14 October 2026
2QFY27 Results Update | Sector: Financials

Canara Bank

Estimate change	⇄
TP change	⇄
Rating change	⇄

Bloomberg	CBK IN
Equity Shares (m)	9071
M.Cap.(INRb)/(USDb)	1131.7 / 11.9
52-Week Range (INR)	163 / 117
1, 6, 12 Rel. Per (%)	4/-5/10
12M Avg Val (INR M)	3609

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	372.1	448.4	517.9
OP	330.2	360.8	413.0
NP	191.9	212.2	232.0
NIM (%)	2.1	2.3	2.4
EPS (INR)	21.2	23.4	25.6
EPS Gr. (%)	12.7	10.6	9.3
BV/Sh. (INR)	121	133	144
ABV/Sh. (INR)	116	128	138
RoA (%)	1.1	1.1	1.0
RoE (%)	19.1	18.9	18.9
Valuations			
P/E (x)	5.9	5.4	4.9
P/BV (x)	1.0	0.9	0.9
P/ABV (x)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	62.9	62.9	62.9
DII	12.3	11.9	12.2
FII	12.3	12.7	11.9
Others	12.4	12.5	12.9

CMP: INR125 **TP: INR160 (+28%)** **Buy**

Healthy performance; margin improves 3bp QoQ

Lower provisioning and reduced opex drive earnings beat

- Canara Bank (CBK) posted a 2QFY27 standalone PAT of INR51.7b (up 8% YoY/7% QoQ; 8% beat on MOFSLe), fueled by lower-than-expected provisions and opex.
- NII grew 20% YoY/8% QoQ to INR110.0b (3% higher than MOFSLe). CBK's NIM improved 3bp QoQ to 2.55% (in line). The bank maintained its NIM guidance of 2.5-2.6% for FY27.
- The bank's loan book grew 20% YoY/7% QoQ to INR13.6t. Deposits grew 13% YoY/ 5% QoQ to INR16.97t.
- Slippages stood at INR19b (INR18b in 1QFY27). GNPA/NNPA ratios improved 24bp/6bp QoQ to 1.33%/ 0.30%. PCR rose to 77.9% (up 71bp QoQ). The impact of the ECL transition is likely to be in the range of INR120-150b (vs. INR100-120b earlier) and is likely to affect CRAR by ~1.0-1.2%.
- **We tweak our estimates for FY27E/28E and expect CBK to deliver an FY27 RoA/RoE of 1.06%/18.9%. Reiterate BUY with a TP of INR160 (based on 1.1x Mar'28E ABV+ INR13 for subsidiaries).**

Business growth steady; asset quality ratios improve

- CBK's 2QFY27 PAT grew 8% YoY/7% QoQ to INR51.7b (8% above MOFSLe), aided by lower-than-expected provisioning and opex.
- NII grew 20% YoY/8% QoQ to INR110.0b (~3% beat). Its margin expanded 3bp QoQ to 2.55% (in line). CBK retained its FY27 NIM guidance at 2.5-2.6%.
- Other income declined 18% YoY/ 14% QoQ to INR57.7b (3% lower than MOFSLe) with lower PSLC and treasury income. Total revenue thus rose 4% YoY to INR167.8b (in line).
- Operating expenses increased 5% YoY (down 3% QoQ) to INR80.2b (4% lower than MOFSLe). C/I ratio declined to 47.8% (vs. 49.0% in 1QFY27). PPoP thus rose 2% YoY/1% QoQ to INR87.4b (5% beat).
- The loan book grew 20.4% YoY/6.5% QoQ, led by robust growth in the retail (21% YoY/6.2% QoQ) and Agri segments (14.3% YoY/10.2% QoQ). The gold loan book stood at INR2.8t, of which the agricultural gold loan book accounted for INR1.7t.
- Deposits grew 13.1% YoY/5.3% QoQ to INR16.97t. CASA deposits grew 4.9% YoY/2.6% QoQ. CASA ratio stood at 29.0% (vs 29.7% in 1QFY27), while the CD ratio increased to 80.2% (vs. 79.3% in 1QFY27).
- Provisions came in at INR17.8b (13% below MOFSLe), down 14% QoQ and 24% YoY. Slippages increased marginally to INR19b (INR18b in 1QFY27), even as asset quality ratios improved across segments. GNPA/NNPA ratios improved 24bp/6bp QoQ to 1.33%/0.30%. PCR stood at 77.9%.
- Reported credit costs dipped to 0.47% from 0.49% in 1QFY27. SMA book (INR50m and above) declined to 0.51% from 0.58% in 1QFY27.

