

Industry  
Bloomberg  
BSE CODE

Financial  
KMB IN  
500247

RATING	BUY
CMP	1322
Price Target	1548
Potential Upside	17%
Rating Change	
Estimate Change	
Target Change	

STOCK INFO	
52wk Range H/L	1740/1000
Mkt Capital (Rs Cr)	261,686
Free float (%)	70%
Avg. Vol 1M (,000)	4,941
No. of Shares (Cr)	198
Promoters Pledged %	

Fig in Rs Cr

FINANCIAL	FY19	FY20	FY21E
NII	11259	13500	14622
PPP	8348	10021	11519
PAT	4865	5947	4703
NIM %	4.1	4.2	4.2
EPS (Rs)	26	31	24
EPS growth (%)	18.90	22.20	-23.50
ROE (%)	12.2	13.1	8.6
ROA (%)	1.7	1.8	1.3
BV	222	254	307
P/B (X)	6.0	5.4	4.5
P/E (x)	52.4	43.9	57.4

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## Moderation in advance growth continues lower other income and provisioning dent profitability

### 1QFY21 Result update

- NII growth during the quarter moderated to 17.4% v/s 23% in Q1FY20 majorly on the back moderation in advance growth BY -2% YoY and lower NIM at 4.4% v/s 4.48% in Q1FY20.
- Advances growth moderated to -2% YoY mainly on account of the corporate segment which degrew by 6% YoY. Deposit growth Slowed down to 12% YoY. CASA stood at 56.7% as at 1QFY20, with the majority of growth was driven by SA at 35%.
- Asset quality during the quarter was affected with GNPA at 2.70% v/s 2.25% QoQ while the NNPA stood at 0.87% v/s 0.71% QoQ.

### Asset quality effected

Asset quality during the quarter deteriorated with GNPA at 2.70% v/s 2.25% QoQ while the NNPA stood at 0.87% v/s 0.71% QoQ. The slippages during the quarter stood at Rs 796 Cr v/s the Rs 491 Cr QOQ. The moratorium levels stood at 9.65% of loan book at 30th Jun, 2020. This included 9.15% from Moratorium 1 with 80% of the moratorium being secured. The SMA 2 outstanding stood at Rs 96 Cr. The GNPA at consolidated level stood at 2.67% while the NNPA was 0.89%.

### Profitability Impacted due to lower other income and higher provisioning

NII growth during the quarter moderated to 17.4% v/s 23% in Q1FY20 majorly on the back moderation in advance growth BY -2% YoY and lower NIM at 4.4% v/s 4.48% in Q1FY20. The pre-provisioning growth stood at meagre 9% percent on account of lower other income with Fees and services income at Rs 776 Cr v/s 1150 Cr in Q1FY20 and treasury loss of Rs 2 Cr v/s treasury gain of Rs 155 Cr in Q1FY20. Cost to income ratio stood at 42% with other expense reducing by 18%. The profitability during the quarter was impacted on account of the high provisioning which increased by 203% YoY. The capital adequacy of the bank is adequate with CRAR at 21.2 after the recent capital raise VIA QIP.

### De-growth in Loan book/ Slow growth in deposits

Advances growth moderated to -2%/7% on YoY/QoQ mainly on account of the corporate segment which degrew by 6% YoY. The corporate and business banking segment degrew by 6% YoY, CV segment degrew by 7% YoY, Agricultural division segment grew by 4% YoY while the home loan segment grew by 8% YoY. Deposit growth Slowed down to 12% YoY. CASA stood at 56.7% as at 1QFY20, with the majority of growth was driven by SA at 35%. CASA growth stood at 25%/0.5% on YoY/QoQ basis while the term deposits degrew by 1%/2% on YoY/QoQ bas.

### View and Valuation

KOTAKBANK had a fairly subdued quarter with De-growth in the loan book and slowdown in deposit accretion. Asset quality was affected despite the moratorium. Bank has different approach to moratorium and is willing to give moratorium where by business has some viability other wise it is ready to take the account as NPA in the book. Moratorium levels have reduced for the bank to around 10%. NII growth was healthy on account of the reduction in the cost of funds but the bank profitability was muted on account of lower other income and higher provisioning. Other income was lower as bank decided not to book MTM gains on the bonds portfolio plus fee income was lower due to lockdown. Given the current situation and banks policy on moratorium there might be some affect on the asset quality but with strong capital adequacy on the back of recent QIP, healthy provision coverage we expect bank to survive the near term challenges. We maintain buy with reduced TP of Rs 1548( 472 for subsidiary after holdco discount and Rs 1076 for the bank at 3.5XBVFY21E)

### Key Risks to our rating and target

- Loan book growth will be the key trackable.
- Delinquency control will be important.

