

Kotak Mahindra Bank

BSE SENSEX	S&P CNX
38,964	11,588
Bloomberg	KMB IN
Equity Shares (m)	1,907
M.Cap.(INRb)/(USD\$)	3111.2 / 43.8
52-Week Range (INR)	1682 / 1099
1, 6, 12 Rel. Per (%)	3/19/25
12M Avg Val (INR M)	4689
Free float (%)	70.0

Financials & Valuations (INR b)

Y/E MARCH	FY19	FY20E	FY21E
NII	112.6	134.1	156.7
OP	83.5	101.3	120.5
NP	48.7	64.2	78.6
Cons. NP	72.0	88.6	107.2
NIM (%)	4.2	4.3	4.3
EPS (INR)	25.5	33.6	41.2
EPS Gr. (%)	17.0	31.9	22.4
ABV. (INR)	203.2	231.3	267.2
Cons. BV. (INR)	302.7	348.3	403.5
Cons. RoE (%)	12.4	13.3	13.9
RoE (%)	12.2	14.1	15.0
RoA (%)	1.7	1.9	2.0
Valuations			
P/BV (X) (Cons.)	5.4	4.7	4.0
P/ABV (X) (Adj)	5.7	5.0	4.3
P/E(X) (Adj)	45.1	34.2	27.9

*Price adjusted for Investment in subsidiaries

CMP: INR1,629 **TP: INR1,600 (-2%)** **Neutral**

Growth moderates reflecting challenging macro; earnings outlook stable

- KMB reported 2QFY20 standalone PAT of INR17.2b (+51% YoY, 12% beat), supported by a lower tax outgo of INR3.7b (our estimate: INR5.7b), while PBT was in line with 21% YoY growth. Consol. PAT stood at INR24.1b (+38% YoY). For 1HFY20, standalone PPOP/PAT was up 19%/42% YoY to INR49.1b/INR30.8b.
- NII grew 25% YoY to INR33.5b (in-line), led by healthy margins of 4.6% (+12bp QoQ). Other income growth moderated to 1.6% YoY (at INR12.2b).
- Loan book grew 15% YoY to INR2.1t (v/s 17.6% YoY in 1QFY20), reflecting the slowdown in business banking/corporate banking and CV/CE portfolios. Excluding corporate/business banking, loan growth stood at 21% YoY.
- Deposit growth moderated to 13% YoY (at INR2.3t), led by a 6% QoQ decline in term deposits. However, average SA deposits grew 20% YoY, while average CA increased 22% YoY. Thus, CASA mix improved to 53.6% (50.7% in 1QFY20). Cost of SA stood at 5.37%, implying ~15bp QoQ improvement.
- Asset quality deteriorated, with GNPL/NNPL increasing 9%/19% QoQ, led by slippages of INR10b. GNPA/NNPA ratios increased 13bp/12bp QoQ to 2.3%/0.9%. PCR ratio declined 295bp QoQ to 64%. SMA-2 advances stood at INR4.3b (20bp of loans v/s ~15bp in 1QFY20).
- **Other highlights:** (a) KMB reported a tier-1 ratio of 17.6% (+30bp QoQ). (b) Opex growth came in at 15% YoY (~1% QoQ decline) to INR20.7b. Thus, the C/I ratio improved ~125bp QoQ to 45.2%. (c) **Amongst subs,** Kotak Securities and AMC business' PAT increased 33% and 63% YoY, respectively, while KMCC reported an earnings decline of 93% YoY.
- **Valuation view:** KMB's operating performance remains strong, although business growth has moderated owing to weaker trends in corporate banking and business banking and CV/CE portfolios. We marginally lower our loan growth assumption and estimate KMB to deliver 17%/27% loan book/PAT CAGR over FY19-21, led by stable margins and a further improvement in operating leverage. We continue believing in KMB's capability to deliver in a challenging environment and appreciate the progress the bank is making in building a strong liability franchise. Maintain **Neutral** with a target price of INR1,600 (4.0x FY21E ABV + INR475 for subs).

