



## Index

- ◆ Stock Update >> [Punjab National Bank](#)
- ◆ Stock Update >> [Skipper](#)
- ◆ Stock Update >> [Allahabad Bank](#)



# Punjab National Bank

Reco: Hold

## Stock Update

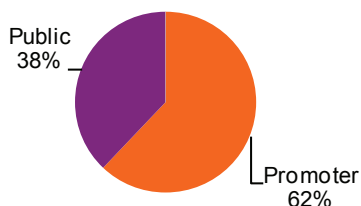
Heavy provisioning dents bottom line; PT revised down to Rs92

CMP: Rs76

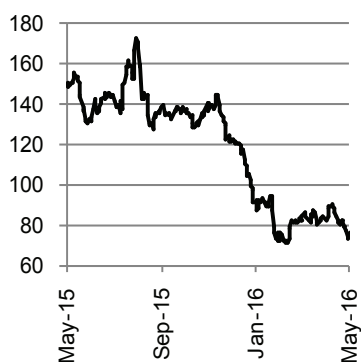
### Company details

Price target:	Rs92
Market cap:	Rs14,962 cr
52-week high/low:	Rs181/69
NSE volume: (No of shares)	48.9 lakh
BSE code:	532461
NSE code:	PNB
Sharekhan code:	PNB
Free float: (No of shares)	74.45 cr

### Shareholding pattern



### Price chart



### Price performance

(%)	1m	3m	6m	12m
Absolute	-11.4	3.4	-46.5	-47.9
Relative to Sensex	-11.5	-6.8	-46.5	-45.4

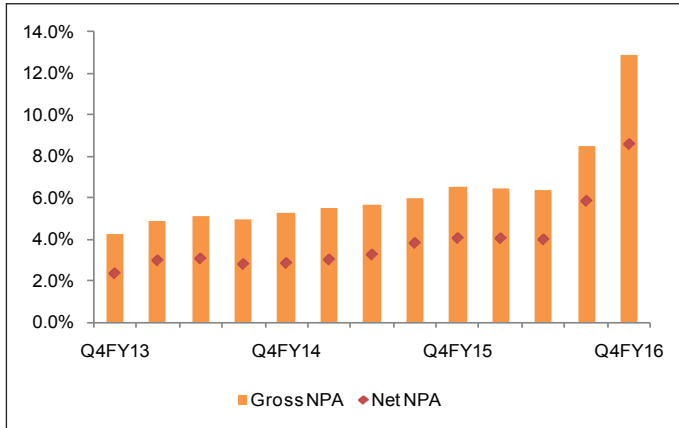
### Key points

- Provisions wipe out profitability:** During Q4FY2016, Punjab National Bank (PNB) reported a loss of Rs5,367 crore owing to a massive provisioning to the tune of Rs10,485 crore. The net interest income declined by 27.0% year on year (YoY) owing to heavy interest reversals on account of higher slippages. During the quarter, margins declined by 15 basis points (BPS) quarter on quarter (QoQ) owing to marginal increase in cost of funds (up 3BPS QoQ) while yields declined. The non-interest income during the quarter increased by 35.8% YoY owing to Rs1,326-crore recoveries from written-off accounts (up 297% YoY).
- Business growth tepid; asset quality deteriorates sharply:** During Q4FY2016, asset quality reported a sharp decline as slippages surged to Rs23,545 crore versus Rs12,712 crore QoQ. Accounts worth ~Rs11,000 crore were categorised into non-performing assets (NPAs) due to RBI's asset quality review (AQR). Discom loans worth Rs1,700 crore slipped into NPA. Though RBI's AQR has been dealt with, the bank has a restructured book of ~Rs20,144 crore, while there are loans worth Rs11,000 crore in SMA-2 category which could prove to be a cause of worry. The management however expects higher recoveries (~Rs15,000-20,000 crore) during FY2017 which would arrest the worsening of asset quality. Advances during the quarter grew at a modest pace of 8.4% YoY, retail and SME advances reported a healthy growth of 19.4% and 79.1% YoY respectively while corporate loan book moved up by 6.1% YoY.
- Valuation and outlook:** PNB's high exposure to risky corporate and high stressed loan book (gross NPA + restructured), the asset quality issues may persist in near term. However, since AQR has been dealt with and intended heavy recoveries could help the asset quality to show some improvement. The bank has a strong liability franchisee (current account and savings account > 40%) which could keep the funding cost low and cushion margins to an extent. We have revised down our FY2017E and FY2018E earnings and rolled over our valuations to FY2018E. We have valued the bank at 0.7x its FY2018E ABV, leading to a revised price target of Rs92, and maintained our Hold rating on the stock.