## Higher Provision

### 1QFY21 Results

### Below Our Expectations

Fig in Rs Cr

FINANCIALS	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	YoY%	QoQ%	FY19	FY20	YoY%
Interest Inc.	6,640	6,762	6,736	6,805	6,912	4%	2%	23,943	26,930	12.5%
Interest Exp.	3,467	3,412	3,306	3,245	3,188	-8%	-2%	12,684	13,430	5.9%
NII	3,173	3,350	3,430	3,560	3,724	17%	5%	11,259	13,500	19.9%
Other Income	1,305	1,224	1,341	1,489	774	-41%	-48%	4,604	5,372	16.7%
Total Income	4,478	4,574	4,771	5,049	4,497	0%	-11%	15,863	18,872	19.0%
Ope Exp.	2,079	2,065	2,383	2,324	1,874	-10%	-19%	7,515	8,851	17.8%
PPP	2,399	2,509	2,388	2,725	2,624	9%	-4%	8,348	10,021	20.0%
Provisions	317	408	444	1,047	962	204%	-8%	962	2,216	130.3%
PBT	2,082	2,101	1,944	1,678	1,662	-20%	-1%	7,386	7,805	5.7%
Tax	722	376	348	411	417	-42%	1%	2,520	1,857	-26.3%
Net Profit	1,360	1,724	1,596	1,267	1,244	-9%	-2%	4,865	5,947	22%

### Concall Highlights

- Management said that there were pickup in economic activities in June however in July the activities have flattened rather than improving. Management believes that if COVID 19 situation improves by Q3FY21 we can see economic activity getting back to FY19 levels in one years.
- Management believes that the way virus is moving and economy is going we are now in the never normal world and constant changing world.
- Management said that there current focus in on strengthening the balance sheet rather than short term profitability.
- Board has approved the renewal of Mr Deepak Gupta and Mr Uday kotak for a period of 3 years starting from 21 jan 2021 and Application has gone into the RBI.
- On the moratorium front bank is ok to give moratorium where there is some fundamental viability of the business of the customer but where there is underline weakness in accounts they have tough decision which has resulted in some accounts flowing into NPA. Moratorium 2 @ 9.65% of loan book at 30th Jun, 2020. This included 9.15% from Moratorium 1. Out of the people who opted for moratorium 1 have bank have seen significant increase in collections but they are far for precovid level. Moratorium levels in the real estate portfolio is around mid-single digits.
- Other income was impacted on account of the lower fee and services income due to lockdown. bank is sitting on significant MTM gain on the bond portfolio but has opted not to book MTM which has resulted in net loss in the treasury
- In MSME segment bank has traction in acquiring quality customers from June and bank during the quarter focused on fee income from the MSME segment.
- In Commercial vehicle and equipment segment there was steep fall in sale of new commercial vehicle which resulted in lower disbursement during the quarter. Collection efficiency in June and July was much better than in May. Bank is cautious in disbursement in CV segment and is looking to manage the current portfolio. Passenger vehicle segment are in some stress due to restriction on the movement.
- Construction equipment business seems to be better placed, demand for the equipments have been better and improving month on month. Improvement in collection efficiency in the segment is better than CV segment.
- Agribusiness was less impacted as it involved the supply of the essential commodities and activity levels and Cash flow in the segment were good
- Bank believes credit cost during FY21 will be higher than FY20 but the exact situation would be visible during December quarter.
- Bank believes that restructuring of accounts will lead to pain for both the borrowers and the banks.
- Slippages during the quarter has only one large account which is in early three digits.
- On approach to MSME scheme which the government guaranteed while as of end of June they only disbursed Rs 550 Cr but as of 23 July 2020 bank has crossed Rs 4000 Cr.
- Deposit growth during the quarter was driven by both new acquisitions as well as the existing customers. CASA and TD below 5 crore were 90% of total deposits v/s 82% last year while the sweep deposits were 7.2% of the total deposits while the cost of saving account is 4.22%.
- Bank is cautious on the corporate segment regarding the companies which are highly leverage. Management believes they can increase the book quickly once the economy improves.
- On the Deposit front high CASA is helping the bank to have lower cost of fund and there is enough room for bank to move to a further lower cost of fund.
- Going forward bank is focused on the growing the Mortgage book and there is huge opportunity in the segment.

