March 31, 2017

Karur Vysya Bank

Easing troubles to pave way for growth

Karur Vysya Bank (KVB) is one of the oldest private sector banks with strong presence in the Southern parts of India. More than 53% of KVB's 706 branches are located in Tamil Nadu, however it is gradually branching out in other parts of India also.

Loan growth trajectory should pick up: KVB's loan book reported a healthy CAGR of 17% over FY2011-16. However, FY2017 has been a lackluster year so far with loan growth of only 3.3%. Nevertheless, we expect the growth trajectory to pick up from FY2018 onwards. While the bank is still largely dependent upon corporate loans for its growth, it has been scaling up its presence in the retail loans segment gradually. Retail as a % of total loans has gone up to 16% at the end of 3QFY17 as compared to 8% in FY2012, and this is likely to see further improvement in the years to come.

Fairly stable deposit growth further boosted by demonetization: KVB's deposits have reported a healthy 15.2% CAGR over FY2011-16. The growth in deposits got a further boost owing to demonetization. During demonetization the bank received strong flows in the low cost CASA base and the share of CASA in total deposits thus went up to 30.8% at the end of 3QFY2017 v/s 23.3% in FY2016 end. Though incrementally the growth in CASA could taper down, we expect overall deposits to grow at a CAGR of 9% over FY2017-19.

Asset quality issues to subside gradually: KVB had maintained a fairly stable asset quality in a challenging economic environment, however prolonged slowdown in the core sector took a toll on its asset quality and GNPAs went up from 1.30% (FY2016) to 2.66% at the end of 3QFY2017, while NNPAs went up to 1.68% v/s 0.55% over the same period. We expect NPAs issues to subside in the quarters to come.

Moderate credit costs will lead to earnings pick up and gradual recovery in RoE: Historically KVB had maintained a moderate credit cost of 40-45 bps, which jumped in FY2014/15 to 130/133 bps. However, it has moderated subsequently and we expect this to further moderate to 70 bps by FY2019. Lower incremental slippages, pick up in business growth and moderate credit cost should help earnings to grow by 12% & 26 % in FY2018 &19 respectively.

Outlook and valuation: KVB's earnings were impacted due to higher provisions and lower business growth, however, we expect gradual recovery on both the fronts going ahead. While in FY2018 we expect earnings recovery to be visible, sharp growth is expected in FY2019. At the CMP the stock is trading at 1.1x it's FY2019 BV. **We have valued the stock at 1.4x its FY2019E BV and recommend BUY with a Target Price of ₹140 over the next 12 months.**

Key financials (Standalone)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E	FY2019E
NII	1,466	1,781	2,010	2,182	2,532
% chg	*14.2*	*21.5*	*12.8*	*8.6*	*16.1*
Net profit	455	568	545	608	768
% chg	*6.0*	*24.7*	*(4.0)*	*11.5*	*26.5*
NIM (%)	2.8	3.2	3.3	3.2	3.4
EPS (₹)	7.5	9.3	8.9	10.0	12.6
P/E (x)	14.7	11.8	12.3	11.0	8.7
P/ABV (x)	1.6	1.5	1.3	1.2	1.1
RoA (%)	0.9	1.0	0.9	0.9	1.0
RoE (%)	12.0	12.9	11.2	11.4	13.2

Source: Company, Angel Research; Note: CMP as of March 30, 2017

BUY

CMP	₹110
Target Price	₹140
Investment Period	12 Months

Stock Info	
Sector	Banks
Market Cap (₹ cr)	6,730
Beta	0.5
52 Week High / Low	112/80
Avg. Daily Volume	150,460
Face Value (₹)	2
BSE Sensex	29,647
Nifty	9,174
Reuters Code	KARU.BO
Bloomberg Code	KVB@IN

Shareholding Pattern (%)	
Promoters	2.1
MF / Banks / Indian FIs	28.9
FII / NRIs / OCBs	19.8
Indian Public / Others	49.3

Abs.(%)	3m	1yr	3yr
Sensex	11.3	17.0	32.7
KVB	35.0	28.6	52.1

3-year price chart

Source: Company, Angel Research

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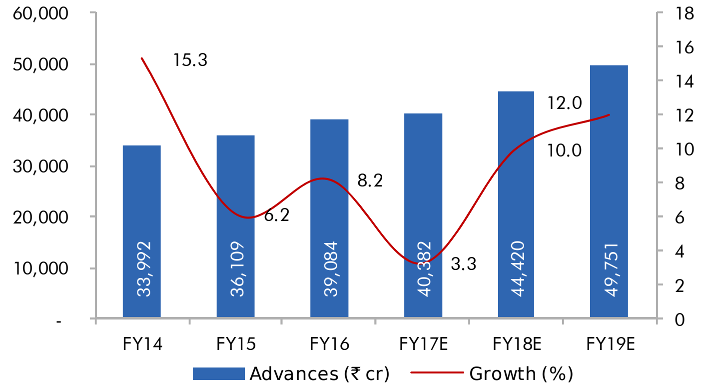
Loan growth remained moderate over the last few years, likely to see revival from FY2018

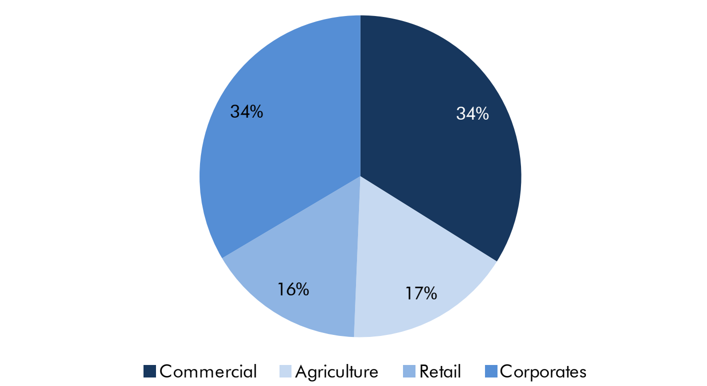
KVB's loan book reported a healthy CAGR of 17% over FY2011-16. However, FY2017 has been a lackluster year so far with loan growth of only 3.3%. Too much reliance on the corporate side has impacted the growth of the bank in the recent quarters, as incremental demand from corporate segment has been muted due to the lack of fresh capex. Further, looking at the stress in asset quality, the management has further slowed down the loan book expansion.

