

CMP : Rs.46

STOCK INFO

BSE	532772
NSE	DCB
Bloomberg	DEVB IN
Reuters	DCBA.BO
Sector	Banking-Private
Face Value (Rs)	10
Equity Capital (Rs Mn)	2407
Mkt Cap (Rs Mn)	11,167
52w H/L (Rs)	52/31
Avg Daily Vol (BSE+NSE)	3,238,081

SHAREHOLDING PATTERN

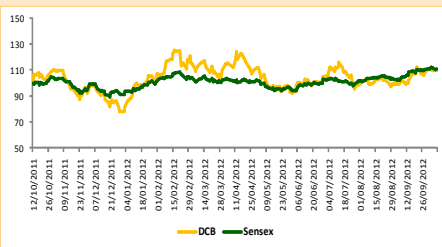
	%
<i>(as on 30th Sep. 2012)</i>	
Promoter	19.2
FII	7.6
DII	14.5
Others	58.7

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	12m
DCB	12	0	12
SENSEX	4	9	11

Source: Capitaline, IndiaNivesh Research

DCB v/s SENSEX



Source: Capitaline, IndiaNivesh Research

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Impressive show on all fronts... we continue to maintain positive outlook on the stock...

- Loan growth remains robust at 31% yoy and deposits growth was lower at 14%. CASA ratio was stable at 30.5%.
- NIMs improved slightly by 6 bps sequentially to 3.24% due to decline in cost of funds on back of increase in retail deposits.
- Asset quality surprised positively as Gross / Net NPA has come down by 32 / 7 bps qoq. Provision coverage healthy at 89%.

Result Highlights:

Loan growth was broad based:

Loan growth remains robust at 31% yoy (4% qoq) to Rs 57 bn mainly driven by Mortgage and SME/MSME. Mortgage loans improved by 28% yoy (9% qoq) to Rs 18 bn while SME/MSME book by 29% (4% qoq) to Rs 14 bn. Mortgage book now constitute 34% vs 32% in Q1FY13. Corporate loan book was up 38% yoy (4% qoq) to Rs 13 bn.

Break up of Loan book (Rs mn):	% of total	Q2FY13	Q2FY11	% YoY	Q1FY13	% QoQ
Mortgage	34.4	19494	15242	27.9	17889	9.0
SME/MSME	26.3	14930	11619	28.5	14303	4.4
Agri & Incl banking	10.8	6115	4011	52.5	7244	-15.6
Corporate	23.1	13097	9497	37.9	12599	4.0
Others	5.4	3074	2778	10.7	2456	25.2
Total	100.0	56710	43147	31.4	54491	4.1

Source: Company, IndiaNivesh Research

Deposits grew by 14% yoy (4% qoq) to Rs 71 bn on account of jump in retail and term deposits. CASA deposits remains muted at 5% yoy to Rs 22 bn and retail deposit by 18% yoy (5% qoq) to Rs 59 bn. CASA ratio was stable at 30.5%.

Deposit mix (Rs mn):	Q2FY13	Q2FY11	% YoY	Q1FY13	% QoQ
CASA (%)	30.5	33.2	-270bps	30.3	21bps
CASA	21723	20765	4.6	20662	5.1
Retail Deposits (%)	83.3	80.8	253bps	82.7	57bps
Retail Deposits	59394	50567	17.5	56492	5.1
Term Deposits	49587	41845	18.5	47632	4.1
Total Deposits	71310	62610	13.9	68294	4.4

Source: Company, IndiaNivesh Research

Fee income intact:

Non interest income was up 19% yoy to Rs 275 mn on back of high fee income growth of 22% yoy to Rs 217 mn. Trading income was down from Rs 25 mn in Q2FY12 to Rs 22 mn in Q2FY13 and Exchange transaction from Rs 9 mn in Q2FY12 to Rs 6 mn in Q2FY13.

Breakup of Other income (Rs mn)	Q2FY13	Q2FY11	% YoY	Q1FY13	% QoQ	H1FY13	H1FY12	% YoY
Comm, Exch & Brok.	217	178	21.9	202	7.4	419	348	20.4
Trading Income	22	25	-12.0	38	-42.1	60	73	-17.8
Exchange Transaction	6	9	-33.3	18	-66.7	24	30	-20.0
Other Income	30	19	56.2	17	77.4	47	15	220.7
Total Other income	275	231	19.0	275	0.1	550	466	18.1

Source: Company, IndiaNivesh Research

NIMs improved slightly:

NIMs improved slightly by 6 bps qoq to 3.24% driven by higher growth in comparatively high yielding segments like SME/MSME advances and Mortgage and decline in low yielding agriculture advances of 16% qoq. Net interest income grew by 13% yoy (5% qoq) to Rs 670 mn. Cost of funds was down 6 bps yoy to 7.7% and yield on advances by 2 bps yoy to 12.7%.

Yields/Costs/Margins (%)	Q2FY13	Q2FY11	YoY bps	Q1FY13	QoQ bps
NIM	3.24	3.41	-17	3.18	6
Cost of Funds	7.7	7.0	76	7.8	-6
Yield on Advances	12.7	12.7	3	12.7	-2

Source: reported numbers

Asset quality improved further:

Asset quality surprised positively with decline in both Gross and Net NPA by 32 bps and 7 bps qoq to 3.9% and 0.7% respectively. In absolute terms, Gross NPA was down by 4% qoq to Rs 2.3 bn while Net NPA was down by 6% to Rs 384 mn. Provision coverage remains healthy at 89%.

