



### Snapshot

CMP	94
Target price	130/160
1 year High/Low	111/61
Market Cap: (in cr)	1,691
Face Value	10
Rating	Buy
Risk rating	Low
Weightage	Overweight
NSE SYMBOL	LAKSHVILAS

### Shareholding Pattern (%)

	Current	Q3FY15	Q2FY15
Promoters	9.55	9.59	9.61
MF's & FI's	5.4	6.72	9.36
FII's	11.82	10.93	9.72
Others	73.23	72.76	71.31

### Price Performance

	Stock	Nifty
1 Month	-7.05	-5.6
3 Month	-3.53	-6.1
12 Month	19.07	16

### Valuation

We expect that Lakshmi Vilas Bank's RoA & RoE to improve gradually over next two years due to improvement in NPA & less provisioning expenses. At current market price, the LVB share is trading at 10x with FY16 EPS of 9.3.

### Investment Highlight:

- Founded over 8 decades ago in 1926 under leadership of Shri V. S. N. Ramalinga Chettiar, LVB has a strong presence in Southern India.
- Network of 400 Branches, 7 extension counters and 820 ATM's (March 15).
- Business Size of Rs.38477 Crs with an excellent CAGR of 19% in the last 5 years.
- Predominantly a Retail / SME focused Bank – ~ 74% of total business is from Retail.
- Deposits and Advances of the bank grew at a CAGR of 18.5% and 19.2% respectively over the last 5 years.
- During FY15, the bank registered a Operating profit of Rs.3764 Mn and PAT of Rs.1322 Mn.
- Operating Profit and PAT growing at a CAGR of 17.8% and 33.9% respectively over the last 5 years.
- Over 2.67 million Customer accounts.

### Strong customer relations provide huge cross-selling opportunities

88 years of operating history has resulted in large number of loyal customers providing huge cross-selling opportunities across various products. Retail business constitutes 74% of total business gives the advantage for cross-selling revenue.

### Concentrate on SME & Corporate:

Past few years LVB started to tap the business opportunity in SME & Corporate. Hence, bulk deposit and advance are increased in this segment.

### Strong Management Expertise and improving efficiency:

Business per employee has gone up from Rs 56 Mn to Rs 109 Mn from FY10 to FY15. Also, Cost to Income ratio improved from 55% to 53% from FY 14 to FY15.

### Reduction in NPA's:

Gross NPA was decreased to 2.75% in FY15 from 4.19% in FY14 and Net NPA was decreased to 1.85% in FY15 from 3.44% in FY14. PROVISION COVERAGE RATIO AT 60.84% (Prev. Year 53.16%).

### Business MIX:

82% of Deposits are from retail segment (FY15) indicating stability of the resources and 63% of Advances are from retail, Agri. & SME segment (FY15).

## Contact details

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