Exhibit 1: Loan growth has remained moderate



Source: Company, Angel Research

Exhibit 2: Loan Bifurcation Segmemnt wise %



Source: Company, Angel Research

While the bank is still largely dependent upon corporate loans for its growth, it has been scaling up its presence in the retail loans segment gradually. Retail as a % of total loans has gone up to 16% at the end of 3QFY17 as compared to 8% in FY2012, and this is likely to see further improvement in the years to come. Further, political instability in its home state Tamil Nadu also had been one of the key reasons for the lack of credit growth, however with stability in Government now, investments should revive, leading to better credit off take.

Exhibit 3: Advances Bifurcation Segment Wise

Segment Wise (₹ Cr)	FY12	FY13	FY14	FY15	FY16	3QFY17	CAGR 12-16 (%)
Advances	**23,949**	**29,480**	**33,992**	**36,691**	**39,476**	**38,460**	**13.3**
Commercial	8,231	9,513	11,217	11,774	12,764	13,035	11.6
Agriculture	3,807	5,386	6,119	6,240	7,032	6,442	16.6
Retail	1,976	3,502	4,079	5,274	5,918	6,093	31.6
Corporates	10,191	11,079	12,577	13,402	13,764	12,890	7.8
Segment Wise (%)							
Commercial	34	32	33	32	32	34	
Agriculture	16	18	18	17	18	17	
Retail	8	12	12	14	15	16	
Corporate	43	38	37	37	35	34	

Source: Company, Angel Research

Exhibit 4: Advances Category Wise (₹ Cr)

	FY12	FY13	FY14	FY15	FY16	3QFY17	CAGR 12-16 (%)
Manufacturing Sector	9,390	10,260	12,026	12,558	13,688	12,627	9.9
Jewel Loan	5,200	7,798	8,006	7,060	6,282	6,094	4.8
Personal Loan Segment	3,077	3,745	4,141	4,743	5,310	5,364	14.6
Trading	2,576	4,035	3,909	4,812	5,771	5,783	22.3
Bills	1,292	1,558	2,112	2,010	1,352	1,118	1.1
NBFC	1,255	1,116	833	968	975	1,041	(6.1)
Other Exposure	1,415	1,194	3,399	4,540	6,076	6,433	44.0
Total Advances	24,205	29,706	34,426	36,691	39,454	38,460	13.0

Source: Company, Angel Research

Exhibit 5: Manufacturing Sector Break Up (₹ Cr)

	FY12	FY13	FY14	FY15	FY16	3QFY17	CAGR 12-16 (%)
Textiles	1,777	2,057	2,595	2,771	3,515	3,423	18.6
Infrastructure	2,984	2,948	3,164	3,422	3,354	2,751	3.0
Food Processing	863	1,010	1,134	1,317	1,282	1,302	10.4
Basic Metal & Metal Products	1,154	1,438	1,597	1,459	1,225	1,247	1.5
Chemicals & Chemicals Products	494	473	719	641	720	488	9.9
All Engineering	270	386	424	499	433	441	12.5
Transport Equipments	256	214	313	380	368	393	9.5
Cement & Cement Products	95	92	91	81	375	379	41.0
Gems & Jewellery	217	252	366	378	342	371	12.0
Other Industries	1,280	1,390	1,623	1,610	2,019	1,832	12.1
Total Industry Exposure	9,390	10,260	12,026	12,558	13,633	12,627	9.8

Source: Company, Angel Research

KVB has a strong presence in the Textile belt of Coimbatore-Karur-Tirupur region and has strong relationships with the local textile manufactuers. Textile loans account for ~27% of the bank's manufcaturing sector loan book and ~9% of the total loan book, and has reported a 18.6% CAGR over FY2012-16. In the near term the Indian textile manufcaturers are seeing some moderation in growth due to the overall slow down in the developed countries, which are their export destinations. However, Indian textile industry remains quite competitive and is likley to bounce back, which should aid the loan growth for the bank.

Exhibit 6: Comparative Loan Book (₹ Cr)

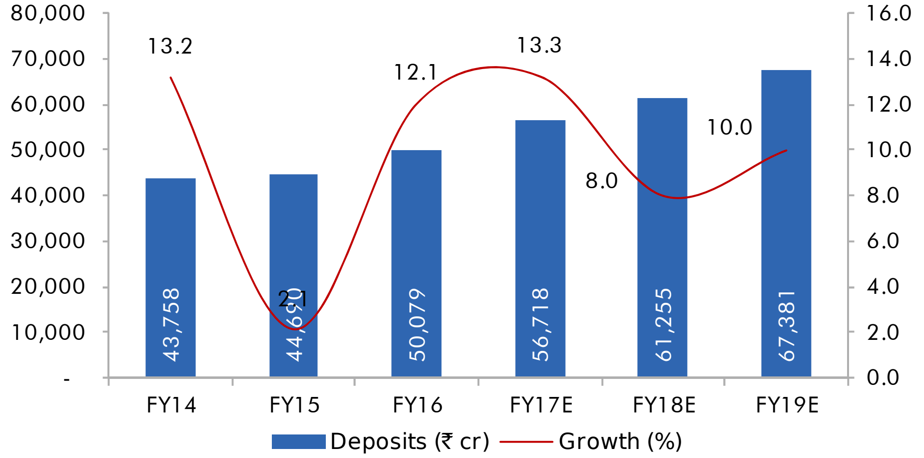
Company	FY11	FY12	FY13	FY14	FY15	FY16	CAGR 5Yr (%)
KVB	17,814	23,949	29,480	33,992	36,109	39,084	17.0
LVB	8,094	10,189	11,703	12,889	16,352	19,644	19.4
Federal Bank	31,953	37,756	44,097	43,436	51,285	58,090	12.7
City Union Bank	9,255	12,137	15,246	16,097	17,966	21,057	17.9
Karnataka Bank	17,348	20,721	25,208	28,345	31,680	33,902	14.3
DCB	4,271	5,284	6,586	8,140	10,465	12,921	24.8
South Indian Bank	20,489	27,281	31,816	36,230	37,392	41,086	14.9

