

Kotak Mahindra Bank

Estimate change

TP change

Rating change


Bloomberg	KMB IN
Equity Shares (m)	1,907
M.Cap.(INRb)/(USD\$b)	2269.8 / 29.4
52-Week Range (INR)	1740 / 1000
1, 6, 12 Rel. Per (%)	-9/-6/-1
12M Avg Val (INR M)	5295

Financials & Valuations (INR b)

Y/E MARCH	FY20	FY21E	FY22E
NII	135.1	149.0	169.6
OP	100.2	108.4	123.8
NP	59.5	58.4	74.6
Cons. NP	85.9	85.5	106.2
NIM (%)	4.3	4.2	4.2
EPS (INR)	31.1	30.5	39.0
EPS Gr. (%)	22.0	(2.0)	27.8
ABV. (INR)	234.0	253.6	286.8
Cons. BV. (INR)	348.3	392.2	446.8

Ratios

Cons. RoE (%)	12.8	11.4	12.4
RoE (%)	13.1	11.4	12.9
RoA (%)	1.8	1.5	1.7

Valuations

P/BV (X) (Cons.)	3.4	3.1	2.7
P/ABV (X) (Adj.)	3.1	2.9	2.6
P/E(X) (Adj.)	23.6	24.1	18.9

*Adjusted for Investment subs

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	29.9	30.0	30.0
DII	12.6	12.4	11.5
FII	39.2	39.8	40.3
Others	18.3	17.9	18.2

FII Includes depository receipts

CMP: INR1,187 TP: INR1,350 (+14%)
Neutral

Liability franchise strengthens; Well-positioned to navigate through uncertainty

Continued caution on loan growth

- Loan growth remains muted as KMB continues to be cautious in a weak macro environment, further aggravated by the COVID-19 crisis. On the other hand, deposit growth remains strong, with the CASA ratio scaling new heights. On the asset quality front, 26% of the portfolio availed moratorium. Moreover, the standstill benefit enabled 90dpd loans worth INR6.6b to continue as standard. Overall, operating performance stood healthy, with PPOP growing at 19% YoY, although provisions for COVID-19 affected earnings.
- We cut our PAT estimate for FY21/22 by 14%/8%, primarily as we factor in higher credit cost. Maintain **Neutral**.

COVID-19 provision drags earnings; moratorium book stands at 26%, comparable with larger peers

- KMB reported 10% YoY decline in 4QFY20 standalone PAT at INR12.67b, affected by higher provisions toward COVID-19 of INR6.5b @ 10% of overdue loans, against which the standstill benefit is availed.
- NII grew at ~17% YoY to INR35.6b, supported by stable margins at 4.72% (26bp YoY increase). Opex growth stood at 14% YoY (~2% QoQ decline) to INR23.2b. The C/I ratio thus improved by ~400bp QoQ and came in at 46%. In FY20, NII/PPoP grew at 20% YoY each and PAT 22% YoY.
- Loan growth moderated ~7% YoY to INR2.2t, reflecting slowdown in the business environment, further aggravated due to lockdown in 2H Mar'20. On the other hand, deposits witnessed strong traction at 16.4% YoY / 9.8% QoQ to INR2.6t. CASA deposits grew at ~24% YoY, with the CASA mix thus improving to 56.2% (53.7% in 3QFY20). CASA + TDs (below INR50m) form ~86% of the total deposits. The current account opening run-rate stands comparable with FY20, led by continued momentum through the 811 strategy.
- On the asset quality front, slippages came in at INR4.9b as the standstill benefit aided 90dpd loans worth INR6.6b to continue being counted as standard. The GNPA/NNPA ratio thus declined 21bp/18bp QoQ to ~2.3%/0.7%, while the PCR ratio consequently improved 460bp QoQ to ~69%. SMA-2 advances stood at ~INR1b (4bp of loans).
- Moratorium update:** 26% of borrowers by value at the account level had availed moratorium as of 30th Apr'20.
- Subsidiaries:** They reported mixed performances, with PAT declining 2% YoY (14% QoQ decline) for Kotak Prime, and increasing 20% YoY for Kotak Life as well as 47% YoY for Kotak Securities.

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Highlights from management commentary

- Customers are availing moratorium even for May.
- The Financial sector would see a consolidation phase over the next 12–24 months.
- The SME / Business Banking loan portfolio stands at INR210b. A large proportion of business banking customers have outstanding loans below INR250m.

Valuation and view

KMB continues to report steady progress in building a strong liability franchise, with the CASA ratio scaling a new peak at ~56%. A strong CASA mix and healthy margins further aided healthy growth in operating earnings. However, loan growth remains muted as KMB remains cautious in a weak macro environment, further aggravated by the COVID-19 crisis. We estimate KMB to maintain a cautious stance on lending, although a reduction in SA/TD rates would aid margins. On the asset quality front, we expect NPL formation to increase due to rising stress in the CV and Unsecured segments; however, we estimate KMB to deliver controlled credit cost v/s peers, even as the moratorium book is quite the same. Maintain **Neutral**, with a target price of INR1,350 (3.0x FY22E ABV + INR451 for subs).

