

Canara Bank

Estimate change



TP change



Rating change



Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	1205.4 / 13.6
52-Week Range (INR)	134 / 79
1, 6, 12 Rel. Per (%)	2/30/22
12M Avg Val (INR M)	2786

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	370.7	383.6	443.8
OP	313.9	362.7	373.5
NP	170.3	194.1	207.6
NIM (%)	2.4	2.2	2.4
EPS (INR)	18.8	21.4	22.9
EPS Gr. (%)	17.0	14.0	6.9
BV/Sh. (INR)	106	120	133
ABV/Sh. (INR)	99	113	126
RoA (%)	1.1	1.1	1.1
RoE (%)	19.9	19.5	18.6

Valuations

P/E (x)	7.1	6.2	5.8
P/BV (x)	1.3	1.1	1.0
P/ABV (x)	1.3	1.2	1.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	62.9	62.9	62.9
DII	12.2	11.4	11.7
FII	11.9	11.4	11.3
Others	12.9	14.3	14.2

CMP: INR133

TP: INR153 (+15%)

Buy

Steady quarter; other income drives earnings beat

NIMs decline 5bp QoQ

- CBK reported 2QFY26 standalone PAT of INR47.7b (12% beat), up 19% YoY/flat QoQ, aided by a healthy beat in other income.
- NII declined by 2% YoY to INR91.4b (up 1.5% QoQ, in line). NIMs declined by a modest 5bp QoQ to 2.50%.
- Loan book grew 15% YoY/5% QoQ to INR11.3t, while deposits grew 13.4% YoY/4% QoQ to INR15.3t. CASA deposits grew 11% YoY/8% QoQ. As a result, CASA ratio improved 113bp QoQ to 30.7%.
- Slippages moderated to INR20.31b (INR21.29b in 1QFY26). Accordingly, GNPA/NNPA ratios improved by 34bp/9bp QoQ to 2.35%/0.54%. PCR stood at 77.4%.
- We increase our earnings estimates by ~3%, factoring in better other income. **We estimate CBK to deliver FY27E RoA/RoE of 1.08%/18.6%. Reiterate BUY with a revised TP of INR153 (based on 1.1x FY27E ABV+ INR11 for subs).**

Business growth steady; asset quality improves

- 2Q PAT rose 19% YoY to INR47.7b (12% beat), led by healthy fee income. NII declined by 2% YoY to INR91.4b (up 1.5% QoQ, in line). NIMs declined by a modest 5bp QoQ to 2.50%.
- Other income was up 42% YoY/flat QoQ at INR70.5b (14% beat). Treasury income stood at INR12.2b vs. INR16.2b in 1QFY26. Total revenue thus grew 13% YoY (7% beat).
- Operating expenses grew 14% YoY/1.2% QoQ to INR76.1b (broadly in line). Thus, C/I ratio stood at 47%. PPOP increased 12% YoY to INR 85.9b (11% beat). Provisions stood at INR23.5b (+4.6% YoY, 16% higher than est.).
- Loan book grew by a healthy 15% YoY/5.3% QoQ, led by robust growth in retail segment at 29% YoY/6.7% QoQ. Within retail, housing grew 15% YoY/5% QoQ. Deposits grew 13.4% YoY/4% QoQ, led by growth in CASA deposits at 11% YoY/8% QoQ. As a result, CASA ratio improved 113bp QoQ to 30.7%. CD ratio rose to 74%.
- Slippages moderated to INR20.31b (INR21.29b in 1QFY26). Accordingly, GNPA/NNPA ratios improved by 34bp/9bp QoQ to 2.35%/0.54%. PCR stood at 77.4%.
- Reported credit cost stood at 0.68% vs. the bank's guidance of 0.9% for FY26. SMA book moderated to 0.65% in 2QFY26 from 0.8% in 1QFY26.

Highlights from the management commentary

- The stake sale of Canara Robeco and Canara HSBC Life resulted in a gain of INR20b for CBK (INR19.35b after expenses), which will be recorded in P&L in 3Q.
- Margins will remain stable at ~2.5% for one more quarter and will improve afterwards if there are no further cuts.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.Sankharva@motilaloswal.com) | **Disha Singhal** (Disha.Singhal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- ~INR3.8b has been provided for in standard provisioning related to one account in SMA-1 (state government drinking water project) and another account, which is out of SMA book.
- 2Q slippages: Agriculture at INR7.5b, Retail at INR3.5b, and MSME at INR9b.