Source: Company, Angel Research

Fairly stable deposit growth further boosted by demonetization

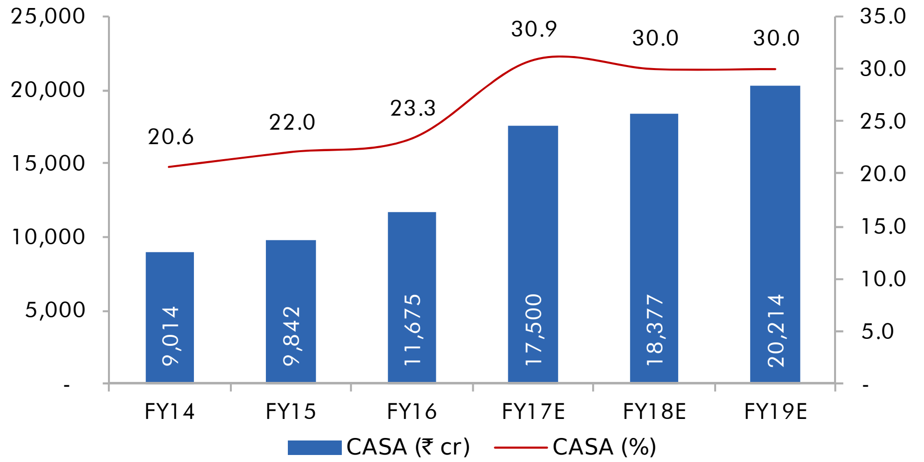
KVB's deposits have reported a healthy 15.2% CAGR over FY2011-16. The growth in deposits got a further boost owing to demonetization. During demonetization the bank received strong flows in the low cost CASA base and the share of CASA in total deposits thus went up to 30.8% at the end of 3QFY2017 v/s 23.3% in FY2016 end. Though incrementally the growth in CASA could taper down, we expect overall deposits to grow at a CAGR of 9% over FY2017-19.

Exhibit 7: Deposit growth has been fairly strong



Source: Company, Angel Research

Exhibit 8: Deposits got a boost backed by CASA



Source: Company, Angel Research

Exhibit 9: Comparative Deposit Growth

Deposits (₹ Cr)	FY11	FY12	FY13	FY14	FY15	FY16	CAGR 5 Yr (%)
KVB	24,722	32,112	38,653	43,758	44,690	50,079	15.2
LVB	11,150	14,114	15,619	18,573	21,964	25,431	17.9
Federal Bank	43,015	48,937	57,615	59,731	70,825	79,172	13.0
City Union Bank	12,914	16,341	20,305	22,017	24,075	27,158	16.0
Karnataka Bank	27,336	31,608	36,056	40,583	46,009	50,488	13.1
DCB	5,610	6,336	8,364	10,325	12,609	14,926	21.6
South Indian Bank	29,721	36,501	44,262	47,491	51,912	55,721	13.4

Source: Company, Angel Research

Exhibit 10: Low Cost Deposits of comparative banks

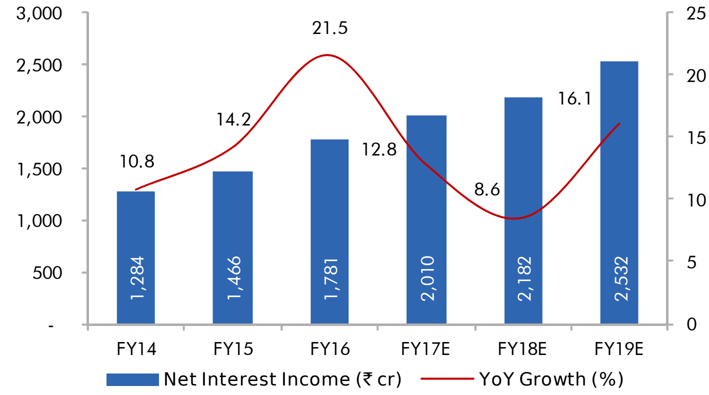
CASA (%)	FY11	FY12	FY13	FY14	FY15	FY16
KVB	23.3	19.2	19.2	20.6	22.0	23.3
LVB	18.8	14.9	14.5	14.2	16.7	17.4
Federal Bank	26.9	27.5	0.0	30.8	30.4	32.5
City Union Bank	19.6	18.2	16.8	17.8	19.2	20.4
Karnataka Bank	24.9	24.6	24.9	25.4	24.9	26.3
DCB	35.2	32.1	27.2	25.0	23.4	23.4
South Indian Bank	21.5	19.7	18.6	20.7	20.6	22.4

Source: Company, Angel Research

Strong NII growth was cost dented by higher operating and credit costs, which should normalize over the next few years

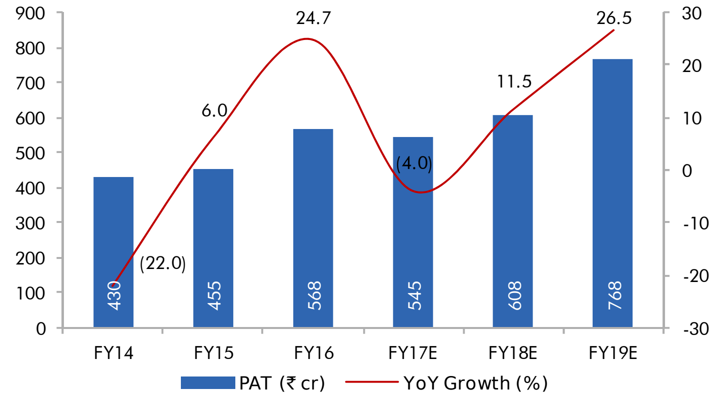
KVB's NII has grown at 18.4% CAGR over FY2011-16 backed by a 17% CAGR in loan book. However, FY2017 has been a year of consolidation for the bank and we expect FY2017 to end with 12.8% growth in NII, however, we expect that it would pick up from FY2018 onwards.

Exhibit 11: NII Growth trend



Source: Company, Angel Research

Exhibit 12: PAT growth trend



Source: Company, Angel Research

As shown in the below table KVB's NII growth has been quite robust reporting 18.4% CAGR over FY2011-16 and is very much comparable to its peers. However, as mentioned earlier higher operating costs and credit costs took a toll on the earnings growth of the bank, which has reported a CAGR of 6.4% over the same period. However, with credit cost coming under control we expect the bank's bottom-line growth to outpace the NII growth over the next two years.

