions.
- NII grew 9.9% YoY/2.8% QoQ to INR5.6b (inline). NIMs declined marginally by 1bp QoQ to 3.29%. Other income was robust at INR2.19b, up 61% YoY/ 19% QoQ, supported by strong fee income and treasury gains. Management expects the 50bp repo rate cut to have a negligible impact on margins, though more rate cuts may create pressure on NIMs.
- Opex grew 15% YoY to INR4.7b (in line). C/I ratio thus declined by 202bp QoQ to 60.7% amid contained employee growth. PPoP grew 30.7% YoY/ 12.6% QoQ (7% beat). Provisions came in lower at INR672m (flat QoQ, 6% lower than MOFSLe).
- Advances growth was robust at 24.7% YoY/ 6.8% QoQ, led by healthy growth in mortgages, gold and agri loans. Co-lending too grew at a healthy pace of 116% YoY; however, the bank expects FY26 co-lending growth to be slower YoY.
- Deposits grew 21.6% YoY/5.9% QoQ to INR600.3b, driven by term deposits. CASA mix thus moderated by 57bp QoQ to 24.52%. CD ratio stood at 85%.
- Fresh slippages declined to INR3.66b (vs. INR3.95b in 3QFY25). GNPA ratio declined by 12bp QoQ to 2.99% and NNPA ratio declined by 6bp QoQ to 1.12%. PCR increased to 63.2%. The restructured book declined marginally to INR8.2b (1.6% of loans).

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Highlights from the management commentary

- The bank operates with a provision cost model of 45-55bp. FY25 ended at 31bp, even after factoring in the pressure from MFI loans. Despite making accelerated provisions, provisioning remained lower than the guided range.
- With a 50bp rate cut, NIMs are likely to hold the current levels, but further cuts could create pressure.
- NII growth has lagged loan growth, primarily due to the 4Q rate cut and higher CoF. With ongoing adjustments in yields and funding costs, NII and loan growth are expected to converge.
- Only a portion of the loan book is EBLR-linked and floating, limiting the impact of rate cuts.

Valuation and view

DCBB reported healthy earnings, driven mainly by healthy other income, in-line NII, and lower-than-expected provisions. Margins stood largely flat in 4Q, while improvement in yields was offset by increase in CoF. Management expects NIM to be manageable with a 50bp repo rate cut, while any further cut could result in a downwards bias for NIMs. Loan growth was steady, and we expect loan growth to remain healthy over the next few years, driven by expansion in the secured retail assets, while deposit growth too shall be following a healthy trend. Fresh slippages have been on a decline, resulting in continuous improvement in asset quality. The restructured book too follows a declining trend over the past few quarters. We raise our earnings estimates by 2.7% for FY26/FY27 and expect FY27 RoA/RoE at 0.95%/15.1%. **Reiterate BUY with a TP of INR165 (based on 0.8x FY27E ABV).**

Quarterly Performance **(INR b)**

	FY24				FY25				FY25	FY26E	FY25E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	**4.71**	**4.76**	**4.74**	**5.07**	**4.97**	**5.09**	**5.43**	**5.58**	**21.07**	**25.43**	**5.65**	**-1%**
% Change (Y-o-Y)	25.88	15.72	6.27	4.43	5.49	7.03	14.53	9.95	9.27	20.71	11.35	
Other Income	1.07	1.07	1.24	1.36	1.43	2.05	1.84	2.19	7.51	8.93	1.89	16%
Total Income	**5.78**	**5.83**	**5.98**	**6.44**	**6.40**	**7.14**	**7.27**	**7.77**	**28.57**	**34.36**	**7.54**	**3%**
Operating Expenses	3.69	3.73	3.86	4.10	4.34	4.59	4.56	4.71	18.20	21.02	4.70	0%
Operating Profit	**2.09**	**2.11**	**2.12**	**2.34**	**2.05**	**2.55**	**2.71**	**3.05**	**10.37**	**13.34**	**2.85**	**7%**
% Change (Y-o-Y)	25.61	15.32	8.96	(4.19)	(1.58)	21.19	28.18	30.66	19.96	28.63	21.81	
Provisions	0.38	0.40	0.41	0.24	0.28	0.46	0.67	0.67	2.08	3.09	0.71	-6%
Profit before Tax	**1.71**	**1.71**	**1.71**	**2.10**	**1.77**	**2.10**	**2.04**	**2.38**	**8.29**	**10.25**	**2.13**	**12%**
Tax	0.44	0.44	0.44	0.54	0.46	0.54	0.52	0.61	2.13	2.64	0.55	11%
Net Profit	**1.27**	**1.27**	**1.27**	**1.56**	**1.31**	**1.55**	**1.51**	**1.77**	**6.15**	**7.61**	**1.58**	**12%**
% Change (Y-o-Y)	30.7	12.9	11.2	9.5	3.5	22.6	19.6	13.8	14.8	23.61	1.59	
Operating Parameters												
Deposit (INR b)	430.1	455.0	471.2	493.5	516.9	545.3	566.8	600.3	600.3	729.4	595.7	1%
Loan (INR b)	354.7	372.8	389.5	409.2	421.8	444.7	477.8	510.5	510.5	617.7	502.6	2%
Deposit Growth (%)	22.6	23.1	19.3	19.7	20.2	19.9	20.3	21.6	21.6	21.5	20.7	
Loan Growth (%)	19.0	19.1	18.2	19.0	18.9	19.3	22.7	24.7	24.7	21.0	22.8	
Asset Quality												
Gross NPA (%)	3.26	3.36	3.43	3.23	3.33	3.29	3.11	2.99	2.99	2.78	3.01	
Net NPA (%)	1.19	1.28	1.22	1.11	1.18	1.17	1.18	1.12	1.12	0.97	1.15	
PCR (%)	64.1	62.8	65.1	66.4	65.2	65.2	62.9	63.2	63.2	65.6	62.5	

