

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR454**

**TP: INR570 (+25%)**

**Buy**

## Lower provisions aid earnings; asset quality improves

### RoA to expand further

- Canara Bank (CBK) reported 3QFY24 standalone PAT at INR36.6b (up 27% YoY, in line), driven by lower provisions. NII grew 9.5% YoY (in line), while margins improved 3bp QoQ to 3.03%.
- Other income grew 8% YoY to INR43b (down 7% QoQ, 6% miss). Opex grew 23% YoY to INR69.1b (17% QoQ growth, 8% beat). PPop, thus, declined 2% YoY (7% miss). The C/I ratio rose to 50.4% due to wage revisions at 17%.
- On the business front, the loan book grew 13% YoY (3.2% QoQ), driven by healthy traction in retail and corporate loans. Deposits grew 8.5% YoY (2.5% QoQ) to INR12.6t, led by 14% YoY growth in term deposits. The CASA ratio, thus, moderated 50bp QoQ to 31.7%.
- Asset quality ratios improved significantly, with credit costs falling below 1%. Fresh slippages stood at INR26.97b vs. INR29.87b in 2QFY24. RoA/RoE stood at 1.01%/21.95%.
- We broadly maintain our EPS estimates and expect CBK to deliver FY25E RoA/RoE of 1.1%/19.5%. Reiterate **BUY with a TP of INR570**.

### Business growth steady; Margins improved 3bp QoQ

- CBK reported 3QFY24 standalone PAT at INR36.6b (up 27% YoY, in line), driven by lower provisions. NII grew 9.5% YoY (in line), while margins improved 3bp QoQ to 3.03%.
- Other income increased by 8% YoY to INR43b (6% miss, 7% QoQ decline). Total revenue grew 9% YoY (in line).
- Operating expenses grew 23% YoY to INR69.1b (up 17% QoQ, 8% beat) due to an increase in wage-related expenses. PPop declined 2% YoY (7% miss). Treasury income stood at INR4.95b in 3QFY24 vs. INR5.87b in 2QFY24.
- On the business front, total loans grew 3.2% QoQ (up 13% YoY), led by both corporate (up 3% QoQ) and RAM segment (up 4% QoQ). Agri book grew 2.3% QoQ (up 19% YoY) and MSME grew 1.9% QoQ (up 9.5% YoY). Deposits rose 8.5% YoY (up 2.5% QoQ); however, CASA deposits remained stable, leading to a moderation in the CASA ratio by 50bp QoQ to 31.7%. Term deposits increased 14% YoY.
- GNPA/NNPA ratios improved by 37bp/9bp QoQ to 4.39%/1.32%. PCR stood at 71%. Fresh slippages came in at INR26.97b vs INR29.87b in 2QFY24. Provisions declined 39% YoY (29% lower than our estimate). SMA Book increased to 0.8% in 3QFY24 from 0.7% in 2QFY24.

### Highlights from the management commentary

- The C/I ratio was high due to wage revision settlement at 17%, as the bank fully provided the shortfall of wage revisions as of Dec'23.
- CBK expects to sustain NIMs near 3.0%.
- The bank remains confident of growing advances at 12%+ YoY.
- The bank has made additional provisions of INR7b — INR2.5b for actuarial pension and INR4.5b for wage revisions over and above previously made.

Bloomberg	CBK IN
Equity Shares (m)	1814
M.Cap.(INRb)/(USDb)	824.2 / 9.9
52-Week Range (INR)	485 / 269
1, 6, 12 Rel. Per (%)	6/25/23
12M Avg Val (INR M)	2823

#### Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	314.4	366.0	397.3
OP	277.2	294.6	329.2
NP	106.0	145.6	171.4
NIM (%)	2.6	2.7	2.7
EPS (INR)	58.5	80.3	94.5
EPS Gr. (%)	78.1	37.3	17.7
BV/Sh. (INR)	383	459	547
ABV/Sh. (INR)	322	407	501

#### Ratios

RoE (%)	17.1	19.9	19.5
RoA (%)	0.8	1.0	1.1

#### Valuations

P/E (x)	7.6	5.5	4.7
P/BV (x)	1.2	1.0	0.8
P/ABV (x)	1.4	1.1	0.9

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	62.9	62.9	62.9
DII	14.3	14.9	16.6
FII	11.2	10.2	8.7
Others	11.6	12.2	11.7

