

**July 22, 2016**
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Rating	<b>Accumulate</b>
Price	Rs761
Target Price	Rs850
Implied Upside	11.7%
Sensex	27,711
Nifty	8,510

*(Prices as on July 21, 2016)*
**Trading data**

Market Cap. (Rs bn)	1,395.6
Shares o/s (m)	1,834.4
3M Avg. Daily value (Rs m)	1245.4

**Major shareholders**

Promoters	33.70%
Foreign	35.90%
Domestic Inst.	4.74%
Public & Other	25.66%

**Stock Performance**

(%)	<b>1M</b>	<b>6M</b>	<b>12M</b>
Absolute	2.0	14.9	5.6
Relative	(1.4)	(0.7)	7.3

**How we differ from Consensus**

EPS (Rs)	PL	Cons.	% Diff.
2017	24.2	25.6	-5.4
2018	30.0	32.6	-7.9

**Price Performance (RIC: KTKM.BO, BB: KMB IN)**

*Source: Bloomberg*

**KMB's Q1FY17 consolidated PAT of Rs10.67bn was marginally soft than consensus estimates from both bank & subs. Overall consolidated PAT was aided by healthy trends in Kotak Investments and KMCC (IB biz), while other subs had a lean quarter. Credit growth at 16.6% in Q1FY17 was below the guidance of 20% for FY17. Traditionally, Q1 is a soft quarter while Q4 is the best quarter in terms of growth. Most integration costs are already done and merger synergies should start reflecting from Q2FY17. CASA growth has been strong at 30% plus. Going ahead, loan growth and asset quality is crucial as the SME segment saw some slippages in Q1FY17 where eIVBL was strong. We retain our estimates and maintain Accumulate with TP of Rs850 based on 3.6x lending business & SOTP.**

- **Core performance gradually coming back on track:** KMB reported standalone PAT of Rs7.42 bn, ~1.2% lower than PLe on slightly lower NII growth than expected at Rs19.2bn (1.6% lower than PLe). NII growth remained decent as loan growth improved to 16.6% YoY (1.8% QoQ) as CV/CE & retail loans continued to post robust growth, while wholesale book saw improvement which bank was rationalizing in FY17. PPoP was supported as opex cost saw significant decline as most of the integration cost has been completed and Q1FY16 had one time wage impact, which has bought C/I lower to 50%.
- **CASA growth continues to be strong:** KMB continues to witness strong growth in CASA with average CASA growing at 33% YoY and CASA mix at 37% continues to stay on course towards to 40% target in medium term. Better CASA mix has been improving cost of funds keeping overall margins stable at 4.4% and management believes pressure on bank margins is not at risk and continues to guide at +4% margins in FY17.
- **Some deterioration in asset quality from the SME book as integration takes place:** GNPLs increased 10bps QoQ to 2.5%, while Net NPLs increased 20bp QoQ mainly on some slippages from the SME book as KMB undertook the SME & Retail integration in Q1FY17. O/s restructured assets saw decline at 0.1% of loans from 0.26% of loans on repayment from one a/c, while SMA-2 accounts stood at Rs4.74bn increased slightly from Rs1.53bn mainly from eIVBL book and has seen repayment in Jul'16. Guidance for credit cost remained unchanged at 45-50bp for FY17E. Maintain Accumulate with PT of 850 based on Mar'18 ABV.

Key financials (Y/e March)	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>
Net interest income	54,824	82,700	105,699	130,477
Growth (%)	12.6	50.8	27.8	23.4
Operating profit	44,274	57,201	74,575	92,226
PAT	27,922	31,796	44,634	55,286
EPS (Rs)	17.9	17.2	24.2	30.0
Growth (%)	24.9	(4.1)	40.6	24.0
Net DPS (Rs)	0.9	0.5	0.6	0.8

Profitability & Valuation	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>
NIM (%)	4.48	4.60	4.36	4.64
RoAE (%)	13.7	11.6	12.7	13.7
RoAA (%)	2.27	1.76	1.83	1.96
P / BV (x)	5.5	4.3	3.8	3.3
P / ABV (x)	5.7	4.5	4.0	3.4
PE (x)	42.4	44.2	31.4	25.3
Net dividend yield (%)	0.1	0.1	0.1	0.1