E: MOFSL Estimates

Quarterly Snapshot

	FY24				FY25				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss (INR m)										
Net Interest Income	4.7	4.8	4.7	5.1	5.0	5.1	5.4	5.6	**10**	**3**
Other Income	1.1	1.1	1.2	1.4	1.4	2.0	1.8	2.2	61	19
Total Income	5.8	5.8	6.0	6.4	6.4	7.1	7.3	7.8	**21**	**7**
Operating Expenses	3.7	3.7	3.9	4.1	4.3	4.6	4.6	4.7	15	3
Employee	2.0	1.9	2.0	2.1	2.3	2.4	2.3	2.3	9	0
Others	1.7	1.8	1.9	2.0	2.1	2.2	2.2	2.4	21	7
Operating Profits	2.1	2.1	2.1	2.3	2.1	2.6	2.7	3.1	**31**	**13**
Core Operating Profits	2.1	2.1	2.0	2.2	1.9	2.0	2.3	2.6	**18**	**13**
Provisions	0.4	0.4	0.4	0.2	0.3	0.5	0.7	0.7	179	0
PBT	1.7	1.7	1.7	2.1	1.8	2.1	2.0	2.4	**14**	**17**
Taxes	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	13	16
PAT	1.3	1.3	1.3	1.6	1.3	1.6	1.5	1.8	**14**	**17**
Balance Sheet (INR B)										
Loans	355	373	390	409	422	445	478	510	25	7
Deposits	430	455	471	494	517	545	567	600	22	6
CASA Deposits	112	114	123	128	131	140	142	147	15	4
-Savings	91	92	102	104	110	118	120	124	19	4
-Current	21	21	21	24	21	22	22	23	-4	4
Loan Mix (%)										
Retail Banking	72.6	72.1	72.6	73.7	74.3	74.0	72.5	71.2	-250	-130
-Mortgages	44.7	44.4	45.0	44.9	45.4	45.3	44.5	43.6	-130	-90
-CV2	1.1	0.8	0.6	0.4	0.4	0.6	1.0	1.1	70	10
-AIB	23.2	23.5	23.9	25.3	25.2	24.6	23.6	23.1	-220	-50
-Gold loans	3.6	3.4	3.1	3.1	3.3	3.5	3.4	3.4	30	0
SME	8.1	6.6	6.0	5.9	6.2	5.9	5.3	4.9	-100	-40
Co-lending	6.7	8.0	8.6	7.5	7.1	8.0	11.3	13.0	550	170
Corporate	7.8	8.4	7.8	7.6	6.9	6.9	6.3	5.7	-190	-60
Asset Quality										
GNPA	11.81	12.81	13.68	13.53	14.35	14.97	15.17	15.54	15	2
NNPA	4.24	4.76	4.77	4.54	4.99	5.21	5.62	5.72	26	2
Slippages	3.4	4.0	4.3	3.2	3.7	3.9	4.0	3.7	13	-7
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**YoY (Bp)**	**QoQ (BQ)**
GNPA (%)	3.3	3.4	3.4	3.2	3.3	3.3	3.1	3.0	-24	-12
NNPA (%)	1.2	1.3	1.2	1.1	1.2	1.2	1.2	1.1	1	-6
PCR (Exc TWO, %)	64.1	62.8	65.1	66.4	65.2	65.2	62.9	63.2	-320	30
Slippage ratio (%)	4.2	4.6	4.8	3.4	3.8	3.8	3.6	3.2	-25	-46
Business Ratios (%)										
CASA	26.0	25.0	26.1	26.0	25.4	25.6	25.1	24.5	-150	-57
Loan/Deposit	82.5	81.9	82.7	82.9	81.6	81.5	84.3	85.0	211	73
Other income/Total Income	18.5	18.4	20.7	21.2	22.4	28.7	25.3	28.2	701	285
Cost to Income	63.9	63.9	64.6	63.7	67.9	64.3	62.7	60.7	-300	-202
Cost to Asset	2.9	2.9	2.8	2.8	2.9	2.9	2.8	0.0	-284	-278
Tax Rate	25.7	25.8	25.8	25.8	25.8	25.8	25.7	25.7	-10	-8
Capitalisation Ratios (%)										
Tier-1 (incl profit)	14.8	14.3	13.7	14.5	14.0	13.7	13.5	14.3	-23	76
CAR (incl profit)	17.1	16.6	15.7	16.6	16.0	15.6	16.3	16.8	18	48
RWA / Total Assets	52.9	52.2	52.4	52.1	53.0	51.0	49.4	49.4	-266	1
LCR	121.5	117.5	127.5	120.7	124.3	119.7	119.4			
Profitability Ratios (%)										
Yield on loans	11.6	11.6	11.4	11.7	11.5	11.4	11.4	11.5	-17	10
Cost of funds	6.7	6.9	7.0	7.1	7.2	7.2	7.2	7.3	20	14
Margins	3.83	3.69	3.48	3.62	3.39	3.27	3.30	3.29	-33	-1
Others										
Branches	436	439	440	442	445	451	457	464	22	7
ATM	409	414	416	418	418	428	430	0	-418	-430
Employees (K)	9.6	10.0	10.5	11.3	11.9	11.9	11.3	0.0	-11	-11