Exhibit 13: Comparative NII Growth

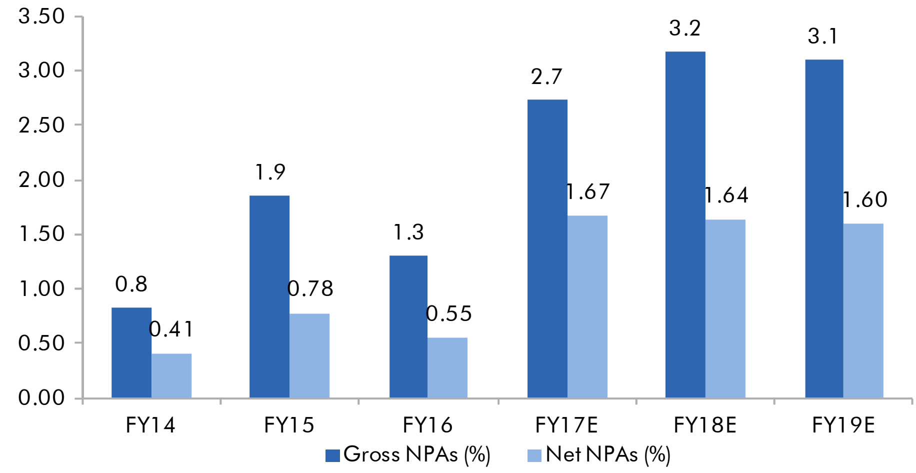
NII (₹ Cr)	FY11	FY12	FY13	FY14	FY15	FY16	CAGR 5 Yr (%)
KVB	767	917	1,158	1,284	1,466	1,781	18.4
LVB	365	371	392	486	527	645	12.1
Federal Bank	1,747	1,953	1,975	2,229	2,380	2,504	7.5
City Union Bank	420	500	624	759	807	981	18.5
Karnataka Bank	612	744	904	1,056	1,169	1,303	16.3
DCB	189	228	284	368	508	620	26.8
South Indian Bank	791	1,022	1,281	1,399	1,366	1,510	13.8

Source: Company, Angel Research

Asset quality issues to subside gradually

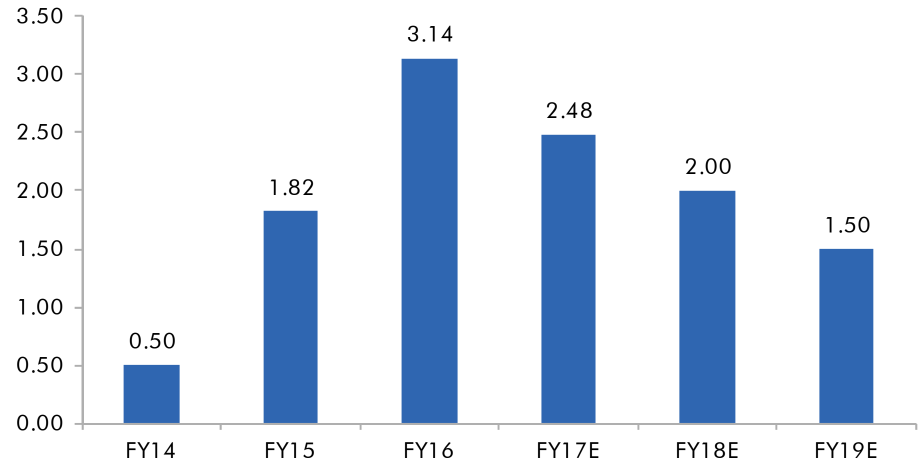
KVB had maintained a fairly stable asset quality in a challenging economic environment, however, prolonged slowdown in the core sectors took a toll on its asset quality. The bank's large dependence upon corporates and dwindling profitability of the sectors has impacted the asset quality. Thus, the GNPAs which were 1.30% at the end of FY2016 went up to 2.66% at the end of 3QFY2017, while NNPAs went up to 1.68% v/s 0.55% over the same period of time. We expect asset quality pressure to subside in the quarters to come.

Exhibit 14: GNPAs & NNPAs Ratio yearly trend (%)



Source: Company, Angel Research

Exhibit 15: Slippages (%)



Source: Company, Angel Research

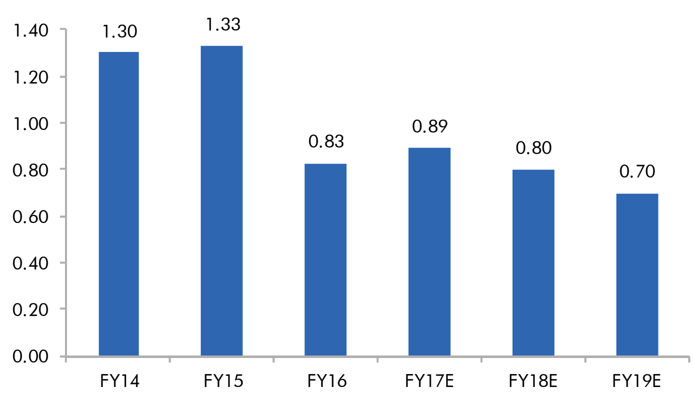
Large scale slippages and resultant higher credit cost impacted the bottom-line of the bank. The last three quarters of FY2017 have been quite painful with increasing slippages. However, we believe that a large part of the troubled assets have already slipped into NPA and incremental slippages would be under control for KVB. Further, recovery and up gradation is likely to gain momentum and this should also aid in the overall control on the GNPA levels.

