

Estimate change



TP change

Rating change

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Bloomberg	DCBB IN
Equity Shares (m)	311
M.Cap.(INRb)/(USDb)	29.9 / 0.4
52-Week Range (INR)	127 / 74
1, 6, 12 Rel. Per (%)	-10/-24/-23
12M Avg Val (INR M)	240

**Financials & Valuations (INR b)**

Y/E MARCH	FY21	FY22E	FY23E
NII	12.9	13.5	15.4
OP	9.0	9.0	10.4
NP	3.4	2.9	4.2
NIM (%)	3.6	3.5	3.7
EPS (INR)	10.8	9.2	13.6
EPS Gr. (%)	-0.7	-14.5	47.5
BV/Sh. (INR)	116.9	125.7	138.8
ABV/Sh. (INR)	103.5	107.5	121.6
<b>Ratios</b>			
RoE (%)	10.0	7.8	10.6
RoA (%)	0.9	0.7	0.9
<b>Valuations</b>			
P/E (x)	8.9	10.4	7.1
P/BV (x)	0.8	0.8	0.7
P/ABV (X)	0.9	0.9	0.8

**Shareholding pattern (%)**

As On	Jun-21	Mar-21	Jun-20
Promoter	14.9	14.9	14.9
DII	38.5	40.5	35.9
FII	12.2	13.0	15.1
Others	34.4	31.5	34.1
FII Includes depository receipts			

**CMP: INR96**
**TP: INR100 (+4%)**
**Neutral**
**Weak operating performance; asset quality remains under pressure**
**Restructured book increases to ~5.4% of loans**

- DCB Bank (DCBB) reported a weak operating performance, affected by higher slippage, sluggish NII growth, and elevated provisions. NIMs declined 15bp QoQ to 3.31%, impacted by high interest reversals and excess liquidity. On the business front, advances declined ~2% QoQ, while retail TD grew 17% YoY.
- Asset quality deteriorated further, with the GNPA/NNPA ratio increasing by 78bp/53bp QoQ to 4.87%/2.82%. PCR moderated to 43.3% (v/s 45.2% in FY21). Also, the gross restructured book increased to INR13.7b (5.4% of loans) v/s 4.3% of loans in FY21. CE in Home Loans / LAP recovered to Mar'21 levels in July'21, while it remained lower in the CV portfolio.
- We cut our earnings estimate for FY22/FY23 by 15%/12%, factoring in lower NII and elevated credit costs. **Maintain Neutral**.

**Sluggish NII and elevated provisions drag down earnings; asset quality deteriorates**

- DCBB reported PAT of INR338m (-57% YoY, significantly below estimates), affected by elevated provisions (86% YoY, 33% above estimate). NII growth was weak at ~1% YoY to INR3.1b (4% miss), with margins contracting 15bp QoQ to 3.31% due to high interest reversals and excess liquidity.
- Other income grew 55% YoY (10% QoQ decline) to INR1.2b (treasury gains: INR538m), with fee income growing 75% YoY (33% QoQ decline). Total revenues improved ~12% YoY. Opex grew ~18% YoY to INR2.3b; thus, the C/I ratio stood at 53.1% (v/s 53.9% in 4QFY21). Overall, PPoP grew at 5.3% YoY to INR2.0b (5% miss).
- On the business front, the loan book declined ~2% QoQ, impacted by weak disbursements (INR15.3b), with mortgage growth broadly flat QoQ. Conversely, all other segments (AIB/CV/Gold/Corporate/SME) posted ~2% QoQ decline. The share of the corporate book stands at 11% of loans. Deposit growth came in at 4% YoY (3% QoQ), led by retail TD (17% YoY), while CASA growth was weak (~3% YoY). Overall, the share of retail TD forms ~62% of total deposits.
- The GNPA/NNPA ratio deteriorated further by 78bp/53bp sequentially to 4.87%/2.82% as total slippage was elevated at INR5.15b (annualized slippage rate of ~8%). PCR moderated to 43.3% (v/s 45.2% in FY21). The gross restructured book increased to INR13.7b (5.4% of loans) v/s 4.3% in FY21.
- **Collection efficiency update:** Collection efficiency (standard loans) in Home Loans / LAP recovered to Mar'21 levels in July'21, while it remained lower in the CV portfolio. Collection efficiency stood at 98.6% in Home Loans, 97% in Business Loans, and 84.2% in CV.

### Highlights from management commentary

- The management expects loan growth for FY22E at 11–12% (assuming no severe COVID wave 3.0).
- The approximate LTV on Mortgages NPA stands at ~40%, while it is 52% on restructured assets.

