

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 |

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|-------|---------------------|--------------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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

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