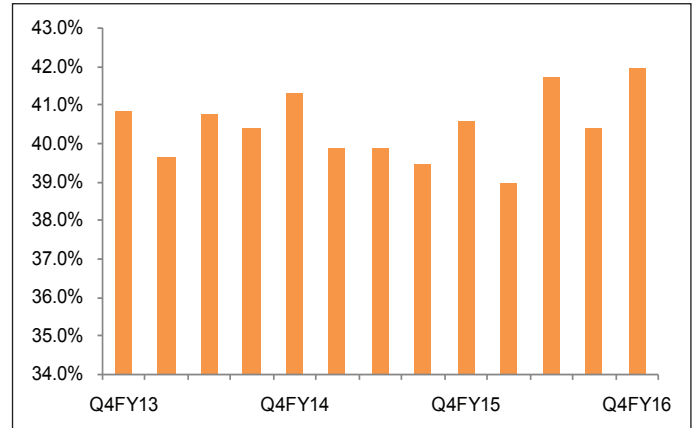
### Results

Particulars	Q4FY16	Q4FY15	YoY (%)	Q3FY16	QoQ (%)
Interest income	10,824.0	11,650.5	-7.1	12,220.6	-11.4
Interest expense	8,056.3	7,858.9	2.5	8,101.0	-0.6
<b>Net interest income</b>	<b>2,767.7</b>	<b>3,791.6</b>	<b>-27.0</b>	<b>4,119.6</b>	<b>-32.8</b>
Non-interest income	2,452.2	1,805.1	35.8	1,670.6	46.8
<b>Net total income</b>	<b>5,219.9</b>	<b>5,596.7</b>	<b>-6.7</b>	<b>5,790.2</b>	<b>-9.9</b>
Operating expenses	1,992.0	2,394.0	-16.8	2,872.4	-30.6
-Employee expenses	1,007.6	1,506.9	-33.1	1,991.2	-49.4
-Other operating expenses	984.5	887.2	11.0	881.2	11.7
<b>Pre-provisioning profit</b>	<b>3,227.9</b>	<b>3,202.7</b>	<b>0.8</b>	<b>2,917.9</b>	<b>10.6</b>
Provisions	10,485.2	3,834.2	173.5	3,775.5	177.7
Profit before tax	-7,257.4	-631.5	1,049.2	-857.7	-746.2
Tax	-1,890.2	-938.1	101.5	-908.7	-108.0
<b>Profit after tax</b>	<b>-5,367.1</b>	<b>306.6</b>	<b>-1,850.8</b>	<b>51.0</b>	<b>-10,621.7</b>
<b>Asset quality</b>					
Gross NPLs	55,818.3	25,694.9	117.2	34,338.2	62.6
-Gross NPLs (%)	12.90	6.55	635 BPS	8.47	443 BPS
Net NPLs	35,422.6	15,396.5	130.1	22,983.4	54.1
-Net NPLs (%)	8.61	4.06	455 BPS	5.86	275 BPS
<b>Capital adequacy (%)</b>					
CAR	11.28	12.21	-93 BPS	11.25	3 BPS
Tier I	8.41	9.30	-89 BPS	8.52	-11 BPS
<b>Key reported ratios (%)</b>					
NIM	2.60	2.79	-19 BPS	2.75	-15 BPS
CASA	41.95	40.57	138 BPS	40.38	156 BPS

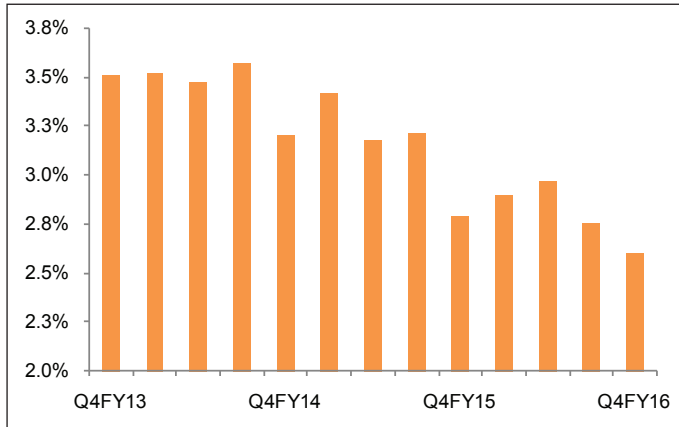
Asset quality (%)



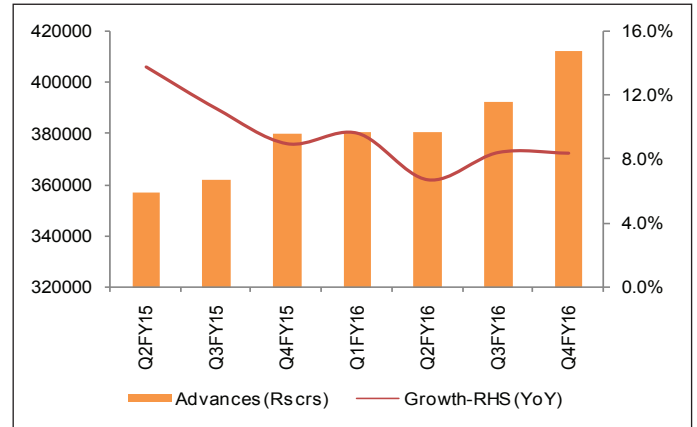
CASA (%)



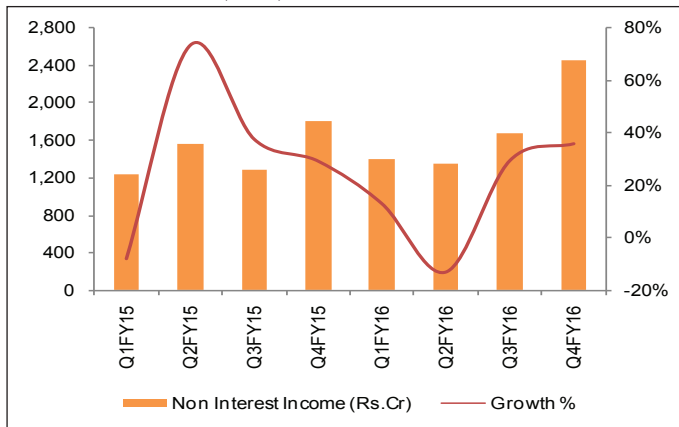
NIM (%)