*Source: Company Data; PL Research Note – Consolidated financials ex-insurance*

*NII growth was slightly lower than estimates but remains healthy post merger integration in Q1FY16*

*Opex declined improving C/I as integration cost faced by bank has been completed in terms of technology/people/process leading to better PPoP growth*

*Advances growth improved sequentially on back of strong CV/CE growth and improvement in wholesale business.*

*Management continues to guide 20% loan growth in FY17*

*Margins remained flat sequentially at 4.4%*

*Asset quality deteriorated slightly on some hiccup from SME book from eVBL. While restructured book declined to 0.1% of loans on full payment in one a/c*

**Exhibit 1: Q1FY17 Financials – Steady core performance; but asset quality slips**

Standalone (Rs mn)	Q1FY17	Q1FY16	YoY gr. (%)	Q4FY16	QoQ gr. (%)
<b>Net interest income (NII)</b>	<b>19,191</b>	<b>15,982</b>	<b>20.1</b>	<b>18,572</b>	<b>3.3</b>
Other income	7,332	5,924	23.8	6,819	7.5
<b>Total income</b>	<b>26,523</b>	<b>21,906</b>	<b>21.1</b>	<b>25,392</b>	<b>4.5</b>
Operating expenses	13,373	15,937	(16.1)	13,450	(0.6)
-Staff expenses	6,671	9,288	(28.2)	6,340	5.2
-Other expenses	6,701	15,937	(58.0)	7,110	(5.7)
<b>Operating profit</b>	<b>13,150</b>	<b>5,970</b>	<b>120.3</b>	<b>11,942</b>	<b>10.1</b>
Core operating profit	13,150	5,610	134.4	11,942	10.1
Total provisions	1,795	3,053	(41.2)	2,004	(10.4)
<b>Profit before tax</b>	<b>11,355</b>	<b>2,917</b>	<b>289.3</b>	<b>9,937</b>	<b>14.3</b>
Tax	3,936	1,019	286.3	2,980	32.1
<b>Profit after tax</b>	<b>7,420</b>	<b>1,898</b>	<b>291.0</b>	<b>6,958</b>	<b>6.6</b>
<hr/>					
<b>Balance sheet (Rs mn)</b>					
Deposits	14,00,280	11,68,120	19.9	13,86,430	1.0
Advances	12,07,650	10,36,144	16.6	11,86,650	1.8
Gross NPL	30,588	24,218	26.3	28,381	7.8
Net NPL	14,671	10,773	36.2	12,620	16.3
Restructured Assets (Rs mn)	1,600	4,180	(61.7)	3,050	(47.5)
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<b>Ratios (%)</b>	<b>Q1FY17</b>	<b>Q1FY16</b>	<b>YoY bp chg.</b>	<b>Q4FY16</b>	<b>QoQ bp chg</b>
<b>Profitability ratios</b>					
RoaA	1.5	0.6	96	1.5	4
RoaE	12.2	4.2	1,219	11.8	41
<b>NIM</b>	<b>4.4</b>	<b>4.2</b>	<b>15</b>	<b>4.4</b>	<b>-</b>
<hr/>					
<b>Asset Quality ratios</b>					
Gross NPL ratio	2.5	2.3	19	2.4	14
Net NPL ratio	1.2	1.0	17	1.1	15
Coverage ratio	56.4	55.5	93	55.5	91
Rest. assets/ Total adv.	0.1	0.4	(27)	0.3	(12)
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<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	37.4	34.0	340	38.0	(60)
Cost-income ratio	50.4	72.7	(2,233)	53.0	(255)
Non int. inc / total income	27.6	27.0	60	26.9	79
Credit deposit ratio	86.2	88.7	(246)	85.6	65
CAR	15.8	15.3	50	15.3	50
<b>Tier-I</b>	<b>16.8</b>	<b>16.5</b>	<b>30</b>	<b>16.3</b>	<b>50</b>

*Source: Company Data, PL Research*

**Exhibit 2: Consolidated Loan Book – CV/CE & Wholesale business leads growth, while business banking seeing some slowdown**

