

DCB Bank Limited

July 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Tier II Bonds	400.00	CARE AA-; Stable	Reaffirmed
Certificate Of Deposit	2,000.00	CARE A1+	Reaffirmed
Fixed Deposit	Ongoing	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Reaffirmation of ratings assigned to the Tier II Bonds, short-term fixed deposits, and Certificate of Deposit (CD) of DCB Bank Limited (DCB) reflects bank's comfortable capitalisation with a healthy cushion above the minimum regulatory requirements, supported by regular capital infusions, along with consistent profitability and the continued support expected from its promoter, the Aga Khan Fund for Economic Development (AKFED).

The rating also benefits from the bank's experienced and stable senior management team, its steady and well-calibrated advance growth with a focus on the retail segment, particularly to self-employed individuals and the SME/MSME sectors, and DCB's stable asset quality.

The ratings remain constrained by the bank's moderate resource profile, with relatively lower proportion of low-cost CASA deposits and a higher reliance on term deposits. Additionally, DCB's earning profile remains average in comparison to peers, while its overall scale of operations continues to be modest within the banking industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in profitability with return on total assets (ROTA) over 1.25% on a sustained basis.
- Continuously improving scale of business, significantly increasing CASA proportion while maintaining asset quality parameters and capitalisation.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Declining capital adequacy ratio (CAR) with cushion over the minimum regulatory requirement falling below 3%.
- Deteriorating asset quality with net non-performing assets (NNPA) ratio above 3% on a sustained basis.
- Falling profitability with return on total assets (ROTA) remaining below 0.5% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings expects DCB to sustain its steady growth in advances and deposits over the medium term, while maintaining stable asset quality and comfortable capitalisation levels.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Comfortable capitalisation with adequate buffer

DCB's capital adequacy ratio (CAR) continues to be comfortable supported by regular accretion of profits and timely equity raise. Promoters (Aga Khan Fund for Economic Development S.A (AKFED)) have infused ₹83.00 crore in the bank in October 2025. The bank had also raised capital through Tier-II bonds of ₹300 crore in March 2023 and ₹400 crore in November 2024. CAR and CET1 ratio stood at 16.55% and 14.26% as on March 31, 2026, respectively, as against 16.77% and 14.30% as on March 31, 2025.

CareEdge Ratings expects the bank to maintain sufficient capital cushions over the minimum regulatory requirements in the medium term by raising equity capital as and when needed.

Retail focused advance book with stable growth

DCB's portfolio remains well-diversified and predominantly retail-focused, targeting self-employed and MSME/SME retail segment. Banks majority of the loan book consists of small-ticket loans of less than ₹3 crore (as on March 31, 2026), with an around equal proportion of secured loans. Mortgages (Home loans and loan against property [LAP]) accounted for 39.0% of the advances, followed by Agri & Inclusive Banking (AIB) at 23.5%, and corporate loans at 7.5% as on March 31, 2026.

Bank's co-lending portfolio grew at a steady pace during FY26, making up 13.8% of total advances as on March 31, 2026. Going forward, the bank intends to focus on expanding its organic loan book, with co-lending expected to grow in line with overall balance sheet growth. The bank also offers a range of other products, including gold loans, SME/MSME financing, commercial vehicle loans, and construction finance. The total net advances stood at ₹60,022 crore as on March 31, 2026, up from ₹51,047 crore demonstrating year-on-year growth of 18% during FY26. CareEdge Ratings expects the bank to continue to grow its advances at a stable pace in the medium term, led by the retail segment.

Stable asset quality metrics

DCB has maintained asset quality at comfortable levels despite its exposure to segments that are generally more susceptible to economic downturns. The bank benefits from a relatively low share of unsecured loans and limited exposure to the microfinance sector, which has faced heightened stress recently. As a result, its asset quality remains comparatively stable. The slippage ratio stood at 3.38% during FY26 compared to 3.76% in FY25. GNPA and NNPA stood at 2.45% and 0.89% as on March 31, 2026, compared to 2.99% and 1.12%, respectively as on March 31, 2025.