Quarterly snapshot - standalone bank

(INR m)

Y/E March	FY19				FY20E				FY19	FY20E	FY20E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	25,829	26,891	29,391	30,479	31,730	33,496	34,184	34,643	112,590	134,053	32,516	3%
% Change (Y-o-Y)	15.0	16.3	22.8	18.1	22.8	24.6	16.3	13.7	18.1	19.1	20.9	NM
Other Income	11,646	12,053	9,639	12,703	13,047	12,244	12,972	14,683	46,040	52,946	12,597	-3%
Total Income	37,475	38,944	39,030	43,182	44,778	45,740	47,155	49,326	158,630	186,999	45,113	1%
Operating Expenses	17,150	17,994	19,646	20,359	20,789	20,654	21,420	22,816	75,148	85,678	20,970	-2%
Operating Profit	20,325	20,950	19,384	22,823	23,989	25,086	25,736	26,511	83,482	101,321	24,143	4%
% Change (Y-o-Y)	27.4	21.5	6.5	13.1	18.0	19.7	32.8	16.2	16.6	21.4	15.2	NM
Other Provisions	4,696	3,538	-323	1,713	3,168	4,079	3,639	3,384	9,624	14,270	3,058	33%
Profit before Tax	15,629	17,412	19,707	21,110	20,822	21,006	22,097	23,127	73,858	87,052	21,085	0%
Tax Provisions	5,380	5,995	6,798	7,032	7,220	3,762	4,992	6,866	25,205	22,839	5,665	-34%
Net Profit	10,249	11,417	12,909	14,078	13,602	17,245	17,105	16,260	48,653	64,213	15,420	12%
% Change (Y-o-Y)	12.3	14.8	22.6	25.2	32.7	51.1	32.5	15.5	19.1	32.0	35.1	NM
Deposit growth (%)	16.0	24.2	18.2	17.3	22.8	13.2	16.6	16.0	17.3	16.0	18.3	NM
Loan growth (%)	24.3	21.2	23.5	21.2	17.6	15.3	15.6	16.0	21.2	16.0	17.9	NM
Asset Quality												
Gross NPA (%)	2.2	2.2	2.1	2.1	2.2	2.3	2.3	2.4	2.1	2.4	2.2	17
Net NPA (%)	0.9	0.8	0.7	0.8	0.7	0.9	0.9	0.9	0.8	0.9	0.7	12
PCR (%)	60.8	62.8	66.2	65.4	67.0	64.0	63.0	61.4	65.4	61.4	66.5	NM

Exhibit 1: Quarterly performance v/s our estimates

(INR m)

Kotak Bank (standalone)	2QFY20A	2QFY20E	v/s Est.	Comments
Net Interest Income	33,496	32,516	3	❖ Higher than expected NII due to 12bp QoQ NIM expansion
% Change (Y-o-Y)	24.6	20.9		
Operating Profit	25,086	24,143	4	❖ Higher NII and lower Opex led to beat on PPOp
% Change (Y-o-Y)	19.7	15.2		
Net Profit	17,245	15,420	12	❖ Lower tax outgo led to PAT beat
% Change (Y-o-Y)	51.1	35.1		

Source: MOFSL, Company

Loan growth moderates for second consecutive quarter, largely led by CV/CE and corporate banking portfolio

Corporate banking and business banking formed 38.6% of the overall book.

- Loan growth slowed down to 15% YoY, led by a moderation in the corporate and business banking segments and the CV/CE portfolio. Corporate and business banking grew by 7.5% YoY, while CV/CE book grew by 15.5% YoY.
- Retail loan growth was led by growth in personal loans, credit card and small business which grew by 20% YoY (+3.4% QoQ), while home loans and LAP grew at 23% YoY (+5% QoQ). Agri book grew 21% YoY (+4% QoQ) to INR271b.
- Personal loans, credit card and small business loans formed 16.3% of the overall loans v/s 15.7% in 2QFY19, while home loans constituted 20.8%.

Avg. SA balances grew 20% YoY, whereas avg. CA balances grew 22% YoY.

CASA ratio improves 290bp QoQ to 53.6%

- SA deposits grew 19% YoY/6% QoQ, while CA deposits grew at 24% YoY/5% QoQ to INR382b. SA deposits as a proportion of overall deposits improved to 37.2% v/s 35.3% in 2QFY19.
- Average SA balance grew 20% YoY to INR80k. Weighted average SA rate for the quarter was 5.4% v/s 5.5% in 1QFY20.
- TD growth moderated sharply to 6% YoY (declined 6% QoQ) to INR1.1t. TD sweep accounts formed ~7.1% of total deposits (INR624b).
- CASA and Retail TDs constitute 86% of total deposits v/s 82% in 1QFY20.