### Valuation and view

DCB Bank reported a weak quarter, impacted by high interest reversals and elevated provisions. Business growth continues to remain under pressure, led by sequential decline in the loan book across segments. Asset quality deteriorated further with a rise in GNPA/NNPA ratio, while the restructured loan book also increased to 5.4% of loans. We expect credit cost trends to remain elevated at 1.9%/1.6% for FY22/FY23 as the bank focuses on improving the coverage ratio, which has moderated to 43.3%. Thus, we cut our earnings estimates by 15%/12% for FY22/FY23 and expect DCBB to deliver FY23 RoA/RoE at 0.9%/10.6%. **Maintain Neutral, with unchanged TP of INR100 (0.8x FY23E ABV).**

### Quarterly performance

	(INR m)											
	FY21				FY22				FY21	FY21	FY22E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		1Q Est
<b>Net Interest Income</b>	<b>3,067</b>	<b>3,339</b>	<b>3,348</b>	<b>3,112</b>	<b>3,087</b>	<b>3,261</b>	<b>3,463</b>	<b>3,663</b>	<b>12,866</b>	<b>13,474</b>	<b>3,228</b>	<b>-4.4</b>
% Change (Y-o-Y)	0.6	6.6	3.6	-3.9	0.6	-2.3	3.4	17.7	1.7	4.7	5.2	
Other Income	776	925	1,545	1,339	1,202	1,088	1,272	1,436	4,585	4,998	1,034	16.2
<b>Total Income</b>	<b>3,843</b>	<b>4,264</b>	<b>4,893</b>	<b>4,451</b>	<b>4,289</b>	<b>4,349</b>	<b>4,734</b>	<b>5,099</b>	<b>17,451</b>	<b>18,471</b>	<b>4,262</b>	<b>0.6</b>
Operating Expenses	1,932	2,016	2,119	2,399	2,277	2,301	2,391	2,472	8,466	9,441	2,152	5.8
<b>Operating Profit</b>	<b>1,911</b>	<b>2,248</b>	<b>2,773</b>	<b>2,052</b>	<b>2,012</b>	<b>2,048</b>	<b>2,343</b>	<b>2,628</b>	<b>8,985</b>	<b>9,031</b>	<b>2,111</b>	<b>-4.7</b>
% Change (Y-o-Y)	14.8	21.8	46.0	-3.2	5.3	-8.9	-15.5	28.0	19.3	0.5	10.4	
Provisions	837	1,131	1,477	1,012	1,555	1,319	1,188	1,130	4,457	5,192	1,171	32.8
<b>Profit before Tax</b>	<b>1,075</b>	<b>1,117</b>	<b>1,296</b>	<b>1,040</b>	<b>457</b>	<b>729</b>	<b>1,156</b>	<b>1,498</b>	<b>4,528</b>	<b>3,839</b>	<b>939</b>	<b>-51.4</b>
Tax	281	294	334	261	119	184	291	374	1,170	967	237	-49.8
<b>Net Profit</b>	<b>794</b>	<b>823</b>	<b>962</b>	<b>779</b>	<b>338</b>	<b>545</b>	<b>865</b>	<b>1,124</b>	<b>3,358</b>	<b>2,871</b>	<b>703</b>	<b>-52.0</b>
% Change (Y-o-Y)	-2.1	-10.0	-0.5	13.3	-57.5	-33.8	-10.1	44.3	-0.6	-14.5	-11.5	
<b>Operating Parameters</b>												
Deposit (INR b)	294.3	287.7	288.6	297.0	306.0	310.4	315.8	323.8	297.0	323.8	299.1	2.3
Loan (INR b)	250.6	248.8	253.0	259.6	255.0	262.2	270.2	280.4	259.6	280.4	261.4	-2.5
Deposit Growth (%)	2.2	-2.0	-2.9	-2.2	4.0	7.9	9.4	9.0	-2.2	9.0	1.6	2.3
Loan Growth (%)	4.2	0.3	-0.5	2.4	1.7	5.4	6.8	8.0	2.4	8.0	4.3	-2.6
<b>Asset Quality</b>												
Gross NPA (%)	2.4	2.3	2.0	4.1	4.9	5.1	5.2	5.4	4.1	5.4	4.6	0.2
Net NPA (%)	1.0	0.8	0.6	2.3	2.8	2.8	2.8	2.9	2.3	2.9	2.6	0.2
PCR (%)	60.0	64.1	70.2	45.2	43.3	45.0	47.0	47.6	45.2	47.6	45.5	-2.2