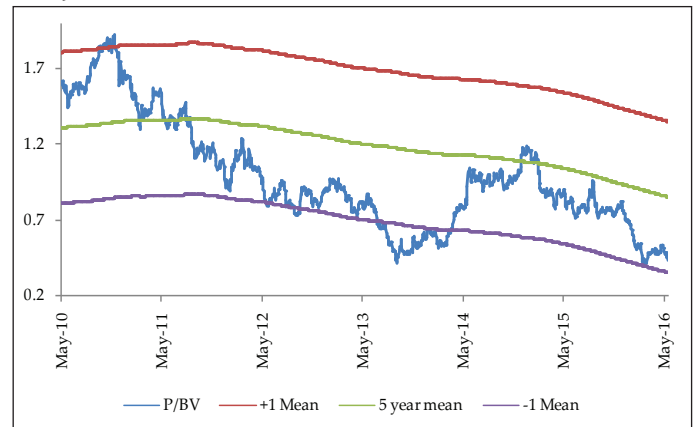
Advances (Rs cr)



Non-interest income (Rs cr)



One-year forward P/BV band



## Profit and loss statement

Rs cr

Particulars	FY14	FY15	FY16	FY17E	FY18E
Net interest income	16,146	16,556	15,312	16,930	21,078
Non-interest income	4,577	5,891	6,877	6,994	7,936
Net total income	20,723	22,446	22,189	23,924	29,014
Operating expenses	9,338	10,492	9,972	11,365	12,748
Pre-provisioning profit	11,384	11,955	12,216	12,559	16,266
Provisions	6,694	7,998	17,954	10,282	11,364
Profit before tax	4,691	3,957	-5,738	2,277	4,902
Tax	1,348	896	-1,763	637	1,632
Profit after tax	3,343	3,062	-3,974	1,639	3,270

## Balance sheet

Particulars	FY14	FY15	FY16	FY17E	FY18E
<b>Liabilities</b>					
Networth	35,893	39,080	38,310	39,641	42,296
Deposits	451,397	501,379	553,051	597,295	662,998
Borrowings	48,034	45,671	59,755	58,891	68,775
Other liabilities & provisions	15,096	17,205	16,274	29,826	32,811
<b>Total liabilities</b>	<b>550,420</b>	<b>603,334</b>	<b>667,390</b>	<b>725,654</b>	<b>806,880</b>
<b>Assets</b>					
Cash & balances with RBI	22,246	24,225	26,479	26,878	29,835
Balances with banks & money at call	22,973	31,709	47,144	49,501	51,976
Investments	143,786	151,282	157,846	184,608	204,491
Advances	349,269	380,534	412,326	453,558	512,521
Fixed assets	3,420	3,551	5,223	5,745	6,320
Other assets	8,728	12,031	18,373	5,363	1,737
<b>Total assets</b>	<b>550,420</b>	<b>603,334</b>	<b>667,390</b>	<b>725,654</b>	<b>806,880</b>

## Key ratios

Particulars	FY14	FY15	FY16	FY17E	FY18E
<b>Per share data (Rs)</b>					
Earnings	18.5	16.5	-20.2	8.3	16.7
Book value	189.6	200.9	185.9	192.7	206.2
Adj. book value	133.6	115.3	-13.7	46.4	131.9
Dividend	2.0	3.3	0.0	1.3	2.7
<b>Spreads (%)</b>					
Yield on advances	9.8	9.5	8.7	8.8	9.1
Cost of deposits	6.0	5.8	5.7	5.6	5.6
Net interest margins	3.4	3.1	2.6	2.4	2.8
<b>Operating ratios (%)</b>					
Credit to deposit	77.4	75.9	74.6	75.9	77.3
Cost to income	45.1	46.7	44.9	47.5	43.9
CASA	41.3	40.6	40.1	42.7	44.3
Non interest income / Total income	22.1	26.2	31.0	29.2	27.4
Assets/Equity (x)	15.0	15.4	16.4	17.9	18.7
<b>Return ratios (%)</b>					
RoE	9.7	8.2	-10.3	4.2	8.0
RoA	0.6	0.53	-0.6	0.2	0.4
<b>Asset quality ratios (%)</b>					
Gross NPA	5.3	6.5	12.8	10.6	8.7
Net NPA	2.9	4.2	8.6	6.3	2.8
<b>Growth ratios (%)</b>					
Net interest income	8.7	2.5	-7.5	10.6	24.5
Pre-provisioning profit	4.4	5.0	2.2	2.8	29.5
Profit after tax	-29.6	-8.4	-229.8	-141.2	99.5
Advances	13.1	9.0	8.4	10.0	13.0
Deposits	15.3	11.1	10.3	8.0	11.0
<b>Valuation ratios (%)</b>					
P/E	4.1	4.6	-3.8	9.1	4.6
P/BV	0.4	0.4	0.4	0.4	0.4
P/ABV	0.6	0.7	-5.6	1.6	0.6
<b>Capital adequacy (%)</b>					
CAR	11.5	9.9	12.2	11.3	10.8
Tier I	8.9	7.8	9.3	8.4	7.7

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

# Skipper

**Reco: Buy**

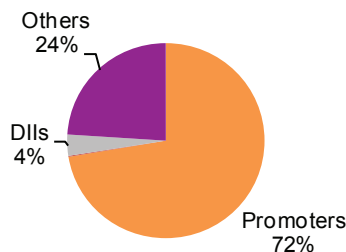
## Stock Update

**Healthy earnings outlook; retain Buy**
**CMP: Rs142**

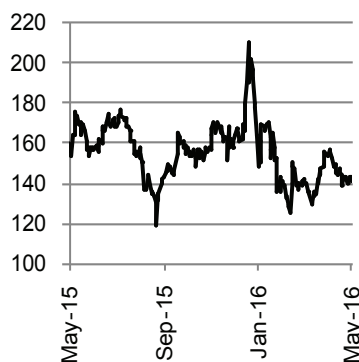
### Company details

Price target:	Rs190
Market cap:	Rs1,453 cr
52-week high/low:	Rs220/116
BSE volume: (No of shares)	62,972
BSE code:	538562
Sharekhan code:	SKIPPER
Free float: (No of shares)	2.83 cr

