

# Banks

India

Sector View: **Attractive** NIFTY-50: **21,951**

February 29, 2024

## PSU banks: Valuations steadily turning less attractive

The current benign credit environment has supported asset quality for PSU banks and early warning indicators give us no reason to worry. Profitability has been further boosted by provision reversals and revenue recovery from bad loan resolutions. While these recoveries will likely hold up in FY2025E as well, a steady decline is inevitable thereby impacting profitability. Given the swift re-rating of valuation multiples, we downgrade Canara (REDUCE) and PNB (SELL), while retaining ADD rating on BOB and Union Bank.

### Credit cost likely to decline for Tier-2 PSU banks in FY2025E

Steady resolution of stress from the corporate NPA cycle has resulted in a significant improvement in asset quality for PSU banks over the past few years. These banks have also been able to limit the impact from the Covid pandemic, contrary to expectations of many. Slippages have declined across most segments for all PSU banks and early warning indicators are benign as well. At the same time, net NPA ratio has also declined closer to ~1.0% for the Tier-2 PSU banks, thereby reducing the requirement for incremental provisions. This drives our expectation of a meaningful decline in credit cost in FY2025E.

### Bad loan recovery supporting revenues, but it will eventually decline

PSU banks currently carry a large pool of bad loans (~Rs10.6 tn) across GNPA and technically written-off (TWO) accounts. This pool has served as a source of steady recoveries resulting in provision reversals as well as significant revenue contribution (across both interest income and non-interest income). Exhibit 4 shows that revenue from recoveries has contributed 15-50% of PPOP for some Tier-2 PSU banks in recent quarters. While bad loan recoveries are unlikely to decline sharply in FY2025E, they will decline eventually as the pool of bad loans ages and declines. This will inevitably put pressure on profitability, thereby making it difficult for the Tier-2 PSU banks to sustainably deliver better return ratios than SBI.

### Prefer SBI among PSU banks; downgrade Canara (REDUCE) and PNB (SELL)

As highlighted in our previous [report](#), Tier-2 PSU banks have seen a sharp valuation re-rating over the past two years, resulting in a swift convergence in the valuations of all PSU banks closer to SBI. As a result, making an investment case for Tier-2 PSU banks has become challenging given that SBI has demonstrated a superior franchise across all key metrics: through-the-cycle credit cost, liability franchise and asset franchise. We continue to prefer SBI (retain BUY) as our preferred stock within the PSU bank space, while retaining an ADD rating on BOB and Union Bank. We downgrade Canara Bank to REDUCE and PNB to SELL. We have incorporated the recent equity capital raise by Union Bank in our model and tweaked estimates marginally. We value the PSU pack as follows: SBI (~1.4X), BOB (~1.1X) and the rest (Canara, Union and PNB) at ~1.0X FY2026E BVPS (adjusted) while maintaining the same pecking order.

#### Related Research

→ Banks: PSU banks: Valuation convergence

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**Exhibit 1: Changes in rating and Fair Value (FV) for PSU banks under coverage**

	Rating		Fair Value (Rs)		Market price (Rs)	Target PBR (adj, X)				Current PBR (adj, X)			
	Old	New	Old	New		2023	2024E	2025E	2026E	2023	2024E	2025E	2026E
	<b>Public banks</b>												
Bank of Baroda	ADD	ADD	260	280	262	1.7	1.5	1.3	1.1	1.6	1.4	1.2	1.1
Canara Bank	ADD	REDUCE	500	530	550	1.7	1.4	1.2	1.0	1.8	1.4	1.2	1.0
PNB	REDUCE	SELL	100	105	121	1.5	1.3	1.1	1.0	1.7	1.4	1.3	1.1
SBI	BUY	BUY	760	850	743	2.1	1.8	1.6	1.4	1.8	1.6	1.4	1.2
Union Bank	ADD	ADD	145	155	141	1.7	1.4	1.2	1.0	1.5	1.3	1.1	0.9