E:MOFSL Estimates

## Quarterly snapshot

	FY20				FY21				FY22	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Profit and Loss (INR m)</b>											
Net Interest Income	3,048	3,134	3,231	3,237	3,067	3,339	3,348	3,112	3,087	1	-1
Other Income	868	1,014	931	1,099	776	925	1,545	1,339	1,202	55	-10
Total Income	3,915	4,148	4,162	4,336	3,843	4,264	4,893	4,451	4,289	12	-4
Operating Expenses	2,250	2,302	2,263	2,215	1,932	2,016	2,119	2,399	2,277	18	-5
Employee	1,162	1,147	1,156	1,124	1,087	1,050	1,087	1,112	1,227	13	10
Others	1,088	1,156	1,107	1,091	845	966	1,033	1,287	1,049	24	-18
<b>Operating Profits</b>	<b>1,665</b>	<b>1,845</b>	<b>1,899</b>	<b>2,121</b>	<b>1,911</b>	<b>2,248</b>	<b>2,773</b>	<b>2,052</b>	<b>2,012</b>	<b>5</b>	<b>-2</b>
<b>Core Operating Profits</b>	<b>1,506</b>	<b>1,596</b>	<b>1,829</b>	<b>1,947</b>	<b>1,531</b>	<b>1,955</b>	<b>2,032</b>	<b>2,039</b>	<b>1,474</b>	<b>-4</b>	<b>-28</b>
Provisions	406	433	590	1,182	837	1,131	1,477	1,012	1,555	86	54
PBT	1,259	1,413	1,309	938	1,075	1,117	1,296	1,040	457	-58	-56
Taxes	448	499	342	251	281	294	334	261	119	-58	-54
<b>PAT</b>	<b>811</b>	<b>914</b>	<b>967</b>	<b>688</b>	<b>794</b>	<b>823</b>	<b>962</b>	<b>779</b>	<b>338</b>	<b>-57</b>	<b>-57</b>
<b>Balance Sheet (INR B)</b>											
Loans	240	248	254	253	251	249	253	260	255	2	-2
Investments	80	78	81	77	77	75	81	84	91	18	8
Deposits	288	294	297	304	294	288	289	297	306	4	3
CASA Deposits	71	68	69	65	65	65	67	68	66	3	-2
Borrowings	27	28	34	34	39	38	36	45	43	10	-4
Total Assets	363	370	381	385	382	376	379	396	403	6	2
<b>Asset Quality</b>											
GNPA	4,764	5,232	5,520	6,315	6,218	5,737	5,023	10,834	12,688	104	17
NNPA	1,958	2,379	2,608	2,935	2,485	2,058	1,497	5,942	7,190	189	21
<b>Ratios (%)</b>											
Asset Quality	FY20				FY21				FY22	Change (bps)	
Asset Quality	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA (%)	2.0	2.1	2.2	2.5	2.4	2.3	2.0	4.1	4.9	243	78
NNPA (%)	0.8	1.0	1.0	1.2	1.0	0.8	0.6	2.3	2.8	183	53
PCR (Calculated, %)	58.9	54.5	52.8	53.5	60.0	64.1	70.2	45.2	43.3	-1,670	-183
PCR (Reported, %)	76	73	72	71	75	79	84	62	59	-1,578	-293
<b>Business Ratios</b>											
Fees to Total Income	13.9	13.9	15.0	15.3	7.0	10.2	11.2	15.8	11.0	401	-477
Cost to Core Income	62.6	62.0	58.7	56.8	57.9	53.4	54.4	62.9	64.0	608	108
Tax Rate	35.6	35.3	26.1	26.7	26.1	26.3	25.8	25.1	26.0	-8	95
CASA	24.5	23.2	23.2	21.5	21.9	22.4	23.1	22.8	21.7	-24	-115
Loan/Deposit	83.5	84.5	85.5	83.5	85.1	86.5	87.7	87.4	83.3	-182	-408
<b>Profitability Ratios</b>											
RoA	0.9	1.0	1.0	0.7	0.8	0.9	1.0	0.8	0.3	-48	-46
RoE	11.2	12.3	12.7	8.7	9.9	9.9	11.2	9.0	3.8	-607	-517
Yield on loans	11.6	11.5	11.5	11.4	11.1	11.3	11.2	10.7	10.5	-63	-15
Cost of funds	7.1	7.1	7.1	7.0	6.8	6.6	6.6	6.5	6.3	-48	-14
Margins	3.67	3.67	3.71	3.64	3.42	3.74	3.75	3.46	3.31	-11	-15
<b>Others</b>											
Branches	334	334	331	336	341	344	347	352	354	13	2
ATM	508	499	501	504	505	480	471	410	402	-103	-8

## Highlights of management commentary



## Asset quality

- Three corporate accounts slipped during the quarter. However, it expects two of these to get resolved over the next three months.
- The net restructured book stands at INR13.7b, largely contributed by Mortgages, CV, and SME/MSME. While it expects the restructured book to increase further, it would be selective and provide to viable projects only.

- Total additional contingent provisions include INR1.08b towards stressed assets and INR1.89b towards restructured standard assets.
- The provision breakup over 1QFY22 is as follows: NPA – INR1.3b; sale to ARC – INR50m; standard assets – INR170m.
- The approximate average LTV on Mortgages NPA is ~40%, while it is 52% on restructured assets.
- Write-offs include those in personal loans, MFI loans, etc.
- Recovery challenges in mortgage loans stand above INR25–30m. However, the proportion of such loans is very low.
- The avg. LTV on gold loans is below 75%; therefore, they should be able to recover fully.
- Among the states, collections are improving in the northern region, Karnataka, and Tamil Nadu, while issues persist in Kerala.
- It has 90% provisions on the MFI portfolio, although the MFI portfolio is very small.
- It expects PCR to improve in the coming quarters.

### Balance sheet & P&L

- Gold loan growth remains stable.
- Total disbursements of ~INR15b were reported over 1QFY22. It expects loan growth at 11–12% for FY22E (assuming no severe COVID wave 3.0).
- The top 20 depositors are below 7%, and the target is to reach 5% in the coming years.
- There are strong opportunities for disbursements in the Home Loans segment.

