

May 14, 2020

Q4FY20 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY21E	FY22E	FY21E	FY22E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,343		1,405	
NII (Rs. m)	1,75,477	2,08,665	1,71,175	1,97,345
% Chng.	2.5	5.7		
Op. Profit (Rs. m)	1,44,352	1,70,304	1,36,663	1,56,037
% Chng.	5.6	9.1		
EPS (Rs.)	43.6	56.2	46.4	55.0
% Chng.	(5.8)	2.2		

Key Financials - Consolidated

Y/e Mar	FY19	FY20	FY21E	FY22E
NII (Rs m)	1,29,295	1,54,837	1,75,477	2,08,665
Op. Profit (Rs m)	1,08,231	1,30,139	1,44,352	1,70,304
PAT (Rs m)	64,699	80,990	86,603	1,11,452
EPS (Rs.)	33.8	42.2	43.6	56.2
Gr. (%)	14.9	25.0	3.4	28.8
DPS (Rs.)	0.9	1.2	-	1.8
Yield (%)	0.1	0.1	-	0.2
NIM (%)	4.1	4.4	4.4	4.5
RoAE (%)	12.3	13.4	11.9	12.8
RoAA (%)	1.9	2.1	2.0	2.2
P/BV (x)	4.1	3.6	2.9	2.6
P/ABV (x)	4.2	3.7	3.0	2.6
PE (x)	35.1	28.1	27.2	21.1
CAR (%)	16.9	17.3	16.6	16.3

Key Data

KTKM.BO | KMB IN

52-W High / Low	Rs.1,740 / Rs.1,000
Sensex / Nifty	32,009 / 9,384
Market Cap	Rs.2,270bn/ \$ 30,084m
Shares Outstanding	1,913m
3M Avg. Daily Value	Rs.16263.27m

Shareholding Pattern (%)

Promoter's	29.92
Foreign	39.17
Domestic Institution	21.55
Public & Others	9.36
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.1)	(26.1)	(14.6)
Relative	(9.0)	(7.4)	(1.0)

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Standing tall in a difficult environment

Quick Pointers

- Asset quality benefitted from COVID moratorium but otherwise also it remains stable; 26% customers by value take moratorium facility.
- Margins improved further to 4.72% on back of strong tailwinds from lowering cost of funds at 4.5-5% range, much near to peers.

KMB's s' lone earnings of Rs12.6bn (PLe: Rs13.2 bn) stood lower on back of higher provisions both on overdue loans opting moratorium and enhancing PCR towards 70%, where other large peer banks are standing at. Loan growth remained challenging at 6-7% with conservative lending amongst segments, although deposit franchise continued to show a traction with strong SA inflow. Bank has used this opportunity to cut SA rates and benefit itself from lower deposits costs with further cuts in Apr'20 to bridge the gap on cost of funds with peers, thus helping NIMs move higher to 4.72%. Management sounded cautious on business ahead and remained selective on the growth front. Also it feels, risks from COVID disruption are high leading to rise in credit cost & slippages and we try to resonate our estimate 85bps credit cost + 30bps of COVID provisioning in FY21. We retain ACCUMULATE with TP of Rs1,343 (from Rs1,405) based on 3.0x core Mar-22 BV & Rs281 for subs.

- Holding well on PPOP performance:** NII grew by 17% YoY getting a tailwind from declining cost of funds, as bank cuts SA rates seeing its strong flow. NIM moved up by 3bps QoQ to 4.72% and it might stay high as the bank continued to revise SA rates downward in Apr'20, although some benefits could be passed on lending rates and negative carry from high liquidity. Other income was also good with fee income holding up 7% growth, while opex cost remained under control leading to a PPOP growth of 19% YoY.
- Strong display continues in liabilities; asset side remains cautious:** Bank's strategy on liabilities has played off tremendously well with continued SA traction of 31% YoY growth & 21% YoY average growth despite lowering rates by 120-150bps in last one year. Digital acquisition has played a good role in conversion however focus on customer franchise, brand and offerings have played a bigger role in building up strong liabilities, clearly taking higher incremental market share from large banks. **On assets side**, bank remains quite cautious about lending to unsecured segment, selective growth in CV/CE, business banking & corporate segments and consider growth in mortgages segment as spreads have improved. Management continues to harp on Risk-adj-margins and also wants to balance between risk & duration in the post COVID era.
- Asset quality better due to COVID moratorium:** Asset quality improved with GNPA/NNPA seeing 20bps improvement QoQ but was on back of benefit opted through 3M moratorium on overdue loans which would have become NPA in Mar'20. Bank also did 10% provisions of Rs6.5bn (v/s 5% required) for all overdue a/c. Likewise, 26% of bank customer by value opted for moratorium as at Apr'20 end and will continue to opt higher as the lockdown extends. Retail customers have opted higher with SME and some in mid & large corporate. Management remained quite cautious on asset quality, foreseeing rise in slippage & credit costs but it refrained from any guidance ahead.