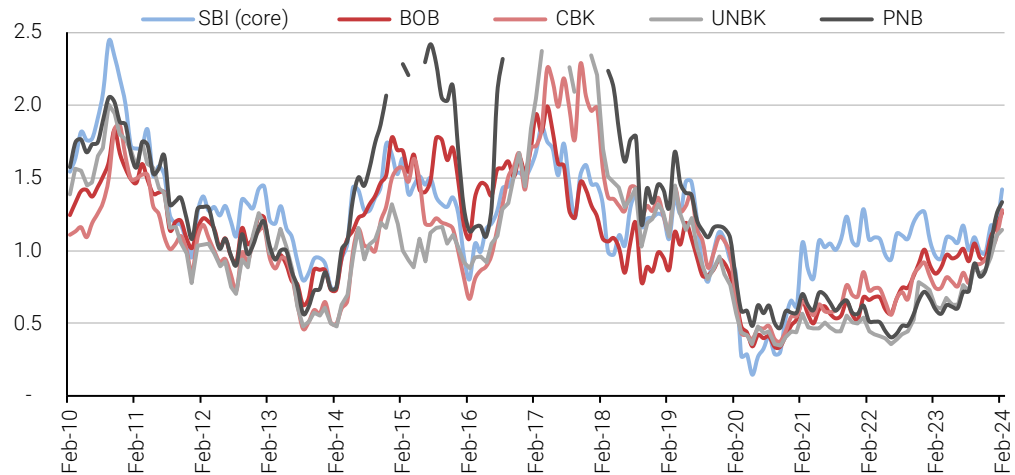
Notes:

(a) We have shown standalone bank valuation multiples for SBI.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

**Valuation multiples of other PSU banks have converged with that of SBI recently**

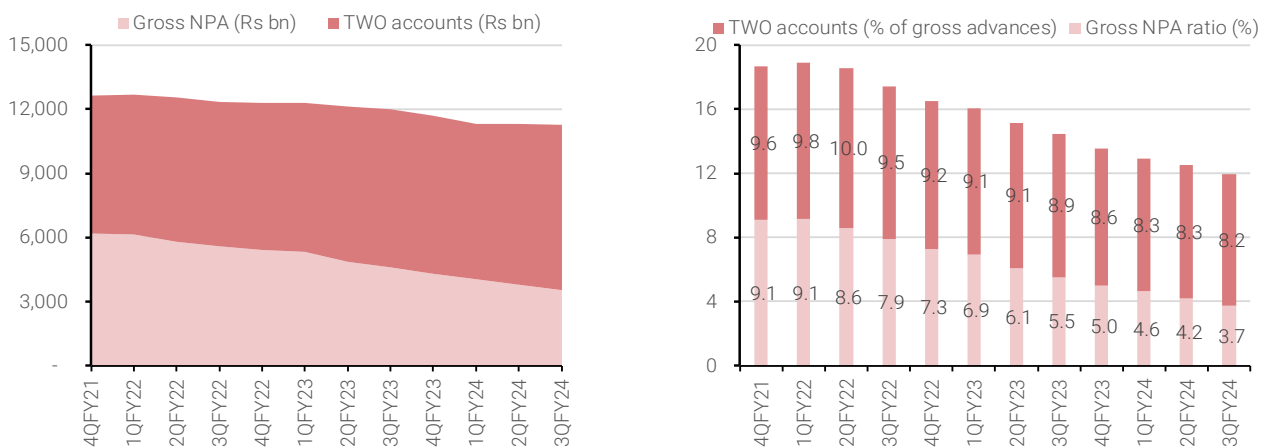
**Exhibit 2: Price-to-book value (adjusted, 12-month forward) ratio for PSU banks (X)**



Source: Company, Bloomberg, Kotak Institutional Equities estimates

**PSU banks are still sitting with a bad loan book of ~Rs11 tn (including technically written-off accounts)**

**Exhibit 3: Pool of bad loans across all PSU banks, March fiscal year-ends**



Source: Company, Kotak Institutional Equities

**Recovery-led revenue has boosted earnings significantly for some PSU banks in the past few quarters (for instance, 50-90 bps boost to pre-tax RoA and ~30-55% of PPOP for PNB)**