CONFERENCE CALL

Highlights from the management commentary

Opening remarks

- Continuing the strong growth trend, the balance sheet expanded by 32% YoY, while loan growth stood at 25% YoY.
- Savings account growth was 19%, and the share of top 20 deposits declined to 6.6%.
- NIMs have stabilized at 3.29%.
- The bank reported strong performance in core fee income.
- Investments in product and technology development are beginning to show positive results.
- For the first time in four years, operating income growth has outpaced operating expense growth.
- Provisioning costs for the year were lower, with 4Q provision costs at 0.33%; slippage ratios have declined consistently over the past five quarters.
- The recovery-to-slippage ratio stood at 83%, with GNPA improving to 2.99% from 3.28% at the beginning of the year.
- NNPA rose marginally by just 1bp vs. the start of the year, and PCR remains robust at 74.48%, reflecting confidence in growth and asset quality.

Advances and deposits

- Loan growth remained strong at ~24% with improved capital adequacy, while only 23bp was used for this growth, indicating sufficient capital headroom. The bank remains prudent on capital usage and plans to raise capital later, when the valuation reflects its intrinsic worth.
- Co-lending growth in the coming year will not match last year's pace, as it requires the bank to forgo some NII. Co-lending is pursued for growth, not margins, and will align with balance sheet growth.
- The focus will remain on organic loan growth, which is expected to deliver stronger yields.
- There is a strategic shift from home loans to LAP, offering better yields of 100–200bp, though LAP demands slightly higher capital allocation.
- Over 50% of loans originate from NBFCs or SFBs, particularly balance transfers. The bank's edge lies in deepening customer engagement, especially through overdraft offerings in the LAP segment.
- The recent RBI circular on gold loans will not impact the bank's operations.
- DCBB remains confident in lending to NTC customers, who have performed well across cycles. PMAY will continue to be a key pillar in the bank's growth strategy.

Cost, income and provisions

- Fee to average assets stood at 1.18% in Q4, exceeding guidance, with core fee income remaining consistently strong—the last three quarters have been the highest on record.
- The cost-to-income ratio has shown consistent improvement over recent quarters.
- 4Q typically sees stronger third-party distribution income, which remains a key focus area. The bank's holistic banking approach is unlocking greater fee income potential, with early signs already visible.

- Employee count will remain stable through FY25 and FY26. The decline in headcount is attributed to rising productivity and ongoing tech advancements.
- A rate cut could lead to lower bond yields and potential treasury gains, although timing and magnitude remain uncertain.
- On the technology front, the core banking system upgrade is complete, with the next focus on enhancing customer-facing digital platforms. MFI lending has already been fully digitized.