Quarterly performance**(INR m)**

Y/E March	FY19				FY20				FY19	FY20	FY20E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	25,829	26,891	29,391	30,479	31,730	33,496	34,295	35,597	112,590	135,118	34,775	2%
% Change (Y-o-Y)	15.0	16.3	22.8	18.1	22.8	24.6	16.7	16.8	18.1	20.0	14.1	
Other Income	11,646	12,053	9,639	12,703	13,047	12,244	13,414	14,894	46,040	53,600	11,939	25%
Total Income	37,475	38,944	39,030	43,182	44,778	45,740	47,710	50,490	158,630	188,718	46,714	8%
Operating Expenses	17,150	17,994	19,646	20,359	20,789	20,654	23,829	23,238	75,148	88,509	21,361	9%
Operating Profit	20,325	20,950	19,384	22,823	23,989	25,086	23,881	27,253	83,482	100,208	25,352	7%
% Change (Y-o-Y)	27.4	21.5	6.5	13.1	18.0	19.7	23.2	19.4	16.6	20.0	11.1	833
Other Provisions	4,696	3,538	-323	1,713	3,168	4,079	4,440	10,475	9,624	22,162	4,425	
Profit before Tax	15,629	17,412	19,707	21,110	20,822	21,006	19,441	16,778	73,858	78,047	20,927	-20%
Tax Provisions	5,380	5,995	6,798	7,032	7,220	3,762	3,482	4,112	25,205	18,575	5,591	-26%
Net Profit	10,249	11,417	12,909	14,078	13,602	17,245	15,959	12,666	48,653	59,472	15,336	-17%
% Change (Y-o-Y)	12.3	14.8	22.6	25.2	32.7	51.1	23.6	-10.0	19.1	22.2	8.9	
Deposits (INR b)	1,897	2,058	2,138	2,259	2,329	2,331	2,394	2,628	2,259	2,628	2,629	0%
Loans (INR b)	1,769	1,849	1,964	2,057	2,080	2,133	2,168	2,197	2,057	2,197	2,195	0%
Deposit growth (%)	16.0	24.2	18.2	17.3	22.8	13.2	12.0	16.4	17.3	16.4	16.4	-5
Loan growth (%)	24.3	21.2	23.5	21.2	17.6	15.3	10.4	6.8	21.2	6.8	6.7	13
Asset Quality												
Gross NPA (%)	2.2	2.2	2.1	2.1	2.2	2.3	2.5	2.3	2.1	2.3	2.5	-27
Net NPA (%)	0.9	0.8	0.7	0.8	0.7	0.9	0.9	0.7	0.8	0.7	0.9	-21
PCR (%)	60.8	62.8	66.2	65.4	67.0	64.0	64.4	69.0	65.4	69.0	63.9	507

E:MOFSL Estimates

Consolidated earnings snapshot

Y/E March (INR m)	FY19				FY20			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Kotak Bank	10,250	11,420	12,910	14,080	13,600	17,240	15,960	12,670
Kotak Prime	1,390	1,570	1,390	1,640	1,530	1,720	1,870	1,610
Kotak Securities	1,300	1,120	990	1,110	1,100	1,490	1,280	1,630
KMCC	250	140	30	210	450	10	400	(70)
Kotak Life	1,170	1,270	1,250	1,380	1,340	1,440	1,660	1,650
AMC & Trustee	510	520	760	750	730	850	910	880
Intl. subs	330	470	370	320	290	340	260	300
KIL	480	450	400	730	630	670	640	770
Others	280	130	110	150	170	220	300	70
Kotak Consol.	15,960	17,090	18,210	20,370	19,840	23,980	23,280	19,510
Minority/associate adjustments	(220)	380	230	10	(520)	90	210	(460)
Kotak Cons. (after minority/associates)	15,740	17,470	18,440	20,380	19,320	24,070	23,490	19,050
Contribution of bank in total profits	65%	65%	70%	69%	70%	72%	68%	67%

**Highlights from management commentary****Economic package**

- The measures announced for the MSME segment would be a big boost for banks/NBFCs in terms of lending as they provide govt. guarantee. Overall, this is a very good package announced by the government.

Business strategy

- The near-term focus would be on preserving the balance sheet and continuing to build a strong liability franchise.
- The lending strategy would remain conservative; the bank is likely to exercise caution in lending to companies with a high fixed cost, high leverage, etc.
- The focus would be more on digital infrastructure and building customer franchise in non-credit risk businesses, such as Asset Management and Advisory.
- The post-COVID-19 world would require less office space, and the work-from-home culture would gain popularity. Digital infrastructure and the non-credit risk business would gain considerable attention.
- The Financial sector would undergo a consolidation phase over the next 12–24 months.

COVID-19 related

- Sectors such as Hospitality, Malls, Entertainment, and Airlines would be under pressure.
- Unsecured Personal Loans and Credit Cards, MFI, and CV would see higher delinquencies.
- Customers are availing moratorium even for May.

Operating metrics

- Cost of funds is highly attractive owing to a high CASA ratio.
- The benefit of interest rate cut on the savings deposits would flow into the current year.
- **Salary cut:** Some revenue impact would be witnessed in the near term. The focus would be on building a sustainable firm, while controlling opex.

- **Provision breakup for FY20:** INR14b is toward loan loss provisions, while INR7.3b is toward standard and COVID-19 provisions.