FII Includes depository receipts

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

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**Valuation and view**

CBK reported an in-line performance as earnings growth was steady, led by lower provisions, and as asset quality improved. NII growth too was healthy, leading to a 3bp QoQ margin expansion. However, the management expects NIMs to remain under pressure due to rising cost of funds. Operating profit declined due to high opex. Loan growth was led by Corporate and Retail segments, and the outlook remains encouraging. Sequential improvement in slippages, along with healthy recoveries and upgrades, led to improvements in asset quality ratios. We broadly maintain our earnings estimates and expect CBK to deliver FY25E RoA/RoE of 1.1%/19.5%. We reiterate our **BUY rating with a TP of INR570 (1x Sep'25E ABV)**.

**Quarterly performance****(INR b)**

	FY23				FY24E				FY23	FY24E	FY24E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
<b>Net Interest Income</b>	<b>67.8</b>	<b>74.3</b>	<b>86.0</b>	<b>86.2</b>	<b>86.7</b>	<b>89.0</b>	<b>94.2</b>	<b>96.2</b>	<b>314.4</b>	<b>366.0</b>	<b>92.2</b>	<b>2</b>
% Change (Y-o-Y)	10.2	18.5	23.8	23.0	27.7	19.8	9.5	11.6	19.1	16.4	7.2	
Other Income	51.8	48.3	39.9	47.8	48.2	46.3	43.0	46.4	187.6	183.9	45.5	(6)
<b>Total Income</b>	<b>119.6</b>	<b>122.6</b>	<b>125.9</b>	<b>133.9</b>	<b>134.8</b>	<b>135.4</b>	<b>137.1</b>	<b>142.5</b>	<b>502.0</b>	<b>549.9</b>	<b>137.7</b>	<b>(0)</b>
Operating Expenses	53.5	53.5	56.3	61.4	58.8	59.2	69.1	68.2	224.8	255.3	64.2	8
<b>Operating Profit</b>	<b>66.1</b>	<b>69.1</b>	<b>69.5</b>	<b>72.5</b>	<b>76.0</b>	<b>76.2</b>	<b>68.1</b>	<b>74.3</b>	<b>277.2</b>	<b>294.6</b>	<b>73.5</b>	<b>(7)</b>
% Change (Y-o-Y)	20.5	23.2	19.8	16.9	15.1	10.3	-2.1	2.5	13.4	6.3	5.7	
Other Provisions	36.9	36.4	31.2	30.9	27.2	26.1	19.0	25.8	135.4	98.1	26.8	(29)
<b>Profit before Tax</b>	<b>29.2</b>	<b>32.7</b>	<b>38.3</b>	<b>41.6</b>	<b>48.9</b>	<b>50.1</b>	<b>49.1</b>	<b>48.5</b>	<b>141.7</b>	<b>196.5</b>	<b>46.7</b>	<b>5</b>
Tax	8.9	7.4	9.5	9.8	13.5	14.0	12.5	10.9	35.7	50.9	11.4	10
<b>Net Profit</b>	<b>20.2</b>	<b>25.3</b>	<b>28.8</b>	<b>31.7</b>	<b>35.3</b>	<b>36.1</b>	<b>36.6</b>	<b>37.6</b>	<b>106.0</b>	<b>145.6</b>	<b>35.3</b>	<b>4</b>
% Change (Y-o-Y)	71.7	89.5	91.8	90.5	74.8	42.8	26.9	18.5	86.7	37.3	22.5	
<b>Operating Parameters</b>												
Deposit (INR b)	11,181	11,340	11,635	11,792	11,925	12,322	12,629	12,818	11,792	12,818	12,588	
Loan ( INR b)	7,469	7,885	8,164	8,307	8,551	8,923	9,206	9,370	8,307	9,370	9,137	
Deposit Growth (%)	9.4	9.8	11.5	8.5	6.6	8.7	8.5	8.7	8.5	8.7	8.2	
Loan Growth (%)	15.2	21.4	18.0	18.1	14.5	13.2	12.8	12.8	18.1	12.8	11.9	
<b>Asset Quality</b>												
Gross NPA (%)	7.0	6.4	5.9	5.4	5.2	4.8	4.4	4.1	5.4	4.1	4.5	
Net NPA (%)	2.5	2.2	2.0	1.7	1.6	1.4	1.3	1.2	1.7	1.2	1.2	
PCR (%)	66.2	67.1	68.1	68.9	70.6	71.4	70.8	70.6	68.8	70.6	73.3	