### Shareholding pattern



### Price chart



### Price performance

(%)	1m	3m	6m	12m
Absolute	-7.7	6.1	-8.9	-8.2
Relative to Sensex	-7.8	-4.4	-8.8	-3.7

### Key points

- Earnings growth lifted by exports incentives:** For Q4FY2016, though Skipper managed to register volume growth, yet its revenues remained soft YoY on account of lower realisation in line with softer commodity prices. As a result, the gross profit margin (GPM) expanded. However, the other expenses and employee costs jumped sharply and eroded the benefit of higher gross profits. Higher other expenses would be attributed to higher freight cost in exports business, while rise in employee expenses could be attributed to aggressive expansion in the PVC business. Consequently, the operating profit margin (OPM) contracted by roughly 90BPS YoY to 12.7% and resulted into flat operating profit. On the positive side, the company earned meaningful export incentives (-Rs7 crore in Q4) which helped the earnings to improve by 21% YoY to Rs36 crore.
- Sustains healthy growth outlook; strong order book and enhanced PVC capacity:** During FY2016 the adjusted earnings of skipper (forex gain) jumped by 35% YoY and generated a cash flow from operations of around Rs50 crore and RoE of 24%. During the post-result conference call, the management indicated that green corridor transmission line projects are likely to be ordered at a higher pace than the generating asset capacity build-up plan as the renewable power generating assets take substantially lower time to set up than transmission lines. On the export front, the company is exploring opportunities in new regions like Africa. The current PVC pipe capacity stands at 35,000 tonne and it plans to add another 15,000 tonne in FY2017. Hence, we believe the company is likely to sustain the healthy earnings growth momentum in the next two years.
- Earnings growth momentum to sustain; retain Buy:** Given the strong order book of Rs2,400 crore (1.8x its FY2016 engineering sales) and substantially higher PVC capacities, the company is likely to sustain a healthy earnings growth momentum in the next two years. The management aims to grow the engineering business by roughly 15% and PVC business by 70% on a lower base. On this backdrop, with largely stable margin environment, we have build in around 18% earnings CAGR for FY2016-18E and retained our Buy rating on the stock with an unchanged price target of Rs190 (17x its FY2018E earnings).

### Results

Particulars	Q4FY16	Q4FY15	YoY (%)	Q3FY16	Rs cr QoQ (%)
Net sales	522.7	499.5	5	361.6	45
Net raw material	341.3	361.7	-6	232.2	47
Employee cost	15.2	8.7	75	12.2	25
Other exp.	99.8	60.8	64	77.9	28
Operating profit	66.4	67.8	-2	39.3	69
Other income	8.1	0.5	NA	11.1	-27
Interest	15.5	15.4	1	15.3	2
Depreciation	6.3	6.3	0	6.1	3
PBT	52.6	47.1	12	28.9	82
Tax	16.5	16.8	-2	10.2	62
PAT	36.1	30.3	19	18.7	93
EO	0.0	0.3	NA	0.0	NA
Adj PAT	36.1	29.9	21	18.7	93
Adj EPS	3.5	2.9	21	1.8	93
			<b>BPS</b>		<b>BPS</b>
OPM	12.7	13.6	-87.7	10.9	183.3
NPM	6.9	6.0	91.7	5.2	173.8
Tax rate	31.4	35.7	-432.9	35.3	-392.7

Valuations		Rs cr				
Particulars	FY14	FY15	FY16	FY17E	FY18E	
Net sales	1,073.1	1,312.8	1,506.1	1,752.2	2,066.0	
Y-o-Y growth (%)	15.6	22.3	14.7	16.3	17.9	
OPM (%)	11.0	16.4	14.5	14.3	13.5	
Reported PAT	26.9	89.2	95.1	104.9	121.9	
Adjusted PAT	26.9	61.4	83.1	95.1	115.4	
Adjusted EPS	2.6	6.0	8.1	9.3	11.3	
Y-o-Y growth (%)	43.7	128.1	35.4	14.5	21.3	
PER (x)	54.0	23.7	17.5	15.3	12.6	
P/B	6.3	4.8	3.8	3.1	2.5	
EV/EBIDTA	15.2	8.0	8.2	7.3	6.6	
DE (x)	1.8	1.1	1.2	1.0	0.9	
RoCE (%)	16.4	29.2	26.2	24.7	24.2	
RoE (%)	12.3	22.9	24.2	22.3	22.1	

#### Q4FY2016 result-Steady performance continues:

Skipper reported revenues of Rs523 crore in Q4FY2016, 5% growth year on year (YoY). The largest segment, engineering, reported a subdued 6% year-on-year (Y-o-Y) revenue growth, due to lower realisations on account of low commodity prices. While the PVC segment's revenue grew by 23% YoY due to new capacities being operational. The infrastructure segment continues to be soft as Skipper is bidding very selectively in the infrastructure segment.

