

## Institutional Equity Research

## DCB Bank

BFSI | India

2QFY19 Result Update | October 22, 2018

CMP* (Rs)	157
Upside/ (Downside) (%)	32
Bloomberg Ticker	DCBB IN
Market Cap. (Rs bn)	48
Free Float (%)	85
Shares O/S (mn)	309

BUY 

Target Price: Rs207

## Another Quarter of Robust Performance; Maintain BUY

DCB Bank continued to deliver a healthy performance on all major metrics in 2QFY19 led by (a) strong growth in loan book (+26.9% YoY & 3.9% QoQ); (b) best-in-class NIMs of 3.86%; (c) strong growth in NII (+13.6% YoY and 3.2% QoQ); (d) continued sequential improvement in C/I ratio to 58.9% vs. 60.3% in 1QFY19; and (e) lower fresh slippages of Rs972mn vs. Rs1,071mn in 1QFY19. Led by 48% YoY and 3% QoQ improvement in upgrades and recovery from gross NPA to Rs700mn, its headline gross and net NPA ratio came in at 1.8% and 0.7%, respectively vs. 1.86% and 0.72% in 1QFY19. The Bank's overall stressed loan portfolio, which improved sequentially, remained within the Management's comfort zone.

## Key Quarterly Highlights

- ▶ NIMs moderated by 7bps QoQ to 3.8% led by lower yield on assets owing to increasing competitive pressure and higher cost relating to Tier-2 capital. However, the Management expects NIMs to remain in 3.7-3.8% range on sustainable basis, going forward led by better ALM management.
- ▶ The Bank expects C/I income to improve owing to likely improvement in operational efficiency of existing branches and other distribution channels. It expects to achieve C/I ratio of 55-56% by FY19-end from 59% currently.
- ▶ The Management looks forward to double its book every 3-3½ years. Further, we expect the Bank to be one of the key beneficiaries of current NBFC crisis, as it was facing increased competition from the NBFCs among its key customer base.
- ▶ Mortgages – which dominate the Bank's loan portfolio and constitute 40% of its book – grew by 21% YoY. With an increase of 42% YoY in loan book, the AIB business share increased to 19% of the book.
- ▶ Looking forward, the Bank expects steady recoveries in SME book with focus on small-ticket accounts. It expects the book to grow by 20-22%. The Bank wants to keep its Commercial Vehicle book at 7-8% of the book on sustainable basis.

## Outlook &amp; Valuation

With continued focus on increasing loan book in low-ticket Retail, SME and AIB segments, the Bank is augmenting its footprint both on physical and digital front. Though this aggressive expansion strategy has impacted the Bank's return ratios, we believe it is beneficial from long-term perspective. Further, focus on increasing efficiency of existing network is expected to reduce C/I ratio in the long-term, which may eventually lead to sustained earnings growth. Further, we expect the Bank to be one of the key beneficiaries of current crisis in the NBFC space, as it witnessed substantial higher competition in last few years from the NBFCs among its customer base. **We maintain our BUY recommendation on the stock with an unrevised Target Price of Rs207 (based on 2x FY20E Adjusted book value).**

Y/E March (Rs mn)	FY17	FY18	FY19E	FY20E
Loan & Advances	158,176	203,367	254,209	316,490
Net Interest Income	7,971	9,954	12,422	15,732
PPP ex Except. Items	4,182	5,250	6,849	9,187
Reported Profits	1,997	2,453	3,280	4,392
Earnings Per Share	7.0	8.0	10.6	14.3
P/E (x)	22.4	19.7	14.7	11.0
Adj. BV	68.2	83.0	90.2	103.3
P/ABV (x)	2.3	1.9	1.7	1.5
Gross NPAs Ratio (%)	1.6	1.8	1.7	1.6
Adj. RoA	0.9	0.9	1.0	1.1
Adj. RoE	10.0	9.8	11.1	13.4

Source: Company, RSec Research

Share price (%)	1 mth	3 mth	12 mth
Absolute performance	(0.3)	(2.4)	(12.1)
Relative to Nifty	7.7	4.6	(13.0)