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Akshay Badlani (akshay.badlani@motilaloswal.com) | **Devansh Jani** (Devansh.Jani@motilaloswal.com)

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Highlights from the management commentary

- Yield on corporate loans increased from 7.68% in 1QFY27 to 7.72% in 2QFY27. Yield on gold loans rose from 8.96% in 1QFY27 to 9.10% in 2QFY27.
- CBK expects to sustain NIM at 2.55%, with the adverse impact on NIMs in 3Q from the leveraged portion of FCNR(B) deposits expected to be offset by rate hikes.
- The estimated impact of the ECL transition has increased from INR120b to INR150b, owing to higher G-sec yields. This translates into a 1.0-1.2% impact on CRAR. CBK might not need to spread the transition impact beyond two years.
- Total exposure to drought-exposed regions stood at INR139b. The bank does not anticipate significant problems, given the likely dispensation from SLBC and the restructuring of loans.

Valuation and view: Reiterate BUY with a TP of INR160

CBK reported a steady quarter with an uptick in margins and lower provisions and opex while asset quality continued to improve. CBK's NIM is expected to be range-bound at 2.5-2.6% for FY27 aided by rate hikes. Loan growth was healthy and broad-based with RAM segments leading the overall growth. Deposit growth lagged credit growth, while CBK remains focused on improving the granularity of deposits. CBK maintains its loan growth guidance of 11-12%. The bank's asset quality improved, with lower NPAs across asset classes. CBK will need to make additional provisions of INR120-150b for the ECL transition, with an estimated impact of 1.0-1.2% on CRAR. The RoA guidance stands at 1%+ for FY27. **We marginally tweak our estimates for FY27E/28E and expect CBK to deliver FY27E RoA/RoE of 1.06%/18.9%. Reiterate BUY with a TP of INR160 (based on 1.1x Mar'28E ABV+ INR13 for subsidiaries).**

Quarterly performance **(INR b)**

	FY26				FY27E				FY26	FY27E	FY27E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Net Interest Income	**90.1**	**91.4**	**92.5**	**98.1**	**102.2**	**110.0**	**113.9**	**122.3**	**372.1**	**448.4**	**107.4**	**2.4%**
% Change (Y-o-Y)	-1.7	-1.9	1.1	3.9	13.4	20.4	23.1	24.7	0.4	20.5	17.5	
Other Income	70.6	70.5	79.0	48.2	67.3	57.7	57.9	60.3	268.4	243.2	59.7	-3.2%
Total Income	**160.7**	**162.0**	**171.5**	**146.3**	**169.4**	**167.8**	**171.8**	**182.6**	**640.5**	**691.5**	**167.1**	**0.4%**
Operating Expenses	75.2	76.1	80.3	78.7	83.1	80.2	82.0	85.5	310.3	330.7	83.8	-4.3%
Operating Profit	**85.5**	**85.9**	**91.2**	**67.6**	**86.4**	**87.6**	**89.7**	**97.1**	**330.2**	**360.8**	**83.3**	**5.2%**
% Change (Y-o-Y)	12.3	12.2	16.4	-18.4	1.0	2.0	-1.6	43.7	5.2	9.3	-3.0	
Other Provisions	23.5	23.5	24.1	9.9	20.8	17.8	18.8	19.7	81.1	77.1	20.5	-13.2%
Profit before Tax	**62.0**	**62.3**	**67.1**	**57.7**	**65.6**	**69.8**	**70.9**	**77.4**	**249.1**	**283.6**	62.8	11.2%
Tax	14.5	14.6	15.5	12.6	17.0	18.0	17.2	19.3	57.2	71.5	**14.7**	**22.2%**
Net Profit	**47.5**	**47.7**	**51.6**	**45.1**	**48.6**	**51.7**	**53.8**	**58.1**	**191.9**	**212.2**	48.0	7.8%
% Change (Y-o-Y)	21.7	18.9	25.6	-9.9	2.2	8.4	4.3	29.0	12.7	10.6	**1**	
Operating Parameters												
Deposit (INR b)	14,438	15,003	15,213	15,687	16,117	16,973	17,318	17,726	15,687	17,726	16,963	
Loan ((INR b)	10,736	11,301	11,728	12,200	12,777	13,608	13,855	14,116	12,200	14,116	13,543	
Deposit Growth (%)	8.1	11.4	12.9	7.7	11.6	13.1	13.8	13.0	9.7	13.0	13.1	
Loan Growth (%)	13.4	14.8	14.6	16.3	19.0	20.4	18.1	15.7	16.3	15.7	19.8	
Asset Quality												
Gross NPA (%)	2.7	2.5	2.1	1.8	1.6	1.3	1.3	1.4	1.8	1.4	1.5	
Net NPA (%)	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.4	0.3	0.3	
PCR (%)	77.1	77.4	78.6	77.1	77.1	77.9	78.2	78.6	77.0	78.6	77.3	

