

January 29, 2023

## Q3FY23 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	150		150	
NII (Rs. m)	19,052	22,557	19,046	22,523
% Chng.	-	0.2		
Op. Profit (Rs. m)	9,669	12,446	9,665	12,364
% Chng.	-	0.7		
EPS (Rs.)	16.9	22.3	16.9	22.1
% Chng.	0.1	0.9		

### Key Financials - Standalone

Y/e Mar	FY22	FY23E	FY24E	FY25E
NII (Rs m)	13,575	17,039	19,052	22,557
Op. Profit (Rs m)	7,970	7,550	9,669	12,446
PAT (Rs m)	2,875	4,484	5,267	6,943
EPS (Rs.)	9.2	14.4	16.9	22.3
Gr. (%)	-	-	-	-
DPS (Rs.)	-	1.4	1.7	2.2
Yield (%)	-	1.3	1.5	2.0
NIM (%)	3.5	3.9	3.7	3.7
RoAE (%)	7.8	11.0	11.7	14.0
RoAA (%)	0.7	0.9	0.9	1.0
P/BV (x)	0.9	0.8	0.8	0.7
P/ABV (x)	0.9	0.8	0.8	0.7
PE (x)	12.3	7.9	6.7	5.1
CAR (%)	18.9	19.6	19.3	19.0

### Key Data

### DCBA.BO | DCBB IN

52-W High / Low	Rs.141 / Rs.68
Sensex / Nifty	59,331 / 17,604
Market Cap	Rs.35bn / \$ 433m
Shares Outstanding	311m
3M Avg. Daily Value	Rs.311.62m

### Shareholding Pattern (%)

Promoter's	14.85
Foreign	12.51
Domestic Institution	37.51
Public & Others	35.13
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(8.9)	30.0	35.0
Relative	(7.0)	21.1	31.7

### Gaurav Jani

gauravjani@plindia.com | 91-22-66322235

### Palak Shah

palakshah@plindia.com | 91-22-66322257

## Well poised to deliver 1% RoA

### Quick Pointers:

- Earnings in-line but asset quality better; GNPA declined 27bps QoQ.
- Guidance of doubling balance sheet over 3-4 years is intact.

**We do not materially change estimates, but with asset quality risks receding, provisions for FY24/25E could be lower (PLe at ~68bps) leading to earnings upgrades. DCB Bank (DCB) earnings were in-line with PAT at Rs1.14bn, although asset quality was better than expected. NII was a slight beat by 1.9%, due to tad better loan growth and NIM. Strong credit flow is sustaining, as disbursals in Q3 at Rs46bn were similar to Q2 levels. Bank retained its guidance to double balance sheet over 3-4 years and hence we build a loan CAGR of 19% over FY23-25E. Asset quality improved with GNPA at 3.63% (PLe 3.89%, reduction of 27bps QoQ), driven by lower gross slippages. Slippage run-rate is expected to fall over next 2 quarters. DCB is targeting a RoA/RoE of 1.0%/14% which would be achieved by FY25E. We maintain 'BUY' rating and multiple at 1.0x Sep'24 ABV, keeping TP unchanged at Rs150.**