Segmental performance		Rs cr				
Revenue	Q4 FY16	Q4 FY15	YoY (%)	Q3 FY16	QoQ (%)	
Engineering products	465.94	441.35	6	327.24	42	
Infrastructure projects	8.05	15.24	-47	7.39	9	
PVC products	55.76	43.35	29	37.15	50	
Total revenue	529.75	499.94	6	371.77	42	
<b>PBIT (Rs cr)</b>						
Engineering products	67.46	96.96	-30	48.14	40	
PBIT margin (%)	14	22	-749.11	15	-23.41	
Infrastructure projects	0.44	1.25	-64	1.41	-68	
PBIT margin (%)	6	8	-268.80	19	-1,356.22	
PVC products	5.49	5.53	-1	3.77	46	
PBIT margin (%)	10	13	-291.00	10	-31.08	
Total PBIT	73.39	103.74	-29	53.33	38	
Unallocated (%)	520	4292		911		
PBT	52.65	45.47	16	28.91	82	
Blended PBITM (%)	14	21	-689.62	14	-48.95	

The company's OPM declined by 90 basis points (BPS) to 12.7% due to substantially higher other expenses and employee costs. The higher other expenses were attributed to higher freight costs in exports business while rise in employee costs would be attributed to aggressive expansion in the PVC segment. With 5% Y-o-Y growth in top line and 90-BPS contraction in OPM the operating

profit of the company was flattish YoY at Rs66.4 crore in Q4FY2016. However, below the operating line, Skipper benefitted by Rs7-crore exports incentive, which helped the net earnings. With this benefit, Skipper managed to register Rs36 crore of adjusted net profit, 21% higher on a year-on-year (Y-o-Y) basis.

#### FY2016 performance

Skipper's revenue increased by 15% YoY in FY2016, supported by 70% Y-o-Y growth in the revenue of the PVC segment and steady double-digit revenue growth in engineering products' segment. The operating profit seems flattish at the reporting level over the last year but if we adjust the extra-ordinary gain in FY2015, related to foreign exchange (forex) gain, the operating profit grew by 27% YoY in FY2016. The OPM expanded by 141BPS YoY to 14.5%. The gain in operating level percolated to the bottom line and the adjusted net profit grew by 55% YoY to Rs95 crore FY2016.

The company also maintained its net working capital days at 72 slightly higher than FY2015 however better than the historical average. Despite that, the company managed to generate cash from operations of around Rs50 crore in FY2016 and incurred a capital expenditure (capex) of Rs90 crore. In the meanwhile, the company has added debt of Rs97 crore on its book to support capex plan but the debt-equity ratio remained comfortably around 1.2 by the end of FY2016. On the positive side, Skipper managed well to generate returns ratios (RoCE and RoE) in the range of around 26-28% each during FY2016, better than the previous years.

#### Key conference call highlights

In FY2016, the company received orders more than Rs1,300 crore and now the order book of Skipper stands at more than Rs2,400 crore which mostly comprises of engineering product orders. Further, Skipper has participated in the bidding of around Rs1,200-crore-worth orders and expects a significant portion of these bids to be converted in final orders. The order book consists of 75% domestic orders while exports orders amount to 25%. Power Grid Corporation of India Ltd (PGCIL) dominates the order book as roughly 40% of Skipper's order book is made up of PGCIL orders.

The PVC segment of the company is going to be the fastest growing segment for the next couple of years. During FY2016, the company commissioned 10,000 metric tonne (MT) PVC plant near Ahmedabad, 4,000MT capacity at Guwahati and 6,000MT capacity at Sikandarabad. Currently, the total capacity of PVC segment stands at 35,000MT. We believe these facilities will take some time

to stabilise and reach markets. Hence, the benefit of the new capacities will start reflecting fully in FY2017 and FY2018. Further, the company plans to add around 15,000-20,000MT capacity in the PVC segment in FY2017 and aims to achieve a higher growth (~70%) on a low base.

**Earnings growth momentum to sustain; retain Buy:**

Given the strong order book of Rs2,400 crore (1.8x its FY2016 engineering sales) and substantially higher PVC

capacities, the company is likely to sustain a healthy earnings growth momentum in the next two years. The management aims to grow the engineering business by roughly at 15% and PVC business by 70% on a lower base. On this backdrop, with a largely stable margin environment, we have build in around compounded annual growth rate (CAGR) of 18% earnings for FY2016-18E and retained our Buy rating on the stock with an unchanged price target of Rs190 (17x its FY2018E earnings).

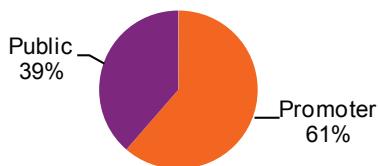
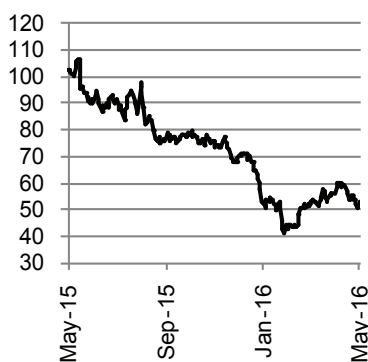
Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.



# Allahabad Bank

**Reco: Reduce**
**Stock Update**
**Dismal performance; bleak outlook**
**CMP: Rs53**
**Company details**

Price target:	Rs44
Market cap:	Rs3,265 cr
52-week high/low:	Rs109/40
NSE volume: (No of shares)	25.5 lakh
BSE code:	532480
NSE code:	ALBK
Sharekhan code:	ALBK
Free float: (No of shares)	23.71 cr

**Shareholding pattern**

**Price chart**

**Price performance**

(%)	1m	3m	6m	12m
Absolute	-10.5	19.2	-33.0	-51.8
Relative to Sensex	-10.6	7.4	-33.0	-49.4

