

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR92

TP: INR115 (+25%)

Buy

NII misses estimate; other income drives earnings

Asset quality improves

- Canara Bank (CBK) reported 3QFY25 standalone PAT at INR41b (12.3% YoY growth, in line) because of higher other income, partly offset by lower NII and higher provisions.
- NII declined 2.9% YoY to INR91.5b (5% miss). NIM moderated 15bp QoQ to 2.71% during the quarter.
- The loan book grew 11.2% YoY/4% QoQ to INR10.2t, while deposit growth was modest at 8.4% YoY/1.6% QoQ to INR13.7t. CASA ratio moderated to ~30% in 3QFY25. Management guided 10% credit growth for FY25.
- On the asset quality front, total slippages stood at INR24.6b (INR23.5b in 2QFY25). Healthy recovery and write-offs led to 39bp/10bp QoQ improvement in GNPA/NNPA to 3.34%/0.89%. PCR was stable at 74.1%.
- We broadly maintain our projections and estimate CBK to deliver FY26E RoA/ RoE of 1%/17.7%. **We reiterate our BUY rating with a TP of INR115 (premised on 0.9x Sep'26E ABV).**

Deposit growth modest; NIM moderates 15bp QoQ

- CBK reported 3QFY25 standalone PAT at INR41b (12.3% YoY growth, in line) amid better other income while NII misses estimates. During 9MFY25, earnings grew 11.4% YoY to INR120.2b (4QFY25E at INR40.1b; implying 6.8% YoY growth).
- NII declined 2.9% YoY to INR91.5b (5% miss). NIM moderated 15bp QoQ to 2.71%. Other income grew 16.5% QoQ to INR58b (35.1% YoY, 20% beat). Treasury income stood at INR9.45b vs. INR6.61b in 2QFY25. Total revenue thus grew 9% YoY (4% beat).
- Operating expenses grew 3% YoY to INR71.1b (up 7.1% QoQ, in line). The C/I ratio thus rose 112bp QoQ to 47.6%. Provisions came in at INR23.9b (26% YoY/ 6.5% QoQ, 14% higher than MOFSLe). PPOp grew 15.2% YoY to INR 78.4b (4% beat).
- The loan book grew 11.2% YoY/4% QoQ, led by the retail segment, which grew 7% QoQ. Deposit growth was modest at 8.4% YoY (1.6% QoQ), led by term deposits. CASA ratio thus moderated by 127bp QoQ to ~30%. The domestic CD ratio stood at 76.6%, and the bank is comfortable with ~78%.
- GNPA/NNPA ratios improved 39bp/10bp QoQ to 3.34%/0.89%. PCR was stable at 74.1%. Total slippages stood at INR24.6b (INR23.5b in 2QFY25). Credit costs were 0.89% vs. FY25 guidance of 1.1%.
- The total SMA Book moderated to 1.14% in 3QFY25 from 1.48% in 2QFY25, due to a reduction in the SMA-2 book.

Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USD\$)	833.9 / 9.7
52-Week Range (INR)	129 / 88
1, 6, 12 Rel. Per (%)	-4/-11/-8
12M Avg Val (INR M)	4003

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	370.6	394.0
OP	294.1	306.9	331.4
NP	145.5	160.4	170.6
NIM (%)	2.7	2.5	2.4
EPS (INR)	16.0	17.7	18.8
EPS Gr. (%)	37.3	10.2	6.4
BV/Sh. (INR)	90	104	117
ABV/Sh. (INR)	80	96	109
RoA (%)	1.0	1.0	1.0
RoE (%)	20.2	19.0	17.7

Valuations

P/E (x)	5.7	5.2	4.9
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.1	1.0	0.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	62.9	62.9	62.9
DII	11.7	11.7	14.3
FII	11.1	11.3	11.2
Others	14.2	14.2	11.6

Highlights from the management commentary

- Management expects INR5-6b of recovery in 4Q. The recovery would be led by two accounts.
- Management guided 9% YoY deposit growth for FY25.
- LCR stood at 123%, and due to the draft LCR guidelines, it can come down to 110-111%. For this, the bank has started offering new TDs for long-term deposits of longer maturities. This will help negate the drag on the LCR to 115-120%.
- Slippages break up: Agri - INR8b, Retail - INR5b, MSME was INR10b. All these total to INR23b. No corporate account slipped to the NPA.