Yields, costs and margins

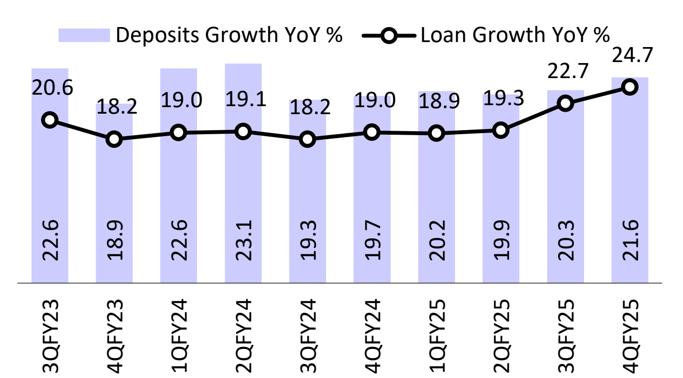
- While NIMs are under pressure, the bank remains committed to its secured asset strategy. Adjustments in SA rates have been made to help cushion the impact on NIMs.
- Efforts are underway to lower the cost of funds (CoF), with bulk deposit rates already declining—this will gradually reflect in reduced CoF.
- On the yield side, the bank is directing fresh sourcing toward higher-yielding products, and co-lending's share is expected to align with balance sheet growth.
- The strategic shift toward higher-yielding products, initiated 4–5 quarters ago, remains a key focus area.
- NII growth has lagged loan growth, primarily due to the 4Q rate cut and higher CoF. With ongoing adjustments in yields and funding costs, NII and loan growth are expected to converge.
- Only a portion of the loan book is EBLR-linked and floating, limiting the impact of rate cuts.
- Non-callable retail rates and bulk term deposit rates have already been reduced, aiding NIM stabilization.
- Earlier rate cuts had a limited benefit, while subsequent ones are expected to have more benefits.
- NIMs stood at 3.29% in 4Q vs. 3.30% in 3Q; the 25bp repo rate cut only impacted a small portion of the portfolio, causing just a 1bp dip—NIMs have now stabilized.
- With a 50bp rate cut, NIMs are likely to hold the current levels, but further cuts could create pressure.
- The bank maintains a low SA rate of 1.5%, targeting two customer segments: transactors and rate-sensitive savers. Transactors, being price-inelastic, allow the bank to sustain lower SA rates.

With respect to asset quality

- The bank operates with a provision cost model of 45-55bp. FY25 ended at 31bp, even after factoring in the pressure from MFI loans. Despite making accelerated provisions, the provisioning remained lower than the guided range.
- Accelerated provisions have already been made for the MFI segment, indicating potential for notable improvement going forward.

