

Estimate change



TP change



Rating change



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Bloomberg	CBK IN
Equity Shares (m)	1,814
M.Cap.(INRb)/(USD\$b)	407.6 / 5.1
52-Week Range (INR)	273 / 142
1, 6, 12 Rel. Per (%)	15/5/49
12M Avg Val (INR M)	2966

#### Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	263.8	301.5	352.7
OP	244.4	269.4	305.9
NP	56.8	84.9	109.0
NIM (%)	2.4	2.5	2.6
EPS (INR)	32.8	46.8	60.1
EPS Gr. (%)	111.3%	42.5%	28.5%
BV/Sh. (INR)	338.6	382.4	438.0
ABV/Sh. (INR)	259.3	313.2	375.8

#### Ratios

RoE (%)	9.1	12.1	13.8
RoA (%)	0.5	0.7	0.8

#### Valuations

P/E (x)	6.8	4.8	3.7
P/BV (x)	0.7	0.6	0.5
P/ABV (x)	0.9	0.7	0.6

#### Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	62.9	62.9	69.3
DII	13.8	13.6	12.4
FII	8.0	8.5	3.9
Others	15.3	15.0	14.4

FII Includes depository receipts

**CMP: INR225**
**TP: INR300 (+34%)**
**Buy**

## Loan growth steady; treasury gains support earnings

### Asset quality continues to improve

- Canara Bank (CBK) reported a steady operating performance with NII growth of 10% YoY (7% miss). Healthy treasury gains and traction in fee income led to 13% beat in total revenue (16% YoY). Margin contracted 15bp QoQ to 2.8% while PPop grew 21% YoY (18% YoY rise in Core PPop).
- On the business front, CBK witnessed strong demand momentum as it clocked 6% QoQ/15% YoY growth in advances. Growth was driven by the corporate segment with a sharp jump of 8.9% QoQ. Thus, the share of corporate in mix improved 160bp to 46.6%. Deposits, conversely, grew 3% QoQ led by term deposits as CASA deposits saw a sequential decline of 2%.
- Fresh slippages moderated 17% QoQ to INR39.5b, while healthy recoveries and upgrades of INR22.3b along with higher write-offs worth INR26.4b led to improvements in asset quality ratios. GNPA/NNPA improved 53bp/17bp QoQ to 6.98%/2.48%, respectively.
- Further, SMA overdue declined to 1.29% from 1.53% in 4QFY22, while the restructured portfolio improved 36bp to ~2.4% of loans. We raise our PAT estimates by 14%/16% for FY23/24, respectively, to account for higher other income and loan growth. We expect CBK to deliver FY24E RoA/RoE of 0.8%/13.8%. **Retain BUY with a TP of INR300 (based on 0.8x FY24E ABV).**

### Surprising treasury performance led to earnings beat; PCR stable at 66%

- CBK reported a PAT of INR20.2b (+72% YoY) fueled by strong treasury gains. NII grew 10% YoY (7% miss), aided by healthy 15% YoY loan growth while margin contraction of 15bp QoQ acted as a drag.
- Other income surged 25% YoY due to robust performance in treasury and traction in fee income. Total revenue, thus, grew 16% YoY (13% beat).
- Operating expenses rose 11% YoY due to rise in other expenses as employee cost was stable. PPop, thus, grew 21% YoY to INR66.1b (14% beat).
- On the business front, demand for loans witnessed strong momentum with a sharp growth of 8.9% QoQ in corporate segment. Share of corporate in mix thus improved 160bp to 46.6%.
- Deposits saw weaker trend with a growth of 9% YoY/3% QoQ. CASA deposits declined 2% QoQ, while CASA ratio stood at 34.3% (-160bp QoQ).
- Fresh slippages moderated 17% QoQ to INR39.5b while higher recoveries, upgrades and write offs aided 53bp/17bp decline in the GNPA/NNPA ratios to 6.98%/2.48%, respectively. PCR remained stable at 66%.

### Highlights from the management commentary

- Management is confident of sustaining growth in advances led by a broad-based performance across all segments
- CASA deposits should see a double-digit growth in 2QFY23 after a soft 1Q.
- NIMs should improve as CBK benefits from higher interest rates over the next few quarters.