Valuation and view

CBK reported a healthy quarter, with the earnings beat driven by healthy fee income, in-line NII, and contained opex. Margins are expected to remain stable in 3QFY26 and improve thereafter. Loan growth was steady and driven by robust growth in the retail segment. Deposit growth was healthy, aided by growth in CASA deposits. Asset quality improved as slippages declined, leading to a controlled credit cost for the bank. CBK maintains healthy provisions for the SMA book. It will record the stake sale gain of INR19.35b in P&L in 3Q, which will boost other income. We increase our earnings estimates by ~3% for FY27. **We estimate CBK to deliver FY27E RoA/RoE of 1.08%/18.6%. Reiterate BUY with a revised TP of INR153 (based on 1.1x FY27E ABV+ INR11 for subs).**

Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Net Interest Income	91.7	93.2	91.5	94.4	90.1	91.4	96.6	105.6	370.7	383.6	89.7	2
% Change (Y-o-Y)	5.8	4.6	-2.9	-1.4	-1.7	-1.9	5.6	11.8	1.4	3.5	-3.7	
Other Income	53.2	49.8	58.0	63.5	70.6	70.5	80.6	70.2	224.5	291.9	62.0	14
Total Income	144.9	143.0	149.5	157.9	160.7	162.0	177.2	175.7	595.2	675.5	151.7	7
Operating Expenses	68.7	66.4	71.1	75.1	75.2	76.1	78.8	82.8	281.3	312.8	74.2	2
Operating Profit	76.2	76.5	78.4	82.8	85.5	85.9	98.3	93.0	313.9	362.7	77.5	11
% Change (Y-o-Y)	0.2	0.5	15.2	12.1	12.3	12.2	25.5	12.2	6.7	15.5	1.2	
Other Provisions	22.8	22.5	24.0	18.3	23.5	23.5	35.5	21.9	87.6	104.5	20.3	16
Profit before Tax	53.3	54.0	54.4	64.5	62.0	62.3	62.8	71.0	226.3	258.2	57.1	9
Tax	14.3	13.9	13.3	14.5	14.5	14.6	16.0	18.9	56.0	64.0	14.6	0
Net Profit	39.1	40.1	41.0	50.0	47.5	47.7	46.8	52.1	170.3	194.1	42.6	12
% Change (Y-o-Y)	10.5	11.3	12.3	33.1	21.7	18.9	13.9	4.2	17.0	14.0	6.0	
Operating Parameters												
Deposit (INR b)	13,352	13,473	13,695	14,569	14,677	15,279	15,520	15,909	14,569	15,909	15,133	
Loan (INR b)	9,464	9,840	10,237	10,492	10,736	11,301	11,369	11,782	10,492	11,782	10,953	
Deposit Growth (%)	12.0	9.3	8.4	11.0	9.9	13.4	13.3	9.2	11.0	9.2	12.3	
Loan Growth (%)	10.7	10.3	11.2	12.6	13.4	14.8	11.1	12.3	12.6	12.3	11.3	
Asset Quality												
Gross NPA (%)	4.1	3.7	3.3	2.9	2.7	2.5	2.3	2.2	2.9	2.2	2.6	
Net NPA (%)	1.2	1.0	0.9	0.7	0.6	0.6	0.5	0.5	0.7	0.5	0.6	
PCR (%)	71.0	74.1	74.1	76.7	77.1	77.4	77.8	78.4	76.6	78.4	77.0	

