

Kotak Mahindra Bank

Estimate change 

TP change 

Rating change 

CMP: INR1,971

TP: INR2,170 (+10%)

Neutral

Strong performance led by robust other income

Margin contracts 18bp QoQ; Asset quality steady

- KMB reported a robust quarter, with standalone PAT increasing 67% YoY to INR35b (14% beat), driven by higher treasury gains and dividend income of INR3b from subs. Consolidated PAT grew 51% YoY to INR41.5b.
- Advances grew 17% YoY (3% QoQ) to INR329b, while margin contracted by 18bp QoQ to 5.6%. Deposit growth was steady, though the CASA mix moderated 380bp QoQ due to a shift in SA deposits toward high-yielding ActivMoney product launched by the bank.
- Gross slippages increased 46% QoQ to INR12b, of which INR2.9b were upgraded in 1QFY24. Higher slippages and healthy recoveries held GNPA/NNPA ratios stable at 1.77%/0.4%.
- We increase our FY24/FY25 PAT estimates by 7%/5% and revise our TP to **INR2,170 (3.0x FY25E BV and INR560 for subs). Maintain Neutral.**

Revenue growth steady; Unsecured loan mix rises to 11%

- KMB reported a standalone PAT of INR35b (+67% YoY; 14% beat), driven by higher treasury gains and dividend income of INR3b from subs. Consol PAT grew 51% YoY to INR41.5b.
- NII grew 33% YoY (in line), while margins contracted 18bp QoQ to 5.6%. Other income increased by 116% YoY, aided by higher treasury gains due to reversal of MTM loss of INR2.4b in 1QFY24.
- Opex rose 26% YoY due to an increase in technological and marketing expenses. PPOp grew 78% YoY, while core PPOp was up 28% YoY.
- Loan book grew 2.7% QoQ (+17% YoY), led by healthy traction across segments, barring Agri book. KMB reported healthy sequential trends in Home loans, Personal loans, Business loans, Consumer Durable loans, Credit Cards and MFI. Deposits jumped 22% YoY (+6% QoQ), while the CASA mix moderated 380bp QoQ to 49%. The mix of unsecured loans increased to 11% and the management expects it to rise to mid-teens by FY24-end.
- Gross slippages increased 46% QoQ to INR12b; however, healthy recoveries helped GNPA/NNPA ratios remain stable at 1.77%/0.4%. KMB utilized INR500m of Covid provisions and now has o/s provisions of INR3.37b.
- SMA-2 advances stood at INR2.03b (10bp of advances), while the outstanding restructured portfolio stood at INR6.2b (20bp of advances).
- **Subs performance:** Kotak Prime reported net earnings growth of 39% YoY. Kotak International Subs posted earnings growth of 129%, while Kotak AMC and Kotak Securities recorded flat trends.

Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot.](#)



Bloomberg Equity Shares (m)	KMB IN 1980
M.Cap.(INRb)/(USD\$b)	3917 / 47.8
52-Week Range (INR)	2063 / 1644
1, 6, 12 Rel. Per (%)	2/2/-9
12M Avg Val (INR M)	7314
Free float (%)	74.1

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	215.5	256.2	290.6
OP	148.5	187.9	211.6
NP	109.4	132.8	147.4
Cons. NP	150.9	180.2	205.0
NIM (%)	5.1	5.2	5.0
EPS (INR)	55.1	66.9	74.2
EPS Gr. (%)	27.5	21.4	11.0
ABV. (INR)	398	460	529
Cons. BV. (INR)	563	652	754

Ratios

Cons. RoE (%)	13.5	13.9	13.7
RoE (%)	14.1	14.8	14.3
RoA (%)	2.4	2.5	2.4

Valuations

P/BV (X) (Cons.)	3.5	3.0	2.6
P/ABV (X) (Adj.)	3.5	3.1	2.7
P/E(X) (Adj.)	25.6	21.1	19.0

*Adjusted for Investment subs

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	25.9	26.0	26.0
DII	19.6	23.0	17.3
FII	41.5	37.8	40.6
Others	12.9	13.3	16.2

FII Includes depository receipts

Highlights from the management commentary

- KMB reported higher ROA of 2.8% in 1QFY24 due to one-time non-interest income, which is expected to moderate in 2QFY24.
- Deposits have picked up **driven by ActivMoney product** launched by KMB which has grown 24% QoQ.
- NIM declined 18bp QoQ to 5.6% in 1QFY24 from the peak of **5.8%** in 4QFY23. The bank expects NIM to moderate further going forward.
- Kotak Funds launched an **Activ Indian Midcap fund** overseas, especially targeting the Japanese market. The fund's **AUM has crossed USD2.5b** as of 1QFY24.