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**Valuation and view: Building foundation for stronger return; maintain BUY**

CBK reported a steady operating performance supported by healthy loan growth and improvement in asset quality while NII growth was soft as margin contracted 15bp QoQ. However, management expects to recoup this as the benefit of rising rate will flow through in the coming quarters. Loan growth was led by the corporate segment and outlook for rest of the year is encouraging as CBK aspires for a 15% growth in FY23. Slippages were flat sequentially, despite downgrade of a lumpy corporate account. Asset quality ratios improved further underpinned by higher recoveries and upgrades. Declines in SMA overdue and restructured portfolio provide incremental comfort on asset quality trends. We estimate an RoA/RoE of 0.8%/13.8% by FY24. **Maintain BUY with a TP of INR300 (based on 0.8x FY24E ABV).**

**Quarterly performance**

(INR b)

	FY22				FY23E				FY22	FY23E	FY23E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	Est	
<b>Net Interest Income</b>	<b>61.6</b>	<b>62.7</b>	<b>69.4</b>	<b>70.1</b>	<b>67.8</b>	<b>73.6</b>	<b>78.1</b>	<b>82.0</b>	<b>263.8</b>	<b>301.5</b>	<b>72.8</b>	<b>(7)</b>
% Change (Y-o-Y)	1.0	-0.5	14.1	24.9	10.2	17.3	12.4	17.0	9.5	14.3	18.2	
Other Income	41.6	42.7	36.1	44.6	51.8	40.1	42.0	44.3	165.0	178.2	33.4	55
<b>Total Income</b>	<b>103.2</b>	<b>105.4</b>	<b>105.6</b>	<b>114.7</b>	<b>119.6</b>	<b>113.7</b>	<b>120.1</b>	<b>126.3</b>	<b>428.8</b>	<b>479.7</b>	<b>106.2</b>	<b>13</b>
Operating Expenses	48.3	49.4	47.5	52.7	53.5	51.5	52.2	53.1	184.4	210.3	48.2	11
<b>Operating Profit</b>	<b>54.8</b>	<b>56.0</b>	<b>58.0</b>	<b>62.0</b>	<b>66.1</b>	<b>62.1</b>	<b>68.0</b>	<b>73.2</b>	<b>244.4</b>	<b>269.4</b>	<b>58.0</b>	<b>14</b>
% Change (Y-o-Y)	27.9	21.9	10.2	18.8	20.5	10.9	17.2	18.0	24.2	10.2	5.7	
Other Provisions	34.6	33.6	22.4	37.1	36.9	34.9	34.6	34.4	141.3	140.8	36.9	(0)
Exceptional Item (Exp)	NA	NA	0.0	NA	NA	NA	NA	NA	13.5	NA	NA	
<b>Profit before Tax</b>	<b>20.2</b>	<b>22.4</b>	<b>35.6</b>	<b>24.9</b>	<b>29.2</b>	<b>27.2</b>	<b>33.3</b>	<b>38.8</b>	<b>89.6</b>	<b>128.6</b>	<b>21.0</b>	<b>39</b>
Tax	8.4	9.1	7.0	8.3	8.9	9.3	11.3	14.2	32.8	43.7	7.1	25
<b>Net Profit</b>	<b>11.8</b>	<b>13.3</b>	<b>28.6</b>	<b>16.7</b>	<b>20.2</b>	<b>18.0</b>	<b>22.0</b>	<b>24.7</b>	<b>56.8</b>	<b>84.9</b>	<b>13.9</b>	<b>46</b>
% Change (Y-o-Y)	189.8	199.9	310.5	64.8	71.7	34.8	-23.0	48.0	122.0	49.4	17.8	
<b>Operating Parameters</b>												
Deposit (INR b)	10,218	10,325	10,434	10,864	11,181	11,244	11,570	11,951	10,864	11,951	11,021	1
Loan ( INR b)	6,485	6,496	6,922	7,036	7,469	7,356	7,631	7,951	7,036	7,951	7,144	5
Deposit Growth (%)	12.3	8.8	7.2	7.5	9.4	8.9	10.9	10.0	7.5	10.0	7.9	2
Loan Growth (%)	5.1	5.4	9.1	10.1	15.2	13.2	10.2	13.0	10.1	13.0	10.2	5
<b>Asset Quality</b>												
Gross NPA (%)	8.5	8.4	7.8	7.5	7.0	6.8	6.5	6.1	7.5	6.1	7.3	(0)
Net NPA (%)	3.5	3.2	2.9	2.7	2.5	2.4	2.2	2.0	2.7	2.0	2.6	(0)
PCR (%)	61.5	63.9	65.2	66.5	66.2	66.4	66.8	68.2	65.9	68.2	66.0	0