- **Earnings in-line with PAT at Rs1.14bn; better asset quality:** NII was Rs4.46bn (PLe Rs4.38bn) led by slightly better loan growth and NIM was a tad better at 4.33% (PLe 4.29%) led by better yield on assets at 10.41% (PLe 10.34%) as CoF was in-line at 6.35%. Loan growth was ahead at 19.2% YoY (PLe 18.8%) while deposit growth was strong at 22.6% YoY (PLe 19.2%). Other income was a miss at Rs0.95bn (PLe 1.1bn) as fee income was lower at Rs0.7bn (since PSLC income had been weak). Opex was in-line at Rs3.5bn. PPOp was broadly as estimated at Rs1.94bn (PLe Rs1.97bn). GNPA/NNPA were lower than expectations at 27bps/17bps QoQ to 3.6%/1.4% led by lower slippages. Provisions were a beat at Rs407mn. PAT was in-line at Rs1.14bn.
- **Healthy credit momentum sustaining with disbursals in Q3FY23 at Rs46bn** (in Q2 Rs46.2bn). Disbursals were largely driven by: mortgage Rs13.9bn, AIB Rs10.4bn, MSME/SME Rs9.7bn, and corporate banking Rs6.2bn. Management retained its guidance to double balance sheet over 3-4 years which translates to 20-25% growth each year. Focus continues to be on mortgages, SME/MSME and AIB. Mortgages continues to be a mainstay and its share could inch up from ~43% as enquiry volumes and conversion rates remain healthy despite rate hikes. Incremental deposit accretion was split into Wholesale:Retail at ~65:35.
- **Cost/assets remains elevated at 2.86% in Q3; better asset quality:** Opex continues to be elevated (cost/assets at 2.86%) in Q3 which might remain so over near term considering growth is back in the reckoning, however, endeavor is to reduce cost/assets to 2.4% in next 2 years. We see opex to assets decline over FY23-25E from 2.8% to 2.5%. Overall asset quality was better; gross slippages were lower at Rs4.0bn (PLe Rs5.5bn) and recoveries were healthy at Rs3.75bn leading to lower net slippages at Rs280mn. Bank expects gross slippage ratio to moderate in 2 quarters. Guidance is to reach a credit cost of ~50bps as slippages from mortgages, home Loans and CV is expected to decline.

**Exhibit 1: Earnings largely in-line, PAT grew by 1.3% QoQ/51.1% YoY**

*NII growth was good at 29.3% YoY/8.5% QoQ due to better margins*

*Fee income was lower at Rs0.7bn leading to decline in Other income by 3.8%QoQ/19.4% YoY*

*Opex was elevated led branch expansion and employee addition*

*Overall provisioning decreased by 58% YoY led by improvement in asset quality metrics.*

*Deposit growth was strong at 6.9% QoQ/22.6% YoY*

*NIM improved by 14bps QoQ/41bps YoY led by better yields*

*Asset quality metrics improved led by lower slippages and better recoveries/upgrades*

*CASA declines to 27.6% as TD grew faster at 19.8%*

P&L Statement (Rs m)	Q3FY23	Q3FY22	YoY gr. (%)	Q2FY23	QoQ gr. (%)
Interest Income	10,717	8,781	22.1	10,000	7.2
Interest Expended	6,257	5,331	17.4	5,889	6.3
<b>Net interest income (NII)</b>	<b>4,460</b>	<b>3,450</b>	<b>29.3</b>	<b>4,111</b>	<b>8.5</b>
Other income	954	1,183	(19.4)	992	(3.8)
<b>Total income</b>	<b>5,414</b>	<b>4,634</b>	<b>16.8</b>	<b>5,103</b>	<b>6.1</b>
Operating expenses	3,473	2,645	31.3	3,278	6.0
-Staff expenses	1,796	1,380	30.2	1,717	4.6
-Other expenses	1,677	1,266	32.5	1,561	7.4
<b>Operating profit</b>	<b>1,941</b>	<b>1,988</b>	<b>(2.4)</b>	<b>1,826</b>	<b>6.3</b>
<b>Core operating profit</b>	<b>1,941</b>	<b>1,825</b>	<b>6.3</b>	<b>1,826</b>	<b>6.3</b>
Total provisions	407	970	(58.1)	310	31.2
<b>Profit before tax</b>	<b>1,534</b>	<b>1,019</b>	<b>50.6</b>	<b>1,516</b>	<b>1.2</b>
Tax	396	265	49.4	392	1.0
<b>Profit after tax</b>	<b>1,139</b>	<b>754</b>	<b>51.1</b>	<b>1,124</b>	<b>1.3</b>
<b>Balance Sheet (Rs m)</b>					
Deposits	395,060	322,311	22.6	369,601	6.9
Advances	329,660	276,588	19.2	312,914	5.4
<b>Ratios (%)</b>					
<b>NIM</b>	<b>4.0</b>	<b>3.6</b>	<b>41</b>	<b>3.9</b>	<b>14</b>
RoaA	1.0	0.8	24	1.0	(2)
RoaE	10.9	7.9	298	11.1	(21)
<b>Asset Quality</b>					
Gross NPL (Rs m)	12,233	13,398	(8.7)	12,491	(2.1)
Net NPL (Rs m)	4,532	6,965	(35)	4,829	(6.1)
<b>Gross NPL ratio</b>	<b>3.63</b>	<b>4.73</b>	<b>(111)</b>	<b>3.90</b>	<b>(27)</b>
<b>Net NPL ratio</b>	<b>1.37</b>	<b>2.52</b>	<b>(114)</b>	<b>1.54</b>	<b>(17)</b>
Coverage ratio (Calc)	63.0	48.0	1,494	61.3	161
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	27.6	25.9	167	29.3	(173)
Cost-income ratio	64.1	57.1	706	64.2	(8)
Non int. inc / total income	17.6	25.5	(792)	19.4	(182)
Credit deposit ratio	83.4	85.8	(237)	84.7	(122)
CAR	16.3	18.2	(195)	17.9	(165)
Tier-I	14.5	15.1	(63)	14.9	(47)