**Exhibit 4: Recoveries from bad loans (NPA and TWO) for select PSU banks, March fiscal year-ends**

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Recoveries from written-off accounts (reported in non-interest income, % of average assets, annualized)</b>												
SBIN		0.25	0.12	0.12	0.18	0.14	0.14	0.12	0.15	0.08	0.11	0.11
BOB		0.13	0.25	0.17	0.30	0.13	0.18	0.24	0.41	0.18	0.33	0.22
CBK		0.21	0.20	0.26	0.26	0.20	0.35	0.36	0.65	0.23	0.46	0.46
UNBK		0.13	0.66	0.13	0.10	0.17	0.34	0.36	0.94	0.22	0.26	0.31
<b>PNB</b>		<b>0.27</b>	<b>0.34</b>	<b>0.20</b>	<b>0.27</b>	<b>0.40</b>	<b>0.33</b>	<b>0.54</b>	<b>0.62</b>	<b>0.28</b>	<b>0.37</b>	<b>0.55</b>
INBK		0.23	0.49	0.17	0.12	0.25	0.29	0.25	0.49	0.10	0.28	0.23
<b>Recovery of interest from NPA/ TWO (reported in interest income, % of average assets, annualized)</b>												
SBIN												
BOB												
CBK		0.03	0.04	0.03	0.07	0.02	0.03	0.03	0.08	0.03	0.05	0.04
UNBK		-	0.13	0.18	0.26	0.21	0.24	0.21	0.22	0.22	0.21	0.25
<b>PNB</b>		<b>0.12</b>	<b>0.09</b>	<b>0.17</b>	<b>0.21</b>	<b>0.13</b>	<b>0.29</b>	<b>0.29</b>	<b>0.30</b>	<b>0.22</b>	<b>0.18</b>	<b>0.34</b>
INBK		0.09	0.08	0.06	0.06	0.07	0.12	0.11	0.10	0.09	0.14	0.12
<b>Total revenue through recovery from TWO and NPA (% of average assets, annualized)</b>												
SBIN		0.25	0.12	0.12	0.18	0.14	0.14	0.12	0.15	0.08	0.11	0.11
BOB		0.13	0.25	0.17	0.30	0.13	0.18	0.24	0.41	0.18	0.33	0.22
CBK		0.24	0.24	0.29	0.33	0.23	0.38	0.40	0.73	0.26	0.51	0.50
UNBK			0.79	0.31	0.36	0.38	0.58	0.57	1.16	0.44	0.48	0.56
<b>PNB</b>		<b>0.38</b>	<b>0.43</b>	<b>0.37</b>	<b>0.47</b>	<b>0.54</b>	<b>0.61</b>	<b>0.83</b>	<b>0.92</b>	<b>0.49</b>	<b>0.55</b>	<b>0.88</b>
INBK		0.32	0.57	0.23	0.18	0.31	0.41	0.36	0.60	0.19	0.42	0.34
<b>Total revenue through recovery from TWO and NPA (% of PPOP)</b>												
SBIN		15	13	8	11	13	9	6	8	4	8	12
BOB		6	13	9	16	9	10	10	18	8	15	12
CBK		12	13	19	16	11	17	19	34	12	24	27
UNBK			35	16	19	21	26	26	53	19	21	25
<b>PNB</b>		<b>19</b>	<b>34</b>	<b>24</b>	<b>30</b>	<b>33</b>	<b>37</b>	<b>51</b>	<b>56</b>	<b>31</b>	<b>33</b>	<b>53</b>
INBK		15	27	11	11	15	19	15	26	8	18	15