E: MOFSL Estimates

## Quarterly snapshot

INR b	FY23				FY24			Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net Interest Income	67.8	74.3	86.0	86.2	86.7	89.0	94.2	10	6
Other Income	51.8	48.3	39.9	47.8	48.2	46.3	43.0	8	-7
Total Income	119.6	122.6	125.9	133.9	134.8	135.4	137.1	9	1
Operating Expenses	53.5	53.5	56.3	61.4	58.8	59.2	69.1	23	17
Employee	34.2	31.2	34.8	37.3	36.5	37.9	45.3	30	20
Others	19.4	22.3	21.5	24.1	22.3	21.3	23.7	10	11
Operating Profits	66.1	69.1	69.5	72.5	76.0	76.2	68.1	-2	-11
Core Operating Profits	57.2	64.4	65.7	71.0	73.1	72.6	65.0	-1	-11
Provisions	36.9	36.4	31.2	30.9	27.2	26.1	19.0	-39	-27
PBT	29.2	32.7	38.3	41.6	48.9	50.1	49.1	28	-2
Taxes	8.9	7.4	9.5	9.8	13.5	14.0	12.5	32	-11
PAT	20.2	25.3	28.8	31.7	35.3	36.1	36.6	27	1
<b>Balance sheet (INR b)</b>									
Loans	7,469	7,885	8,164	8,307	8,551	8,923	9,206	13	3
Retail Loans	1,286	1,341	1,370	1,401	1,423	1,482	1,536	12	4
Deposits	11,181	11,340	11,635	11,792	11,925	12,322	12,629	9	2
<b>Asset Quality</b>									
GNPA	547.3	524.9	501.4	461.6	457.3	439.6	417.2	-17	-5
NNPA	185.0	172.9	159.8	143.5	134.6	125.5	121.8	-24	-3
Slippages	39.5	79.0	111.1	140.8	34.3	64.2	95.9	-14	50
<b>Ratios (%)</b>									
	FY23				FY24			Change (bp)	
<b>Asset Quality Ratios</b>	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
GNPA (%)	7.0	6.4	5.9	5.4	5.2	4.8	4.4	-150	-37
NNPA (%)	2.5	2.2	2.0	1.7	1.6	1.4	1.3	-64	-9
PCR (Calculated, %)	66.2	67.1	68.1	68.9	70.6	71.4	70.8	269	-62
PCR (Reported, %)	84.5	85.4	86.3	87.3	88.0	88.7	89.0	269	28
Slippage Ratio (%)	2.2	2.4	1.9	1.7	1.7	1.5	1.6	-30	4
Credit Cost (%)	2.1	2.0	1.7	1.6	1.4	1.2	0.9	-78	-37
<b>Business Ratios</b>									
Fees to Total Income	35.8	35.6	28.6	34.5	33.6	31.6	29.1	46	-254
Cost to Core Income	48.4	45.4	46.2	46.4	44.6	44.9	51.5	535	661
Tax Rate	30.7	22.7	24.8	23.6	27.6	28.0	25.5	70	-250
CASA	34.3	34.0	32.6	33.5	33.0	32.2	31.7	-90	-50
Loan/Deposit	66.8	69.5	70.2	70.4	71.7	72.4	72.9	273	48
<b>Profitability Ratios</b>									
ROA	0.7	0.8	0.9	1.0	1.0	1.0	1.0	13	-1
ROE	16.3	18.9	20.4	21.7	23.0	22.0	21.1	63	-95
Yield on loans	7.0	7.2	7.5	7.7	8.4	8.6	8.6	115	4
Yield On Investments	6.4	6.5	6.6	6.7	6.9	6.9	6.9	27	2
Yield On Funds	5.8	6.0	6.2	6.4	7.3	7.3	7.5	125	11
Cost of Funds	3.6	3.8	3.9	4.0	4.8	4.9	4.9	107	7
Cost of Deposits	4.0	4.1	4.2	4.4	5.2	5.4	5.4	123	7
Margins	2.8	2.9	3.1	3.1	3.1	3.0	3.0	-2	3