Exhibit 1: Q4FY20 Financials – Strong PPOP performance but makes COVID related provisions

Standalone (Rs mn)	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	QoQ gr. (%)
Interest Income	68,047	64,023	6.3	67,356	1.0
Interest Expense	32,450	33,544	(3.3)	33,061	(1.8)
Net interest income (NII)	35,597	30,479	16.8	34,295	3.8
Other income	14,894	12,703	17.2	13,414	11.0
Total income	50,490	43,182	16.9	47,710	5.8
Operating expenses	23,238	20,359	14.1	23,829	(2.5)
-Staff expenses	9,696	8,567	13.2	10,915	(11.2)
-Other expenses	13,542	11,792	14.8	12,914	4.9
Operating profit	27,253	22,823	19.4	23,881	14.1
Total provisions	10,475	1,713	511.6	4,440	135.9
Profit before tax	16,778	21,110	(20.5)	19,441	(13.7)
Tax	4,112	7,032	(41.5)	3,482	18.1
Profit after tax	12,666	14,078	(10.0)	15,959	(20.6)
Balance sheet (Rs mn)					
Deposits	26,28,205	22,58,804	16.4	23,93,540	9.8
Advances	21,97,482	20,56,948	6.8	21,67,740	1.4
Ratios (%)	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	QoQ gr. (%)
Profitability ratios					
RoaA	1.5	1.8	(32)	2.0	(48)
RoaE - Calc	10.5	13.4	(287)	13.7	(316)
NIM	4.7	4.5	26	4.7	3
Asset Quality ratios					
Gross NPL	50,269	44,679	12.5	54,132	(7.1)
Net NPL	15,579	15,444	0.9	19,251	(19.1)
Gross NPL ratio	2.3	2.1	11	2.5	(21)
Net NPL ratio	0.7	0.8	(4)	0.9	(18)
Coverage ratio	69.0	65.4	357	64.4	457
Business & Other Ratios					
Low-cost deposit mix	56.2	52.5	370	53.7	250
Cost-income ratio	46.0	47.1	(112)	49.9	(392)
Non int. inc / total income	29.5	29.4	8	28.1	138
Credit deposit ratio	83.6	91.1	(745)	90.6	(695)
CAR	17.9	16.9	100	17.7	20
Tier-I	17.3	17.5	(20)	18.2	(90)

Source: Company, PL

Key Q4FY20 Conference Call highlights

Business Outlook

- **Liabilities** – Focus continues to remain on building a strong granular franchise with emphasis on TD < Rs 1crore and SA deposits. In spite of lower interest rates offered and rate gap with the peers constricting to ~75bps from ~200bps, growth rate of Savings deposits for April 2020 too (savings interest rates cut twice) on a YoY basis was significant. The average SA balance on 811a/cs is lesser than average SA balance on non 81 a/cs (Rs40,000-Rs50,000)
- **Assets:**
 - Mr. Kotak's strategy here is to "bat ball by ball" implying that each advance will be looked at, in an individual manner. As the Bank remains in a completely uncharted territory, lending business will undergo a serious scrutiny with industry consolidation leading to concentration exposure risks. Nevertheless, the Bank remains open to right risks and will also act as per GOI Stimulus package while focusing on spreads, duration and credit risks while deploying funds.
 - Bank maintains that as it sits on significant surplus liquidity it will be willing to lend incrementally to segments it was previously cautious on if the right sovereign support coupled with first loss guarantee is provided.
 - For **Corporate loans** it is uncertain whether a good/blue-chip corporate pre-COVID will still be the same and hence the book should be reconsidered thoroughly.
 - In the **MSME segment**, Bank has borrowers who are eligible under the scheme announced by the FM on 13th May, 2020 amounting to Rs 210bn (reasonable proportion of which is < Rs 0.25bn) in the corporate and biz banking segment, some portion of the CV/CE and Agri book and almost entire Consumer Bank WC book of Rs 198bn.
 - Unsecured lending remains an area of concern as Bank maintains that self-employed and salaried (irrespective of the size and status of the employer), both are risk customers and thus both **Credit Cards and Unsecured Consumer** book sees some pain coming clearly.
 - For the **Home Loans book**, strategy was to grow aggressively in FY20 while LAP grew in larger cities. Growth in Home Loans was more aggressive though the value of portfolio remains only marginally higher than LAP.
 - Bank also expects **CV** and **MFI** segments to see some pain going ahead.
- **Capital Raise-** Bank has received a board approval and is awaiting for shareholders' approval to raise a capital of upto 65mn equity shares on 25th May 2020 as it believes in taking advantage of opportunities rather than to go hunting in the times of need.