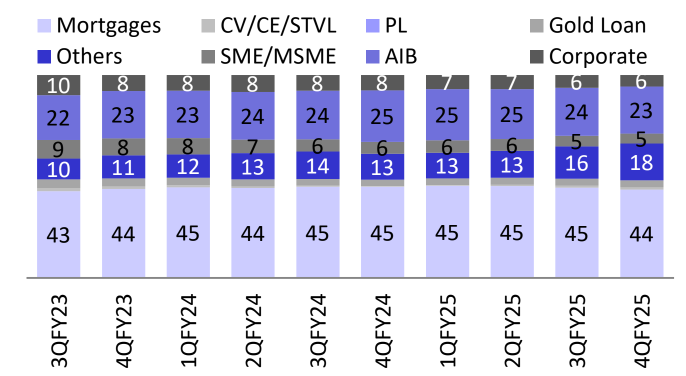
Story in charts

Exhibit 1: Loan/deposit book grew 24.7%/21.6% YoY



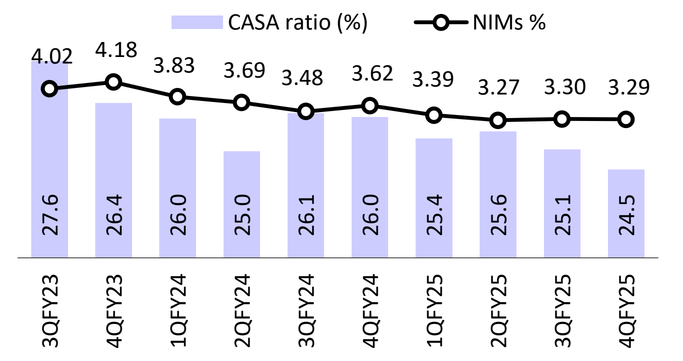
Source: MOFSL, Company

Exhibit 2: Trend in loan mix



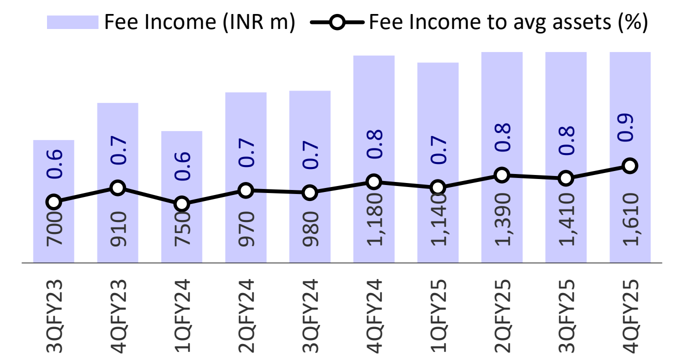
Source: MOFSL, Company

Exhibit 3: CASA ratio stood at 24.5%; NIM at 3.29%



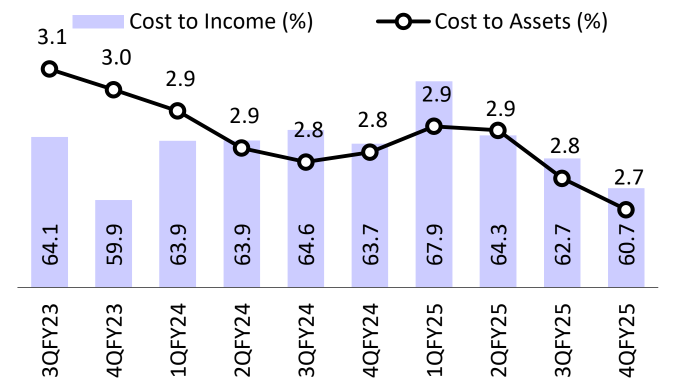
Source: MOFSL, Company

Exhibit 4: Fee income to assets stood at 0.9% of avg assets



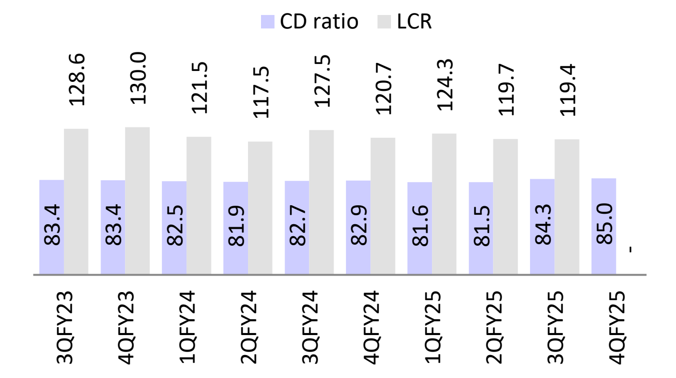
Source: MOFSL, Company

Exhibit 5: CI ratio moderated to 60.7%; Cost/asset at 2.7%



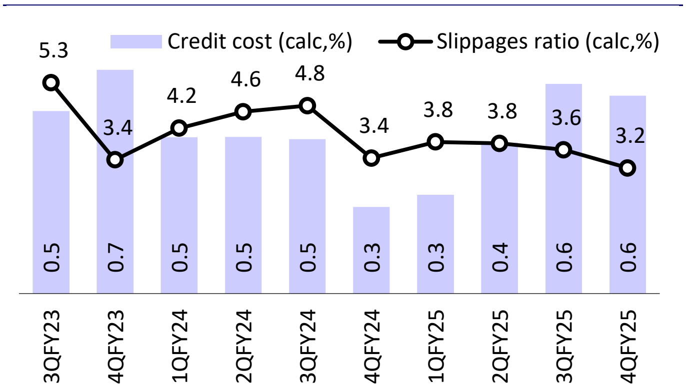
Source: MOFSL, Company

Exhibit 6: CD ratio increased to 85% during the quarter



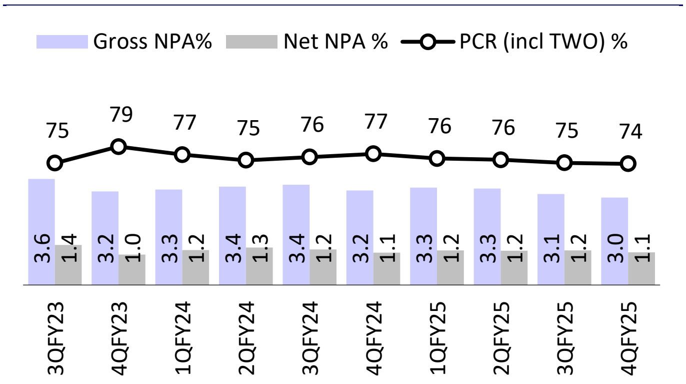
Source: MOFSL, Company

Exhibit 7: Slippage ratio (calc) stood at 3.2% in 4QFY25



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios stood at 2.99%/1.12%



Source: MOFSL, Company

Valuation and view - Reiterate BUY with a TP of INR165

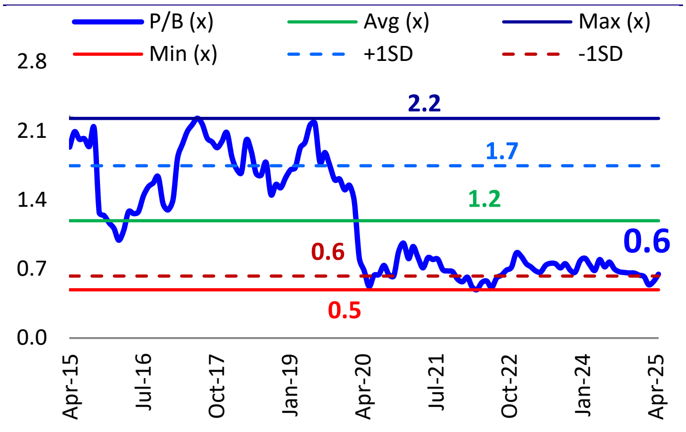
- DCBB reported healthy earnings, driven mainly by healthy other income, in-line NII, and lower-than-expected provisions. Margins stood largely flat in 4Q, while improvement in yields was offset by an increase in CoF.
- Management expects NIM to be manageable with the 50bp repo rate cut, while any further rate cut could result in a downward bias for NIMs. Loan growth was steady, and we expect loan growth to remain healthy over the next few years, driven by expansion in the secured retail assets, while deposit growth too shall be following a healthy trend.
