

BSE SENSEX	S&P CNX
25,816	7,915
Bloomberg	DCBB IN
Equity Shares (m)	284.5
M.Cap.(INRb)/(USDb)	23.7 / 0.4
52-Week Range (INR)	151/69
1, 6, 12 Rel. Per (%)	10/1/-17
Avg Val, INRm	192.7
Free float (%)	83.7

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
NII	6.2	7.3	9.1
OP	3.5	3.9	4.6
NP	1.9	2.0	2.4
EPS (INR)	6.8	7.1	8.4
EPS Gr. (%)	0.9	3.9	17.5
BV/Sh	61.6	68.7	77.1
P/E (x)	12.2	11.7	10.0
P/BV (x)	1.4	1.2	1.1
RoE (%)	11.8	10.9	11.5
RoA (%)	1.1	0.9	0.9

CMP: INR88
TP: INR110 (25%)
Upgrade to Buy

Healthy operating performance despite significant branch addition

- DCBB reported 10% beat on PBT, aided by strong PPop growth (+43% YoY, +15% QoQ). Both NII (+30% YoY) and non-interest income growth (+32% YoY) were ahead of est. Despite 30% YoY (+13% QoQ) increase in branches, control opex (+23% YoY, in-line) is commendable.
- GNPA declined 16% QoQ however, adjusted for NPA sale GNPA were stable QoQ. PCR (including technical write-offs) healthy at 78% (73% in 3Q). Slippage ratio declined 40bp QoQ to 1.9%. Net stress loans in absolute terms declined to INR1.3b vs INR1.9b a quarter ago.
- Loan growth remains strong (+24% YoY and 10% QoQ), led by mortgages (+25% YoY) and agri (+37% YoY). Loans excluding corporate loans grew 37% YoY and 20% QoQ. Core retail deposits share healthy at ~81% (flat QoQ).
- Other highlights:** a) NIMs were largely stable QoQ at 3.9%, b) fee income growth for 4Q as well for FY was stable at 18% YoY, c) CASA ratio was stable QoQ at ~24%, CASA per branch (1yr lag) stable at INR227m, d) CAR improved 100bp QoQ led by T2 bond raising of INR867m.
- Valuation and view:** Post management strategy change for franchise expansion the stock has moved in-line with our expectation (corrected sharply) and valuations have now become comfortable. We upgrade earnings by 3-5% for FY16-18E to account for better than expected PPP performance. We expect ROA and ROEs to be ~1% and ~11% over FY16-18E. Based on Residual income model, we value DCBB at 1.4x FY18 PBV and revise rating to **Buy**.

Quarterly Performance

(INR Million)

	FY15				FY16				FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,522	3,349	3,565	3,789	4,043	4,162	4,299	4,481	14,224	16,985
Interest Expense	2,132	2,172	2,346	2,492	2,639	2,662	2,694	2,794	9,142	10,790
Net Interest Income	1,390	1,177	1,219	1,297	1,404	1,500	1,605	1,687	5,082	6,195
% Change (Y-o-Y)	67.2	28.9	29.7	29.6	1.0	27.4	31.6	30.1	38.0	21.9
Other Income	345	370	480	463	631	487	472	615	1,657	2,205
Net Income	1,735	1,546	1,699	1,760	2,035	1,987	2,077	2,301	6,739	8,400
Operating Expenses	922	948	1,015	1,079	1,138	1,206	1,234	1,331	3,965	4,909
Operating Profit	812	598	684	680	897	781	843	970	2,774	3,490
% Change (Y-o-Y)	58.3	49.2	47.5	35.6	10.4	30.5	23.3	42.6	47.6	25.8
Other Provisions	229	137	184	143	180	217	210	273	694	879
Profit before Tax	583	461	499	537	716	564	633	698	2,080	2,611
Tax Provisions	137	50	74	-93	248	195	221	2	168	666
Net Profit	446	411	425	630	469	369	412	695	1,912	1,945
% Change (Y-o-Y)	4.2	24.2	16.9	60.9	5.0	-10.1	-3.1	10.4	26.3	1.7
Operating Parameters										
NIM (Reported,%)	3.7	3.7	3.7	3.8	3.8	3.8	4.0	3.9	3.7	3.9
NIM (Cal, %)	4.5	3.8	3.7	3.6	3.6	3.8	3.9	3.9	3.9	3.8
Deposit Growth (%)	26.8	24.0	23.5	22.1	25.8	24.4	18.9	18.4	22.1	18.4
Loan Growth (%)	28.1	31.7	28.9	28.6	25.7	27.2	23.7	23.5	28.6	23.5
CD Ratio (%)	78.6	80.7	80.1	83.0	78.6	82.5	83.3	86.6	83.0	86.6
CASA Ratio (%)	25.4	25.5	23.8	23.4	23.0	24.1	24.1	23.4	23.4	23.4
Tax Rate (%)	23.4	10.9	14.9	-17.2	34.6	34.6	34.9	0.3	8.1	25.5
Asset Quality										
Gross NPA (INR B)	1.5	1.7	1.8	1.9	2.1	2.2	2.3	2.0	1.9	2.0
Gross NPA (%)	1.8	1.9	1.9	1.8	2.0	2.0	2.0	1.5	1.8	1.5