Exhibit 16: Comparable Asset quality of peer banks

GNPAs (%)	FY11	FY12	FY13	FY14	FY15	FY16	3QFY17
KVB	1.26	1.33	0.96	0.82	1.85	1.30	2.66
LVB	1.93	2.97	3.84	4.10	2.73	1.97	2.78
Federal Bank	3.49	3.35	3.44	2.70	2.04	2.84	2.77
City Union Bank	1.21	1.01	1.13	1.81	1.86	2.41	2.98
Karnataka Bank	3.97	3.27	2.51	2.92	2.95	3.44	4.30
DCB	5.86	4.40	3.18	1.69	1.76	1.51	1.55
South Indian Bank	1.11	0.97	1.36	1.19	1.71	3.77	3.98

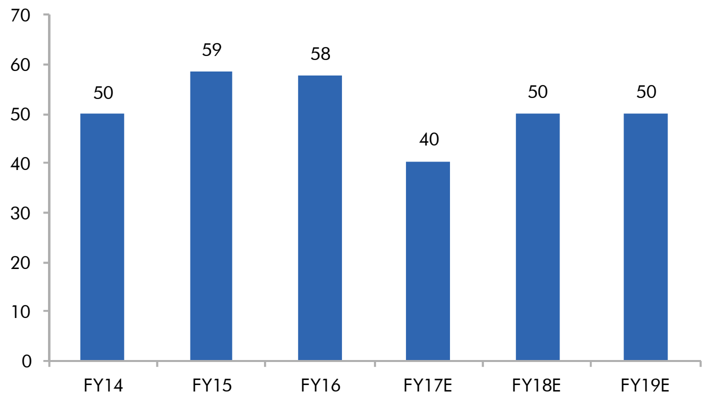
Source: Company, Angel Research

Exhibit 17: Credit Cost (%)



Source: Company, Angel Research

Exhibit 18: PCR(%)



Source: Company, Angel Research

Large scale restructuring already over, incremental pain to be minimal

KVB had to undertake a lot of restructuring in the sectors it had exposure to during the last two years. Infrastructure and Textiles were the two large sectors where lot of stress was witnessed by the bank. At the beginning of FY2016, the bank had an outstanding restructured loan book of ₹1,943 cr, of which ~₹692 cr (35% of total) were downgraded to NPAs. Large part of this was from the commodity sector. Accordingly, the outstanding restructured loan book had declined and it stood at ₹1,279 cr (3.32% of the loan book) at the end of 3QFY2017. For KVB, large part of the troubled assets has already been restructured and even the more troublesome accounts have slipped into NPAs, hence we believe that incremental stress in the form of restructuring could be minimal.

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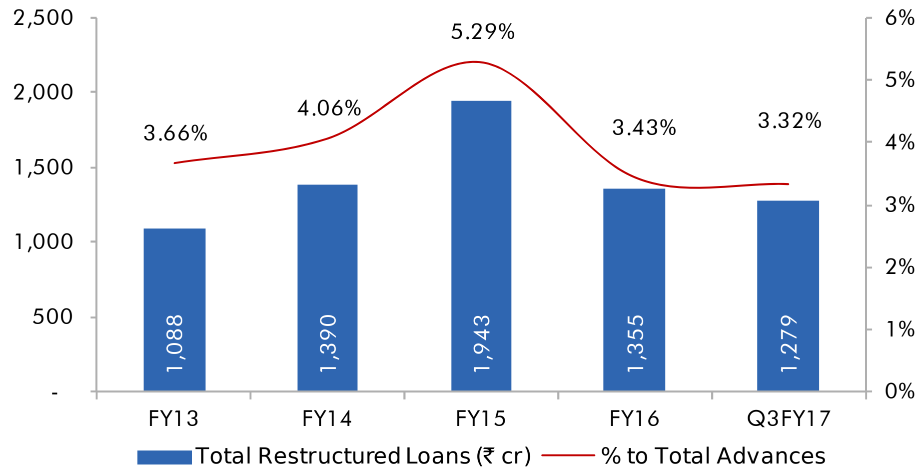
Exhibit 19: Restructured Loan Book (₹ Cr)

Sector Wise Restructured Advances	FY13	FY14	FY15	FY16	Q3FY17
Infrastructure	606	599	890	807	752
Textiles	268	267	276	205	196
Food Processing				225	234
Agriculture	14	14	23	16	8
Iron & Steel	14	124	322	0	0
Real Estate	1	1	5	0	23
Others	186	386	426	102	66
Total Restructured Loans	**1,088**	**1,390**	**1,943**	**1,355**	**1,279**
% to Total Advances	**3.66%**	**4.06%**	**5.29%**	**3.43%**	**3.32%**
% to Total Restructured Advances					
Infrastructure	55.7%	43.1%	45.8%	59.6%	58.8%
Textiles	24.6%	19.2%	14.2%	15.1%	15.3%
Food Processing	0.0%	0.0%	0.0%	16.6%	18.3%
Agriculture	1.3%	1.0%	1.2%	1.2%	0.6%
Iron & Steel	1.3%	8.9%	16.6%	0.0%	0.0%
Real Estate	0.1%	0.1%	0.3%	0.0%	1.8%
Others	17.1%	27.8%	21.9%	7.5%	5.2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company, Angel Research

Exhibit 20: Restructured loan book (%)

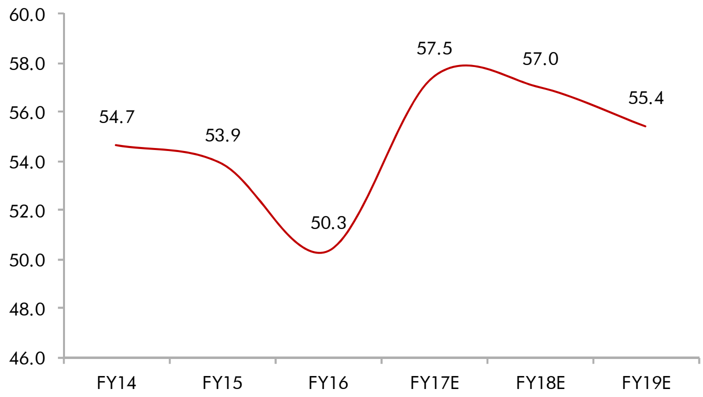


Source: Company, Angel Research

Cost structure has come down in the last few years

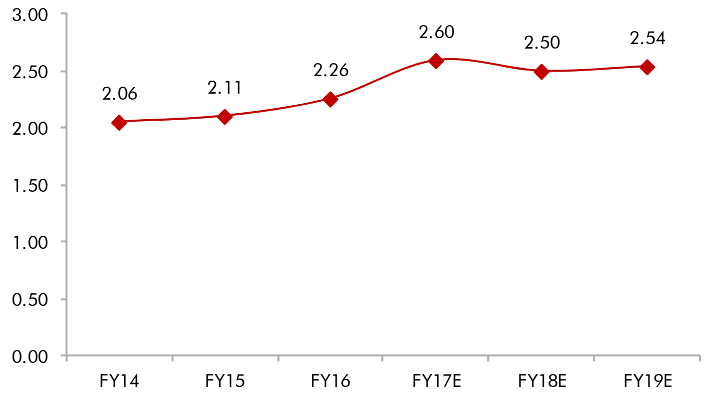
Expanding the number of branches and ATMs on one hand and slowdown in business on the other has impacted the cost structure of the bank, and hence, the cost/income ratio of KVB has gone up. However, with maturing of new branches and pick up in business in the existing branches, moderation in its cost/income ratio is expected going ahead.

