



Steady Performance

18th April, 2016

CMP: Rs. 87
Target Price: Rs. 101
Recommendation: ACCUMULATE

DCB Bank Ltd. reported strong growth this quarter. Operating Profit came in at Rs. 97 Cr. in Q4 FY 2016 as against Rs. 68 Cr. in Q4 FY 2015 showing an improvement of 43%. PAT grew at 10% YoY to Rs 70 crs, however its PBT grew at a faster pace of 30% YoY to Rs 70 crs as there were no provisions made for the taxes this quarter.

Stock Info

BSE Group	A
BSE Code	532772
NSE Symbol	DCB
Bloomberg	DEVB IN
Reuters	DCBA.BO
BSE Sensex	25,816
NSE Nifty	7,915

CASA:

The CASA portion stands weak and this year stood at 23.4%. Bank had announced that it will setup 150+ additional branches within 12 months earlier this year however the duration was later changed to 18 months. The Bank branch network increased to 198 branches along with 410 ATM's as on Q4 FY 16. Management looks quite satisfied with their branch expansion initiative. The efforts to improve branch performance will continue ahead. Aggressive planned branch network expansion will lead to high CTI Ratio in near future.

Market Info

Market Capital	Rs 2,501 cr
Equity Capital	Rs 283 cr
Avg. Trading Vol	17,69,850
52 Wk High/ Low	Rs 151/69
Face Value	Rs 10

NIM & Advances:

NIM at 3.94% marginally came down by 2 bps QoQ and on YoY basis it increased by 19 bps. The improved growth this quarter is likely to sustain going ahead. DCB Advances consists of Retail Mortgages (43%); Gold Loans (2%); Commercial Vehicles (4%); SME / MSME (12%); Agri and Inclusive Banking (AIB) (17%), Construction Finance (2%) and Corporate Banking (15%). C/D ratio for the bank stood at 83.3%.

Shareholding Pattern (%)	(Dec 2015)
Promoters	16.3
Domestic Institutions	32.0
Foreign Institutions	3.5
Public & Others	48.2

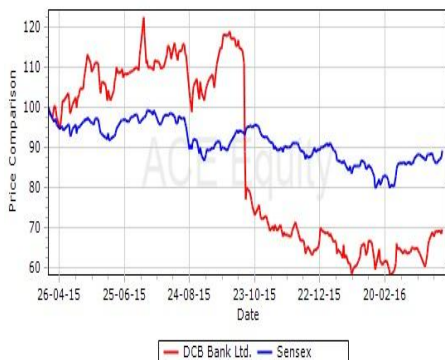
Asset quality:

Both GNPA and NNPA have declined this quarter. Bank sold off NPA to the Asset Reconstruction Companies to the extent of Rs 34 crs. Gross NPA for the quarter stood at 1.51% while Net NPA was at 0.75%. Fresh slippages during the quarter were Rs 502 crs vs Rs 846 crs in Q4 FY 15. Recovery during the quarter stood at 426 crs vs Rs 272 crs YoY.

Valuation:

DCB has shown good growth in advances with its advances excluding corporate advances growth at 36%. At CMP of Rs 87 the stock is available at its FY 17E P/ABV of 1.3(x). We have pegged DCB at 1.5(x) FY17E ABV & arrive at a fair value of Rs 101 per share. We have **ACCUMULATE** rating on this stock.

Price Vs Sensex Chart



(Rs Cr)	FY14	FY15	FY16	FY17E
Net interest income	368	508	620	755
Operating Profit	188	277	349	395
PAT	151	191	195	201
EPS (Rs)	6.0	7.2	6.9	7.1
EPS Growth (%)	48.2%	12.1%	1.3%	3.3%
RoE (%)	14.1	14.0	11.5	10.6
P/E (x)	14.5	12.2	12.8	12.4
ABV	43	55	59	67
P/ABV (x)	2.0	1.6	1.5	1.3



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Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

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