E:MOFSL Estimates

## Quarterly snapshot

INR b	FY21				FY22				FY23	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Profit and Loss</b>											
Net Interest Income	61.0	63.0	60.9	56.1	61.6	62.7	69.4	70.1	67.8	10	-3
Other Income	26.5	31.0	41.5	47.0	41.6	42.7	36.1	44.6	51.8	25	16
Total Income	87.5	94.1	102.4	103.1	103.2	105.4	105.6	114.7	119.6	16	4
Operating Expenses	44.6	48.1	49.7	50.9	48.3	49.4	47.5	52.7	53.5	11	2
Employee	30.4	32.1	31.8	32.7	33.7	31.4	29.7	32.3	34.2	2	6
Others	14.2	16.0	17.9	18.3	14.7	18.0	17.8	20.4	19.4	32	-5
Operating Profits	42.9	46.0	52.7	52.2	54.8	56.0	58.0	62.0	66.1	21	7
Core Operating Profits	32.8	37.0	37.6	50.4	48.6	44.7	54.8	56.8	57.2	18	1
Provisions	38.3	39.7	42.1	36.5	34.6	33.6	22.4	37.1	36.9	7	-1
PBT	4.6	6.2	10.6	15.7	20.2	22.4	35.6	24.9	29.2	44	17
Taxes	0.5	1.8	3.6	5.6	8.4	9.1	7.0	8.3	8.9	6	8
PAT	4.1	4.4	7.0	10.1	11.8	13.3	28.6	16.7	20.2	72	21
<b>Balance sheet (INR b)</b>											
Loans	6,172	6,163	6,342	6,390	6,485	6,496	6,922	7,036	7,469	15	6
Retail Loans	1,052	1,079	1,119	1,153	1,153	1,191	1,231	1,263	1,286	12	2
Deposits	9,096	9,488	9,730	10,109	10,218	10,325	10,434	10,864	11,181	9	3
CASA Deposits	2,941	2,985	3,102	3,307	3,320	3,345	3,420	3,687	0	-100	-100
<b>Asset Quality</b>											
GNPA	575.3	534.4	497.9	602.9	582.2	578.5	568.9	556.5	547.3	-6	-2
NNPA	243.6	210.6	167.7	244.4	224.3	208.6	198.2	186.7	185.0	-18	-1
Slippages	16.8	20.9	26.0	178.9	43.9	112.9	145.8	193.2	39.5	-10	-80
<b>Ratios (%)</b>											
<b>Asset Quality Ratios</b>											
GNPA (%)	8.8	8.2	7.5	8.9	8.5	8.4	7.8	7.5	7.0	-152	-53
NNPA (%)	4.0	3.4	2.6	3.8	3.5	3.2	2.9	2.7	2.5	-98	-17
PCR (Calculated, %)	57.7	60.6	66.3	59.5	61.5	63.9	65.2	66.5	66.2	473	-26
PCR (Reported, %)	79.0	81.5	84.9	79.7	81.2	82.4	83.3	84.2	84.5	333	34
Slippage Ratio (%)	1.5	0.4	0.5	14.1	2.8	4.5	2.1	3.0	2.2	-60	-72
Credit Cost (%)	2.9	2.6	2.7	2.3	2.1	2.1	1.3	1.2	2.0	-11	81
<b>Business Ratios</b>											
Fees to Total Income	18.8	23.4	25.8	43.9	34.3	29.7	31.2	34.3	35.8	153	149
Cost to Core Income	57.6	56.5	57.0	50.3	49.8	52.5	46.4	48.1	48.4	-149	25
Tax Rate	11.5	28.7	34.1	35.5	41.8	40.6	19.7	33.2	30.7	-1111	-251
CASA	33.8	32.8	33.4	34.3	34.2	34.1	34.6	35.9	34.3	8	-158
Loan/Deposit	67.9	65.0	65.2	63.2	63.5	62.9	66.3	64.8	66.8	334	204
<b>Profitability Ratios</b>											
ROA	0.2	0.2	0.2	0.4	0.4	0.5	0.5	0.6	0.7	24	8
ROE	4.5	4.8	7.3	10.8	11.5	12.4	13.5	15.3	16.3	480	108
Yield on loans	8.2	8.1	8.0	7.1	7.1	7.1	7.2	7.2	7.0	-6	-19
Yield On Investments	7.1	7.0	6.9	6.4	6.5	6.4	6.3	6.3	6.4	-10	15
Yield On Funds	6.9	6.7	6.5	5.8	5.9	5.8	5.8	5.8	5.8	-4	-1
Cost of Funds	4.6	4.4	4.2	3.8	3.7	3.7	3.6	3.6	3.6	-7	4
Cost of Deposits	5.0	4.8	4.6	4.2	4.0	4.0	4.0	4.0	4.0	-3	4
Margins	2.8	2.8	2.7	2.5	2.7	2.8	2.8	2.8	2.8	7	-4