Valuation and view

KMB delivered a healthy quarter with steady revenue growth and stable asset quality. NIM contracted due to the rising cost of deposits but was on expected lines. Asset quality remained steady, aided by healthy recoveries, while the restructured book moderated to 20bp of loans. KMB carries additional Covid-related provisions of ~INR3.4b (10bp of loans). We raise our earnings estimates by 7%/5% for FY24/25 and expect KMB to deliver RoA/RoE of 2.4%/14.3% in FY25. **Reiterate Neutral with a TP of INR2,170 (3.0x FY'25E BV and INR560 for subs).**

Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	V/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Interest Income	47.0	51.0	56.5	61.0	62.3	63.0	64.6	66.3	215.5	256.2	61.9	1%
% Change (Y-o-Y)	19.2	26.8	30.4	35.0	32.7	23.6	14.2	8.6	28.1	18.9	31.8	
Other Income	12.4	19.5	19.5	21.9	26.8	22.0	22.3	24.5	70.8	95.6	18.9	42%
Total Income	59.4	70.5	76.0	82.9	89.2	85.0	86.8	90.8	286.3	351.8	80.8	10%
Operating Expenses	31.6	34.9	37.5	36.4	39.7	40.7	42.0	41.7	137.9	164.0	38.6	3%
Operating Profit	27.8	35.7	38.5	46.5	49.5	44.4	44.9	49.1	148.5	187.9	42.2	17%
% Change (Y-o-Y)	-3.7	14.3	42.5	39.1	77.8	24.3	16.6	5.7	23.2	26.5	51.6	
Provisions	0.2	1.4	1.5	1.5	3.6	2.9	2.9	2.3	4.6	11.7	2.2	67%
Profit before Tax	27.6	34.3	37.0	45.0	45.9	41.5	42.0	46.8	143.9	176.2	40.0	15%
Tax	6.9	8.5	9.1	10.0	11.3	10.2	10.3	11.5	34.5	43.3	9.8	15%
Net Profit	20.7	25.8	27.9	35.0	34.5	31.3	31.7	35.4	109.4	132.8	30.2	14%
% Change (Y-o-Y)	26.1	27.0	31.0	26.3	66.7	21.2	13.4	1.2	27.6	21.4	45.7	
Deposits (INR b)	3,165	3,252	3,447	3,631	3,863	3,839	4,018	4,226	3,631	4,226	3,756	0
Loans (INR b)	2,802	2,940	3,107	3,199	3,286	3,395	3,562	3,758	3,199	3,758	3,311	(0)
Deposit growth (%)	10.4	11.5	12.9	16.5	22.0	18.1	16.6	16.4	16.5	16.4	18.7	337
Loan growth (%)	28.8	25.1	22.9	17.9	17.3	15.5	14.6	17.5	17.9	17.5	18.2	-88
Asset Quality												
Gross NPA (%)	2.2	2.1	1.9	1.8	1.8	1.7	1.6	1.5	1.8	1.5	1.7	5
Net NPA (%)	0.6	0.6	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.3	0.4	5
PCR (%)	72.6	73.7	77.6	79.3	78.0	80.3	80.7	80.5	79.3	80.5	79.8	-183

E: MOFSL estimates

Consolidated earnings snapshot (INR m)

Y/E March	FY22				FY23				FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Kotak Bank	16,420	20,320	21,310	27,670	20,710	25,810	27,920	34,960	34,520
Kotak Prime	790	2,400	2,540	3,130	1,570	2,220	2,250	2,240	2,180
Kotak Securities	2,360	2,430	2,700	2,520	2,190	2,240	2,410	1,820	2,190
KMCC	420	580	1,030	420	510	220	280	480	550
Kotak Life	(2,430)	1,550	2,470	2,670	2,480	2,700	3,300	2,050	1,930
AMC & Trustee	1,070	970	1,490	1,020	1,060	1,060	1,500	1,920	1,060
Intl. subs	300	270	410	200	140	50	220	360	320
KIL	710	890	1,110	1,010	630	780	860	1,000	1,020
Others	230	130	310	230	440	640	920	490	1,080
Kotak Consol	19,870	29,540	33,370	38,870	29,730	35,720	39,660	45,320	44,850
Minority/associate adjustments	(1,810)	350	660	40	(2,180)	370	290	340	(3,340)
Kotak Cons. Reported PAT	18,060	29,890	34,030	38,910	27,550	36,090	39,950	45,660	41,510
Contribution of bank in total profits	91%	68%	63%	71%	75%	72%	70%	77%	83%