- Fresh slippages have been on a decline, resulting in continuous improvement in asset quality. The restructured book too follows a declining trend over the past few quarters.
- **We raise our earnings estimates by 2.7% for FY26/FY27 and expect FY27 RoA/RoE at 0.95%/15.1%. Reiterate BUY with a TP of INR165 (based on 0.8x FY27E ABV).**

Exhibit 9: Summary of changes to our earnings estimates

(INR b)	Old Estimates			Revised Estimates			Change (%/bp)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII	**21.1**	**25.9**	**32.2**	**21.1**	**25.4**	**31.3**	**-0.3**	**-1.9**	**-2.8**
Other Income	7.2	8.6	10.2	7.5	8.9	10.6	4.1	4.1	4.1
Total Income	**28.3**	**34.5**	**42.4**	**28.6**	**34.4**	**41.9**	**0.8**	**-0.4**	**-1.1**
Operating Expenses	18.2	21.3	25.1	18.2	21.0	24.7	0.1	-1.2	-1.6
Operating Profits	**10.2**	**13.2**	**17.3**	**10.4**	**13.3**	**17.2**	**2.0**	**0.9**	**-0.4**
Provisions	2.1	3.2	4.5	2.1	3.1	4.0	-1.9	-4.8	-9.4
PBT	**8.0**	**10.0**	**12.8**	**8.3**	**10.3**	**13.1**	**3.1**	**2.7**	**2.7**
Tax	2.1	2.6	3.3	2.1	2.6	3.4	2.8	2.7	2.7
PAT	**6.0**	**7.4**	**9.5**	**6.2**	**7.6**	**9.8**	**3.2**	**2.7**	**2.7**
Loans	503	615	755	510	618	754	1.6	0.4	-0.2
Deposits	596	724	884	600	729	891	0.8	0.8	0.8
Margins (%)	3.3	3.4	3.5	3.3	3.2	3.3	-7	-16	-18
Credit Cost (%)	0.5	0.6	0.7	0.5	0.5	0.6	-1	-3	-6
RoA (%)	**0.86**	**0.90**	**0.95**	**0.88**	**0.90**	**0.95**	**2**	**0**	**0**
RoE (%)	**11.8**	**13.1**	**14.8**	**12.1**	**13.3**	**15.1**	**26**	**19**	**28**
BV	174	195	223	176	195	224	1.3	0.2	0.5
ABV	161	181	207	163	182	209	1.5	0.5	0.8
EPS	19	24	30	20	24	31	2.7	2.2	2.2