## Highlights from the management commentary

### Balance sheet and P&L

- In 9MFY24, PAT stood at INR108b, which has surpassed the full-year profit of FY23.
- Business growth was in double digits in 3Q, with gross advances up 12.8% YoY.
- RAM credit grew 14.56% YoY. Retail grew 12.14% YoY, Agriculture grew 19.26% YoY, Housing loan grew 12.1% YoY, and Vehicle loans grew 13.2% YoY.
- Mix of RAM:Corporate stood at 56:44 in 3QFY24.
- LCR stood at 135% in 3QFY24 and the bank remains comfortable with its liquidity conditions.
- The C/I ratio was high due to wage revision settlement at 17% as the bank fully provided the shortfall of wage revisions as of Dec'23.
- The bank made additional provisions of INR7b — INR2.5b for actuarial pension and INR4.5b for wage revisions over and above, which should have been previously made.
- Earlier, provisions were made for a 15% wage revision. After the 17% wage revision, INR1.29b per month shall be provided.
- The bank expects two disinvestments to happen in FY25, one of which has already been announced by the bank.
- The bank's UPI transactions per month stood at ~830m as of Dec'23.
- RoA/RoE stood at 1.01%/21.95% in 3QFY24 as against guidance of 1%/19.5%.
- Advances/deposits growth stood at 11.7%/8.6% YoY in 3QFY24 as against guidance of 10.5%/8.5%.
- NIMs improved 3bp QoQ to 3.03%, but the bank expects margins to remain under pressure as the cost of funds rises.
- The bank is yet to raise about INR61b from the market.
- Of the bank's total loan book, it has 51% book as MCLR and 38% as RRLR.
- Due to RBI regulation on risk weights, the bank has seen an impact of ~52bp.
- NBFC exposure has come down in large corporates due to the increase in risk weights.
- CASA remains a concern for the bank and it aims to reach to ~35%.
- The bank expects faster growth in the RAM segment than in the corporate segment. In FY25 as well, corporate growth will be broadly similar.
- The bank has increased its C/D ratio to 75% and expects to maintain this level going forward.

### Asset quality

- GNPA fell 150bp YoY to 4.39% and NNPA declined 64bp YoY to 1.32%.
- Written-off accounts stood at INR690b — INR520b in NCLT book and remaining in RAM and other cases.
- Credit costs declined to 1% for the first time as against its guidance of 1.2%.
- The bank aims to maintain similar write-offs going forward as well.
- Recovery from written-off accounts was mainly from small loan accounts and NCLT recovery of INR4.50b.
- Slippages breakup: INR10b as Agri slippages, INR12b as MSME, INR4b as retail slippages.
- Total restructured book stood at INR240b, of which INR170b was standard.

- The bank maintains aggressive provisions and expects the policy to be continued. The bank has a PCR of 89% and expects it to be at 90% in FY24.

#### Guidance for FY24

- CBK expects to sustain NIMs at 3.0%.
- The bank remains confident of growing advances at 12%+ YoY.
- It guides for deposit growth at 8%+ YoY.
- CBK expects C/I to be maintained at the range of 45%.
- The bank has maintained ~10% target growth for corporate book.