## Key exhibits

**Exhibit 1: Segment-wise GNPA breakup: GNPA deteriorates further, led by CV and MSME segments**

	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	YoY (%)	QoQ (%)
CV/STVL	635	757	1,002	1,163	1,134	1,082	831	1,699	2,069	82.5%	24.0%
Corporate	187	187	481	515	515	418	418	496	836	62.3%	68.5%
SME + MSME	501	742	662	733	725	531	474	1,184	1,509	108.1%	27.4%
Mortgages	1,779	2,016	1,814	2,283	2,288	2,207	1,971	4,106	4,716	106.1%	14.9%
AIB	1,261	1,061	1,112	1,212	1,189	1,163	1,037	2,348	2,394	101.3%	2.0%
Gold loan	89	121	124	69	59	56	44	552	646	994.9%	17.0%
Others	312	348	325	340	308	280	248	479	518	68.2%	8.1%
<b>Total GNPs</b>	<b>4,764</b>	<b>5,232</b>	<b>5,520</b>	<b>6,315</b>	<b>6,218</b>	<b>5,737</b>	<b>5,023</b>	<b>10,834</b>	<b>12,688</b>	<b>104.1%</b>	<b>17.1%</b>

### Collection update across business segments

- **Business Loans (LAP):** Just 0.78% of loans in value terms have not paid any installments from 1<sup>st</sup> Apr'20 to 31<sup>st</sup> Jul'21. 97.9% customers have paid three or more EMIs during this period.
- **Home Loans:** In value terms, 1.48% of loans have not paid any installments from 1<sup>st</sup> Apr'20 to 31<sup>st</sup> Jul'21. 94.9% customers have paid three or more EMIs during this period.
- **CV:** In value terms, 2.95% of loans have not paid any installments from 1<sup>st</sup> Apr'20 to 31<sup>st</sup> Jul'21. 94.9% customers have paid three or more EMIs during this period.
- **SME/MSME:** 95.2% of the customers have demonstrated credit churn in their accounts over Apr'20–Jun'21.

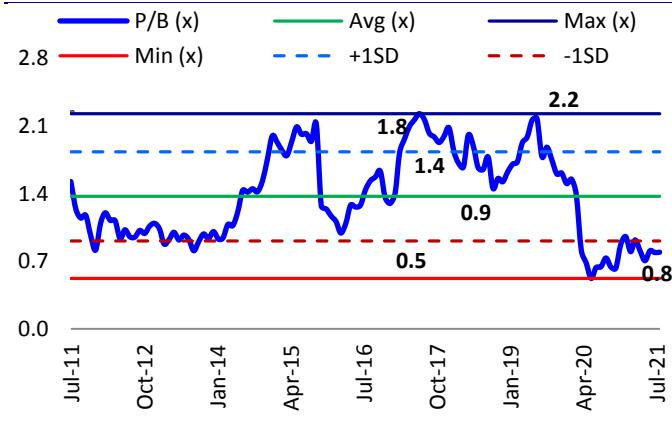
**Exhibit 2: Collection efficiency improves in Jul'21**

Collections Efficiency (%)	Jan'20	Mar'20	Jun'20	Sep'20	Oct'20	Nov'20	Dec'20	Mar'21	Apr'21	May'21	Jun'21	Jul'21
Business Loans (LAP)	97.5	90.6	58.8	87.5	85.3	91.5	89.8	95.2	91.5	87.8	89.0	92.2
Home loans	98.5	93.2	63.8	91.3	90.5	93.2	94.1	96.8	94.5	91.7	92.8	96.1
CV	92.1	81.3	37.4	77.1	75.9	77.5	80.4	86.0	76.7	70.8	74.5	75.6

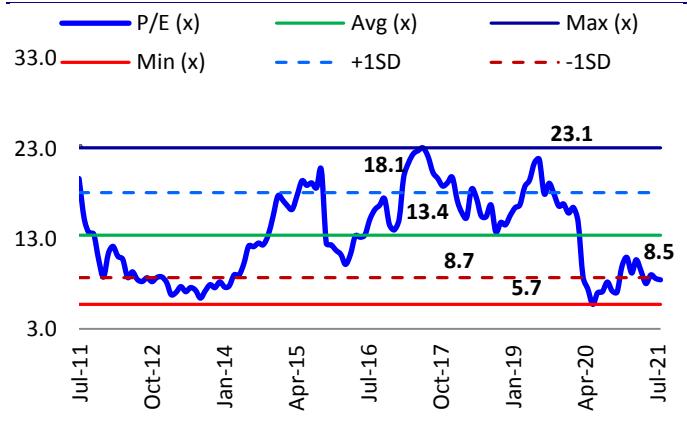
Source: MOSL, Company

**Valuation and view**

- Business growth remains under pressure for the bank due to continued sluggishness in the Corporate Banking and CV portfolios. The management expects growth to pick up gradually from 2HFY22. Overall, we expect a loan growth CAGR of 10% over FY21–23.
- Asset quality deteriorated further in 1QFY22, with a drop in collection efficiency over Apr'21–Jun'21. Although collection efficiency improved over Jul'21, the restructuring book remains high at ~5.4% of loans, which would keep asset quality under pressure. We thus estimate credit cost trends to remain elevated over the next few quarters as slippage could also increase, led by business segments such as Commercial Vehicle, Business Loans (LAP), and Mid-Corporate (which could face headwinds).
- **Maintain Neutral, with TP of INR100:** DCB Bank reported a weak quarter, impacted by high interest reversals and elevated provisions. Business growth continues to remain under pressure, led by sequential decline in the loan book across segments. Asset quality deteriorated further with a rise in GNPA/NNPA ratio, while the restructured loan book also increased to 5.4% of loans. We expect credit cost trends to remain elevated at 1.9%/1.6% for FY22/FY23 as the bank focuses on improving the coverage ratio, which has moderated to 43.3%. Thus, we cut our earnings estimates by 15%/12% for FY22/FY23 and expect DCBB to deliver FY23 RoA/RoE at 0.9%/10.6%. **Maintain Neutral, with unchanged TP of INR100 (0.8x FY23E ABV).**