The proportion of Gross Standard Restructured Advances has improved significantly, decreasing from 2.96% as on March 31, 2024, to 1.82% as on March 31, 2025, and further to 1.28% as on March 31, 2026. Consequently, net stressed assets (NNPA + Net Standard Restructured Assets + Net Security Receipts) to net worth ratio improved from 26.37% as on March 31, 2025, to 19.53% as on March 31, 2026. Going forward, CareEdge Ratings expects the asset quality to further stabilise with gradual reduction in restructured book.

Experienced management team

DCB has an established board and management team. The board of DCB comprises 12 members, possessing extensive experience in the BFSI sector. Mr. Praveen Kutty, MD & CEO of the bank, has been a career banker with over 34 years of banking experience. In DCB Bank he has held various roles, heading Retail Banking, Agri Banking & SME Banking in the last 17 years. He is supported by various product and functional heads, having a longstanding tenure at the bank possessing significant experience in their respective domains.

Key weaknesses

Modest scale along with moderate resource profile

DCB Bank remains one of the relatively smaller private sector banks with gross advances of ₹60,998 crore, deposits of ₹72,583 crore and an asset size of ₹87,515 crore as on March 31, 2026. The bank's market share in advances and deposits within the overall banking industry continues to remain modest. Although the bank aims to double its balance sheet every three to four years, it is expected to remain a relatively smaller player over the medium term.

The bank's resource profile also remain moderate, with CASA proportion at 22.38% as on March 31, 2026, falling from 24.52% as on March 31, 2025 (26.02% as on March 31, 2024), largely due to muted demand deposit growth, shifts to term deposits and slower growth in saving account deposits as compared to overall deposit growth. The CASA proportion of DCB is relatively lower compared to peers. The overall deposit growth on year-on-year (YoY) for FY26, stood at 21% (22% for FY25) with relatively subdued growth in CASA at around 10% (15% for FY25). DCB primarily relies on retail deposits, including CASA and retail term deposit, which constituted around 52% and the top 20 depositors accounted for 6.55% of total deposits as on March 31, 2026.

(6.61% as on March 31, 2025). Retail term deposits (3 crore) constituted around 41% of the overall deposits as on March 31, 2026.

Additionally, the bank supplements its funding profile through long-term refinance facilities from institutions such as Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD) and National Housing Bank (NHB). CareEdge Ratings believes that the bank will continue to strengthen its liability franchise through greater reliance on granular retail deposits while calibrating asset growth in line with deposit accretion.

Relatively average earnings profile

DCB's net interest margin (NIM) remains relatively modest, primarily due to moderation in CASA leading higher cost of funds. However, the bank has an established fee income base bringing stability to the non-interest income. For FY26, the bank reported a net interest income (NII) of ₹2,457 crore and a pre-provision operating profit (PPOP) of ₹1,296 crore. NIM (as a percentage of average total assets) remained largely in line at 3.00% in FY26 from 3.03% in FY25. Cost to income improved substantially to 60.87% for FY26 compared to 63.70% for FY25. Although operating expenses to total assets declined to 2.46% for FY26 as against 2.62% for FY25 aided by a steady growth in total assets. Credit cost elevated during FY26 to 0.39% of average total assets in FY26, up from 0.30% in FY25. However, the management expects credit costs to normalise at around 450–550 bps going forward. ROTA was stable at 0.89% for FY26 against 0.89% for FY25. ROTA has remained stable in the range of 0.89% to 0.97% over the past five years, except in FY22 due to COVID-19, though it continues to trail slightly behind that of peer private sector banks.

Going forward, CareEdge Ratings expects the profitability to improve gradually (above 1%) as the bank focuses on changing the loan mix to improve the NIM) as it attains scale, although the credit cost is expected to normalise (rise) over the medium term.

Liquidity: Adequate

The bank's liquidity profile is Adequate supported by its retail and CASA depositor base. According to the structural liquidity statement as on March 31, 2026, there were no negative cumulative mismatches in the time buckets up to six months. The bank manages its deposit maturities in a particular time bucket by appropriately modifying deposit rates. Additionally, bank also has access to systemic liquidity, including RBI's Liquidity Adjustment Facility (LAF), Marginal Standing Facility (MSF), and access to refinancing from the SIDBI, NHB, and NABARD, among others, and access to call money markets. As on March 31, 2026, the liquidity coverage ratio stood at 122.59%, against the minimum regulatory requirement of 100%, while the net stable funding ratio (NSFR) stood at 126.4%.