Asset quality deteriorates sequentially; SMA-2 increases ~5bp QoQ to 0.2%

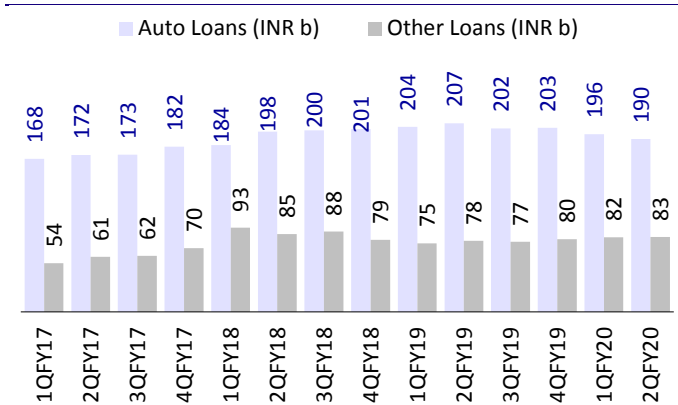
- KMB reported fresh slippages of INR10b largely led by one account of INR1b. Absolute GNPA/NNPA increased by 9%/19% QoQ to INR50b/18b. GNPA/NNPA ratio thus increased 13bp/12bp QoQ to 2.3%/0.9%.
- As a result, PCR declined 295bp QoQ to 64%.
- SMA 2 outstanding stood at INR4.3b, which corresponds to 20bp on advances (v/s 16bp in 1QFY20).

Proportion of equity AUM stood at 40.9% of overall AUM v/s 40.2% in 2QFY19

Mixed performance by subsidiaries; auto loan growth declines

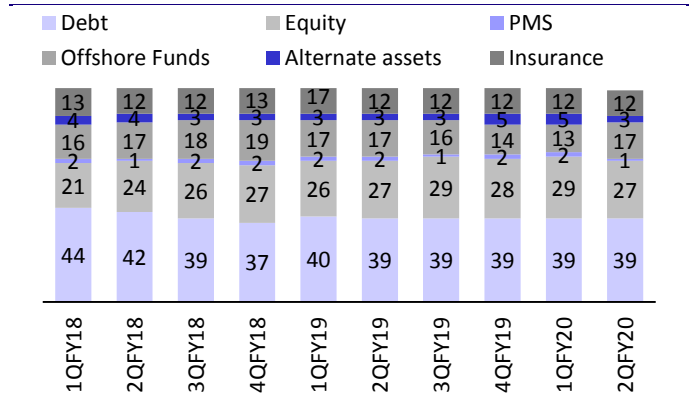
- Profitability in securities business came in at INR1.5b (+33%/35% YoY/QoQ).
- K-Sec market share remained flat at 1.7% sequentially.
- Profitability in prime business came in at INR1.7b (+10% YoY/+12% QoQ). While NNPA increased 2bp to 0.56%, auto loans declined 8% /3% YoY QoQ.
- Profitability in asset management business came in at INR850m (+16% QoQ), while average AUM increased 24% YoY (+5% QoQ), led by strong inflows in equity AUM (+27% YoY) which constitutes 40.9% of total AUM.
- Life insurance profit increased 13% YoY to INR1.4b, led by 27% growth in premium income. 13th month persistency improved 80bp QoQ to 88.1%.