**Exhibit 3: One-year forward P/B**

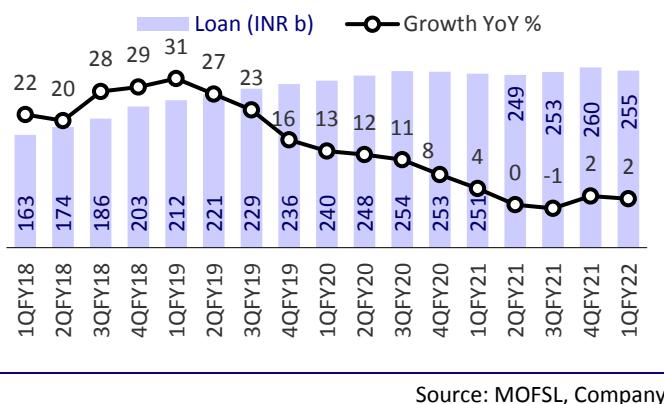
Source: MOFSL, Company

**Exhibit 4: One-year forward P/E**

Source: MOFSL, Company

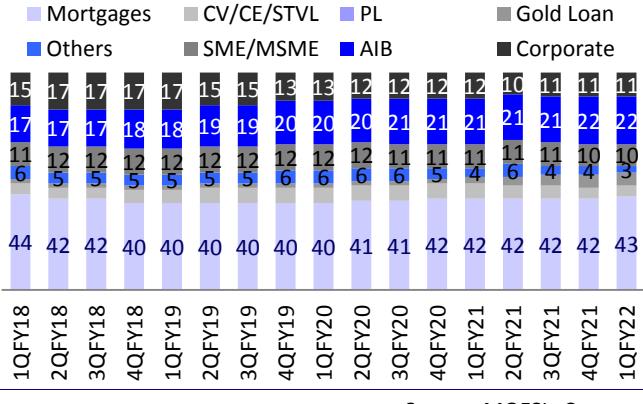
## Story in charts

### Exhibit 1: Loan book up 2% YoY (-2% QoQ)



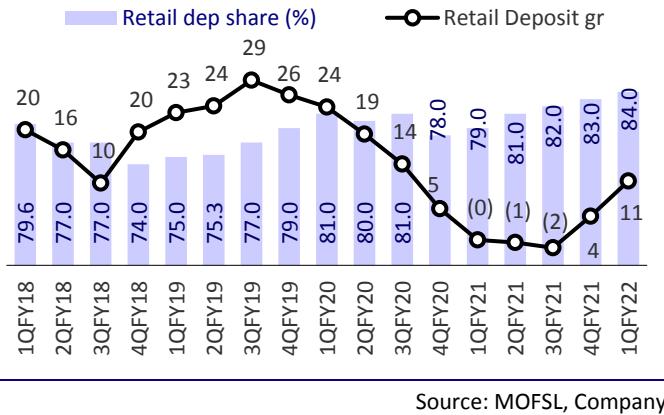
Source: MOFSL, Company

### Exhibit 2: Proportion of corporate advances stable at 11%



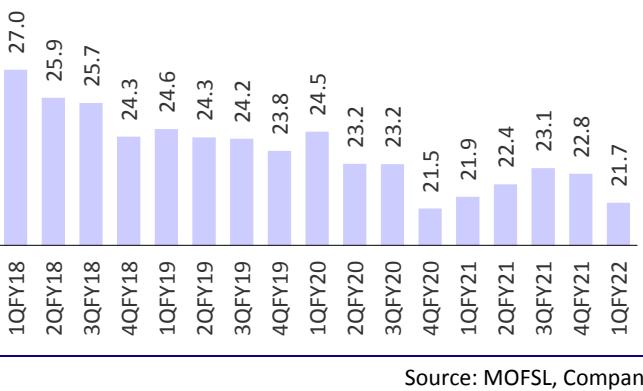
Source: MOFSL, Company

### Exhibit 3: Share of retail deposits increases to 84%



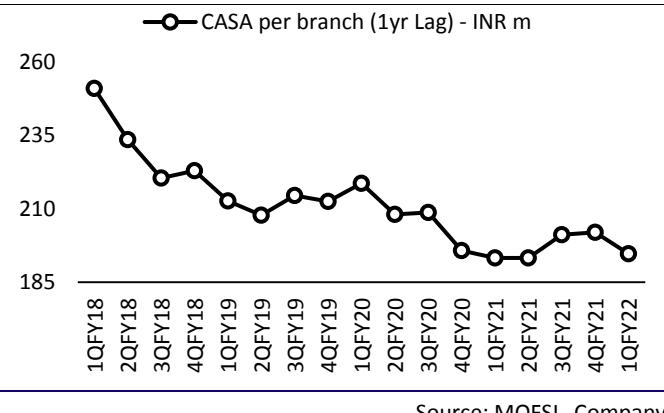
Source: MOFSL, Company

### Exhibit 4: CASA ratio moderates to 21.7%



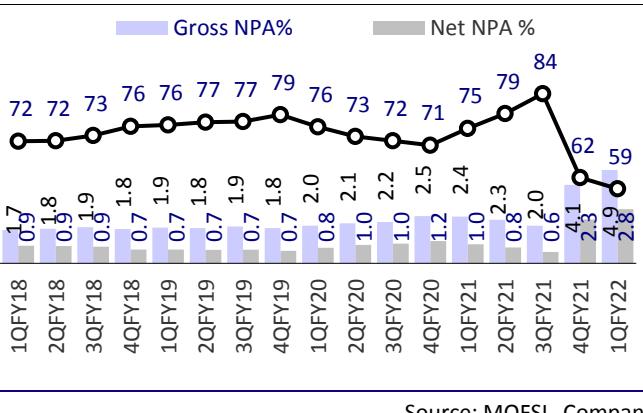
Source: MOFSL, Company

### Exhibit 5: CASA mobilization per branch (one-year lag) moderates to INR197m



Source: MOFSL, Company

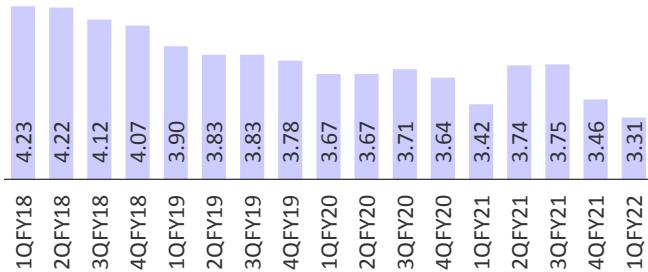
### Exhibit 6: Asset quality ratio deteriorates, with GNPA/NNPA ratio up 78bp/53bp; PCR (incl. TWO) moderates to ~59%



Source: MOFSL, Company

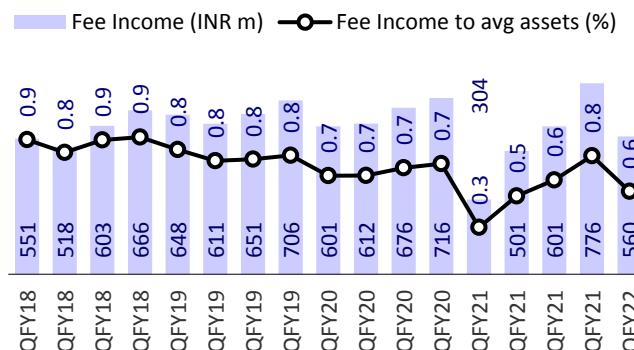
## Story in charts

**Exhibit 7: Reported NIM moderates 15bp QoQ to 3.31%**



Source: MOFSL, Company

**Exhibit 8: Fee income to assets moderates to 0.6%**



Source: MOFSL, Company

