

Kotak Mahindra Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	KMB IN
Equity Shares (m)	1,980
M.Cap.(INRb)/(USD\$)	3778.7 / 45.7
52-Week Range (INR)	2252 / 1630
1, 6, 12 Rel. Per (%)	-1/6/-9
12M Avg Val (INR M)	6022

Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
NII	168.2	209.8	245.8
OP	120.5	143.7	170.6
NP	85.7	101.2	114.6
Cons. NP	120.9	142.6	164.6
NIM (%)	4.5	4.9	4.9
EPS (INR)	43.2	51.0	57.7
EPS Gr. (%)	20.9	18.0	13.2
ABV. (INR)	341.6	389.6	443.0
Cons. BV. (INR)	487.1	557.8	639.5
Ratios			
Cons. RoE (%)	12.5	12.9	12.9
RoE (%)	12.7	13.2	13.1
RoA (%)	2.1	2.2	2.2
Valuations			
P/BV (X) (Cons.)	3.9	3.4	3.0
P/ABV (X) (Adj.)	3.9	3.4	3.0
P/E(X) (Adj.)	30.7	26.0	23.0

*Adjusted for Investment subs

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	26.0	26.0	26.0
DII	17.3	16.6	14.6
FII	40.6	40.9	42.8
Others	16.2	16.6	16.6

FII Includes depository receipts

CMP: INR1,903 TP: INR2,040 (+7%) Neutral

Robust business growth; margin continues to scale newer highs

Asset quality remains strong

- KMB reported strong earnings, with standalone PAT up 27% YoY to INR25.8b (7% beat), driven by lower provisions even as PPOP grew 14% YoY. Consolidated PAT grew 21% YoY to INR36.1b.
- Loan growth remains healthy, with a 25bp QoQ expansion in margin to 5.17%. CASA ratio moderated by 190bp QoQ to 56.2%.
- Gross slippages moderated to INR9.8b, of which INR3.3b got upgraded in 2QFY23 itself. Healthy recoveries and upgrades, enabled a 16bp/7bp QoQ decline in the GNPA/NNPA ratio. KMB reversed INR440m of COVID-related provisions. Outstanding COVID-related provisions stood at INR4.4b (15bp of loans). **We maintain our Neutral rating.**

NIM improved by 25bp QoQ to 5.17%; asset quality robust

- KMB reported a standalone PAT of INR25.8b (7% beat), aided by lower provisions as the bank reversed COVID-related provisions of INR440m. Consolidated PAT grew 21% YoY to INR36.1b.
- NII grew 27% YoY (in line), led by loan growth of 5% QoQ and margin expansion of 25bp QoQ to 5.17%. Other income grew 8% YoY. Core fee income grew a healthy 24% YoY.
- Growth in OPEX stood higher as the bank continues to invest in building a digitally savvy franchise by hiring in technology and other functions. As a result, PPOP/core PPOP grew 14%/31% YoY.
- Loan book grew 5% QoQ and 25% YoY, led by healthy traction across segments. The bank reported healthy sequential trends in Home, Personal, Business, and Consumer Durable loans, and Credit Cards. Deposits grew 11.5% YoY and 3% QoQ, while the CASA mix moderated by 190bp QoQ to 56.2%. CASA and TDs (below INR50m) fell to 86% in 2Q v/s 88% in 1QFY23.
- Gross slippages moderated to INR9.8b, of which INR3.3b was upgraded in 2QFY23 itself. GNPA/NNPA ratio improved by 16bp/7bp QoQ to 2.08%/0.55%, aided by higher recoveries and upgrades of INR9.5b. PCR improved to 73.7%. KMB carries outstanding COVID-related provisions of INR4.4b.
- SMA-2 advances fell further to INR1.19b (v/s INR1.59b in 1QFY23). Outstanding restructured portfolio stood at INR9.9b (0.34% of advances), with the bank holding an additional provision of INR2.07b (10% higher than the regulatory requirement).
- **Subsidiaries** Kotak Prime/Kotak Capital/Kotak Securities/Kotak Investments reported a net earnings decline of 8%/62%/ 8%/12%. Kotak Life reported a PAT of INR2.7b v/s INR1.55b in 2QFY22.

Highlights from the management commentary

- The mix of Unsecured Retail loans constitutes 8.7% v/s 7.9% in 1QFY23. The bank's focus remains on growing this book. It aims to raise this share to 15%.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Yash Agarwal - Research Analyst (Yash.Agarwal@motilaloswal.com) | Vinayak Agarwal - Research Analyst (Vinayak.Agarwal@motilaloswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Vehicle and Home Loans are seeing strong demand. Mid-range cars of INR1-1.2m are doing well and seem to be the choice of first-time buyers.
- Bounce rates remain better than the pre-COVID levels.
- The total floating rate book stood at 70%. The fixed rate book with a duration of less than a year stood at 10%.