#### Exhibit 1: DuPont Analysis – Return ratios to improve gradually

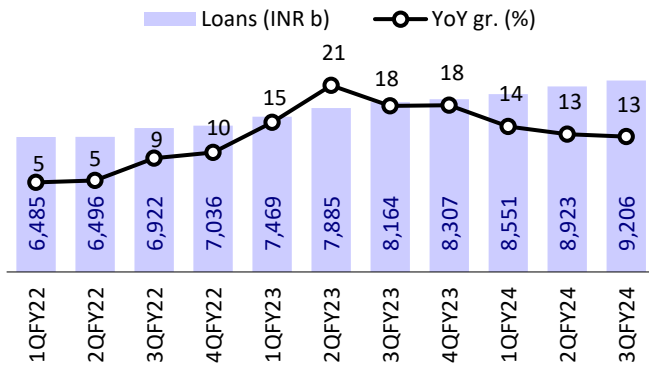
Y/E MARCH	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	6.9	6.3	5.8	6.6	7.1	7.1	7.1
Interest Expense	5.0	4.1	3.6	4.1	4.5	4.6	4.5
<b>Net Interest Income</b>	<b>1.9</b>	<b>2.2</b>	<b>2.2</b>	<b>2.4</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
Fee income	1.0	1.1	1.2	1.3	1.2	1.2	1.2
Trading and others	0.1	0.3	0.2	0.1	0.2	0.2	0.2
<b>Non-Interest income</b>	<b>1.1</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
<b>Total Income</b>	<b>3.0</b>	<b>3.5</b>	<b>3.6</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>
<b>Operating Expenses</b>	<b>1.6</b>	<b>1.8</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
Employee cost	1.0	1.2	1.0	1.1	1.1	1.1	1.1
Other operating expenses	0.6	0.6	0.6	0.7	0.7	0.7	0.7
<b>Operating Profits</b>	<b>1.3</b>	<b>1.8</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>
<b>Core operating Profits</b>	<b>1.2</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>
<b>Provisions</b>	<b>1.6</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
NPA provisions	1.5	1.3	0.8	0.8	0.7	0.6	0.6
Other Provisions	0.1	0.2	0.4	0.3	0.0	0.0	0.0
<b>PBT</b>	<b>-0.2</b>	<b>0.3</b>	<b>0.9</b>	<b>1.1</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
Tax	0.1	0.1	0.3	0.3	0.4	0.4	0.4
<b>RoA</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.8</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>
Leverage (x)	18.8	20.0	19.1	18.4	17.5	16.2	15.0
<b>RoE</b>	<b>-5.9</b>	<b>4.6</b>	<b>9.1</b>	<b>15.2</b>	<b>18.1</b>	<b>18.0</b>	<b>17.9</b>

#### Valuation and view

CBK reported an in-line performance as earnings growth was steady, led by lower provisions, and as asset quality improved. NII growth was also healthy, leading to a 3bp QoQ margin expansion. However, the management expects NIMs to remain under pressure due to rising cost of funds. Operating profit declined due to high opex. Loan growth was led by Corporate and Retail segments and the outlook remains encouraging. Sequential improvements in slippages and healthy recoveries and upgrades led to improvements in asset quality ratios. We broadly maintain our EPS estimates and expect CBK to deliver FY25E RoA/RoE of 1.1%/19.5%. We reiterate our **BUY rating with a TP of INR570 (1x Sep'25E ABV)**.