E: MOSL Estimates

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Exhibit 1: Quarterly performance (INR m)

Y/E March	4QFY16A	4QFY16E	Var. (%)	Comments
NII	1,687	1,615	4	NIMs stable QoQ; Better than expected loan growth led to 4% beat
% Change (Y-o-Y)	30	25		
Other Income	615	572	8	Non-core income higher than expected; Fee inline
Net Income	2,301	2,186	5	
Operating Expenses	1,331	1,358	-2	Added 22 branches during the quarter
Operating Profit	970	828	17	
% Change (Y-o-Y)	43	22		
Other Provisions	273	197	39	Sold assets worth INR535m during the quarter
Profit before Tax	698	632	10	
Tax Provisions	2	217	-99	Await Clarification
Net Profit	695	415	68	Better net income, stable opex and negligible tax provisions led to sharp beat
% Change (Y-o-Y)	10	-34		

Source: MOSL, Company

Balance sheet growth remains strong led by retail products

- Loan growth for the quarter was 10% QoQ and 24% YoY while deposits grew 6% QoQ and 18% YoY. Thus CD ratio came at 86.6% v/s 83.3% in 3QFY16.
- Loan excluding corporate loans grew 37% YoY and 20% QoQ. All major retail products grew 10-15% QoQ.
- Retail deposits grew 6% QoQ and 20% YoY and share of retail deposits stood at 81% vs 80% a year ago and 81% a quarter ago. CASA ratio % stood at 23.4% vs 22.8% a quarter ago.

Stable asset quality QoQ; NSL declines QoQ

- Absolute gross NPA decreased 16% QoQ. PCR calculated improved to 51% as compared to 44% a quarter ago. Including technical write offs PCR stood at 78% vs 73% a quarter ago. Restructured loans declined to INR320m vs INR460m a quarter ago
- During the quarter DCB sold GNPA of ~INR540m. Including the accounts sold during the quarter GNPA% were stable QoQ at 1.92% vs 1.98% a quarter ago.
- Total loss booked on the account sold stood at INR140m of which INR17m booked during the quarter.

Opex Control and healthy loan growth driving PBT beat of 10%

- PBT beat our estimates by 10% and stood at INR698m. Negligible taxation related provisions led to sharp beat of 68% on PAT level.
- NII grew 30% YoY and 5% QoQ to INR1.7b led by strong loan growth of 24% and largely stable NIMs QoQ at 3.94% (inline).
- During the quarter DCB added 22 branches reaching it to 198. Of the incremental branches 12 branches added in rural areas and 6 were added Urban location. Addition was largely Pan india. Opex was largely inline with our expectation of 23% YoY growth.

Other highlights

- CAR increased ~100bp a quarter ago of which 45bp came from Tier I capital and rest by Tier II capital (during the quarter bank raised bonds worth INR867m)

- Tax provisions were negligible during the quarter led by recognition of Deferred Tax Asset (DTA) on provision for standard assets and floating provision.

4QFY16 Conference Call highlights

Strategy related

- By October 2017 total branches are expected to be 300. If the new branches are not delivering as per expectation then there is a possibility of roll back on the plan. Average branch opening cost is ~INR6mn/branch.
- Management likes to open branches in bulk due to benefit on the administrative, HR and operational point of view
- DCBB is amongst the ten banks which is UPI enabled. Don't see payment bank as a big challenge.

Profitability related

- During the quarter DCBB recognized DTA provisions against standard assets and floating provisions. Thereby, fall in tax rate. FY17 expectation for tax rate is ~34%
- Fee income will be based on transactions. Clear focus on forex transactions, Trade related fees etc.
- Near term NIMs will remain in the range of 3.7-4%. Long term NIMs are likely to be 3.6-3.75%

Others

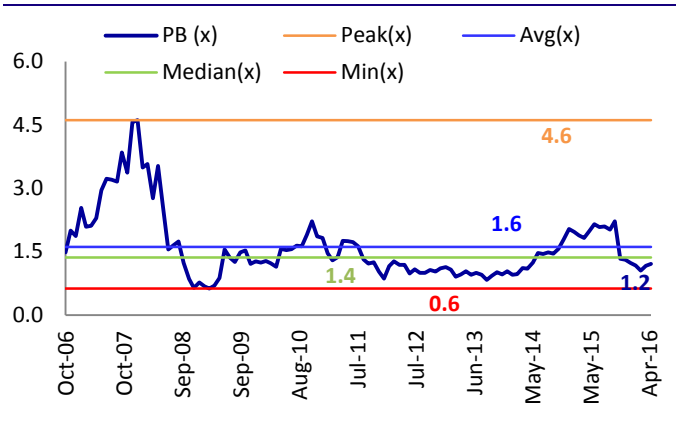
- Excluding corporate loans grew 36% YoY in FY16. In next 3 years expect balance sheet to double and share of loan mix to remain largely same
- Adjusted for sale of loans to ARCIL (mix of mortgages, AIB and SME totaling to 37 accounts), GNPA % and NNPA% would have been 1.92% and 1.01% respectively.