Loan Book (Rs mn)	Q1FY17	Q1FY16	YoY gr. (%)	Q4FY16	QoQ gr. (%)
CV/CE	80,050	56,260	42.3	74,630	7.3
Auto Loans	1,68,240	1,50,390	11.9	1,66,880	0.8
Personal Loans	1,47,010	1,24,160	18.4	1,49,670	(1.8)
Home loans & LAP	2,34,790	2,07,560	13.1	2,30,090	2.0
Corporate	4,27,320	3,48,370	22.7	3,99,460	7.0
Biz Banking	1,69,900	1,65,220	2.8	1,79,970	(5.6)
Agriculture	1,68,140	1,52,680	10.1	1,79,930	(6.6)
Others	74,590	50,580	47.5	67,300	10.8
<b>Total Advances</b>	<b>14,70,040</b>	<b>12,55,220</b>	<b>17.1</b>	<b>14,47,930</b>	<b>1.5</b>
Loan Book mix (%)	Q1FY17	Q1FY16	YoY (bps)	Q4FY16	QoQ (bps)
CV/CE	5.4	4.5	1.0	5.2	0.29
Auto Loans	11.4	12.0	(0.5)	11.5	(0.08)
Personal Loans	10.0	9.9	0.1	10.3	(0.34)
Home loans & LAP	16.0	16.5	(0.6)	15.9	0.08
Corporate	29.1	27.8	1.3	27.6	1.48
Biz Banking	11.6	13.2	(1.6)	12.4	(0.87)
Agriculture	11.4	12.2	(0.7)	12.4	(0.99)
Others	5.1	4.0	1.0	4.6	0.43

Source: Company Data, PL Research

**Exhibit 3: Q1FY17 - Subsidiary performance – Share of bank continues to be dominant**

Consol Financials (Rs mn)	Q1FY17	Q1FY16	YoY gr. (%)	Q4FY16	QoQ gr. (%)
Standalone Bank	7,420	1,898	291.0	6,958	6.6
Kotak Prime	1,200	1,190	0.8	1,300	(7.7)
KMCC	230	30	666.7	170	35.3
Kotak Securities	600	670	(10.4)	510	17.6
International subsidiaries	130	250	(48.0)	220	(40.9)
Kotak AMC	190	200	(5.0)	250	(24.0)
Kotak Investment Advisors	110	-	NA	50	120.0
Kotak Mahindra Investments	400	300	33.3	500	(20.0)
<b>Lending business</b>	<b>8,620</b>	<b>3,088</b>	<b>179.2</b>	<b>8,258</b>	<b>4.4</b>
Flow business, Subsidiaries	1,660	1,450	14.5	1,700	(2.4)
<b>Consol PAT (ex insurance)</b>	<b>9,960</b>	<b>4,510</b>	<b>120.8</b>	<b>9,780</b>	<b>1.8</b>
Insurance	710	660	7.6	770	(7.8)
<b>Consolidated PAT</b>	<b>10,670</b>	<b>5,170</b>	<b>106.4</b>	<b>10,550</b>	<b>1.1</b>

Source: Company Data, PL Research

*Banking business is coming back on track post merger integration in place*

*Improvement was seen in investment advisory biz (KMCC), while other subs reported soft performance*

## Key Q1FY17 Concall highlights:

### Balance sheet – Growth/Outlook:

- **Loan book** – Loan growth has slightly improved in CV/CE & wholesale banking and corporate banking which saw some let off in FY16 from the eIVBL book. Bank has reclassified Rs50bn of SME loans into small business as per the internal classification and was taken post all integration of businesses. **Outlook:** Continue to guide 20% YoY loan growth for FY17 v/s Q1FY17 growth of ~16.6%.
- **CV/CE** – Have also seen CV industry improving, where KMB continues to scale up gaining market share. Jun'16 OEM CV sales slowdown does not show any signs of the cycle slowdown.
- **Personal:** Was cautious on the increased focus by the sector in lending to personal unsecured loans, which if the competition increases could see challenges 2 to 3 years down the line.
- **CASA** – On an average basis, CASA growth remained strong with CA growth at 32% YoY & SA growth at 35% YoY.
- **Provision coverage Ratio:** PCR is at 52% is after adjusting for what is recoverable.