Balance sheet related

- Thus far in May'20, the bank has been opening 14k customer accounts daily.
- Savings deposit growth in April remains strong despite an interest rate cut in SA deposits.
- The SME / Business Banking loan portfolio stands at INR210b. A large proportion of business banking customers have outstanding loans below INR250m.
- Overdue accounts stood at ~INR65b.
- The avg. SA balance of 811 customers is lower than that of other customers.
- **The Home Loan portfolio** is largely given to customers with internal liabilities.

Key exhibits

Corporate Banking and Business Banking form 38.6% of the overall book

Loan growth moderates to ~7% YoY, affected by cautious stance

- Loan growth moderated to 6.8% YoY (+1.4% QoQ), led by moderation across segments such as Corporate and Business Banking, CV/CE, and Consumer Banking. Corporate and Business Banking grew 5.9% YoY, while the CV/CE book de-grew by 2.3% YoY.
- Retail loan growth was led by growth in Home Loan and LAP of 15% YoY (+1.8% QoQ). On the other hand, Personal Loan, Credit Cards, and Small Business grew 3.4% YoY (-3.8% QoQ). The Agri book grew 6.5% YoY (+3.7% QoQ) to INR287b.
- Loans in Personal Loan, Credit Cards, and Small Business formed 15.6% of overall loans v/s 16.1% in 4QFY19, while Home Loan constituted 21.3% of the total book.

Avg. SA balances grew 21% YoY and avg. CA balances 17% YoY

Healthy traction deposits continue; CASA ratio improves 250bp QoQ to 56.2%

- SA deposits grew 31.3% YoY / 14.0% QoQ to ~INR1t. Similarly, CA deposits rose at 10.6% YoY / 16.9% QoQ to INR430b. SA deposits as a proportion of overall deposits improved to 39.8% v/s 35.3% in 4QFY19.
- Average SA balance grew 21% YoY to INR86k. The weighted-average SA rate for the quarter was 5.23% v/s 5.66% in 4QFY19.
- TD growth stood at 7.4% YoY (+3.9% QoQ) to INR1.15t. TD sweep accounts form ~6.6% of the total deposits (INR635b).
- CASA and Retail TDs constituted 86% of the total deposits v/s 81% in 4QFY19.

Asset quality improves sequentially; SMA-2 declines 9bp QoQ to 0.04%

- KMB reported fresh slippages of INR4.9b (four-quarter low), resulting in decline in absolute GNPA/NNPA by 7%/19% QoQ to INR50b/INR15b. The GNPA/NNPA ratio thus declined 21bp/18bp QoQ to 2.25%/0.71%, while PCR consequently improved 457bp QoQ to 69%.
- The bank has created a COVID-19-related provision of INR6.9b (~10% at the account level) for accounts that were overdue on 29th Feb'20 and availed moratorium up to 30th Apr'20. The total provisions, including specific, standard, and COVID-19-related, stand higher than the GNPA of the bank.

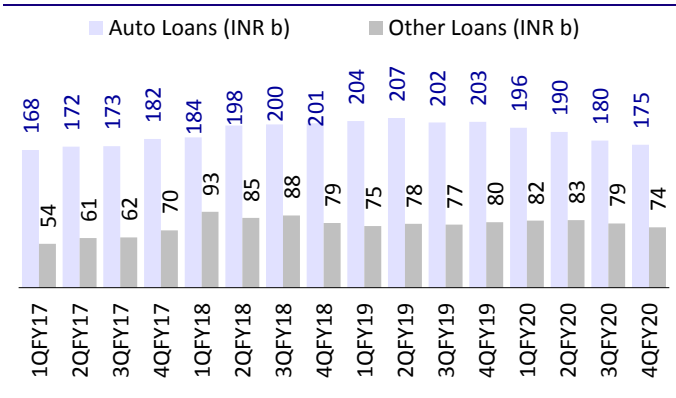
- The bank further highlighted ~26% of the loans by value had availed moratorium up to 30th Apr'20. Had the moratorium not been availed, GNPA would have been higher by ~INR6.6b. SMA-2 outstanding for the bank stood at INR960m, which corresponds with 4bp on advances (v/s 13bp in 3QFY20).

Mixed performances from subsidiaries; decline in auto loan growth

Proportion of equity AUM stood at 42.0% of overall AUM v/s 41.6% in 4QFY19

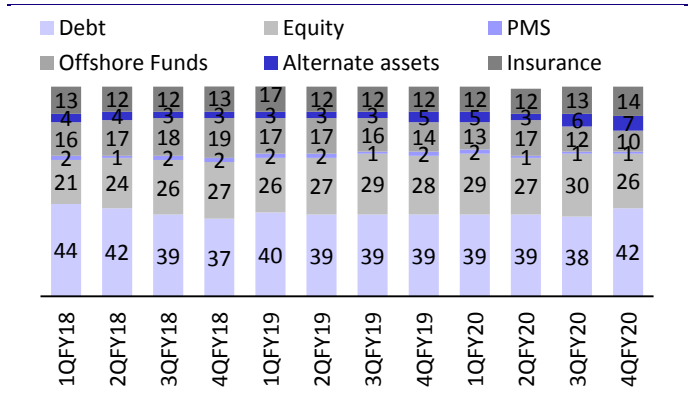
- Profitability in the Securities business stood at INR1.6b (+47%/27% YoY/QoQ).
- K-Sec's market share remains stable at ~1.7% sequentially.
- Profitability in the Prime business moderated to INR1.6b (-1.8% YoY/-13.9% QoQ), while NNPA declined 1bp to 0.60% and Auto Loans fell 14%/3% YoY/QoQ.
- Profitability in the Asset Management business came in at INR880m (-3.3% QoQ), while average AUM increased 24% YoY (+5.3% QoQ), led by strong inflows in equity AUM (+25% YoY), constituting 42.0% of the total AUM.
- Life Insurance profit increased 20% YoY to INR1.65b, led by 13% growth in premium income. 13th month persistency stood stable QoQ at 87.8%. EV came in at INR83.9b, with VNB at INR6.43b. VNB margins stood at 28.8%.