Margins/Other Inc./Opex

- **Margins** – Relentless focus on low-cost liabilities with lowered interest rates and improved ability of better risk pricing contribute to stronger NII's and should be better than expectations.
- **Operating expenses** growth run-rate is expected to lower below 18% YoY (higher last year due to front loading of opex costs on 811) but against savings in opex during and after lockdown bank also intends to ramp up recovery infrastructure investments viz retail and digital.

Asset Quality

- **Moratorium**- As on 30th April, **26% of the loan book on a standalone basis** has opted for moratorium. Whether by no. of customers or by value, share under moratorium is higher for Retail as against Corporates while the SME customers have opted for moratorium even though their working capital utilizations have fallen.
- With Gross slippages lower at Rs 4.91bn, had it not been for Moratorium, GNPA would have been higher by Rs 6.6bn. Banks expects sectors like Hospitality/Malls/Shopping/Aviation etc to remain under stress post COVID
- Bank's Provisions include a COVID provision of Rs 6.5bn and envisages that it's provisioning (including specific, standard and Covid provisions) is higher than NNPA of the Bank thus giving it a fresh start for FY21 though Bank also expects credit costs for Banking sector as a whole to be higher than before.

Subsidiaries

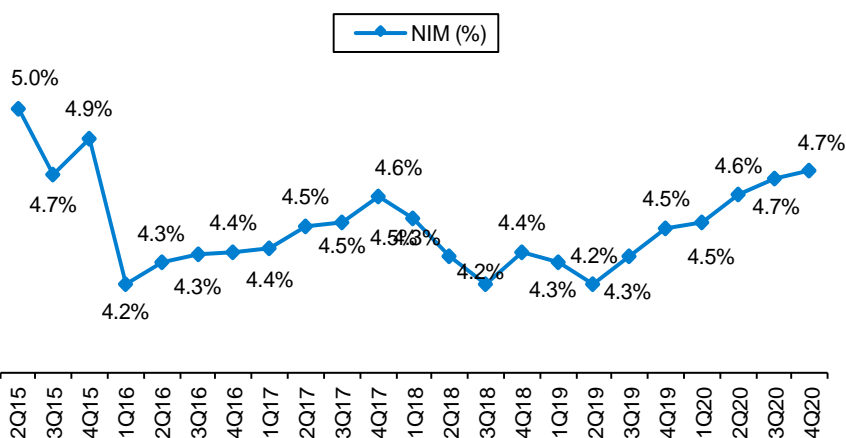
- Life insurance portfolio continues to do well with premium income growing at 27% YoY. Kotak Securities has performed well delivering a PAT growth of 47% YoY. Kotak Prime saw some slowdown partly due to COVID provisioning undertaken and de-growth in loan book though NIMs rose to 4.9% up 78bps YoY while the Other subs were mixed in their performance.

Exhibit 2: Consol Loan Book – Vigilant and conservative on loan growth

Loan Book (Rs mn)	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	QoQ gr. (%)
Corp & Biz Banking	9,41,870	9,02,730	4.3	9,37,750	0.4
CV/CE	1,92,530	1,97,060	(2.3)	1,89,930	1.4
Auto Loans	1,74,850	2,02,970	(13.9)	1,80,080	(2.9)
Cons Bank WC (secured)	1,98,390	1,93,500	2.5	1,98,590	(0.1)
PL, BL, Cons Durables	97,540	90,030	8.3	98,390	(0.9)
Credit Cards	47,010	41,030	14.6	48,850	(3.8)
Home loans & LAP	4,68,810	4,07,220	15.1	4,60,310	1.8
Agri	2,11,880	2,06,250	2.7	2,04,810	3.5
Tractor Finance	75,690	63,670	18.9	72,550	4.3
Others	90,220	1,30,160	(30.7)	1,10,460	(18.3)
Total	24,98,790	24,34,620	2.6	25,01,720	(0.1)