Valuation and view

CBK reported a mixed quarter with inline earnings as higher other income offsets the higher provisions and tepid NII as NIMs moderated 15bp sequentially. Loan growth was led by the retail segment, while deposit growth was modest with the CASA ratio moderating sequentially. There has been an improvement in overall asset quality ratios, with higher recoveries and upgrades and lower slippages. Management expects credit costs to be ~1.1% for FY25. SMA book and credit costs also were controlled during the quarter. We broadly maintain our projections and estimate CBK to deliver FY26E RoA/ RoE of 0.99%/17.7%. **Reiterate BUY with a TP of INR115 (premised on 0.9x Sep'26E ABV).**

Quarterly performance**(INR b)**

	FY24				FY25E				FY24	FY25E	FY25E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	86.7	89.0	94.2	95.8	91.7	93.2	91.5	94.3	365.7	370.6	96.1	(5)
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	4.6	-2.9	-1.6	16.3	1.3	2.1	
Other Income	48.2	46.3	43.0	52.2	53.2	49.8	58.0	55.2	189.7	216.2	48.2	20
Total Income	134.8	135.4	137.1	148.0	144.9	143.0	149.5	149.5	555.3	586.8	144.3	4
Operating Expenses	58.8	59.2	69.1	74.1	68.7	66.4	71.1	73.6	261.2	279.9	69.3	3
Operating Profit	76.0	76.2	68.1	73.9	76.2	76.5	78.4	75.9	294.1	306.9	75.0	4
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	0.5	15.2	2.7	6.1	4.3	10.2	
Other Provisions	27.2	26.1	19.0	24.8	22.8	22.5	24.0	22.6	97.1	92.0	21.1	14
Profit before Tax	48.9	50.1	49.1	49.1	53.3	54.0	54.4	53.2	197.0	215.0	53.9	1
Tax	13.5	14.0	12.5	11.5	14.3	13.9	13.3	13.1	51.5	54.6	13.7	(3)
Net Profit	35.3	36.1	36.6	37.6	39.1	40.1	41.0	40.1	145.5	160.4	40.1	2
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	11.3	12.3	6.8	37.3	10.2	9.8	
Operating Parameters												
Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,473	13,695	14,147	13,124	14,147	13,778	
Loan (INR b)	8,551	8,923	9,206	9,316	9,464	9,840	10,237	10,453	9,316	10,453	10,088	
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	9.3	8.4	7.8	11.3	7.8	9.1	
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	10.3	11.2	12.2	12.2	12.2	9.6	
Asset Quality												
Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	3.7	3.3	3.3	4.2	3.3	3.5	
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.0	0.9	0.9	1.3	0.9	0.9	
PCR (%)	70.6	71.4	70.8	70.9	71.0	74.1	74.1	74.0	70.8	74.0	74.2	

E: MOFSL Estimates

Quarterly Snapshot

INR b	FY24				FY25			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss									
Net Interest Income	86.7	89.0	94.2	95.8	91.7	93.2	91.5	-3	-2
Other Income	48.2	46.3	43.0	52.2	53.2	49.8	58.0	35	16
Total Income	134.8	135.4	137.1	148.0	144.9	143.0	149.5	9	5
Operating Expenses	58.8	59.2	69.1	74.1	68.7	66.4	71.1	3	7
Employee	36.5	37.9	45.3	44.6	42.3	43.6	44.8	-1	3
Operating Profits	76.0	76.2	68.1	73.9	76.2	76.5	78.4	15	2
Core Operating Profits	73.1	72.6	65.0	67.2	72.7	69.9	68.9	6	-1
Provisions	27.2	26.1	19.0	24.8	22.8	22.5	24.0	26	7
PBT	48.9	50.1	49.1	49.1	53.3	54.0	54.4	11	1
Taxes	13.5	14.0	12.5	11.5	14.3	13.9	13.3	7	-4
PAT	35.3	36.1	36.6	37.6	39.1	40.1	41.0	12	2
Balance sheet (INR b)									
Loans	8,551	8,923	9,206	9,316	9,464	9,840	10,237	11	4
Deposits	11,925	12,322	12,629	13,124	13,352	13,473	13,695	8	2
CASA Deposits	3,645	3,676	3,693	3,923	3,814	3,873	3,772	2	-3
- Savings	3,206	3,230	3,240	3,284	3,322	3,407	3,297	2	-3
- Current	438	446	452	639	492	466	475	5	2
Loan mix (%)									
Agriculture & Allied	25.1	25.6	25.5	26.4	24.7	24.0	23.2	-229	-78
MSME	14.2	14.3	14.1	13.7	13.8	13.7	13.7	-43	-4
Retail	16.0	16.0	16.2	16.3	18.0	19.2	19.8	366	60
Corporate and others	44.6	44.1	44.2	43.6	43.4	43.0	43.2	-95	22
Asset Quality									
GNPA	457.3	439.6	417.2	406.0	403.6	377.3	350.6	-16	-7
NNPA	134.6	125.5	121.8	118.2	117.0	97.8	90.8	-25	-7
Slippages	34.3	64.2	95.9	129.9	163.3	186.7	211.4	120	13
Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY (bp)	QoQ (bp)
GNPA (%)	5.2	4.8	4.4	4.2	4.1	3.7	3.3	-105	-39
NNPA (%)	1.6	1.4	1.3	1.3	1.2	1.0	0.9	-43	-10
PCR (Calculated, %)	70.6	71.4	70.8	70.9	71.0	74.1	74.1	328	1
PCR (inc TWO, %)	88.0	88.7	89.0	89.1	89.2	90.9	0.0	-8901	-9089
Slippage Ratio (%)	1.7	1.5	1.6	1.6	1.6	1.1	1.1	-49	2
Business Ratios									
CASA	33.0	32.2	31.7	32.3	31.0	31.3	30.0	-165	-127
Loan/Deposit	71.7	72.4	72.9	71.0	70.9	73.0	74.8	186	172
Other income/Total Income	35.7	34.2	31.3	35.3	36.7	34.8	38.8	749	397
Cost to Income	43.6	43.7	50.4	50.1	47.4	46.5	47.6	-279	112
Cost to asset	1.8	1.7	2.0	2.1	1.9	1.8	1.9	-12	9
Tax Rate	27.6	28.0	25.5	23.4	26.8	25.7	24.5	-95	-116
Capitalisation Ratios (%)									
Tier-1	13.6	13.6	13.4	14.0	14.4	14.6	14.6	117	-9
- CET 1	11.5	11.6	11.3	11.6	12.1	12.0	12.0	69	-3
CAR	16.2	16.2	15.8	16.3	16.4	16.6	16.4	66	-13
RWA / Total Assets	43.0	43.1	44.8	44.9	44.6	45.2	45.8	101	54
LCR	129.5	132.4	135.8	129.0	146.5	137.4	123.0	-1278	-1440
Profitability Ratios									
Yield on loans	8.4	8.6	8.6	8.7	8.7	8.8	8.8	19	2
Yield On Funds	7.3	7.3	7.5	7.5	7.7	7.7	7.7	22	-3
Cost of Funds	4.8	4.9	4.9	5.0	5.3	5.3	5.3	35	2
Cost of Deposits	5.2	5.4	5.4	5.5	5.7	5.7	5.7	30	2
NIMs	3.1	3.0	3.0	3.1	2.9	2.9	2.7	-32	-15
Other Details									
Branches	9,653	9,518	9,585	9,604	9,623	9,658	9,816	231	158
ATMs	12,114	12,118	10,463	10,209	10,014	9,881	9,715	(748)	(166)