## Profitability Matrix

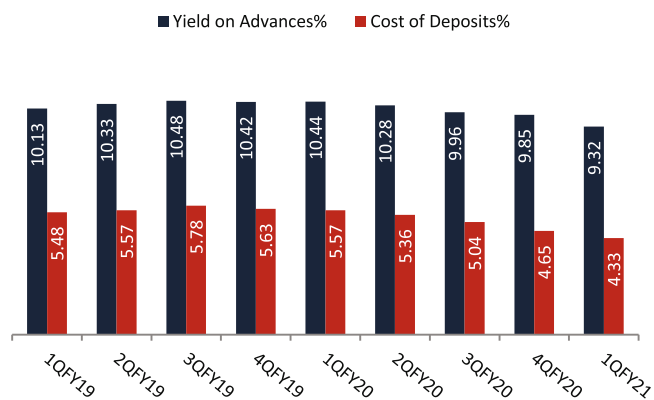
	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	YoY (+/-)	YoY (+/-)
C/I Ratio %	50.3	47.1	46.4	45.2	49.9	46.0	41.7	-4.76	-4.36
Empl. Cost/ Tot. Exp. %	42.6	42.1	43.4	44.3	45.8	41.7	48.6	5.25	6.89
Other Exp/Tot. Exp.%	57.4	57.9	56.6	55.7	54.2	58.3	51.4	-5.25	-6.89
Provision/PPP %	(1.7)	7.5	13.2	16.3	18.6	38.4	36.7	23.46	-1.77
Tax Rate %	34.5	33.3	34.7	17.9	17.9	24.5	25.2	-9.47	0.69
Int Exp./Int Inc. (%)	53.0	52.4	52.2	50.5	49.1	47.7	46.1	-6.09	-1.56
Other Inc./Net Inc. %	32.8	41.7	41.1	36.6	39.1	41.8	20.8	-20.35	-21.07
PAT/ Net Income %	33.1	32.6	30.4	37.7	33.5	25.1	27.7	-2.71	2.58
PAT Growth %	22.6	25.2	32.7	51.1	23.6	(10.0)	(8.5)	-41.22	1.52
NII Growth %	22.8	18.1	22.8	24.6	16.7	16.8	17.4	-5.49	0.57
PPP Growth %	6.5	13.1	18.0	19.7	23.2	19.4	9.4	-8.66	-10.04

## Margin Performance

Margin %	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	YoY (+/-)	YoY (+/-)
Yield on Advances %	10.5	10.4	10.4	10.3	10.0	9.9	9.3	-1.11	-0.53
Yield on Total Assets %	9.5	9.2	9.3	9.3	9.0	8.3	8.1	-1.12	-0.17
Cost Of Funds %	5.6	5.5	5.4	5.3	5.0	4.6	4.4	-1.08	-0.27
Cost Of Deposits %	5.8	5.6	5.6	5.4	5.0	0.8	0.7	-4.85	-0.04
NIM %	4.3	4.5	4.5	4.6	4.7	4.7	4.4	-0.09	-0.32