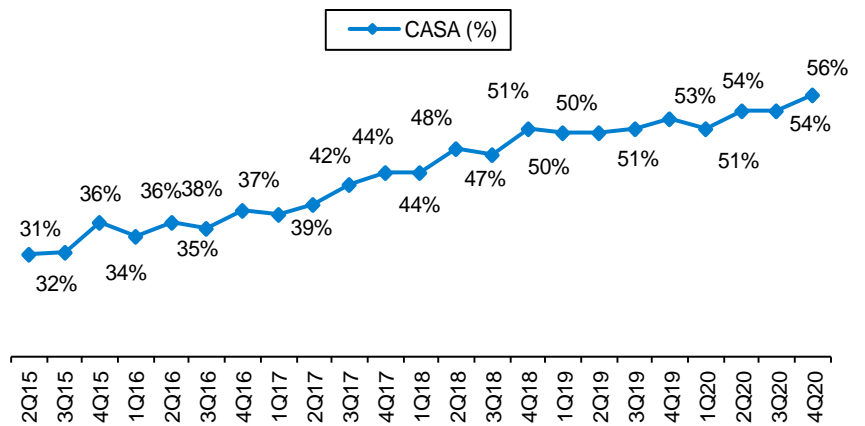
Loan Book mix (%)	Q4FY20	Q4FY19	YoY gr. (bps)	Q3FY20	QoQ gr. (bps)
Corp & Biz Banking	37.7	37.1	61	37.5	21
CV/CE	7.7	8.1	(39)	7.6	11
Auto Loans	7.0	8.3	(134)	7.2	(20)
Cons Bank WC (secured)	7.9	7.9	(1)	7.9	0
PL, BL, Cons Durables	3.9	3.7	21	3.9	(3)
Credit Cards	1.9	1.7	20	2.0	(7)
Home loans & LAP	18.8	16.7	204	18.4	36
Agri	8.5	8.5	1	8.2	29
Tractor Finance	3.0	2.6	41	2.9	13
Others	3.6	5.3	(174)	4.4	(80)

Source: Company, PL

Exhibit 3: Margins improvement continues as cost of deposits decline


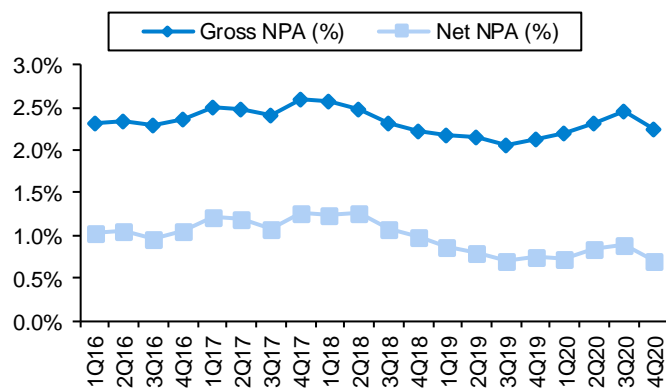
Source: Company, PL

Exhibit 4: SA book continues to support robust CASA book growth



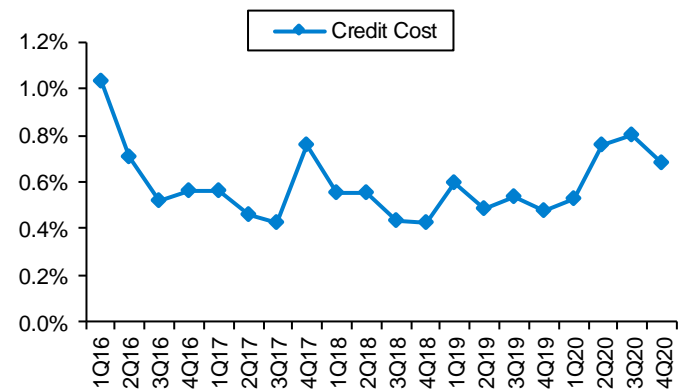
Source: Company, PL

Exhibit 5: Significant decline in Slippages improve Asset Quality...