### Margins:

- Guiding margins of +4% in FY17 and do not see any impact from competitive yield pressures. Margins improved 10bps QoQ to 4.4% in Q1FY17.

### Fees, Opex & capacity building:

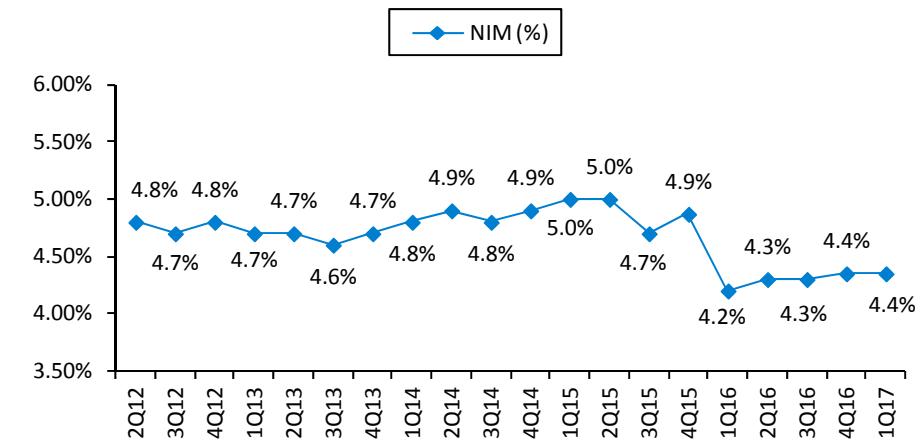
- **Fees** – TPPD fees were flattish YoY, but other fees from loans, cross sell continues to be better.
- **Opex** – Have fully done with integration costs and would be incurring general opex increase hereon.
- **Capacity** – Planning to add ~60-70 branches to reach 1400 branches by Dec'16 end from currently 1333 branches. Will also relocate 70 branches in metro cities. Adding people at front end, while rationalizing people at supervisory/organisational level.

### Asset Quality:

- Have seen some increase in SME slippages even integration of the SME book fully. Restructured book saw decline to Rs1.60bn from Rs3.05bn on repayment in one account. **Outlook:** Management believes asset quality has peaked with most stress from eIVBL's already recognized.
- **Credit cost** – Credit cost in Q1FY17 was ~56bps of loans slightly higher. **Outlook:** Continues guiding credit cost of 45-50bps for FY17.

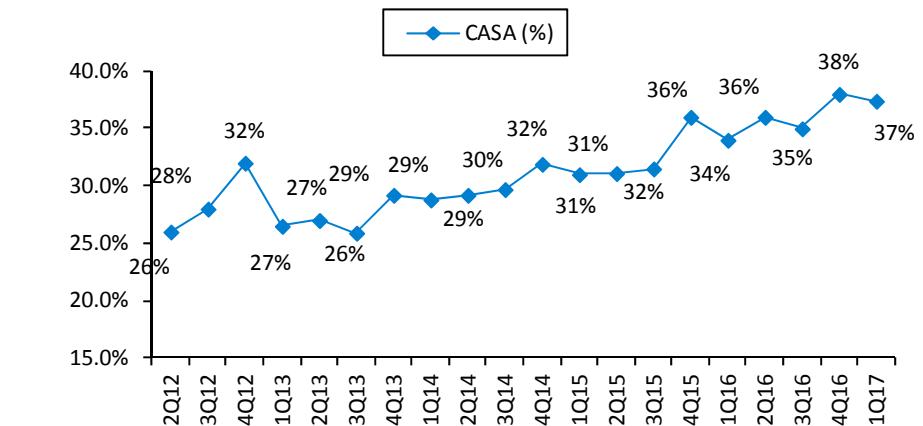
- **Overdue accounts:** KMB's SMA-2 (accounts of Rs50m and above) saw some uptick with outstanding at Rs4.74bn or 0.39% of loans v/s Rs1.53bn or 0.13% of loans in Q4FY16, mainly on addition of Rs1.50bn (one account) which was repaid in Jul'16.