Shareholding Pattern (%)	Jun-18	Sep-18
Promoters	15.0	14.9
Institutions	48.2	48.7
NBFC & Bodies Corporate	11.1	11.6
Retail	25.8	24.8
<b>Total</b>	<b>100</b>	<b>100</b>

## 1 Year Stock Price Performance



Note: \* CMP as on Oct. 22, 2018

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## Risks to the View

- ▶ Higher credit loss from core client group of SME/MSME.
- ▶ Lower-than-anticipated performance of new branches may increase C/I ratio.
- ▶ Any major deterioration in macroeconomic environment may impact the Bank's growth plan and asset quality as well.

## Exhibit 1: Income Statement Analysis

(Rs mn)	2Q FY19	2Q FY18	% yoy / bps	1Q FY19	% qoq / bps	1H FY19	1H FY18	% yoy / bps
<b>Interest Inc. / Oper. Revenue</b>	<b>7,357</b>	<b>5,870</b>	<b>25.3</b>	<b>7,014</b>	<b>4.9</b>	<b>14,371</b>	<b>11,530</b>	<b>24.6</b>
Yield on Advances (%)	11.1	11.4	(37)	11.2	(14)	-	11.4	-
<b>Interest Expenses</b>	<b>4,538</b>	<b>3,389</b>	<b>33.9</b>	<b>4,285</b>	<b>5.9</b>	<b>8,823</b>	<b>6,717</b>	<b>31.3</b>
Cost of Fund (%)	5.6	6.5	(90)	6.6	(99)	-	-	-
<b>Net Interest Income</b>	<b>2,818</b>	<b>2,481</b>	<b>13.6</b>	<b>2,730</b>	<b>3.2</b>	<b>5,548</b>	<b>4,813</b>	<b>15.3</b>
NII to Net Operative Income	79.3	79.2	15	76.7	259	78.0	76.1	191
NIM (%)	3.8	4.2	(39)	3.9	(7)	-	-	-
<b>Adjusted NII</b>	<b>2,755</b>	<b>2,348</b>	<b>17.3</b>	<b>2,667</b>	<b>3.3</b>	<b>5,421</b>	<b>4,620</b>	<b>17.3</b>
Commission, exchange and brokerage	559	483	15.7	599	(6.7)	1,158	1,002	15.6
Exchange transactions	52	35	48.6	49	6.1	101	67	50.7
Sale of investments	31	71	(56.3)	153	(79.7)	184	358	(48.6)
Sale of land, buildings & other assets	93	64	45.6	27	244.1	120	83	43.8
<b>Other Income - Total</b>	<b>735</b>	<b>653</b>	<b>12.6</b>	<b>828</b>	<b>(11.2)</b>	<b>1,563</b>	<b>1,510</b>	<b>3.5</b>
Other Income to Net Operative Income	20.7	20.8	(15)	23.3	(259)	22.0	23.9	(191)
<b>Net Operating Revenue</b>	<b>3,553</b>	<b>3,134</b>	<b>13.4</b>	<b>3,558</b>	<b>(0.1)</b>	<b>7,111</b>	<b>6,323</b>	<b>12.5</b>
Employee Expenses	1,102	921	19.6	1,087	1.4	2,188	1,826	19.9
Empl. Cost/Oper. Exps.	31.0	29.4	162	30.5	47	30.8	28.9	190
Other Opex	990	969	2.3	1,057	(6.3)	2,048	1,889	8.4
Other Opex/ Assets	0.3	0.4	(7)	0.3	(3)	0.7	0.8	(10)
<b>Total Opex</b>	<b>2,092</b>	<b>1,890</b>	<b>10.7</b>	<b>2,144</b>	<b>(2.4)</b>	<b>4,236</b>	<b>3,715</b>	<b>14.0</b>
Cost to Income Ratio (%)	58.9	60.3	(141)	60.3	(138)	59.6	58.7	82
<b>Pre Provision Profits</b>	<b>1,461</b>	<b>1,244</b>	<b>17.4</b>	<b>1,414</b>	<b>3.4</b>	<b>2,875</b>	<b>2,609</b>	<b>10.2</b>
<b>Provisions &amp; Contingencies - Total</b>	<b>319</b>	<b>302</b>	<b>5.5</b>	<b>332</b>	<b>(4.0)</b>	<b>651</b>	<b>657</b>	<b>(0.9)</b>
NPA Provisions as % Operating Income	21.8	24.3	(247)	23.5	(167)	22.7	25.2	(255)
<b>Profit Before Tax</b>	<b>1,142</b>	<b>942</b>	<b>21.3</b>	<b>1,082</b>	<b>5.6</b>	<b>2,224</b>	<b>1,951</b>	<b>14.0</b>
<b>Tax</b>	<b>408</b>	<b>353</b>	<b>15.5</b>	<b>387</b>	<b>5.4</b>	<b>795</b>	<b>710</b>	<b>11.9</b>
Effective Tax Rate (%)	35.7	37.5	(177)	35.8	(6.2)	35.7	36.4	(65)
<b>Reported Profits</b>	<b>734</b>	<b>589</b>	<b>24.7</b>	<b>695</b>	<b>5.7</b>	<b>1,429</b>	<b>1,241</b>	<b>15.1</b>
RoA (%)	0.9	0.9	2	0.9	2.0	-	-	-
RoE (%)	11.1	8.8	229	10.4	78	-	-	-
Basic EPS	2.4	1.9	25.3	2.3	5.3	4.6	4.1	13.2
Diluted EPS	2.3	1.9	23.2	2.2	5.9	4.6	4.0	13.8