E: MOFSL Estimates

INR b	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss								
Net Interest Income	91.7	93.2	91.5	94.4	90.1	91.4	-1.9	1.5
Other Income	53.2	49.8	58.0	63.5	70.6	70.5	41.6	-0.1
Total Income	144.9	143.0	149.5	157.9	160.7	162.0	13.3	0.8
Operating Expenses	68.7	66.4	71.1	75.1	75.2	76.1	14.5	1.2
Employee	42.3	43.6	44.8	47.8	48.0	48.2	10.5	0.6
Operating Profits	76.2	76.5	78.4	82.8	85.5	85.9	12.2	0.4
Core Operating Profits	72.7	69.9	68.9	75.7	69.4	73.7	5.4	6.3
Provisions	22.8	22.5	24.0	18.3	23.5	23.5	4.6	0.1
PBT	53.3	54.0	54.4	64.5	62.0	62.3	15.4	0.5
Taxes	14.3	13.9	13.3	14.5	14.5	14.6	5.2	0.7
PAT	39.1	40.1	41.0	50.0	47.5	47.7	18.9	0.5
Balance sheet (INR b)								
Loans	9,464	9,840	10,237	10,492	10,736	11,301	14.8	5.3
Deposits	13,352	13,473	13,695	14,569	14,677	15,279	13.4	4.1
CASA Deposits	3,814	3,873	3,772	4,150	3,957	4,281	10.5	8.2
- Savings	3,322	3,407	3,297	3,371	3,417	3,522	3.4	3.1
- Current	492	466	475	778	540	759	62.8	40.5
Loan mix (%)								
Agriculture & Allied	24.7	24.0	23.2	23.0	22.7	23.1	-88	43
MSME	13.8	13.5	13.5	13.0	13.4	13.4	-12	-2
Retail	18.0	19.2	19.8	20.8	21.5	21.8	260	35
Corporate and others	43.4	43.3	43.5	43.2	42.5	41.7	-159	-76
Asset Quality								
GNPA	403.6	377.3	350.6	315.3	295.2	270.4	-28.3	-8.4
NNPA	117.0	97.8	90.8	73.5	67.7	61.1	-37.5	-9.6
Slippages	33.4	56.8	81.5	108.5	130.1	151.2	166.0	16.2
Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	YoY (bp)	QoQ (bp)
GNPA (%)	4.1	3.7	3.3	2.9	2.7	2.4	-138	-34
NNPA (%)	1.2	1.0	0.9	0.7	0.6	0.5	-45	-9
PCR (Calculated, %)	71.0	74.1	74.1	76.7	77.1	77.4	330	31
PCR (inc TWO, %)	89.2	90.9	91.3	92.7	93.2	93.6	270	42
Slippage Ratio (%)	1.5	1.0	1.0	1.1	0.9	0.9	-15	-6
Business Ratios								
CASA	31.0	31.3	30.0	31.2	29.6	30.7	-58	113
Loan/Deposit	70.9	73.0	74.8	72.0	73.1	74.0	93	82
Other income/Total Income	36.7	34.8	38.8	40.2	43.9	43.6	871	-38
Cost to Income	47.4	46.5	47.6	47.5	46.8	47.0	51	20
Cost to asset	1.9	1.8	1.9	1.9	1.8	1.8	5	-2
Tax Rate	26.8	25.7	24.5	22.5	23.4	23.4	-227	4
Capitalisation Ratios (%)								
Tier-1	14.4	14.6	14.6	14.4	14.6	14.3	-36	-30
- CET 1	12.1	12.0	12.0	12.0	12.3	12.2	21	-8
CAR	16.4	16.6	16.4	16.3	16.5	16.2	-37	-32
RWA / Total Assets	44.6	45.2	45.8	44.0	43.7	44.3	-91	58
LCR	146.5	137.4	123.1	125.3	144.2	NA	NA	NA
Profitability Ratios								
Yield on loans	8.7	8.8	8.8	8.8	8.5	8.4	-37	-7
Yield On Funds	7.7	7.7	7.7	7.7	7.4	7.3	-36	-9
Cost of Funds	5.3	5.3	5.3	5.3	5.3	5.2	-5	-6
Cost of Deposits	5.7	5.7	5.7	5.7	5.7	5.7	-5	-9
NIMs	2.9	2.9	2.7	2.7	2.6	2.5	-36	-5
Other Details								
Branches	9,623	9,658	9,816	9,849	9,861	9,948	290	87
ATMs	10,014	9,881	9,715	9,579	7,907	7,405	(2,476)	(502)

Source: MOFSL, Company



Highlights from the management commentary

Opening remarks

- The bank has exceeded its credit growth guidance.
- PCR improved to 93.59%, while CET-1 rose to 12.2%.
- RoA came in above the guided level of 1.12%.
- Business growth was primarily driven by RAM credit, which grew 17% YoY. RAM now constitutes 58% of the asset book.
- Credit cost has come down to 0.68%.
- Growth within the RAM segment was led by housing loans (15.2% YoY), with additional support from the vehicle finance portfolio.
- MSME grew more than 12% for the first time.
- Slippage ratio fell 24bp YoY to 0.19%.
- CASA has grown and the bank is moving toward its stated guidance.

Advances and deposits

- CBK has taken several initiatives for CASA and has seen healthy growth in 2Q, though it remains a challenge and the efforts continue.
- The bank is working hard to meet its CASA guidance of 32% as advances are now growing at ~14%.
- CBK expects MSME to grow by more than 15% by year end and corporate by ~10-11%.
- RAM sector will grow much faster than corporate sector as the bank wants to reach RAM mix of 60% in 1-1.5 years.
- CBK got great business from new products that were launched to boost the CASA ratio.
- ~INR1180b is direct agriculture and remaining is gold loan.
- ~INR500b-550b of undisbursed loans are there in corporate sector alone.
- RAM to corporate mix will be 59:41 in Mar'26 and 60:40 next year.
- CBK has exposure of ~INR120b in two projects and would consider any good opportunity from a consortium.
- The bank has benefitted from new gold loan guidelines related to LTV and agri gold loan. CBK is the best among other banks in gold loan growth.
- Gold loan benefit stands at ~8.7-8.8%. Gold loan does not require capital and is therefore a good portfolio.
- Gold loan book stands at ~INR2.11t, out of which INR630b are retail loans.