**Exhibit 4: Margins remained stable at 4.4% with guidance continuing to be above +4%**



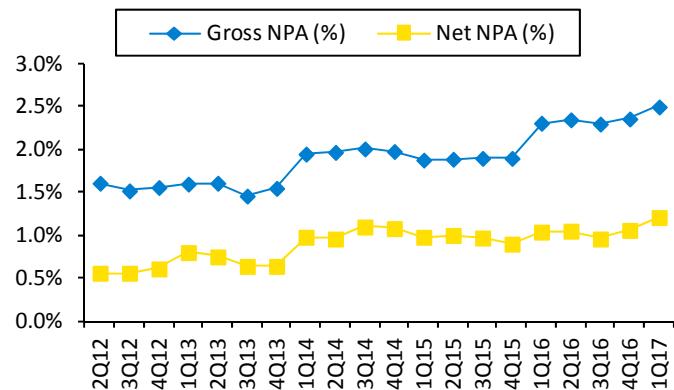
Source: Company Data, PL Research

**Exhibit 5: CASA on average basis continues to remain robust with +30% growth**



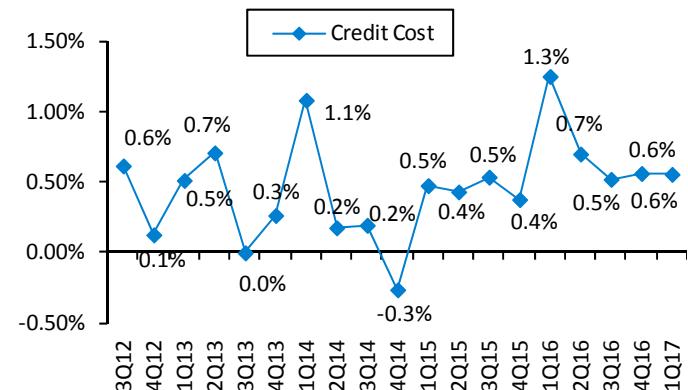
Source: Company Data, PL Research

Exhibit 6: Asset quality deteriorates on some hiccups in SME book



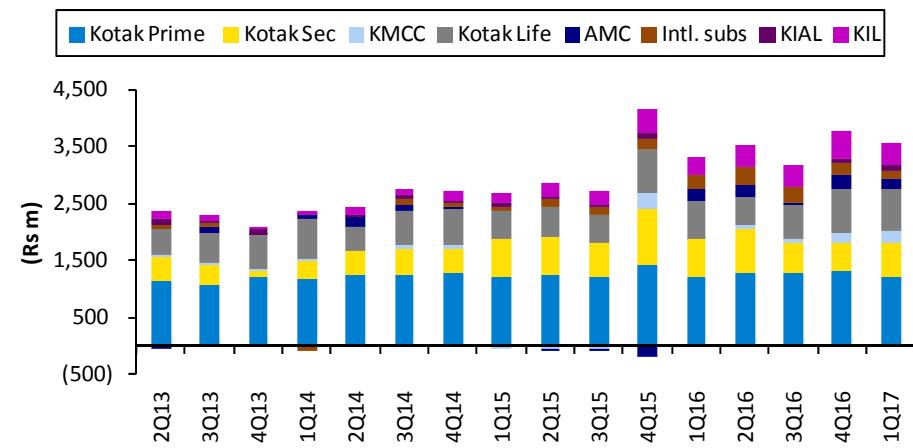
Source: Company Data, PL Research

Exhibit 7: Credit cost remains stable but slightly above guidance



Source: Company Data, PL Research

Exhibit 8: Some softness in subs performance except for IB business on good deals



Source: Company Data, PL Research

Exhibit 9: Consolidated ROEs - Merger synergies to reflect in return ratios in FY17E