Source: Company, PL

## Q3FY23 Concall Highlights

### Assets & Liabilities – Commentary & build-up

- **Doubling B/s over 3-4 years which translates to 20% growth each year.** Focus segment continues to be SME/MSME, mortgage loans (increase share to 55%), tractors and gold loans. Management aims to gradually improve ROA to +1% and ROE to 14%.
- **In Q3FY23, bank disbursed Rs.46bn similar to Q2FY23** of which Mortgage is Rs.13.9bn, Gold Loans are Rs.3bn., Agri & Inclusive Banking is Rs.10.4 bn., MSME/SME is Rs.9.7bn., Construction Finance is Rs. 2.8bn. and Corporate Banking is Rs. 6.2bn.
- **Mortgage loan book to be key driver (in Q3 grew by 5.1% QoQ/21.2% YoY)** and bank plans to increase this share to 55% (from 43%). ATS of the portfolio is Rs2.5-3mn and despite rate hike, enquiries continue to be strong with conversion rates being maintained.
- **SME/MSME grew 0.9% QoQ/8.5% YoY:** Going forward focus would be on CC/OD; expect better growth in FY24.
- **CASA ratio declined to 27.6% from 29.3% in Q2FY23:** Focus would be on growing SA and retail deposits.

### NIMs/Yields

- **Bank reported NIM of 4.02% as CoF hike was lower than yield hike:** Management expects steady state level margin of 3.65-3.75%, as TD rate hike is yet to reflect.

### Opex/Fee income

- **Opex increased 6% QoQ/31.3% YoY, due to employee addition** in home loans, mortgage, SME, agri & inclusive banking and deposits. Going forward, C/I would continue to be elevated considering branch and employee addition (add 10,000 employees). However, endeavor would be to bring down the C/A to 2.4% in next 2 years.
- **Fee income declined 9% QoQ, as PSLC income has been lower** due to lower rates, lower treasury and IPO income. However, processing fees, third party distribution fee (15-17% YoY improvement) continues to remain strong. Management guides to increase other income/total assets by 110-115bps from 80bps in Q3FY23.

### Asset Quality

- **As on December 31, 22 net restructured book stood at 5.4% or Rs 17.8bn** and management does not expect further stress from this pool. By March 2023 restructured advances under moratorium are expected to be below Rs4bn of which ~56% will be Home Loans and ~42% will be Business loan or LAP.
- Despite IND AS, there will not be significant changes in provisions as LGD would be lower although PD may be higher.