Source: Company, RSec Research

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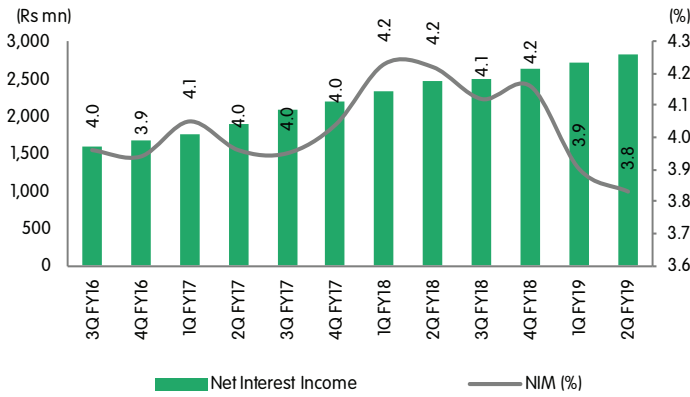
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Exhibit 2: NII Trend



Source: Company, RSec Research

Exhibit 3: Other Income Trend

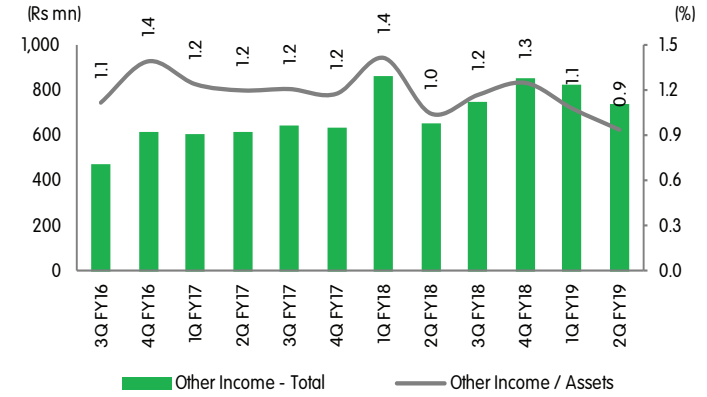
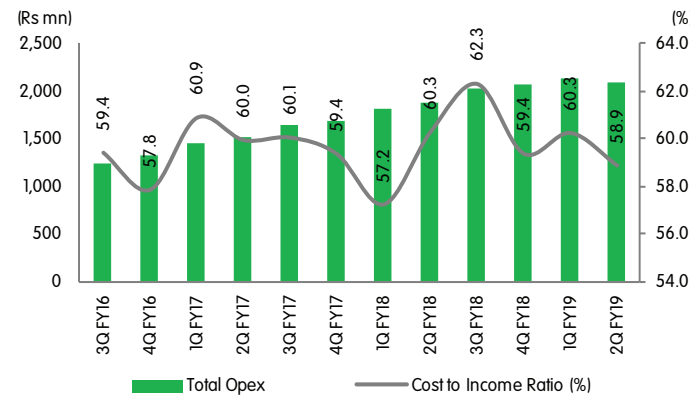