Source: MOFSL, Company



Highlights from the management commentary

Opening remarks

- The global business grew 9.3% YoY, Global deposits grew 8.44% YoY, and Global advances at 10.45% YoY.
- Operating profit grew ~15% YoY.
- PCR reached 91.26% and was up 225bp YoY. NNPA reached an all-time low and declined 43bp YoY.
- RAM credit growth was led by retail in which Housing and BF were the main drivers.
- Fee-based income grew 23.31% YoY. The slippage ratio is now below 1% and the YoY reduction is 28bp.
- Credit cost is at 0.89% and is an all-time low.
- CBK is in line with achieving the guidance and has achieved nine guidance parameters out of 13.
- There is an issue in the market due to liquidity. Bank can grow TDs at a faster rate.
- The bank had pledged excess SLR at 6.5% and is helping to gain the extra share in the bottom line and due to the same the deposit growth has been affected.
- LCR stood at 123%, and due to the draft LCR guidelines, it can come down to 110-111%. For this, the bank has started offering new TDs for long-term deposits of longer maturities. This will help negate the drag on the LCR to 115-120%.

Advances and deposits related

- CASA has been affected. For this, the bank has come out with a new deposit product to garner deposits. Currently, there is a liquidity issue, which is affecting the deposits. With the matured payments market, the money flow of money is very easy, which is affecting the deposit growth.
- CD ratio is at 76.5% and the bank can reach 78%. The bank is very comfortable at the 78% range (the rest of the 18% is SLR and 4% CRR).
- Gold Loan in Agri – Internal Audit has been completed and there is no issue with the regulator for the same. The bank doesn't have a bullet type of Gold loan.
- The regulatory concern is only for the unsecured loans, and the bank doesn't have any unsecured loans. The bank doesn't give loans to the non-salaried class. CBK is not aggressive in MFI lending.
- The bank does have an excess SLR and the rate at which it has been parking the same is at 6.5%. Credit growth guidance of 10% YoY can be achieved easily; to meet this requirement the bank has a cushion window from the RBI.
- CBK is also focusing on the Retail TDs, aiming to grow in retail TD and as well as CASA growth. Targeted growth is 10% and the actual growth is 10.5%.
- The global CD ratio is 76.5% and the bank doesn't want to surpass 78%. With the current CD ratio at 76.5%, the bank can continue to grow in its achieved targeted range.
- External ratings for INR250m and above are compulsory.
- Renewal and Solar energy exposure is INR6.5b.
- CBK targets to open 250-300 branches every year, wherever the CASA is lower. The bank targets to open new branches in North India, which will yield better CASA.

- The bank is not finding it difficult to gain liabilities, only thing the bank is cost conscious.
- Last year had revisited the MSME underwriting and this is a reason why the asset quality is performing much better in this segment.
- The bank is confident of growing 10%+ growth in the MSME growth.