**Key points**

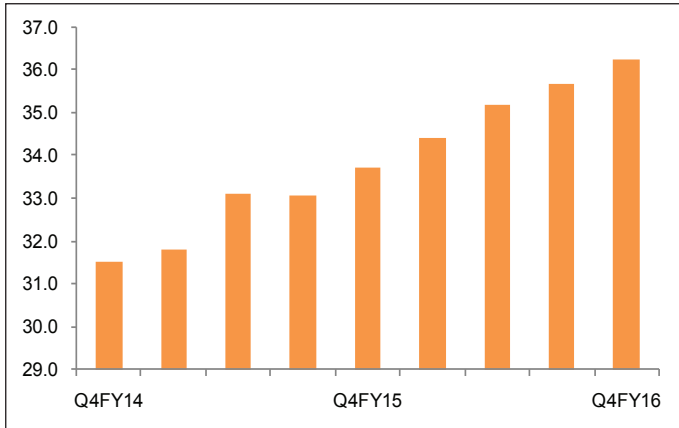
- Profits nosedive; muted business growth:** For Q4FY2016, Allahabad Bank has posted a lacklustre result with a loss of Rs581 crore despite Rs1,032 crore of tax write-back. The net interest income declined by 12.6% year on year (YoY), owing to muted growth in advances (up 1.7%) and contraction in margins (down 34 basis points [BPS] QoQ) on account of heavy interest reversals. Provisions during the quarter reported a sharp jump of 294.1% YoY leading to a sharp decline in profitability.
- Asset quality deteriorates; outlook remains dull:** Allahabad Bank reported a sharp deterioration in its asset quality as accounts worth Rs7,409 crore slipped into non-performing asset (NPA) versus Rs3,128 crore in the previous quarter. Accounts worth ~Rs5,800 crore slipped into NPA on account of asset quality review (AQR). The bank has accounts worth ~Rs8,700 crore in SMA-2 category which may add to the overall stress. Further, some accounts like Bhushan Steel and Amtek Auto have not been classified as NPAs which could also lead to increased slippages if they get classified as NPAs. The bank has an outstanding restructured book of Rs8,332 crore. The bank has outstanding accounts worth Rs1,460 crore in 5:25 scheme and Rs1,780 crore in strategic debt restructuring. The bank has sold accounts worth Rs227 crore to asset reconstruction company (ARC) during the quarter. The bank's higher exposure to stressed sectors like iron & steel, power and textiles increases riskiness of its book.
- Outlook and valuation:** Allahabad Bank continues to report weak performance on operational front as well as on the asset quality aspect. Despite considering RBI's AQR, the book is expected to remain under stress owing to high exposure towards troubled sectors. The growth hereon would be coming in from the retail and priority sectors along with that marginal cost of funds-based lending rate (MCLR) regime would keep margins suppressed. The bank is also low on capital adequacy (tier-1 of 8.4%) which increases the risk of equity dilution. We have maintained our Reduce rating on the stock with an unchanged price target of Rs44.

**Results**

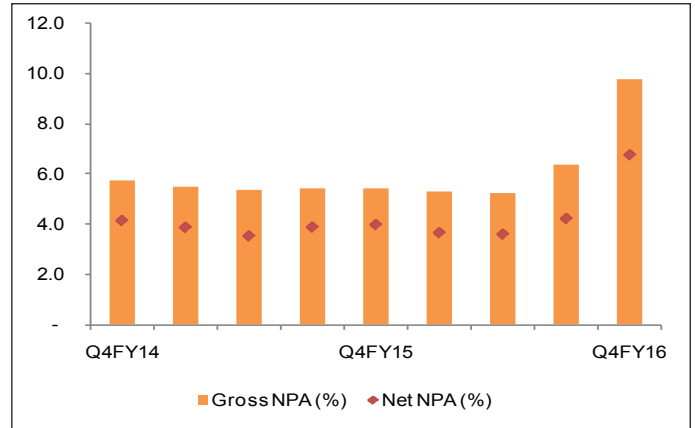
Particulars	Q4FY16	Q4FY15	YoY (%)	Q3FY16	Rs cr QoQ (%)
Interest income	4,496.7	4,824.9	-6.8	4,618.5	-2.6
Interest expense	3,223.0	3,368.0	-4.3	3,202.3	0.6
<b>Net interest income</b>	<b>1,273.7</b>	<b>1,456.9</b>	<b>-12.6</b>	<b>1,416.2</b>	<b>-10.1</b>
Non-interest income	554.7	565.9	-2.0	411.7	34.8
Net total income	1,828.4	2,022.7	-9.6	1,827.9	0.0
Operating expenses	955.2	1,013.9	-5.8	967.5	-1.3
-Employee expenses	514.6	604.1	-14.8	572.1	-10.1
-Other operating expenses	440.6	409.8	7.5	395.4	11.4
<b>Pre-provisioning profit</b>	<b>873.3</b>	<b>1,008.8</b>	<b>-13.4</b>	<b>860.4</b>	<b>1.5</b>
Provisions	2,487.2	631.1	294.1	1,208.2	105.9
Profit before tax	-1,613.9	377.7	-527.3	-347.8	364.1
Tax	-1,032.8	175.1	-690.0	138.4	-846.4
<b>Profit after tax</b>	<b>-581.1</b>	<b>202.6</b>	<b>-386.8</b>	<b>-486.1</b>	<b>19.5</b>
<b>Asset quality</b>					
Gross NPLs	15,384.6	8,358.0	84.1	9,802.1	57.0
Gross NPLs (%)	9.76	5.46	430 BPS	6.40	336 BPS
Net NPLs	10,292.5	5,978.9	72.1	6,307.5	63.2
Net NPLs (%)	6.76	3.99	277 BPS	4.23	253 BPS
<b>Capital adequacy (%)</b>					
CAR	11.02	10.45	57 BPS	10.38	64 BPS
Tier I	8.41	7.71	70 BPS	7.40	101 BPS
<b>Key reported ratios (%)</b>					
NIM	2.21	2.85	-64 BPS	2.55	-34 BPS
CASA	36.28	33.75	253 BPS	35.71	58 BPS