Upgrade to Buy with the target price of INR110 (1.4x FY18 BV)

Valuation and view

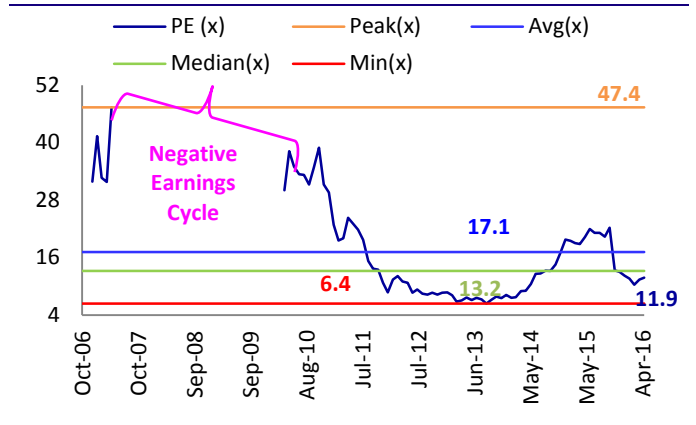
- Strong balance sheet growth led by granular retail asset and liabilities, stable NIMs, inline opex and higher than expected trading gains led to 10% beat on PBT basis.
- Control over opex despite strong expansion (+22 branches QoQ to 198) is commendable. Asset quality remains healthy and CAR improved 100bp QoQ to 14.1%.
- We have revised estimates upwards by 3-5% over FY16-18 and introduce FY19 earnings. Based on Residual income model (key assumptions Rf of 7.5%, Beta of 1.4x, risk premium of 5%, average growth of 15% over FY20-36 and terminal growth of 5%) we value the stock at 1.4x FY18 BV. We upgrade the stock to buy with the target price of INR110 (from INR90/share led by roll over to FY18 and upgrade in multiple to 1.4x from 1.3x).
- The stock trades at 1.2x/1.1x FY17/18 BV of INR69/INR77 respectively. On a PE basis it trades at 11.7x/10.0x of FY17/18 EPS of INR7/INR8.4 respectively. We expect ROE of 11% and ROA of 0.9-1% over FY16-18E.

Exhibit 2: One year forward P/BV



Source: Company, MOSL

Exhibit 3: One year forward P/E



Source: Company, MOSL

Exhibit 4: DuPont Analysis: Healthy income; strong expansion to impact RoEs (~11%)

DCB Bank	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Net interest Income	2.92	2.35	2.79	2.83	2.85	3.04	3.50	3.51	3.42	3.44	3.39
Fee income	1.14	1.10	0.98	0.98	0.90	0.84	0.82	0.80	0.79	0.78	0.77
Fees to core income	28.0	31.9	25.9	25.7	23.9	21.5	19.0	18.5	18.7	18.4	18.5
Core Income	4.05	3.45	3.77	3.81	3.75	3.88	4.32	4.31	4.20	4.22	4.15
Operating expenses	3.58	3.32	3.18	3.04	2.76	2.64	2.73	2.79	2.83	2.92	2.90
Cost to core income	88.3	96.4	84.3	79.8	73.7	68.0	63.2	64.6	67.4	69.3	69.8
Employees	1.54	1.46	1.57	1.55	1.38	1.30	1.35	1.39	1.40	1.47	1.49
Emp cost to Opex (%)	43.1	43.8	49.4	51.0	50.1	49.2	49.4	49.9	49.4	50.4	51.4
Others	2.03	1.87	1.61	1.49	1.38	1.34	1.38	1.39	1.43	1.45	1.41
Core PPP	0.47	0.12	0.59	0.77	0.99	1.24	1.59	1.53	1.37	1.30	1.25
Non interest Income	1.78	1.77	1.65	1.25	1.17	1.15	1.14	1.25	1.23	1.20	1.17
Trading and others	0.64	0.67	0.68	0.27	0.28	0.31	0.32	0.45	0.45	0.43	0.40
Operating profits	1.11	0.80	1.27	1.04	1.26	1.55	1.91	1.98	1.82	1.72	1.66
Provisions	2.39	2.00	0.84	0.36	0.24	0.30	0.48	0.50	0.43	0.40	0.41
NPA	2.17	1.88	0.69	0.30	0.18	0.30	0.35	0.47	0.43	0.40	0.41
Others	0.22	0.13	0.15	0.06	0.06	0.00	0.13	0.03	0.00	0.00	0.00
PBT	-1.28	-1.20	0.43	0.68	1.02	1.25	1.43	1.48	1.39	1.32	1.25
Tax	0.02	0.09	0.12	0.00	0.00	0.00	0.12	0.38	0.44	0.42	0.40
Tax rate	-1.7	-7.8	26.7	0.1	0.0	0.0	8.1	25.5	32.0	32.0	32.0
ROAA (%)	-1.30	-1.30	0.32	0.68	1.02	1.25	1.32	1.10	0.94	0.90	0.85
Leverage (x)	11.6	11.2	12.3	11.8	11.4	11.8	10.9	10.7	11.6	12.8	14.0
ROAE (%)	-15.1	-14.5	3.9	8.1	11.7	14.7	14.4	11.8	10.9	11.5	11.9