Income, margins, and yields related

- Interest income – Interest on loans has been significantly better. The bank used to lend effectively in the overnight market or the call money market and accounted for other interest income. But since this time CBK has used excess liquidity to increase credit growth, it is not lending more in overnight investments. Going forward can expect the NII to grow at a steady rate.
- Interest on NPA Loans - The bank recorded INR3.2b as a one-time interest income. This was taken into the benefit of the NII and this quarter the recovery was normalized which has affected the NII.
- Yields were 8.79% (up 2bp QoQ), and the bank is not comprising in any rate of interest. The only cost is the cost of funds for the bank.
- CBK has started doing high-yielding loans, which has resulted in better yields of 8.79%.
- Fee income – It has grown 23% YoY, Commission, Exchange, and Brokerage have seen steady growth, and now have started to show results. The bank is focused on non-fund-based business growth. The bank has also started a cash management and collection center, which is providing good income.
- Miscellaneous income is only the debit card changes and has to be looked at on a YoY basis.
- Treasury income saw improvement, as per the latest guidelines the bank has sold 5% of the HTM securities and part of the 5% has been sold and will be sold in the 4Q. This impact was of INR3br in 3Q.
- Other banks have taken the benefit of the 5% HTM sale,
- Written off account – This quarter the recovery in 4Q will be INR20-21b and currently the bank has INR680b of O/S written off account.
- Expect the C/I ratio to be at 47-48%.
- Other Opex – The Bank has been investing in IT and the bank is opening branches which will add to the Opex to some extent.

Asset quality related

- **Slippages break up:** Agri - INR8b, Retail - INR5b, MSME is at INR10b, This all totals to INR23b. No corporate account slipped to the NPA.
- The bank's Standard Restructured Book is at INR86b and INR45b slipped to the NPA.
- NCLT and the SARFESI, DRC, and NCLT are the options. However, the OTS recovery is the main factor for the overall recovery. Recovery is more than slippages; the bank has a separate recovery team that focuses on recovery.
- Management expects INR5-6b of recovery in 4Q. The recovery would be led by two accounts.
- Last quarter the two accounts that were slipped into the SMA book, are now out of the SMA book. They were in SMA until the quarter but are now out of SMA (Accounts – an Andhra-based Steel account and a state government account).

- Bank is conservative in high risk portfolio and the slippages will be less than recovery and upgrades.

New guidelines on IRB

- As of now, there is no adverse impact. The new guidelines are yet to come.
- If the impact of interest rate change is beyond 15% of Tier-1 Capital, then to that extent banks have to provide additional capital under Pillar 2.
- As of now, with the rough estimate, it is below 15%. CBK need not provide any additional capital as far as Pillar 2 is concerned.

Others

- The bank has started the divestment process in two subsidiaries – Canara Robecco and Canara HSBC Life.
- These two cases may already have all the regulatory required permissions we obtained. Now the bank has communicated to the respective boards to take it forward for that coming out of that public issue.
- Expect the IPO to be launched in the next FY.
- The bank had an LCR of 130% last year. The bank has to maintain an LCR of 100% and the bank has an internal target of 105%.
- Penal charges have been changed, which used to be charged in the interest income and is now part of other income which was INR1.2b.

Guidance-FY25

- Management guides for credit growth of 10% for FY25.
- Deposits growth guidance at 9% YoY.
- NIMs guidance at 2.9%.
- Domestic CASA to Domestic Deposits at 33%.
- Credit cost at 1.1%.
- RoA – 1%, RoE – 18%.

Story in charts

Exhibit 1: Loan book grew ~11.2% YoY (up 4% QoQ)

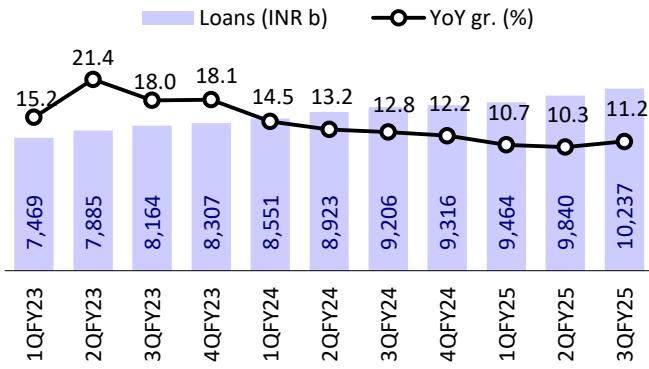


Exhibit 2: Deposits grew 8.4% YoY (up 1.6% QoQ)