E: MOFSL Estimates

Quarterly snapshot

(INR b)	FY26				FY27		Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY**	**QoQ**
Net Interest Income	**90.1**	**91.4**	**92.5**	**98.1**	**102.2**	**110.0**	**20.4**	**7.7**
Other Income	70.6	70.5	79.0	48.2	67.3	57.7	-18.2	-14.2
Total Income	**160.7**	**162.0**	**171.5**	**146.3**	**169.4**	**167.8**	**3.6**	**-1.0**
Operating Expenses	**75.2**	**76.1**	**80.3**	**78.7**	**83.1**	**80.2**	**5.4**	**-3.5**
Employee	48.0	48.2	49.0	47.4	50.9	48.1	-0.3	-5.6
Operating Profits	**85.5**	**85.9**	**91.2**	**67.6**	**86.4**	**87.6**	**2.0**	**1.4**
Core Operating Profits	**69.4**	**73.7**	**65.3**	**68.6**	**79.8**	**86.1**	**16.7**	**7.8**
Provisions	23.5	23.5	24.1	9.9	20.8	17.8	-24.3	-14.3
PBT	62.0	62.3	67.1	57.7	65.6	69.8	11.9	6.4
Taxes	14.5	14.6	15.5	12.6	17.0	18.0	23.4	6.0
PAT	**47.5**	**47.7**	**51.6**	**45.1**	**48.6**	**51.7**	**8.4**	**6.6**
Balance sheet (INR b)								
Loans	10,736	11,301	11,728	12,200	12,777	13,608	20.4	6.5
Deposits	14,438	15,003	15,213	15,687	16,117	16,973	13.1	5.3
CASA Deposits	3,957	4,281	4,124	4,288	4,376	4,489	4.9	2.6
- Savings	3,417	3,522	3,577	3,666	3,772	3,857	9.5	2.2
- Current	540	759	546	622	604	632	-16.7	4.7
Loan mix (%)								
Agriculture & Allied	22.7	23.1	22.6	22.3	21.3	22.1	-101	78
MSME	13.4	13.4	13.5	12.8	13.1	12.9	-44	-14
Retail	21.5	21.8	22.9	24.0	24.7	24.0	222	-69
Corporate and others	42.5	41.7	41.0	41.0	40.9	40.9	-77	5
Asset Quality								
GNPA	295.2	270.4	248.3	227.4	203.5	183.0	-32.3	-10.1
NNPA	67.7	61.1	53.2	52.1	46.5	40.5	-33.7	-12.9
Slippages	21.7	21.0	19.0	28.0	18.0	19.2	-8.8	6.4
Asset Quality Ratios	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**YoY (bp)**	**QoQ (bp)**
GNPA (%)	2.7	2.4	2.1	1.8	1.6	1.3	-102	-24
NNPA (%)	0.6	0.5	0.5	0.4	0.4	0.3	-24	-6
PCR (Calculated, %)	77.1	77.4	78.6	77.1	77.1	77.9	46	71
PCR (inc TWO, %)	93.2	93.6	94.2	94.2	94.8	95.3	175	58
Slippage Ratio (%)	0.9	0.9	0.7	1.1	0.7	0.7	-18	1
Business Ratios								
CASA	29.6	30.7	29.5	29.8	29.7	29.0	-169	-70
Loan/Deposit	74.4	75.3	77.1	77.8	79.3	80.2	485	90
Other income/Total Income	43.9	43.6	46.1	33.0	39.7	34.4	-915	-530
Cost to Income	46.8	47.0	46.8	53.8	49.0	47.8	82	-123
Cost to asset	1.8	1.8	1.9	1.8	1.8	1.7	-13	-13
Tax Rate	23.4	23.4	23.1	21.9	25.9	25.8	240	-11
Capitalisation Ratios (%)								
Tier-1	14.6	14.3	14.6	14.6	15.0	15.1	77	5
- CET 1	12.3	12.2	12.4	12.4	12.9	12.8	59	-11
CAR	16.5	16.2	16.5	17.0	17.2	17.2	99	2
RWA / Total Assets	43.7	44.3	44.2	44.0	44.2	43.4	-90	-83
LCR	144.2	132.3	126.1	116.9	115.3	115.0	-1730	-25
Profitability Ratios								
Yield on loans	8.5	8.4	8.3	8.3	8.0	8.0	-37	3
Yield On Funds	7.4	7.3	7.3	7.2	7.1	7.1	-25	3
Cost of Funds	5.3	5.2	5.2	5.1	4.9	4.9	-33	1
Cost of Deposits	5.7	5.7	5.6	5.5	5.3	5.3	-39	0
NIMs	2.6	2.5	2.5	2.5	2.5	2.6	5	3
Other Details								
Branches	9,861	9,948	10,066	10,097	10,131	10,146	198	15
ATMs	10,847	7,405	7,048	11,306	11,047	10,764	3,359	(283)



Highlights from the management commentary

Opening Remarks

- Total Business crossed INR30t milestone.
- Barring CASA, CBK had surpassed all the guidance given across metrics.
- Advances growth was 20% YoY well ahead of guidance of 11-12% YoY.
- Deposits growth came in at 13% YoY, with CASA growing at 5% YoY.
- NIM came in at 2.55% up 3bp QoQ.
- RoA and RoE stood at 1.04%/18.5%%.