Valuation and view

KMB delivered a strong 2QFY23, with healthy loan growth, strong NII, and lower provisions. NIM expanded further, and the outlook remains buoyant, given the improvement in asset mix and higher mix of floating loans. Asset quality remains robust, with a further decline in GNPA/NNPA, while the restructured book remains under control (~0.34% of loans). KMB carries additional COVID-related provisions of INR4.4b (15bp of loans). We fine tune our earnings and estimate KMB to deliver 16% earnings CAGR over FY22-24. **We maintain our Neutral rating, with a TP of INR2,040 (3.2x FY24E ABV and INR574 for its subsidiaries).**

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E	FY23E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	V/s Est.
Net Interest Income	39.4	40.2	43.3	45.2	47.0	51.0	54.6	57.3	168.2	209.8	51.6	-1%
% Change (Y-o-Y)	5.8	3.2	11.8	17.7	19.2	26.8	25.9	26.7	9.6	24.8	28.2	
Other Income	13.5	18.1	13.6	18.3	12.4	19.5	19.8	20.6	63.5	72.4	17.8	10%
Total Income	52.9	58.3	57.0	63.5	59.4	70.5	74.4	77.9	231.7	282.3	69.4	2%
Operating Expenses	24.0	27.1	30.0	30.1	31.6	34.9	35.6	36.5	111.2	138.6	33.1	5%
Operating Profit	28.9	31.2	27.0	33.4	27.8	35.7	38.8	41.4	120.5	143.7	36.2	-2%
% Change (Y-o-Y)	10.1	-4.4	-7.1	12.7	-3.7	14.3	43.6	24.0	2.5	19.2	16.1	
Other Provisions	7.0	4.2	-1.3	-3.1	0.2	1.4	3.3	4.5	6.9	9.4	4.1	-67%
Profit before Tax	21.9	27.0	28.3	36.5	27.6	34.3	35.5	36.9	113.6	134.3	32.1	7%
Tax Provisions	5.4	6.6	7.0	8.8	6.9	8.5	8.6	9.1	27.9	33.0	7.9	7%
Net Profit	16.4	20.3	21.3	27.7	20.7	25.8	26.9	27.8	85.7	101.2	24.2	7%
% Change (Y-o-Y)	31.9	-7.0	15.0	64.5	26.1	27.0	26.2	0.5	23.1	18.1	19.1	
Deposits (INRb)	2,866	2,917	3,053	3,117	3,165	3,252	3,379	3,553	3,117	3,553	3,257	(0)
Loans (INRb)	2,174	2,349	2,529	2,713	2,802	2,940	3,092	3,255	2,713	3,255	2,930	0
Deposit growth (%)	9.6	11.5	15.1	11.3	10.4	11.5	10.7	14.0	11.3	14.0	11.7	-17
Loan growth (%)	6.6	14.7	18.1	21.3	28.8	25.1	22.3	20.0	21.3	20.0	24.7	46
Asset Quality												
Gross NPA (%)	3.6	3.2	2.7	2.3	2.2	2.1	2.1	2.0	2.3	2.0	2.2	-13
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.6	-8
PCR (%)	64.8	67.5	71.3	73.2	72.6	73.7	73.2	73.5	73.2	73.5	72.0	175

E: MOFSL estimates

Consolidated earnings snapshot

Y/E March	FY21				FY22				FY23	
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Kotak Bank	12,440	21,840	18,540	16,820	16,420	20,320	21,310	27,670	20,710	25,810
Kotak Prime	680	1,330	1,490	1,840	790	2,400	2,540	3,130	1,570	2,220
Kotak Securities	1,690	1,990	1,840	2,410	2,360	2,430	2,700	2,520	2,190	2,240
KMCC	60	140	380	250	420	580	1,030	420	510	220
Kotak Life	1,610	1,710	1,670	1,930	(2,430)	1,550	2,470	2,670	2,480	2,700
AMC & Trustee	710	840	910	1,000	1,070	970	1,490	1,020	1,060	1,060
Intl. subs	540	450	50	500	300	270	410	200	140	50
KIL	430	740	680	730	710	890	1,110	1,010	630	780
Others	350	280	170	210	230	130	310	230	440	640
Total	18,510	29,320	25,730	25,690	19,870	29,540	33,370	38,870	29,730	35,720
Minority/associate adjustments	20	150	290	200	(1,810)	350	660	40	(2,180)	370
Kotak Cons. Reported PAT	18,530	29,470	26,020	25,890	18,060	29,890	34,030	38,910	27,550	36,090
Contribution of bank in total PAT	67%	74%	71%	65%	91%	68%	63%	71%	75%	72%



Highlights from the management commentary

Balance Sheet and P&L Related

- The bank continues to deliver strong loan growth and will look to grow both loans and deposits at a healthy pace
- The mix of Unsecured Retail loans forms 8.7% vs 7.9% in 1QFY23. The bank will continue to focus on growing this book and aspires to increase the share to 15%
- Total floating rate book stands at 70%. Further, fixed rate book with duration of less than 1 year stands at 10%
- Vehicle and Home Loans are seeing strong demand. Mid-range cars of INR1-1.2m are doing well and seems to be the choice of first time buyers
- CV and bus segment too are witnessing strong demand. KMB has gained market share across all vehicle categories. Further, the CE has improved in this segment.
- MFI business has doubled YoY and the strategy remains on high growth
- Large part of the credit cards are coming from ETB customers
- The corporate and SME business is also witnessing improving signs and the growth is likely to pick up as economy turns and capex cycle revives
- Large Corporate continues to see irrational pricing, hence KMB remains selective, thereby using credit substitutes
- SA growth was impacted in 2Q due to movement of high ticket customers from savings account to other investment avenues offering higher short term returns
- However, growth in granular SA (<INR1m) continues to remain healthy
- The bank raised its deposits rates recently and the decision for a further hike will be taken in due course
- Duration of Investment book is 1 year and hence the MTM risk is lower
- The Bank won Government business in 2QFY23 which will boost the CASA ratio
- Average LCR stood at 119% in 2QFY23