Exhibit 21: Cost to Income (%)



Source: Company, Angel Research

Exhibit 22: Cost to Assets (%)



Source: Company, Angel Research

Exhibit 23: Comparative Cost Structure

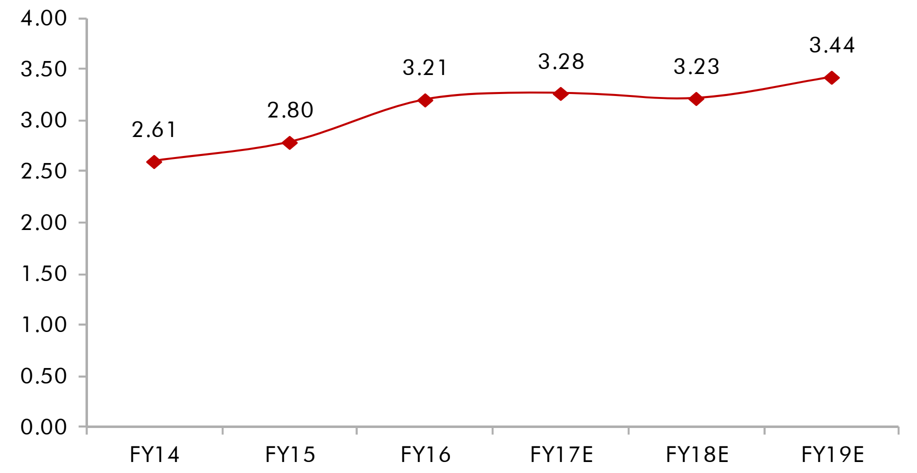
Cost / Income %	FY11	FY12	FY13	FY14	FY15	FY16
KVB	41.8	42.7	47.3	54.7	53.9	50.3
LVB	45.4	55.5	57.4	56.1	54.6	57.1
Federal Bank	36.9	39.4	44.7	47.6	50.0	56.7
City Union Bank	37.5	39.6	41.7	45.2	42.8	40.1
Karnataka Bank	60.7	52.7	51.2	56.0	53.9	53.7
DCB	71.4	74.4	68.7	62.9	58.8	58.4
South Indian Bank	46.8	48.7	47.5	50.0	56.2	56.6

Source: Company, Angel Research

Increasing share of low cost deposits and lower interest reversals will ensure a healthy NIM going ahead

During the last quarter, the bank witnessed a drop in yield of assets coupled with a sharp drop in the cost of funds. Backed by demonetization there was strong flow of low cost deposits, and hence the reduction in cost. Though some part of the funds could migrate to high cost term deposits, overall CASA could remain much stronger than earlier for KVB, this together with lower interest reversal should help in NIM remaining strong in the quarters to come.

Exhibit 24: NIM likely to see gradual upmove

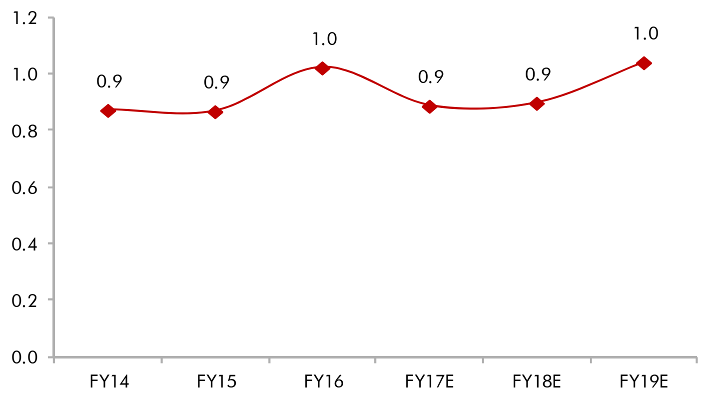


Source: Company, Angel Research

Return ratios hurt due to high credit cost, RoE to bounce back in FY2018

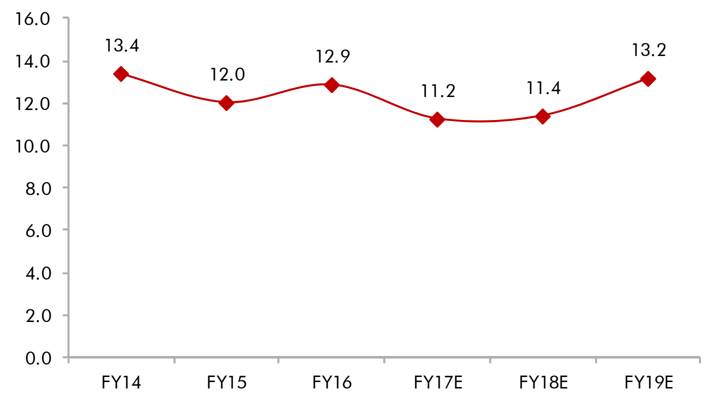
Subdued growth in loan book on one hand and deteriorating asset quality on the other dented the profitability of KVB in last few years. Operating expenses of the bank grew at higher rate than the operating income, thus exerting pressure on the cost structure of the bank. All these factors impacted the overall return ratios of the bank, which saw a declining trend. However, over the medium term, with moderating credit cost and cost structure, backed by better credit off take we expect RoE to improve gradually.