Exhibit 4: Total OPEX Trend



Source: Company, RSec Research

Exhibit 5: Pre Provision Profit Trend

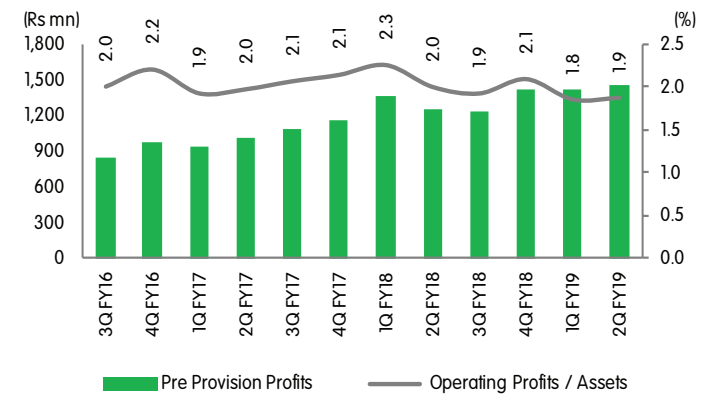
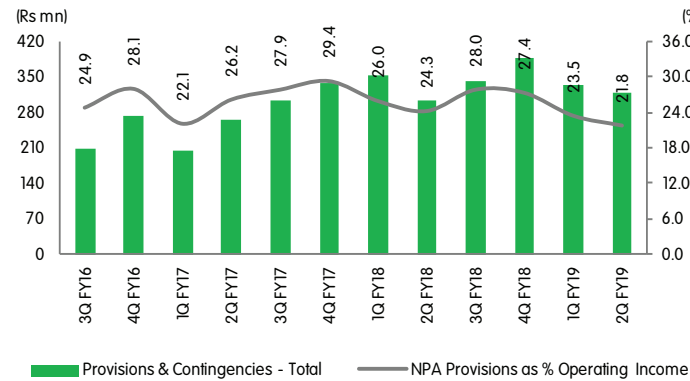
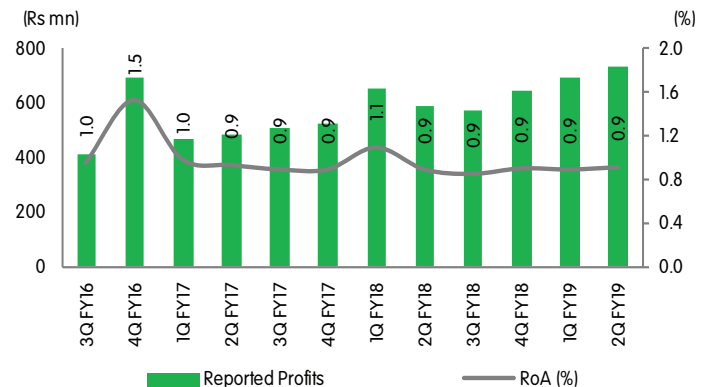


Exhibit 6: Provision Exp Trend



Source: Company, RSec Research

Exhibit 7: PAT Trend



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**Exhibit 8: Balance Sheet Analysis**