Asset Quality Related

- The Banking sector is witnessing an amazing cycle of benign credit costs
- Slippages, NPA and credit cost is extremely low for KMB. Further, it does not see any potential stress coming to the balance sheet at this juncture
- Bounce rates continues to remain better than the Pre-Covid levels
- Collection efficiency has improved in vehicle finance, MFI and other businesses which were not performing well earlier

Others

- Kotak Life and BSS Microfinance saw a healthy growth in profitability on a YoY basis
- The bank is continuing to invest in technology and launched new digital initiatives to increase customer engagement and acquisition
- KMB also plans to significantly enhance the customer service journey with introduction of several additional tools in its digital capabilities

Loan book up ~5% QoQ and 25% YoY, strong traction across segments

- Loan book grew ~5% QoQ and 25.1% YoY, led by strong traction across segments, barring Corporate and Business Banking, which stood flat QoQ. The CV and CE book grew 5.8% QoQ and 26.3% YoY.

Corporate and Business
Banking constitutes ~30% of
the overall book

- Within Retail, Home loans and LAP grew a robust 6% QoQ and 40% YoY and the Credit Card book rose 16% QoQ and 81% YoY. Personal loans, Small Business, and Consumer Durables grew 12.7% QoQ and 82% YoY. The Agri book grew 5.6% QoQ and 26.8% YoY to INR415b.
- Personal loans, Credit Cards, and Small Business loans constituted 16.8% of overall loans v/s 14.8% in 2QFY22. Home loans constituted 29% of total book.

The CASA ratio remains robust ~56.2%

Average fixed SA/CA
balance up 2%/7% YoY

- SA deposits declined 1% YoY and 3.5% QoQ to ~INR1.22t. CA deposits grew 12.9% YoY (+5.4% QoQ) to INR602b. SA deposits, as a proportion of overall deposits, moderated to 37.7% v/s 40.1% in 1QFY23.
- Average fixed SA balance grew 2% YoY to INR113k. The weighted average SA rate stood at 3.8% in 2QFY23 v/s 3.69% in 2QFY22.
- TD grew 24% YoY and 7.5% QoQ to INR1.4t.
- CASA and Retail TDs constituted 86% of total deposits v/s 90% in 2QFY22.

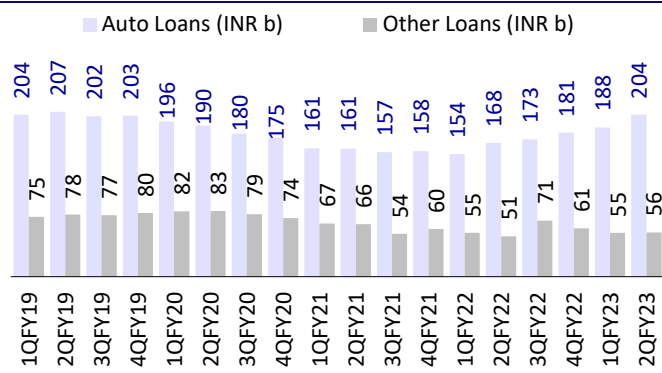
Asset quality improves; PCR healthy at 73.7%; SMA-2 book at 4bp

- Absolute GNPA/NNPA declined 3%/7% QoQ to INR62.1b/INR16.3b. Fresh slippages moderated to INR9.83b. However, INR3.3 got upgraded within 2QFY23 itself. Net slippages stood at INR6.53b, while recoveries and upgrades stood a healthy INR9.45b. As a result, the GNPA/NNPA ratio moderated by 16bp/7bp QoQ to 2.08%/0.55%. PCR improved to 73.7%.
- The bank reversed INR440m of COVID-related provisions in 2QFY23 and carries total provisions of INR4.38b (0.1% of loans). Total provisions, including specific, standard, UFCE, and COVID-related stood at INR65b.
- SMA 2 outstanding fell to INR1.19b, corresponding to 4bp on advances. Total restructuring stood at INR9.9b (0.34% of loans) v/s INR10.8b (0.39% of loans) in 1QFY23.