Exhibit 2: Kotak Prime - Loan growth declines 8%/3% YoY/QoQ



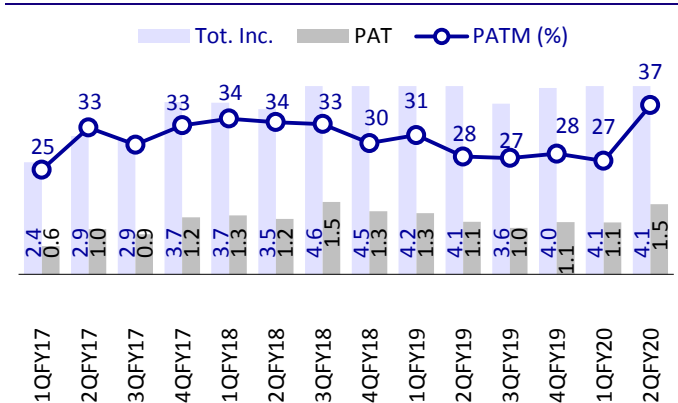
Source: MOFSL, Company

Exhibit 3: Domestic AUM increased ~23% YoY



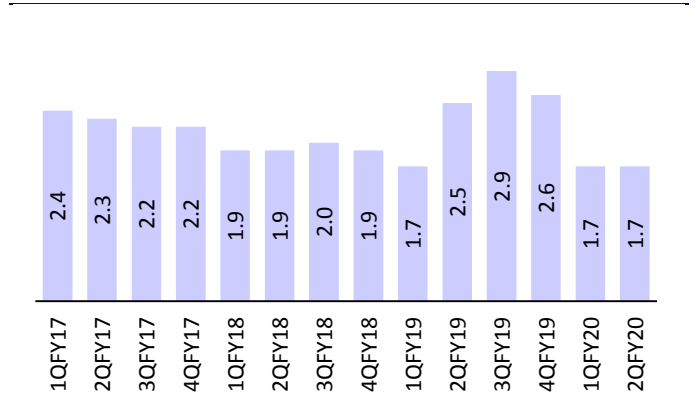
Source: MOFSL, Company

Exhibit 4: K-Sec: PAT grew by 33% YoY to INR1.5b



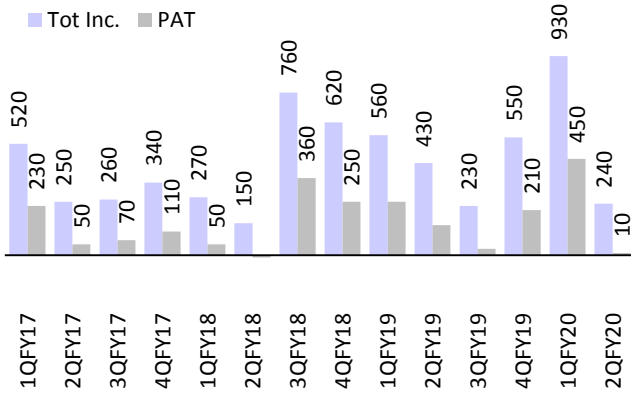
Source: MOFSL, Company

Exhibit 5: K-Sec market share was stable at 1.7%



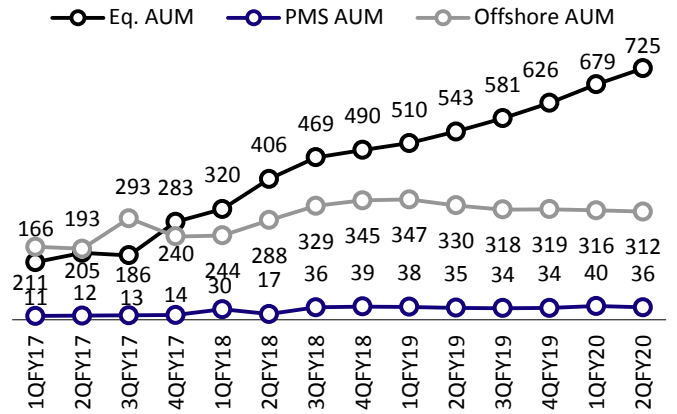
Source: MOFSL, Company

Exhibit 6: Investment banking PAT declined 93% YoY



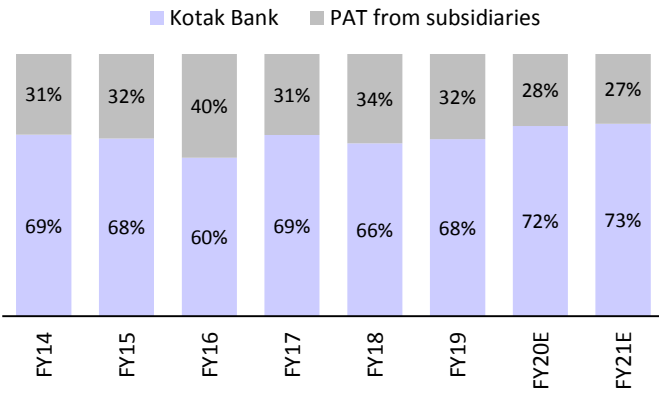
Source: MOFSL, Company

Exhibit 7: Kotak AMC: Equity AUMs trending higher (INRb)