	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	QoQ % / bps	YoY % / bps
Net Worth	26,249	26,835	27,426	28,064	28,536	29,295	2.7	9.2
<i>RoE (%)</i>	10.7	8.8	9.3	10.2	10.4	11.1	78	229
<i>Tier 1 %</i>	13.4	12.9	12.5	12.7	12.0	12.0	-	(7)
<i>Total CAR %</i>	15.3	14.7	15.8	16.5	15.6	15.6	0	6
RWA - Total	179,262	187,017	192,553	207,554	219,952	220,322	0.2	17.8
Advances - Total	162,657	173,950	185,952	203,367	212,434	220,688	3.9	26.9
Investments	55,839	57,112	57,136	62,190	70,528	70,026	(0.7)	22.6
Total Assets	243,451	259,081	271,513	302,221	311,779	325,102	4.3	25.5
<i>RoA (%)</i>	1.10	0.90	0.86	0.91	0.90	0.92	2	2
Deposits	191,548	205,671	212,959	240,069	250,324	261,687	4.5	27.2
CASA Deposits	51,431	53,234	55,369	58,403	61,659	63,587	3.1	19.4
<i>CASA Ratio (%)</i>	27.0	26.0	25.7	24.3	25.0	24.3	(3)	(7)
Term Deposits	140,117	152,437	157,590	181,666	188,665	198,100	5.0	30.0
Interest Bearing Liabilities - Total	205,206	219,880	231,868	259,336	270,575	281,798	4.1	28.2

Source: Company, RSec Research

**Exhibit 9: Earning Assets Mix & Incremental Contribution**

	As on (Rs mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY16	FY17	FY18	1H FY19		FY17	FY18	2QFY19	FY17	FY18	2QFY19
Mortgages	55,562	68,016	81,347	88,275	28.4	22.4	19.6	8.5	26.6	21.9	32.2
Commercial Vehicle	5,169	6,327	12,202	15,448	5.0	22.4	92.9	26.6	2.5	9.6	15.1
SME + Micro SME	15,506	18,981	24,404	26,483	8.5	22.4	28.6	8.5	7.4	8.9	9.7
Agri & Inclusive Banking	21,966	28,472	36,606	41,931	13.5	29.6	28.6	14.5	13.9	13.3	24.7
Corporate Banking	19,382	25,308	34,572	33,103	10.7	30.6	36.6	(4.2)	12.7	15.2	(6.8)
Other	11,629	11,072	14,236	15,448	5.0	(4.8)	28.6	8.5	(1.2)	5.2	5.6
Advances - Total	129,214	158,176	203,367	220,688	71.0	22.4	28.6	8.5	61.9	74.1	80.4
<i>Yield on Advances (%)</i>	12.5	12.0	11.4	11.1		(49)	(62)	(34)			
SLR	39,855	47,711	49,091	56,653	18.2	20	3	15	16.8	2.3	35.1
Non SLR	3,478	10,468	13,099	13,373	4.3	201	25	2	14.9	4.3	1.3
Investments	43,333	58,179	62,190	70,026	22.5	34.3	6.9	12.6	31.7	6.6	36.4
Cash & Cash Equivalent	8,916	11,925	23,720	20,096	6.5	33.7	98.9	(15.3)	6.4	19.3	(16.8)
Working Assets	181,463	228,280	289,276	310,810	100.0	25.8	26.7	7.4	100.0	100.0	100.0

Source: Company, RSec Research

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**Exhibit 10: Funding Mix & Incremental Contribution**

	As on (Rs mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY16	FY17	FY18	1H FY19		FY17	FY18	2Q FY19	FY17	FY18	2Q FY19
Deposits	149,260	192,892	240,069	261,687	92.9	29.2	24.5	9.0	97.2	87.9	96.2
CASA Deposits	34,899	46,892	58,403	63,587	22.6	34.4	24.5	8.9	26.7	21.4	23.1
Term Deposits	114,361	146,000	181,665	198,100	70.3	27.7	24.4	9.0	70.4	66.4	73.2
Borrowings	11,479	12,758	19,267	20,110	7.1	11.1	51.0	4.4	2.8	12.1	3.8
Interest Bearing Liabilities	160,739	205,650	259,336	281,798	100.0	27.9	26.1	8.7	100.0	100.0	100.0
Cost of Fund (%)	7.5	7.0	6.5	5.6		(54)	(49)	(92)			