Source: Company, PL

Exhibit 6: ... leading to a fall in Credit Costs on NPAs excl. Non-COVID related



Source: Company, PL

Kotak Prime's COVID provisioning of **Rs 500mn** impacts bottomline with improvement in NIMs despite slower loan growth

Kotak Securities continues to perform well

Kotak Investments made COVID provision of **Rs 140mn**

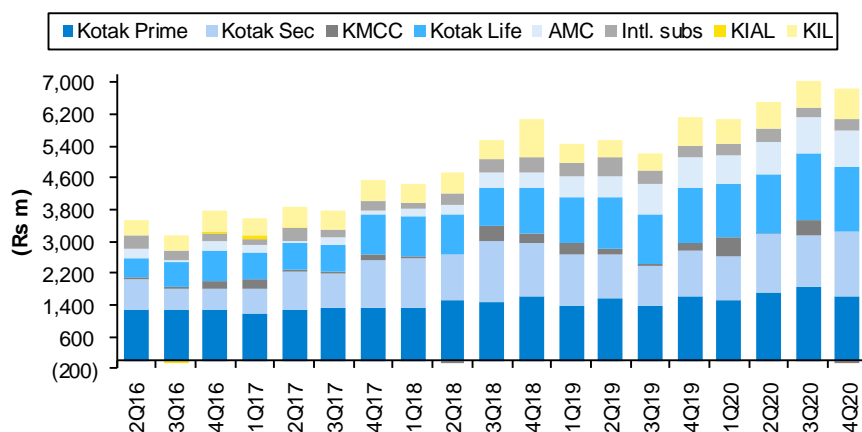
Insurance biz continues to perform on growth & earnings front

Other subs have been mixed bag in earnings and performance

Exhibit 7: Consolidated performance Table

Consol Financials (Rs mn)	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	QoQ gr. (%)
Standalone Bank	12,666	14,078	(10.0)	15,959	(20.6)
Kotak Prime	1,610	1,640	(1.8)	1,870	(13.9)
KMCC	(70)	210	(133.3)	400	(117.5)
Kotak Securities	1,630	1,110	46.8	1,280	27.3
International Subs	300	320	(6.3)	260	15.4
Kotak AMC	880	750	17.3	910	(3.3)
Kotak Mah. Investments	770	730	5.5	640	20.3
Lending business	14,276	15,718	(9.2)	17,829	(19.9)
Flow business	3,510	3,120	12.5	3,490	0.6
Consol PAT (ex - insurance)	17,400	19,000	(8.4)	21,830	(20.3)
Insurance	1,650	1,380	19.6	1,660	(0.6)
Consolidated PAT	19,050	20,380	(6.5)	23,490	(18.9)

Source: Company, PL

Exhibit 8: Kotak Securities, Prime and Life Insurance performance well


Source: Company, PL

Exhibit 9: Consolidated ROEs – Return ratios hit by higher provisions

Du-pont Analysis	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Interest Income	4.54%	4.84%	4.34%	4.26%	4.06%	4.40%	4.43%	4.45%
Fees	2.49%	2.29%	2.15%	2.36%	2.25%	2.38%	2.33%	2.22%
Investment profits	0.31%	0.17%	0.25%	0.16%	0.07%	0.07%	0.07%	0.06%
Net revenues	7.35%	7.30%	6.74%	6.78%	6.38%	6.84%	6.82%	6.73%
Operating Expense	-3.68%	-3.95%	-3.19%	-3.14%	-2.98%	-3.15%	-3.18%	-3.10%
Provisions	-0.16%	-0.57%	-0.40%	-0.37%	-0.32%	-0.64%	-0.70%	-0.44%
Taxes	-1.20%	-0.92%	-1.05%	-1.12%	-1.05%	-0.76%	-0.75%	-0.82%
Total Costs	-5.04%	-5.44%	-4.64%	-4.64%	-4.35%	-4.54%	-4.64%	-4.35%
ROA	2.31%	1.86%	2.10%	2.14%	2.03%	2.30%	2.18%	2.38%
Equity/Assets	16.50%	15.72%	15.68%	16.36%	16.36%	16.92%	18.18%	18.35%
ROE	14.0%	11.8%	13.4%	13.1%	12.4%	13.6%	12.0%	13.0%

Source: Company, PL

Exhibit 10: Change in earnings estimates – We lower growth, while conservatively increase slippages ratio & credit costs

