

EDUCATIONAL EQUITY RESEARCH REPORT : ELECTION SPECIAL

PUNJAB NATIONAL BANK (NSE : PNB , BSE : 532461)

DATE :9/4/24

WE AT AS RESEARCH TECHNIC, INITIATE OUR COVERAGE ON PUNJAB NATIONAL BANK (PNB).INDIA'S FIRST SWADESHI BANK,COMMENCED ITS OPERATIONS ON APRIL 12,1895 FROM LAHORE WITH AN AUTHORIZED CAPITAL OF RS.20,000. THE BANK WAS ESTABLISHED BY THE SPIRIT OF NATIONALISM AND WAS THE FIRST BANK PURELY MANAGED BY INDIAN CAPITAL.

ABOUT THE BUSINESS :

PUNJAB NATIONAL BANK IS AN INDIAN GOVERNMENT BANK PUBLIC SECTOR UNDERTAKING BANK BASED IN NEW DELHI. IT WAS FOUNDED IN MAY 1894 AND IS THE SECOND LARGEST SECTOR BANK IN INDIA IN TERMS OF ITS BUSINESS VOLUMES,WITH OVER 180 MILLION CUSTOMERS, 12,248 BRANCHES,AND 13000+ ATMs.PNB IS A BANKING SUBSIDIARY IN THE UK (PNB INTERNATIONAL BANK,WITH SEVEN BRANCHES IN THE UK), AS WELL AS BRANCHES IN HONG KONG,KOWLOON,DUBAI AND KABUL. IT HAS REPRESENTATIVE OFFICES IN ALMATY (KAZAKHSTAN),DUBAI(UNITED ARAB EMIRATES),SHANGHAI(CHINA),OSLO(NORWAY) AND SYDNEY(AUSTRALIA).IN BHUTAN, IT OWNS 51% OF DRUK PNB BANK,WHICH HAS FIVE BRANCHES.

PROS :

- COMPANY'S WORKING CAPITAL REQUIREMENTS HAVE REDUCED FROM 87.9 DAYS TO 67.6 DAYS.

CONS :

- COMPANY HAS LOW INTEREST COVERAGE RATIO.
- COMPANY HAS A LOW RETURN ON EQUITY OF 3.57% OVER LAST 3 YEARS
- COMPANY HAS CONTINGENT LIABILITIES OF RS.6,79,641 CR.
- COMPANY MIGHT BE CAPITALIZING THE INTEREST COST.



MARKET SNAPSHOTS :

MARKET CAP	₹136812 CR.
STOCK P/E :	18
ROCE	4.10%
CURRENT PRICE	133
BOOK VALUE	₹ 93.40
ROE	3.34%
HIGH	₹ 133
LOW	₹ 44.40
DIVIDEND YIELD	0.53%
FACE VALUE	₹ 2

SHARE HOLDING PATTERN :

PROMOTERS	73.15%
FIIS	3.10%
DIIS	13.74%
GOVERNMENT	0.00%
PUBLIC	10.00%
NO.OF SHARE HOLDERS	21,63,625

RESEARCH ANALYST :

P.SUNANDINI

@ AS RESEARCH TECHNIC

PEER COMPARISON :

SECTOR: BANKS INDUSTRY: BANKS - PUBLIC SECTOR

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Sales Qtr Rs.Cr.	ROCE %
1	St Bk of India	741.45	9.68	661715.42	1.52	112868.34	5.2
2	Punjab Natl.Bank	124.25	17.98	136811.9	0.53	27851.71	4.1
3	Bank of Baroda	263.3	7.19	136161.95	2.1	30041.75	5.17
4	Union Bank (I)	148.65	8.55	113473.54	2	25520.92	5.02
5	I O B	58.52	44.34	110616.88	0	6175.51	4.53
6	Canara Bank	572.8	7.06	103913.37	2.12	28492.24	5.33
7	Indian Bank	507	8.98	68291.06	1.66	14202.58	4.55

KEY POINTS :