Source: Company, MOSL

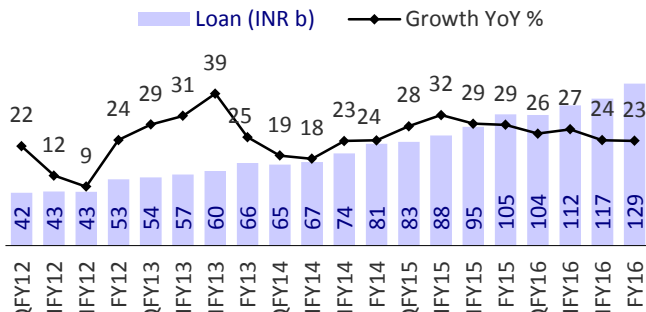
Exhibit 5: DuPont Analysis: Negligible tax provisions led to sharp rise in ROAs QoQ; Asset quality stable QoQ

DuPont Analysis	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Interest Income	9.37	9.72	10.07	9.89	10.92	10.19	10.11	9.80	9.97	10.00	9.94	9.76
Interest Expense	6.38	6.42	6.81	6.67	6.61	6.61	6.65	6.44	6.51	6.40	6.23	6.08
NII	2.99	3.30	3.25	3.21	4.31	3.58	3.46	3.35	3.46	3.60	3.71	3.67
Other Income	1.62	0.99	1.14	1.07	1.07	1.12	1.36	1.20	1.56	1.17	1.09	1.34
Total Income	4.61	4.29	4.39	4.29	5.38	4.70	4.82	4.55	5.02	4.77	4.80	5.01
Operating Expense	2.76	2.84	2.78	2.68	2.86	2.88	2.88	2.79	2.81	2.90	2.85	2.90
Employee Expense	1.35	1.40	1.37	1.32	1.44	1.44	1.40	1.37	1.42	1.44	1.43	1.43
Other Expense	1.41	1.43	1.42	1.36	1.42	1.44	1.48	1.42	1.39	1.46	1.42	1.47
Pre-provisioning Profit	1.84	1.45	1.60	1.61	2.52	1.82	1.94	1.76	2.21	1.88	1.95	2.11
Provisions	0.31	0.25	0.35	0.35	0.71	0.42	0.52	0.37	0.44	0.52	0.48	0.59
PBT	1.54	1.20	1.26	1.26	1.81	1.40	1.42	1.39	1.77	1.36	1.46	1.52
Tax	0.00	0.00	0.00	0.00	0.42	0.15	0.21	-0.24	0.61	0.47	0.51	0.01
RoA	1.54	1.20	1.26	1.26	1.38	1.25	1.20	1.63	1.16	0.89	0.95	1.51
Leverage (x)	10.9	10.4	10.5	11.0	11.0	10.8	10.2	9.9	10.1	10.0	10.2	10.46
RoE	16.7	12.5	13.3	13.8	15.2	13.5	12.3	16.2	11.6	8.9	9.7	15.83