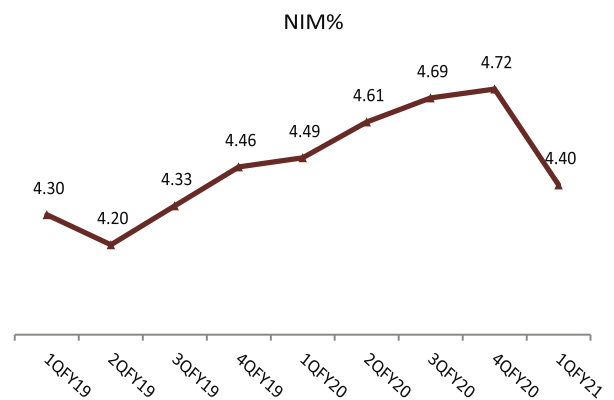
## Exhibit: Yield and Cost

Stable Spreads



## Exhibit: Net Interest Margin

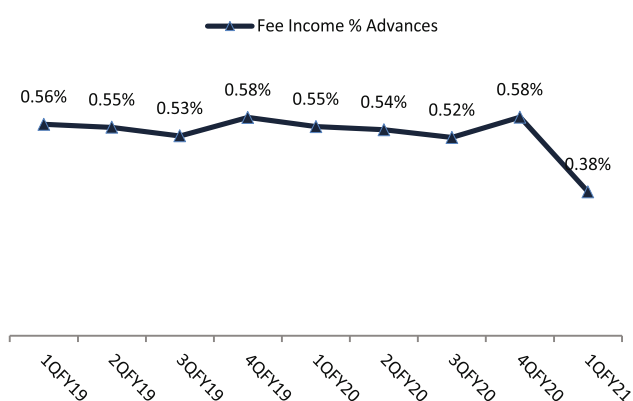
NIM fell



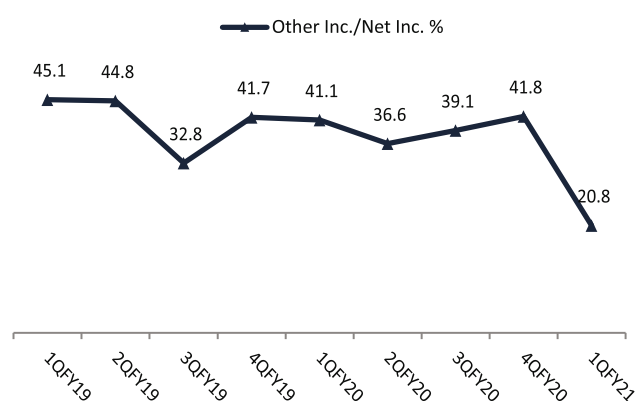
## Advances Break Up

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Corp. & Bus. Bankng %	33	31	32	30	39	39	38	39	37
CV/CE %	9	9	9	10	10	9	9	9	9
Agriculture Division %	12	12	12	13	12	13	13	13	13
Home Loan & LAP %	19	20	20	20	20	21	21	22	23
Small Bus., PL & CC %	15	16	16	16	16	16	16	16	16
Others %	2	2	2	2	2	2	2	2	2

## Exhibit: Fee Income/Advances %



## Exhibit: Other Income/Total Income %



## Liability Mix

Fig in Rs Cr

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Deposit	189744	205830	213804	225880	232931	233071	239354	262821	261524
Growth YoY	16.0%	24.2%	18.2%	17.3%	22.8%	13.2%	12.0%	16.4%	12.3%
Growth QoQ	-1.5%	8.5%	3.9%	5.6%	3.1%	0.1%	3.0%	9.8%	-0.5%
CASA (Cr)	95363	103402	108424	118586	118123	124912	128517	147622	148348
CASA Growth YoY	32.9%	30.5%	28.5%	21.3%	23.9%	20.8%	18.5%	24.5%	25.6%
CASA Growth QoQ	-2.5%	8.4%	4.9%	9.4%	-0.4%	5.7%	2.9%	14.9%	49.2%
CASA %	50.3%	50.2%	50.7%	52.5%	50.7%	53.6%	53.7%	56.2%	56.7%
CA %	15.1%	15.0%	14.8%	17.2%	15.7%	16.4%	15.4%	16.4%	14.8%
SA %	35.1%	35.3%	35.9%	35.3%	35.0%	37.2%	38.3%	39.8%	42.0%
CD %	93.2%	89.9%	91.9%	91.1%	89.3%	91.5%	90.6%	83.6%	78.0%

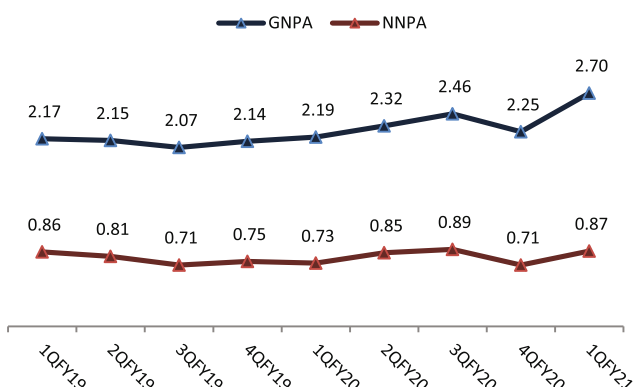
## Asset Quality

Fig in Rs Cr

	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	YoY (+/-)	QoQ (+/-)
GNPA (Rs in Cr)	4,129	4,468	4,614	5,034	5,413	5,027	5,619	22%	12%
GNPA %	2.07	2.14	2.19	2.32	2.46	2.25	2.70	0.51	0.45
NNPA (Rs in Cr)	1,397	1,544	1,524	1,811	1,925	1,558	1,777	17%	14%
NNPA %	0.71	0.75	0.73	0.85	0.89	0.71	0.87	0.14	0.16
SMA (Cr)	344	138	332	431	274	96	96	-71%	0%
PCR %	66	65	67	64	64	69	68	1.43	-0.61