Rs (mn)	Old		Revised		% change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Net interest income	1,71,175	1,97,345	176,116	210,371	2.9	6.6
Operating profit	1,36,663	1,56,037	144,990	172,010	6.1	10.2
Net profit	88,485	1,04,979	86,818	112,452	(1.9)	7.1
Loan Growth (%)	7.6	11.8	8.2	11.2	0.6	(0.6)
Credit Cost (bps)	62.1	47.5	101.2	67.8	39.1	20.3
EPS, Rs.	46.4	55.0	43.9	56.9	(5.3)	3.4
ABVPS, Rs.	371.4	425.5	397.3	454.6	7.0	6.8
Price target, Rs.	1,405		1,343		(4.4)	
Recommendation	ACCUMULATE		ACCUMULATE			

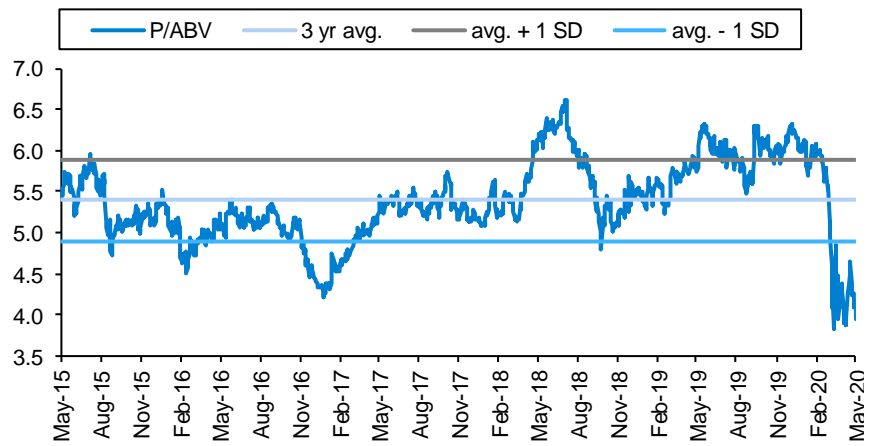
Source: Company, PL

Exhibit 11: We revise our TP to Rs1,343 (previously Rs 1,405) based on Mar-22 SOTP

	Value (Rs m)	Per Share (Rs)	Valuation Basis
Lending biz valuation	20,66,048	1,063	3.0x Mar-22 Book
Kotak Prime	1,13,679	58	1.5x Mar-22 Book
Kotak Securities	1,01,293	52	13x Mar-22 Earnings
Asset Management	1,47,329	76	7% of FY22 AUMs
KMCC	9,546	5	13x Mar-22 Earnings
International subsidiaries	12,604	6	1.0x Mar-22 Book
Others	71,719	37	15x Mar-22 Earnings
Insurance	2,03,752	105	1.9x EV & 15x NB on Mar-22
Total Subsidiary Valuation	5,46,243	281	
Mar-22 based PT		1,343	

Source: Company, PL

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



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Int. Earned from Adv.	2,29,228	2,56,814	2,78,125	3,06,985
Int. Earned from invt.	48,728	52,573	66,116	92,544
Others	6,992	6,731	8,764	10,184
Total Interest Income	2,84,947	3,16,118	3,53,004	4,09,714
Interest Expenses	1,55,652	1,61,281	1,77,527	2,01,048
Net Interest Income	1,29,295	1,54,837	1,75,477	2,08,665
<i>Growth(%)</i>	<i>14.1</i>	<i>18.7</i>	<i>12.3</i>	<i>16.6</i>
Non Interest Income	73,665	86,090	95,071	1,06,764
Net Total Income	2,02,960	2,40,926	2,70,549	3,15,429
<i>Growth(%)</i>	<i>17.6</i>	<i>12.2</i>	<i>11.4</i>	<i>15.3</i>
Employee Expenses	39,018	46,894	53,779	60,826
Other Expenses	55,712	63,893	72,418	84,299
Operating Expenses	94,730	1,10,788	1,26,197	1,45,125
Operating Profit	1,08,231	1,30,139	1,44,352	1,70,304
<i>Growth(%)</i>	<i>13.5</i>	<i>20.2</i>	<i>10.9</i>	<i>18.0</i>
NPA Provision	10,013	22,073	27,570	20,284
Total Provisions	10,047	22,484	27,940	20,618
PBT	98,183	1,07,654	1,16,411	1,49,686
Tax Provision	33,484	26,665	29,808	38,235
<i>Effective tax rate (%)</i>	<i>34.1</i>	<i>24.8</i>	<i>25.6</i>	<i>25.5</i>
PAT	64,460	80,739	86,340	1,11,176
<i>Growth(%)</i>	<i>15.1</i>	<i>25.3</i>	<i>6.9</i>	<i>28.8</i>