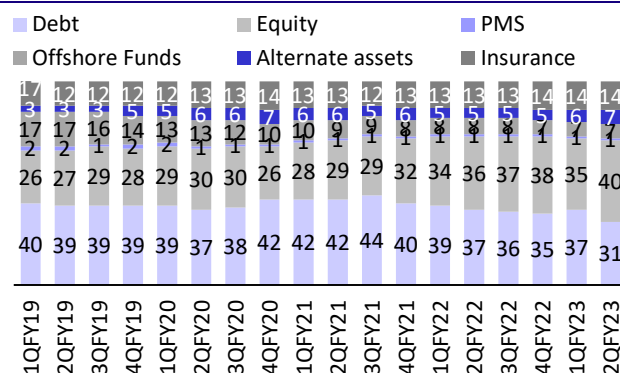
Healthy performance across all subsidiaries

Equity AUM comprises
53.6% of overall AUM v/s
50.8% in 1QFY23

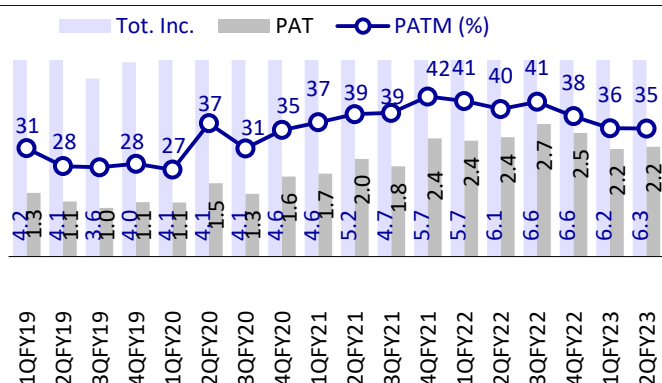
- PAT for the Securities business stood healthy at INR2.2b (down 8% YoY and up 2% QoQ).
- Market share in Kotak Securities improved to ~5.1%.
- Kotak Prime reported a PAT of INR2.2b (-8% YoY, but up 41% QoQ). NNPA moderated to 1.3% v/s 1.5% in 1QFY23. Loans grew 19% YoY and 7% QoQ.
- PAT in the Asset Management business stood at INR1.1b (+9% YoY), while average AUM rose 5% YoY (flat QoQ), led by an improvement in equity AUM (up 19% YoY and 6% QoQ), constituting 53.6% of total AUM.
- Profitability in the Life Insurance business remains healthy as Kotak Life reported a PAT of INR2.7b. Premium income grew 11% YoY (+44% QoQ), while the solvency ratio stood at 279%.

Exhibit 1: Kotak Prime | Auto loans up 9% QoQ and 21% YoY

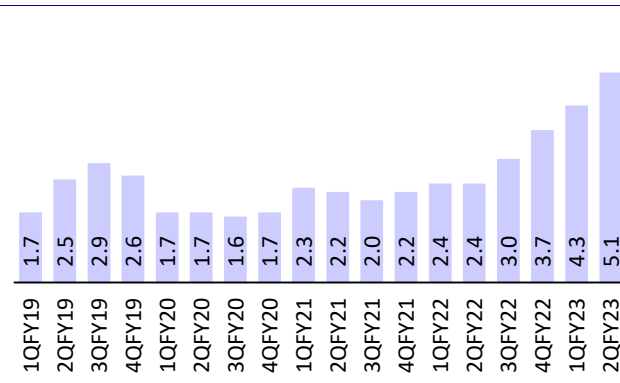
Source: MOFSL, Company

Exhibit 2: Domestic AUM up 2% YoY

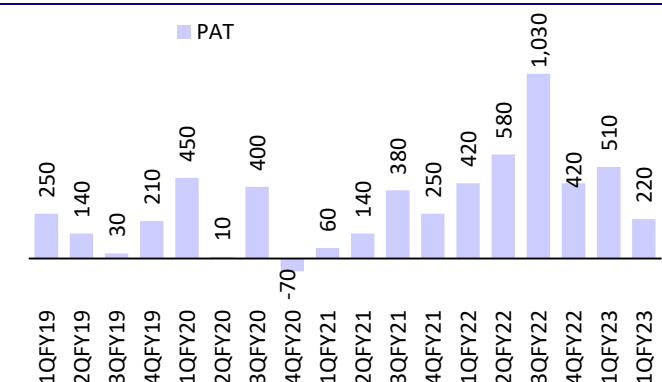
Source: MOFSL, Company

Exhibit 3: Kotak Securities' PAT falls 8% YoY to INR2.2b

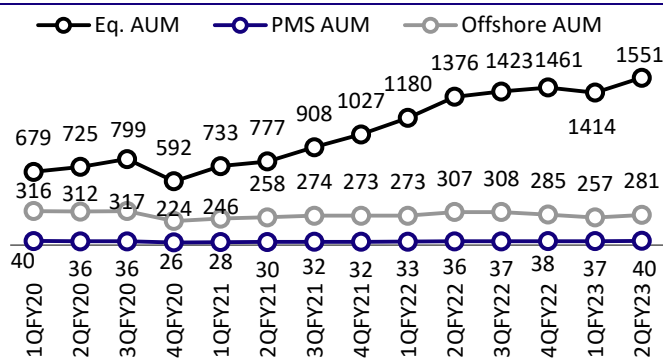
Source: MOFSL, Company

Exhibit 4: Market share for Kotak Securities expands to 5.1%

Source: MOFSL, Company

Exhibit 5: PAT stood at INR2.2b in Investment Banking

Source: MOFSL, Company

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

Source: MOFSL, Company

Valuation and view

- Loan growth has picked up sharply over the past few quarters, led by a healthy traction across segments. Home loans, Credit Cards, and Personal loans saw robust traction, while the CV, CE, and Agri business recorded a strong sequential growth. A strong liability franchise will improve the bank's competitive position and aid asset growth as the management has guided at a shift in focus on maintaining strong traction. We expect KMB's loan book to grow at 19% CAGR over FY22-24.
- The bank continues to strengthen its liability franchise, with a CASA ratio (56.2% – the highest among its peers) remaining robust. This has enabled KMB to

reduce its CoF and achieve a competitive position (lower cost of deposits v/s large Banks). This is likely to support margin over the medium-term.