Advances and deposits

- Advances growth was broad-based. It has good set up and ecosystem for gold loans.
- Gold loans outstanding was at INR2.8t with Agri-GL at INR1.74t and Non-Agri GL at INR1.04t. Core Agri book is at INR1.30t vs. INR1.25t in 1QFY27.
- Disbursements under ECLGS stood at INR130b.
- USD3.2b out of USD 5.8b was leveraged against FCNR(B) deposits.
- CBK is experiencing robust demand for retail loans while pipeline for corporate loans remains strong.
- INR470b of corporate pipeline in 2QFY27 with demand visible in power sector, green sector, power evacuation, battery savers, data centers and infrastructure.
- Bulk deposits remained flat at INR4.3t. Benefit on cost of deposits by 100bp as FCNR(B) deposits replaced bulk deposits. CBK also saved on SLR & CRR costs %.

Yields and margins

- Yield on corporate loans increased from 7.68% in 1QFY27 to 7.72% in 2QFY27. Yield on gold loans rose from 8.96% in 1QFY27 to 9.10% in 2QFY27.
- Yield on gold loans can go up further going forward, given that G-sec rates are going up and CBK's rates are lower than those of the competition.
- CBK would be able to sustain NIM at 2.55% with the adverse impact on NIM in 3QFY27 owing to leveraged portion of FCNR(B) deposits being offset by rate hikes.
- 53% of the book is repo-linked.
- Retail margins stood at 8.65%.

Other income and Opex

- About 80% of investment book consists of HTM. 15% is AFS reserve. The loss of INR13b in 2QFY27 was adjusted in AFS reserve.
- FVPL loss was INR0.5b for 2QFY27 and was INR5.5b for 1QFY27, taking the total loss for 1HFY27 to INR6b owing to hardening of G-sec yields.
- Interest on IT refund was INR 0.9b in 2QFY27.
- Provision for pension & gratuity provided was INR9.5b in 2QFY27 similar to 1Q.
- Investing heavily in digital advancements, especially on digital adoption.
- Management does not envisage notable earnings upgrades arising from UPI MDR.

Asset quality

- Total exposure to drought-affected area is INR139b. Only two states affected by drought. Management does not envisage much of a problem with likely dispensation from SLBC and restructuring of loans.
- Total SMA (INR > 50m) is 0.51% (INR70b). Total SMA (for the entire book) is 2.42% (INR333b)
- Every quarter recovery is higher than slippages. However, the recovery pool is shrinking. In absolute terms, recovery won't be as high as in historical trends.
- The ECL transition impact is likely to increase from INR120b to INR150b, owing to hardening of G-sec yields. This translates to 1.0-1.2% of CRAR. The bank might not spread the transition impact beyond 2 years.
- At this point, management does not see much increase in steady state credit cost with possibility of passing on the higher credit cost impact to customers. Lower incremental slippages could likely offset incremental steady-state credit cost impact.
- Total slippages came in at INR18.4b. Agri slippages stood at INR6.9b, Corporate stood at INR0.13b, Gold at INR 0.4b, Retail at INR3.27b, and MSME at INR7.77b.

Others

- In 3QFY27, CBK intends to sell-out one of the subsidiaries, Canara Bank Factor. The deal has been done. Total investment was only INR0.14b, but CBK shall receive 4x of that.
- LCR for the quarter stood at 115%.

Story in charts

Exhibit 1: Loan book grew 20.4% YoY (up 6.5% QoQ)

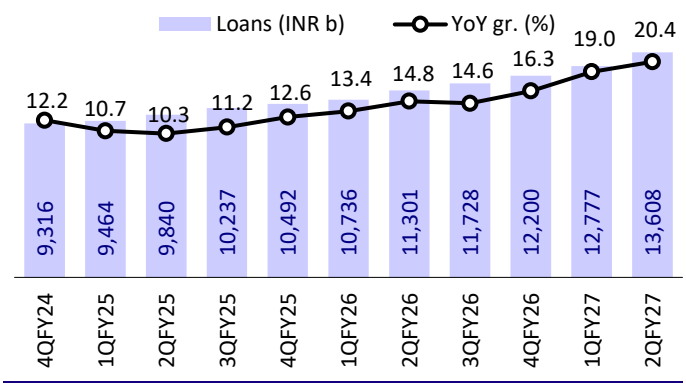


Exhibit 2: Deposits grew 13.1% YoY (up 5.3% QoQ)