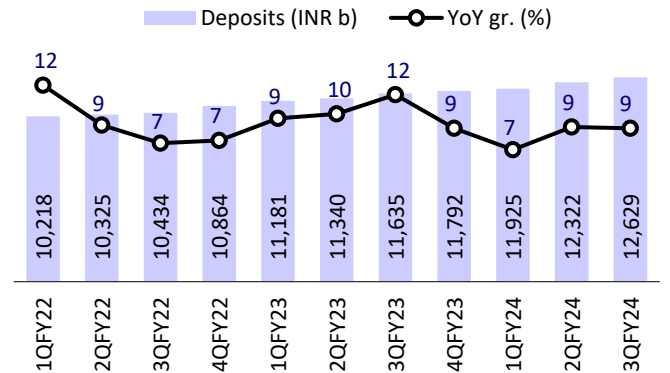
## Story in charts

**Exhibit 2: Loan book up ~13% YoY (up 3.2% QoQ)**



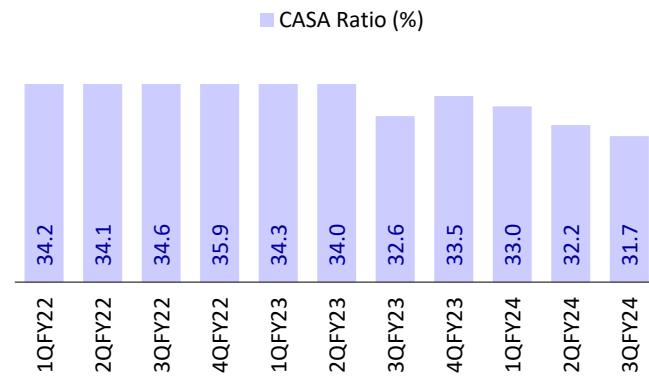
Source: MOFSL, Company

**Exhibit 3: Deposits up 9% YoY (up 2.5% QoQ)**



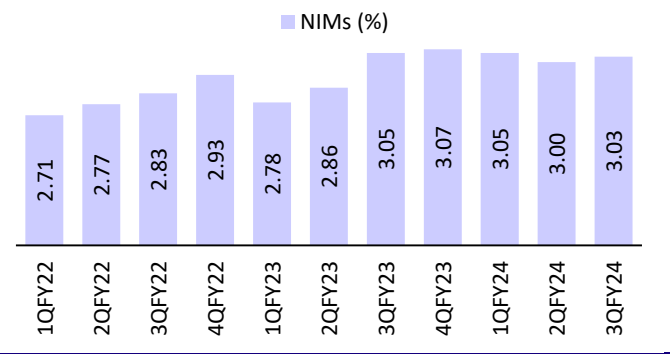
Source: MOFSL, Company

**Exhibit 4: CASA ratio moderated 50bp QoQ to 31.7%**



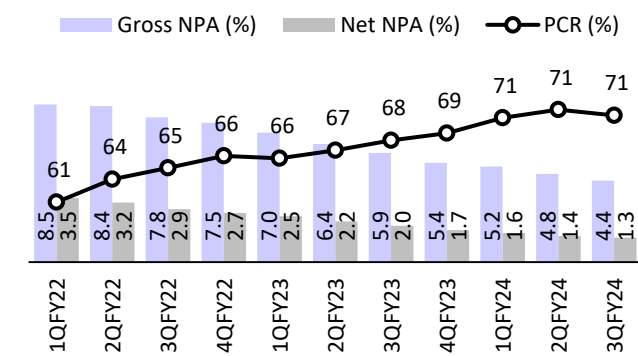
Source: MOFSL, Company

**Exhibit 5: NIM improved by 3bp QoQ to 3.03%**



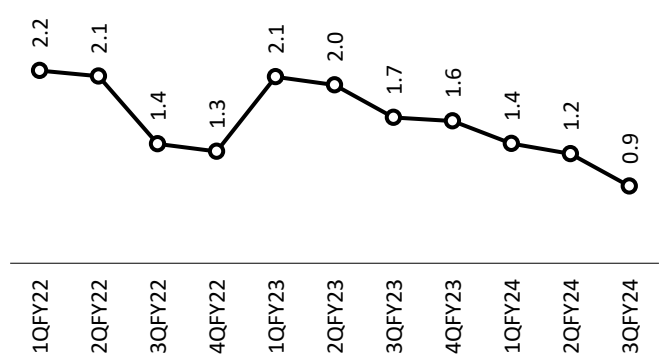
Source: MOFSL, Company

**Exhibit 6: GNPA/NNPA ratios improved 37bp/9bp QoQ to 4.4%/1.3%**



Source: MOFSL, Company

**Exhibit 7: Credit cost moderated to 0.9%**



Source: MOFSL, Company

## Financials and Valuations

Income Statement								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	468.1	489.3	692.8	694.1	844.2	1,002.9	1,100.5	1,209.8
Interest Expense	323.3	358.1	451.8	430.3	529.9	636.8	703.1	762.1
<b>Net Interest Income</b>	<b>144.8</b>	<b>131.2</b>	<b>241.0</b>	<b>263.8</b>	<b>314.4</b>	<b>366.0</b>	<b>397.3</b>	<b>447.7</b>
Growth (%)	19.0	-9.4	83.7	9.5	19.1	16.4	8.6	12.7
Non-Interest Income	65.7	78.1	149.2	165.0	187.6	183.9	211.4	239.6
<b>Total Income</b>	<b>210.5</b>	<b>209.4</b>	<b>390.3</b>	<b>428.8</b>	<b>502.0</b>	<b>549.9</b>	<b>608.8</b>	<b>687.3</b>
Growth (%)	10.2	-0.6	86.4	9.9	17.1	9.5	10.7	12.9
Operating Expenses	104.6	115.8	193.4	184.4	224.8	255.3	279.6	311.1
<b>Pre Provision Profits</b>	<b>105.9</b>	<b>93.6</b>	<b>196.9</b>	<b>244.4</b>	<b>277.2</b>	<b>294.6</b>	<b>329.2</b>	<b>376.1</b>
Growth (%)	10.9	-11.6	110.4	24.2	13.4	6.3	11.8	14.3
<b>Core PPOP</b>	<b>65.7</b>	<b>86.0</b>	<b>166.9</b>	<b>218.5</b>	<b>258.2</b>	<b>272.8</b>	<b>304.2</b>	<b>347.3</b>
Growth (%)	-13.9	31.0	94.1	30.9	18.2	5.6	11.5	14.2
Provisions	129.2	111.2	159.8	141.3	135.4	98.1	99.2	105.5
Exceptional Item (Exp)	NA	NA	NA	13.5	NA	NA	NA	NA
<b>PBT</b>	<b>-23.3</b>	<b>-17.6</b>	<b>37.1</b>	<b>89.6</b>	<b>141.7</b>	<b>196.5</b>	<b>230.0</b>	<b>270.6</b>
Tax	-26.7	4.8	11.5	32.8	35.7	50.9	58.7	69.0
Tax Rate (%)	114.9	-27.4	31.0	36.6	25.2	25.9	25.5	25.5
<b>PAT</b>	<b>3.5</b>	<b>-22.4</b>	<b>25.6</b>	<b>56.8</b>	<b>106.0</b>	<b>145.6</b>	<b>171.4</b>	<b>201.6</b>
Growth (%)	-108.2	-744.3	-214.4	122.0	86.7	37.3	17.7	17.7