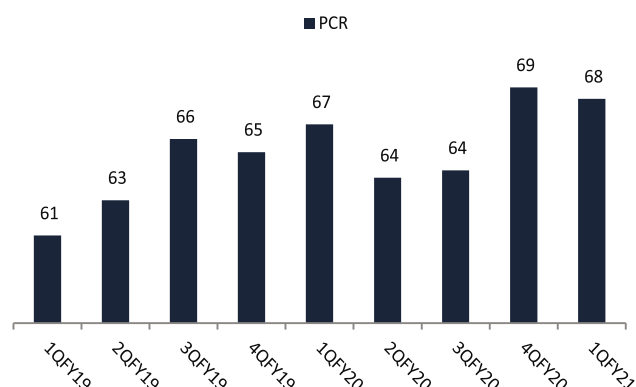
## Exhibit: Asset Quality

Assets quality effected sequentially

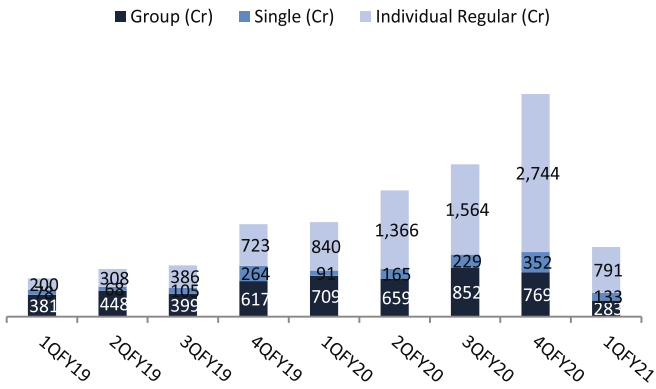


## Exhibit: Provisions

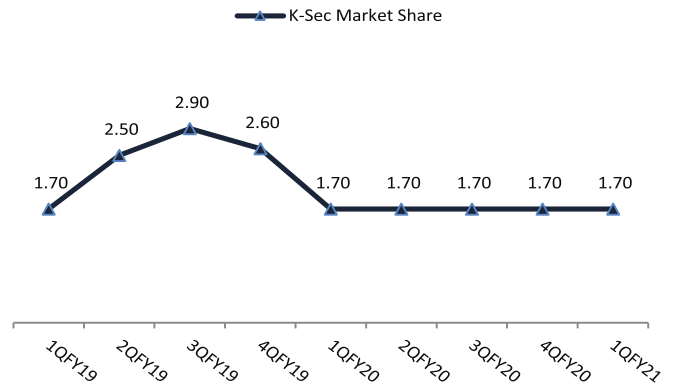
PCR stands improved



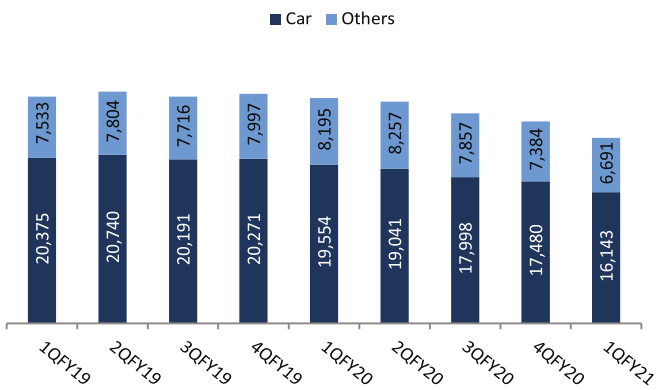
### Exhibit: Kotak Life Insurance New Business Premium



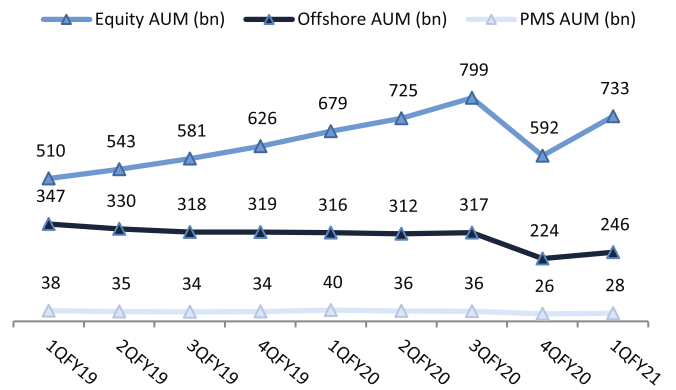
### Exhibit: Kotak Securities Market Share %