Yields and margins

- Margins will remain stable at 2.5% for one more quarter and will improve afterwards if there are no further cuts.
- 46% of loan book is linked to repo rate. 90% of deposits are one-year deposits and therefore there has been stress on NIMs.
- NII and interest amount have increased on a sequential basis, which will continue in 3Q.
- 2Q had ~INR4b of interest on IT refund.
- MCLR-linked book forms 45% of the total loan book.

Other income

- The stake sale of Canara Robeco and Canara HSBC Life resulted in a gain of INR20b for CBK (INR19.35b after expenses), which will be recorded in P&L in 3Q.
- The bank has surplus PSLCs currently and it will benefit from PSLC sale in 3Q or 4Q, depending on scenario at that time.
- No formal discussion has happened with regard to merger and amalgamation.

Asset quality

- The bank expects recovery of INR50b from a written-off account in FY26 and FY27.
- ~INR3.8b has been provided for in standard provisioning related to one account in SMA-1 (State government drinking water project) and another account, which is out of SMA book.
- Less than 3% of total book is SMA 0, 1 and 2 together.
- 2Q slippages: Agriculture – INR7.5b, Retail – INR3.5b, and MSME – INR9b.

ECL draft guidelines related

- Out of INR75b of SMA, the bank has already provided INR50b.
- Credit cost is expected to remain well below 1% even after ECL provisioning.
- CBK is creating an additional buffer continuously, so that there is not much impact of ECL guidelines.

Miscellaneous

- The bank aims to strengthen its position in Canara Bank Securities, which could also contribute to an improvement in CASA mobilization.
- CBK plans to inject capital into Canara Bank Securities to strengthen and revamp this subsidiary to unlock benefits.

FY26 guidance

- CASA ratio at 32%.
- GNPA ratio at 2.5% and NNPA ratio at 0.6%. PCR at 93%.
- Slippage ratio at 0.9%, credit cost at 0.9%.

Story in charts

Exhibit 1: Loan book grew ~14.8% YoY (up 5.3% QoQ)

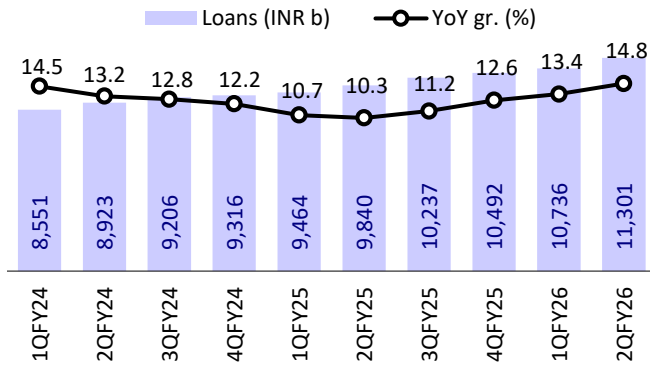


Exhibit 2: Deposits grew 13.4% YoY (up 4.1% QoQ)