Balance Sheet								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	7.5	10.3	16.5	18.1	18.1	18.1	18.1	18.1
Reserves & Surplus	354.2	382.6	572.4	643.0	717.9	855.4	1,015.8	1,206.5
<b>Net Worth</b>	<b>361.8</b>	<b>392.9</b>	<b>588.8</b>	<b>661.1</b>	<b>736.1</b>	<b>873.5</b>	<b>1,034.0</b>	<b>1,224.7</b>
<b>Deposits</b>	<b>5,990.3</b>	<b>6,253.5</b>	<b>10,108.7</b>	<b>10,864.1</b>	<b>11,792.2</b>	<b>12,818.1</b>	<b>14,035.8</b>	<b>15,411.3</b>
Growth (%)	14.2	4.4	61.6	7.5	8.5	8.7	9.5	9.8
<b>of which CASA Dep</b>	<b>1,748.1</b>	<b>1,962.1</b>	<b>3,309.0</b>	<b>3,688.3</b>	<b>3,665.8</b>	<b>3,999.2</b>	<b>4,477.4</b>	<b>4,977.9</b>
Growth (%)	4.7	12.2	68.6	11.5	-0.6	9.1	12.0	11.2
Borrowings	409.9	427.6	499.8	462.8	580.9	612.0	649.3	690.0
Other Liabilities & Prov.	185.6	164.7	339.3	293.0	348.2	389.9	440.6	493.5
<b>Total Liabilities</b>	<b>6,947.7</b>	<b>7,238.7</b>	<b>11,536.8</b>	<b>12,281.0</b>	<b>13,457.3</b>	<b>14,693.5</b>	<b>16,159.7</b>	<b>17,819.6</b>
Current Assets	661.5	682.7	1,784.1	1,820.5	1,414.2	1,369.9	1,439.1	1,545.7
<b>Investments</b>	<b>1,529.9</b>	<b>1,762.4</b>	<b>2,616.9</b>	<b>2,820.1</b>	<b>3,190.4</b>	<b>3,381.8</b>	<b>3,584.7</b>	<b>3,799.8</b>
Growth (%)	6.2	15.2	48.5	7.8	13.1	6.0	6.0	6.0
<b>Loans</b>	<b>4,277.3</b>	<b>4,321.8</b>	<b>6,390.5</b>	<b>7,036.0</b>	<b>8,306.7</b>	<b>9,370.0</b>	<b>10,531.9</b>	<b>11,816.8</b>
Growth (%)	12.1	1.0	47.9	10.1	18.1	12.8	12.4	12.2
Fixed Assets	84.1	82.8	112.1	113.6	102.3	107.4	112.8	118.4
Other Assets	394.9	389.1	633.2	490.8	443.7	464.5	491.2	538.9
<b>Total Assets</b>	<b>6,947.7</b>	<b>7,238.7</b>	<b>11,536.8</b>	<b>12,281.0</b>	<b>13,457.3</b>	<b>14,693.5</b>	<b>16,159.7</b>	<b>17,819.6</b>

Asset Quality								
GNPA (INR M)	392.2	370.4	602.9	556.5	461.6	398.3	368.3	378.1
NNPA (INR M)	231.8	184.7	248.4	190.6	143.9	117.1	103.2	104.6
GNPA Ratio	8.8	8.2	8.9	7.5	5.4	4.1	3.4	3.1
NNPA Ratio	5.4	4.3	3.9	2.7	1.7	1.2	1.0	0.9
Slippage Ratio	4.1	3.5	6.8	2.2	1.7	2.0	1.9	1.9
Credit Cost	3.1	2.5	2.6	1.5	1.3	1.1	1.0	0.9
PCR (Excl Tech. write off)	40.9	50.1	58.8	65.7	68.8	70.6	72.0	72.3