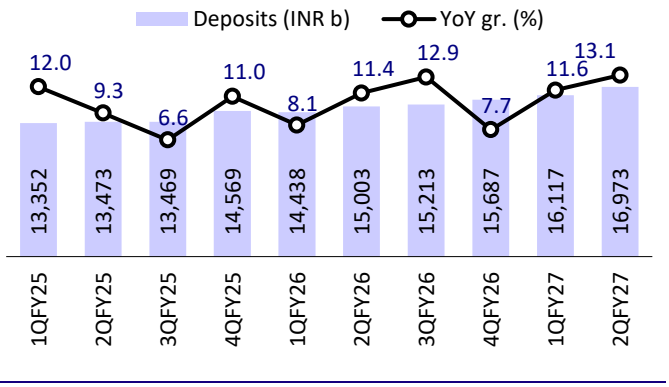


Exhibit 3: NIM improved 3bp QoQ to 2.55%

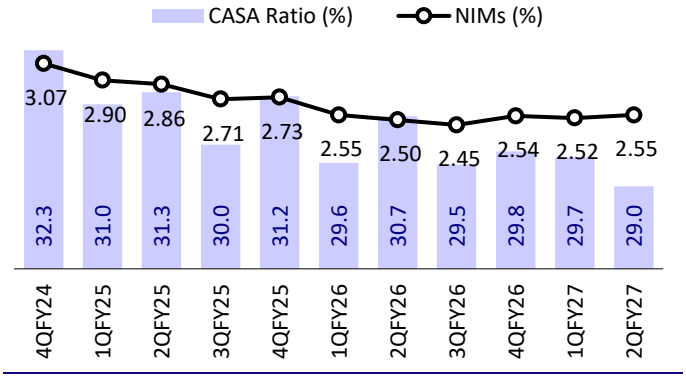


Exhibit 4: Yield on loans rose 3bp QoQ to 8.0%

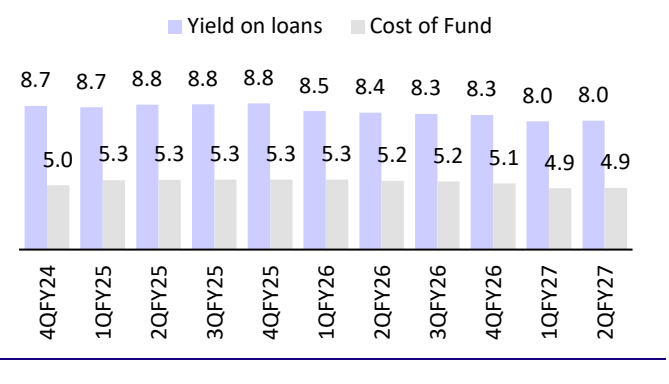


Exhibit 5: C/I ratio declined to 47.8%

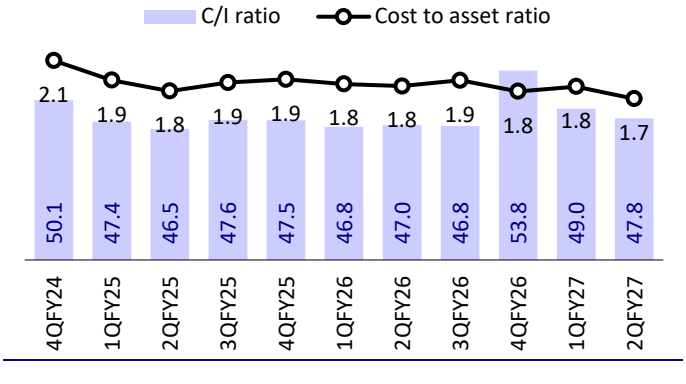


Exhibit 6: C/D ratio increased to 80.2%

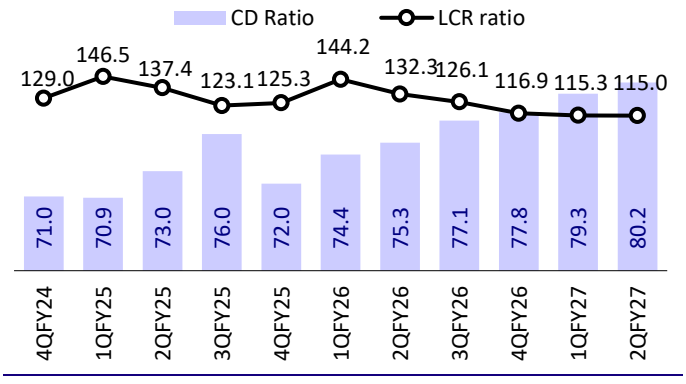
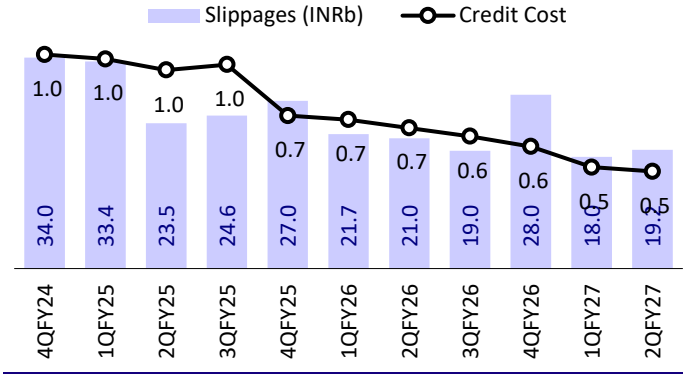
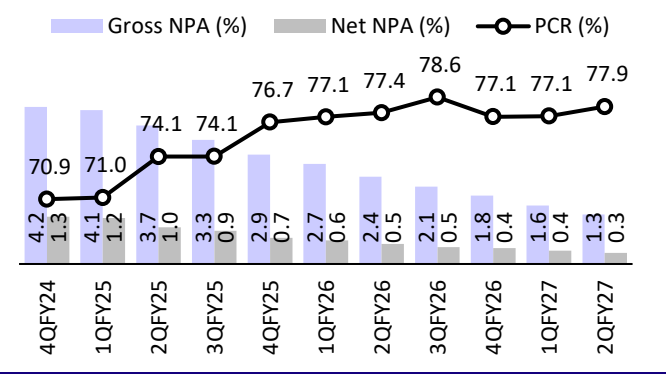