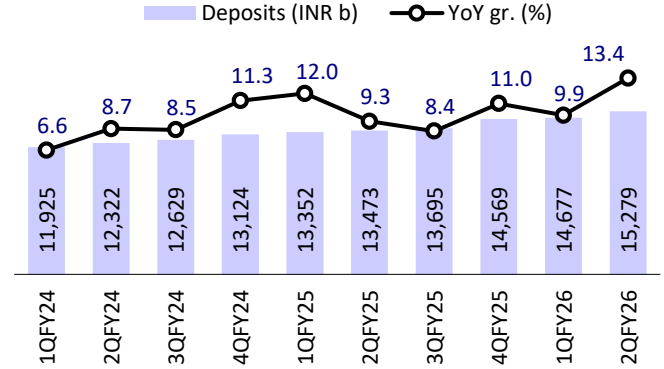


Exhibit 3: NIM declined 5bp QoQ to 2.50%

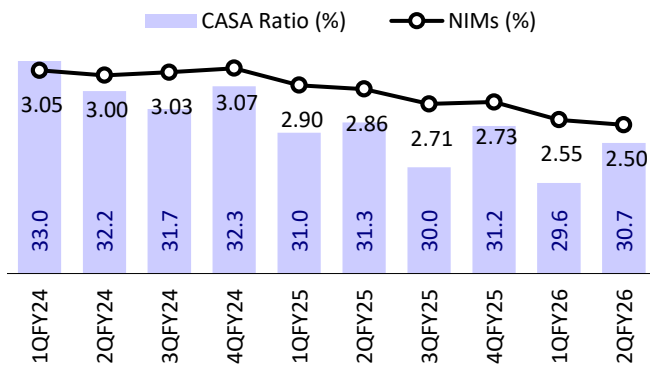


Exhibit 4: Yield on advances declined 7bp QoQ to 8.4%

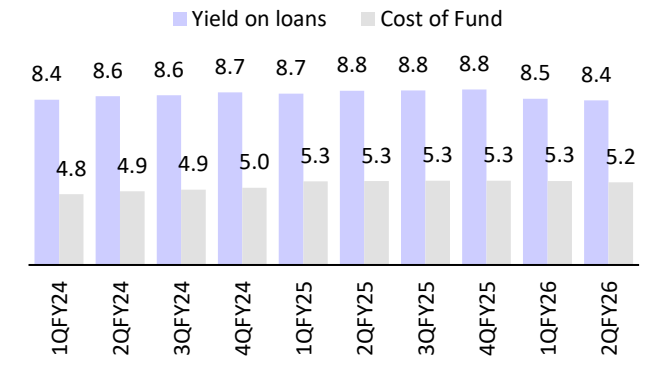


Exhibit 5: C/I ratio increased 20bp QoQ to 47%

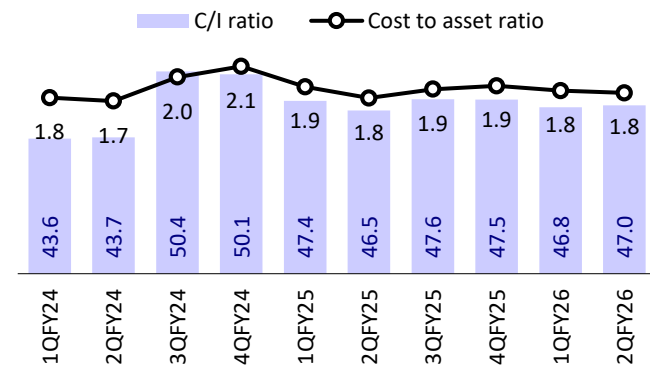


Exhibit 6: C/D ratio increased 82bp QoQ to 74%

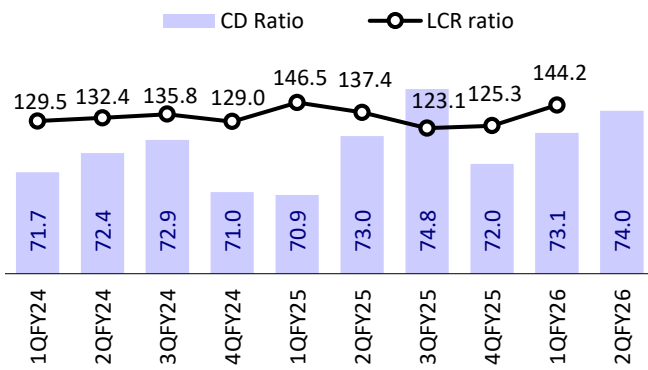


Exhibit 7: Slippages (fresh + existing) declined to INR21b

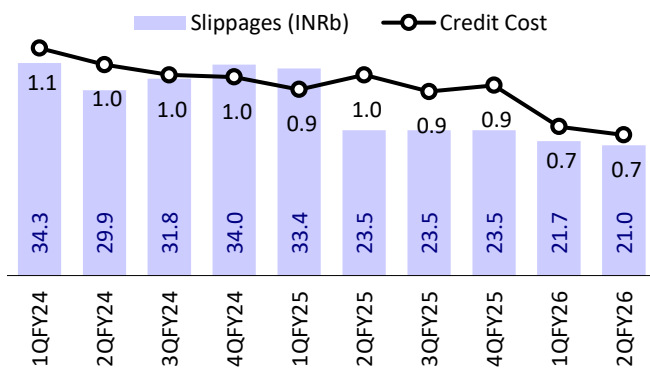
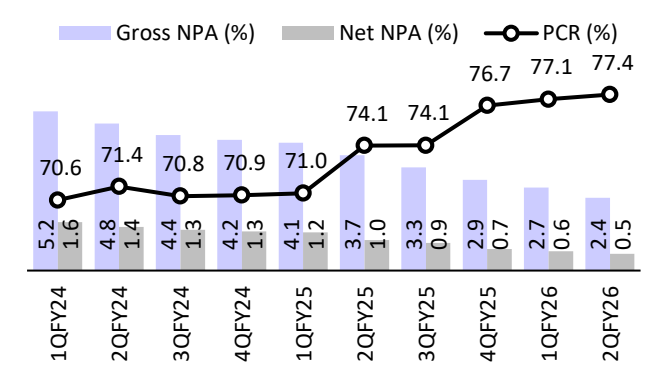