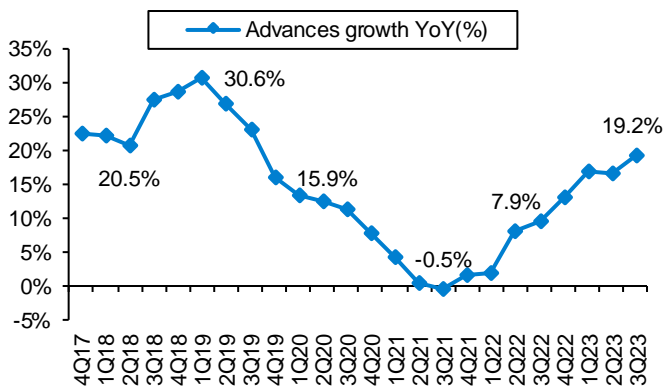
SME growth remains sluggish at 0.9% QoQ/8.5% YoY

CV book continues to run down declining by 49% YoY, mortgage remains mainstay (+5.1% QoQ/21% YoY)

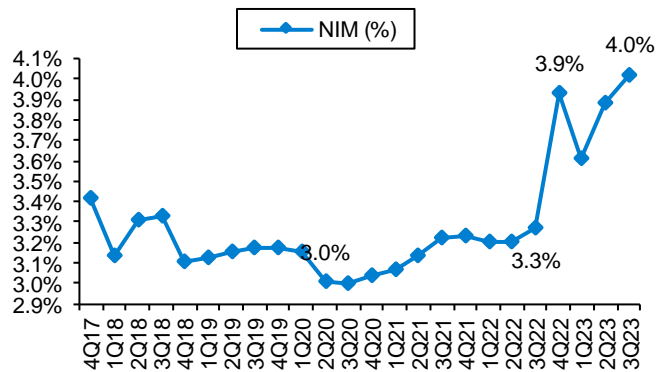
**Exhibit 2: Retail drives growth (+21% YoY), agri/corporate strong (+19% YoY)**

Advances break-up (Rs m)	Q3FY23	Q3FY22	YoY gr. (%)	Q2FY23	QoQ gr. (%)
<b>Advances</b>					
Retail	194,170	160,421	21.0	183,055	6.1
SME	29,999	27,659	8.5	29,727	0.9
Agriculture	72,525	60,849	19.2	67,589	7.3
Corporate	32,966	27,659	19.2	32,543	1.3
<b>Total</b>	<b>329,660</b>	<b>276,588</b>	<b>19.2</b>	<b>312,914</b>	<b>5.4</b>
<b>Retail Loans break-up</b>					
CV	5,604	11,064	(49.3)	6,884	(18.6)
Mortgage	140,765	116,167	21.2	133,927	5.1
Gold	13,846	16,595	(16.6)	15,020	(7.8)
Others	33,955	16,595	104.6	27,223	24.7