Source: Company, RSec Research

**Exhibit 11: Assets Quality Analysis**

(Rs bn)	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	QoQ % / bps	YTD % / bps	YoY % / bps
Total Slippages	887	779	1,038	814	1,074	978	(8.9)	20.1	25.5
Slippages Ratio (%)	0.56	0.49	0.66	0.51	0.53	0.48	(5)	(3)	(1)
Gross NPA	2,853	3,158	3,545	3,690	4,006	4,100	2.3	11.1	29.8
Gross NPAs Ratio (%)	1.70	1.80	1.89	1.79	1.86	1.84	(2)	5	4
PCR - Calculated (%)	47.7	50.3	54.4	60.2	61.6	62.1	54	189	1,183
PCR - Inc. Tech w/o (%)	71.8	72.0	73.4	75.7	76.1	76.8	73	110	486
Net NPA	1,491	1,570	1,615	1,467	1,539	1,553	0.9	5.8	(1.1)
Net NPAs Ratio (%)	0.90	0.90	0.87	0.72	0.72	0.70	(2)	(2)	(20)

Source: Company, RSec Research

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**Profit & Loss Statement**

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E
Int. Income / Opr. Revenue	20,761	24,130	30,101	37,120
Interest Expenses	12,791	14,176	17,679	21,388
<b>Net Interest Income</b>	<b>7,971</b>	<b>9,954</b>	<b>12,422</b>	<b>15,732</b>
<i>NIM (%)</i>	<i>3.89</i>	<i>3.85</i>	<i>3.85</i>	<i>3.95</i>
One-time Int Inc/ Exp Adj.	289	339	-	-
<b>Adjusted NII</b>	<b>7,682</b>	<b>9,615</b>	<b>12,422</b>	<b>15,732</b>
Core Fee Income	1,657	2,192	2,740	3,452
Exchange Income	104	139	178	226
Sale of Investments	454	454	499	559
Other Misc. Income	280	318	375	431
<b>Other Income - Total</b>	<b>2,495</b>	<b>3,103</b>	<b>3,792</b>	<b>4,669</b>
<b>Net Operating Revenue</b>	<b>10,465</b>	<b>13,057</b>	<b>16,215</b>	<b>20,401</b>
Employee Exp.	3,080	3,812	4,651	5,651
Other Opex	3,203	3,995	4,714	5,563
<b>Total Opex</b>	<b>6,283</b>	<b>7,807</b>	<b>9,365</b>	<b>11,214</b>
C/I Ratio	60.04	59.79	57.76	54.97
<b>Pre Provision Profits</b>	<b>4,182</b>	<b>5,250</b>	<b>6,849</b>	<b>9,187</b>
<i>PPP Growth (yoy %)</i>	<i>19.8</i>	<i>25.5</i>	<i>30.5</i>	<i>34.1</i>
Core PPP	3,893	4,911	6,849	9,187
<b>Provisions &amp; Contingencies - Total</b>	<b>1,115</b>	<b>1,388</b>	<b>1,764</b>	<b>2,324</b>
<i>Credit Cost (As % of Op. AUM)</i>	<i>0.67</i>	<i>0.82</i>	<i>0.70</i>	<i>0.75</i>
<b>Profit Before Tax</b>	<b>3,067</b>	<b>3,862</b>	<b>5,085</b>	<b>6,863</b>
Tax	1,070	1,408	1,805	2,471
Effective Tax Rate	34.9	36.5	35.5	36.0
<b>Reported Profits</b>	<b>1,997</b>	<b>2,453</b>	<b>3,280</b>	<b>4,392</b>
<i>PAT Growth (yoy %)</i>	<i>2.6</i>	<i>22.9</i>	<i>33.7</i>	<i>33.9</i>