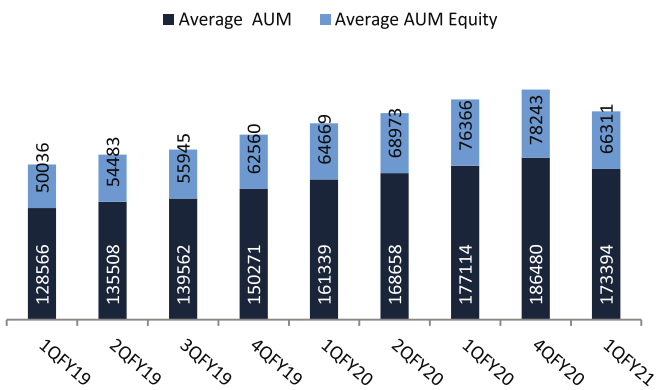
### Exhibit: Kotak Mahindra Prime



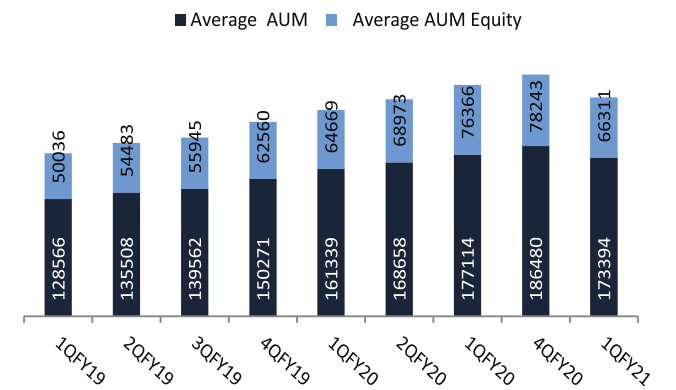
### Exhibit: Kotak Mahindra Capital Company



### Exhibit: Kotak Mahindra AMC & Trustee Co.



### Exhibit: Kotak Mahindra Investments



## PAT of Subsidiaries

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Kotak Mahindra Bank	1,025	1,142	1,291	1,408	1,360	1,724	1,596	1,267	1,244
Kotak Mahindra Prime	139	157	139	164	153	172	187	161	68
Kotak Mahindra Investments	48	45	40	73	63	67	64	77	43
Kotak Securities	130	112	99	111	110	149	128	163	169
Kotak Mahindra Capital	25	14	3	21	45	1	40	(7)	6
Kotak Mahindra Life Insurance	117	127	125	138	134	144	166	165	161
Kotak AMC and TC	51	52	76	75	73	85	91	88	71
International Sub.	33	47	37	32	29	34	26	30	54
Others	28	13	11	15	17	22	30	7	22
Total	1,596	1,709	1,821	2,037	1,984	2,398	2,328	1,951	1,851
Minority Interest	-	-	-	-	-	-	-	-	-
Affiliates and Others	(22)	38	23	1	(52)	9	21	(46)	2
Total	1,574	1,747	1,844	2,038	1,932	2,407	2,349	1,905	1,853

## Equity

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Kotak Mahindra Bank	38,538	40,103	41,426	42,898	44,290	45,912	47,606	49,015	57,709
Kotak Mahindra Prime	4,955	5,112	5,251	5,416	5,568	5,740	5,927	6,088	6,157
Kotak Mahindra Invstmnt	1,431	1,476	1,516	1,590	1,652	1,719	1,783	1,860	1,902
Kotak Securities	3,656	3,768	3,867	3,979	4,089	4,238	4,366	4,529	4,698
Kotak Mahindra Capital	534	548	551	572	588	589	629	622	628
Kotak Mahindra Life Insurance	2,355	2,482	2,607	2,745	2,879	3,023	3,189	3,354	3,515
Kotak AMC and TC	379	432	508	583	623	708	799	886	957
Kotak Infra. Debt Fund	329	337	342	349	356	364	373	383	391
Kotak Mah. Gen. Ins.	135	126	116	108	146	183	174	165	177
Internatnl Subsidi.	887	987	987	1,009	1,035	1,097	1,131	1,230	1,281
Kotak Invesmnt Advisors	355	354	355	355	351	353	364	365	372
Other Entities	169	185	199	213	231	250	269	275	283
Affiliates/Associates	888	921	942	942	941	949	968	942	954
Minority, Inter-co	(2,487)	(2,482)	(2,481)	(2,479)	(2,518)	(2,562)	(2,560)	(2,580)	(2,581)
Consolidated Network	52,124	54,349	56,186	58,280	60,231	62,563	65,018	67,134	76,443

## Valuation Matrix

Entity	Holding %	FY21e
Kotak Mahindra Prime Limited	100	114
Kotak Mahindra Investments Limited	100	36
BSS Microfinance Limited	100	3
Kotak Securities Limited	100	82
Kotak Mahindra Capital Company Limited	100	7
Kotak Mahindra Life Insurance Ltd.	100	187
Kotak Mahindra Assets Management Company Ltd.	100	152
International Subsidiaries	100	9
<b>Total Value of Subsidiary</b>		<b>590</b>
Less: Holding Co Discount		20%
<b>Value after Holdco. Discount</b>		<b>472</b>
Bank Standalone		1,076
<b>Target</b>		<b>1,548</b>