ROA Decomposition	2011	2012	2013	2014	2015	2016	2017E	2018E
<b>Net Interest Income</b>	<b>5.62%</b>	<b>4.51%</b>	<b>4.38%</b>	<b>4.50%</b>	<b>4.54%</b>	<b>4.84%</b>	<b>4.62%</b>	<b>4.91%</b>
Fees	2.61%	2.58%	2.02%	2.01%	2.50%	2.29%	1.99%	1.97%
Investment profits	0.23%	0.14%	0.19%	0.20%	0.31%	0.17%	0.12%	0.11%
<b>Net revenues/Assets</b>	<b>8.46%</b>	<b>7.24%</b>	<b>6.60%</b>	<b>6.70%</b>	<b>7.35%</b>	<b>7.30%</b>	<b>6.74%</b>	<b>6.99%</b>
Operating Expense	-4.39%	-3.73%	-3.33%	-3.25%	-3.68%	-3.95%	-3.47%	-3.52%
Provisions	-0.29%	-0.14%	-0.22%	-0.30%	-0.16%	-0.57%	-0.29%	-0.30%
Taxes	-1.18%	-1.09%	-1.01%	-1.06%	-1.20%	-0.92%	-1.02%	-1.09%
Total Costs	-5.85%	-4.97%	-4.56%	-4.61%	-5.03%	-5.44%	-4.78%	-4.91%
<b>ROA</b>	<b>2.61%</b>	<b>2.27%</b>	<b>2.04%</b>	<b>2.09%</b>	<b>2.32%</b>	<b>1.86%</b>	<b>1.95%</b>	<b>2.08%</b>
Equity/Assets	17.03%	15.98%	14.49%	15.35%	16.50%	15.72%	15.14%	14.88%
<b>ROE</b>	<b>15.3%</b>	<b>14.2%</b>	<b>14.1%</b>	<b>13.6%</b>	<b>14.0%</b>	<b>11.8%</b>	<b>12.9%</b>	<b>14.0%</b>

Source: Company Data, PL Research

## Exhibit 10: Change in earnings estimates table

Rs (mn)	Old estimates		Revised estimates		% change	
	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
Net interest income	1,05,197	1,29,928	1,05,699	1,30,477	0.5	0.4
Operating profit	73,976	91,576	74,575	92,226	0.8	0.7
Net profit	44,243	54,865	44,634	55,286	0.9	0.8
EPS, Rs.	24.0	29.8	24.2	30.0	0.9	0.7
ABVPS, Rs.	189.7	224.2	192.4	222.0	1.4	(1.0)
Price target, Rs.	850		850		-	
Recommendation	Accumulate		Accumulate			

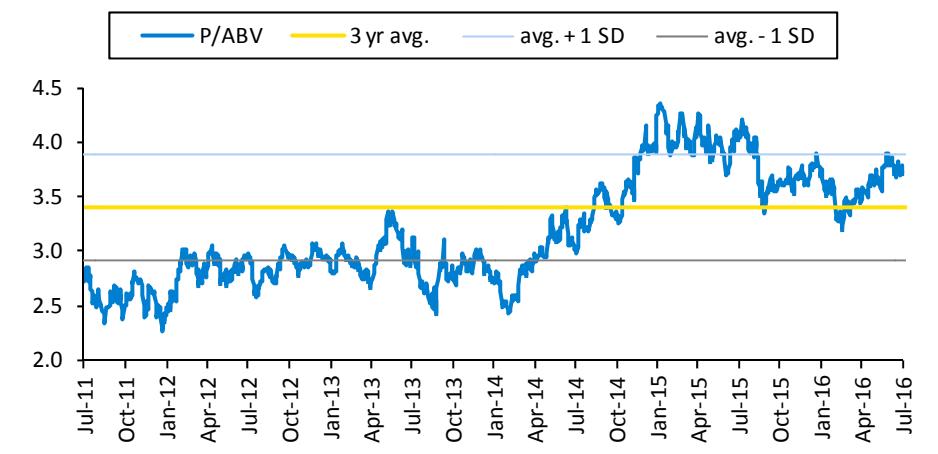
Source: Company Data, PL Research

## Exhibit 11: We maintain 'Accumulate' with TP of Rs850 based on SOTP valuation

	Value (Rs m)	Per Share (Rs)	Valuation Basis
Kotak Securities	60,571	33	20x Mar-18 Earnings
Asset Management	44,573	24	5% of AUMs
KMCC	11,121	6	20x Mar-18 Earnings
International subsidiaries	20,061	11	2.5x Mar-18 book
Others	50,190	27	20x Mar-18 Earnings
Insurance	53,430	29	2.1x EV & 21x new biz
<b>Total Subsidiary Valuation</b>	<b>239,946</b>	<b>131</b>	
Ex insurance	186,516	102	
<b>Total Subsidiary valuation</b>	<b>239,946</b>	<b>131</b>	
<b>Lending biz valuation</b>	<b>1,320,119</b>	<b>720</b>	<b>3.6x Mar-18 book</b>
<b>Mar18 PT</b>		<b>850</b>	