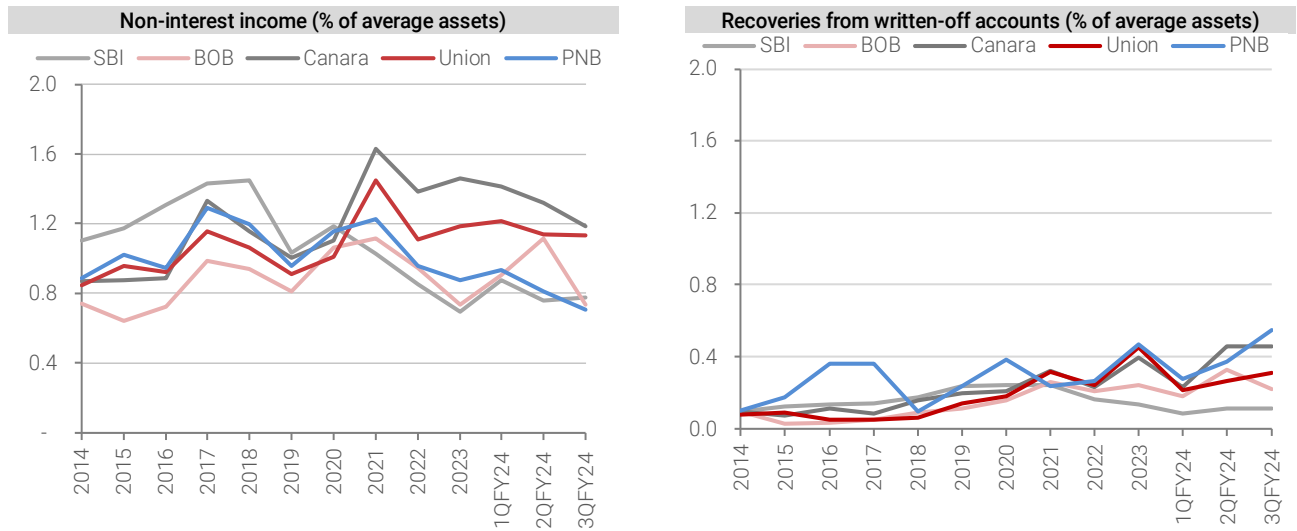
Notes:

- (a) Interest recovery from NPA/ TWO is estimated by us based on data on recoveries reported by individual banks.
- (b) SBI and BOB have not disclosed the quantum of interest recovery from NPA or TWO.

Source: Company, Kotak Institutional Equities

**Non-interest income for PNB has been weaker than other PSU banks in spite of a high contribution from recoveries from TWO**

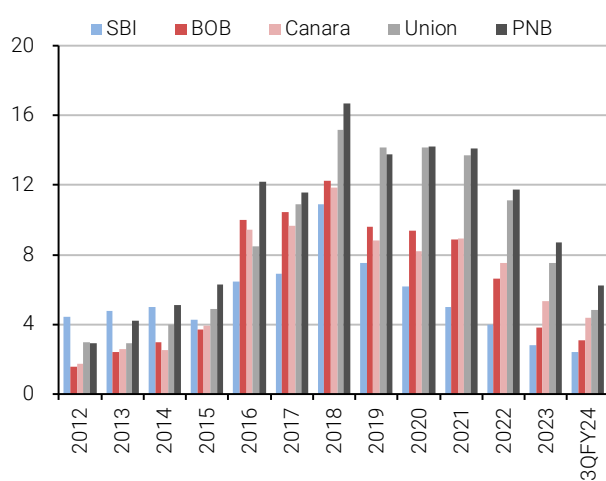
**Exhibit 5: Non-interest income and recoveries from written-off accounts for select PSU banks, March fiscal year-ends (%)**



Source: Company, Kotak Institutional Equities

**Peak GNPA ratio in the last decade was lower for SBI than other PSU banks**

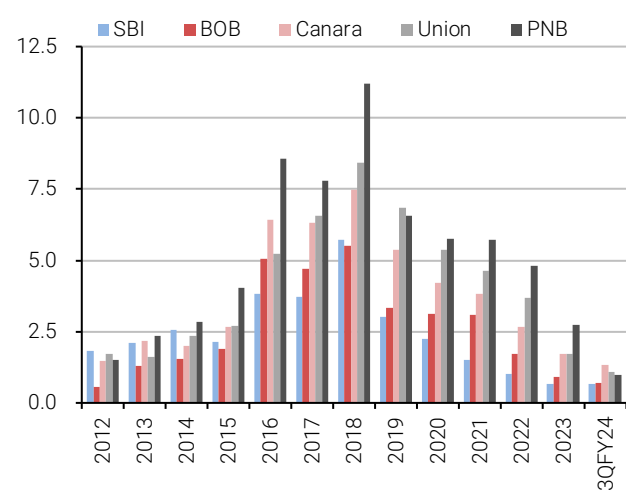
**Exhibit 6: Gross NPA ratio for PSU banks under coverage, March fiscal year-ends (%)**