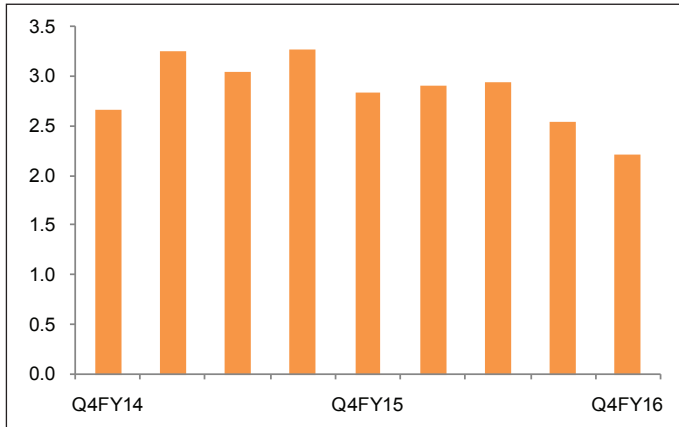
CASA (%)



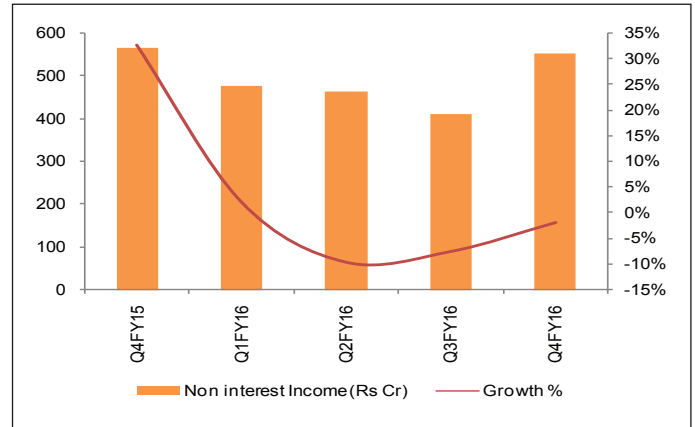
Asset quality (%)



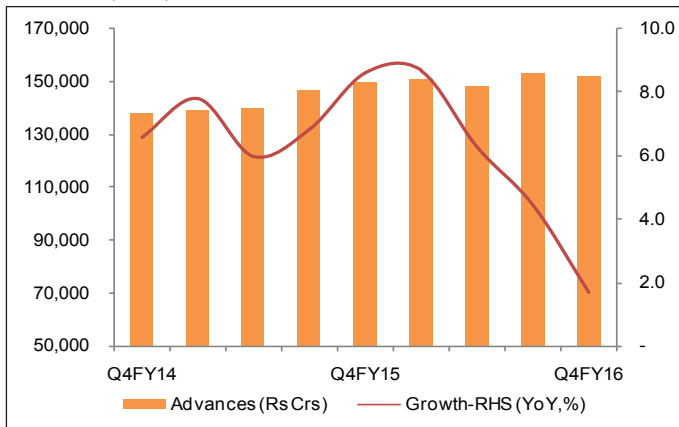
NIM (%)



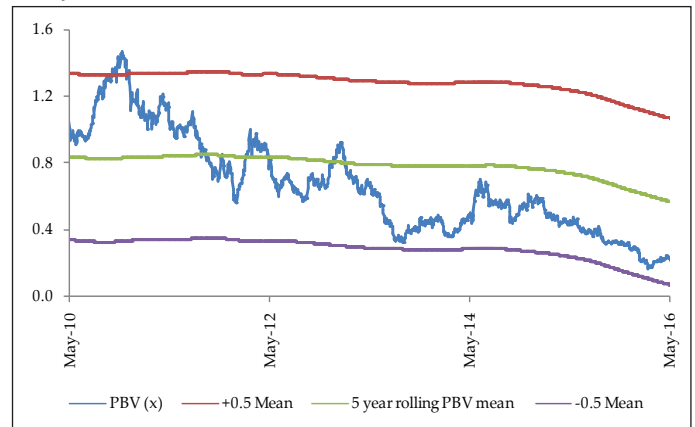
Non-interest income (Rs cr)



Advances (Rs cr)



One-year forward P/BV band



## Profit and loss statement

Rs cr

Particulars	FY13	FY14	FY15	FY16	FY17E
Net interest income	4,866	5,311	6,178	5,898	6,368
Non-interest income	1,477	2,166	1,996	1,910	2,090
Net total income	6,343	7,477	8,174	7,809	8,458
Operating expenses	2,958	3,457	3,714	3,675	4,345
Pre-provisioning profit	3,385	4,020	4,460	4,134	4,113
Provisions	1,833	2,384	2,857	5,253	3,122
Profit before tax	1,553	1,637	1,603	(1,119)	991
Tax	367	465	982	(376)	327
Profit after tax	1,185	1,172	621	(743)	664

## Balance sheet

Particulars	FY13	FY14	FY15	FY16	FY17E
<b>Liabilities</b>					
Networth	11,353	11,801	12,642	14,754	15,262
Deposits	178,742	190,843	193,424	200,644	216,696
Borrowings	10,098	12,131	14,316	14,807	19,381
Other liabilities & provisions	4,181	5,660	6,714	5,623	6,352
<b>Total liabilities</b>	<b>204,373</b>	<b>220,434</b>	<b>227,096</b>	<b>235,828</b>	<b>257,691</b>
<b>Assets</b>					
Cash & balances with RBI	7,808	8,834	9,660	9,471	9,535
Balances with banks & money at call	5,263	5,461	7,473	10,385	10,956
Investments	58,306	63,961	56,479	55,658	64,712
Advances	129,490	138,007	149,877	152,372	167,609
Fixed assets	1,252	1,310	1,405	3,256	1,660
Other assets	2,255	2,862	2,201	4,686	3,219
<b>Total assets</b>	<b>204,373</b>	<b>220,434.3</b>	<b>227,096</b>	<b>235,828</b>	<b>257,691</b>