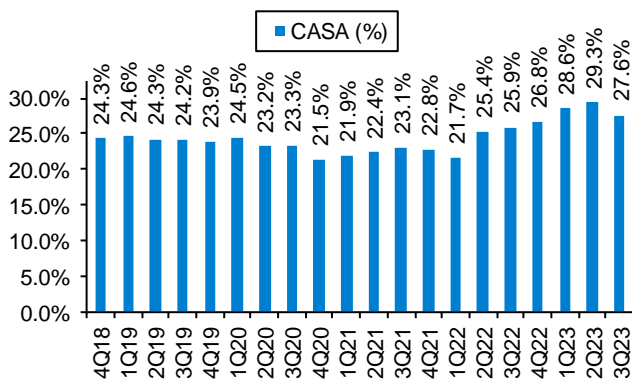
Source: Company, PL

**Exhibit 3: Loan growth strong at 19.2% YoY**


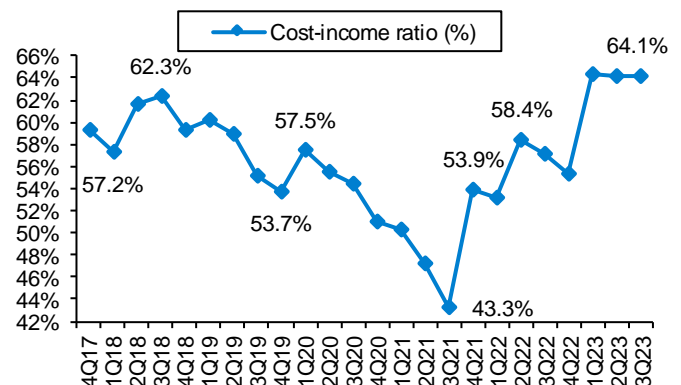
Source: Company, PL

**Exhibit 4: NIM expands by 14bps QoQ/41bps YoY**


Source: Company, PL

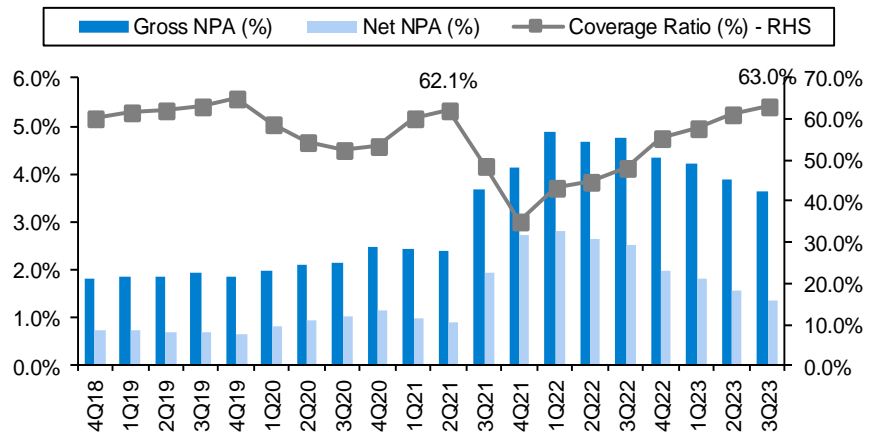
**Exhibit 5: CASA declines to 27.6%, as TD grow faster**


Source: Company, PL

**Exhibit 6: C/I to remain elevated at 64.1%**


Source: Company, PL

**Exhibit 7: Slippages decline, however PCR inches to 63%**



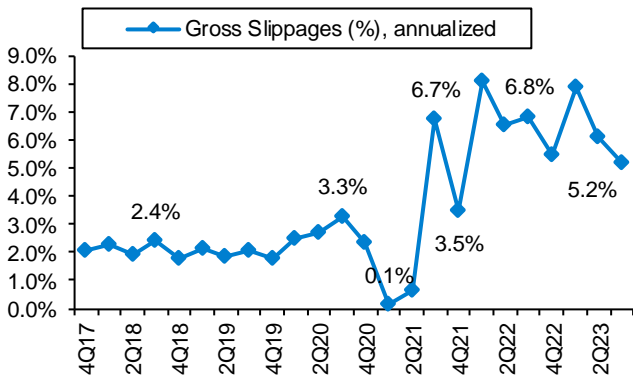
Source: Company, PL

**Exhibit 8: Slippage ratio declines to 5.5%**

Movement of NPL	Q3FY23	Q3FY22	YoY gr. (%)	Q2FY23	QoQ gr. (%)
Opening	12,498	12,849	(2.7)	12,888	(3.0)
Additions	4,030	4,575	(11.9)	4,550	(11.4)
Reduction	4,290	4,026	6.6	4,940	(13.2)
<b>Closing</b>	<b>12,233</b>	<b>13,398</b>	<b>(8.7)</b>	<b>12,491</b>	<b>(2.1)</b>
<b>Slippages (%)</b>	<b>5.54</b>	<b>7.11</b>	<b>(157)</b>	<b>6.26</b>	<b>(71)</b>
<b>GNPA Composition</b>					
Mortgages	2.06	3.32	(126)	2.20	(14)
Gold Loans	2.09	8.23	(613)	2.73	(64)
CV/STVL	37.11	21.36	1,576	31.67	545
Others	1.30	3.62	(232)	1.69	(39)
SME	4.90	4.33	57	4.98	(8)
Agriculture	4.00	4.94	(94)	4.39	(40)
Corporate	6.52	3.67	285	6.27	25