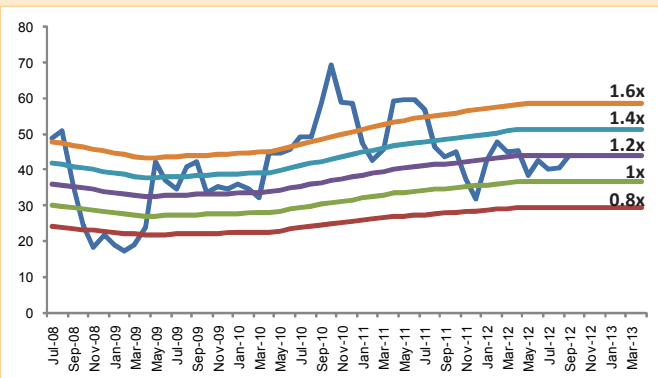
Gross/Net NPA (Rs mn)	Q2FY13	Q2FY11	% YoY	Q1FY13	% QoQ
Gross NPA	2260	2605	-13.3	2362	-4.3
Net NPA	384	421	-8.7	409	-6.1
Gross NPA (%)	3.86	5.75	-189bps	4.18	-32bps
Net NPA (%)	0.68	0.97	-29bps	0.75	-7bps
PCR (%)	89.3	87.9	136bps	88.5	75bps

Source: Company, IndiaNivesh Research

Valuation:

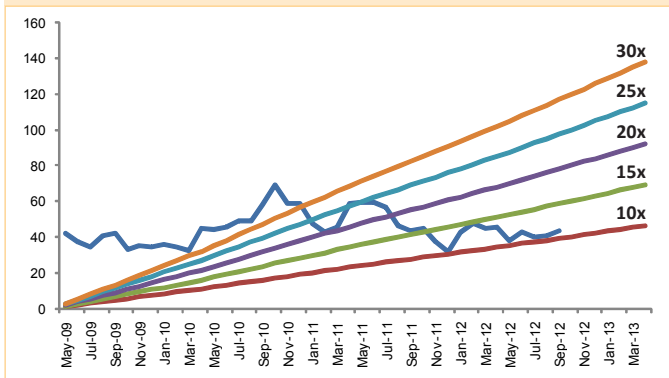
DCB has maintained its strong show with regards to growth in loan book, expanding margins, improvement in both return profile and asset quality. At CMP of Rs 46, the stock is trading at P/ABV of 1.3x and 1.1x for FY13E and FY14E. We don't have any formal rating on the stock however continue to remain positive for long term perspective.

PBV Band



Source: Bloomberg; IndiaNivesh Research

PE Band



Source: Bloomberg; IndiaNivesh Research

Q2FY13 - Rs mn	Q2FY13	Q2FY11	% YoY	Q1FY13	% QoQ	H1FY13	H1FY12	% YoY
Interest Income	2199	1785	23.2	2135	3.0	4335	3402	27.4
Interest on advances	1709	1329	28.5	1647	3.8	3355	2557	31.2
Income on Investments	476	437	8.9	456	4.4	931	810	14.9
Other Interest	15	19	-20.9	33	-54.1	49	34	42.5
Interest Expense	1530	1194	28.1	1496	2.3	3026	2292	32.0
Net Interest Income	670	591	13.3	639	4.7	1309	1110	17.9
Non Interest Income	275	231	19.0	275	0.1	550	466	18.1
Net Income	945	822	14.9	914	3.3	1859	1575	18.0
Total Income	2475	2017	22.7	2410	2.7	4885	3867	26.3
Total Expenses	680	614	10.8	666	2.0	1346	1202	12.0
Pre Provisioning Profit	265	209	27.0	248	6.8	513	374	37.3
Provisions	44	75	-42.1	59	-26.0	103	152	-32.6
Profit Before Tax	221	133	66.1	189	17.0	411	222	85.3
Tax	0	0	0	0	0.0	0	0	0
Net Profit	221	133	66.1	189	17.0	411	222	85.3
EPS (Rs)	0.9	0.7	34.3	0.9	0.0	1.80	1.11	62.2
Advances	56710	43147	31.4	54491	4.1			
Deposits	71310	62610	13.9	68294	4.4			
Total Business	128020	105757	21.1	122785	4.3			
Investments	26312	27660	-4.9	26367	-0.2			
Total Asset	92983	80478	15.5	91002	2.2			
Gross NPA	2260	2605	-13.3	2362	-4.3			
Net NPA	384	421	-8.7	409	-6.1			

Key Ratios (%)			bps	0	bps
NIM	3.24	3.41	-17	3.18	6
Cost of Funds	7.74	6.98	76	7.8	-6
Yield on Advances	12.7	12.7	3	12.7	-2
Cost to Income	71.9	74.6	-268	72.8	-90
CASA	30.5	33.2	-270	30.3	21
CAR	14.0	13.1	87	14.5	-52
Tier I Capital	12.7	11.2	148	13.2	-47
Credit to Deposit	79.5	68.9	1061	79.8	-26
GNPA	3.86	5.75	-189	4.18	-32
NNPA	0.68	0.97	-29	0.75	-7
Provision Coverage Ratio	89.3	87.9	136	88.5	75
ROE	10.0	8.4	156	8.7	125
ROA	0.96	0.68	28	0.85	11

Source: Company, IndiaNivesh Research



Trust.....we earn it.

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