



Management Meet Update!

6th Jan, 2017

CMP: Rs. 49
Target Price: N/A
Recommendation: Not Rated

Stock Info

BSE Group	A
BSE Code	532401
NSE Symbol	VIJAYABANK
Bloomberg	VJYBK IN
Reuters	VJBK.BO
BSE Sensex	26,877
NSE Nifty	8,272

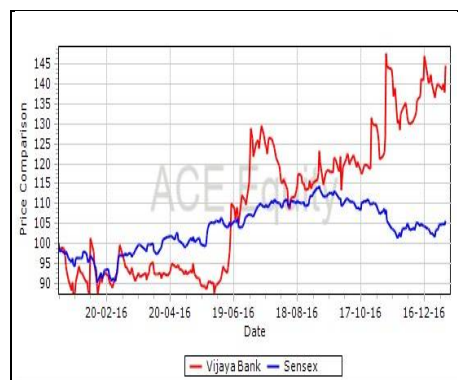
Market Info

Market Capital(Rs Cr)	4,904
Equity Capital(Rs Cr)	999
Avg. Trading Vol.	95,551
52 Wk High/ Low	54/29
Face Value	10

Shareholding Pattern (%) (Sep 2016)

Promoters	70.3
Domestic Institutions	14.5
Foreign Institutions	2.4
Public & Others	12.8

Price Chart:



ADVANCES

Housing growth has been strong. Average ticket size for the housing loans is about Rs 18 lakh. Strategy has been changed by focusing on daily and fortnightly targets instead of longer duration targets. Bank lays emphasis on retail loans. Post demonetization industry credit growth expected around 13-14%. Bank expects credit growth of about 15% post demonetization.

DEPOSITS

Strong growth has been witnessed in savings account. CASA portion for the bank has increased to about 28% by Nov. Bank has focused on shrinking bulk deposits. Rs 6000 cr has been received in deposits. Bank expects deposits to grow at 16-17% post demonetization.

PROFITABILITY

Borrowing costs for the bank has been low. Bank expects operating profit of Rs 2000 cr by FY 17, RoA improvement to 0.55 by FY 17. NIM for the quarter ended Dec likely to be 2.5 while that for March quarter around 2.75. Annualized NIM expected to be 2.55. Not much of Opex spike is seen and interest reversion to help boost NIM.

NPA

Bank has about Rs 2000 cr NPA in iron & steel. Infrastructure NPA have dropped. Weakness in accounts like Bhushan steel has led to risks in other accounts as well. Bank does not see steep volatility in NPA going ahead. Targeting lower GNPA and PCR of 55% by FY 17. Bank requires Rs 93 crs to improve PCR by 1%. Rs 300-350 cr of slippages are normal to absorb. Recoveries stay muted, expecting 2 large accounts may pick up in couple of quarters.

OTHERS

Capital adequacy has been superior. Bank plans on raising Tier 1 capital. Addition in branches to be 150. Break even time for a branch is about 15 months. 60% of transaction have been in electronic channel.

VALUATION

At CMP of Rs 49 the stock is trading at P/E multiple of 11(x) and P/BV multiple of 0.7(x). Bank looks strong with its reorientation of loan book and repricing in deposits.

Source: - Ace Equity, Arianth Research



Particulars (Rs Cr)	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
Interest Earned	12084	12274	10707	9052	7988
Total Income	12957	13152	11416	9659	8516
Total Expenditure	12799	12753	10968	9082	7867
Net Profit	382	439	416	586	581
Equity Paid Up	933	859	859	496	496
Reserves and Surplus	6472	5301	5029	3863	3557
Deposits	125441	126343	124296	97017	83056
Borrowings	10301	7278	4745	6392	5418
Investments	41842	40758	42585	31285	28644
Cash and Bank balance	6620	7352	9458	6645	6403
Advances	88987	86696	81504	69766	57904
Total Assets	146250	142643	137359	110982	95764
Yield on Advances(%)	13.6	14.2	13.1	13.0	13.8
Yield on Investments(%)	7.5	8.5	6.6	7.3	6.9
Interest Spread(%)	6.7	6.7	6.5	6.0	6.9
NIM (%)	2.3	1.9	2.0	2.1	2.5
Cost Income Ratio(%)	57.4	60.3	60.5	54.9	49.4
RONW(%)	6.1	7.6	8.5	14.9	16.4
Return on Assets (%)	0.3	0.3	0.4	0.6	0.7
Gross NPAs (%)	6.6	2.8	2.4	2.2	2.9
Net NPAs (%)	4.8	1.9	1.6	1.3	1.7
Total CAR (%)	12.6	11.4	10.6	11.3	13.1
Tier – 1(%)	9.5	8.2	8.1	8.5	9.7
CASA (%)	23.2	20.4	18.4	21.0	22.0
Market Capitalization	2924	3995	3415	2324	2894
Price / Book Value(x)	0.4	0.7	0.6	0.6	0.8
Dividend Yield %	0.0	3.2	5.0	5.3	4.3
P/E (x)	7.7	9.1	8.2	5.0	6.5

**Arihant Research Desk**

E. research@arihantcapital.com
T. 022-42254800

Head Office

#1011, Solitaire Corporate park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (E).
Mumbai - 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

Research Analyst Registration No.

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com**Disclaimer:**

This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. 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. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.