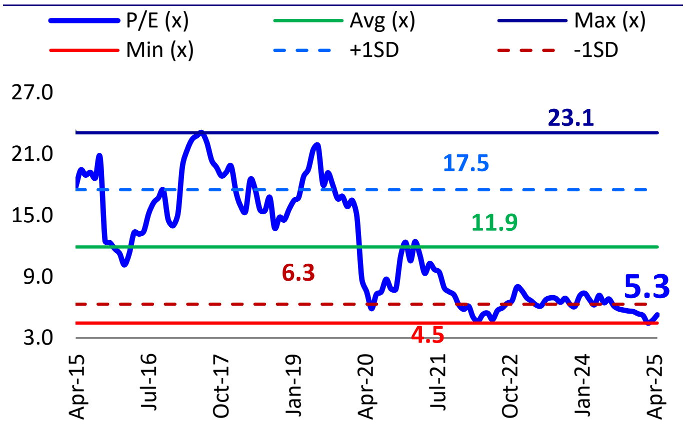
Source: MOFSL, Company

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 improve to ~0.95% for FY27

DCB Bank	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	8.32	8.65	9.29	9.25	8.84	8.83
Interest Expended	5.11	5.11	5.95	6.24	5.83	5.79
Net interest Income	**3.22**	**3.53**	**3.34**	**3.01**	**3.00**	**3.05**
Fee income	0.88	0.82	0.77	0.89	0.90	0.90
Trading and others	0.19	0.02	0.06	0.18	0.15	0.13
Non-interest Income	**1.07**	**0.84**	**0.82**	**1.07**	**1.05**	**1.04**
Total Income	**4.29**	**4.38**	**4.16**	**4.09**	**4.06**	**4.08**
Operating expenses	**2.40**	**2.76**	**2.66**	**2.60**	**2.48**	**2.41**
Employees	1.28	1.43	1.38	1.32	1.25	1.21
Others	1.12	1.33	1.29	1.28	1.23	1.20
Operating profits	**1.89**	**1.62**	**1.50**	**1.48**	**1.57**	**1.68**
Core PPoP	**1.70**	**1.60**	**1.44**	**1.30**	**1.42**	**1.54**
Provisions	**0.97**	**0.33**	**0.25**	**0.30**	**0.36**	**0.39**
NPA	0.09	0.09	0.03	0.26	0.33	0.36
Others	0.88	0.24	0.22	0.04	0.03	0.03
PBT	**0.92**	**1.29**	**1.25**	**1.19**	**1.21**	**1.28**
Tax	0.24	0.33	0.32	0.31	0.31	0.33
ROA (%)	**0.68**	**0.96**	**0.93**	**0.88**	**0.90**	**0.95**
Leverage (x)	11.48	12.01	12.76	13.74	14.85	15.89
ROE (%)	**7.82**	**11.51**	**11.85**	**12.09**	**13.33**	**15.11**

Source: MOFSL, Company

Financials and valuations

Income Statement						(INRb)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	35.1	42.0	53.6	64.7	74.9	90.6
Interest Expense	21.6	24.8	34.3	43.6	49.4	59.4
Net Interest Income	**13.6**	**17.2**	**19.3**	**21.1**	**25.4**	**31.3**
-growth (%)	5.5	26.5	12.3	9.3	20.7	22.9
Non-Interest Income	4.5	4.1	4.7	7.5	8.9	10.6
Total Income	**18.1**	**21.3**	**24.0**	**28.6**	**34.4**	**41.9**
-growth (%)	4.5	17.5	13.0	18.9	20.3	21.9
Operating Expenses	10.1	13.4	15.4	18.2	21.0	24.7
Pre Provision Profits	**8.0**	**7.9**	**8.6**	**10.4**	**13.3**	**17.2**
-growth (%)	-10.0	-1.3	9.9	20.0	28.6	28.9
Core PPoP	**7.2**	**7.8**	**8.3**	**9.1**	**12.0**	**15.8**
-growth (%)	-3.6	8.3	7.2	9.5	32.1	31.7
Provisions	4.1	1.6	1.4	2.1	3.1	4.0
PBT	**3.9**	**6.3**	**7.2**	**8.3**	**10.3**	**13.1**
Tax	1.0	1.6	1.9	2.1	2.6	3.4
Tax Rate (%)	26.2	25.8	25.8	25.7	25.8	25.8
PAT	**2.9**	**4.7**	**5.4**	**6.2**	**7.6**	**9.8**
-growth (%)	-14.4	61.9	15.1	14.8	23.6	28.3

Balance Sheet						
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	3.1	3.1	3.1	3.1	3.1	3.1
Reserves & Surplus	37.4	42.5	47.6	53.8	59.8	68.8
Net Worth	**40.5**	**45.6**	**50.7**	**56.9**	**63.0**	**71.9**
Deposits	**346.9**	**412.4**	**493.5**	**600.3**	**729.4**	**891.3**
-growth (%)	16.8	18.9	19.7	21.6	21.5	22.2
of which CASA Dep	**92.8**	**109.0**	**128.4**	**148.3**	**190.4**	**243.3**
-growth (%)	36.8	17.4	17.9	15.5	28.4	27.8
Borrowings	40.8	41.2	62.2	91.2	110.9	136.9
Other Liabilities & Prov.	19.7	24.4	23.9	19.7	22.9	26.1
Total Liabilities	**447.9**	**523.6**	**630.3**	**768.1**	**926.1**	**1,126.3**
Current Assets	40.9	23.7	30.7	27.0	33.4	40.9
Investments	**90.5**	**125.8**	**162.1**	**201.5**	**239.8**	**290.1**
-growth (%)	7.6	39.0	28.8	24.3	19.0	21.0
Loans	**291.0**	**343.8**	**409.2**	**510.5**	**617.7**	**753.6**
-growth (%)	13.0	18.2	19.0	24.7	21.0	22.0
Fixed Assets	6.6	8.3	8.6	9.0	10.3	11.3
Other Assets	18.9	22.1	19.7	20.2	25.0	30.3
Total Assets	**447.9**	**523.7**	**630.4**	**768.1**	**926.1**	**1,126.3**