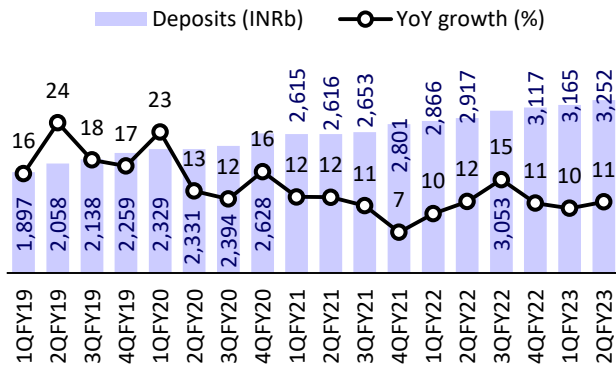
- On the asset quality front, the GNPA/NNPA ratio moderated to 2.08%/0.55% v/s 2.24%/0.62% as of Jun'22. The restructured book moderated further and stands controlled at 35bp of total loans. We expect the asset quality ratio to remain broadly stable and estimate credit cost at 25-45bp over FY22-24.
- The bank has healthy capitalization levels, with a Tier I of 20%, which is likely to provide growth opportunities and help manage stress. The capital-light nature of KMB's Capital Market and Asset Management businesses can provide a further boost to the bank's RoE as these businesses scale up further.
- **Maintain Neutral with a TP of INR2,040:** KMB delivered a strong quarter, with healthy loan growth, strong NII, and lower provisions. NIM has expanded further, and the outlook remains buoyant, given the improving asset mix and higher mix of floating loans. Asset quality remains robust, with a further decline in GNPA/NNPA, while the restructured book remains under control ~0.34% of loans. KMB carries additional COVID-related provisions of INR4.4b (15bp of loans). We fine tune our earnings and estimate KMB to deliver 16% earnings CAGR over FY22-24. **We maintain our Neutral rating with a TP of INR2,040 (3.2x FY24E ABV and INR574 for its subsidiaries).**

Exhibit 7: FY24E SoTP-based pricing

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	3,334	40.6	1,680	82	
Kotak Mahindra Bank	2,908	35.4	1,465	72	❖ 3.2x FY24E Networkth
Kotak Prime (Car and other loans)	314	3.8	158	8	❖ 3.2x FY24E Networkth
Kotak Investment Company (LAS)	112	1.4	57	3	❖ 3.2x FY24E Networkth
Asset Management Business	259	3.1	130	6	❖ 6% of FY24E AUMs
Domestic Mutual Fund	218	2.7	110	5	❖
Alternative Assets	16	0.2	8	0	❖
Offshore Funds	25	0.3	12	1	❖
Capital Markets related Business	334	4.1	168	8	❖
Kotak Securities	288	3.5	145	7	❖ 20x FY24E PAT
Kotak Investment Banking (KMCC)	46	0.6	23	1	❖ 3x FY24E Networkth
Kotak Life Insurance	406	4.9	204	10	❖ 2.8x FY24E EV
Subs value @ 20% discount	1,140	13.9	574	28	
Target Value (Post 20% holding discount)	4,048	49.3	2,040	100	
- contribution of subs/associates to total PT			28%		