Source: Company

**Net NPA declined more swiftly for SBI than other PSU banks**

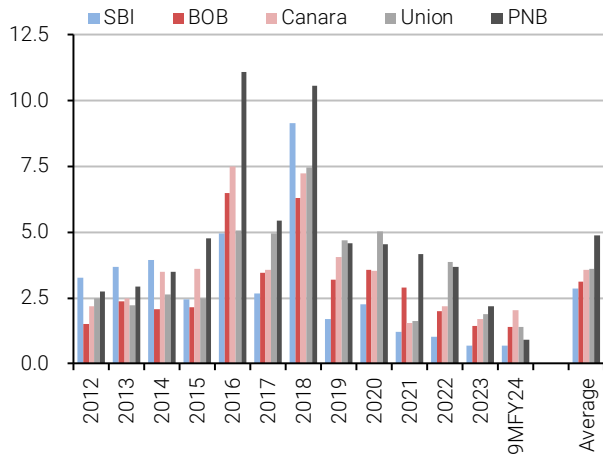
**Exhibit 7: Net NPA ratio for PSU banks under coverage, March fiscal year-ends (%)**



Source: Company

**SBI has consistently reported lower slippage than other PSU banks over the past few years**

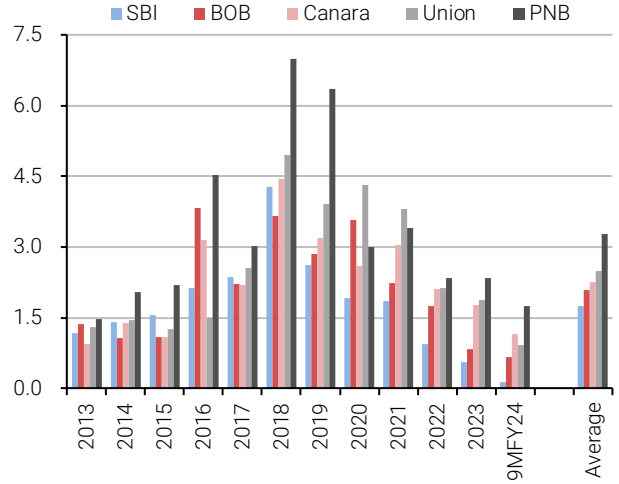
Exhibit 8: Slippage ratio for PSU banks under coverage, March fiscal year-ends (%)



Source: Company

**Average credit cost over the last decade has been lower for SBI as compared to other PSU banks**

Exhibit 9: Credit cost ratio for PSU banks under coverage, March fiscal year-ends (%)



Source: Company

**Slippages have declined across all segments for the PSU banks**

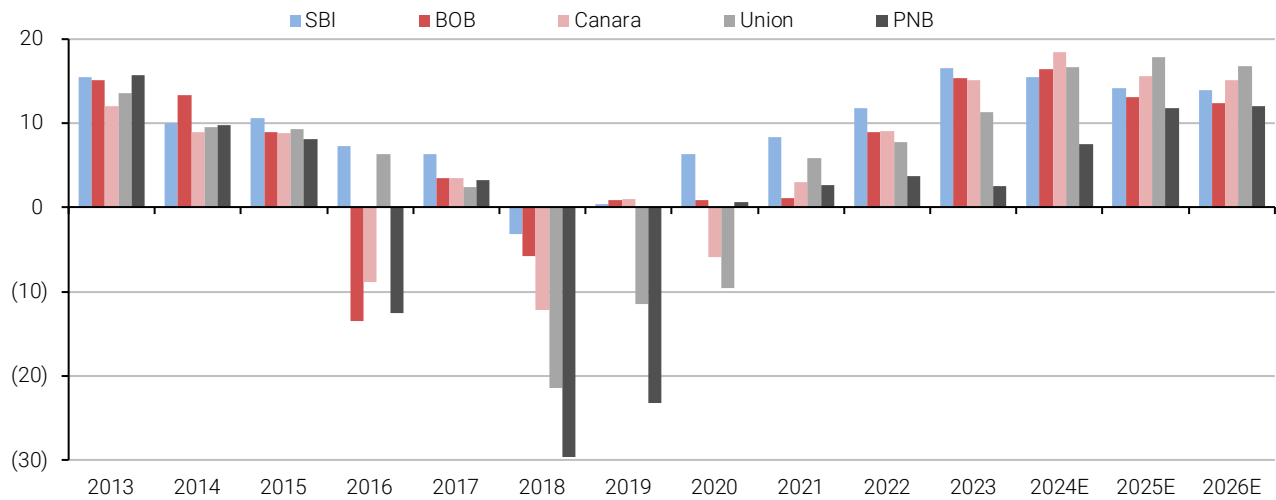
**Exhibit 10: Slippage ratio across segments for select PSU banks, March fiscal year-ends (%)**