**Highlights from the management commentary****Balance sheet and P&L**

- Macroeconomic fundamentals are doing good and the overall economy remains resilient (“The Stars have aligned for India”).
- Deposits have picked up driven by ActivMoney product launched by KMB and has grown by 24% QoQ. ActivMoney forms 7% to 8% of total deposits. In the long term flow of deposits will increase due to this product.
- Cost of SA deposits stands at 3.5%- 3.6%, while cost of TD stands at 7%-7.3% as of 1QFY24. ActivMoney cost stands at 5%-5.5%.
- Kotak Funds launched an Activ Indian Midcap fund overseas, especially targeting the Japanese market. AUM of the fund has crossed USD2.5b as of 1QFY24, with fresh inflows of USD600m during the quarter.
- NIM declined 18bp QoQ to 5.6% in 1QFY24 from the peak of **5.8%** in 4QFY23. The bank expects NIM to moderate further going forward.
- Consol PAT grew 51% YoY to INR42b in 1QFY24 vs. INR28b in 1QFY23.
- Other Income includes trading gains of INR2.4b due to MTM reversals during the quarter. Dividends from subsidiaries amounted to INR3b for the standalone bank.
- Opex grew 26% YoY, primarily due to higher technological and promotional expenses.
- The standalone balance sheet crossed INR5t as of 1QFY24.
- The customer base increased to 43.5m in 1QFY24 from 34.5m in 1QFY23.
- Wholesale book performed well, especially MNC and NBFC segments, which outperformed others during the quarter.
- CV disbursements grew 21% YoY and its collection efficiency remained stable.
- Construction Equipment book grew 17% YoY, while the tractor book was flat QoQ. CE is stable in tractor book.
- MFI disbursements grew 69% YoY, with a customer base of 1.6m unique borrowers.
- Unsecured retail advances as a % of net advances stood at 10.7% as of 1QFY24 vs. 7.9% in 1QFY23 and the portfolio continues to hold well.
- Credit card advances grew 67% YoY to INR114b as of 1QFY24. KMB has launched a co-branded credit card with Myntra in the quarter and is also live with a Rupay credit card in UPI to increase its active card base.

- QR acquisition for the bank is gaining pace and the bank also provides a platform to customers to accept digital rupee as well.
- KMB reported higher ROA of 2.8% in 1QFY24 due to one-time non-interest income and expects this to moderate in 2QFY24.

Asset Quality

- The GNPA ratio improved by 1bp to 1.77%, while net NPA deteriorated by 3bp to 0.4%.
- PCR moderated 130bp QoQ to 78%.
- KMB reported fresh Slippages of INR12.1b in 1QFY24, out of which INR2.9b were upgraded during the quarter itself.
- SMA 2 book stood at INR2b as on 1QFY24.
- KMB reported a credit cost of 50bp in 1QFY24 and expects this to be low going forward.
- The bank **consumed Covid-related provisions of INR500m** (INR3.37b outstanding now).
- The bank will be open to an acquisition if it adds customers and value to the franchise and its customers.

Subsidiaries

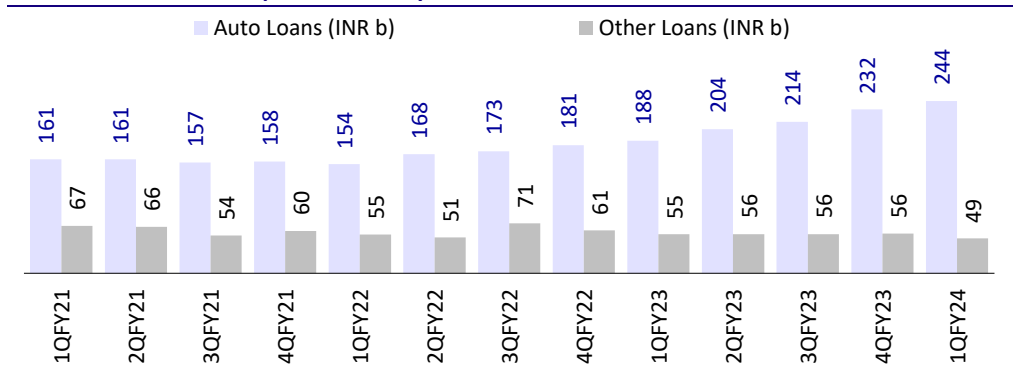
- Kotak Securities reported PAT of INR2.2b, with its **market share increasing to 7.5% in 1QFY24** from 4.1% in 1QFY23. Mobile trading increased 3x YoY.
- Kotak Prime reported PAT of INR2.2b in 1QFY24, with the vehicle book growing by 31% YoY.
- Kotak AMC reported PAT of INR1.1b in 1QFY24, with AUM up 23% YoY.

Mixed performance across all subsidiaries

- PAT for the Securities business was flat YoY at INR2.2b (up 20%QoQ).
- Market share of Kotak Securities improved sharply to ~7.5%.
- Kotak Prime reported PAT of INR2.2b (+39% YoY, flat QoQ). NNPA moderated to 0.8% vs. 0.9% in 4QFY23. Auto loans grew 30% YoY and 5% QoQ.
- PAT in the Asset Management business stood at INR1.1b (down 44% QoQ), while average AUM rose 7% QoQ (10% YoY), led by a moderation in equity AUM (up 6% YoY and flat QoQ), constituting 53.6% of total AUM.
- Profitability in the Life Insurance business remained modest as Kotak Life reported PAT of INR1.91b (-22% YoY). Premium income grew 17% YoY (down 57% QoQ), while the solvency ratio stood at 268%.