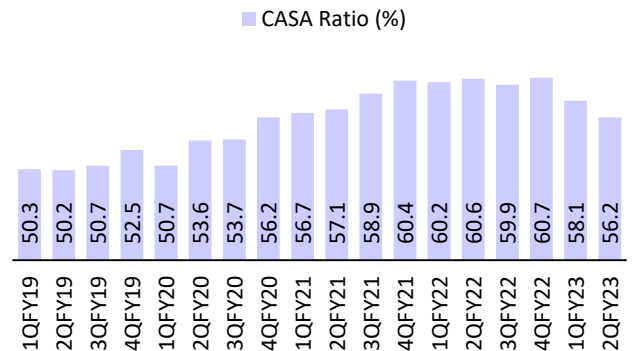
Story in charts

Exhibit 8: Deposits up 11.5% YoY and 2.8% QoQ to INR3.3t



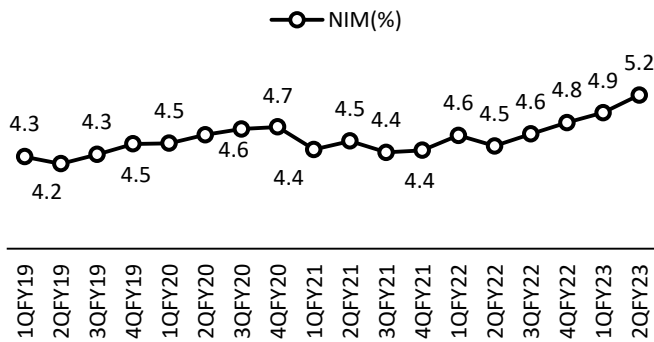
Source: MOFSL, Company

Exhibit 9: CASA ratio moderates by 190bp QoQ to 56.2%



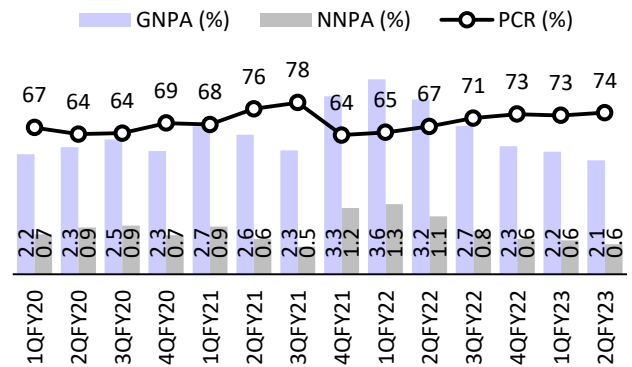
Source: MOFSL, Company

Exhibit 10: Margin expands by 25bp QoQ to 5.17%



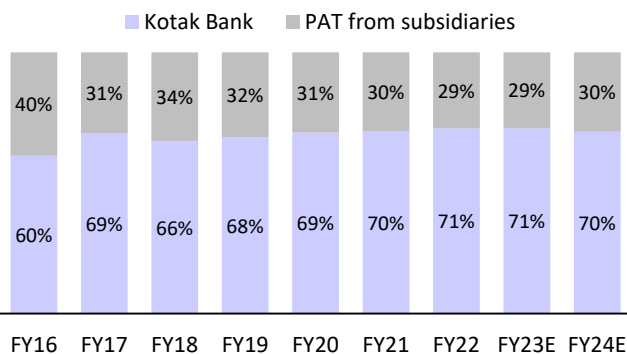
Source: MOFSL, Company

Exhibit 11: GNPA/NNPA moderates by 16bp/7bp QoQ to 2.08%/0.55%; PCR improves to 73.7%



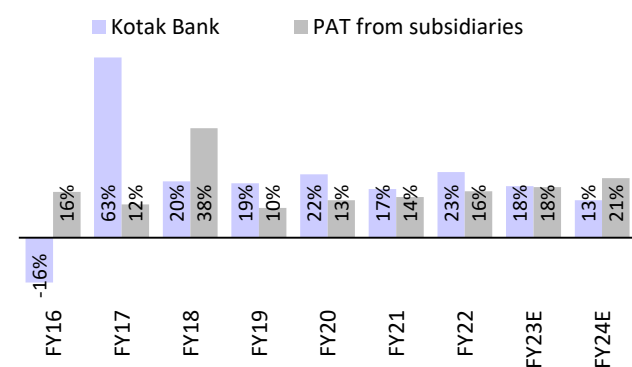
Source: MOFSL, Company

Exhibit 12: Trend in PAT composition



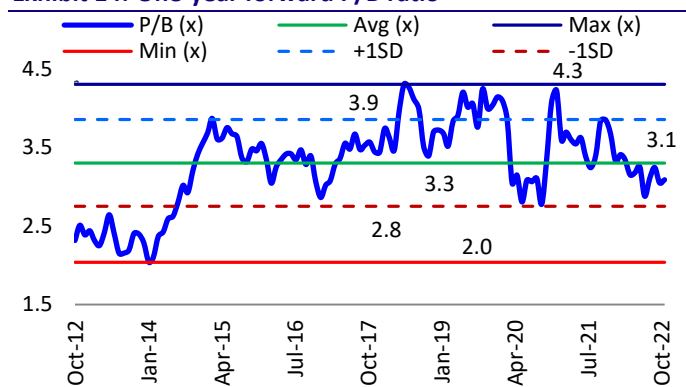
Source: MOFSL, Company

Exhibit 13: Growth in standalone PAT v/s that of subsidiaries



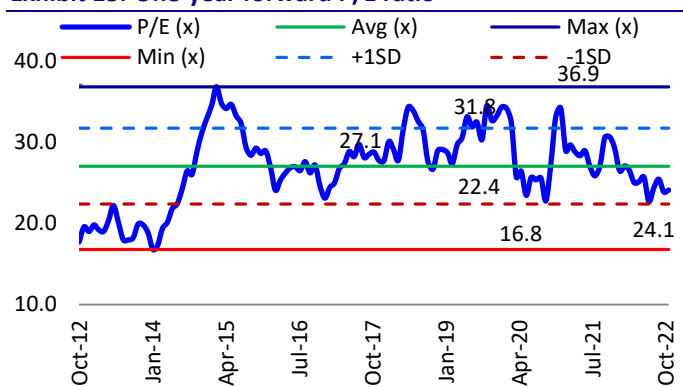
Source: MOFSL, Company

Exhibit 14: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 15: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 16: DuPont Analysis: Expect KMB to deliver a FY24 RoA/RoE of 2.2%/13.1%