Source: Company, MOSL

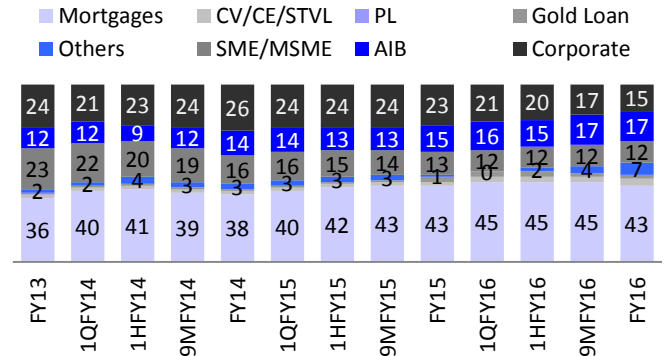
Story in charts

Exhibit 6: Loans grew 10% QoQ led by granular retail products



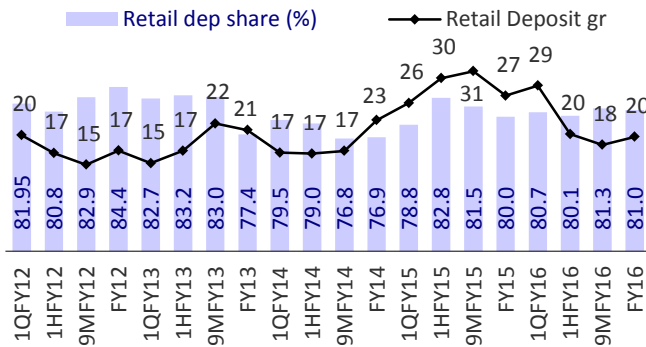
Source: MOSL, Company

Exhibit 7: Share of mortgages and AIB remains largely stable QoQ



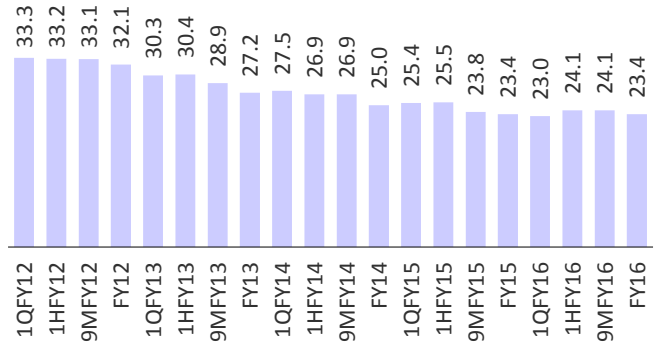
Source: MOSL, Company

Exhibit 8: Share of retail deposit remains largely stable on QoQ and YoY basis



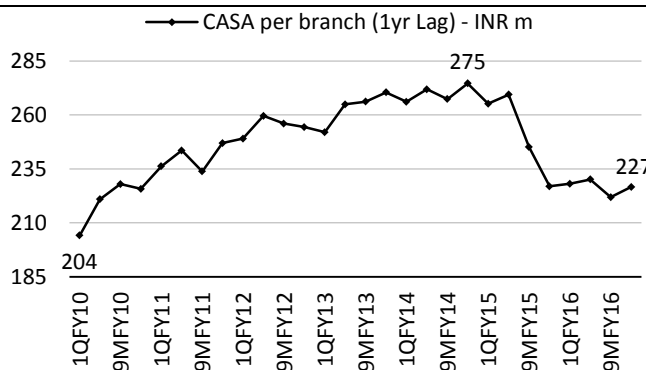
Source: MOSL, Company

Exhibit 9: CASA ratio declines marginally QoQ



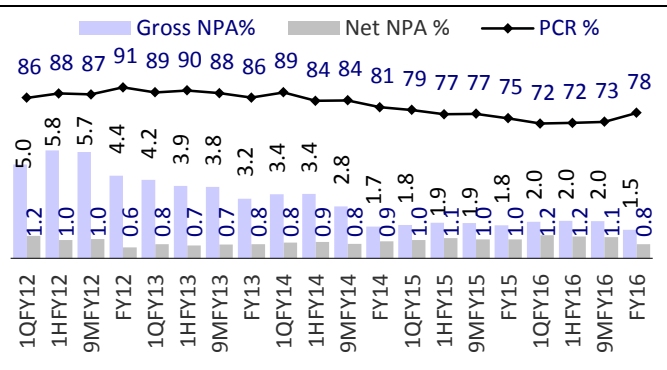
Source: MOSL, Company

Exhibit 10: CASA per branch (1yr lag) impacted by strong branch expansion off-late



Source: MOSL, Company

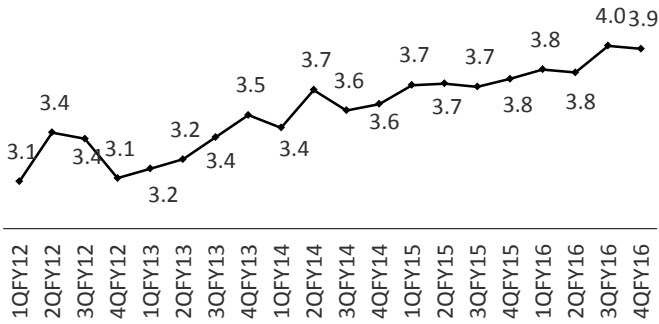
Exhibit 11: GNPA% declines led by sale of asset to ARC. PCR including technical write offs improves ~500np QoQ



Source: MOSL, Company

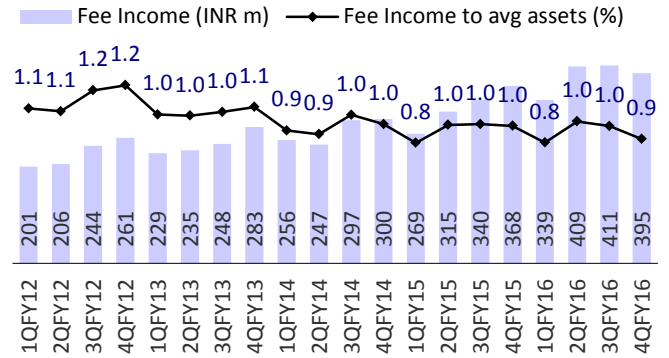
Story in charts

Exhibit 12: Reported NIM largely stable QoQ (%)



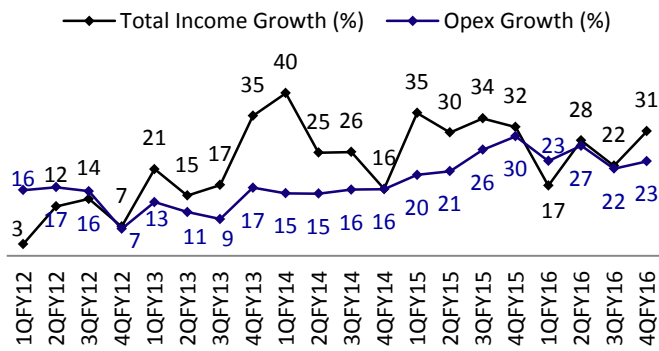
Source: MOSL, Company

Exhibit 13: Fees grew 18% YoY for 4Q and FY



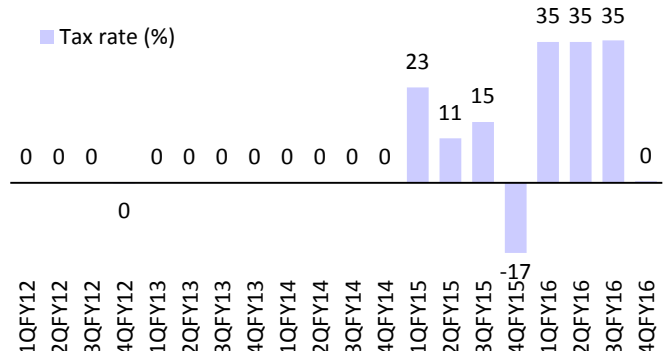
Source: MOSL, Company

Exhibit 14: Revenue gr. Outpaced opex gr. Despite the strong expansion (%)