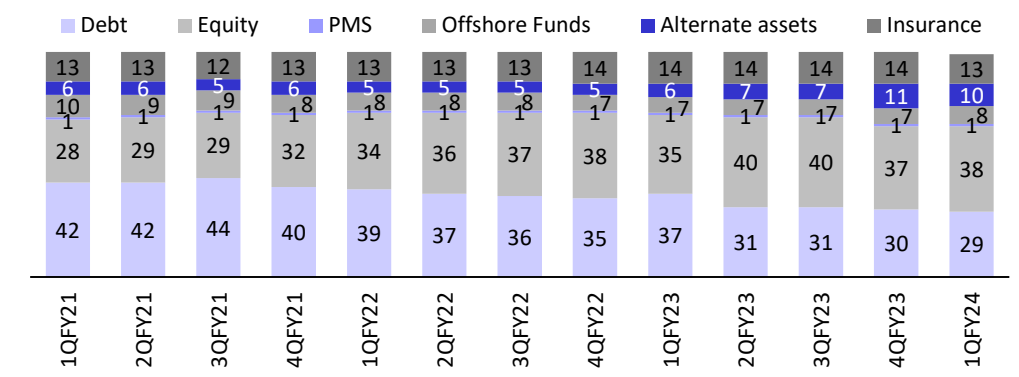
Equity AUM comprises 53.6% of overall AUM vs. 54.3% in 4QFY23

Exhibit 1: Kotak Prime | Auto loans up 5% QoQ and 30% YoY



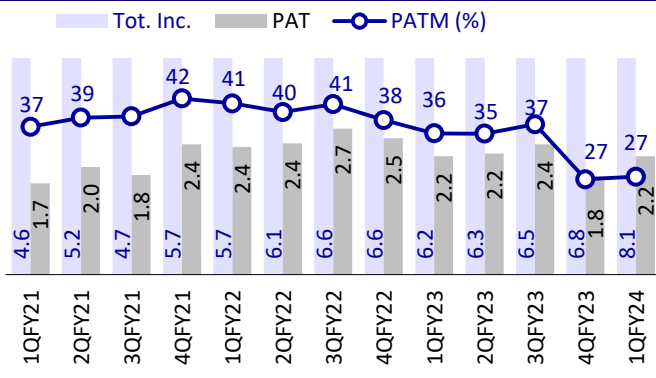
Source: MOFSL, Company

Exhibit 2: Domestic AUM grew 12% QoQ (up 15% YoY)