Exhibit 7: Credit costs declined to 47bp



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios improved 24bp/7bp QoQ



Source: MOFSL, Company

Valuation and view: Maintain BUY with a TP of INR160

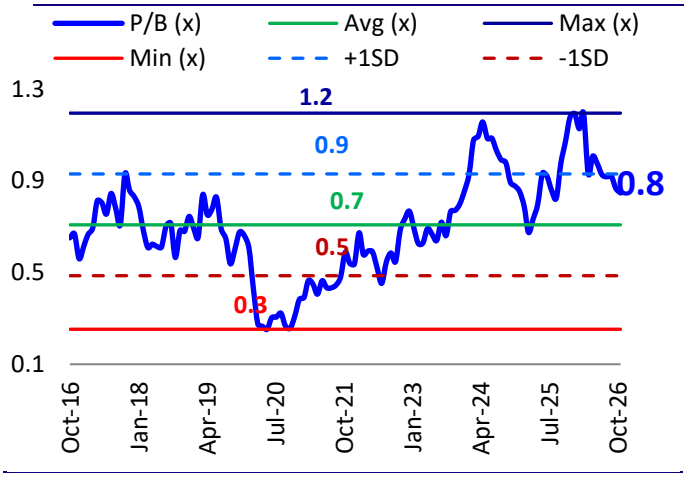
- CBK reported a steady quarter with an uptick in margins and lower provisions and opex while asset quality continued to improve.
- CBK's NIM is expected to be range-bound at 2.5-2.6% for FY27 aided by rate hikes.
- Loan growth was healthy and broad- based with RAM segments leading the overall growth. Deposit growth lagged credit growth, while CBK remains focused on improving the granularity of deposits. CBK maintains its loan growth guidance of 11-12%.
- The bank's asset quality improved, with lower NPAs across asset classes. CBK will need to make additional provisions of INR120-150b for the ECL transition, with an estimated impact of 1.0-1.2% on CRAR. The RoA guidance stands at 1%+ for FY27.
- **We marginally tweak our estimates for FY27E/28E and expect CBK to deliver FY27E RoA/RoE of 1.06%/18.9%. Reiterate BUY with a TP of INR160 (based on 1.1x Mar'28E ABV+ INR13 for subsidiaries).**

Exhibit 9: Revisions to our earnings estimates

(INR b)	Old Est		Rev Est		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Interest Income	**436.0**	**511.7**	**448.4**	**517.9**	**2.8**	**1.2**
Other Income	249.6	269.6	243.2	262.6	-2.6	-2.6
Total Income	**685.6**	**781.2**	**691.5**	**780.5**	**0.9**	**-0.1**
Operating Expenses	332.6	369.6	330.7	367.5	-0.6	-0.6
Operating Profits	**353.0**	**411.6**	**360.8**	**413.0**	**2.2**	**0.3**
Provisions	82.4	104.7	77.1	103.2	-6.4	-1.4
PBT	**270.6**	**306.9**	**283.6**	**309.7**	**4.8**	**0.9**
Tax	63.6	72.7	71.5	77.7	12.4	6.9
PAT	**207.0**	**234.2**	**212.2**	**232.0**	**2.5**	**-0.9**
Loans	14,116	15,908	14,116	15,908	0.0	0.0
Deposits	17,726	19,711	17,726	19,711	0.0	0.0
Margins (%)	2.24	2.35	2.30	2.38	2.8	1.2
Credit Cost (%)	0.63	0.70	0.59	0.69	-6.4	-1.4
RoA (%)	**1.03**	**1.04**	**1.06**	**1.03**	**2.5**	**-0.9**
RoE (%)	**18.5**	**19.2**	**18.9**	**18.9**	**2.3**	**-1.3**
BV	133	143	133	144	0.4	0.2
ABV	127	137	128	138	0.7	0.5
EPS	23	26	23	26	2.5	-0.9

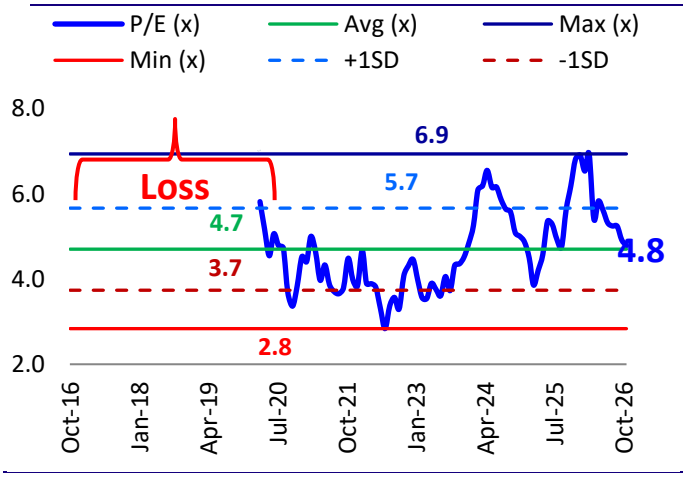
Source: MOFSL, Company

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: We expect RoA of 1.03% in FY28