Exhibit 1: Kotak Prime – Loan growth declines 12%/4% YoY/QoQ



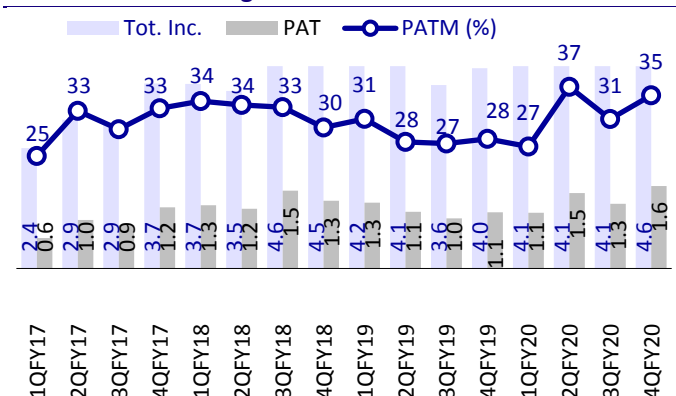
Source: MOSL, Company

Exhibit 2: Domestic AUM comes in largely flat YoY



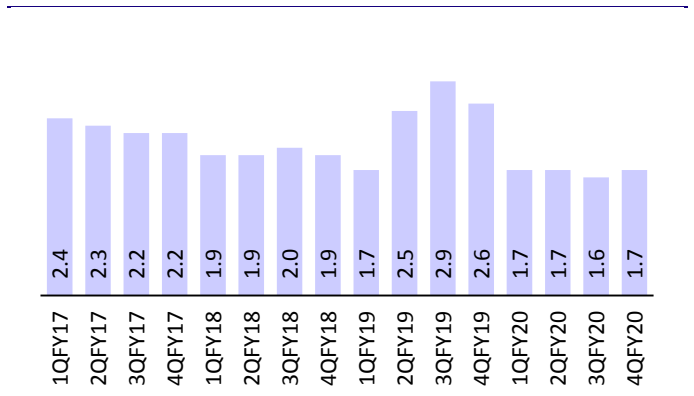
Source: MOSL, Company

Exhibit 3: K-Sec: PAT grows 47% YoY to INR1.6b



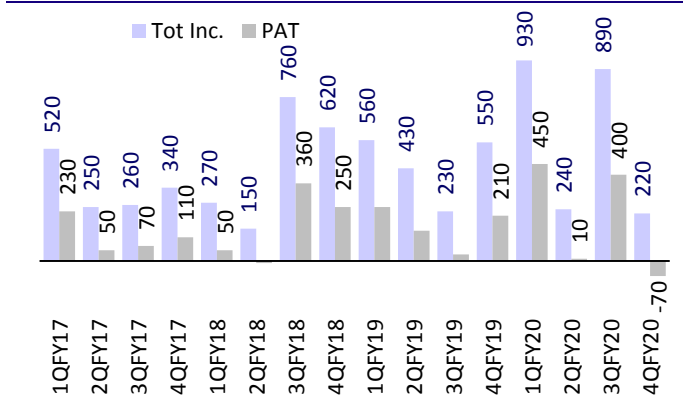
Source: MOSL, Company

Exhibit 4: K-Sec's market share stands stable at 1.7%



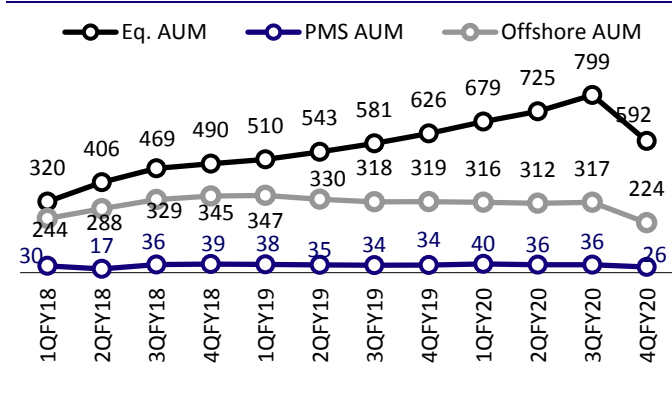
Source: MOSL, Company

Exhibit 5: Investment Banking reports loss of INR70m



Source: MOSL, Company

Exhibit 6: Kotak AMC: AUM mix (INR b)