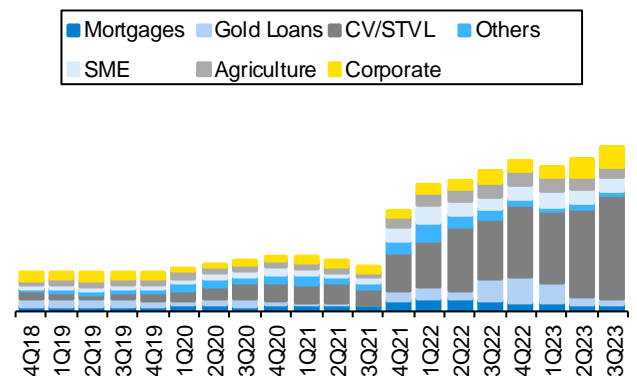
Source: Company, PL

**Exhibit 9: Slippage trend improves down by 157bps QoQ**



Source: Company, PL

**Exhibit 10: GNPA Composition: Corporate/CV stress higher**



Source: Company, PL

**Exhibit 11: Return ratios are on track to see 1% RoA/14% RoE**

Du-pont Analysis	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>NII/Assets</b>	<b>3.7</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>3.5</b>	<b>3.3</b>	<b>3.4</b>
Other inc./Assets	1.1	1.1	1.1	1.1	1.1	0.8	1.0	1.0
<b>Net revenues/Assets</b>	<b>4.8</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>
Opex/Assets	2.9	2.6	2.4	2.2	2.4	2.8	2.7	2.5
Provisions/Assets	0.5	0.4	0.7	1.1	1.0	0.3	0.4	0.5
Taxes/Assets	0.5	0.5	0.4	0.3	0.2	0.3	0.3	0.4
<b>ROA (%)</b>	<b>0.9</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>
<b>ROE (%)</b>	<b>8.8</b>	<b>11.0</b>	<b>11.2</b>	<b>10.0</b>	<b>7.8</b>	<b>11.0</b>	<b>11.7</b>	<b>14.0</b>

Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Int. Earned from Adv.	28,318	33,867	44,560	53,584
Int. Earned from invt.	5,943	7,061	8,765	10,412
Others	867	872	774	880
<b>Total Interest Income</b>	<b>35,128</b>	<b>41,800</b>	<b>54,099</b>	<b>64,876</b>
Interest Expenses	21,553	24,761	35,047	42,319
<b>Net Interest Income</b>	<b>13,575</b>	<b>17,039</b>	<b>19,052</b>	<b>22,557</b>
Growth(%)	5.5	25.5	11.8	18.4
Non Interest Income	4,520	3,946	5,858	6,691
<b>Net Total Income</b>	<b>18,095</b>	<b>20,985</b>	<b>24,909</b>	<b>29,249</b>
Growth(%)	1.6	15.4	31.1	19.4
Employee Expenses	5,391	6,967	7,869	8,676
Other Expenses	4,097	6,467	7,371	8,127
<b>Operating Expenses</b>	<b>10,126</b>	<b>13,435</b>	<b>15,240</b>	<b>16,802</b>
<b>Operating Profit</b>	<b>7,970</b>	<b>7,550</b>	<b>9,669</b>	<b>12,446</b>
Growth(%)	(10.0)	(5.3)	28.1	28.7
NPA Provision	2,841	1,487	1,142	1,559
<b>Total Provisions</b>	<b>4,074</b>	<b>1,497</b>	<b>2,542</b>	<b>3,050</b>
<b>PBT</b>	<b>3,896</b>	<b>6,053</b>	<b>7,127</b>	<b>9,396</b>
Tax Provision	1,020	1,569	1,860	2,452
Effective tax rate (%)	26.2	25.9	26.1	26.1
<b>PAT</b>	<b>2,875</b>	<b>4,484</b>	<b>5,267</b>	<b>6,943</b>
Growth(%)	(14.4)	56.0	17.5	31.8