Y/E MARCH	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	6.56	7.66	7.54	7.08	7.23	7.36
Interest Expense	4.12	5.08	5.21	5.00	4.99	5.05
Net Interest Income	**2.44**	**2.58**	**2.33**	**2.09**	**2.24**	**2.31**
Non-Interest income	**1.46**	**1.34**	**1.41**	**1.50**	**1.21**	**1.17**
Total Income	**3.90**	**3.91**	**3.75**	**3.59**	**3.45**	**3.48**
Operating Expenses	**1.75**	**1.84**	**1.77**	**1.74**	**1.65**	**1.64**
Employee cost	1.07	1.16	1.12	1.08	1.03	1.03
Other operating expenses	0.68	0.68	0.65	0.66	0.62	0.61
Operating Profits	**2.15**	**2.07**	**1.98**	**1.85**	**1.80**	**1.84**
Core operating Profits	**2.01**	**1.96**	**1.81**	**1.55**	**1.49**	**1.53**
Provisions	**1.05**	**0.68**	**0.55**	**0.45**	**0.38**	**0.46**
PBT	**1.10**	**1.39**	**1.42**	**1.40**	**1.42**	**1.38**
Tax	0.28	0.36	0.35	0.32	0.36	0.35
RoA	**0.82**	**1.03**	**1.07**	**1.08**	**1.06**	**1.03**
Leverage (x)	18.42	17.67	17.00	16.73	16.86	17.37
RoE	**15.2**	**18.1**	**18.2**	**18.0**	**17.8**	**18.0**

Source: MOFSL, Company

Financials and Valuations

Income Statement						(INR b)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	844.2	1,086.9	1,197.6	1,263.7	1,449.3	1,649.5
Interest Expense	529.9	721.2	826.8	891.6	1,000.9	1,131.6
Net Interest Income	**314.4**	**365.7**	**370.7**	**372.1**	**448.4**	**517.9**
- growth (%)	19.1	16.3	1.4	0.4	20.5	15.5
Non-Interest Income	187.6	189.7	224.5	268.4	243.2	262.6
Total Income	**502.0**	**555.3**	**595.2**	**640.5**	**691.5**	**780.5**
- growth (%)	17.1	10.6	7.2	7.6	8.0	12.9
Operating Expenses	224.8	261.2	281.3	310.3	330.7	367.5
Pre Provision Profits	**277.2**	**294.1**	**313.9**	**330.2**	**360.8**	**413.0**
- growth (%)	13.4	6.1	6.7	5.2	9.3	14.5
Core PPoP	**258.2**	**277.9**	**287.2**	**277.0**	**299.6**	**342.6**
- growth (%)	18.2	7.6	3.4	-3.6	8.2	14.4
Provisions	135.4	97.1	87.6	81.1	77.1	103.2
PBT	**141.7**	**197.0**	**226.3**	**249.1**	**283.6**	**309.7**
Tax	35.7	51.5	56.0	57.2	71.5	77.7
Tax Rate (%)	25.2	26.1	24.7	23.0	25.2	25.1
PAT	**106.0**	**145.5**	**170.3**	**191.9**	**212.2**	**232.0**
- growth (%)	86.7	37.3	17.0	12.7	10.6	9.3

Balance Sheet						
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**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	1,115.7	1,225.6	1,319.9
Net Worth	**736.1**	**869.5**	**999.0**	**1,133.8**	**1,243.7**	**1,338.0**
Deposits	**11,792.2**	**13,123.7**	**14,298.6**	**15,686.8**	**17,726.1**	**19,711.4**
- growth (%)	8.5	11.3	9.0	9.7	13.0	11.2
- CASA Deposits	**3,665.8**	**3,924.1**	**4,150.5**	**4,288.8**	**5,016.5**	**5,696.6**
- growth (%)	-0.6	7.0	5.8	3.3	17.0	13.6
Borrowings	580.9	575.9	1,166.9	1,552.9	1,735.9	1,892.6
Other Liabilities & Prov.	348.2	346.3	382.4	458.5	545.7	643.9
Total Liabilities	**13,457.3**	**14,915.4**	**16,846.9**	**18,832.0**	**21,251.3**	**23,585.8**
Current Assets	1,414.2	1,507.6	2,053.4	2,063.0	2,179.7	2,333.2
Investments	**3,190.4**	**3,574.5**	**3,821.8**	**4,034.1**	**4,377.0**	**4,727.2**
- growth (%)	13.1	12.0	6.9	5.6	8.5	8.0
Loans	**8,306.7**	**9,316.1**	**10,491.6**	**12,200.2**	**14,115.6**	**15,908.3**
- growth (%)	18.1	12.2	12.6	16.3	15.7	12.7
Fixed Assets	102.3	122.3	102.2	105.7	113.1	121.0
Other Assets	443.7	394.9	378.0	429.0	465.8	496.1
Total Assets	**13,457.3**	**14,915.4**	**16,846.9**	**18,832.0**	**21,251.3**	**23,585.8**