E: MOFSL Estimates



## Financials and Valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield-Earning Assets</b>	<b>7.7</b>	<b>7.4</b>	<b>6.7</b>	<b>6.2</b>	<b>6.9</b>	<b>7.4</b>	<b>7.4</b>	<b>7.4</b>
Avg. Yield on loans	8.5	8.4	8.0	7.4	8.0	8.6	8.4	8.3
Avg. Yield on Investments	7.5	7.0	6.7	6.3	6.6	6.8	7.0	7.0
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.4</b>	<b>5.5</b>	<b>4.4</b>	<b>3.8</b>	<b>4.3</b>	<b>4.9</b>	<b>5.0</b>	<b>4.9</b>
Avg. Cost of Deposits	5.4	5.5	4.4	3.8	4.3	4.9	5.0	4.9
<b>Interest Spread</b>	<b>2.3</b>	<b>1.9</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>	<b>2.5</b>	<b>2.4</b>	<b>2.5</b>
<b>Net Interest Margin</b>	<b>2.4</b>	<b>2.0</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>

### Capitalisation Ratios (%)

CAR	12.0	13.7	13.3	15.0	16.7	13.4	14.2	15.0
Tier I	9.2	10.2	10.2	12.0	13.8	13.2	14.0	14.8
Tier II	2.8	3.5	3.1	3.0	2.9	0.2	0.2	0.3

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	71.4	69.1	63.2	64.8	70.4	73.1	75.0	76.7
CASA Ratio	29.2	31.4	32.7	33.9	31.1	31.2	31.9	32.3
Cost/Assets	1.5	1.6	1.7	1.5	1.7	1.7	1.7	1.7
Cost/Total Income	49.7	55.3	49.6	43.0	44.8	46.4	45.9	45.3
Cost/Core Income	61.4	57.4	53.7	45.8	46.5	48.3	47.9	47.3
Int. Expense/Int.Income	69.1	73.2	65.2	62.0	62.8	63.5	63.9	63.0
Fee Income/Net Income	12.1	33.7	30.6	32.4	33.6	29.5	30.6	30.7
Non Int. Inc./Net Income	31.2	37.3	38.2	38.5	37.4	33.4	34.7	34.9
Empl. Cost/Op. Exps.	57.7	61.6	65.6	61.6	61.1	61.9	61.6	61.5
Investment/Deposit Ratio	25.5	28.2	25.9	26.0	27.1	26.4	25.5	24.7

### Profitability and Valuation

RoE	1.2	-7.1	6.1	10.5	17.1	19.9	19.5	19.1
RoA	0.1	-0.3	0.2	0.5	0.8	1.0	1.1	1.2
RoRWA	0.1	-0.6	0.5	1.1	1.9	2.3	2.4	2.6
Book Value (INR)	433	348	330	339	383	459	547	652
Growth (%)	-0.8	-19.8	-5.1	2.6	13.1	19.8	19.3	19.2
<b>Price-BV (x)</b>	<b>1.0</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.0</b>	<b>0.8</b>	<b>0.7</b>
Adjusted BV (INR)	206	213	219	259	322	407	501	605
<b>Price-ABV (x)</b>	<b>2.2</b>	<b>2.1</b>	<b>2.0</b>	<b>1.7</b>	<b>1.4</b>	<b>1.1</b>	<b>0.9</b>	<b>0.7</b>
EPS (INR)	4.7	-25.1	15.5	32.8	58.5	80.3	94.5	111.1
Growth (%)	-107.4	-637.0	-161.9	111.3	78.1	37.3	17.7	17.7
<b>Price-Earnings (x)</b>	<b>95.3</b>	<b>-17.7</b>	<b>28.6</b>	<b>13.6</b>	<b>7.6</b>	<b>5.5</b>	<b>4.7</b>	<b>4.0</b>
Dividend Per Share (INR)	0.0	0.0	0.0	6.5	12.0	4.5	6.0	6.0
<b>Dividend Yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.5</b>	<b>2.7</b>	<b>1.0</b>	<b>1.3</b>	<b>1.3</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
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Contact Person	Contact No.	Email ID
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); 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.