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**Balance Sheet**

Y/E March (Rs mn)	FY17	FY18	FY19E	FY20E
Equity Share Capital	2,854	3,081	3,081	3,081
Reserves (ex Revel. Reserve)	16,614	22,479	25,481	29,502
<b>Net Worth - Ex Revaluation</b>	<b>19,468</b>	<b>25,560</b>	<b>28,562</b>	<b>32,583</b>
Revaluation Reserve	2,565	2,504	2,358	2,292
Equity Warrant & Other	16	14	15	15
Deposits	192,892	240,069	298,909	371,867
Borrowings	12,758	19,267	24,236	30,586
<b>Interest Bearing Liabilities</b>	<b>205,650</b>	<b>259,336</b>	<b>323,145</b>	<b>402,453</b>
Other Lia. & Prov.	12,765	14,807	16,693	18,603
<b>Total Liabilities</b>	<b>240,464</b>	<b>302,221</b>	<b>370,773</b>	<b>455,948</b>
Assets				
Cash & Cash Equivalent	11,925	23,720	27,952	33,589
Investments	58,179	62,190	74,639	90,645
Loan & Advances	158,176	203,367	254,209	316,490
<i>Growth (yoy %)</i>	<i>22.4</i>	<i>28.6</i>	<i>25.0</i>	<i>24.5</i>
Fixed Assets	4,886	4,940	5,169	5,583
<b>Other Assets</b>	<b>7,298</b>	<b>8,004</b>	<b>8,805</b>	<b>9,641</b>
<b>Total Assets</b>	<b>240,464</b>	<b>302,221</b>	<b>370,773</b>	<b>455,948</b>

**Per Share Data**

Y/E Mar	FY17	FY18	FY19E	FY20E
Face Value	10	10	10	10
Adjusted Share O/S - For Calculation	285	308	308	308
Earnings Per Share	7.0	8.0	10.6	14.3
<i>EPS (% YoY)</i>	<i>2.3</i>	<i>13.8</i>	<i>33.7</i>	<i>33.9</i>
P/E (x)	22.4	19.7	14.7	11.0
Book Value	68.2	83.0	92.7	105.8
<i>BVPS (% YoY)</i>	<i>11.5</i>	<i>21.6</i>	<i>11.7</i>	<i>14.1</i>
P/BV (x)	2.3	1.9	1.7	1.5
Adj. BV	68.2	83.0	90.2	103.3
<i>Adj. BV (% YoY)</i>	<i>11.5</i>	<i>21.6</i>	<i>8.7</i>	<i>14.5</i>
P/ABV (x)	2.3	1.9	1.7	1.5
Dividend / Share	0.5	0.8	1.0	1.0
<i>Dividend Yield (%)</i>	<i>0.3</i>	<i>0.5</i>	<i>0.6</i>	<i>0.6</i>

Institutional Equity Research

**DCB Bank**

BFSI | India

CMP* (Rs)	157
Upside/ (Downside) (%)	32
Bloomberg Ticker	DCBB IN

**BUY** 

Target Price: Rs207

**Detail RoA Tree Analysis**

Y/E Mar	FY17	FY18	FY19E	FY20E
<b>Yields / Margins</b>				
Yield on Advance	11.5	10.7	10.7	10.6
Yield on Funds	10.1	9.3	9.3	9.3
Cost of Funds (CoF)	7.0	6.1	6.1	5.9
Interest Spread	3.2	3.2	3.2	3.4
NIM's	3.9	3.8	3.8	3.9
<hr/>				
Interest Income / Assets	9.6	8.9	8.9	9.0
Interest Exp. / Assets	5.9	5.2	5.3	5.2
NII / Assets	3.7	3.7	3.7	3.8
Fee Income / Assets	0.8	0.8	0.8	0.8
Other Non Core Inc. / Assets	0.2	0.2	0.1	0.1
Other Income / Assets	1.2	1.1	1.1	1.1
Net Operating Income / Assets	4.8	4.8	4.8	4.9