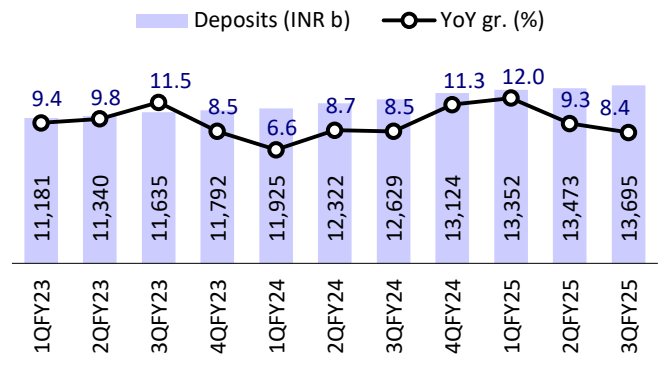


Exhibit 3: NIM moderated sharply by 15bp QoQ to 2.71%

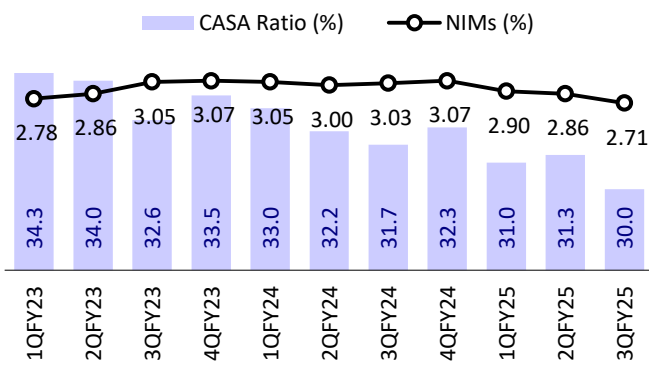


Exhibit 4: Yield on advances increased 2bp QoQ to 8.8%

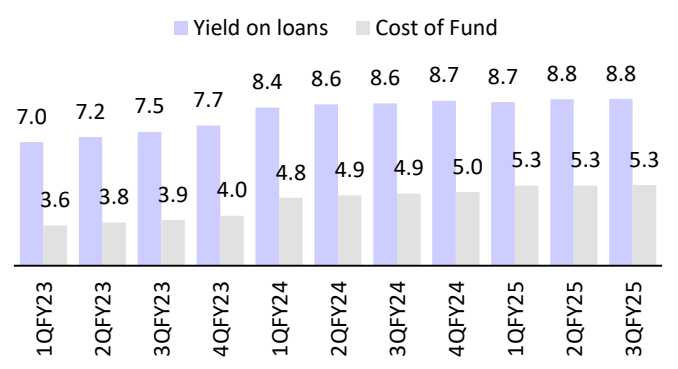


Exhibit 5: C/I ratio increased 112bp QoQ to 47.6%

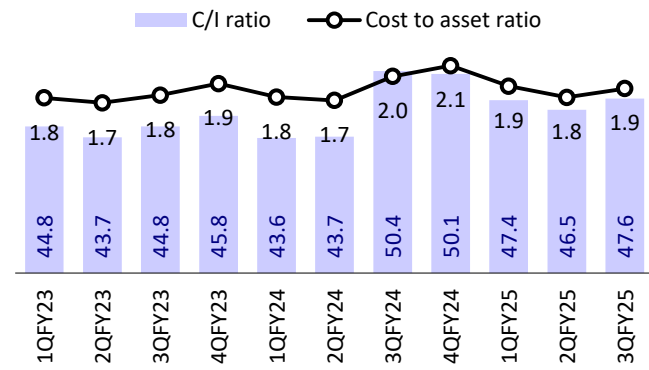


Exhibit 6: C/D ratio increased 172bp QoQ to 74.8% (calc)