Asset Quality						
GNPA (INR b)	461.6	406.0	315.3	227.4	206.0	240.0
NNPA (INR b)	143.9	118.6	73.8	52.3	44.0	51.7
Slippages (INR b)	119.8	106.3	85.4	70.9	110.5	141.1
GNPA Ratio (%)	5.4	4.2	2.9	1.8	1.4	1.5
NNPA Ratio (%)	1.7	1.3	0.7	0.4	0.3	0.3
Slippage Ratio (%)	1.7	1.3	0.9	0.7	1.5	2.2
Credit Cost (%)	1.3	1.0	1.0	0.6	0.5	0.7
PCR (Excl Tech. write off) (%)	68.8	70.8	76.6	77.0	78.6	78.4

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	**6.9**	**8.0**	**7.8**	**7.3**	**7.4**	**7.6**
Avg. Yield on loans	8.0	8.9	8.9	8.2	8.3	8.4
Avg. Yield on Investments	6.6	6.8	6.7	6.5	6.7	6.8
Avg. Cost-Int. Bear. Liab.	**4.3**	**5.3**	**5.4**	**5.3**	**5.4**	**5.4**
Avg. Cost of Deposits	4.3	5.3	5.4	5.3	5.4	5.4
Interest Spread	**2.6**	**2.6**	**2.4**	**2.0**	**2.1**	**2.1**
Net Interest Margin	**2.6**	**2.7**	**2.4**	**2.1**	**2.3**	**2.4**
Capitalisation Ratios (%)						
CAR	16.7	16.3	16.3	17.0	16.9	17.2
- Tier I	13.8	14.0	14.4	14.6	14.8	15.4
- CET-1	11.6	11.7	12.0	12.4	12.8	13.4
- Tier II	2.9	2.3	2.0	2.5	2.1	1.8
Business Ratios (%)						
Loans/Deposit Ratio	70.4	71.0	73.4	77.8	79.6	80.7
Investment/Deposit Ratio	27.1	27.2	26.7	25.7	24.7	24.0
CASA Ratio	31.1	29.9	29.0	27.3	28.3	28.9
Cost/Assets	1.7	1.8	1.7	1.6	1.6	1.6
Cost/Total Income	44.8	47.0	47.3	48.4	47.8	47.1
Cost/Core Income	46.5	48.5	49.5	52.8	52.5	51.8
Int. Expense/Int. Income	62.8	66.4	69.0	70.6	69.1	68.6
Fee Income/Net Income	33.6	31.2	33.2	33.6	26.3	24.6
Non Int. Inc./Net Income	37.4	34.2	37.7	41.9	35.2	33.6
Empl. Cost/Op. Exps.	61.1	62.9	63.5	62.1	62.3	62.8
Efficiency Ratios (%)						
Employee per branch (in nos)	8.8	8.6	8.3	8.1	8.2	8.3
Staff cost per employee (INR m)	1.6	2.0	2.2	2.4	2.5	2.7
CASA/Branch (INRm)	377.7	408.6	421.4	424.8	491.9	553.1
Deposit/Branch (INRm)	1,214.9	1,366.5	1,451.8	1,553.6	1,738.2	1,913.7
Business per Employee (INR m)	236.5	271.5	305.1	340.8	381.5	418.4
Profit per Employee (INR m)	1.2	1.8	2.1	2.3	2.5	2.7
Profitability and Valuation						
RoE	17.1	20.2	19.9	19.1	18.9	18.9
RoA	0.8	1.0	1.1	1.1	1.1	1.0
RoRWA	1.9	2.2	2.3	2.3	2.2	2.4
Book Value (INR)	77	90	106	121	133	144
- growth (%)	13.1	17.9	17.6	14.0	10.0	7.8
Price-BV (x)	**1.6**	**1.4**	**1.2**	**1.0**	**0.9**	**0.9**
Adjusted BV (INR)	64	80	99	116	128	138
Price-ABV (x)	**2.0**	**1.6**	**1.3**	**1.1**	**1.0**	**0.9**
EPS (INR)	11.7	16.0	18.8	21.2	23.4	25.6
- growth (%)	78.1	37.3	17.0	12.7	10.6	9.3
Price-Earnings (x)	**10.7**	**7.8**	**6.7**	**5.9**	**5.4**	**4.9**
Dividend Per Share (INR)	2.4	3.2	4.0	4.2	6.7	10.8
Dividend Yield (%)	**1.9**	**2.6**	**3.2**	**3.3**	**5.4**	**8.6**

E: MOFSL Estimates

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SELL	< - 10%
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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