Exhibit 8: GNPA/NNPA ratios improved 34bp/9bp QoQ



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Retain BUY with a revised TP of INR153

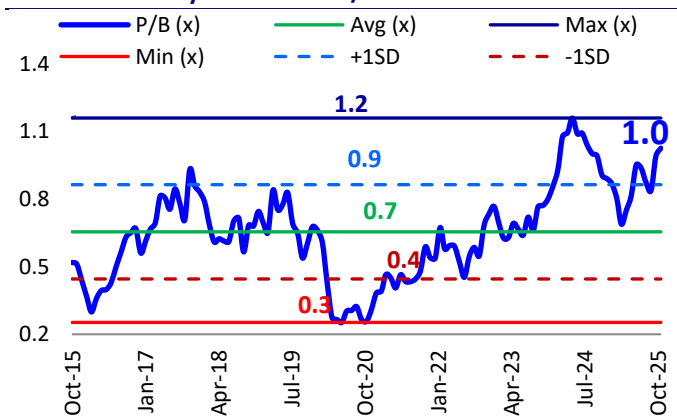
- CBK reported a healthy quarter, with the earnings beat driven by healthy fee income, in-line NII, and contained opex. Margins are expected to remain stable in 3QFY26 and improve thereafter. Loan growth was steady and driven by robust growth in the retail segment, while deposit growth was healthy, aided by growth in CASA deposits.
- Asset quality improved as slippages declined, leading to a controlled credit cost for the bank. CBK maintains healthy provisions for the SMA book. It will record the stake sale gain of INR19.35b in P&L in 3Q, which will boost other income.
- We increase our earnings estimates by ~3% for FY27. **We estimate CBK to deliver FY27E RoA/RoE of 1.08%/18.6%. Reiterate BUY with a revised TP of INR153 (based on 1.1x FY27E ABV+ INR11 for subs).**

Exhibit 9: Change in earnings estimates

INR b	Old Est			Rev Est			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Interest Income	380.1	439.8	502.2	383.6	443.8	506.8	0.9	0.9	0.9
Other Income	264.9	262.3	288.5	291.9	271.5	298.6	10.2	3.5	3.5
Total Income	645.0	702.1	790.7	675.5	715.2	805.4	4.7	1.9	1.9
Operating Expenses	306.8	335.1	368.2	312.8	341.7	375.5	2.0	2.0	2.0
Operating Profits	338.2	367.0	422.6	362.7	373.5	429.9	7.2	1.8	1.7
Provisions	92.4	98.8	119.2	104.5	97.5	120.6	13.1	-1.3	1.2
PBT	245.8	268.2	303.4	258.2	276.0	309.3	5.0	2.9	2.0
Tax	61.0	66.5	75.2	64.0	68.5	76.7	5.0	2.9	2.0
PAT	184.8	201.7	228.1	194.1	207.6	232.6	5.0	2.9	2.0
Loans	11,646	12,927	14,361	11,782	13,078	14,530	1.2	1.2	1.2
Deposits	15,822	17,293	18,971	15,909	17,389	19,075	0.6	0.6	0.6
Margins (%)	2.23	2.37	2.47	2.24	2.37	2.47	0.5	0.1	0.1
Credit Cost (%)	0.84	0.80	0.87	0.94	0.78	0.87	12.4	-2.5	0.0
RoA (%)	1.05	1.05	1.09	1.10	1.08	1.10	4.7	2.4	1.4
RoE (%)	18.7	18.3	18.9	19.5	18.6	19.0	4.5	1.8	0.5
BV	119	131	141	120	133	143	0.9	1.3	1.5
ABV	112	124	134	113	126	136	1.4	1.6	1.6
EPS	20	22	25	21	23	26	5.0	2.9	2.0