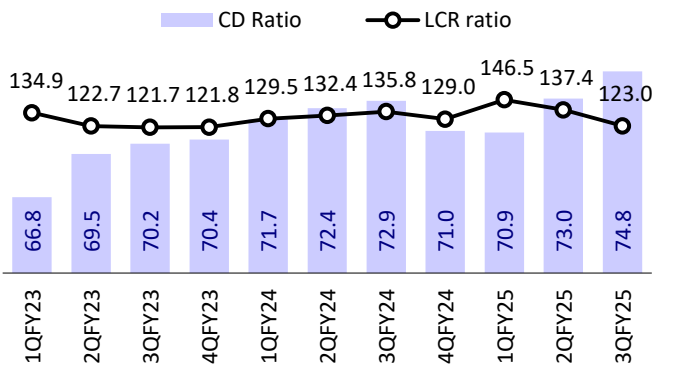


Exhibit 7: Slippages (fresh + existing) increased to INR24.6b

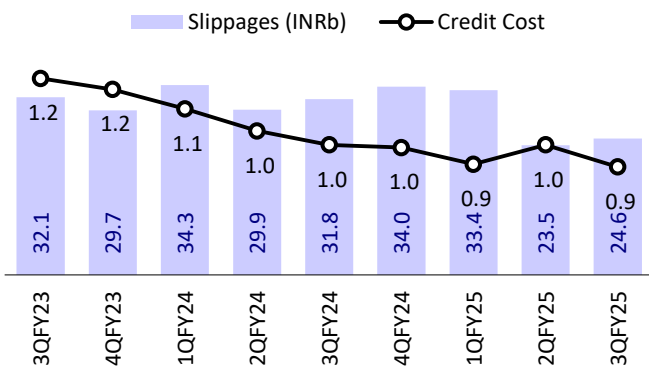
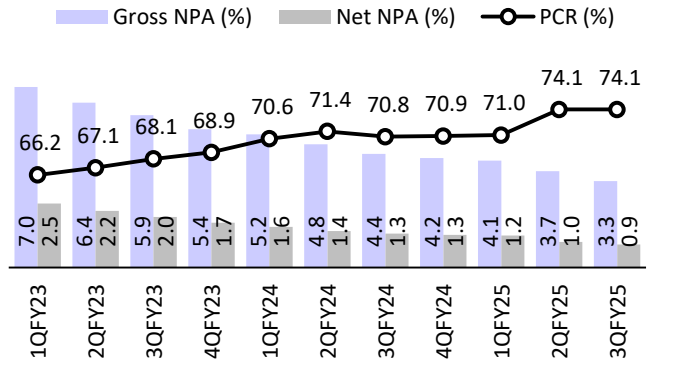


Exhibit 8: GNPA/NNPA ratios improved 39bp/10bp QoQ



Source: MOFSL, Company

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Valuation and view: Reiterate BUY with a TP of INR115

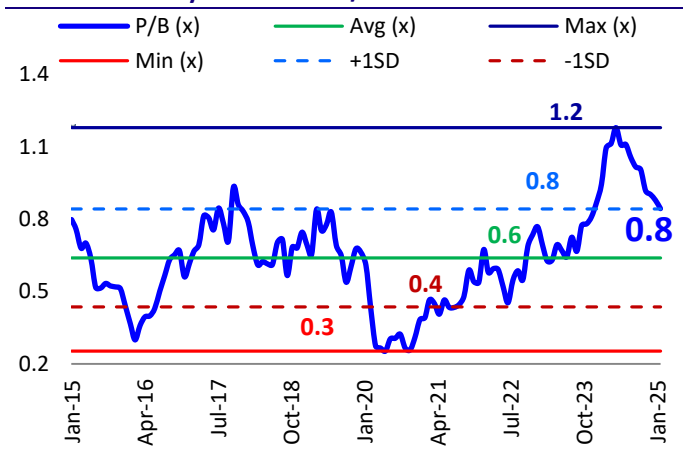
- CBK reported a mixed quarter with inline earnings as higher other income offsets the higher provisions and tepid NII as NIM moderated 15bp sequentially. Loan growth was led by the retail segment, while deposit growth was modest with the CASA ratio moderating sequentially. There has been an improvement in overall asset quality ratios, with higher recoveries and upgrades and lower slippages. Management expects credit costs to be ~1.1% for FY25. SMA book and credit costs also were controlled during the quarter. We broadly maintain our projections and estimate CBK to deliver FY26E RoA/RoE of 0.99%/17.7%. **Reiterate BUY with a TP of INR115 (premised on 0.9x Sep'26E ABV).**

Exhibit 9: Changes to our earnings estimates

INR b	Old Est			Rev Est			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	378.5	401.7	439.8	370.6	394.0	426.0	-2.1	-1.9	-3.1
Other Income	206.7	229.5	257.0	216.2	240.0	268.8	4.6	4.6	4.6
Total Income	585.2	631.2	696.8	586.8	634.0	694.8	0.3	0.4	-0.3
Operating Expenses	278.2	300.8	328.7	279.9	302.6	330.7	0.6	0.6	0.6
Operating Profits	307.0	330.4	368.0	306.9	331.4	364.2	0.0	0.3	-1.1
Provisions	90.3	101.8	111.9	92.0	102.7	113.0	1.9	0.9	0.9
PBT	216.7	228.5	256.1	215.0	228.7	251.2	-0.8	0.0	-1.9
Tax	55.0	58.0	65.0	54.6	58.1	63.8	-0.8	0.0	-1.9
PAT	161.7	170.5	191.0	160.4	170.6	187.4	-0.8	0.0	-1.9
Loans	10,360	11,447	12,592	10,453	11,550	12,705	0.9	0.9	0.9
Deposits	14,252	15,507	16,902	14,147	15,392	16,778	-0.7	-0.7	-0.7
Margins (%)	2.51	2.44	2.45	2.45	2.38	2.35	-2.4	-2.7	-4.1
Credit Cost (%)	0.92	0.93	0.93	0.93	0.93	0.93	1.4	0.0	0.0
RoA (%)	1.04	1.00	1.03	1.02	0.99	1.00	-1.4	-1.0	-3.0
RoE (%)	19.2	17.7	17.8	19.0	17.7	17.5	-0.7	0.2	-1.6
BV	104	117	129	104	117	128	-0.1	-0.1	-0.4
ABV	96	108	119	96	109	120	0.0	0.6	0.4
EPS	18	19	21	18	19	21	-0.8	0.0	-1.9