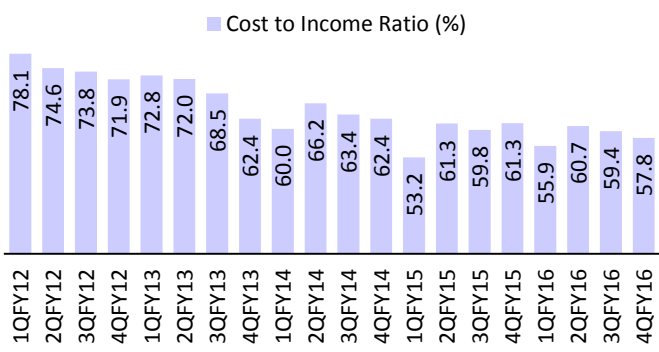
Source: MOSL, Company

Exhibit 15: Negligible tax provisions helped to drive strong PAT beat (%)



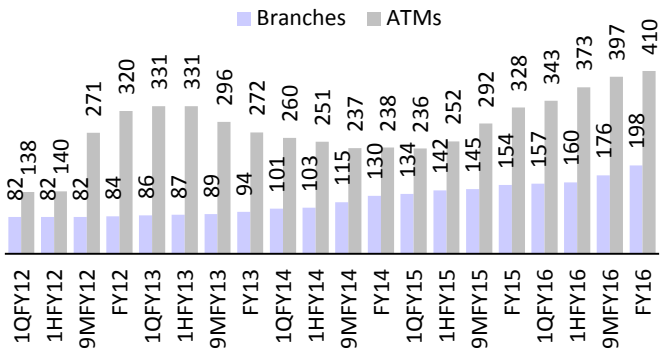
Source: MOSL, Company

Exhibit 16: Despite significant branch expansion (13% QoQ) Cost to Income ratio moderates on QoQ basis (%)



Source: MOSL, Company

Exhibit 17: Adding capacity in-line with management guidance to double branch network in two years



Source: MOSL, Company

Exhibit 18: Quarterly Snapshot

	FY15				FY16				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Profit and Loss (INR m)										
Net Interest Income	1,390	1,177	1,219	1,297	1,404	1,500	1,605	1,687	5	30
Other Income	345	370	480	463	631	487	472	615	30	33
CEB	260	309	307	336	299	351	361	395	9	18
Total Income	1,735	1,546	1,699	1,760	2,035	1,987	2,077	2,301	11	31
Operating Expenses	922	948	1,015	1,079	1,138	1,206	1,234	1,331	8	23
Employee	463	474	495	529	576	599	620	656	6	24
Others	459	474	520	551	563	607	614	675	10	23
Operating Profits	812	598	684	680	897	781	843	970	15	43
Provisions	229	137	184	143	180	217	210	273	30	90
PBT	583	461	499	537	716	564	633	698	10	30
Taxes	137	50	74	-93	248	195	221	2	-99	-102
PAT	446	411	425	630	469	369	412	695	69	10
Asset Quality										
GNPA	1,492	1,688	1,792	1,861	2,064	2,243	2,349	1,974	-16	6
NNPA	805	943	952	1,057	1,270	1,302	1,310	975	-26	-8
GNPA (%)	1.8	1.9	1.9	1.8	2.0	2.0	2.0	1.5	-24	-14
NNPA (%)	1.0	1.1	1.0	1.0	1.2	1.2	1.1	0.8	-33	-26
PCR (Calculated, %)	46.1	44.1	46.9	43.2	38.5	42.0	44.2	50.6	639	743
Ratios (%)										
Fees to Total Income	15.0	20.0	18.1	19.1	14.7	17.7	17.4	17.2		
Cost to Core Income	55.9	63.8	66.5	66.1	66.9	65.1	62.8	63.9		
Tax Rate	23.4	10.9	14.9	-17.2	34.6	34.6	34.9	0.3		
CASA (Reported)	25.4	25.5	23.8	23.4	23.0	24.1	24.1	23.4		
Loan/Deposit	78.6	80.7	80.1	83.0	78.6	82.5	83.3	86.6	324	357
RoA (Reported)	1.4	1.2	1.2	1.6	1.2	0.9	1.0	1.5		
RoE (Reported)	15.2	13.5	12.3	16.2	11.6	8.9	9.7	15.8		
Margins (%) - Reported										
Yield on loans	12.8	12.6	12.5	12.6	12.7	12.5	12.3	12.5	18	-9
Cost of deposits	7.8	7.7	7.8	7.9	7.8	7.6	7.4	7.5	10	-32
Margins	3.7	3.7	3.7	3.8	3.8	3.8	4.0	3.9	-2	19
Balance Sheet (INR B)										
Loans	83	88	95	105	104	112	117	129	10	23
Investments	35	30	36	40	45	41	40	43	8	9
Deposits	106	109	118	126	133	136	141	149	6	18
CASA Deposits	27	28	28	30	31	33	32	35	8	18
Borrowings	6	7	7	12	6	8	9	11	34	-1
Total Assets	129	134	148	161	163	170	176	191	8	19
Franchise										
Branches	134	142	145	154	157	160	176	198		
ATM	236	252	292	328	343	373	397	410		