Exhibit 25: ROA (%) to move up gradually



Source: Company, Angel Research;

Exhibit 26: ROE to see steady improvement (%)

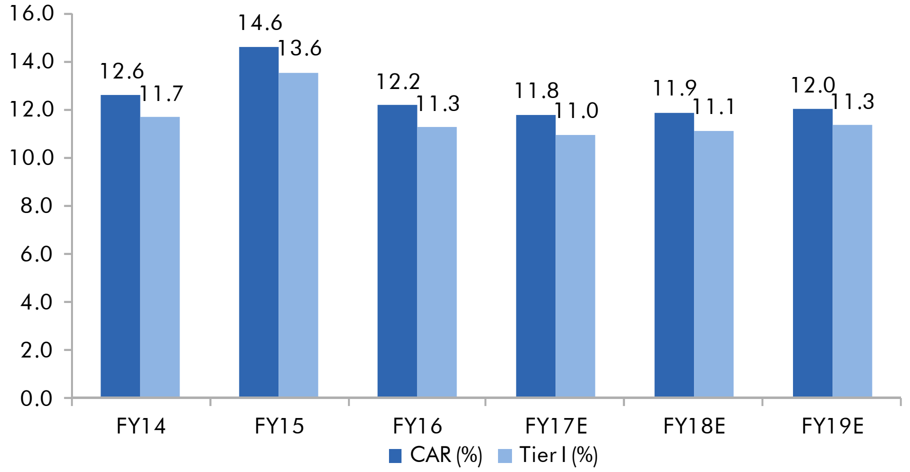


Source: Company, Angel Research

In order to meet business growth capital needs to be raised

KVB has a relatively lower capital adequacy as compared to other south based private sector banks. We feel that the bank will have to raise capital in the near term in order to push higher growth. However, considering the bank's strong track record, we don't see raising capital as a challenge for the bank.

Exhibit 27: Capital adequacy trend



Source: Company, Angel Research

Exhibit 28: Comparative CAR (%) as on 31st Dec,2016

KVB	11.05
LVB	10.21
Federal Bank	12.28
City Union Bank	14.88
Karnataka Bank	13.19
DCB	13.33
South Indian Bank	11.05

Source: Company, Angel Research

Outlook and valuation

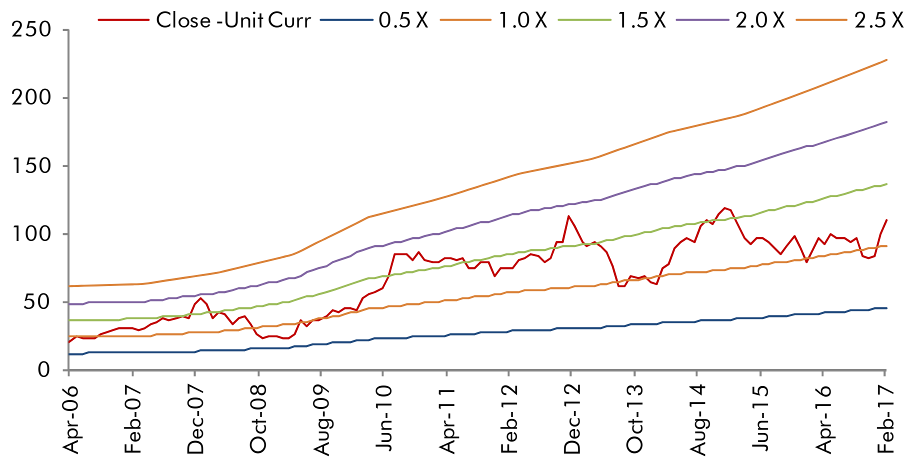
KVB's earnings were impacted due to higher provisions and lower business growth, however, we expect gradual recovery on both the fronts going ahead. While in FY2018 we expect earnings recovery to be visible, sharp growth is expected in FY2019. At the CMP the stock is trading at 1.1x it's FY2019 BV. **We have valued the stock at 1.4x its FY2019E BV and recommend BUY with a Target Price of ₹140 over the next 12 months.**

Exhibit 29: Comparative Valuation & Return ratio

	P/BV			RoE%			RoA%		
	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
KVB	1.3	1.2	1.1	11.2	11.4	13.2	0.9	0.9	1.0
LVB	1.6	1.4	1.3	11.2	12.7	15.2	0.7	0.7	0.9
Federal Bank	1.7	1.6	1.5	9.2	11.4	13.4	0.8	0.9	1.0
City Union Bank	2.6	2.3	2.0	15.1	15.7	16.4	1.5	1.5	1.6
Karnataka Bank	0.9	0.9	0.8	10.9	11.8	12.7	0.8	0.8	0.8
DCB	2.4	2.1	1.9	10.7	15.8	12.9	0.9	0.9	1.0

*Source: Company, Angel Research, Note: CMP as of March 30, 2017, * other companies Consensus taken from Bloomberg,*

Exhibit 30: One Year Forward P/BV

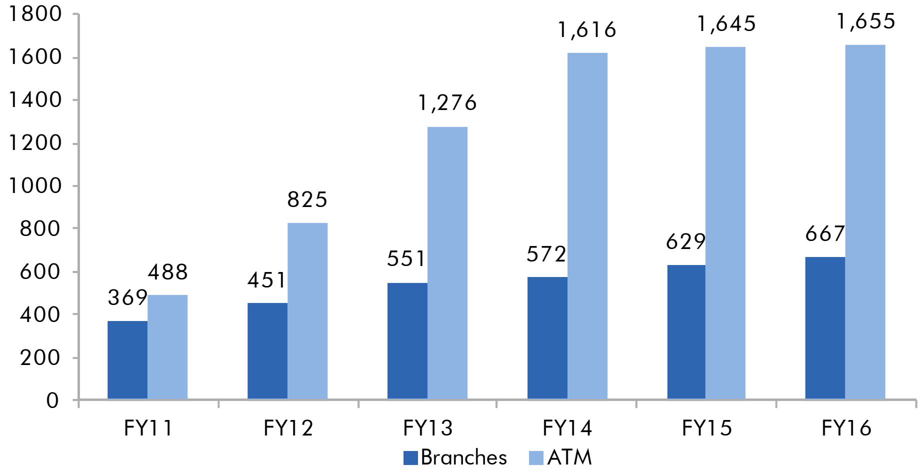


Source: Company, Angel Research

Company Background

Based out of Karur, Tamil Nadu, Karur Vysya Bank is one of the oldest private sector banks in India. The bank has strong presence in its home state Tamil Nadu and in other southern states of India. However, in the last few years the bank has also been scaling up its operations in other states of India. At the end of 3QFY2017 the bank had a customer base of 6.09 million and operated through 706 branches and 1,711 ATMs.