ASSET QUALITY						
GNPA	12.9	11.2	13.5	15.5	17.5	20.4
NNPA	5.7	3.6	4.5	5.7	6.0	6.7
GNPA Ratio (%)	4.33	3.21	3.25	2.99	2.78	2.66
NNPA Ratio (%)	1.97	1.04	1.11	1.12	0.97	0.89
Slippage Ratio (%)	6.5	5.4	4.0	3.3	3.1	3.0
Credit Cost (%)	1.49	0.50	0.38	0.45	0.5	0.6
PCR (Excl Tech. write off) (%)	53.5	56.0	55.0	63.2	65.6	67.1

E: MOFSL Estimates

Financials and valuations

Ratios						
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	**8.8**	**9.2**	**9.8**	**9.7**	**9.2**	**9.2**
Avg. Yield on loans	10.3	10.7	11.3	11.1	10.4	10.4
Avg. Yield on Investments	6.8	6.6	7.3	7.2	6.9	6.9
Avg. Cost-Int. Bear. Liab.	**5.9**	**5.9**	**6.8**	**7.0**	**6.5**	**6.4**
Avg. Cost of Deposits	5.9	5.9	6.8	6.7	6.6	6.5
Interest Spread	**2.9**	**3.3**	**3.0**	**2.7**	**2.7**	**2.8**
Net Interest Margin	**3.6**	**4.0**	**3.7**	**3.3**	**3.2**	**3.3**
Profitability Ratios (%)						
CAR	18.9	17.6	16.6	16.4	14.9	13.7
Tier I	15.8	15.2	14.5	14.5	13.2	12.3
CET 1	15.8	15.2	14.5	14.5	13.4	12.6
Tier II	3.1	2.4	2.1	1.9	1.7	1.4
Business Ratio (%)						
Loans/Deposit Ratio	83.9	83.4	82.9	85.0	84.7	84.5
CASA Ratio	26.8	26.4	26.0	24.7	26.1	27.3
Cost/Assets	2.4	2.8	2.7	2.6	2.5	2.4
Cost/Income	56.0	63.0	64.0	63.7	61.2	59.0
Cost/ Core Income	58.6	63.3	64.9	66.7	63.6	60.9
Int. Expense/Int.Income	61.4	59.1	64.0	67.4	66.0	65.5
Fee Income/Net Income	20.5	18.7	18.4	21.8	22.2	22.1
Other Income/Net Income	25.0	19.3	19.7	26.3	26.0	25.4
Employee Cost/Operating Expense	53.2	51.7	51.7	50.7	50.5	50.3
Efficiency Ratios (INRm)						
Employee per branch (in nos)	20.2	23.2	25.6	26.1	26.3	26.6
Staff cost per employee	0.7	0.7	0.7	0.8	0.8	0.9
CASA per branch	192.8	232.0	255.2	290.6	316.5	379.7
Deposits per branch	843.9	867.3	965.8	1,116.6	1,281.3	1,454.9
Business per Employee	86.2	79.0	76.3	79.7	90.8	102.0
Profit per Employee	5.2	3.6	4.7	4.7	5.0	5.8
Profitability and Valuations Ratios						
RoE	7.8	11.5	11.8	12.1	13.3	15.1
RoA	0.7	1.0	0.9	0.9	0.9	1.0
RoRWA	1.2	1.6	1.6	1.8	1.9	2.0
Book Value (INR)	126	141	157	176	195	224
-growth (%)	7.9	12.0	11.1	12.1	11.0	14.6
Price-BV (x)	**1.0**	**0.9**	**0.8**	**0.7**	**0.7**	**0.6**
Adjusted BV (INR)	113	133	147	163	182	209
Price-ABV (x)	**1.1**	**1.0**	**0.9**	**0.8**	**0.7**	**0.6**
EPS (INR)	9.2	14.9	17.1	19.6	24.2	31.0
-growth (%)	-14.5	61.7	14.6	14.3	23.6	28.3
Price-Earnings (x)	**13.7**	**8.5**	**7.4**	**6.5**	**5.2**	**4.1**
Dividend Per Share (INR)	1.0	1.0	1.2	2.2	2.5	2.5
Dividend Yield (%)	**0.8**	**0.8**	**1.0**	**1.7**	**2.0**	**2.0**

E: MOSL Estimates

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