## Highlights from the management commentary

### Operating environment and business

- The bank is confident of sustaining growth in advances led by a broad-based performance across all segments
- The share of RAM portfolio would be around 55%; in mix
- Within corporate, CBK is very active on HAM projects; it has underwritten projects worth INR150b and disbursements will happen as projects commence
- Gold loans crossed INR1t in 1QFY23
- Global advances should be at least INR1t to make sense for a bank of the size of CBK. Loans are given to well-rated Indian Corporates and PSUs
- Around 38% of the book is linked to RLLR
- CASA deposits should see a double-digit growth in 2QFY23 after a QoQ decline in 1Q. This is due to pressure on Govt. business that is traditionally soft in 1Q
- The capital position remains strong and the bank has no plans of an equity raise in FY23
- LCR is above 125%
- NIMs should increase, going forward, as CBK expects to realize benefit of higher interest rates
- Repo hike of 50bp was passed to borrowers in the first week of Jul'22 as the bank did not want to burden them with a steep rise of 90bp in a few weeks
- During 1QFY23, CBK also raised interest rates on deposits and is expected to review the same, a couple of months later
- Interest income was also weak sequentially as higher loans were given to 'AAA' rated borrowers at lower yields
- Treasury performance was strong and the bank is covered at present. If 10-yr yield rises to 7.75%, it expects a maximum MTM loss of INR10-15b
- The aim of the management is to grow operating profit by a minimum of 15%
- As a result, return ratios will be attractive. The bank continues to guide for an RoE of 15% for FY23E along with an attractive level of RoA.

### Asset quality

- Management has a strong focus on bringing down the GNPA and NNPA ratios from current levels
- In 1QFY23, the Future group exposure of INR12.4b (50% investment and 50% in advances) slipped into NPA. However, this was fully provided for.
- Out of the slippages of INR36b, INR8b slipped from corporate (including INR6b from Future Group), INR6b from Agri, INR7b from Retail and INR15b from MSME
- Recovery will be more than slippages for FY23
- Restructured book is close to INR180b. Management expects cumulative slippages of 18-19% from this book. Cumulatively, 11% has already slipped
- Slippages for FY23E will be under INR150b.

**Exhibit 1: DuPont Analysis – Return ratios set to get stronger**

Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	6.9	7.1	6.9	6.3	5.8	6.3	6.6
Interest Expense	4.8	4.9	5.0	4.1	3.6	3.9	4.1
<b>Net Interest Income</b>	<b>2.0</b>	<b>2.2</b>	<b>1.9</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.5</b>
Fee income	0.8	0.4	1.0	1.1	1.2	1.2	1.2
Trading and others	0.3	0.6	0.1	0.3	0.2	0.2	0.2
<b>Non-Interest income</b>	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>
<b>Total Income</b>	<b>3.2</b>	<b>3.2</b>	<b>3.0</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>
<b>Operating Expenses</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.8</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>
Employee cost	0.9	0.9	1.0	1.2	1.0	1.0	1.0
Other operating expenses	0.7	0.7	0.6	0.6	0.6	0.7	0.7
<b>Operating Profits</b>	<b>1.6</b>	<b>1.6</b>	<b>1.3</b>	<b>1.8</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>
<b>Core operating Profits</b>	<b>1.3</b>	<b>1.0</b>	<b>1.2</b>	<b>1.5</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>
<b>Provisions</b>	<b>2.7</b>	<b>2.0</b>	<b>1.6</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>
NPA provisions	2.5	1.9	1.5	1.3	0.8	0.8	0.8
Other Provisions	0.2	0.0	0.1	0.2	0.4	0.3	0.2
<b>PBT</b>	<b>-1.1</b>	<b>-0.4</b>	<b>-0.2</b>	<b>0.3</b>	<b>0.9</b>	<b>1.0</b>	<b>1.2</b>
Tax	-0.4	-0.4	0.1	0.1	0.3	0.3	0.4
<b>RoA</b>	<b>-0.7</b>	<b>0.1</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>
Leverage (x)	18.8	18.3	18.8	20.0	19.0	18.4	17.9
<b>RoE</b>	<b>-13.2</b>	<b>1.0</b>	<b>-5.9</b>	<b>4.6</b>	<b>11.3</b>	<b>12.1</b>	<b>13.8</b>