Source: MOSL, Company

Valuation view

- KMB has exhibited a strong performance across cycles, with stable loan/earnings growth and asset quality. Even in the current challenging times, the bank is demonstrating stable overall performance. A strong presence across products and healthy capitalization (Tier 1 of 17.3%) places the bank in a sweet spot to capitalize on growth opportunities and gain market share as the economy starts to recover.
- An increased customer acquisition run-rate, aided by digital sourcing and cross-selling to existing customers, should keep loan growth buoyant. The bank’s CASA ratio remains the highest at ~56% and continues to surprise on the positive side. This has enabled the bank to reduce its cost of funds, resulting in all-time high margins of 3.72% in 4QFY20.
- While the macro environment remains challenging, the bank’s conservative stance on lending, coupled with the lower proportion of customers availing moratorium and the smaller share of SMA-2 advances, places the bank in a comfortable position. Furthermore, the capital-light nature of its Capital Market and Asset Management businesses could present an upside to its RoE as macro recovery takes place and the corporate earnings cycle improves.
- **Neutral, with a target price of INR1,350:** KMB continues to report steady progress in building a strong liability franchise, with the CASA ratio scaling a new peak at ~56%. A strong CASA mix and healthy margins have further aided healthy growth in operating earnings. However, loan growth remains muted as KMB remain cautious in a weak macro environment, further aggravated by the COVID-19 crisis. We estimate KMB to maintain a cautious stance on lending, although a reduction in SA/TD rates would aid margins. On the asset quality front, we expect NPL formation to increase due to rising stress in the CV and Unsecured segments; however, we estimate KMB to deliver controlled credit cost v/s peers even as the moratorium book is quite the same. Maintain **Neutral**, with a target price of INR1,350 (3.0x FY22E ABV + INR451 for subs).

Exhibit 7: SOTP-based pricing

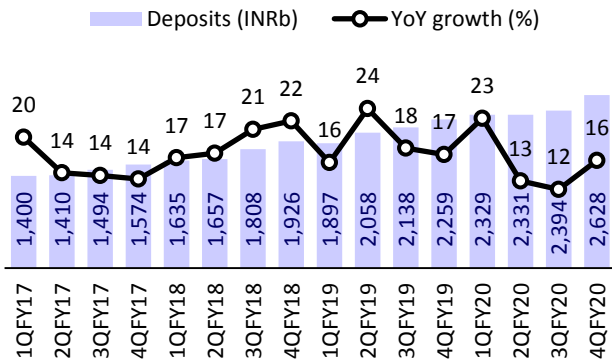
	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	2,062	29.0	1,078	80	
Kotak Mahindra Bank	1,721	24.2	899	67	3x FY22E Net-worth
Kotak Prime (Car and other loans)	265	3.7	139	10	3x FY22E Net-worth
Kotak Investment Company (LAS)	76	1.1	40	3	3x FY22E Net-worth
Asset Management Business	218	3.1	114	8	6.4% of FY22E AUMs
Domestic Mutual Fund	184	2.6	96	7	
Alternative Assets	13	0.2	7	0	
Offshore Funds	21	0.3	11	1	
Capital Markets related Business	136	1.9	71	5	
Kotak Securities	115	1.6	60	4	17x FY22E PAT
Kotak Investment Banking (KMCC)	21	0.3	11	1	2.5x FY22E Net-worth
Kotak Life Insurance	382	5.4	200	15	3.3x FY22E EV
Subs value @ 20% discount	862	12.1	451	33	
Target Value (Post 20% holding discount)	2,583	36.3	1,350	100	
- contribution of subs/associates to total PT			33%		

Exhibit 8: We cut our FY21/22 estimates by 14%/8% as we factor in lower business growth and higher credit cost

INR b	Old Est.		Revised Est.		Change (%)/bps	
	FY21	FY22	FY21	FY22	FY21	FY22
Net Interest Income	152.8	172.6	149.0	169.6	-2.5	-1.7
Other Income	56.7	64.7	58.4	66.6	3.0	3.0
Total Income	209.5	237.3	207.4	236.2	-1.0	-0.5
Operating Expenses	96.7	109.7	99.1	112.4	2.5	2.4
Operating Profits	112.8	127.5	108.4	123.8	-3.9	-2.9
Provisions	21.6	19.6	30.3	24.1	40.8	23.2
PBT	91.3	108.0	78.0	99.7	-14.5	-7.7
Tax	23.0	27.2	19.7	25.1	-14.5	-7.7
Standalone PAT	68.3	80.8	58.4	74.6	-14.5	-7.7
Consolidated PAT	96.4	113.6	85.5	106.2	-11.3	-6.5
Loans	2,414	2,752	2,373	2,682	-1.7	-2.6
Deposits	2,971	3,387	3,049	3,537	2.6	4.4
Margins (%)	4.36	4.33	4.17	4.21	(18)	(13)
SA RoA (%)	1.80	1.88	1.53	1.73	(27)	(15)
Core RoE (%)	13.2	13.7	11.4	12.9	(183)	(79)
EPS	50.5	59.5	44.7	55.5	-11.5	-6.7
BV	288.3	329.3	283.0	320.7	-1.8	-2.6
Consol BV	396.9	455.5	392.2	446.8	-1.2	-1.9

