

STANDALONE GROSS NPAs down to 2.22% from 2.59% a year earlier, NII up 19%

Kotak Bank Profit Up 27% on Robust Loan Growth in Q4

Our Bureau

Mumbai: Kotak Mahindra Bank on Monday reported a 27% growth in consolidated net profit for the quarter ended March, led by a 25% loan growth which boosted the bank's net interest income (NII).

On a standalone basis, the bank made a net profit of ₹1,124 crore in March 2018, up 15% from the ₹976 crore it had reported a year earlier.

Vice chairman and managing director Uday Kotak said the bank had seen an uptick in demand for loans from companies, commercial vehicles and equipment and also personal consumption loans by individuals.

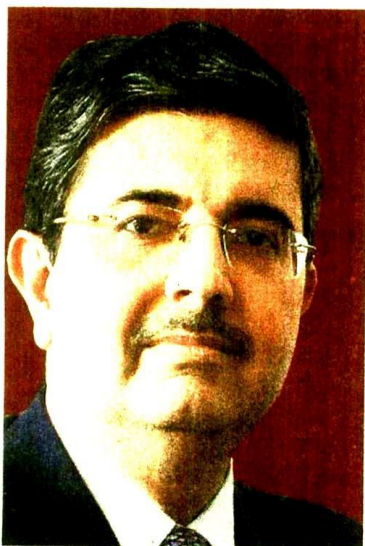
"We are seeing a clear pick-up in demand for loans as a result of which the growth has been higher than the guidance of 20% plus. We think this pick-up is going to sustain next year. With this pick-up, we expect to clock a 20% plus growth in the next fiscal as well," Kotak said.

In a notice to the stock exchange, the bank said that Kotak's designation will change to MD and CEO with effect from July 11. This change is in line with the recommendations of the committee on corporate governance headed by Kotak himself which had recommended separating the posts of chairman and MD as a good corporate practice. The vice chairman presides over the board whenever the chairman is absent.

In the quarter ended March, the bank earned a NII of ₹2,580 crore, up 19% from ₹2,161 crore a year earlier. Pressure on the margins was, however, visible with the bank's net interest margin (NIM) down to 4.35% from 4.63% a year earlier as interest rates moved higher.

The bank's standalone gross NPAs were at 2.22% in March 2018, down from 2.59% a year earlier. The so-called SMA-2 loans which are overdue for more than 60 days but less than 90 days were just 0.04% of net advances at ₹72 crore.

"Kotak Mahindra Bank has undoubtedly proven its competitive edge over its private sector peers with higher fee income, superior asset quality management and effective management of financial busi-



We also read the report. As we have taken a position on this, we do not want to get into any potential rumours or speculation. Our position is that if and when we have something, and we are looking at not only banking but across the financial sector, we would certainly share

—Uday Kotak

On Nomura's April 10th report saying Axis Bank CEO Shikha Sharma's move to shorten her tenure has created a leadership vacuum at the private-sector lender, providing Uday Kotak the opportunity to make a bid for the bank.

ness arms. It continues to witness moderation in SMA-2 balance, which clearly suggests a stable trend on asset quality front. Looking ahead, we expect strong traction in earnings to continue owing to robust growth in loan book, moderate credit cost, and healthy margin," said Asutosh Mishra, senior analyst at Reliance Securities.

"With the picking up of the micro economy, and if we drive carefully and conservatively, we go into the new year with a quiet confidence, looking at the sustained growth," Kotak said, adding that he expects India's GDP to grow above 7% in the current fiscal.