**Balance Sheet (Rs. m)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Face value	10	10	10	10
No. of equity shares	312	311	311	311
Equity	3,123	3,112	3,112	3,112
Network	40,488	45,470	48,781	54,824
Growth(%)	7.7	12.3	7.3	12.4
Adj. Network to NNPA's	5,732	4,528	4,102	4,424
Deposits	3,46,917	4,12,812	4,90,171	5,77,698
Growth(%)	16.8	19.0	18.7	17.9
CASA Deposits	92,811	1,09,395	1,34,797	1,58,867
% of total deposits	26.8	26.5	27.5	27.5
<b>Total Liabilities</b>	<b>4,48,401</b>	<b>5,24,457</b>	<b>6,13,150</b>	<b>7,22,258</b>
Net Advances	2,90,958	3,46,143	4,12,321	4,90,529
Growth(%)	13.0	19.0	19.1	19.0
Investments	90,982	1,12,698	1,27,444	1,50,202
<b>Total Assets</b>	<b>4,48,401</b>	<b>5,24,457</b>	<b>6,13,150</b>	<b>7,22,258</b>
Growth (%)	13.2	17.0	16.9	17.8

**Asset Quality**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Gross NPAs (Rs m)	12,908	12,238	10,384	11,133
Net NPAs (Rs m)	5,732	4,528	4,102	4,424
Gr. NPAs to Gross Adv.(%)	4.3	3.5	2.5	2.2
Net NPAs to Net Adv. (%)	2.0	1.3	1.0	0.9
NPA Coverage %	55.6	63.0	60.5	60.3

**Profitability (%)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
NIM	3.5	3.9	3.7	3.7
RoAA	0.7	0.9	0.9	1.0
RoAE	7.8	11.0	11.7	14.0
Tier I	15.8	16.0	15.3	15.0
CRAR	18.9	19.6	19.3	19.0

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Interest Income	8,781	9,199	9,493	10,000
Interest Expenses	5,331	5,395	5,753	5,889
<b>Net Interest Income</b>	<b>3,450</b>	<b>3,805</b>	<b>3,740</b>	<b>4,111</b>
YoY growth (%)	3.1	22.3	21.1	27.2
CEB	630	663	648	770
Treasury	-	-	-	-
Non Interest Income	1,183	1,148	924	992
<b>Total Income</b>	<b>9,964</b>	<b>10,347</b>	<b>10,417</b>	<b>10,992</b>
Employee Expenses	1,380	1,463	1,551	1,717
Other expenses	1,266	1,282	1,451	1,561
Operating Expenses	2,645	2,744	3,002	3,278
<b>Operating Profit</b>	<b>1,988</b>	<b>2,208</b>	<b>1,661</b>	<b>1,826</b>
YoY growth (%)	(28.3)	7.6	(17.4)	4.2
Core Operating Profits	1,825	2,205	1,656	1,826
NPA Provision	-	-	-	-
Others Provisions	970	676	350	310
<b>Total Provisions</b>	<b>970</b>	<b>676</b>	<b>350</b>	<b>310</b>
<b>Profit Before Tax</b>	<b>1,019</b>	<b>1,532</b>	<b>1,311</b>	<b>1,516</b>
Tax	265	398	340	392
<b>PAT</b>	<b>754</b>	<b>1,134</b>	<b>971</b>	<b>1,124</b>
YoY growth (%)	(21.7)	45.6	187.8	73.0
<b>Deposits</b>	<b>3,22,311</b>	<b>3,46,917</b>	<b>3,50,810</b>	<b>3,69,601</b>
YoY growth (%)	11.7	16.8	14.6	16.3
<b>Advances</b>	<b>2,76,588</b>	<b>2,90,958</b>	<b>2,98,140</b>	<b>3,12,914</b>
YoY growth (%)	9.3	13.0	16.9	16.5