### Valuation and view: Building foundation for stronger return; maintain BUY

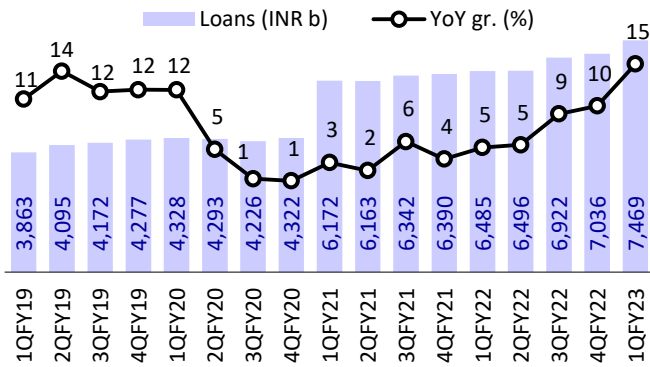
CBK reported a steady operating performance supported by healthy loan growth and improvement in asset quality while NII growth was soft as margin contracted 15bp QoQ. However, management expects to recoup this as the benefit of rising rate will flow through in the coming quarters. Loan growth was led by the corporate segment and outlook for rest of the year is encouraging as CBK aspires for a 15% growth in FY23. Slippages were flat sequentially, despite downgrade of a lumpy corporate account. Asset quality ratios improved further underpinned by higher recoveries and upgrades. Declines in SMA overdue and restructured portfolio provide incremental comfort on asset quality trends. We estimate an RoA/RoE of 0.8%/13.8% by FY24. **Maintain BUY with a TP of INR300 (based on 0.8x FY24E ABV).**

**Exhibit 2: We raise our PAT estimates by 14%/16% for FY23/24 to account for higher other income and loan growth**

INR b	Old Est		Revised Est		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
<b>Net Interest Income</b>	<b>302.1</b>	<b>338.3</b>	<b>301.5</b>	<b>352.7</b>	<b>-0.2</b>	<b>4.3</b>
Other Income	151.8	165.4	178.2	192.4	17.4	16.3
<b>Total Income</b>	<b>453.8</b>	<b>503.7</b>	<b>479.7</b>	<b>545.1</b>	<b>5.7</b>	<b>8.2</b>
Operating Expenses	199.3	218.9	210.3	239.2	5.5	9.3
<b>Operating Profits</b>	<b>254.5</b>	<b>284.8</b>	<b>269.4</b>	<b>305.9</b>	<b>5.8</b>	<b>7.4</b>
Provisions	142.1	142.6	140.8	140.7	-0.9	-1.3
<b>PBT</b>	<b>112.5</b>	<b>142.2</b>	<b>128.6</b>	<b>165.2</b>	<b>14.3</b>	<b>16.1</b>
Tax	38.2	48.4	43.7	56.2	14.3	16.1
<b>PAT</b>	<b>74.2</b>	<b>93.9</b>	<b>84.9</b>	<b>109.0</b>	<b>14.3</b>	<b>16.1</b>
Loans	7,669	8,513	7,951	9,024	3.7	6.0
Deposits	11,733	12,789	11,951	13,265	1.9	3.7
Margins (%)	2.50	2.59	2.46	2.61	-1.4	0.9
Credit Cost (%)	1.50	1.44	1.44	1.34	-4.0	-6.9
<b>RoA (%)</b>	<b>0.58</b>	<b>0.68</b>	<b>0.66</b>	<b>0.77</b>	<b>13.3</b>	<b>13.2</b>
<b>RoE (%)</b>	<b>10.7</b>	<b>12.1</b>	<b>12.1</b>	<b>13.8</b>	<b>13.4</b>	<b>13.5</b>
BV	377	424	382	438	1.6	3.4
ABV	305	357	313	376	2.6	5.2
EPS	41	52	47	60	14.3	16.1