**Operating Ratios**

NII to Net Operative Income	76.2	76.2	76.6	77.1
Other Inc. to Net Operative Inc.	23.8	23.8	23.4	22.9
Empl. Cost/Oper. Exps.	49.0	48.8	49.7	50.4
Other Op. Exps./Oper. Exps.	51.0	51.2	50.3	49.6
C/I Ratio	60.0	59.8	57.8	55.0
<i>Provisions as % PPP</i>	<i>10.7</i>	<i>10.6</i>	<i>10.9</i>	<i>11.4</i>
<i>Credit Cost (As % of Op. AUM)</i>	<i>0.7</i>	<i>0.8</i>	<i>0.7</i>	<i>0.8</i>
Effective Tax Rate	34.9	36.5	35.5	36.0
<hr/>				
Employee Exp. / Assets	1.4	1.4	1.4	1.4
Other Opex/ Assets	1.5	1.5	1.4	1.3
Total Opex / Assets	2.9	2.9	2.8	2.7
Operating Profits / Assets	1.9	1.9	2.0	2.2
Provisions / Assets	0.5	0.5	0.5	0.6
Profit Before Tax / Assets	1.4	1.4	1.5	1.7
Tax Expenses / Assets	0.5	0.5	0.5	0.6
RoA	0.9	0.9	1.0	1.1
Leverage (x)	12.4	11.8	13.0	14.0
RoE	10.0	9.8	11.1	13.4
Adj. RoA	0.9	0.9	1.0	1.1
Adj. RoE	10.0	9.8	11.1	13.4

**Balance Sheet Ratio**

Y/E Mar	FY17	FY18	FY19E	FY20E
Credit / Deposit Ratio	82.0	84.7	85.0	85.1
Incremental C/D Ratio	66.4	95.8	86.4	85.4
Investment Deposit Ratio	30.2	25.9	25.0	24.4
Dom. SLR Investment / Deposits	24.7	20.4	20.2	20.1
CASA Ratio	24.3	24.3	25.6	26.5



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### Credit Quality

Y/E Mar	FY17	FY18	FY19E	FY20E
Slippage Ratio	2.0	2.2	2.0	2.0
Gross NPA (Cl Bal)	2,542	3,690	4,323	5,067
<i>Gross NPAs Ratio (%)</i>	<i>1.6</i>	<i>1.8</i>	<i>1.7</i>	<i>1.6</i>
<i>PCR (%)</i>	<i>51.1</i>	<i>60.2</i>	<i>61.6</i>	<i>61.4</i>
<i>PCR - Inc. Tech w/o (%)</i>	<i>73.8</i>	<i>75.7</i>	-	-
Net NPA (Cl. Bal.)	1,244	1,467	1,660	1,956
<i>Net NPAs Ratio (%)</i>	<i>0.8</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>

### Capital and Asset-Liability Profile (%)

Y/E Mar	FY17	FY18	FY19E	FY20E
Risk Weighted Assets	172,832	207,554	249,760	304,540
<i>RWA as % of Total Assets</i>	<i>71.9</i>	<i>68.7</i>	<i>67.4</i>	<i>66.8</i>
Total Shareholders' Equity to Assets	8.1	8.5	7.7	7.1
CET 1 Ratio	11.9	12.7	11.8	11.0
Tier 1 Ratio	11.9	12.7	11.8	11.0
Tier 2 Ratio	1.9	3.7	3.2	2.8
Total CRAR Ratio	13.8	16.5	15.0	13.8

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**BUY** 

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**Rating History**

Date	Reco	CMP	TP
17-July-18	BUY	163	207
17-Apr-18	BUY	190	247
18-Jan-18	BUY	184	223
18-Oct-17	BUY	198	223
18-Jul-17	BUY	198	223
17-Apr-17	BUY	173	207
16-Jan-17	BUY	121	144
15-Oct-16	BUY	122	144

Source: RSec Research

[PLEASE CLICK HERE FOR DETAILED REPORTS](#)**Rating Guides**

Rating	Expected absolute returns (%) over 12 months
BUY	>10%
HOLD	-5% to 10%
REDUCE	>-5%

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