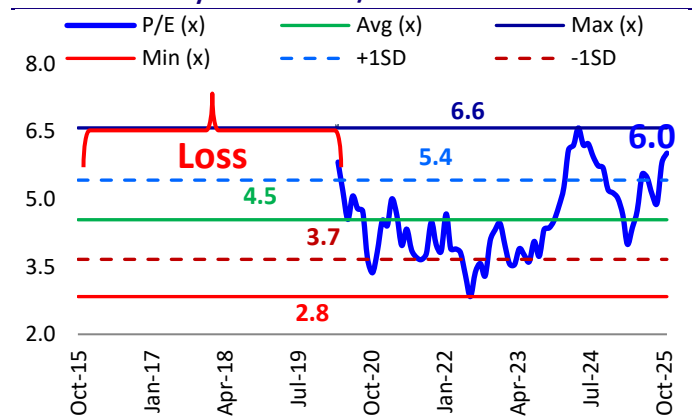
Source: MOFSL, Company

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	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.56	7.66	7.55	7.22	7.15	7.21
Interest Expense	4.12	5.08	5.21	5.04	4.85	4.81
Net Interest Income	2.44	2.58	2.34	2.18	2.30	2.40
Non Interest income	1.46	1.34	1.41	1.66	1.41	1.41
Total Income	3.90	3.91	3.75	3.83	3.70	3.81
Operating Expenses	1.75	1.84	1.77	1.77	1.77	1.78
Employee cost	1.07	1.16	1.13	1.11	1.11	1.11
Other operating expenses	0.68	0.68	0.65	0.66	0.66	0.67
Operating Profits	2.15	2.07	1.98	2.06	1.93	2.03
Core operating Profits	2.01	1.96	1.81	1.93	1.80	1.89
Provisions	1.05	0.68	0.55	0.59	0.50	0.57
PBT	1.10	1.39	1.43	1.46	1.43	1.46
Tax	0.28	0.36	0.35	0.36	0.35	0.36
RoA	0.82	1.03	1.07	1.10	1.08	1.10
Leverage (x)	20.80	19.71	18.53	17.72	17.30	17.27
RoE	17.14	20.22	19.88	19.51	18.60	19.00

Source: MOFSL, Company

Financials and Valuations

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	844.2	1,086.9	1,197.6	1,272.5	1,380.4	1,524.0
Interest Expense	529.9	721.2	826.8	888.8	936.6	1,017.1
Net Interest Income	314.4	365.7	370.7	383.6	443.8	506.8
- growth (%)	19.1	16.3	1.4	3.5	15.7	14.2
Non Interest Income	187.6	189.7	224.5	291.9	271.5	298.6
Total Income	502.0	555.3	595.2	675.5	715.2	805.4
- growth (%)	17.1	10.6	7.2	13.5	5.9	12.6
Operating Expenses	224.8	261.2	281.3	312.8	341.7	375.5
Pre Provision Profits	277.2	294.1	313.9	362.7	373.5	429.9
- growth (%)	13.4	6.1	6.7	15.5	3.0	15.1
Core PPoP	258.2	277.9	287.2	340.3	347.7	400.3
- growth (%)	18.2	7.6	3.4	18.5	2.2	15.1
Provisions	135.4	97.1	87.6	104.5	97.5	120.6
Exceptional Item	NA	NA	NA	NA	NA	NA
PBT	141.7	197.0	226.3	258.2	276.0	309.3
Tax	35.7	51.5	56.0	64.0	68.5	76.7
Tax Rate (%)	25.2	26.1	24.7	24.8	24.8	24.8
PAT	106.0	145.5	170.3	194.1	207.6	232.6
- growth (%)	86.7	37.3	17.0	14.0	6.9	12.1

Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	18.1	18.1	18.1	18.1	18.1	18.1
Reserves & Surplus	717.9	851.4	980.9	1,101.8	1,223.3	1,318.2
Net Worth	736.1	869.5	999.0	1,120.0	1,241.4	1,336.3
Deposits	11,792.2	13,123.7	14,568.8	15,909.2	17,388.7	19,075.4
- growth (%)	8.5	11.3	11.0	9.2	9.3	9.7
- CASA Deposits	3,665.8	3,924.1	4,150.5	4,438.7	4,938.4	5,417.4
- growth (%)	-0.6	7.0	5.8	6.9	11.3	9.7
Borrowings	580.9	575.9	896.7	997.8	1,088.9	1,181.3
Other Liabilities & Prov.	348.2	346.3	364.0	407.7	456.6	511.4
Total Liabilities	13,457.3	14,915.4	16,828.5	18,434.6	20,175.6	22,104.4
Current Assets	1,414.2	1,507.6	2,053.4	1,927.4	1,958.6	2,005.4
Investments	3,190.4	3,574.5	3,803.4	4,183.8	4,547.8	4,945.7
- growth (%)	13.1	12.0	6.4	10.0	8.7	8.7
Loans	8,306.7	9,316.1	10,491.6	11,782.0	13,078.0	14,529.7
- growth (%)	18.1	12.2	12.6	12.3	11.0	11.1
Fixed Assets	102.3	122.3	102.2	137.4	147.0	157.3
Other Assets	443.7	394.9	378.0	404.1	444.2	466.3
Total Assets	13,457.3	14,915.4	16,828.5	18,434.6	20,175.6	22,104.4