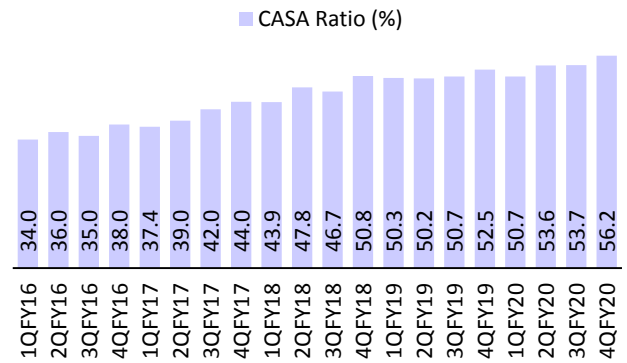
Story in Charts

Exhibit 9: Deposits grow 16% YoY to INR2.6t



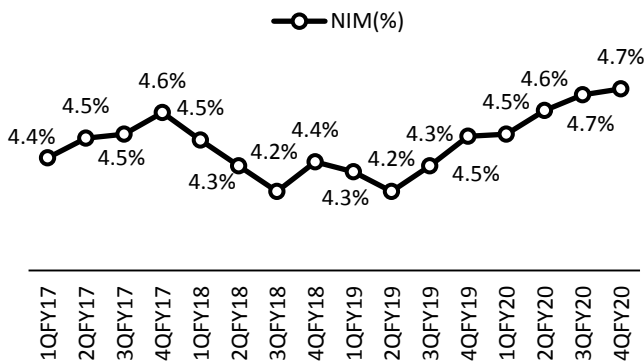
Source: MOFSL, Company

Exhibit 10: CASA ratio improves ~250bp to 56.2%



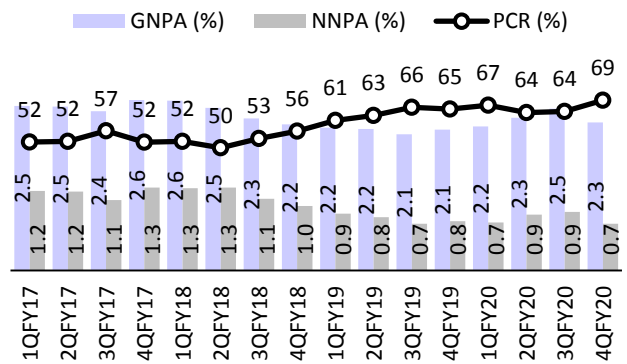
Source: MOFSL, Company

Exhibit 11: Margins at all-time high of 4.72%



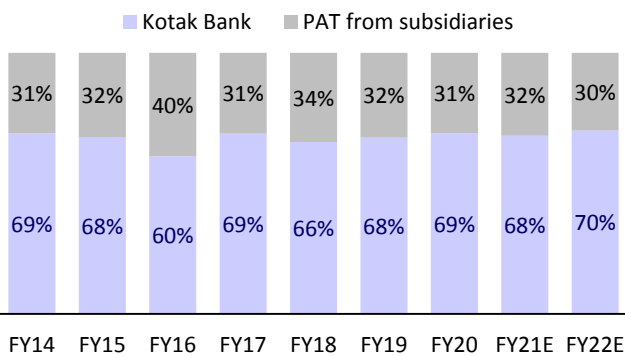
Source: MOFSL, Company

Exhibit 12: Asset quality improves, while PCR stands at 69%



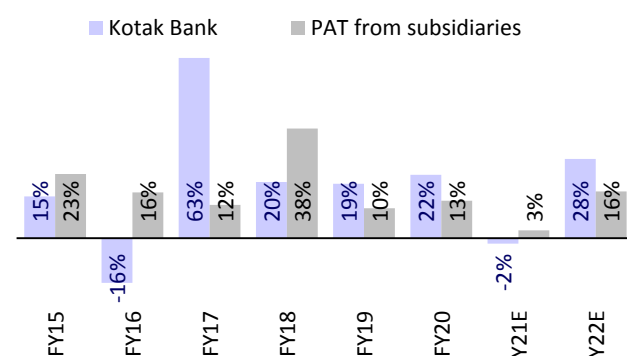
Source: MOFSL, Company

Exhibit 13: Trend in composition of PAT



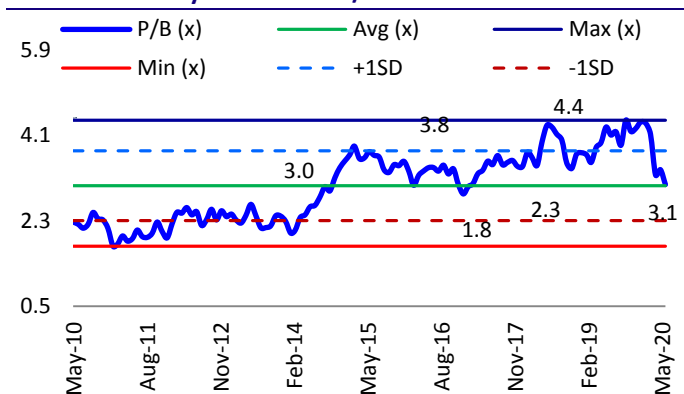
Source: MOFSL, Company

Exhibit 14: Growth in standalone PAT v/s subsidiaries' PAT



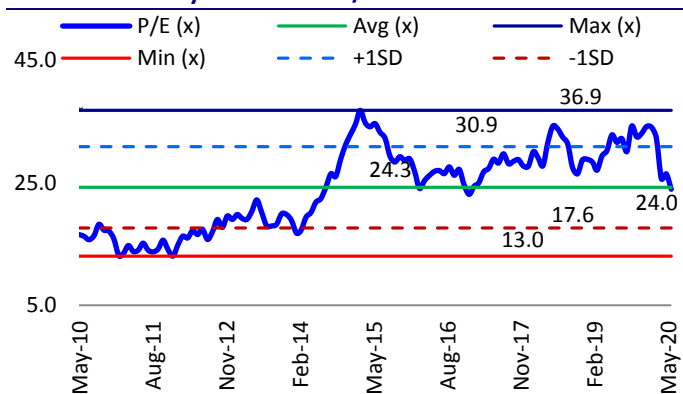
Source: MOFSL, Company

Exhibit 15: One-year forward P/B



Source: MOFSL, Company

Exhibit 16: One-year forward P/E



Source: MOFSL, Company

Exhibit 17: DuPont Analysis: We expect KMB to deliver FY22 RoA/RoE of 1.7%/12.8%

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	9.0	8.70	8.24	8.30	8.01	7.81	7.76
Interest Expense	5.2	4.71	4.26	4.40	3.99	3.90	3.82
Net Interest Income	3.8	3.99	3.98	3.90	4.02	3.91	3.94
Fee income	1.3	1.49	1.60	1.57	1.57	1.52	1.53
Trading and others	0.1	0.22	0.09	0.02	0.02	0.02	0.02
Non-Interest income	1.4	1.71	1.69	1.60	1.59	1.53	1.55
Total Income	5.2	5.70	5.67	5.50	5.61	5.45	5.49
Operating Expenses	3.0	2.76	2.68	2.60	2.63	2.60	2.61
Employee cost	1.5	1.36	1.23	1.10	1.15	1.12	1.11
Others	1.5	1.40	1.45	1.50	1.48	1.48	1.50