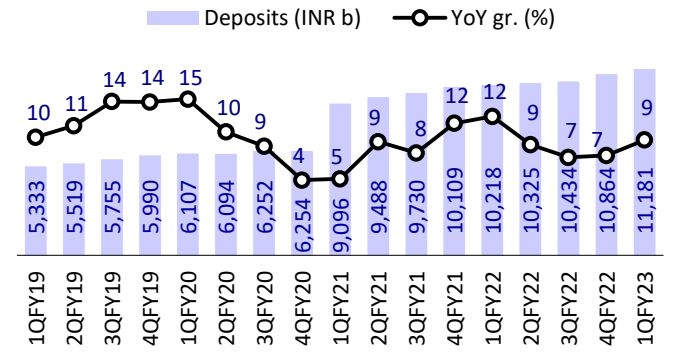
## Story in charts

**Exhibit 3: Loan book up ~15% YoY (+6.2% QoQ)**



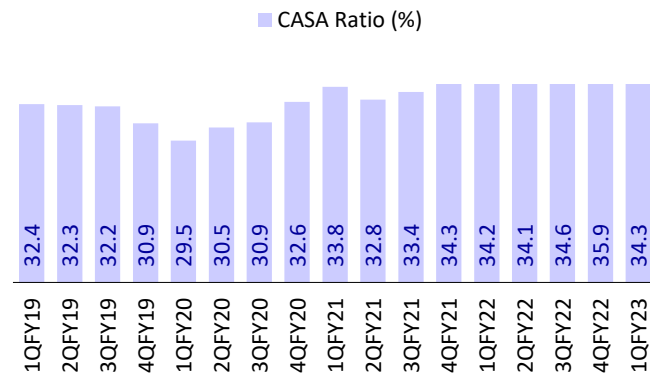
Merged numbers from 1QFY21Source: MOFSL, Company

**Exhibit 4: Deposits up 9% YoY (+2.9% QoQ)**



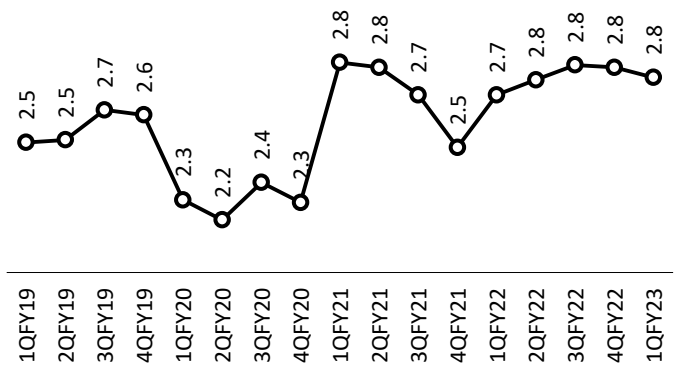
Merged numbers from 1QFY21Source: MOFSL, Company