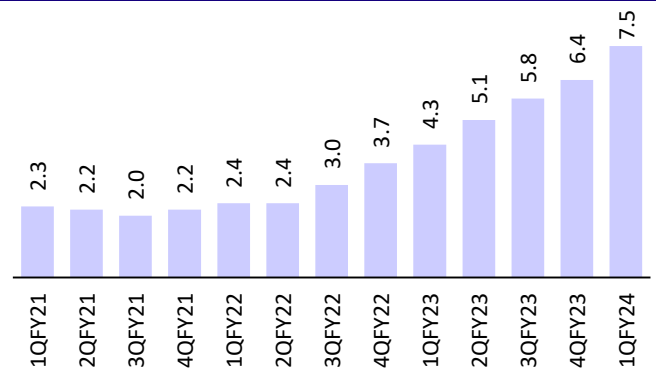
Source: MOFSL, Company

Exhibit 3: Kotak Securities' PAT flat YoY at INR2.2b



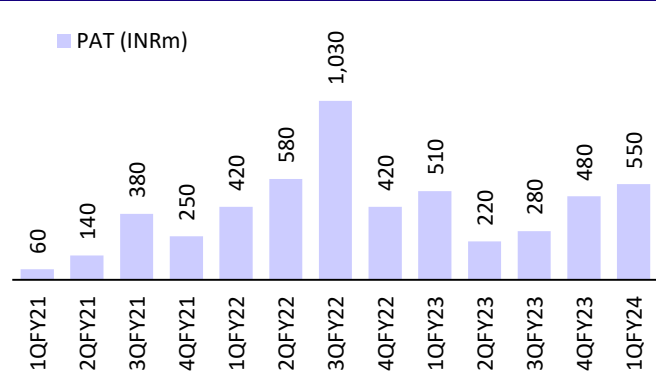
Source: MOFSL, Company

Exhibit 4: Market share for Kotak Securities expands to 7.5%



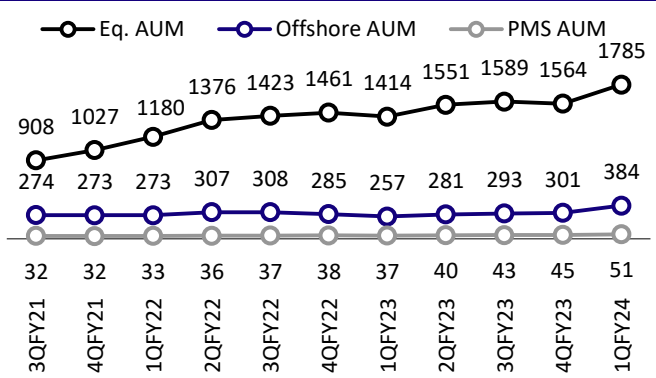
Source: MOFSL, Company

Exhibit 5: PAT stands at INR550m in Investment Banking



Source: MOFSL, Company

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



Source: MOFSL, Company

Valuation and view

- Loan book grew 2.7% QoQ (+17% YoY), led by healthy traction across segments, barring Agri book. KMB reported healthy sequential trends in Home loans, Personal loans, Business loans, Consumer Durable loans, Credit Cards and MFI. Deposits jumped 22% YoY (+6% QoQ), while the CASA mix moderated substantially QoQ to 49%. The mix of unsecured loans increased to 11% and the management expects it to rise further to the mid-teens level by the end of FY24.
- Gross slippages increased 46% QoQ to INR12b, of which INR2.9b were upgraded in 1QFY24. Higher slippages and healthy recoveries held GNPA/NNPA ratios stable at 1.77%/0.4%. KMB reversed INR500m of Covid-related provisions; outstanding Covid-related provisions now stand at INR3.37b (10bp of loans).

- SMA-2 advances stood at INR2.03b (10bp of advances), while the outstanding restructured portfolio stood at INR6.2b (20bp of advances).
- The bank has healthy capitalization levels with Tier I of 20.9%, 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.
- **Retain Neutral with a TP of INR2,170:** KMB delivered a healthy quarter with steady revenue growth and stable asset quality. NIM contracted due to rising cost of deposits but was on expected lines. Asset quality remained steady aided by healthy recoveries while the restructured book moderated to 20bp of loans. KMB carries additional Covid-related provisions of ~INR3.4b (10bp of loans). We raise our earnings estimates by 7%/5% for FY24/25 and expect KMB to deliver RoA/RoE of 2.4%/14.3% in FY25. **Reiterate Neutral with a TP of INR2,170 (3.0x FY'25E BV and INR560 for subs).**

Exhibit 7: We have raised our Standalone PAT estimates for FY24/FY25 by 7%/5%

INR b	Old Est.		Revised Est.		Change (%)/bps	
	FY24	FY25	FY24	FY25	FY24	FY25
Net Interest Income	254.7	292.0	256.2	290.6	0.6	-0.5
Other Income	82.2	96.1	95.6	110.9	16.4	15.4
Total Income	336.8	388.1	351.8	401.5	4.5	3.5
Operating Expenses	162.1	187.3	164.0	190.0	1.1	1.5
Operating Profits	174.7	200.9	187.9	211.6	7.5	5.3
Provisions	9.9	14.9	11.7	16.1	17.7	8.1
PBT	164.8	186.0	176.2	195.5	6.9	5.1
Tax	40.5	45.8	43.3	48.1	6.9	5.1
Standalone PAT	124.2	140.2	132.8	147.4	6.9	5.1
Consolidated PAT	169.7	195.7	180.2	205.0	6.2	4.8
Loans	3,758	4,397	3,758	4,397	0.0	0.0
Deposits	4,226	4,945	4,226	4,945	0.0	0.0
Margins (%)	5.16	5.05	5.19	5.03	3	(2)
SA RoA (%)	2.35	2.28	2.51	2.39	16	11
Core RoE (%)	13.9	13.8	14.8	14.3	90	53
EPS	85.4	98.5	90.7	103.2	6.2	4.8
BV	478.9	547.8	483.2	555.6	0.9	1.4
Consol BV	647.0	744.0	652.3	754.0	0.8	1.3

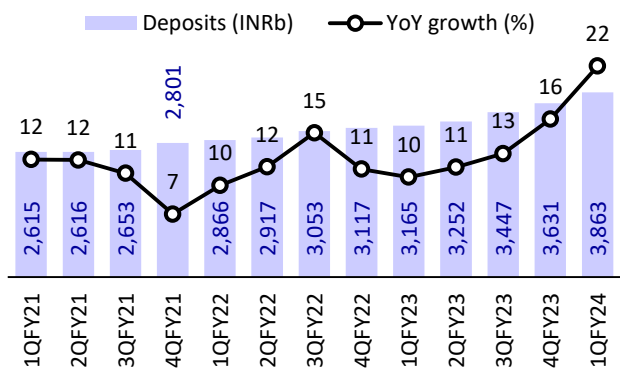
Source: MOFSL, Company

Exhibit 8: FY25E SoTP-based pricing

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	3,618	44.1	1,821	84	
Kotak Mahindra Bank	3,197	39.0	1,609	74	3.0x FY25E Networkth
Kotak Prime (Car and other loans)	311	3.8	156	7	3.0x FY25E Networkth
Kotak Investment Company (LAS)	110	1.3	56	3	3.0x FY25E Networkth
Asset Management Business	273	3.3	137	6	5% of FY25E AUMs
Domestic Mutual Fund	218	2.7	110	5	
Alternative Assets	33	0.4	17	1	
Offshore Funds	22	0.3	11	1	
Capital Markets related Business	262	3.2	132	6	
Kotak Securities	220	2.7	111	5	18x FY25E PAT
Kotak Investment Banking (KMCC)	42	0.5	21	1	3.0x FY25E Networkth
Kotak Life Insurance	436	5.3	219	10	2.5x FY25E EV
Subs value @ 20% discount	1,113	13.6	560	26	
Target Value (Post 20% holding discount)	4,311	52.6	2,170	100	
- contribution of subs/associates to total PT			26%		