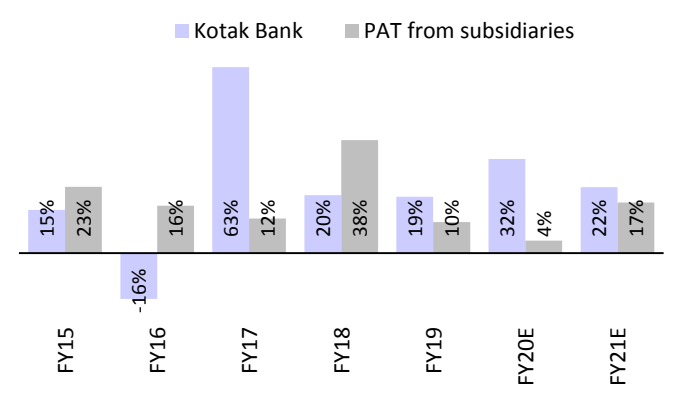
Source: MOFSL, Company

Exhibit 8: Trend in composition of PAT



Source: MOFSL, Company

Exhibit 9: Growth in standalone PAT v/s subsidiaries PAT



Source: MOFSL, Company



2QFY20 Conference call highlights

Balance Sheet and P&L related

- In the first half, CV, PV and real estate saw a significant slowdown, contributing to overall slowdown.
- Management is focusing on low-cost stable deposits.
- Slowdown is evident in rural areas than urban areas.
- 73% of customers are digitally active.
- 70% of the overall loan book would be floating.
- **CV Portfolio:** Management is seeing stress across new and used vehicles and also across geographies. Non-availability of the load and low freights are the major contributors for the stress in the CV segment.
- Tax benefit reduces the cost of capital and consequently lowers the hurdle rate for the bank. Will enable the bank to take the risk at a lower hurdle rate.
- Corporate banking portfolio showed YoY decline and not the business banking portfolio.
- Bank is adding around 4lac customers a month.
- Bank has taken some **CRE exposure** during the quarter but none of the accounts are chunky.
- Home loans and LAP are equally split within the portfolio. Slippages are contained in this portfolio.
- MF distribution fees: INR1,400m in 1HFY20. Some benefit will come in as the trail income improves.
- Credit cards portfolio: INR50b.
- Small business loans are secured and personal loans are unsecured.
- Growth has come back in 811 in terms of acquisitions of customers, balances, etc.
- Management avoids concentration risk even in an AAA-rated entity.
- Hurdle rate in some portfolios: 15% (post tax return).
- Some of the large banks have reached concentration risk in a few corporates.

Asset quality related

- Employee cost was marginally higher due to higher provisions on retirement benefits (as yields have come down).
- Facing some delinquencies in the CV portfolio and also at the dealer levels.
- INR10b of slippages for the quarter, out of which one account was INR1b.
- Unsecured retail is beginning to show early signs of stress.
- Management is seeing some stress in the agriculture portfolio – basically crop loans (not tractor loans).

Guidance

- Guided for higher credit costs than earlier. Management guided for 60bp for FY20.
- Loan growth –north of mid-teens (lowered the guidance).
- NIMs should be higher than 4.3%.

Valuation and view

- Strong presence across products and healthy capitalization (Tier 1 of 17.6%) place the bank in a sweet spot to capitalize on growth opportunities and gain market share. Emerging opportunities for mid-size private banks, coupled with healthy capitalization, leave KMB in a strong position to capitalize. To leverage on its geographical expansion, management is focusing on product penetration with a higher emphasis on retail loans.
- Increased product offering on the combined network, customer acquisition through wallet mechanism and 811 and cross-sell to existing customers will keep loan growth healthy. Further, capital light nature of capital market and asset management businesses can provide upside to RoE if there is a strong improvement in the business cycle.
- KMB's operating performance remains strong, although business growth has moderated owing to weaker trends in corporate banking and business banking and CV/CE portfolios. We marginally lower our loan growth assumption and estimate KMB to deliver 17%/27% loan book/PAT CAGR over FY19-21, led by stable margins and a further improvement in operating leverage. We continue believing in KMB's capability to deliver in a challenging environment and appreciate the progress the bank is making in building a strong liability franchise. Maintain **Neutral** with a target price of INR1,600 (4.0x FY21E ABV + INR475 for subs).