Source: Company Data, PL Research

## Exhibit 12: KMB – one year forward P/ABV trend



Source: Company Data, PL Research

## Income Statement (Rs m)

Y/e March	2015	2016	2017E	2018E
Int. Earned from Adv.	104,744	157,799	195,005	227,893
Int. Earned from Invt.	21,335	34,560	39,914	43,281
Others	1,177	4,578	646	791
<b>Total Interest Income</b>	<b>127,256</b>	<b>196,937</b>	<b>235,565</b>	<b>271,965</b>
Interest expense	72,432	114,237	129,866	141,488
<b>NII</b>	<b>54,824</b>	<b>82,700</b>	<b>105,699</b>	<b>130,477</b>
<i>Growth (%)</i>	<i>12.6</i>	<i>50.8</i>	<i>27.8</i>	<i>23.4</i>
Treasury Income	3,761	2,908	2,763	2,880
NTNII	30,094	39,090	45,495	52,513
Non Interest Income	33,854	41,998	48,258	55,393
<b>Total Income</b>	<b>161,110</b>	<b>238,935</b>	<b>283,823</b>	<b>327,359</b>
<i>Growth (%)</i>	<i>16.4</i>	<i>48.3</i>	<i>18.8</i>	<i>15.3</i>
Operating Expense	44,404	67,497	79,383	93,644
<b>Operating Profit</b>	<b>44,274</b>	<b>57,201</b>	<b>74,575</b>	<b>92,226</b>
<i>Growth (%)</i>	<i>18.4</i>	<i>29.2</i>	<i>30.4</i>	<i>23.7</i>
NPA Provisions	2,757	7,879	6,415	7,811
Investment Provisions	(1,072)	1,372	9	9
<b>Total Provisions</b>	<b>1,904</b>	<b>9,758</b>	<b>6,616</b>	<b>8,031</b>
<b>PBT</b>	<b>42,370</b>	<b>47,443</b>	<b>67,958</b>	<b>84,195</b>
Tax Provisions	14,448	15,647	23,324	28,909
<i>Effective Tax Rate (%)</i>	<i>34.1</i>	<i>33.0</i>	<i>34.3</i>	<i>34.3</i>
<b>PAT</b>	<b>27,726</b>	<b>31,589</b>	<b>44,418</b>	<b>55,059</b>
<i>Growth (%)</i>	<i>25.3</i>	<i>13.9</i>	<i>40.6</i>	<i>24.0</i>

## Balance Sheet (Rs m)

Y/e March	2015	2016	2017E	2018E
Par Value	5	5	5	5
No. of equity shares	1,545	1,834	1,834	1,834
Equity	7,724	9,172	9,172	9,172
<b>Networth</b>	<b>216,859</b>	<b>327,652</b>	<b>372,774</b>	<b>428,492</b>
Adj. Networth	209,926	314,148	357,526	412,618
Deposits	748,603	1,386,430	1,663,716	1,963,185
<i>Growth (%)</i>	<i>26.7</i>	<i>85.2</i>	<i>20.0</i>	<i>18.0</i>
Low Cost deposits	272,174	527,764	644,963	780,688
<i>% of total deposits</i>	<i>36.4</i>	<i>38.1</i>	<i>38.8</i>	<i>39.8</i>
<b>Total Liabilities</b>	<b>1,342,526</b>	<b>2,249,552</b>	<b>2,601,757</b>	<b>3,020,478</b>
Net Advances	907,792	1,466,245	1,741,271	2,068,866
<i>Growth (%)</i>	<i>23.5</i>	<i>61.5</i>	<i>18.8</i>	<i>18.8</i>
Investments	333,476	550,520	609,944	682,717
<b>Total Assets</b>	<b>1,342,526</b>	<b>2,249,552</b>	<b>2,601,757</b>	<b>3,020,478</b>

Source: Company Data, PL Research.