**Key Ratios**

Y/e Mar	FY22	FY23E	FY24E	FY25E
CMP (Rs)	114	114	114	114
EPS (Rs)	9.2	14.4	16.9	22.3
Book Value (Rs)	122	139	150	169
Adj. BV (Rs)	124	136	136	155
P/E (x)	12.3	7.9	6.7	5.1
P/BV (x)	0.9	0.8	0.8	0.7
P/ABV (x)	0.9	0.8	0.8	0.7
DPS (Rs)	-	1.4	1.7	2.2
Dividend Payout Ratio (%)	-	10.0	10.0	10.0
Dividend Yield (%)	-	1.3	1.5	2.0

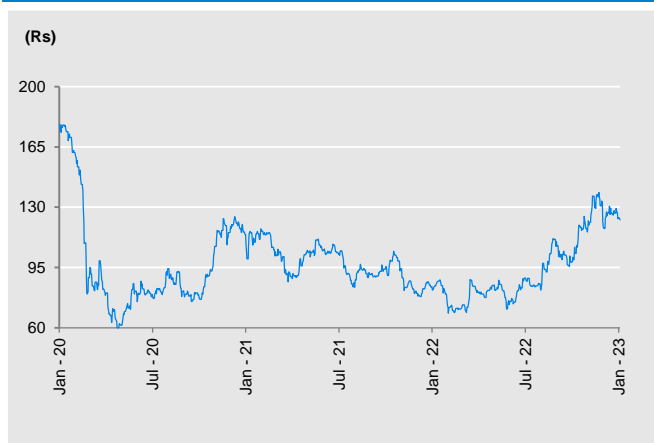
**Efficiency**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Cost-Income Ratio (%)	56.0	64.0	61.2	57.4
C-D Ratio (%)	83.9	83.9	84.1	84.9
Business per Emp. (Rs m)	79	89	101	114
Profit per Emp. (Rs lacs)	4	5	6	7
Business per Branch (Rs m)	1,595	1,773	2,008	2,264
Profit per Branch (Rs m)	7	10	12	15

**Du-Pont**

Y/e Mar	FY22	FY23E	FY24E	FY25E
NII	3.22	3.50	3.35	3.38
Total Income	5.36	5.13	5.41	5.38
Operating Expenses	2.40	2.76	2.68	2.52
PPoP	2.96	2.36	2.73	2.87
Total provisions	0.96	0.31	0.45	0.46
RoAA	0.68	0.92	0.93	1.04
RoAE	7.82	11.01	11.74	14.01

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Jan-23	BUY	150	130
2	07-Nov-22	BUY	150	120
3	05-Oct-22	BUY	120	103
4	31-Jul-22	BUY	120	89
5	08-Jul-22	Hold	120	81
6	08-May-22	BUY	120	78
7	09-Apr-22	BUY	120	86

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,250	1,750
2	Axis Bank	BUY	1,100	933
3	Bank of Baroda	BUY	220	181
4	Can Fin Homes	BUY	700	521
5	City Union Bank	BUY	220	178
6	DCB Bank	BUY	150	130
7	Federal Bank	BUY	175	140
8	HDFC	BUY	3,000	2,622
9	HDFC Bank	BUY	1,850	1,601
10	ICICI Bank	BUY	1,090	870
11	IDFC First Bank	UR	-	60
12	IndusInd Bank	BUY	1,500	1,223
13	Kotak Mahindra Bank	BUY	2,100	1,763
14	LIC Housing Finance	Accumulate	410	420
15	Punjab National Bank	UR	-	57
16	State Bank of India	BUY	730	605

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



## ANALYST CERTIFICATION

### (Indian Clients)

We/I, Mr. Gaurav Jani- CA, CFA Level 2, Ms. Palak Shah- CA, B.Com Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### (US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## DISCLAIMER

### Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Gaurav Jani- CA, CFA Level 2, Ms. Palak Shah- CA, B.Com Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

[www.plindia.com](http://www.plindia.com)