**Exhibit 5: CASA ratio moderates to 34.3%**



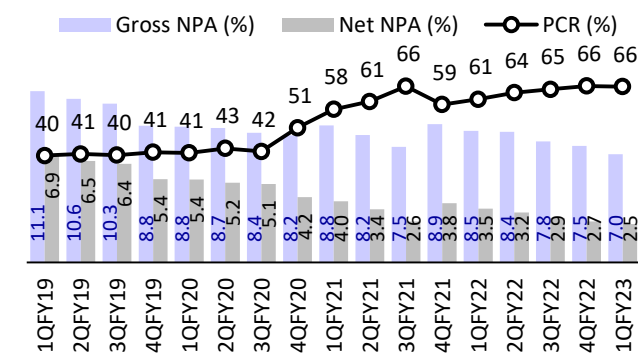
Source: MOFSL, Company

**Exhibit 6: NIM contracts 15bp QoQ to 2.78%**



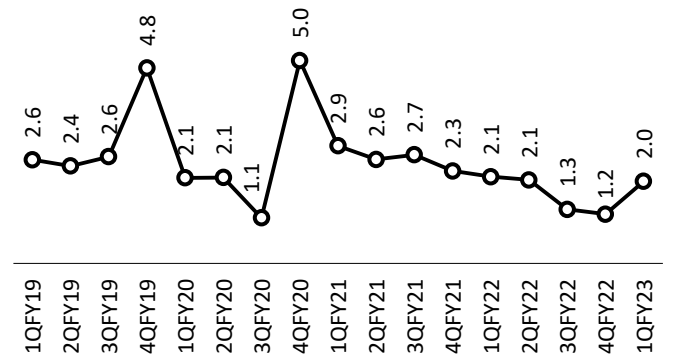
Source: MOFSL, Company

**Exhibit 7: GNPA/NNPA ratio moderates 53bp/17bp QoQ to 7.0%/2.5%; PCR improves to 66% (84.5% including TWO)**



Source: MOFSL, Company

**Exhibit 8: Credit cost stands at 2.0%**



Source: MOFSL, Company

## Financials and Valuations

Income Statement							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Interest Income	412.5	468.1	489.3	692.8	694.1	805.7	941.5	
Interest Expense	290.9	323.3	358.1	451.8	430.3	504.2	588.8	
<b>Net Interest Income</b>	<b>121.6</b>	<b>144.8</b>	<b>131.2</b>	<b>241.0</b>	<b>263.8</b>	<b>301.5</b>	<b>352.7</b>	
Growth (%)	23.2	19.0	-9.4	83.7	9.5	14.3	17.0	
Non-Interest Income	69.4	65.7	78.1	149.2	165.0	178.2	192.4	
<b>Total Income</b>	<b>191.1</b>	<b>210.5</b>	<b>209.4</b>	<b>390.3</b>	<b>428.8</b>	<b>479.7</b>	<b>545.1</b>	
Growth (%)	9.6	10.2	-0.6	86.4	9.9	11.9	13.6	
Operating Expenses	95.6	104.6	115.8	193.4	184.4	210.3	239.2	
<b>Pre Provision Profits</b>	<b>95.5</b>	<b>105.9</b>	<b>93.6</b>	<b>196.9</b>	<b>244.4</b>	<b>269.4</b>	<b>305.9</b>	
Growth (%)	7.1	10.9	-11.6	110.4	24.2	10.2	13.6	
<b>Core PPP</b>	<b>76.3</b>	<b>65.7</b>	<b>86.0</b>	<b>166.9</b>	<b>218.5</b>	<b>249.9</b>	<b>283.5</b>	
Growth (%)	70.5	-13.9	31.0	94.1	30.9	14.4	13.4	
Provisions (excl tax)	161.1	129.2	111.2	159.8	141.3	140.8	140.7	
Exceptional Item (Exp)	NA	NA	NA	NA	13.5	NA	NA	
<b>PBT</b>	<b>-65.6</b>	<b>-23.3</b>	<b>-17.6</b>	<b>37.1</b>	<b>89.6</b>	<b>128.6</b>	<b>165.2</b>	
Tax	-23.4	-26.7	4.8	11.5	32.8	43.7	56.2	
Tax Rate (%)	35.6	114.9	-27.4	31.0	36.6	34.0	34.0	
<b>PAT</b>	<b>-42.2</b>	<b>3.5</b>	<b>-22.4</b>	<b>25.6</b>	<b>56.8</b>	<b>84.9</b>	<b>109.0</b>	
Growth (%)	-476.3	-108.2	-744.3	-214.4	122.0	49.4	28.5	
<b>Balance Sheet</b>								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Equity Share Capital	7.3	7.5	10.3	16.5	18.1	18.1	18.1	
Reserves & Surplus	348.7	354.2	382.6	572.4	643.0	722.4	823.2	
<b>Net Worth</b>	<b>356.0</b>	<b>361.8</b>	<b>392.9</b>	<b>588.8</b>	<b>661.1</b>	<b>740.5</b>	<b>841.4</b>	
<b>Deposits</b>	<b>5,247.7</b>	<b>5,990.3</b>	<b>6,253.5</b>	<b>10,108.7</b>	<b>10,864.1</b>	<b>11,950.5</b>	<b>13,265.1</b>	
Growth (%)	6.0	14.2	4.4	61.6	7.5	10.0	11.0	
<b>of which CASA Dep</b>	<b>1,670.3</b>	<b>1,748.1</b>	<b>1,962.1</b>	<b>3,309.0</b>	<b>3,688.3</b>	<b>4,254.4</b>	<b>4,775.4</b>	
Growth (%)	11.5	4.7	12.2	68.6	11.5	15.3	12.2	
Borrowings	388.1	409.9	427.6	499.8	462.8	481.1	499.5	
Other Liabilities & Prov.	177.0	185.6	164.7	339.3	281.7	298.6	316.6	
<b>Total Liabilities</b>	<b>6,168.9</b>	<b>6,947.7</b>	<b>7,238.7</b>	<b>11,536.8</b>	<b>12,269.8</b>	<b>13,470.8</b>	<b>14,922.5</b>	
Current Assets	499.1	661.5	682.7	1,784.1	1,820.5	1,703.1	1,679.3	
<b>Investments</b>	<b>1,440.5</b>	<b>1,529.9</b>	<b>1,762.4</b>	<b>2,616.9</b>	<b>2,820.1</b>	<b>3,158.5</b>	<b>3,537.6</b>	
Growth (%)	-4.1	6.2	15.2	48.5	7.8	12.0	12.0	
<b>Loans</b>	<b>3,817.0</b>	<b>4,277.3</b>	<b>4,321.8</b>	<b>6,390.5</b>	<b>7,036.0</b>	<b>7,950.7</b>	<b>9,024.0</b>	
Growth (%)	11.6	12.1	1.0	47.9	10.1	13.0	13.5	
Fixed Assets	83.2	84.1	82.8	112.1	113.6	119.2	125.2	
Other Assets	329.0	394.9	389.1	633.2	479.5	539.2	556.4	
<b>Total Assets</b>	<b>6,168.9</b>	<b>6,947.7</b>	<b>7,238.7</b>	<b>11,536.8</b>	<b>12,269.8</b>	<b>13,470.8</b>	<b>14,922.5</b>	
<b>Asset Quality</b>								
GNPA (INR M)	474.7	392.2	370.4	602.9	556.5	508.0	493.1	
NNPA (INR M)	287.0	231.8	184.7	248.4	189.6	161.4	141.2	
GNPA Ratio	11.9	8.8	8.2	8.9	7.5	6.1	5.3	
NNPA Ratio	7.5	5.4	4.3	3.9	2.7	2.0	1.6	
Slippage Ratio	7.2	4.1	3.5	6.8	2.2	2.1	1.8	
Credit Cost	4.1	3.1	2.5	2.6	1.5	1.4	1.3	
PCR (Excl Tech. write off)	39.5	40.9	50.1	58.8	65.9	68.2	71.4	