Source: Company, Kotak Institutional Equities

**RoE recovery for PNB is expected in FY2025E, while the others will see RoE recovery in FY2024E**

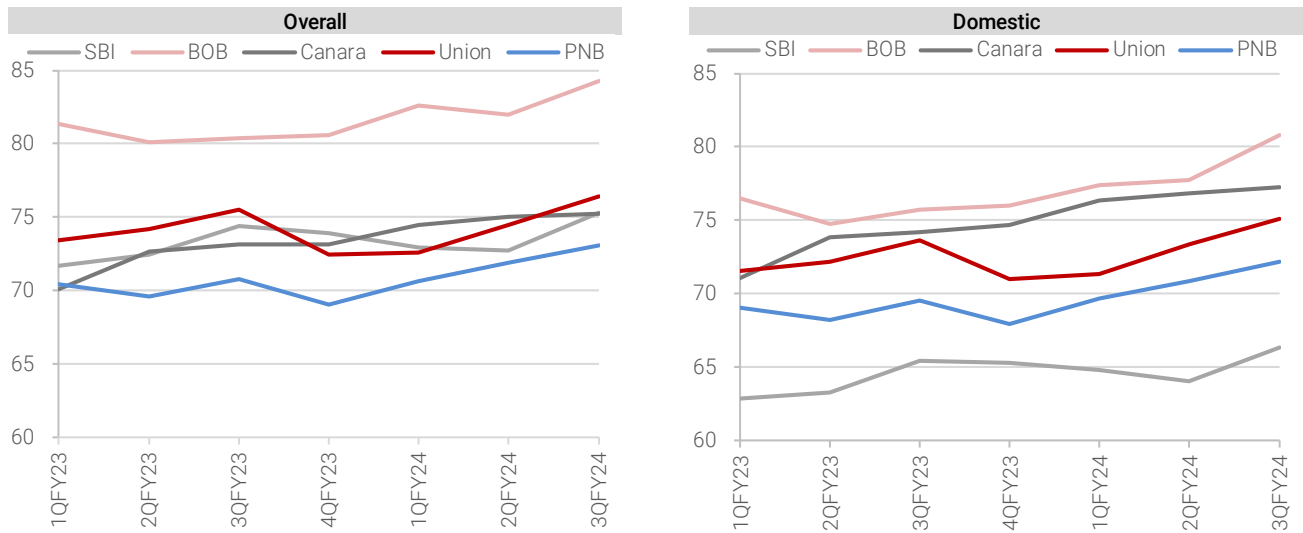
**Exhibit 11: Return on equity for PSU banks under coverage, March fiscal year-ends (%)**