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	8.24	8.28	8.01	7.22	6.65	7.56	7.90
Interest Expense	4.26	4.40	3.99	3.09	2.51	3.00	3.26
Net Interest Income	3.98	3.88	4.02	4.13	4.14	4.56	4.64
Fee income	1.60	1.59	1.45	1.39	1.79	1.66	1.73
Trading and others	0.09	0.02	0.14	-0.05	-0.23	-0.08	-0.09
Non-Interest income	1.69	1.61	1.60	1.35	1.56	1.58	1.64
Total Income	5.67	5.50	5.61	5.47	5.70	6.14	6.28
Operating Expenses	2.68	2.60	2.63	2.31	2.74	3.01	3.06
Employee cost	1.23	1.10	1.16	1.01	1.14	1.23	1.24
Others	1.45	1.50	1.47	1.30	1.60	1.78	1.82
Operating Profits	2.99	2.89	2.98	3.16	2.96	3.12	3.22
Core operating Profits	2.90	2.87	2.84	3.21	3.19	3.21	3.31
Provisions	0.39	0.33	0.66	0.66	0.17	0.21	0.35
NPA	0.26	0.29	0.42	0.49	0.27	0.16	0.30
Others	0.13	0.04	0.24	0.17	-0.10	0.04	0.05
PBT	2.59	2.56	2.32	2.50	2.80	2.92	2.87
Tax	0.89	0.87	0.55	0.63	0.69	0.72	0.71
RoA	1.70	1.69	1.77	1.87	2.11	2.20	2.16
Leverage (x)	7.4	7.2	7.3	6.6	6.0	5.9	6.0
RoE	12.5	12.2	13.1	12.5	12.7	13.2	13.1

Financials and valuations

Income Statement						(INRb)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	197.5	238.9	269.3	268.4	270.4	347.8	418.3
Interest Expense	102.2	126.8	134.3	115.0	102.2	137.9	172.6
Net Interest Income	95.3	112.1	135.0	153.4	168.2	209.8	245.8
Growth (%)	17.3	17.6	20.5	13.6	9.6	24.8	17.1
Non-Interest Income	40.5	46.6	53.7	50.1	63.5	72.4	86.9
Total Income	135.8	158.6	188.7	203.5	231.7	282.3	332.7
Growth (%)	17.1	16.8	19.0	7.8	13.9	21.8	17.9
Operating Expenses	64.3	75.1	88.5	85.8	111.2	138.6	162.1
Pre Provision Profits	71.6	83.5	100.2	117.6	120.5	143.7	170.6
Growth (%)	19.6	16.6	20.0	17.4	2.5	19.2	18.7
Core Operating Profits	69.5	82.8	95.4	119.4	129.9	147.4	175.4
Growth (%)	25.3	19.2	15.2	25.2	8.7	13.5	19.0
Provisions (excl. tax)	9.4	9.6	22.2	24.6	6.9	9.4	18.6
PBT	62.2	73.9	78.0	93.0	113.6	134.3	151.9
Tax	21.3	25.2	18.6	23.4	27.9	33.0	37.4
Tax Rate (%)	34.3	34.1	23.8	25.1	24.5	24.6	24.6
PAT	40.8	48.7	59.5	69.6	85.7	101.2	114.6
Growth (%)	19.7	19.1	22.2	17.1	23.1	18.1	13.2
Consolidated PAT	62.0	72.0	85.9	99.9	120.9	142.6	164.6
Growth (%)	25.5	16.2	19.3	16.3	21.0	18.0	15.4

Balance Sheet							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	9.5	9.5	9.6	9.9	9.9	9.9	9.9
Preference Share Capital	0.0	5.0	5.0	5.0	5.0	5.0	5.0
Reserves & Surplus	365.3	414.5	475.6	622.4	710.0	808.4	920.0
Net Worth	374.8	429.0	490.2	637.3	724.9	823.3	934.9
<i>Of which Equity Networth</i>	<i>374.8</i>	<i>424.0</i>	<i>485.2</i>	<i>632.3</i>	<i>719.9</i>	<i>818.3</i>	<i>929.9</i>
Deposits	1,926.4	2,258.8	2,628.2	2,801.0	3,116.8	3,553.2	4,157.2
Growth (%)	22.4	17.3	16.4	6.6	11.3	14.0	17.0
of which CASA Deposits	977.7	1,185.9	1,476.2	1,693.1	1,891.3	2,078.6	2,469.4
Growth (%)	41.2	21.3	24.5	14.7	11.7	9.9	18.8
Borrowings	251.5	322.5	379.9	236.5	259.7	318.8	366.7
Other Liabilities & Prov.	96.5	111.4	104.2	159.9	192.9	208.3	225.0
Total Liabilities	2,649.3	3,121.7	3,602.5	3,834.7	4,294.3	4,903.7	5,683.9
Current Assets	196.2	246.8	532.9	396.3	429.2	414.3	447.9
Investments	645.6	711.9	750.5	1,051.0	1,005.8	1,113.4	1,258.2
Growth (%)	43.2	10.3	5.4	40.0	-4.3	10.7	13.0
Loans	1,697.2	2,056.9	2,197.5	2,236.7	2,712.5	3,255.0	3,873.5
Growth (%)	24.7	21.2	6.8	1.8	21.3	20.0	19.0
Fixed Assets	15.3	16.5	16.2	15.4	16.4	17.6	18.8
Total Assets	2,649.3	3,121.7	3,602.5	3,834.7	4,294.3	4,903.7	5,683.9