**Exhibit 9: We cut our earnings estimate for FY22/FY23 by 15%/12%, factoring in lower NII and elevated credit costs**

(INR b)	Old Estimates		Revised Estimates		Change (%/bp)	
	FY22	FY23	FY22	FY23	FY22	FY23
<b>NII</b>	<b>14.2</b>	<b>16.1</b>	<b>13.5</b>	<b>15.4</b>	<b>-5.2</b>	<b>-4.2</b>
Other Income	5.0	5.5	5.0	5.6	0.9	0.9
<b>Total Income</b>	<b>19.2</b>	<b>21.7</b>	<b>18.5</b>	<b>21.0</b>	<b>-3.7</b>	<b>-2.9</b>
Operating Expenses	9.5	10.6	9.4	10.7	-0.4	0.5
<b>Operating Profits</b>	<b>9.7</b>	<b>11.0</b>	<b>9.0</b>	<b>10.4</b>	<b>-6.8</b>	<b>-6.1</b>
Provisions	5.2	4.6	5.2	4.7	0.6	1.6
<b>PBT</b>	<b>4.5</b>	<b>6.4</b>	<b>3.8</b>	<b>5.7</b>	<b>-15.3</b>	<b>-11.6</b>
Tax	1.1	1.6	1.0	1.4	-15.3	-11.6
<b>PAT</b>	<b>3.4</b>	<b>4.8</b>	<b>2.9</b>	<b>4.2</b>	<b>-15.3</b>	<b>-11.6</b>
Loans	278	311	280	314	0.9	0.9
Deposits	318	353	324	363	1.9	2.8
Margins (%)	3.8	3.9	3.5	3.7	-23	-25
Credit Cost (%)	1.9	1.6	1.9	1.6	0	1
<b>RoA (%)</b>	<b>0.8</b>	<b>1.1</b>	<b>0.69</b>	<b>0.92</b>	<b>-13</b>	<b>-14</b>
<b>RoE (%)</b>	<b>9.2</b>	<b>11.8</b>	<b>7.8</b>	<b>10.6</b>	<b>-137</b>	<b>-117</b>
BV	127	142	126	139	-1.3	-2.4
ABV	112	127	107	122	-3.7	-3.9
EPS	11	15	9	14	-15.3	-11.6