Source: MOSL, Company

Financials and Valuations

Income Statement						(INR Million)		
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Interest Income	7,170	9,161	11,283	14,224	16,985	19,933	24,243	30,216
Interest Expense	4,893	6,317	7,599	9,142	10,790	12,600	15,123	19,133
Net Interest Income	2,277	2,844	3,684	5,082	6,195	7,333	9,120	11,083
Change (%)	20.4	24.9	29.5	38.0	21.9	18.4	24.4	21.5
Non Interest Income	1,004	1,170	1,387	1,657	2,205	2,644	3,187	3,829
Net Income	3,281	4,014	5,071	6,739	8,400	9,977	12,307	14,913
Change (%)	8.9	22.3	26.3	32.9	24.6	18.8	23.4	21.2
Operating Expenses	2,443	2,753	3,191	3,965	4,909	6,075	7,744	9,293
Pre Provision Profits	838	1,261	1,880	2,774	3,490	3,902	4,563	5,619
Change (%)	-2.6	50.5	49.0	47.6	25.8	11.8	16.9	23.2
Provisions (excl tax)	287	241	366	694	879	929	1,070	1,338
PBT	551	1,021	1,514	2,080	2,611	2,973	3,493	4,282
Tax	0	0	0	168	666	951	1,118	1,370
Tax Rate (%)	0.1	0.0	0.0	8.1	25.5	32.0	32.0	32.0
Profits for Equity SH	551	1,021	1,514	1,912	1,945	2,022	2,375	2,912
Change (%)	157.0	85.4	48.3	26.3	1.7	3.9	17.5	22.6
Equity Dividend (Incl tax)	0	0	0	0	0	0	0	0
Core PPP*	739	1,086	1,609	2,408	2,940	3,252	3,813	4,769
Change (%)	23.7	47.1	48.1	49.7	22.1	10.6	17.3	25.1

Balance Sheet						(INR Million)		
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Equity Share Capital	2,407	2,501	2,503	2,820	2,844	2,844	2,844	2,844
Reserves & Surplus	6,179	7,499	9,007	13,034	15,062	17,084	19,459	22,371
Net Worth	8,585	10,000	11,510	15,854	17,907	19,929	22,304	25,216
Deposits	63,356	83,638	103,252	126,091	149,260	191,053	238,816	303,296
Change (%)	12.9	32.0	23.5	22.1	18.4	28.0	25.0	27.0
of which CASA Dep	20,347	22,716	25,813	29,501	34,899	41,638	49,682	59,283
Change (%)	3.0	11.6	13.6	14.3	18.3	19.3	19.3	19.3
Borrowings	11,263	15,286	8,631	11,670	11,494	12,691	13,987	15,392
Other Liabilities & Prov.	3,565	3,863	5,839	7,708	12,524	14,403	16,563	19,048
Total Liabilities	86,768	112,788	129,231	161,323	191,185	238,075	291,669	362,952
Current Assets	4,566	8,833	6,896	7,192	8,916	14,499	15,099	20,630
Investments	25,178	30,210	32,724	39,622	43,333	51,133	62,383	76,107
Change (%)	9.7	20.0	8.3	21.1	9.4	18.0	22.0	22.0
Loans	52,844	65,861	81,402	104,651	129,214	161,517	201,897	252,371
Change (%)	23.4	24.6	23.6	28.6	23.5	25.0	25.0	25.0
Fixed Assets	1,846	2,394	2,386	2,367	2,480	2,597	2,713	2,829
Other Assets	2,335	5,490	5,824	7,492	7,242	8,328	9,578	11,014
Total Assets	86,768	112,788	129,231	161,323	191,185	238,075	291,669	362,952

Financials and Valuations

Asset Quality						(INR Million)		
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
GNPA (Rs M)	2,418	2,150	1,385	1,861	1,974	3,060	4,006	4,934
NNPA (Rs M)	302	491	740	1,057	975	1,611	1,999	2,141
GNPA Ratio	4.4	3.2	1.7	1.8	1.5	1.9	2.0	1.9
NNPA Ratio	0.6	0.7	0.9	1.0	0.8	1.0	1.0	0.8
PCR (Excl Tech. write off)	87	77	47	43	51	47	50	57
PCR (Incl Tech. Write off)	0	86	81	75	0	0	0	0