Asset Quality							
Y/E MARCH	FY18	FY19	FY20	FY20	FY22	FY23E	FY24E
GNPA	38.3	44.7	50.3	74.3	64.7	64.9	73.3
NNPA	16.7	15.4	15.6	27.1	17.4	17.2	19.1
GNPA Ratio (%)	2.23	2.14	2.25	3.25	2.34	1.97	1.87
NNPA Ratio (%)	0.98	0.75	0.71	1.21	0.64	0.53	0.49
Slippage Ratio (%)	1.00	0.89	1.38	2.19	1.55	1.20	1.20
Credit Cost (%)	0.41	0.45	0.66	0.82	0.45	0.25	0.45
PCR (Excl. Tech. write off) (%)	56.5	65.4	69.0	63.6	73.2	73.5	73.9

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY20	FY22	FY23E	FY24E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	9.0	8.9	8.6	7.7	7.2	8.1	8.4
Avg. Yield on loans	9.6	9.8	9.9	8.4	7.8	9.0	9.2
Avg. Yield on Investments	7.5	7.6	7.6	7.9	6.8	7.0	7.2
Avg. Cost-Int. Bear. Liab.	5.2	5.3	4.8	3.8	3.2	3.8	4.1
Avg. Cost of Deposits	5.1	5.3	4.9	3.7	3.1	3.8	4.1
Interest Spread	4.5	4.5	4.9	4.7	4.7	5.2	5.1
Net Interest Margin	4.3	4.2	4.3	4.4	4.5	4.9	4.9

Capitalisation Ratios (%)

CAR	18.4	17.9	19.8	23.5	23.7	24.0	23.1
Tier I	17.8	17.4	19.2	22.6	22.8	23.1	22.1
Tier II	0.6	0.5	0.6	0.9	0.9	0.9	0.9

Asset-Liability Profile (%)

Loans/Deposit Ratio	88.1	91.1	83.6	79.9	87.0	91.6	93.2
CASA Ratio	50.8	52.5	56.2	60.4	60.7	58.5	59.4
Cost/Assets	2.4	2.4	2.5	2.2	2.6	2.8	2.9
Cost/Total Income	47.3	47.4	46.9	42.2	48.0	49.1	48.7
Cost/Core Income	48.1	47.6	48.1	41.8	46.1	48.4	48.0
Int. Expense/Int. Income	51.7	53.1	49.9	42.8	37.8	39.7	41.2
Fee Income/Total Income	28.3	28.9	25.9	25.5	31.5	27.0	27.6
Non Int. Inc./Total Income	29.8	29.4	28.5	24.6	27.4	25.7	26.1
Emp. Cost/Total Expenses	45.9	42.4	44.2	43.9	41.5	41.0	40.6
Investment/Deposit Ratio	33.5	31.5	28.6	37.5	32.3	31.3	30.3

Profitability Ratios and Valuation

RoE (%)	12.5	12.2	13.1	12.5	12.7	13.2	13.1
RoA (%)	1.7	1.7	1.8	1.9	2.1	2.2	2.2
Consolidated ROE (%)	12.3	12.4	12.8	11.8	12.5	12.9	12.9
Consolidated ROA (%)	2.0	2.0	2.1	2.2	2.4	2.5	2.5
RoRWA (%)	1.5	1.6	1.9	2.0	2.2	2.2	2.2
Standalone BV (INR)	196.7	222.1	253.6	319.0	362.7	412.3	468.5
Growth (%)	31.1	12.9	14.2	25.8	13.7	13.7	13.6
Price-BV (x)	6.8	6.0	5.2	4.2	3.7	3.2	2.8
Consolidated BV (INR)	264.9	302.7	348.3	425.6	487.1	557.8	639.5
Growth (%)	26.7	14.3	15.1	22.2	14.5	14.5	14.6
Price-Consol BV (x)	7.2	6.3	5.5	4.5	3.9	3.4	3.0
Standalone Adjusted BV (INR)	177.6	203.2	234.2	296.2	341.6	389.6	443.0
Growth (%)	28.0	14.4	15.3	26.4	15.3	14.1	13.7
Price-ABV (x)	7.5	6.5	5.7	4.5	3.9	3.4	3.0
Consolidated Adjusted BV (INR)	253.5	291.3	337.1	410.2	474.3	544.5	625.0
Growth (%)	28.3	14.9	15.7	21.7	15.6	14.8	14.8
Price-Consol ABV (x)	7.5	6.5	5.6	4.6	4.0	3.5	3.0
Standalone EPS (INR)	21.8	25.5	31.1	35.8	43.2	51.0	57.7
Growth (%)	17.4	17.0	22.0	14.9	20.9	18.0	13.2
Price-Earnings (x)	60.9	52.1	42.7	37.1	30.7	26.0	23.0
Consolidated EPS (INR)	32.5	37.7	44.9	50.4	60.9	71.9	83.0
Change (%)	21.3	16.0	19.0	12.2	20.8	18.0	15.4
Price-Consolidated Earnings (x)	58.5	50.4	42.4	37.7	31.2	26.5	22.9

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has received compensation for investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however, the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-71881085.

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN.: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products. Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.