## Financial Details

### Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
<b>Share Capital</b>	<b>385</b>	<b>386</b>	<b>917</b>	<b>920</b>	<b>953</b>	<b>1454</b>	<b>1457</b>	<b>1487</b>
Equity Capital	385	386	917	920	953	1454	1457	1487
Preference Capital	0	0	0	0	0	-	-	-
Reserves & Surplus	11898	13758	23045	26697	36531	41446	47562	59674
<b>Networth</b>	<b>12275</b>	<b>14141</b>	<b>23959</b>	<b>27616</b>	<b>37482</b>	<b>42398</b>	<b>48513</b>	<b>60659</b>
Deposits	59072	74860	138643	157426	192643	225880	262821	281385
Change (%)	16	27	85	14	22	17	16	7
CASA Deposits	18828	27217	52777	69265	97775	118586	147622	154762
Change (%)	26	45	94	31	41	21	25	5
Borrowings	12896	12150	20975	21095	25154	32248	37993	31515
Other Liabilities & Provisions	3334	4858	8679	8451	9652	11143	10420	11724
<b>Total Liabilities</b>	<b>87585</b>	<b>106012</b>	<b>192260</b>	<b>214590</b>	<b>264933</b>	<b>312172</b>	<b>360252</b>	<b>385785</b>
Cash & Bank	5980	6262	10880	22572	19620	24676	53292	60938
Investments	25485	30421	51260	45074	64562	71189	75052	84415
Change (%)	-12	19	69	-12	43	10	5	13
Advances	53028	66161	118665	136082	169718	205695	219748	230736
Change (%)	9	25	79	15	25	21	7	5
Fixed Assets	1107	1207	1552	1538	1527	1652	1623	1785
Other Assets	1986	1961	9903	9324	9506	8961	10537	7911
<b>Total Asset</b>	<b>87585</b>	<b>106012</b>	<b>192260</b>	<b>214590</b>	<b>264933</b>	<b>312172</b>	<b>360252</b>	<b>385785</b>

### Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
Interest income	8,767	9,720	16,384	17,699	19,748	23,943	26,930	27,166
Interest expended	5,047	5,496	9,484	9,573	10,217	12,684	13,430	12,544
<b>Net Interest Income</b>	<b>3,720</b>	<b>4,224</b>	<b>6,900</b>	<b>8,126</b>	<b>9,532</b>	<b>11,259</b>	<b>13,500</b>	<b>14,622</b>
Change (%)	16	14	63	18	17	18	20	8
Other Income	1,400	2,028	2,612	3,477	4,052	4,604	5,372	5,289
Change (%)	21	45	29	33	17	14	17	(2)
Core Fee Income	943	1,353	1,851	2,676	3,454	4,233	4,718	3,955
Total Net Income	5,120	6,252	9,513	11,603	13,584	15,863	18,872	19,911
Operating Expenses	2,543	3,255	5,472	5,619	6,426	7,515	8,851	8,391
Change (%)	15	28	68	3	14	17	18	(5)
Employee Expenses	1,159	1,450	2,804	2,745	2,930	3,159	3,878	3,734
<b>Pre-provisioning Profit</b>	<b>2,577</b>	<b>2,997</b>	<b>4,041</b>	<b>5,985</b>	<b>7,158</b>	<b>8,348</b>	<b>10,021</b>	<b>11,519</b>
Change (%)	20	16	35	48	20	17	20	15
Provisions	305	165	917	837	940	962	2,216	5,234
Change (%)	65	(46)	458	(9)	12	2	130	136
PBT	2,272	2,833	3,124	5,148	6,218	7,386	7,805	6,286
Tax	770	967	1,034	1,737	2,134	2,520	1,857	1,583
<b>Profit After Tax</b>	<b>1,503</b>	<b>1,866</b>	<b>2,090</b>	<b>3,412</b>	<b>4,084</b>	<b>4,865</b>	<b>5,947</b>	<b>4,703</b>
Change (%)	10	24	12	63	20	19	22	(21)

## Financial Details

### Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
<b>Balance Sheet Metrics</b>								
Loan Growth (%)	9	25	79	15	25	21	7	5
Deposit Growth (%)	16	27	85	14	22	17	16	7
C/D Ratio (%)	89.8	88.4	85.6	86.4	88.1	91.1	83.6	82.0
CASA (%)	31.9	36.4	38.1	44.0	50.8	52.5	56.2	55.0
Investment/Deposit (%)	43.1	40.6	37.0	28.6	33.5	31.5	28.6	30.0
CRAR (%)	18.8	17.2	16.3	16.8	18.2	17.5	17.9	20.5
Tier 1 (%)	17.8	16.2	15.3	15.9	17.6	16.9	17.3	19.8
Tier 2 (%)	1.0	1.0	1.0	0.9	0.6	0.6	0.6	0.6

### Assets Quality Metrics

Gross NPA (Rs)	1,059	1,237	2,838	3,579	3,825	4,468	5,027	8,864
Gross NPA (%)	2.8	2.8	2.8	2.3	2.4	2.4	2.4	2.4
Net NPA(Rs)	574	609	1,262	1,718	1,665	1,544	1,558	2,190
Net NPA (%)	1.1	0.9	1.1	1.3	1.0	0.8	0.7	0.9
Provision Coverage (%)	46	51	56	52	57	65	69	75
Provision/Average Advances (%)	0.6	0.3	1.0	0.7	0.6	0.5	1.0	2.3