Operating Profits	2.2	2.94	2.99	2.89	2.98	2.85	2.88
Core operating Profits	2.1	2.72	2.90	2.87	2.96	2.83	2.86
Provisions	0.5	0.41	0.39	0.33	0.66	0.80	0.56
NPA	0.4	0.30	0.26	0.29	0.66	0.78	0.53
Others	0.1	0.11	0.13	0.04	0.00	0.02	0.03
PBT	1.7	2.53	2.59	2.56	2.32	2.05	2.32
Tax	0.6	0.85	0.89	0.87	0.55	0.52	0.58
RoA	1.1	1.68	1.70	1.69	1.77	1.53	1.73
Leverage (x)	8.1	7.9	7.4	7.2	7.3	7.3	7.4
RoE	9.3	13.2	12.5	12.1	12.9	11.3	12.8

Financials and valuations

Income statement							(INR b)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	163.8	177.0	197.5	239.4	269.4	297.4	333.8
Interest Expense	94.8	95.7	102.2	126.8	134.3	148.4	164.2
Net Interest Income	69.0	81.3	95.3	112.6	135.1	149.0	169.6
Non-Interest Income	26.1	34.8	40.5	46.0	53.6	58.4	66.6
Total Income	95.1	116.0	135.8	158.6	188.7	207.4	236.2
Growth (%)	4.6	22.0	17.1	16.8	19.0	9.9	13.9
Operating Expenses	54.7	56.2	64.3	75.1	88.5	99.1	112.4
Pre Provision Profits	40.4	59.8	71.6	83.5	100.2	108.4	123.8
Growth (%)	-4.3	48.1	19.6	16.6	20.0	8.1	14.2
Core Operating Profits	38.3	55.4	69.5	82.8	99.5	107.6	123.0
Growth (%)	-1.6	44.8	25.3	19.2	20.2	8.2	14.3
Provisions (excl. tax)	9.2	8.4	9.4	9.6	22.2	30.3	24.1
PBT	31.2	51.5	62.2	73.9	78.0	78.0	99.7
Tax	10.3	17.4	21.3	25.2	18.6	19.7	25.1
Tax Rate (%)	33.1	33.7	34.3	34.1	23.8	25.2	25.2
PAT	20.9	34.1	40.8	48.7	59.5	58.4	74.6
Growth (%)	-15.7	63.2	19.7	19.1	22.2	-1.9	27.8
Consolidated PAT	34.6	49.4	62.0	72.0	85.9	85.5	106.2
Growth (%)	-5.4	42.8	25.5	16.2	19.3	-0.5	24.2