Ratios								
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Spreads Analysis (%)								
Avg. Yield-Earning Assets	9.9	10.2	10.4	10.9	10.6	10.2	10.0	10.0
Avg. Yield on loans	11.2	12.0	11.8	11.8	11.6	11.1	10.8	10.8
Avg. Yield on Investments	7.2	7.1	7.8	7.2	7.4	7.1	6.9	6.9
Avg. Cost-Int. Bear. Liab.	7.0	7.3	7.2	7.3	7.2	6.9	6.6	6.7
Avg. Cost of Deposits	6.8	7.3	7.1	7.3	7.2	6.8	6.5	6.6
Interest Spread	2.9	2.9	3.2	3.6	3.4	3.3	3.4	3.3
Net Interest Margin	3.1	3.2	3.4	3.9	3.9	3.8	3.8	3.7
Profitability Ratios (%)								
RoE	8.1	11.7	14.7	14.4	11.8	10.9	11.5	12.5
RoA	0.7	1.0	1.3	1.3	1.1	0.9	0.9	0.9
Int. Expense/Int.Income	68.2	69.0	67.3	64.3	63.5	63.2	62.4	63.3
Fee Income/Net Income	97.0	95.6	94.7	94.6	93.5	93.5	93.9	94.3
Non Int. Inc./Net Income	30.6	29.2	27.3	24.6	26.2	26.5	25.9	25.7
Efficiency Ratios (%)								
Cost/Income*	77.2	71.0	65.8	61.4	61.8	64.4	66.4	65.6
Empl. Cost/Op. Exps.	51.0	50.1	49.2	49.4	49.9	49.4	50.4	50.4
Busi. per Empl. (Rs m)	68.3	78.1	79.4	77.6	75.6	77.7	83.4	91.3
NP per Empl. (Rs lac)	2.7	4.6	5.6	5.7	4.7	4.1	4.1	4.4
Asset-Liability Profile (%)								
Loans/Deposit Ratio	83.4	78.7	78.8	83.0	86.6	84.5	84.5	83.2
CASA Ratio	32.1	27.2	25.0	23.4	23.4	21.8	20.8	19.5
Investment/Deposit Ratio	31.9	29.1	27.2	27.6	25.0	24.0	24.0	24.0
G-Sec/Investment Ratio	80.3	80.5	85.8	87.7	86.1	89.7	91.9	95.6
CAR	15.4	13.6	13.7	15.0	14.1	12.0	10.8	9.7
Tier 1	13.8	12.6	12.9	14.2	12.7	11.3	10.2	9.2

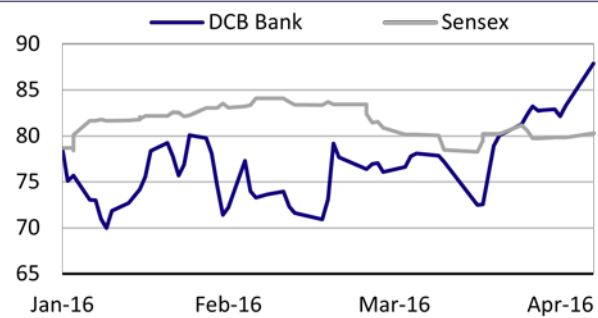
Valuations								
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Book Value (INR)	33	38	44	55	62	69	77	87
Change (%)	18.8	13.3	17.5	23.4	12.3	11.5	12.1	13.3
Price-BV (x)	2.5	2.2	1.9	1.5	1.4	1.2	1.1	1.0
Adjusted BV (INR)	33	36	42	52	59	65	72	82
Price-ABV (x)	2.6	2.3	2.0	1.6	1.4	1.3	1.2	1.0
EPS (Rs)	2	4	6	7	7	7	8	10
Change (%)	113.7	78.4	48.2	12.1	0.9	3.9	17.5	22.6
Price-Earnings (x)	36.4	20.4	13.8	12.3	12.2	11.7	10.0	8.1
Dividend Per Share (INR)	0	0	0	0	0	0	0	0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Corporate profile

Company description

DCB Bank is a new private sector bank based in Mumbai, with presence across Retail, MSME, Agri and Corporate banking serving mainly towards self-employed clients. Mr. Murali Natrajan is the current MD and CEO (since 2009) and has been instrumental in complete overhaul of the bank. The bank plans to double its Balance sheet size in the next 3-3.5 years. As on December 2015, the bank had a network of 176 branches and 397 ATMs.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Dec-15	Sep-15	Dec-14
Promoter	16.3	16.3	16.4
DII	31.9	22.4	24.3
FII	3.7	18.7	15.5
Others	48.2	42.6	43.8

Note: FII Includes depository receipts Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Tano Mauritius India FVCI II	4.6
Pi Opportunities Fund I	2.8
Axis Mutual Fund Trustee Ltd A/c Axis Mutual Fund A/c Axis Midcap Fund	2.6
DSP Blackrock Micro Cap Fund	2.2
Merrill Lynch Capital Markets Espana S.A. S.V	2.1

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Nasser Munjee	Chairman
Murali M Natrajan	Managing Director & CEO
H V Barve	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Altaf Jiwani	Amin Manekia
C Narasimhan	Imran Contractor
Jamal Pradhan	Keki Elavia
Nalin Shah	Rupa Devi Singh
S Sridhar	Shaffiq Dharamshi
Suhail Nathani	

*Independent

Exhibit 6: Auditors

Name	Type
BSR & Co LLP	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	6.8	6.0	13.2
FY17	7.1	6.4	11.5
FY18	8.4	7.8	8.1

Source: Bloomberg

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DCB BANK

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No

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