Balance Sheet (Rs. m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Face value	5	5	5	5
No. of equity shares	1,909	1,913	1,978	1,978
Equity	9,544	9,565	9,890	9,890
Networth	5,59,984	6,44,384	8,11,854	9,23,554
<i>Growth(%)</i>	<i>13.8</i>	<i>15.1</i>	<i>26.0</i>	<i>13.8</i>
Adj. Networth to NNPA's	16,542	17,071	18,761	17,674
Deposits	22,58,804	26,28,205	30,22,436	35,06,025
<i>Growth(%)</i>	<i>17.3</i>	<i>16.4</i>	<i>15.0</i>	<i>16.0</i>
CASA Deposits	11,85,857	14,76,215	16,88,580	19,62,259
<i>% of total deposits</i>	<i>52.5</i>	<i>56.2</i>	<i>55.9</i>	<i>56.0</i>
Total Liabilities	36,32,894	41,25,207	46,69,867	53,28,207
Net Advances	24,85,901	26,16,478	28,32,228	31,48,041
<i>Growth(%)</i>	<i>18.1</i>	<i>5.3</i>	<i>8.2</i>	<i>11.2</i>
Investments	7,55,982	7,96,947	11,97,394	15,99,275
Total Assets	36,37,894	41,30,207	46,74,867	53,33,207
<i>Growth (%)</i>	<i>16.5</i>	<i>13.5</i>	<i>13.2</i>	<i>14.1</i>

Asset Quality

Y/e Mar	FY19	FY20	FY21E	FY22E
Gross NPAs (Rs m)	47,335	53,190	62,793	66,176
Net NPAs (Rs m)	16,542	17,071	18,761	17,674
<i>Gr. NPAs to Gross Adv.(%)</i>	<i>1.9</i>	<i>2.0</i>	<i>2.2</i>	<i>2.1</i>
<i>Net NPAs to Net Adv. (%)</i>	<i>0.7</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>
<i>NPA Coverage %</i>	<i>65.1</i>	<i>67.9</i>	<i>70.1</i>	<i>73.3</i>

Profitability (%)

Y/e Mar	FY19	FY20	FY21E	FY22E
NIM	4.1	4.4	4.4	4.5
RoAA	1.9	2.1	2.0	2.2
RoAE	12.3	13.4	11.9	12.8
Tier I	16.9	17.3	16.6	16.3
CRAR	16.9	17.3	16.6	16.3

Source: Company Data, PL Research
Quarterly Financials (Rs. m)

Y/e Mar	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Interest Income	66,277	67,616	67,356	68,047
Interest Expenses	34,668	34,120	33,061	32,450
Net Interest Income	31,609	33,496	34,295	35,597
<i>YoY growth (%)</i>	<i>19.7</i>	<i>9.3</i>	<i>(0.2)</i>	<i>(3.3)</i>
CEB	11,620	11,620	11,360	12,700
Treasury	-	-	-	-
Non Interest Income	13,169	12,244	13,414	14,894
Total Income	79,446	79,860	80,770	82,941
Employee Expenses	9,015	9,150	10,915	9,696
Other expenses	11,773	11,504	12,914	13,542
Operating Expenses	20,789	20,654	23,829	23,238
Operating Profit	23,989	25,086	23,881	27,253
<i>YoY growth (%)</i>	<i>18.0</i>	<i>19.7</i>	<i>23.2</i>	<i>19.4</i>
Core Operating Profits	23,989	25,086	23,881	27,253
NPA Provision	2,726	3,977	4,320	3,730
Others Provisions	3,168	4,079	4,440	10,475
Total Provisions	3,168	4,079	4,440	10,475
Profit Before Tax	20,822	21,006	19,441	16,778
Tax	7,220	3,762	3,482	4,112
PAT	13,602	17,245	15,959	12,666
<i>YoY growth (%)</i>	<i>32.7</i>	<i>51.1</i>	<i>23.6</i>	<i>(10.0)</i>
Deposits	23,29,310	23,30,715	23,93,540	26,28,205
<i>YoY growth (%)</i>	<i>22.8</i>	<i>13.2</i>	<i>12.0</i>	<i>16.4</i>
Advances	20,80,300	21,32,994	21,67,740	21,97,482
<i>YoY growth (%)</i>	<i>17.6</i>	<i>15.3</i>	<i>10.4</i>	<i>6.8</i>