Source: Company, Kotak Institutional Equities estimates

**CD ratio (domestic) for most PSU banks is in a fairly comfortable zone**

**Exhibit 12: CD ratio for select PSU banks, March fiscal year-ends (%)**



Source: Company, Kotak Institutional Equities

**CD ratio (domestic) for most PSU banks is in a fairly comfortable zone**

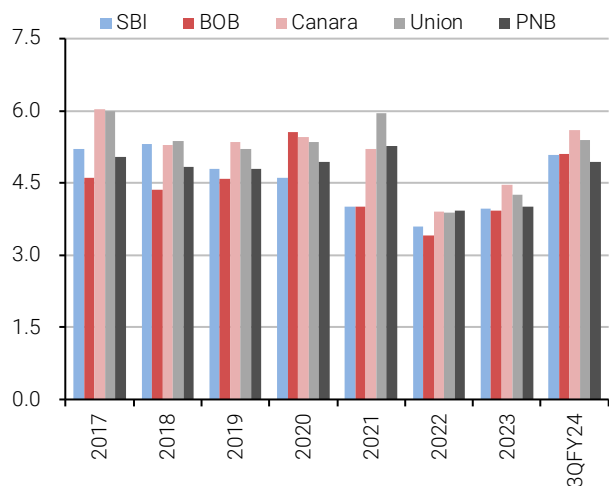
**Exhibit 13: Comparison of term deposit rates (1-year tenor) offered by select banks, March fiscal year-ends (%)**

	Mar-20	Mar-21	Mar-22	Jun-22	Sep-22	Dec-22	Feb-23	Mar-23	Jun-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Yoy change (%)
<b>1 year tenor</b>																
AU SFB	7.63	6.30	6.40	7.00	7.00	7.35	7.35	7.75	7.50	7.75	7.75	7.75	7.75	8.00	8.00	0.65
BOB	6.00	5.00	5.00	5.20	5.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.10	7.10	0.35
Canara	6.15	5.20	5.10	5.35	5.55	6.25	7.15	7.15	7.25	7.25	7.25	7.25	7.25	7.25	7.25	0.10
PNB	6.05	5.20	5.00	5.10	5.50	6.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	-
SBI	5.70	5.00	5.10	5.30	5.45	6.75	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	-
Union Bank	5.90	5.30	5.05	5.40	5.45	7.25	7.25	7.25	7.00	7.00	7.00	7.00	7.25	7.25	7.25	-
IDFC First Bank	7.40	5.90	5.75	6.00	6.40	7.40	7.50	7.75	7.75	7.50	7.50	7.75	7.75	7.75	7.75	0.25
ICICI Bank	6.25	4.95	4.95	5.35	5.70	7.00	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.20	0.10
Axis Bank	6.45	5.20	5.20	5.30	5.60	6.75	7.10	7.15	7.10	7.10	7.10	7.10	7.10	7.10	7.20	0.10
HDFC Bank	6.15	4.90	4.90	5.35	5.50	6.90	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.25	0.15
Federal Bank	6.40	5.30	5.20	5.40	5.60	7.25	7.25	7.25	7.25	7.30	7.40	7.40	7.50	7.50	7.50	0.25
Yes Bank	7.30	6.25	5.90	6.25	6.50	7.00	7.50	7.50	7.75	7.75	7.50	7.75	7.75	7.75	7.75	0.25
IndusInd Bank	6.70	6.50	6.00	6.00	6.50	6.90	7.25	7.75	7.75	7.50	7.85	7.85	7.50	7.50	7.75	0.50
Equitas SFB	8.00	6.45	6.30	6.50	6.75	7.40	7.40	7.70	8.50	8.50	8.50	8.50	8.50	8.50	8.50	1.10
Ujjivan SFB	8.00	6.50	6.30	6.60	7.10	7.50	7.50	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	0.75
Utkarsh SFB										8.25	8.25	8.25	8.25	8.25	8.25	8.25

Source: Company, Kotak Institutional Equities

**Most other PSU banks have reported a higher cost of funds than SBI**

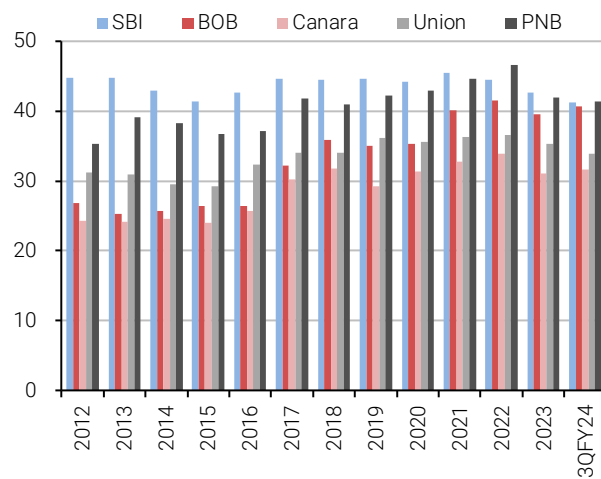
**Exhibit 14: Cost of funds for PSU banks under coverage, March fiscal year-ends (%)**