\*Please note – Consolidated Financials are ex-insurance

## Quarterly Financials (Rs m)

Y/e March	Q2FY16	Q3FY16	Q4FY16	Q1FY17
Interest Income	40,057	41,217	42,654	43,869
Interest Expense	23,269	23,555	24,082	24,678
<b>Net Interest Income</b>	<b>16,787</b>	<b>17,662</b>	<b>18,572</b>	<b>19,191</b>
Non Interest Income	6,157	7,222	6,819	7,332
CEB	4,570	4,660	6,100	5,640
Treasury	910	—	—	—
<b>Net Total Income</b>	<b>22,945</b>	<b>24,884</b>	<b>25,392</b>	<b>26,523</b>
Operating Expenses	12,497	12,832	13,450	13,373
Employee Expenses	6,230	6,182	6,340	6,671
Other Expenses	6,267	6,650	7,110	6,701
<b>Operating Profit</b>	<b>10,448</b>	<b>12,052</b>	<b>11,942</b>	<b>13,150</b>
Core Operating Profit	9,538	12,052	11,942	13,150
Provisions	1,764	2,353	2,004	1,795
Loan loss provisions	1,891	1,483	1,651	1,671
Investment Depreciation	(140)	839	300	124
<b>Profit before tax</b>	<b>8,684</b>	<b>9,700</b>	<b>9,937</b>	<b>11,355</b>
Tax	2,989	3,352	2,980	3,936
<b>PAT before EO</b>	<b>5,695</b>	<b>6,347</b>	<b>6,958</b>	<b>7,420</b>
Extraordinary item	—	—	—	—
<b>PAT</b>	<b>5,695</b>	<b>6,347</b>	<b>6,958</b>	<b>7,420</b>

## Key Ratios

Y/e March	2015	2016	2017E	2018E
CMP (Rs)	761	761	761	761
Equity Shrs. Os. (m)	1,545	1,834	1,834	1,834
Market Cap (Rs m)	1,175,212	1,395,598	1,395,598	1,395,598
<i>M/Cap to AUM (%)</i>	<i>87.5</i>	<i>62.0</i>	<i>53.6</i>	<i>46.2</i>
EPS (Rs)	17.9	17.2	24.2	30.0
Book Value (Rs)	138	176	201	231
Adj. BV (100%) (Rs)	134	169	192	222
P/E (x)	42.4	44.2	31.4	25.3
P/BV (x)	5.5	4.3	3.8	3.3
P/ABV (x)	5.7	4.5	4.0	3.4
DPS (Rs)	0.9	0.5	0.6	0.8
<i>Dividend Yield (%)</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>

## Profitability (%)

Y/e March	2015	2016	2017E	2018E
NIM	4.5	4.6	4.4	4.6
RoAA	2.3	1.8	1.8	2.0
RoAE	13.7	11.6	12.7	13.7

## Efficiency

Y/e March	2015	2016	2017E	2018E
<i>Cost-Income Ratio (%)</i>	<i>50.1</i>	<i>54.1</i>	<i>51.6</i>	<i>50.4</i>
<i>C-D Ratio (%)</i>	<i>121.3</i>	<i>105.8</i>	<i>104.7</i>	<i>105.4</i>
Business per Emp. (Rs m)	53	52	56	61
Profit per Emp. (Rs lacs)	8.9	5.8	7.4	8.3
Business per Branch (Rs m)	2,422	2,377	2,619	2,880
Profit per Branch (Rs m)	41	26	34	39

## Asset Quality

Y/e March	2015	2016	2017E	2018E
Gross NPAs (Rs m)	13,848	30,127	29,365	29,886
Net NPAs (Rs m)	6,932	13,505	15,248	15,874
<i>Gr. NPAs to Gross Adv. (%)</i>	<i>1.5</i>	<i>2.1</i>	<i>1.7</i>	<i>1.4</i>
<i>Net NPAs to Net Adv. (%)</i>	<i>0.8</i>	<i>0.9</i>	<i>0.9</i>	<i>0.8</i>
<i>NPA Coverage (%)</i>	<i>49.9</i>	<i>55.2</i>	<i>48.1</i>	<i>46.9</i>

Source: Company Data, PL Research.

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