Exhibit 10: Kotak Mahindra Bank (FY21-based)

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	2,540	36.0	1,331	83	
Kotak Mahindra Bank	2,138	30.3	1,120	70	4.0x FY21E Net-worth
Kotak Prime (Car and other loans)	316	4.5	166	10	4.0x FY21E Net-worth
Kotak Investment Company (LAS)	82	1.2	45	3	4.0x FY21E Net-worth
Asset Management Business	176	2.5	92	6	6% of FY21E AUMs
Domestic Mutual Fund	139	2.0	73	5	
Alternative Assets	9	0.1	5	0	
Offshore Funds	28	0.4	14	1	
Capital Markets related Business	129	1.9	71	4	
Kotak Securities	116	1.6	61	4	20x FY21E PAT
Kotak Investment Banking (KMCC)	18	0.3	10	1	2.5x FY21E Net-worth
Kotak Life Insurance	431	6.1	226	14	4.0x FY21E EV
Subs value @ 20% discount	907	13.0	479	30	
Target Value (Post 20% holding discount)	3,053	43.2	1,600	100	
- contribution of subs/associates to total PT			30%		

Source: MOFSL

Exhibit 11: Consolidated earnings snapshot

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

Source: MOFSL, Company

Exhibit 12: DuPont analysis: We expect KMB to deliver FY21 ROA/ROE of ~2% / 15.0%

Y/E March	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	8.96	8.70	8.24	8.30	8.27	8.15
Interest Expense	5.19	4.71	4.26	4.40	4.31	4.22
Net Interest Income	3.78	3.99	3.98	3.90	3.96	3.93
Fee income	1.31	1.49	1.60	1.57	1.54	1.54
Trading and others	0.12	0.22	0.09	0.02	0.02	0.02
Non-Interest income	1.43	1.71	1.69	1.60	1.56	1.56
Total Income	5.20	5.70	5.67	5.50	5.52	5.49
Operating Expenses	2.99	2.76	2.68	2.60	2.53	2.47
Employee cost	1.53	1.36	1.23	1.10	1.05	1.00
Others	1.46	1.40	1.45	1.50	1.48	1.46
Operating Profits	2.21	2.94	2.99	2.89	2.99	3.02
Core operating Profits	2.09	2.72	2.90	2.87	2.97	3.01
Provisions	0.50	0.41	0.39	0.33	0.42	0.39
NPA	0.39	0.30	0.26	0.29	0.38	0.34
Others	0.12	0.11	0.13	0.04	0.04	0.05
PBT	1.71	2.53	2.59	2.56	2.57	2.64
Tax	0.57	0.85	0.89	0.87	0.67	0.66
RoA	1.14	1.68	1.70	1.69	1.90	1.97
Leverage (x)	8.1	7.9	7.4	7.2	7.4	7.5
RoE	9.3	13.2	12.5	12.2	14.1	15.0

Source: MOFSL, Company

Financials and valuations

Income Statement						(INRb)
Y/E March	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	163.8	177.0	197.5	239.4	279.9	324.7
Interest Expense	94.8	95.7	102.2	126.8	145.9	168.0
Net Interest Income	69.0	81.3	95.3	112.6	134.1	156.7
Non-Interest Income	26.1	34.8	40.5	46.0	52.9	61.9
Total Income	95.1	116.0	135.8	158.6	187.0	218.6
Growth (%)	4.6	22.0	17.1	16.8	17.9	16.9
Operating Expenses	54.7	56.2	64.3	75.1	85.7	98.2
Pre Provision Profits	40.4	59.8	71.6	83.5	101.3	120.5
Growth (%)	-4.3	48.1	19.6	16.6	21.4	18.9
Core Operating Profits	38.3	55.4	69.5	82.8	100.6	119.7
Growth (%)	-1.6	44.8	25.3	19.2	21.5	19.0
Provisions (excl. tax)	9.2	8.4	9.4	9.6	14.3	15.4
PBT	31.2	51.5	62.2	73.9	87.1	105.1
Tax	10.3	17.4	21.3	25.2	22.8	26.5
Tax Rate (%)	33.1	33.7	34.3	34.1	26.2	25.2
PAT	20.9	34.1	40.8	48.7	64.2	78.6
Growth (%)	-15.7	63.2	19.7	19.1	32.0	22.4
Consolidated PAT	34.6	49.4	62.0	72.0	88.6	107.2
Growth (%)	-5.4	42.8	25.5	16.2	23.0	21.0