**Exhibit 10: DuPont Analysis: Return ratios to remain under pressure over medium term**

DCB Bank	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	9.62	8.89	9.21	9.52	8.86	8.60	8.56
Interest Expended	5.93	5.22	5.73	6.12	5.56	5.35	5.19
<b>Net interest Income</b>	<b>3.69</b>	<b>3.67</b>	<b>3.48</b>	<b>3.41</b>	<b>3.29</b>	<b>3.25</b>	<b>3.36</b>
Fee income	0.77	0.98	0.94	0.88	0.81	0.87	0.87
Trading and others	0.39	0.17	0.12	0.18	0.37	0.34	0.35
<b>Non-interest Income</b>	<b>1.16</b>	<b>1.14</b>	<b>1.06</b>	<b>1.05</b>	<b>1.17</b>	<b>1.20</b>	<b>1.22</b>
<b>Total Income</b>	<b>4.85</b>	<b>4.81</b>	<b>4.54</b>	<b>4.46</b>	<b>4.47</b>	<b>4.45</b>	<b>4.58</b>
<b>Operating expenses</b>	<b>2.91</b>	<b>2.88</b>	<b>2.58</b>	<b>2.43</b>	<b>2.17</b>	<b>2.28</b>	<b>2.32</b>
Employees	1.43	1.40	1.31	1.24	1.11	1.17	1.19
Others	1.48	1.47	1.27	1.20	1.06	1.11	1.14
<b>Operating profits</b>	<b>1.94</b>	<b>1.93</b>	<b>1.96</b>	<b>2.03</b>	<b>2.30</b>	<b>2.18</b>	<b>2.26</b>
<b>Core PPP</b>	<b>1.55</b>	<b>1.77</b>	<b>1.84</b>	<b>1.85</b>	<b>1.94</b>	<b>1.84</b>	<b>1.91</b>
<b>Provisions</b>	<b>0.52</b>	<b>0.51</b>	<b>0.42</b>	<b>0.70</b>	<b>1.14</b>	<b>1.25</b>	<b>1.03</b>
NPA	0.44	0.41	0.06	0.23	-0.07	1.24	1.00
Others	0.08	0.10	0.36	0.47	1.21	0.02	0.02
<b>PBT</b>	<b>1.42</b>	<b>1.42</b>	<b>1.53</b>	<b>1.32</b>	<b>1.16</b>	<b>0.93</b>	<b>1.23</b>
Tax	0.50	0.52	0.55	0.41	0.30	0.23	0.31
<b>ROAA (%)</b>	<b>0.93</b>	<b>0.90</b>	<b>0.99</b>	<b>0.91</b>	<b>0.86</b>	<b>0.69</b>	<b>0.92</b>
Leverage (x)	11.71	12.05	12.17	12.27	11.64	11.33	11.47
<b>ROAE (%)</b>	<b>10.83</b>	<b>10.89</b>	<b>11.99</b>	<b>11.16</b>	<b>10.01</b>	<b>7.84</b>	<b>10.58</b>

## Financials and valuations

Income Statement							INR m
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	20,762	24,130	30,415	35,366	34,582	35,671	39,271
Interest Expense	12,791	14,176	18,922	22,717	21,716	22,197	23,833
<b>Net Interest Income</b>	<b>7,971</b>	<b>9,954</b>	<b>11,493</b>	<b>12,649</b>	<b>12,866</b>	<b>13,474</b>	<b>15,438</b>
Growth (%)	28.7	24.9	15.5	10.1	1.7	4.7	14.6
Non Interest Income	2,488	3,103	3,502	3,911	4,585	4,998	5,597
<b>Total Income</b>	<b>10,459</b>	<b>13,057</b>	<b>14,994</b>	<b>16,560</b>	<b>17,451</b>	<b>18,471</b>	<b>21,035</b>
Growth (%)	24.5	24.8	14.8	10.4	5.4	5.8	13.9
Operating Expenses	6,277	7,807	8,529	9,029	8,466	9,441	10,665
<b>Pre Provision Profits</b>	<b>4,182</b>	<b>5,250</b>	<b>6,466</b>	<b>7,531</b>	<b>8,985</b>	<b>9,031</b>	<b>10,370</b>
Growth (%)	19.8	25.5	23.2	16.5	19.3	0.5	14.8
<b>Core PPP</b>	<b>3,630</b>	<b>4,796</b>	<b>6,080</b>	<b>6,878</b>	<b>7,557</b>	<b>7,631</b>	<b>8,743</b>
Growth (%)	22.2	32.1	26.8	13.1	9.9	1.0	14.6
Provisions (excl tax)	1,115	1,388	1,401	2,611	4,457	5,192	4,707
<b>PBT</b>	<b>3,067</b>	<b>3,862</b>	<b>5,065</b>	<b>4,919</b>	<b>4,528</b>	<b>3,839</b>	<b>5,663</b>
Tax	1,070	1,409	1,812	1,540	1,170	967	1,427
<b>PAT</b>	<b>1,997</b>	<b>2,453</b>	<b>3,254</b>	<b>3,379</b>	<b>3,358</b>	<b>2,871</b>	<b>4,236</b>
Growth (%)	2.7	22.8	32.7	3.9	-0.6	-14.5	47.5
Balance Sheet							
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	2,854	3,081	3,095	3,104	3,105	3,105	3,105
Reserves & Surplus	19,179	24,983	28,049	31,108	34,471	37,188	41,268
<b>Net Worth</b>	<b>22,033</b>	<b>28,064</b>	<b>31,144</b>	<b>34,212</b>	<b>37,576</b>	<b>40,293</b>	<b>44,373</b>
<b>Deposits</b>	<b>192,892</b>	<b>240,069</b>	<b>284,351</b>	<b>303,699</b>	<b>297,039</b>	<b>323,772</b>	<b>362,625</b>
Growth (%)	29.2	24.5	18.4	6.8	-2.2	9.0	12.0
<b>of which CASA Dep</b>	<b>46,892</b>	<b>58,403</b>	<b>68,099</b>	<b>65,192</b>	<b>67,865</b>	<b>77,705</b>	<b>88,843</b>
Growth (%)	34.4	24.5	16.6	-4.3	4.1	14.5	14.3
Borrowings	12,774	19,267	27,232	34,080	44,823	50,516	55,754
<b>Total Liabilities</b>	<b>240,464</b>	<b>302,222</b>	<b>357,918</b>	<b>385,051</b>	<b>396,021</b>	<b>433,642</b>	<b>484,100</b>
Current Assets	11,925	23,720	27,934	35,459	30,393	34,809	38,909
<b>Investments</b>	<b>58,179</b>	<b>62,190</b>	<b>78,441</b>	<b>77,415</b>	<b>84,137</b>	<b>95,916</b>	<b>107,426</b>
<b>Loans</b>	<b>158,176</b>	<b>203,367</b>	<b>235,680</b>	<b>253,453</b>	<b>259,592</b>	<b>280,360</b>	<b>314,003</b>
Growth (%)	22.4	28.6	15.9	7.5	2.4	8.0	12.0
Fixed Assets	4,886	4,940	5,260	5,459	5,685	5,969	6,268
<b>Total Assets</b>	<b>240,464</b>	<b>302,222</b>	<b>357,918</b>	<b>385,051</b>	<b>396,021</b>	<b>433,642</b>	<b>484,100</b>
ASSET QUALITY							
GNPA (INR M)	2,542	3,690	4,395	6,315	10,834	15,401	16,076
NNPA (INR M)	1,244	1,467	1,538	2,935	5,942	8,073	7,628
GNPA Ratio	1.6	1.8	1.8	2.5	4.1	5.4	5.0
NNPA Ratio	0.8	0.7	0.7	1.2	2.3	2.9	2.4
Slippage Ratio	2.03	1.93	1.92	2.72	2.67	4.30	2.30
Credit Cost	0.51	0.77	0.64	1.07	1.74	1.92	1.58
PCR (Excl Tech. write off)	51.1	60.1	65.0	53.4	44.4	47.6	52.6

