



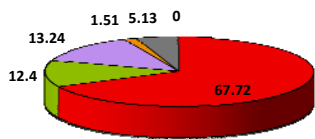
BUY

BSE code	532483
NSE code	CANBK
Bloomberg code	CBK IN
Current price	464
Target Price	510
MCap Rs bn	205
MCap US\$ mn	3791
52 WK H/L	566 / 306
Face value	10
2 WAv vol ('000)	936

Financial Snapshot

Rs Mn	FY 10	FY 11	FY 12
Sales	187519.6	229400.7	308506.2
% Ch	9.54	22.33	34.48
PAT	30192.3	40255.3	32819.1
% Ch	45.73	33.33	-18.47
EPS	71	89	72
PER	5.7	7.03	6.55
BV	305.83	405	465.57
P/BV	1.34	1.55	1.02
EV /	19.70	20.80	16.01

Share Holding pattern



■ PROMOTERS ■ DII ■ FII ■ BODIES CORPORAT ■ RETAIL ■ CUSTODIANS

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Technical Break out

Canara Bank after since April 2011 had corrected in line with all banking stocks. Over the period the Public sector banking stocks were downgraded as there was too much uncertainty over the fate of bad loans. Still the problems for these banks persist with high restructured books. However with the government showing intent on wanting to get India back to its ways of growth the sentiment has shifted. In view of this sentiment shift the stock of Canara bank too increased from its lows of 305 in august 2011 to reach a level of Rs450. The stock has been consolidating at this level for some time now. During this consolidation period the stock has made an inverted head and shoulder pattern which is a very bullish pattern. Since then the stock broke above that level 2 week back and reached a high of 491. There has been a perfect pull back with the stock retracing back to Rs451 which was the break out level for the stock. Having reached this level the stock too support and moved back up to the current levels of Rs464. At this point we believe the stock is well on its way to retesting the high of Rs491 and will probably move to a minimum price or Rs510 in the near term.

Even on a long term basis we are bullish on Canara bank from the prospects that the public sector banks would get re-rated further. At the current price the stock is trading at a P/BV of 1 and this is highly attractive. We believe there could be a 50% move up for the stock from the current levels over a year's period. However in the interim we are recommending a BUY on Canara Bank with a price target of Rs510 for trading purposes an upside of 10% from the current levels.



Financial snapshot

Profit & Loss

In Rs million	FY 10	FY 11	FY 12
Net sales	187519.6	229400.7	308506.2
YoY (%)	9.54	22.33	34.48
Total expenses	45618.7	53335.4	63773.1
EBIDTA	141900.9	176065.3	244733.1
YoY (%)	11.56	24.08	39.00
EBIDTA (%)	75.67	76.75	79.33
Other income	28579	28114.6	29276
PBIDT	170479.9	204179.9	274009.1
Depreciation	1551.3	1513.6	1568.9
PBIT	168928.6	202666.3	272440.2
Interest	130714.3	152407.4	231613.1
PBT	38214.3	50258.9	40827.1
Tax	8000	10000	8000
Tax/ PBT	20.93	19.9	19.59
PAT	30214.3	40258.9	32827.1
Extra-ordinary	22	3.6	8
Net Profit	30192.3	40255.3	32819.1
YoY (%)	45.73	33.33	-18.47

Cash Flow

In Rs million	FY 10	FY 11	FY 12
Net profit	30214.3	40258.9	32827.1
Depn and w/o	1551.3	1513.6	1568.9
Deferred tax			
Change in wrkg cap	-3331.8	33485.3	-58557.1
Other income	29837.5	23068.9	29839
Operating cash flow	46943.9	85273.5	-8322.1
Other income	48121.3	86976.1	-6299.7
Capex	-1177.4	-1702.6	-2022.4
Investments	0	0	0
Investing cash flow	-722.1	-732.2	-1415.6
Dividend	-3833.7	-4800	-5673
Equity	0	19932	0
Debt	0	0	0
Financing cash flow	-16287.5	26007.8	-15549.4
Others			

Balance Sheet

In Rs million	FY 10	FY 11	FY 12
Equity capital	4100	4430	4430
Reserves	121291	174984.6	201818.2
Net worth	125391	179414.6	206248.2
Total borrowings	2430920	3076982.8	3425791.2
Deferred tax	3434.7	4313.3	5700.7
Total liabilities	2581072.5	3281694.3	3658391.5
Net block	7448.9	7604.3	8040.5
CWIP	0	0	0
Investments	696769.5	836360.2	1020574.3
Current assets	228701.3	381961.3	367554.1
Inventories	0	0	0
Debtors	0	0	0
Cash	196532.1	307081.1	281794
Loans and advances	32169.2	74880.2	85760.1
Current liabilities	65344.3	75781.4	81406.7
Provisions	4100	4873	4873
Net current assets	159257	301306.9	281274.4
Misc expenses	3106	2900.2	3069.3
Total assets	887726.2	1169011.4	1333493.3

Key Ratios

In Rs million	FY 10	FY 11	FY 12
EPS (Rs)	71.99	89.07	72.3
CEPS (Rs)	75.77	92.49	75.84
Book value (Rs)	305.83	405	465.57
DPS (Rs)	10	11	11
Debt-equity (x)	0	0	0
ROCE	0	0	0
ROE	26.76	26.42	17.02

Valuations

PE (x)	5.7	7.03	6.55
Cash PE (x)	5.42	6.77	6.25
Price/book value (x)	1.34	1.55	1.02
Dividend yield			
Market cap/sales	0.78	1.08	0.62
EV/sales (x)	12.81	13.28	10.87

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