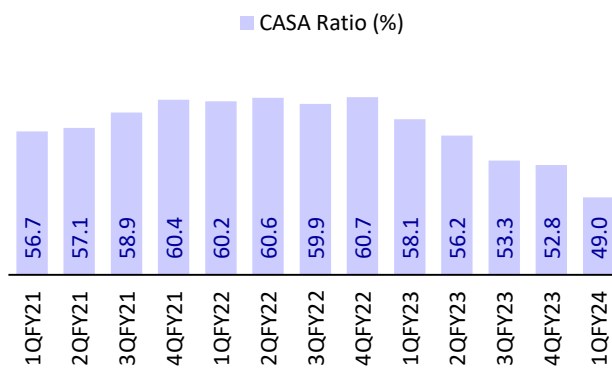
Story in charts

Exhibit 9: Deposits up 22% YoY and 6% QoQ to INR3.9t



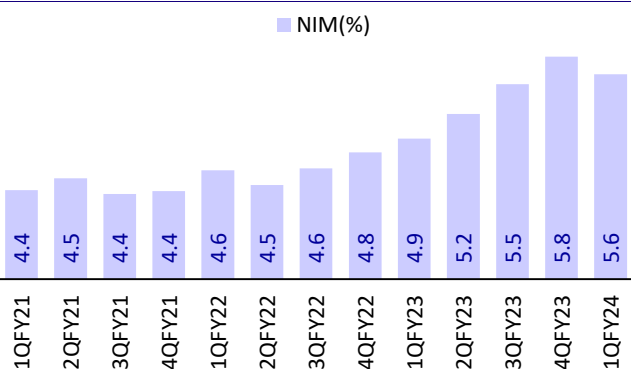
Source: MOFSL, Company

Exhibit 10: CASA ratio moderates 380bp QoQ to 49%



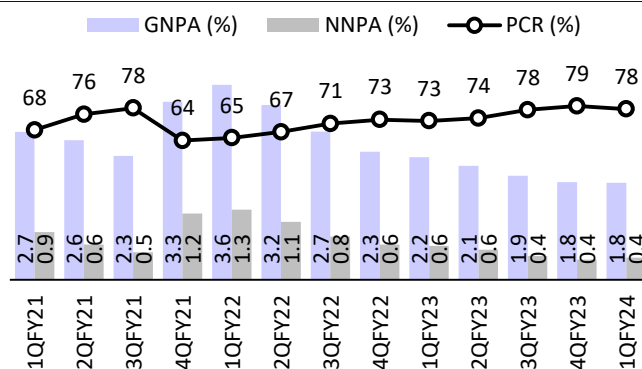
Source: MOFSL, Company

Exhibit 11: Margin moderates 18bp QoQ to 5.6%



Source: MOFSL, Company

Exhibit 12: GNPA/NNPA steady at 1.8%/0.4% %



Source: MOFSL, Company

Exhibit 13: DuPont Analysis – Expect KMB to report an FY25 RoA/RoE of 2.4%/14.2%

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	8.24	8.28	8.01	7.22	6.65	7.45	8.31	8.26
Interest Expense	4.26	4.40	3.99	3.09	2.51	2.76	3.47	3.54
Net Interest Income	3.98	3.88	4.02	4.13	4.14	4.69	4.84	4.72
Fee income	1.60	1.59	1.45	1.39	1.70	1.75	2.05	2.07
Trading and others	0.09	0.02	0.14	(0.05)	-0.23	-0.21	-0.24	-0.27
Non-Interest income	1.69	1.61	1.60	1.35	1.47	1.54	1.81	1.80
Total Income	5.67	5.50	5.61	5.47	5.61	6.23	6.64	6.52
Operating Expenses	2.68	2.60	2.63	2.31	2.65	3.00	3.10	3.09
Employee cost	1.23	1.10	1.16	1.01	1.14	1.21	1.24	1.23
Others	1.45	1.50	1.47	1.30	1.51	1.79	1.86	1.85
Operating Profits	2.99	2.89	2.98	3.16	2.96	3.23	3.55	3.44
Core operating Profits	2.90	2.87	2.84	3.21	3.19	3.44	3.79	3.70
Provisions	0.39	0.33	0.66	0.66	0.17	0.10	0.22	0.26
NPA	0.26	0.29	0.42	0.49	0.27	0.11	0.20	0.23
Others	0.13	0.04	0.24	0.17	-0.10	-0.01	0.02	0.03
PBT	2.59	2.56	2.32	2.50	2.80	3.13	3.33	3.17
Tax	0.89	0.87	0.55	0.63	0.69	0.75	0.82	0.78
RoA	1.70	1.69	1.77	1.87	2.11	2.38	2.51	2.39
Leverage (x)	7.4	7.2	7.3	6.6	6.0	5.9	5.9	5.9
RoE	12.5	12.1	12.9	12.4	12.6	14.0	14.8	14.2