Asset Quality						
GNPA (INR b)	461.6	406.0	315.3	269.0	279.3	291.5
NNPA (INR b)	143.9	118.6	73.8	58.1	64.6	66.9
Slippages (INR b)	119.8	106.3	85.4	111.4	136.7	151.8
GNPA Ratio (%)	5.4	4.2	2.9	2.2	2.1	2.0
NNPA Ratio (%)	1.7	1.3	0.7	0.5	0.5	0.5
Slippage Ratio (%)	1.7	1.3	0.9	1.0	1.5	2.2
Credit Cost (%)	1.3	1.0	1.0	0.9	0.8	0.8
PCR (Excl Tech. write off) (%)	68.8	70.8	76.6	78.4	76.9	77.0

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	6.9	8.0	7.8	7.4	7.4	7.4
Avg. Yield on loans	8.0	8.9	8.9	8.5	8.4	8.4
Avg. Yield on Investments	6.6	6.8	6.8	6.9	6.8	6.7
Avg. Cost-Int. Bear. Liab.	4.3	5.3	5.5	5.4	5.3	5.2
Avg. Cost of Deposits	4.3	5.3	5.5	5.4	5.3	5.2
Interest Spread	2.6	2.6	2.3	2.0	2.1	2.2
Net Interest Margin	2.56	2.68	2.41	2.24	2.37	2.47

Capitalisation Ratios (%)

CAR	16.7	16.3	16.3	17.1	16.8	18.3
- Tier I	13.8	14.0	14.4	13.9	13.5	14.5
- CET-1	11.6	11.7	12.0	11.5	11.3	12.5
- Tier II	2.9	2.3	2.0	3.2	3.3	3.8

Business Ratios (%)

Loans/Deposit Ratio	70.4	71.0	72.0	74.1	75.2	76.2
Investment/Deposit Ratio	27.1	27.2	26.1	26.3	26.2	25.9
CASA Ratio	31.1	29.9	28.5	27.9	28.4	28.4
Cost/Assets	1.7	1.8	1.7	1.7	1.7	1.7
Cost/Total Income	44.8	47.0	47.3	46.3	47.8	46.6
Cost/Core Income	46.5	48.5	49.5	47.9	49.6	48.4
Int. Expense/Int.Income	62.8	66.4	69.0	69.9	67.9	66.7
Fee Income/Net Income	33.6	31.2	33.2	39.9	34.4	33.4
Non Int. Inc./Net Income	37.4	34.2	37.7	43.2	38.0	37.1
Empl. Cost/Op. Exps.	61.1	62.9	63.5	62.8	62.7	62.3

Efficiency Ratios (%)

Employee per branch (in nos)	8.8	8.6	8.3	8.8	8.9	9.0
Staff cost per employee (INR m)	1.6	2.0	2.2	2.3	2.4	2.6
CASA/Branch (INRm)	377.7	408.6	421.4	453.1	499.1	542.1
Deposit/Branch (INRm)	1,214.9	1,366.5	1,479.2	1,623.9	1,757.4	1,908.7
Business per Employee (INR m)	236.5	271.5	308.4	322.1	347.4	375.7
Profit per Employee (INR m)	1.2	1.8	2.1	2.3	2.4	2.6

Profitability and Valuation

RoE	17.1	20.2	19.9	19.5	18.6	19.0
RoA	0.8	1.0	1.1	1.1	1.1	1.1
RoRWA	1.9	2.2	2.3	2.2	2.1	2.4
Book Value (INR)	77	90	106	120	133	143
- growth (%)	13.1	17.9	17.6	12.6	11.2	7.9
Price-BV (x)	1.7	1.5	1.3	1.1	1.0	0.9
Adjusted BV (INR)	64	80	99	113	126	136
Price-ABV (x)	2.1	1.7	1.3	1.2	1.1	1.0
EPS (INR)	11.7	16.0	18.8	21.4	22.9	25.6
- growth (%)	78.1	37.3	17.0	14.0	6.9	12.1
Price-Earnings (x)	11.4	8.3	7.1	6.2	5.8	5.2
Dividend Per Share (INR)	2.4	3.2	4.0	5.9	9.5	15.2
Dividend Yield (%)	1.8	2.4	3.0	4.5	7.1	11.4

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or sell as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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.