Balance sheet

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	9.2	9.2	9.5	9.5	9.6	9.6	9.6
Preference Share Capital	0.0	0.0	0.0	5.0	5.0	5.0	5.0
Reserves & Surplus	230.5	267.0	365.3	414.5	475.6	531.8	603.9
Net Worth	239.6	276.2	374.8	429.0	490.2	546.3	618.5
<i>Of which Equity Net-worth</i>	<i>239.6</i>	<i>276.2</i>	<i>374.8</i>	<i>424.0</i>	<i>485.2</i>	<i>541.3</i>	<i>613.5</i>
Deposits	1,386.4	1,574.3	1,926.4	2,258.8	2,628.2	3,048.7	3,536.5
Growth (%)	11.8	13.5	22.4	17.3	16.4	16.0	16.0
of which CASA Dep	527.8	692.6	977.7	1,185.9	1,476.2	1,734.7	2,054.7
Growth (%)	27.8	31.2	41.2	21.3	24.5	17.5	18.4
Borrowings	209.8	211.0	251.5	322.5	379.9	302.2	314.9
Other Liabilities & Prov.	86.8	84.5	96.5	111.4	104.2	112.5	124.9
Total Liabilities	1,922.6	2,145.9	2,649.3	3,121.7	3,602.5	4,009.7	4,594.8
Current Assets	108.8	225.7	196.2	246.8	532.9	475.8	500.7
Investments	512.6	450.7	645.6	711.9	750.5	1,028.2	1,264.7
Growth (%)	-0.1	-12.1	43.2	10.3	5.4	37.0	23.0
Loans	1,186.7	1,360.8	1,697.2	2,056.9	2,197.5	2,373.3	2,681.8
Growth (%)	10.9	14.7	24.7	21.2	6.8	8.0	13.0
Fixed Assets	15.5	15.4	15.3	16.5	16.2	17.2	18.2
Other Assets	99.0	93.2	95.1	89.6	105.4	115.2	129.4
Total Assets	1,922.6	2,145.9	2,649.3	3,121.7	3,602.5	4,009.7	4,594.8

Asset Quality

Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
GNPA	28.4	35.8	38.3	44.7	50.3	81.0	86.0
NNPA	12.6	17.2	16.7	15.4	15.6	27.9	28.4
GNPA Ratio (%)	2.36	2.59	2.23	2.14	2.25	3.34	3.14
NNPA Ratio (%)	1.06	1.26	0.98	0.75	0.71	1.18	1.06
Slippage Ratio (%)	2.46	1.15	1.00	0.89	1.34	2.60	1.80
Credit Cost (%)	0.76	0.48	0.41	0.45	1.04	1.30	0.90
PCR (Excl. Tech. write off) (%)	55.5	52.0	56.5	65.4	69.0	65.5	67.0

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	12.0	9.6	9.0	8.9	8.6	8.3	8.3
Avg. Yield on loans	13.5	10.5	9.6	9.8	9.9	9.6	9.4
Avg. Yield on Investments	8.7	7.9	7.5	7.6	7.5	7.3	7.4
Avg. Cost-Int. Bear. Liabilities	7.7	5.7	5.2	5.3	4.8	4.7	4.6
Avg. Cost of Deposits	7.4	5.6	5.1	5.3	5.1	4.7	4.5
Interest Spread	6.1	5.0	4.5	4.5	4.8	4.9	4.9
Net Interest Margin	5.1	4.4	4.3	4.2	4.3	4.2	4.2

Capitalization Ratios (%)

CAR	17.0	17.2	18.4	17.9	17.9	17.5	16.8
Tier I	16.1	16.5	17.8	17.4	17.3	16.7	16.0
Tier II	0.9	0.7	0.6	0.5	0.6	0.7	0.8

Asset-Liability Profile (%)

Loans/Deposit Ratio	85.6	86.4	88.1	91.1	83.6	77.8	75.8
CASA Ratio	38.1	44.0	50.8	52.5	56.2	56.9	58.1
Cost/Assets	2.8	2.6	2.4	2.4	2.5	2.5	2.4
Cost/Total Income	57.5	48.4	47.3	47.4	46.9	47.8	47.6
Cost/Core Income	58.8	50.3	48.1	47.6	47.1	47.9	47.7
Int. Expense/Int. Income	57.9	54.1	51.7	53.0	49.8	49.9	49.2
Fee Income/Total Income	25.2	26.2	28.3	28.6	28.0	27.8	27.9
Non Int. Inc./Total Income	27.5	30.0	29.8	29.0	28.4	28.2	28.2
Emp. Cost/Total Expenses	51.2	49.3	45.9	42.4	43.8	43.1	42.5
Investment/Deposit Ratio	37.0	28.6	33.5	31.5	28.6	33.7	35.8

Profitability Ratios and Valuation

RoE (%)	11.0	13.2	12.5	12.2	13.1	11.4	12.9
RoA (%)	1.4	1.7	1.7	1.7	1.8	1.5	1.7
Consolidated ROE (%)	10.4	12.8	12.3	12.4	12.8	11.4	12.4
Consolidated ROA (%)	1.8	1.9	2.0	2.0	2.1	1.8	1.9
RoRWA (%)	1.1	1.5	1.5	1.6	1.7	1.5	1.7
Consolidated BV (INR)	181.9	209.1	264.9	302.7	348.3	392.2	446.8
Growth (%)	10.8	15.0	26.7	14.3	15.1	12.6	13.9
Price-Consol. BV (x)		5.7	4.5	3.9	3.4	3.1	2.7
Standalone Adjusted BV (INR)	121.6	138.8	177.6	203.2	234.0	253.6	286.8
Growth (%)	18.2	14.2	28.0	14.4	15.1	8.4	13.1
Price-ABV (x)		5.3	4.1	3.6	3.1	2.9	2.6
Standalone EPS (INR)	12.4	18.6	21.8	25.5	31.1	30.5	39.0
Growth (%)	-9.0	50.1	17.4	17.0	22.0	-2.0	27.8
Price-Earnings (x)		39.6	33.8	28.8	23.6	24.1	18.9
Dividend Per Share (INR)	0.6	0.0	0.7	1.0	0.0	1.1	1.3
Dividend Yield (%)	0.1	0.0	0.1	0.1	0.0	0.1	0.1

NOTES

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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