Financials and valuations

Income Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	197.5	238.9	269.3	268.4	270.4	342.5	440.1	508.5
Interest Expense	102.2	126.8	134.3	115.0	102.2	127.0	183.9	217.9
Net Interest Income	95.3	112.1	135.0	153.4	168.2	215.5	256.2	290.6
Growth (%)	17.3	17.6	20.5	13.6	9.6	28.1	18.9	13.4
Non-Interest Income	40.5	46.6	53.7	50.1	59.9	70.8	95.6	110.9
Total Income	135.8	158.6	188.7	203.5	228.0	286.3	351.8	401.5
Growth (%)	17.1	16.8	19.0	7.8	12.1	25.6	22.9	14.1
Operating Expenses	64.3	75.1	88.5	85.8	107.5	137.9	164.0	190.0
Pre Provision Profits	71.6	83.5	100.2	117.6	120.5	148.5	187.9	211.6
Growth (%)	19.6	16.6	20.0	17.4	2.5	23.2	26.5	12.6
Core Operating Profits	69.5	82.8	95.4	119.4	129.9	158.2	200.6	228.1
Growth (%)	25.3	19.2	15.2	25.2	8.7	21.9	26.7	13.7
Provisions (exc. tax)	9.4	9.6	22.2	24.6	6.9	4.6	11.7	16.1
PBT	62.2	73.9	78.0	93.0	113.6	143.9	176.2	195.5
Tax	21.3	25.2	18.6	23.4	27.9	34.5	43.3	48.1
Tax Rate (%)	34.3	34.1	23.8	25.1	24.5	24.0	24.6	24.6
PAT	40.8	48.7	59.5	69.6	85.7	109.4	132.8	147.4
Growth (%)	19.7	19.1	22.2	17.1	23.1	27.6	21.4	11.0
Consolidated PAT	62.0	72.0	85.9	99.9	117.2	150.9	180.2	205.0
Growth (%)	25.5	16.2	19.3	16.3	17.3	28.7	19.5	13.8

Balance Sheet

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	9.5	9.5	9.6	9.9	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	5.0
Reserves & Surplus	365.3	414.5	475.6	622.4	710.0	820.3	949.9	1,093.8
Net Worth	374.8	429.0	490.2	637.3	724.9	835.2	964.8	1,108.7
<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>830.2</i>	<i>959.8</i>	<i>1,103.7</i>
Deposits	1,926.4	2,258.8	2,628.2	2,801.0	3,116.8	3,631.0	4,226.4	4,944.9
Growth (%)	22.4	17.3	16.4	6.6	11.3	16.5	16.4	17.0
of which CASA Deposits	977.7	1,185.9	1,476.2	1,693.1	1,891.3	1,918.2	2,003.3	2,329.1
Growth (%)	41.2	21.3	24.5	14.7	11.7	1.4	4.4	16.3
Borrowings	251.5	322.5	379.9	236.5	259.7	234.2	279.8	325.3
Other Liabilities & Prov.	96.5	111.4	104.2	159.9	192.9	198.3	220.1	246.5
Total Liabilities	2,649.3	3,121.7	3,602.5	3,834.7	4,294.3	4,898.6	5,691.2	6,625.5
Current Assets	196.2	246.8	532.9	396.3	429.2	325.4	342.5	395.3
Investments	645.6	711.9	750.5	1,051.0	1,005.8	1,214.0	1,414.4	1,640.6
Growth (%)	43.2	10.3	5.4	40.0	-4.3	20.7	16.5	16.0
Loans	1,697.2	2,056.9	2,197.5	2,236.7	2,712.5	3,198.6	3,758.4	4,397.3
Growth (%)	24.7	21.2	6.8	1.8	21.3	17.9	17.5	17.0
Fixed Assets	15.3	16.5	16.2	15.4	16.4	19.2	20.5	22.0
Other Assets	95.1	89.6	105.4	135.4	130.3	141.3	155.5	170.3
Total Assets	2,649.3	3,121.7	3,602.5	3,834.7	4,294.3	4,898.6	5,691.2	6,625.5

Asset Quality

Y/E MARCH	FY18	FY19	FY20	FY20	FY22	FY23	FY24E	FY25E
GNPA	38.3	44.7	50.3	74.3	64.7	57.7	58.5	65.3
NNPA	16.7	15.4	15.6	27.1	17.4	11.9	11.4	12.5
GNPA Ratio (%)	2.23	2.14	2.25	3.25	2.34	1.78	1.54	1.47
NNPA Ratio (%)	0.98	0.75	0.71	1.21	0.64	0.37	0.30	0.28
Slippage Ratio (%)	1.00	0.89	1.38	2.19	1.55	1.20	1.10	1.10
Credit Cost (%)	0.41	0.45	0.66	0.82	0.45	0.17	0.30	0.35
PCR (Exc. Tech. write off) (%)	56.5	65.4	69.0	63.6	73.2	79.3	80.5	80.9