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield-Earning Assets</b>	<b>10.5</b>	<b>9.3</b>	<b>9.6</b>	<b>10.0</b>	<b>9.3</b>	<b>9.1</b>	<b>9.0</b>
Avg. Yield on loans	11.5	10.7	11.2	11.6	10.9	10.5	10.5
Avg. Yield on Investments	7.8	7.0	7.6	8.0	7.2	6.8	6.6
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>7.0</b>	<b>6.1</b>	<b>6.6</b>	<b>7.0</b>	<b>6.4</b>	<b>6.2</b>	<b>6.0</b>
Avg. Cost of Deposits	6.9	6.0	6.5	6.9	6.3	6.0	5.9
<b>Interest Spread</b>	<b>3.6</b>	<b>3.2</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>
<b>Net Interest Margin</b>	<b>4.04</b>	<b>4.0</b>	<b>3.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.5</b>	<b>3.7</b>
<b>Profitability Ratios (%)</b>							
CAR	13.8	16.5	16.8	17.8	19.7	19.6	18.0
Tier I	11.9	12.7	13.1	13.9	15.5	15.7	14.4
Tier II	1.9	3.8	3.7	3.9	4.2	3.9	3.5
<b>Business &amp; Efficiency Ratio (%)</b>							
Loans/Deposit Ratio	82.0	84.7	82.9	83.5	87.4	86.6	86.6
CASA Ratio	24.3	24.3	23.9	21.5	22.8	24.0	24.5
Cost/Assets	2.9	2.9	2.6	2.4	2.2	2.3	2.3
Cost/Income	60.0	59.8	56.9	54.5	48.5	51.1	50.7
Cost/ Core Income	62.7	61.9	58.4	56.8	52.8	55.3	55.0
Int. Expense/Int.Income	61.6	58.7	62.2	64.2	62.8	62.2	60.7
Fee Income/Net Income	19.5	20.3	20.8	19.7	18.1	19.5	18.9
Non Int. Inc./Net Income	23.8	23.8	23.4	23.6	26.3	27.1	26.6
Empl. Cost/Op. Exps.	49.0	48.8	50.9	50.8	51.2	51.4	51.0
Investment/Deposit Ratio	24.7	25.9	27.6	25.5	28.3	29.6	29.6
<b>Profitability and Valuations Ratios</b>							
RoE	10.8	10.9	12.0	11.2	10.0	7.8	10.6
RoA	0.9	0.9	1.0	0.9	0.9	0.7	0.9
RoRWA	1.2	1.2	1.5	1.4	1.4	1.2	1.5
Book Value (INR)	72.3	86.7	96.3	106.0	116.9	125.7	138.8
Price-BV (x)	1.3	1.1	1.0	0.9	0.8	0.8	0.7
Adjusted BV (INR)	69.3	83.3	92.8	99.4	103.5	107.5	121.6
Price-ABV (x)	1.4	1.2	1.0	1.0	0.9	0.9	0.8
EPS (INR)	7.0	8.0	10.5	10.9	10.8	9.2	13.6
Price-Earnings (x)	13.7	12.1	9.2	8.8	8.9	10.4	7.1

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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