### Margin Metrics

Yield On Advances (%)	13.2	12.5	13.5	10.5	9.6	9.8	9.9	8.7
Yield On Investment (%)	7.5	7.9	8.5	7.6	7.2	7.2	7.2	7.2
Yield on Earning Assets (%)	10.7	10.6	11.7	9.3	8.7	8.8	8.4	7.8
Cost Of Deposits (%)	6.9	6.8	7.4	5.6	5.1	5.3	4.8	3.9
Cost Of Funds (%)	6.8	6.7	7.4	5.5	5.0	5.2	4.7	4.0
Spread (%)	3.9	4.0	4.3	3.8	3.7	3.6	3.7	3.8
NIM (%)	4.6	4.6	4.9	4.3	4.2	4.1	4.2	4.2

### Profitability & Efficiency Metrics

Int. Expense/Int.Income (%)	57.6	56.5	57.9	54.1	51.7	53.0	49.9	46.2
Fee Income/NII (%)	25.3	32.0	26.8	32.9	36.2	37.6	34.9	27.1
Cost to Income (%)	49.7	52.1	57.5	48.4	47.3	47.4	46.9	42.1
Cost on Average Assets (%)	3.0	3.4	3.7	2.8	2.7	2.6	2.6	2.2
Tax Rate (%)	33.9	34.1	33.1	33.7	34.3	34.1	23.8	25.2

### Valuation Ratio Metrics

EPS (Rs)	9.8	12.1	11.4	18.5	21.4	25.5	31.2	23.8
Change (%)	7.0	23.9	(5.7)	62.7	15.7	19	22.2	(23.5)
ROAE (%)	13.8	14.1	11.0	13.2	12.5	12.2	13.1	8.6
ROAA (%)	1.8	1.9	1.4	1.7	1.7	1.7	1.8	1.3
Dividend Payout (%)	4.1	3.7	4.4	3.2	3.3	3.1	-	-
Dividend yield (%)	0.2	0.1	0.1	0.1	0.1	0.1	-	-
Book Value (Rs)	80.0	92.0	131.0	150.0	197.0	222.0	254.0	307.0
Change (%)	26	15	43	15	31	13	14	21
P/B (X)	4.9	7.2	5.2	5.8	5.3	6.0	5.4	4.5
P/E (X)	39.9	54.4	59.8	47.1	48.9	52.4	43.9	57.4



## Financial Details

### Exhibit: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E
Interest Income	10.2	10.0	11.0	8.7	8.2	8.3	8.0	7.3
Interest expended	5.9	5.7	6.4	4.7	4.3	4.4	4.0	3.4
<b>Net Interest Income</b>	<b>4.3</b>	<b>4.4</b>	<b>4.6</b>	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>	<b>3.9</b>
Non-Fund Based Income	1.6	2.1	1.8	1.7	1.7	1.6	1.6	1.4
Core Fee Income	1.1	1.4	1.2	1.3	1.4	1.5	1.4	1.1
<b>Trading and Other Income</b>	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.4</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.4</b>
Core Operating Income	5.4	5.8	5.9	5.3	5.4	5.4	5.4	5.0
<b>Total Income</b>	<b>6.0</b>	<b>6.5</b>	<b>6.4</b>	<b>5.7</b>	<b>5.7</b>	<b>5.5</b>	<b>5.6</b>	<b>5.3</b>
Total Operating Expenses	3.0	3.4	3.7	2.8	2.7	2.6	2.6	2.2
Employee Expenses	1.4	1.5	1.9	1.3	1.2	1.1	1.2	1.0
Other Expenses	1.6	1.9	1.8	1.4	1.5	1.5	1.5	1.2
<b>Operating Profit</b>	<b>3.0</b>	<b>3.1</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>
Provisions	0.4	0.2	0.6	0.4	0.4	0.3	0.7	1.4
Others	-	-	-	-	-	-	-	-
PBT	2.7	2.9	2.1	2.5	2.6	2.6	2.3	1.7
Tax	0.9	1.0	0.7	0.9	0.9	0.9	0.6	0.4
<b>PAT/RoAA</b>	<b>1.8</b>	<b>1.9</b>	<b>1.4</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.3</b>
Equity Multiplier (x)	7.9	7.3	7.8	7.9	7.4	7.2	7.4	6.8
<b>ROAE</b>	<b>13.8</b>	<b>14.1</b>	<b>11.0</b>	<b>13.2</b>	<b>12.5</b>	<b>12.2</b>	<b>13.1</b>	<b>8.6</b>

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