## Key ratios

Particulars	FY13	FY14	FY15	FY16	FY17E
<b>Per share data (Rs)</b>					
Earnings	23.7	21.5	10.9	-12.1	10.8
Dividend	6.0	2.5	1.6	0.0	2.2
Book value	209.3	200.0	205.1	225.3	233.6
Adj. book value	126.8	94.9	100.6	59.0	98.2
<b>Spreads (%)</b>					
Yield on advances	10.6	10.4	10.4	9.6	10.0
Cost of deposits	7.1	7.0	6.7	6.4	6.3
Net interest margins	2.7	2.7	2.9	2.6	2.6
<b>Operating ratios (%)</b>					
Credit to deposit	72.4	72.3	77.5	75.9	77.3
Cost to income	46.6	46.2	45.4	47.1	51.4
CASA	30.7	31.3	33.6	35.9	36.7
Non interest income / Total income	23.3	29.0	24.4	24.5	24.7
Assets/Equity (x)	17.7	18.3	18.3	16.9	16.4
<b>Return ratios (%)</b>					
RoE	10.8	10.1	5.1	-5.4	4.4
RoA	0.6	0.6	0.3	-0.3	0.3
<b>Asset quality ratios (%)</b>					
Gross NPA	3.9	5.7	5.5	9.8	7.8
Net NPA	3.2	4.1	4.0	6.7	5.0
<b>Growth ratios (%)</b>					
Net interest income	-5.7	9.1	16.3	-4.5	8.0
Pre-provisioning profit	-10.2	18.8	10.9	-7.3	-0.5
Profit after tax	-36.5	-1.1	-47.0	-219.7	-189.3
Advances	16.5	6.6	8.6	1.7	10.0
Deposits	12.0	6.8	1.4	3.7	8.0
<b>Valuation ratios (x)</b>					
P/E	2.3	2.5	4.9	-4.4	4.9
P/BV	0.3	0.3	0.3	0.2	0.2
P/ABV	0.4	0.6	0.5	0.9	0.5
<b>Capital adequacy (%)</b>					
CAR	11.0	10.0	10.0	11.0	10.8
Tier I	8.1	7.5	7.7	8.4	8.3

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

## Automobiles

Apollo Tyres  
Ashok Leyland  
Bajaj Auto  
Gabriel Industries  
Hero MotoCorp  
M&M  
Maruti Suzuki  
Rico Auto Industries  
TVS Motor

## Banks &amp; Finance

Allahabad Bank  
Axis (UTI) Bank  
Bajaj Finance  
Bajaj Finserv  
Bank of Baroda  
Bank of India  
Capital First  
Corp Bank  
Federal Bank  
HDFC  
HDFC Bank  
ICICI Bank  
IDBI Bank  
LIC Housing Finance  
PTC India Financial Services  
Punjab National Bank  
SBI  
Union Bank of India  
Yes Bank

## Consumer goods

Britannia  
Emami  
GSK Consumers  
Godrej Consumer Products  
Hindustan Unilever  
ITC  
Jyothy Laboratories  
Marico  
Zydus Wellness

## IT / IT services

Firstsource Solution  
HCL Technologies  
Infosys  
Persistent Systems  
Tata Consultancy Services  
Wipro

## Capital goods / Power

Bharat Heavy Electricals  
CESC  
Crompton Greaves  
Finolex Cable  
Greaves Cotton  
Kalpataru Power Transmission  
PTC India

Skipper  
Thermax  
Triveni Turbine  
Va Tech Wabag  
V-Guard Industries

## Infrastructure / Real estate

Gayatri Projects  
ITNL  
IRB Infra  
Jaiprakash Associates  
Larsen & Toubro

## Oil &amp; gas

Oil India  
Reliance Ind  
Selan Exploration Technology

## Pharmaceuticals

Aurobindo Pharma  
Cipla  
Cadila Healthcare  
Divi's Labs  
Glenmark Pharmaceuticals  
Ipca Laboratories  
Lupin  
Sun Pharmaceutical Industries  
Torrent Pharma

## Building materials

Grasim  
The Ramco Cements  
Shree Cement  
UltraTech Cement

## Discretionary consumption

Century Plyboards (India)  
Cox and Kings  
Inox Leisure  
Info Edge (India)  
KDDL  
KKCL  
Orbit Exports  
Raymond  
Relaxo Footwear  
Speciality Restaurants  
Thomas Cook India  
Wonderla Holidays  
Zee Entertainment

## Diversified / Miscellaneous

Aditya Birla Nuvo  
Bajaj Holdings  
Bharti Airtel  
Bharat Electronics  
Gateway Distriparks  
Max Financial Services  
PI Industries  
Ratnamani Metals and Tubes  
Supreme Industries  
United Phosphorus

To know more about our products and services [click here.](#)



Attend a FREE Power Trading Workshop

[Click here to know more](#)

This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report. The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as he 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 his 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. We do not undertake to advise you as to any change of our views. Affiliates of SHAREKHAN may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. 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 SHAREKHAN and affiliates 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. Either SHAREKHAN or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The analyst certifies that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. Further, no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document.

Please refer the Risk Disclosure Document issued by SEBI and go through the Rights and Obligations and Do's and Don'ts issued by Stock Exchanges and Depositories before trading on the Stock Exchanges. Please refer disclaimer for Terms of Use.