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY20	FY22	FY23	FY24E	FY24E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	9.0	8.9	8.6	7.7	7.2	8.0	8.9	8.8
Avg. Yield on loans	9.6	9.8	9.9	8.4	7.8	9.1	9.8	9.7
Avg. Yield on Investments	7.5	7.6	7.6	7.9	6.8	6.1	7.1	7.1
Avg. Cost-Int. Bear. Liab.	5.2	5.3	4.8	3.8	3.2	3.5	4.4	4.5
Avg. Cost of Deposits	5.1	5.3	4.9	3.7	3.1	3.5	4.4	4.5
Interest Spread	4.5	4.5	4.9	4.7	4.7	5.6	5.4	5.2
Net Interest Margin	4.3	4.2	4.3	4.4	4.5	5.1	5.2	5.0

Capitalisation Ratios (%)

CAR	18.4	17.9	19.8	23.5	23.7	21.8	21.0	20.3
Tier I	17.8	17.4	19.2	22.6	22.8	20.6	20.3	19.6
Tier II	0.6	0.5	0.6	0.9	0.9	1.2	0.7	0.7

Asset-Liability Profile (%)

Loans/Deposit Ratio	88.1	91.1	83.6	79.9	87.0	88.1	88.9	88.9
CASA Ratio	50.8	52.5	56.2	60.4	60.7	52.8	47.4	47.1
Cost/Assets	2.4	2.4	2.5	2.2	2.5	2.8	2.9	2.9
Cost/Total Income	47.3	47.4	46.9	42.2	47.2	48.1	46.6	47.3
Cost/Core Income	48.1	47.6	48.1	41.8	45.3	46.6	45.0	45.4
Int. Expense/Int. Income	51.7	53.1	49.9	42.8	37.8	37.1	41.8	42.8
Fee Income/Total Income	28.3	28.9	25.9	25.5	30.3	28.1	30.8	31.7
Non Int. Inc./Total Income	29.8	29.4	28.5	24.6	26.2	24.7	27.2	27.6
Emp. Cost/Total Expenses	45.9	42.4	44.2	43.9	42.9	40.2	39.9	40.0
Investment/Deposit Ratio	33.5	31.5	28.6	37.5	32.3	33.4	33.5	33.2

Profitability Ratios and Valuation

RoE (%)	12.5	12.2	13.1	12.5	12.7	14.1	14.8	14.3
RoA (%)	1.7	1.7	1.8	1.9	2.1	2.4	2.5	2.4
Consolidated ROE (%)	12.3	12.4	12.8	11.8	12.1	13.5	13.9	13.7
Consolidated ROA (%)	2.0	2.0	2.1	2.2	2.3	2.6	2.8	2.8
RoRWA (%)	1.5	1.6	1.9	2.0	2.2	2.4	2.4	2.3
Standalone BV (INR)	197	222	254	319	363	418	483	556
Growth (%)	31.1	12.9	14.2	25.8	13.7	15.2	15.6	15.0
Price-BV (x)	7.2	6.3	5.6	4.4	3.9	3.4	2.9	2.5
Consolidated BV (INR)	265	303	348	426	487	563	652	754
Growth (%)	26.7	14.3	15.1	22.2	14.5	15.6	15.9	15.6
Price-Consol BV (x)	7.4	6.5	5.7	4.6	4.0	3.5	3.0	2.6
Standalone Adjusted BV (INR)	178	203	234	296	342	398	460	529
Growth (%)	28.0	14.4	15.3	26.4	15.3	16.4	15.8	15.0
Price-ABV (x)	7.9	6.9	6.0	4.8	4.1	3.5	3.1	2.7
Consolidated Adjusted BV (INR)	254	291	337	410	474	551	640	741
Growth (%)	28.3	14.9	15.7	21.7	15.6	16.2	16.2	15.7
Price-Consol ABV (x)	7.8	6.8	5.8	4.8	4.2	3.6	3.1	2.7
Standalone EPS (INR)	21.8	25.5	31.1	35.8	43.2	55.1	66.9	74.2
Growth (%)	17.4	17.0	22.0	14.9	20.9	27.5	21.4	11.0
Price-Earnings (x)	64.7	55.3	45.3	39.4	32.6	25.6	21.1	19.0
Consolidated EPS (INR)	32.5	37.7	44.9	50.4	59.1	75.9	90.7	103.2
Change (%)	21.3	16.0	19.0	12.2	17.1	28.6	19.5	13.8
Price-Consolidated Earnings (x)	60.6	52.2	43.9	39.1	33.4	26.0	21.7	19.1

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

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://onlinereports.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 not 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 alternations 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.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

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.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; 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.