

Comparison between Karnataka bank And Andhra Bank 1/1/2017

SL.No	Particulars	Karnataka Bank	Andhra Bank	Explanation
1.	CMP	112.05 (NSE)	47.45 (NSE)	
2.	Book Value	153.88	161.87	So according to book value Andhra Bank is in Advantage.
3.	Price To book Ratio	0.73	0.29	So according to price to book ratio if the ratio is below 1 then the stock is undervalued if it below 0.5 then it will be a value buy in this case both bank are stable but Andhra bank is more value buy then Karnataka Bank.
4.	Net sale per share	264	258	Net sale per share means this is the earning potential of per share or you can say the price of one share so in this term both stocks are highly undervalued.
5.	Intrinsic Value	290	105	So it is the actual value of stock using the method DCF. So in this Both stocks are undervalued. But Karnataka Bank valuation is more than Andhra bank.
6.	Debt to Equity Ratio	13.97	16.74	Debt to equity ratio should less than 1 but this is banking sector having bad NPA's so we can understand why it is high.
7.	PEG Ratio	0.45	-1.22	So, In simple word if PEG is >> 0.05 then +++ If PEG is >> 1 ++ If PEG IS = 1 + IF PEG is more than 2 THEN AVOID But in case of negative value also avoid because it showing negative growth. So, Karnataka Bank is far more better then Andhra Bank it terms of growth.
8.	Dividend	2.97%	1.05%	Both are regular Dividend paying stock.
9.	Split and bonus	No split and Bonus in Past 24 Months	No split and Bonus in Past 24 Months	This is because if there is split or bonus then maybe it's a chance that stock will locked in same price for 1 year or two.
10.	Earnings Per share	15.88	2.47	KTK Bank is earning more per share then Andhra Bank

SL.No	Particulars	Karnataka Bank	Andhra Bank	Explanation
11	ROE (5 years)	11.85%	9.83%	So it is important to check ROE for long term investing so it should 20% average (5years)
12	Promoter holding	Only FII+ DII holding 100 %	63.97 %	1.KTK BANK info <ul style="list-style-type: none"> Shareholding: FII holdings have increased by 3.43% in Sep 16. Shareholding: Number of FIIs holding stake have increased from 117 to 130 in Sep 16. 2.) Andhra Bank. <ul style="list-style-type: none"> Number of FIIs holding stake have increased from 97 to 112 in Sep 16.
13.	Pledging	No	No	Positive.
14.	Block and Bulk Deal	No(YES Bulk)	No (Yes Bulk)	In last 24 months. Positive for both.

Base price

SL.No	Particulars	Karnataka Bank	Andhra Bank	Target Price Karnataka Bank	Target Price Andhra Bank
1	1 year	122.75	54.28	162.19	142.24
2	2 year	127.30	64.54	163.55	145.32
3	3 year	126.26	68.22	163.24	146.43
4	5 year	120.82	79.06	161.61	149.68
5	10 year	131.11	89.58	164.70	152.83
	Average	125.648	71.136	163.06	147.3

Conclusion & Analysis: - From above analysis till now we can see that both banks are value buy and both are trading well at their current market price but we can see that in terms of growth the KTK bank is more preferable because you can see the PEG ratio which is 0.45. But if we going to see other parameters then Andhra bank is also strong at some point. Most of the parameters both bank are in the same so where I feel that Andhra bank is lagging in growth terms due to the tag of PSU we always know that private sector perform very well then the government sector because of the better management now government change and we see a very good reforms by the government so we can hope that PSU bank and sector will also perform.

So now come to the point of investing I must say that KTK bank is also a value buy for long term.

So as per my calculation

1.) KTK BANK CMP 112.05

TGT price 163.06 – 112.05 = 51 Rs up move. So in near term we can at least guarantee that it will surely move 51 Rs but it can also move beyond price level of 163 Rs.

2.) Andhra Bank CMP 47.45

TGT price 147.3 – 47.45 =99.85 Rs up move. So in near term we can at least guarantee that it will move 99 Rs.

In above both targets are important but only the time matters which bank will achieve its target faster than other bank so in this case the growth rate of the KTK bank is much better than Andhra bank so I can assume that Karnataka bank will achieve its target faster.

Short Term guarantee target.

1.) KTK BANK: - (1) 122 Rs. (2) 127 Rs.

2.) Andhra Bank: - (1) 54 Rs. (2) 64 Rs.

Dividend History – Andhra Bank

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1	1.4	3.8	1.4	3	3.5	3.8	4	4.5	5
2011	2012	2013	2014	2015	2016				
5.5	5.5	5	1.1	2	0.50				

Dividend History – Karnataka Bank

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
		2.2	2.2	2	3	3.5	5	6	4
2011	2012	2013	2014	2015	2016				
3	3.5	4	4	5	5				

Some Important Facts and Points

Andhra Bank	Karnataka Bank
Public Holding Life Insurance Corporation of India:- 78,849,663 Promoter Holding Government of India:- 417,310,282	Public Holding (IMP ONLY) Life Insurance Corporation of India- 10,203,485 Goldman Sachs (Singapore) - 4,355,381 Vijay Kishanlal Kedia:- 2,502,108 KOTAK EQUITY SAVINGS FUND:- 2,784,000
<ul style="list-style-type: none"> ▪ Reached out to 3 lakh people as part of Jan Dhan Yojana: Bartronics. (Sales Increases.) ▪ Positive News 	<ul style="list-style-type: none"> • Karnataka Bank's rights issue closes with over-subscription

Bulk deal of the KTK bank 2016

Date	Company	Client	Tran	Qty	Traded Price
27-Oct-2016	Karnataka Bank (NSE)	SOCIETE GENERALE	BUY	1054625	120.64
27-Oct-2016	Karnataka Bank (NSE)	NOMURA SINGAPORE LIMITED	SELL	2640000	119.23
20-Oct-2016	Karnataka Bank (NSE)	NOMURA SINGAPORE LIMITED	BUY	1379000	154.87
23-May-2016	Karnataka Bank (NSE)	VIJAY KISHANLAL KEDIA	BUY	1000000	121.95
18-Jan-2016	Karnataka Bank (NSE)	KEDIA SECURITIES PRIVATE LTD	BUY	1000000	99.32
14-Oct-2013	Karnataka Bank (NSE)	NOMURA SINGAPORE LIMITED	BUY	1174000	108.00

In bulk deal you can see that NOMURA bought total $1174000+1379000=2553000$ but sell 2640000 remaining 87000 only so Nomura unload his stocks and everybody know about the Nomura ratings this is negative point in this stock but positive is Vijay Kedia everybody knows about the Vijay Kedia he bought 2000000 shares of it sowing positive sign so overall mixed positive view.

Bulk Deal of Andhra Bank

Date	Company	Client	Tran	Qty	Traded Price
31-Dec-2015	Andhra Bank (NSE)	CITIGROUP GLOBAL MARKETS MAURITIUS PVT LTD	BUY	3312000	64.62

Citigroup Global buys which is a very positive sign for the Andhra bank and no selling.

So, my conclusion if I have money I will invest money in the both bank because both bank are in strong positions Andhra bank has strong government support and strong hold to the rural areas we can say government already declare lot of growth scheme for the rural areas so growth is possible.

But in terms of growth Karnataka bank is more better and suitable then Andhra bank. Both will hit the target but may Karnataka bank will hit the target before then Andhra bank because of good growth rate.

*In my case I will invest in both bank because both bank are multibagger in coming time one from PSU sector other from Private sector.

Please give your comments and views like and share and follow my blog if all of you like my analysis.

Thank You

Ganesh

1/01/17