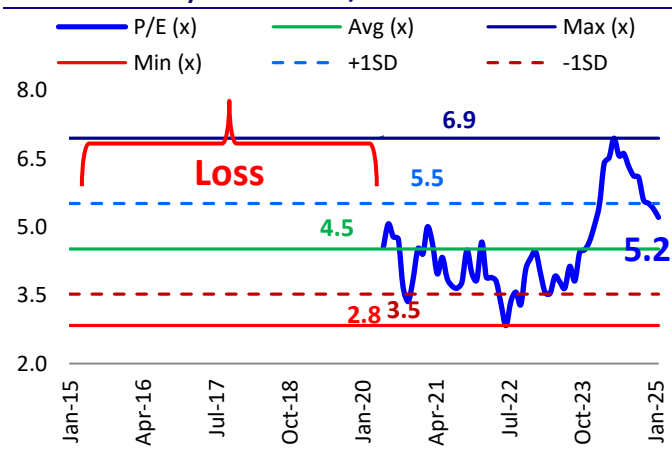
Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont Analysis

Y/E MARCH	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	5.83	6.56	7.66	7.51	7.44	7.32
Interest Expense	3.61	4.12	5.08	5.14	5.15	5.05
Net Interest Income	2.22	2.44	2.58	2.36	2.29	2.27
Non-Interest income	1.39	1.46	1.34	1.38	1.40	1.43
Total Income	3.60	3.90	3.91	3.74	3.69	3.70
Operating Expenses	1.55	1.75	1.84	1.79	1.76	1.76
Employee cost	0.95	1.07	1.16	1.11	1.10	1.09
Other operating expenses	0.60	0.68	0.68	0.67	0.67	0.67
Operating Profits	2.05	2.15	2.07	1.96	1.93	1.94
Core operating Profits	1.83	2.01	1.96	1.83	1.80	1.80
Provisions	1.19	1.05	0.68	0.59	0.60	0.60
PBT	0.87	1.10	1.39	1.37	1.33	1.34
Tax	0.28	0.28	0.36	0.35	0.34	0.34
RoA	0.48	0.82	1.03	1.02	0.99	1.00
Leverage (x)	22.01	20.80	19.71	18.61	17.82	17.48
RoE	10.50	17.14	20.22	19.05	17.70	17.47

Source: MOFSL, Company

Financials and Valuations

Income Statement						(INR b)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	694.1	844.2	1,086.9	1,176.7	1,278.4	1,373.1
Interest Expense	430.3	529.9	721.2	806.2	884.4	947.1
Net Interest Income	263.8	314.4	365.7	370.6	394.0	426.0
- growth (%)	9.5	19.1	16.3	1.3	6.3	8.1
Non-Interest Income	165.0	187.6	189.7	216.2	240.0	268.8
Total Income	428.8	502.0	555.3	586.8	634.0	694.8
- growth (%)	9.9	17.1	10.6	5.7	8.0	9.6
Operating Expenses	184.4	224.8	261.2	279.9	302.6	330.7
Pre Provision Profits	244.4	277.2	294.1	306.9	331.4	364.2
- growth (%)	24.2	13.4	6.1	4.3	8.0	9.9
Core PPOp	218.5	258.2	277.9	287.4	309.0	338.4
- growth (%)	30.9	18.2	7.6	3.4	7.5	9.5
Provisions	141.3	135.4	97.1	92.0	102.7	113.0
Exceptional Item	13.5	NA	NA	NA	NA	NA
PBT	89.6	141.7	197.0	215.0	228.7	251.2
Tax	32.8	35.7	51.5	54.6	58.1	63.8
Tax Rate (%)	36.6	25.2	26.1	25.4	25.4	25.4
PAT	56.8	106.0	145.5	160.4	170.6	187.4
- growth (%)	122.0	86.7	37.3	10.2	6.4	9.9

Balance Sheet

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	18.1	18.1	18.1	18.1	18.1	18.1
Reserves & Surplus	643.0	717.9	851.4	978.2	1,095.0	1,196.4
Net Worth	661.1	736.1	869.5	996.3	1,113.2	1,214.6
Deposits	10,864.1	11,792.2	13,123.7	14,147.3	15,392.3	16,777.6
- growth (%)	7.5	8.5	11.3	7.8	8.8	9.0
- CASA Deposits	3,688.3	3,665.8	3,924.1	3,890.5	4,294.4	4,764.8
- growth (%)	11.5	-0.6	7.0	-0.9	10.4	11.0
Borrowings	462.8	580.9	575.9	922.2	1,024.5	1,145.9
Other Liabilities & Prov.	293.0	348.2	346.3	356.7	399.5	447.4
Total Liabilities	12,281.0	13,457.3	14,915.4	16,422.5	17,929.4	19,585.5
Current Assets	1,820.5	1,414.2	1,507.6	1,507.0	1,608.8	1,756.5
Investments	2,820.1	3,190.4	3,574.5	3,882.0	4,192.5	4,527.9
- growth (%)	7.8	13.1	12.0	8.6	8.0	8.0
Loans	7,036.0	8,306.7	9,316.1	10,452.7	11,550.2	12,705.3
- growth (%)	10.1	18.1	12.2	12.2	10.5	10.0
Fixed Assets	113.6	102.3	122.3	128.4	137.4	147.0
Other Assets	490.8	443.7	394.9	452.5	440.4	448.8
Total Assets	12,281.0	13,457.3	14,915.4	16,422.5	17,929.4	19,585.5