Environment, social, and governance (ESG) risks

Although DCB Bank's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of any asset class of the portfolio are adversely impacted by environmental factors. The bank has been strengthening its environmental risk management practices through sectoral credit assessments, digitalisation initiatives aimed at reducing paper usage, and integration of sustainability considerations into its lending and operational framework.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect DCB Bank's regulatory compliance and reputation, and hence remain a key monitorable. The bank continues to strengthen its information security architecture, customer awareness initiatives, and internal control systems, while also focusing on financial inclusion through expansion of digital banking and outreach to underbanked segments.

DCB Bank's Board comprises 12 Directors, with 8 Independent Directors including 1 woman Director.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating Basel III - Hybrid Capital Instruments issued by Banks](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Banks	Private Sector Bank

DCB Bank was founded in 1930s as The Ismailia Co-operative Bank Limited and the Masalawalla Co-operative Bank. In 1981, Ismailia Co-operative Bank Limited was amalgamated with Masalawalla Co-operative Bank Limited to form the Development Co operative Bank Limited. Citi Cooperative Bank Limited later merged with Development Co-operative Bank Limited, which was thereafter converted into a joint stock banking company, the Development Credit Bank Limited on May 31, 1995.

Its promoter and promoter group, the Aga Khan Fund for Economic Development (AKFED) & Platinum Jubilee Investments Ltd., hold approximately 16.23% stake in DCB Bank as on March 31, 2026. AKFED is an international development enterprise, dedicated to promoting entrepreneurship and building economically sound companies.

DCB Bank is a new generation private sector scheduled commercial bank with a network of 480 branches across 20 states and two Union Territories as on March 31, 2026. The banks had 56% of its branches in Metro and urban areas. DCB Bank's business segments include Retail, micro-SME, SME, mid-Corporate, Agriculture, Commodities, Government, Public Sector, Indian Banks, Co-operative Banks, and NBFC. DCB Bank has approximately one million customers.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total income	7,221	8,260
Profit after tax (PAT)	615	732
Total assets	76,391	87,515
Net interest margin (NIM) (%)	3.03	3.00
Gross non-performing assets (NPA) (%)	2.99	2.45
Net NPA (%)	1.12	0.89
Capital adequacy ratio (CAR) (%)	16.77	16.55

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Tier II Bonds	INE503A08069	18-Nov-2024	9.20	18-Nov-2034	400.00	CARE AA-; Stable
Certificate Of Deposit	-	-	-	-	2000.00	CARE A1+
Fixed Deposit	-	-	-	-	Ongoing	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fixed Deposit	ST	Ongoing	CARE A1+	-	1)CARE A1+ (22-Dec-25) 2)CARE A1+ (01-Jul-25)	1)CARE A1+ (11-Nov-24) 2)CARE A1+ (18-Oct-24) 3)CARE A1+ (12-Jul-24)	-
2	Certificate Of Deposit	ST	2000.00	CARE A1+	-	1)CARE A1+ (22-Dec-25) 2)CARE A1+ (01-Jul-25)	1)CARE A1+ (11-Nov-24) 2)CARE A1+ (18-Oct-24) 3)CARE A1+ (12-Jul-24)	-
3	Bonds-Tier II Bonds	LT	400.00	CARE AA-; Stable	-	1)CARE AA-; Stable (22-Dec-25) 2)CARE AA-; Stable (01-Jul-25)	1)CARE AA-; Stable (11-Nov-24)	-

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Tier II Bonds	Complex
2	Certificate Of Deposit	Simple
3	Fixed Deposit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sanjay Agarwal Senior Director CARE Ratings Limited Phone: +91-22-6754-3500 E-mail: Sanjay.agarwal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Sudam Shrikrushna Shingade Director CARE Ratings Limited Phone: +91-22-6754-3453 E-mail: sudam.shingade@careedge.in
	Yogesh Rochani Assistant Director CARE Ratings Limited Phone: +91-120-4452041 E-mail: Yogesh.Rochani@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**