Balance Sheet						
Y/E March	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	9.2	9.2	9.5	9.5	9.5	9.5
Preference Share Capital	0.0	0.0	0.0	5.0	5.0	5.0
Reserves & Surplus	230.5	267.0	365.3	414.5	476.7	553.1
Net Worth	239.6	276.2	374.8	429.0	491.2	567.6
<i>Of which Equity Net-worth</i>	<i>239.6</i>	<i>276.2</i>	<i>374.8</i>	<i>424.0</i>	<i>486.2</i>	<i>562.6</i>
Deposits	1,386.4	1,574.3	1,926.4	2,258.8	2,620.2	3,091.9
Growth (%)	11.8	13.5	22.4	17.3	16.0	18.0
of which CASA Dep.	527.8	692.6	977.7	1,185.9	1,362.5	1,623.2
Growth (%)	27.8	31.2	41.2	21.3	14.9	19.1
Borrowings	209.8	211.0	251.5	322.5	404.2	496.2
Other Liabilities & Prov.	86.8	84.5	96.5	111.4	133.7	160.5
Total Liabilities	1,922.6	2,145.9	2,649.3	3,121.7	3,649.4	4,316.1
Current Assets	108.8	225.7	196.2	246.8	263.1	312.2
Investments	512.6	450.7	645.6	711.9	818.7	949.7
Growth (%)	-0.1	-12.1	43.2	10.3	15.0	16.0
Loans	1,186.7	1,360.8	1,697.2	2,056.9	2,386.1	2,815.6
Growth (%)	10.9	14.7	24.7	21.2	16.0	18.0
Fixed Assets	15.5	15.4	15.3	16.5	17.7	18.7
Other Assets	99.0	93.2	95.1	89.6	163.9	220.0
Total Assets	1,922.6	2,145.9	2,649.3	3,121.7	3,649.4	4,316.1

Asset Quality						
Y/E MARCH	FY16	FY17	FY18E	FY19E	FY20E	FY21E
GNPA	28.4	35.8	38.3	44.7	57.9	68.3
NNPA	12.6	17.2	16.7	15.4	22.3	26.9
GNPA Ratio (%)	2.36	2.59	2.23	2.14	2.39	2.39
NNPA Ratio (%)	1.06	1.26	0.98	0.75	0.94	0.96
Slippage Ratio (%)	2.46	1.15	1.00	0.89	1.50	1.40
Credit Cost (%)	0.76	0.48	0.41	0.45	0.58	0.52
PCR (Excl. Tech. write off) (%)	55.5	52.0	56.5	65.4	61.4	60.6

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20E	FY21E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	12.0	9.6	9.0	8.9	9.0	8.9
Avg. Yield on loans	13.5	10.5	9.6	9.8	9.8	9.8
Avg. Yield on Investments	8.7	7.9	7.5	7.6	7.4	7.4
Avg. Cost-Int. Bear. Liab.	7.7	5.7	5.2	5.3	5.2	5.1
Avg. Cost of Deposits	7.4	5.6	5.1	5.3	5.3	5.1
Interest Spread	6.1	5.0	4.5	4.5	4.5	4.6
Net Interest Margin	5.1	4.4	4.3	4.2	4.3	4.3

Capitalisation Ratios (%)

CAR	17.0	17.2	18.4	17.9	17.7	17.2
Tier I	16.1	16.5	17.8	17.4	16.9	16.3
Tier II	0.9	0.7	0.6	0.5	0.8	1.0

Asset-Liability Profile (%)

Loans/Deposit Ratio	85.6	86.4	88.1	91.1	91.1	91.1
CASA Ratio	38.1	44.0	50.8	52.5	52.0	52.5
Cost/Assets	2.8	2.6	2.4	2.4	2.3	2.3
Cost/Total Income	57.5	48.4	47.3	47.4	45.8	44.9
Cost/Core Income	58.8	50.3	48.1	47.6	46.0	45.1
Int. Expense/Int. Income	57.9	54.1	51.7	53.0	52.1	51.7
Fee Income/Total Income	25.2	26.2	28.3	28.6	27.9	28.0
Non Int. Inc./Total Income	27.5	30.0	29.8	29.0	28.3	28.3
Emp. Cost/Total Expenses	51.2	49.3	45.9	42.4	41.6	40.7
Investment/Deposit Ratio	37.0	28.6	33.5	31.5	31.2	30.7