- PRIME MINISTER'S GOVERNMENT'S REFORMS IN BANKING SECTOR IS HELPING INDIAN ECONOMY AGAINST FINANCIAL IRREGULARITIES.
- BANKS HAVE RECOVERED AROUND ₹ 5.5 LAKH CRORE OF BAD DEBTS.
- PUNJAB NATIONAL BANK'S 128+ YEARS JOURNEY HAS BEEN EVENTFUL AND CHALLENGING BUT WITH ITS STRONG FOUNDING VALUES, THE BANK COULD OVERCOME DIFFICULT TIMES.
- LAST FISCAL THE BANK RECORDED DOUBLE DIGIT GROWTH IN BOTH DEPOSIT AT 11.77% AND ADVANCES AT 12.68%.
- THE BANK IS UNDERGOING DIGITAL TRANSFORMATION LIKE PRE-APPROVED PERSONAL LOAN, e-ONE TIME SETTLEMENT, e-OVER DRAFT AGAINST FIXED DEPOSIT , e- MUDRA TO SERVE ITS CUSTOMERS BETTER AND MORE CONVENIENTLY.
- THE CORE RETAIL BUSINESS OF THE BANK SHOWED A GROWTH IN HOME LOANS,VEHICLE LOANS AND PERSONAL LOANS.
- THE BANK LAUNCHED COMPREHENSIVE END-TO-END DIGITAL JOURNEY FOR DRIVING BUSINESS GROWTH AND IMPROVING PERFORMANCE.
- IT STARTED DIGITALLY SOURCED SAVINGS ACCOUNT,DIGITAL CARD ACTIVATION AND PNB-ONE APP OF THE BANK.
- WITH THIS THE APP SAW STRONG GROWTH IN TERMS OF DAILY ACTIVATION, DAILY LOGIN AND DAILY TRANSACTIONS.
- THE BANK IS CONTINUOUSLY STRETCHING ITSELF TO TAKE CYBER SECURITY MEASURES AND BOLSTERING IT AND DIGITAL INFRACTURE TO OVERCOME OR TIDE OVER THE TECHNOLOGICAL RISKS.
- IT HAS HIGH VALUE ON HUMAN RESOURCES AND ACKNOWLEDGES THEIR ROLE IN TAKING THE INSTITUTION FORWARD.
- THE BANK HAS BEEN ENSURING THAT ALL THE GUIDELINES ARE DULY ADHERED TO.
- IT MADE A STEADY PROGRESS IN ESTABLISHING AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CULTURE.
- IN THE FY 2022-23 CREDIT TO PRIORITY SECTOR,AGRICULTURE SECTOR, LOANS TO SMALL MARGINAL FARMERS, MICRO ENTERPRISES AND ADVANCES TO WEAKER SECTION HAS INCREASED TREMENDOUSLY.
- THE RULING PARTY IS LAUNCHING VARIOUS PROGRAMMES FOR THE BENEFIT OF FARMS FROM TIME TO TIME .

- KCC SATURATION CAMPAIGN WAS LAUNCHED , SCHEMES LIKE AIF,AHIDF,PMFME,FIDF ETC HAS HELPED THE BANK IN TARGETING AND FINANCING UNDER VARIOUS ACTIVITIES UNDER FARM CREDIT AND PRE AND POST HARVEST MANAGEMENT.

- MUKHYA MANTRI KRANTI YOJANA -MP

- MUKHYA MANTRI PATH VIKRITA -MP

- IT RECEIVED AWARDS LIKE : BEST MSME BANK, GOVERNMENT SCHEMES IMPLEMENTING BANK, IMPLEMENTING COVID RELATED SCHEMES.

- THE SHARE PRICE CAN GO UPTO 127 IF IT BREAKS 124 ON THE UPPER SIDE.

- THE SHARE PRICE CAN UPTO 116 IF IT BREAKS 120 ON THE LOWER SIDE .

- IN CONCLUSION THROUGH ABSOLUTE TRANSPARENCY , RIGOROUS MONITERING,TIMELY CAPITALISATION AND TIME BOUND RECOVERY, THE RULING PARTY'S GOVERNMENT HAS BROUGHT ABOUT A COMPLETE TURN AROUND IN BANKING SECTOR. THE GOVERNMENT PROVIDED BANKING SERVICES TO POOR. HENCE, THE BANK HAS BEEN THE PIONEER IN TAKING INITIATION IN THE AREA OF FINANCIAL INCLUSION, IT COULD BE A GOOD INVESTMENT IN THE LONG RUN UNDER THE RULING PARTY'S GOVERNANCE.

- THE SHARE PRICE CAN GO UPTO 127 AFTER BREAKING 126 ON THE UPPER SIDE

- THE SHARE PRICE CAN GO UPTO 110 AFTER BREAKING 112 ON THE LOWER SIDE

PIVOT TABLE :

		SUPPORT			RESISTANCE				
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
28-03-2024	124.4	120.96	121.93	123.16	124.13	125.9	126.33	127.56	122.75
27-03-2024	124.4	118.64	120.42	125.15	123.37	124.54	126.32	127.49	123.95
26-03-2024	124.4	120.09	121.12	124.6	123.57	124.99	126.02	127.44	122.75
22-03-2024	122.75	115.32	117.1	123.3	120.91	121.7	124.11	124.92	121.05
21-03-2024	122.75	115.96	117.18	119.11	120.33	122.26	123.48	125.41	116.65
21-03-2024	122.75	110.29	112.22	118.3	116.37	118.59	120.52	122.74	116.55

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