Asset Quality

GNPA (INR b)	556.5	461.6	406.0	354.1	355.5	359.2
NNPA (INR b)	190.6	143.9	118.6	92.1	90.9	94.3
Slippages (INR b)	138.9	119.8	106.3	118.6	143.0	163.7
GNPA Ratio (%)	7.5	5.4	4.2	3.3	3.0	2.8
NNPA Ratio (%)	2.7	1.7	1.3	0.9	0.8	0.7
Slippage Ratio (%)	2.2	1.7	1.3	1.2	1.3	1.5
Credit Cost (%)	1.5	1.3	1.0	0.9	0.9	0.9
PCR (Excl Tech. write off) (%)	65.7	68.8	70.8	74.0	74.4	73.8

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	6.2	6.9	8.0	7.8	7.7	7.6
Avg. Yield on loans	7.4	8.0	8.9	8.9	8.7	8.5
Avg. Yield on Investments	6.3	6.6	6.8	6.9	6.9	6.9
Avg. Cost-Int. Bear. Liab.	3.8	4.3	5.3	5.6	5.6	5.5
Avg. Cost of Deposits	3.8	4.3	5.3	5.6	5.6	5.5
Interest Spread	2.4	2.6	2.6	2.2	2.1	2.1
Net Interest Margin	2.35	2.56	2.68	2.45	2.38	2.35

Capitalisation Ratios (%)

CAR	15.0	16.7	16.3	17.1	17.2	17.1
- Tier I	12.0	13.8	14.0	14.0	14.0	13.6
- CET-1	10.3	11.6	11.7	11.7	11.6	11.2
- Tier II	3.0	2.9	2.3	3.1	3.3	3.5

Business Ratios (%)

Loans/Deposit Ratio	64.8	70.4	71.0	73.9	75.0	75.7
Investment/Deposit Ratio	26.0	27.1	27.2	27.4	27.2	27.0
CASA Ratio	33.9	31.1	29.9	27.5	27.9	28.4
Cost/Assets	1.5	1.7	1.8	1.7	1.7	1.7
Cost/Total Income	43.0	44.8	47.0	47.7	47.7	47.6
Cost/Core Income	45.8	46.5	48.5	49.3	49.5	49.4
Int. Expense/Int.Income	62.0	62.8	66.4	68.5	69.2	69.0
Fee Income/Net Income	32.4	33.6	31.2	33.5	34.3	35.0
Non Int. Inc./Net Income	38.5	37.4	34.2	36.8	37.9	38.7
Empl. Cost/Op. Exps.	61.6	61.1	62.9	62.2	62.2	62.0

Efficiency Ratios (%)

Employee per branch (in nos)	8.9	8.8	8.6	8.7	8.8	8.9
Staff cost per employee (INR m)	1.3	1.6	2.0	2.1	2.2	2.3
CASA/Branch (INRm)	378.9	377.7	408.6	401.1	438.3	481.5
Deposit/Branch (INRm)	1,116.1	1,214.9	1,366.5	1,458.5	1,571.1	1,695.6
Business per Employee (INR m)	205.9	236.5	271.5	291.8	313.4	336.2
Profit per Employee (INR m)	0.7	1.2	1.8	1.9	2.0	2.1

Profitability and Valuation

RoE	10.5	17.1	20.2	19.0	17.7	17.5
RoA	0.5	0.8	1.0	1.0	1.0	1.0
RoRWA	1.1	1.9	2.2	2.1	2.0	2.0
Book Value (INR)	68	77	90	104	117	128
- growth (%)	2.6	13.1	17.9	15.5	12.3	9.5
Price-BV (x)	1.4	1.2	1.0	0.9	0.8	0.7
Adjusted BV (INR)	52	64	80	96	109	120
Price-ABV (x)	1.8	1.4	1.1	1.0	0.8	0.8
EPS (INR)	6.6	11.7	16.0	17.7	18.8	20.7
- growth (%)	111.3	78.1	37.3	10.2	6.4	9.9
Price-Earnings (x)	14.0	7.9	5.7	5.2	4.9	4.5
Dividend Per Share (INR)	1.3	2.4	3.2	3.7	5.9	9.5
Dividend Yield (%)	1.4	2.6	3.5	4.0	6.4	10.3

E: MOFSL Estimates

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Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.