# Summary Report

### Financial Summary Report for Kotak Mahindra Bank  
  
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#### 1. Why do we like this stock?  
Kotak Mahindra Bank demonstrates strong fundamentals with consistent growth in Additionally, its capital adequacy ratio of 22.8% reflects financial stability, while its focus on technology and customer-centric strategies positions it well for future growth.  
  
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#### 2. What has changed between this and the previous quarter?  
In Q3 FY25, Kotak Mahindra Bank reported a consolidated profit of ₹4,700 crore, a 10% YoY increase  
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#### 3. What are the conviction level and fair values?  
- \*\*Conviction Level:\*\* High  
- \*\*Fair Value Range:\*\* ₹2,200–₹2,400 per share, based on robust financial performance, strong capital adequacy, and growth potential in retail and SME segments.  
  
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#### 4. How would you assess the quality of the company?  
Kotak Mahindra Bank exhibits high-quality attributes, including strong financial stability, a diversified revenue base, and prudent risk management. Its leadership team has   
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#### 5. What is the commentary on growth?  
  
##### a. Analyst Questions and Management Responses:  
1. \*\*RBI Restrictions:\*\* Management highlighted substantial progress in addressing RBI's concerns, with ongoing iterative discussions.  
2. \*\*Stress in Segments:\*\* Stress in microfinance persists, but personal loans and credit cards show stabilization.  
3. \*\*Growth Drivers:\*\* Management reiterated its focus on secured assets and SME growth while awaiting the lifting of the embargo to expand unsecured portfolios.  
4. \*\*Provisioning Policy:\*\* The bank follows an aggressive provisioning policy, with 100% provisioning for unsecured loans at 180 days.  
5. \*\*Market Share:\*\* Management aims to grow at 1.5–2x nominal GDP, leveraging its small market share for expansion.  
  
##### b. 200-Word Summary of Earnings Call:  
Kotak Mahindra Bank delivered a strong Q3 FY25 performance, with consolidated profit up 10% YoY to ₹4,700 crore. Advances grew 15% YoY, driven by secured consumer banking and SME segments, while deposits rose 16% YoY. The bank maintained a stable NIM of 4.93% and a low Gross NPA of 1.5%. Management highlighted progress in addressing RBI restrictions, with iterative discussions ongoing. Stress in microfinance persists, but personal loans and credit cards show stabilization. Subsidiaries like Kotak Securities and Kotak AMC performed exceptionally, benefiting from buoyant capital markets. The bank remains focused on cost optimization, with operating expenses increasing marginally QoQ. Management reiterated its strategy to grow at 1.5–2x nominal GDP, leveraging its small market share for expansion.  
  
##### c. Key Management Commentary on Growth Prospects:  
- Focus on secured consumer banking and SME segments for growth.  
- Awaiting the lifting of the RBI embargo to expand unsecured portfolios like credit cards and personal loans.  
- Leveraging technology to enhance customer experience and operational efficiency.  
- Targeting growth at 1.5–2x nominal GDP while maintaining conservative risk management.  
  
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#### 6. What are the ESG considerations?  
Kotak Mahindra Bank demonstrates a commitment to ESG principles through its focus on financial inclusion, digital transformation, and robust governance practices. The bank actively supports sustainable financing initiatives and adheres to stringent regulatory compliance. However, further disclosures on environmental initiatives and social impact metrics could enhance its ESG profile.  
  
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#### 7. What are the key risks to the thesis?  
1. \*\*Regulatory Risks:\*\* Prolonged RBI restrictions could impact growth in key segments like credit cards and digital banking.  
2. \*\*Macroeconomic Volatility:\*\* Slowdown in the economy or heightened market volatility could affect asset quality and growth.  
3. \*\*Microfinance Stress:\*\* Persistent strain in the microfinance portfolio poses a risk to asset quality.  
4. \*\*Competitive Pressure:\*\* Intense competition in the banking sector could impact margins and market share.  
  
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#### 8. Provide a summary financial table.  
  
\*\*Profit & Loss Data (Yearly Basis):\*\*  
  
| Report Date | 2015-03-31 | 2016-03-31 | 2017-03-31 | 2018-03-31 | 2019-03-31 | 2020-03-31 | 2021-03-31 | 2022-03-31 | 2023-03-31 | 2024-03-31 |  
|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|  
| Sales | 13318.89 | 20401.64 | 22324.21 | 25131.08 | 29831.22 | 33474.16 | 32819.83 | 33740.62 | 42151.06 | 56236.63 |  
| Other Mfr. Exp | 253.21 | 365.52 | 425.53 | 484.15 | 511.17 | 581.02 | 649.54 | 815.18 | 1207.17 | 1439.37 |  
| Employee Cost | 2376.39 | 3856.02 | 3985.5 | 4384.41 | 4855.11 | 5760.57 | 5861.13 | 7147.42 | 8487.33 | 10361.97 |  
| Selling & Admin | 3643.65 | 2459.24 | 2639.15 | 3281.15 | 6746.62 | 3804.82 | 3439.5 | 2354.0 | 3253.12 | 3813.67 |  
| Other Expenses | 3445.08 | 4860.57 | 7781.93 | 8655.09 | 7645.46 | 12431.96 | 19861.4 | 20382.88 | 20537.84 | 31436.53 |  
| Other Income | 8152.2 | 7630.73 | 11659.56 | 13682.23 | 16147.89 | 16891.58 | 23587.68 | 24941.06 | 25990.97 | 38037.28 |  
| Depreciation | 236.89 | 344.51 | 362.21 | 383.43 | 458.42 | 464.89 | 461.05 | 480.35 | 599.26 | 791.75 |  
| Interest | 6966.1 | 11122.97 | 11457.51 | 12466.85 | 15186.61 | 15900.68 | 12966.55 | 11553.54 | 14411.13 | 22567.24 |  
| Profit Before Tax | 4549.77 | 5023.54 | 7331.94 | 9158.23 | 10575.72 | 11421.8 | 13168.34 | 15948.31 | 19646.18 | 23863.38 |  
| Tax | 1484.69 | 1592.42 | 2382.85 | 3011.09 | 3456.02 | 2814.72 | 3265.44 | 4016.43 | 4865.74 | 5886.55 |  
| Net Profit | 3045.45 | 3458.85 | 4940.43 | 6200.97 | 7204.13 | 8593.36 | 9990.2 | 12089.39 | 14925.01 | 18213.21 |  
| Dividend Amount | 69.51 | 91.72 | 110.45 | 133.39 | 152.7 | 178.37 | 218.31 | 297.98 | 397.58 | |  
  
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This report provides a comprehensive overview of Kotak Mahindra Bank's financial performance and investment potential.