Profitability Ratios and Valuation

RoE (%)	11.0	13.2	12.5	12.2	14.1	15.0
RoA (%)	1.4	1.7	1.7	1.7	1.9	2.0
Consolidated ROE (%)	10.4	12.8	12.3	12.4	13.3	13.9
Consolidated ROA (%)	1.8	1.9	2.0	2.0	2.1	2.2
RoRWA (%)	1.1	1.5	1.5	1.6	1.8	1.9
Consolidated BV (INR)	181.9	209.1	264.9	302.7	348.3	403.5
Growth (%)	10.8	15.0	26.7	14.3	15.0	15.9
Price-Consol BV (x)		7.8	6.1	5.4	4.7	4.0
Standalone ABV (INR)	121.6	138.8	177.6	203.2	231.3	267.2
Growth (%)	18.2	14.2	28.0	14.4	13.8	15.5
Price-ABV (x)		8.3	6.5	5.7	5.0	4.3
Standalone EPS (INR)	12.4	18.6	21.8	25.5	33.6	41.2
Growth (%)	-9.0	50.1	17.4	17.0	31.9	22.4
Price-Earnings (x)		61.9	52.7	45.1	34.2	27.9
Consolidated EPS (INR)	18.9	26.8	32.5	37.7	46.4	56.1
Change (%)	-6.0	42.3	21.3	16.0	23.0	21.0
Price-Consolidated Earnings (x)		60.7	50.1	43.2	35.1	29.0
Dividend Per Share (INR)	0.6	0.0	0.7	1.0	1.0	1.1
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.1	0.1

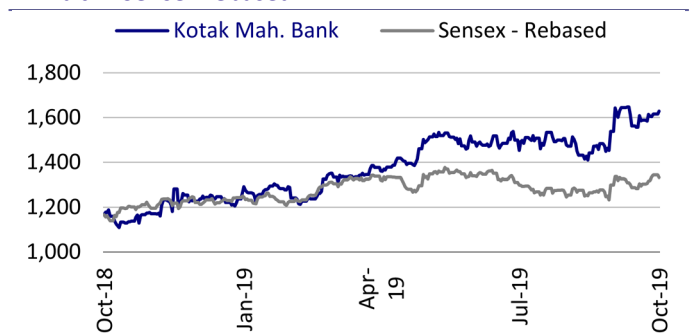
E: MOFSL Estimates

Corporate profile

Company description

Kotak Mahindra Bank (KMB) is part of the larger Kotak Mahindra Group led by Mr. Uday Kotak, Founder and Managing Director of the Bank. The group has a strong presence across financial services value chain. Notably, KMB is the only bank in India's corporate history to be converted into a bank from a non-banking finance company. The bank has pan-India presence with 1,512 branches and 2,429 ATMs as on Sep, 2019. In 2015, KMB merged with EIVBL in an all-stock deal.

Exhibit 1: Sensex rebased



Source: MOFSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Sep-19	Jun-19	Sep-18
Promoter	30.0	30.0	30.0
DII	12.3	11.7	8.8
FII	40.2	40.5	39.4
Others	17.6	17.8	21.8

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Canada Pension Plan Investment Board	6.0
Europacific Growth Fund	5.0
Oppenheimer Developing Markets Fund	3.1
Sbi Mutual Fund	2.4
Lic Of India	2.3

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Prakash Apte	Non-Executive Chairman
Dipak Gupta	Joint Managing Director
Uday Kotak	CEO & MD
Jaimin Bhatt	President & Group CFO
Shanti Ekambaram	President – Consumer Banking
D Kannan	President – Commercial Banking
Gaurang Shah	President & CRO

Source: Capitaline

Exhibit 5: Directors

Name	Name
Uday Shankar	S Mahendra Dev
Uday Chander Khanna	C Jayaram
Farida Khambata	

*Independent

Exhibit 6: Auditors

Name	Type
Rupal D Jhaveri	Secretarial Audit
S R Batliboi & Co LLP	Statutory
Walker Chandio & Co LLP	Statutory

Source: Capitaline

Exhibit 7: MOFSL forecast v/s consensus

EPS (INR)	MOFSL forecast	Consensus forecast	Variation (%)
FY20	46.4	48.4	-4.2
FY21	56.1	59.2	-5.2

Source: Bloomberg

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

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