Exhibit 31: Branch and ATM strength



Source: Company, Angel Research

Exhibit 32: Comparative DuPont (FY2016)

	KVB	LVB	Federal	CUB	Karnataka	DCB
Interest Income	9.8	9.6	8.9	10.0	9.2	9.6
Interest Expenses	6.6	7.2	6.0	6.6	6.8	6.1
NII	3.2	2.4	2.9	3.3	2.4	3.5
Non Interest Income	1.3	1.1	0.9	1.4	1.0	1.3
Total Revenues	4.5	3.6	3.8	4.7	3.4	4.8
Operating Cost	2.3	2.0	2.1	1.9	1.8	2.8
PPP	2.2	1.5	1.6	2.8	1.6	2.0
Total Provisions	0.6	0.7	0.8	0.8	0.6	0.5
PreTax Profit	1.6	0.9	0.8	2.0	1.0	1.5
Tax	0.6	0.2	0.3	0.5	0.2	0.4
ROA	**1.0**	**0.7**	**0.5**	**1.5**	**0.8**	**1.1**
Leverage	12.6	16.1	10.8	10.3	15.3	10.4
RoE (%)	**12.9**	**10.9**	**5.9**	**15.5**	**11.7**	**11.5**

Source: Company, Angel Research

Income statement (Standalone)

Y/E March (₹ cr)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income	1,466	1,781	2,010	2,182	2,532
- *YoY Growth (%)*	*14.2*	*21.5*	*12.8*	*8.6*	*16.1*
Other Income	581	707	761	783	848
- *YoY Growth (%)*	*2.9*	*21.7*	*7.7*	*2.9*	*8.3*
Operating Income	2,046	2,488	2,771	2,965	3,380
- *YoY Growth (%)*	*10.7*	*21.6*	*11.4*	*7.0*	*14.0*
Operating Expenses	1,103	1,253	1,592	1,691	1,874
- *YoY Growth (%)*	*9.2*	*13.5*	*27.1*	*6.2*	*10.8*
Pre - Provision Profit	943	1235	1179	1,274	1,506
- *YoY Growth (%)*	*12.6*	*31.0*	*(4.6)*	*8.1*	*18.2*
Prov. & Cont.	481	324	361	367	359
- *YoY Growth (%)*	*8.6*	*(32.6)*	*11.6*	*1.6*	*(2.1)*
Profit Before Tax	462	912	817	907	1147
- *YoY Growth (%)*	*17.0*	*97.1*	*(10.3)*	*10.9*	*26.5*
Prov. for Taxation	7	344	273	299	378
- *as a % of PBT*	*1.6*	*37.7*	*33.3*	*33.0*	*33.0*
PAT	455	568	545	608	768
- *YoY Growth (%)*	*6*	*25*	*(4)*	*12*	*26*

Balance sheet (Standalone)

Y/E March (₹ cr)	FY15	FY16	FY17E	FY18E	FY19E
Share Capital	122	122	122	122	122
Reserves & Surplus	4,124	4,451	4,997	5,426	6,002
Networth	4,246	4,573	5,119	5,548	6,124
Deposits	44,690	50,079	56,718	61,255	67,381
- Growth (%)	2.1	12.1	13.3	8.0	10.0
Borrowings	2,901	1,573	1,702	1,838	2,021
- Growth (%)	(11.9)	(45.8)	8.2	8.0	10.0
Other Liab & Prov.	1,315	1,439	1,418	1,531	1,685
Total Liabilities	53,152	57,664	64,956	70,173	77,211
Cash balances	2,693	2,529	2,836	3,063	3,369
Bank balances	56	263	1,134	613	674
Investments	12,773	13,222	15,881	17,152	18,867
Advances	36,109	39,084	40,382	44,420	49,751
- Growth (%)	6.2	8.2	3.3	10.0	12.0
Fixed Assets	411	420	462	496	546
Other Assets	1,110	2,146	4,261	4,430	4,005
Total Assets	53,152	57,664	64,956	70,173	77,211

Ratio analysis (Standalone)

Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Profitability Ratios (%)					
NIMs	2.8	3.2	3.3	3.2	3.4
Cost to Income Ratio	53.9	50.3	57.5	57.0	55.4
RoA	0.9	1.0	0.9	0.9	1.0
RoE	12.0	12.9	11.2	11.4	13.2
B/S ratios (%)					
CASA Ratio	22.0	23.3	30.9	30.0	30.0
Credit/Deposit Ratio	80.8	78.0	71.2	72.5	73.8
CAR	14.6	12.2	11.8	11.9	12.0
- Tier I	13.6	11.3	11.0	11.1	11.3
Asset Quality (%)					
Gross NPAs	1.9	1.3	2.7	3.2	3.1
Net NPAs	0.8	0.6	1.7	1.6	1.6
Slippages	1.8	3.1	2.5	2.0	1.5
Loan Loss Prov./Avg. Assets	1.3	0.8	0.9	0.8	0.7
Provision Coverage	59	58	40	50	50
Per Share Data (₹)					
EPS	7.5	9.3	8.9	10.0	12.6
BVPS	69.8	75.0	84.0	91.1	100.5
ABVPS	65.2	71.5	72.9	79.1	87.5
DPS	1.0	3.0	2.0	3.0	4.0
Valuation Ratios					
PER (x)	14.7	11.8	12.3	11.0	8.7
P/BVPS(x)	1.6	1.5	1.3	1.2	1.1
P/ABVPS (x)	1.7	1.5	1.5	1.4	1.3
Dividend Yield	0.9	2.7	1.8	2.7	3.6
DuPont Analysis (%)					
Interest Income	10.3	9.8	9.2	8.9	9.1
Interest Expenses	7.5	6.6	5.9	5.7	5.7
NII	2.8	3.2	3.3	3.2	3.4
Non Interest Income	1.1	1.3	1.2	1.2	1.2
Total Revenues	3.9	4.5	4.5	4.4	4.6
Operating Cost	2.1	2.3	2.6	2.5	2.5
PPP	1.8	2.2	1.9	1.9	2.0
Total Provisions	0.9	0.6	0.6	0.5	0.5
PreTax Profit	0.9	1.6	1.3	1.3	1.6
Tax	0.0	0.6	0.4	0.4	0.5
ROA	0.9	1.0	0.9	0.9	1.0
Leverage	13.8	12.6	12.7	12.7	12.6
RoE (%)	**12.0**	**12.9**	**11.2**	**11.4**	**13.2**

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DISCLAIMER

Disclosure of Interest Statement	**Karur Vysya Bank**
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
		Reduce (-5% to -15%)	*Sell (< -15)*