Key Ratios

Y/e Mar	FY19	FY20	FY21E	FY22E
CMP (Rs)	1,187	1,187	1,187	1,187
EPS (Rs)	33.8	42.2	43.6	56.2
Book Value (Rs)	290	333	407	463
Adj. BV (70%)(Rs)	282	324	397	454
P/E (x)	35.1	28.1	27.2	21.1
P/BV (x)	4.1	3.6	2.9	2.6
P/ABV (x)	4.2	3.7	3.0	2.6
DPS (Rs)	0.9	1.2	-	1.8
<i>Dividend Payout Ratio (%)</i>	<i>2.6</i>	<i>2.9</i>	<i>-</i>	<i>3.3</i>
<i>Dividend Yield (%)</i>	<i>0.1</i>	<i>0.1</i>	<i>-</i>	<i>0.2</i>

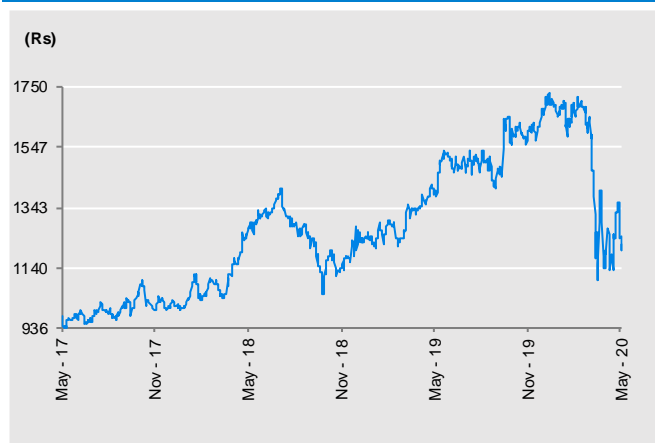
Efficiency

Y/e Mar	FY19	FY20	FY21E	FY22E
<i>Cost-Income Ratio (%)</i>	<i>46.7</i>	<i>46.0</i>	<i>46.6</i>	<i>46.0</i>
<i>C-D Ratio (%)</i>	<i>110.1</i>	<i>99.6</i>	<i>93.7</i>	<i>89.8</i>
Business per Emp. (Rs m)	89	90	91	94
Profit per Emp. (Rs lacs)	12	14	13	16
Business per Branch (Rs m)	3,389	3,746	4,182	4,753
Profit per Branch (Rs m)	46	58	62	80

Du-Pont

Y/e Mar	FY19	FY20	FY21E	FY22E
NII	4.06	4.40	4.43	4.45
Total Income	6.38	6.84	6.82	6.73
Operating Expenses	2.98	3.15	3.18	3.10
PPoP	3.40	3.70	3.64	3.63
Total provisions	0.32	0.64	0.70	0.44
RoAA	2.03	2.30	2.18	2.38
RoAE	12.43	13.59	12.01	12.96

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	14-Apr-20	Accumulate	1,405	1,251
2	20-Jan-20	Hold	1,586	1,618
3	03-Jan-20	Hold	1,586	1,655
4	22-Oct-19	Hold	1,586	1,627
5	03-Oct-19	Hold	1,586	1,616
6	22-Jul-19	Hold	1,385	1,454
7	04-Jul-19	Hold	1,385	1,498

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Hold	475	455
2	Bandhan Bank	Subscribe	-	-
3	Bank of Baroda	BUY	83	50
4	Federal Bank	BUY	73	41
5	HDFC	BUY	1,406	1,278
6	HDFC Bank	BUY	1,105	910
7	HDFC Life Insurance Company	Hold	454	485
8	ICICI Bank	BUY	436	338
9	ICICI Prudential Life Insurance Company	Accumulate	385	385
10	IDFC First Bank	Accumulate	25	22
11	IndusInd Bank	BUY	720	407
12	Kotak Mahindra Bank	Accumulate	1,405	1,251
13	Max Financial Services	BUY	610	484
14	Punjab National Bank	BUY	40	31
15	SBI Life Insurance Company	BUY	880	714
16	South Indian Bank	BUY	11	6
17	State Bank of India	BUY	317	184

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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