## Financials and Valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield-Earning Assets</b>	<b>7.3</b>	<b>7.7</b>	<b>7.4</b>	<b>6.7</b>	<b>6.2</b>	<b>6.6</b>	<b>7.0</b>
Avg. Yield on loans	8.0	8.5	8.4	8.0	7.4	7.8	8.1
Avg. Yield on Investments	7.2	7.5	7.0	6.7	6.3	6.6	6.8
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.3</b>	<b>5.4</b>	<b>5.5</b>	<b>4.4</b>	<b>3.8</b>	<b>4.2</b>	<b>4.4</b>
Avg. Cost of Deposits	5.3	5.4	5.5	4.4	3.8	4.2	4.4
<b>Interest Spread</b>	<b>2.0</b>	<b>2.3</b>	<b>1.9</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>
<b>Net Interest Margin</b>	<b>2.2</b>	<b>2.4</b>	<b>2.0</b>	<b>2.3</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>

### Capitalisation Ratios (%)

CAR	13.3	12.0	13.7	13.3	15.0	11.4	11.0
Tier I	10.4	9.2	10.2	10.2	12.0	11.2	10.8
Tier II	2.9	2.8	3.5	3.1	3.0	0.2	0.2

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	72.7	71.4	69.1	63.2	64.8	66.5	68.0
CASA Ratio	31.8	29.2	31.4	32.7	33.9	35.6	36.0
Cost/Assets	1.5	1.5	1.6	1.7	1.5	1.6	1.6
Cost/Total Income	50.0	49.7	55.3	49.6	43.0	43.8	43.9
Cost/Core Income	55.6	61.4	57.4	53.7	45.8	45.7	45.8
Int. Expense/Int. Income	70.5	69.1	73.2	65.2	62.0	62.6	62.5
Fee Income/Net Income	26.3	12.1	33.7	30.6	32.4	33.1	31.2
Non Int. Inc./Net Income	36.3	31.2	37.3	38.2	38.5	37.1	35.3
Empl. Cost/Op. Exps.	57.0	57.7	61.6	65.6	61.6	59.9	59.5
Investment/Deposit Ratio	27.5	25.5	28.2	25.9	26.0	26.4	26.7

### Profitability and Valuation

RoE	-12.2	1.0	-5.9	4.6	9.1	12.1	13.8
RoA	-0.7	0.1	-0.3	0.2	0.5	0.7	0.8
RoRWA	-1.2	0.1	-0.6	0.5	1.1	1.4	1.6
Book Value (INR)	436.6	433.2	347.6	329.9	338.6	382.4	438.0
Growth (%)	-15.1	-0.8	-19.8	-5.1	2.6	12.9	14.5
<b>Price-BV (x)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>
Adjusted BV (INR)	150.2	205.7	213.1	218.5	259.3	313.2	375.8
<b>Price-ABV (x)</b>	<b>1.5</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.7</b>	<b>0.6</b>
EPS (INR)	-63.5	4.7	-25.1	15.5	32.8	46.8	60.1
Growth (%)	-437.9	-107.4	-637.0	-161.9	111.3	42.5	28.5
<b>Price-Earnings (x)</b>	<b>-3.5</b>	<b>48.0</b>	<b>-8.9</b>	<b>14.4</b>	<b>6.8</b>	<b>4.8</b>	<b>3.7</b>

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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

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