Source: Company

**Other PSU banks have reported a lower CASA ratio than SBI**

**Exhibit 15: CASA deposit ratio for PSU banks under coverage, March fiscal year-ends (%)**



Source: Company



**Valuation multiples of other PSU banks have converged with that of SBI recently**

**Exhibit 16: Change in estimates for Union Bank**

	New estimates (Rs mn)			Old estimates (Rs mn)			% change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Net interest income	366,646	395,072	424,808	365,608	403,988	442,717	0.3	(2.2)	(4.0)
NIM (%)	2.9	2.9	2.8	2.9	2.9	2.9	0 bps	-7 bps	-12 bps
Loan growth (%)	13.8	12.3	11.3	13.8	12.3	11.3	0 bps	0 bps	0 bps
Other income	150,176	148,432	146,963	150,176	148,432	146,963	—	—	—
Operating expenses	227,112	237,515	248,703	227,112	237,515	248,703	—	—	—
Employee expenses	129,528	134,758	140,199	129,528	134,758	140,199	—	—	—
Operating profit	289,710	305,988	323,068	288,672	314,905	340,976	0.4	(2.8)	(5.3)
Loan loss provisions	73,280	73,602	82,288	73,280	73,602	82,288	—	—	—
PBT	216,430	232,386	240,780	215,392	241,302	258,689	0.5	(3.7)	(6.9)
Net profit	145,008	174,289	180,585	144,313	180,977	194,016	0.5	(3.7)	(6.9)
Adj. BVPS	113	131	150	112	131	152	0.7	(0.4)	(1.6)

Source: Company, Kotak Institutional Equities estimates

**Exhibit 17: Key ratios and growth rate in select parameters for Union Bank, March fiscal year-ends**

	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Growth rates (%)</b>										
Net loan	7.1	0.8	2.8	6.1	87.6	11.8	15.3	13.8	12.3	11.3
Customer assets	8.2	1.5	3.7	9.2	90.6	9.8	13.0	12.7	11.5	10.6
Investments excld. CPs and debentures	23.4	11.2	(3.1)	11.3	123.3	9.8	(1.5)	(1.2)	11.9	9.4
Net fixed and leased assets	(1.2)	(1.6)	(1.9)	26.6	54.2	(2.1)	22.7	2.3	(23.4)	(29.0)
Cash and bank balance	12.1	50.6	(12.9)	28.0	53.2	41.6	(6.2)	2.1	4.1	4.5
Total Asset	11.9	7.7	1.4	11.5	94.6	10.8	7.8	8.3	10.4	9.4
Deposits	9.7	8.7	1.8	8.4	105.0	11.8	8.3	7.3	10.3	9.3
Current	(20.2)	5.5	5.8	(0.4)	140.9	14.2	1.8	(5.9)	8.4	7.4
Savings	28.3	9.7	8.3	8.4	103.0	12.0	5.1	5.5	8.4	7.3
Fixed	7.0	8.5	(1.3)	9.2	102.6	11.4	10.4	9.5	11.3	10.3
Net interest income	7.1	4.5	9.8	12.0	115.9	12.5	17.9	11.9	7.8	7.5
Loan loss provisions	68.5	89.7	(10.6)	9.7	24.4	(12.6)	(14.9)	(35.7)	0.4	11.8
Total other income	36.7	0.5	(10.3)	17.6	123.2	6.6	16.8	2.6	(1.2)	(1.0)
Net fee income	14.4	11.3	15.0	(6.1)	120.5	40.1	23.7	9.0	14.0	14.0
Net capital gains	127.9	(39.7)	(54.2)	153.1	178.1	(18.6)	(67.2)	47.7	20.0	10.0
Net exchange gains	(2.6)	(6.3)	(36.7)	(1.4)	(22.2)	40.2	33.7	25.0	18.0	16.0
Operating expenses	2.2	3.4	7.7	4.9	123.1	10.0	18.9	3.6	4.6	4.7
Employee expenses	(7.2)	(5.2)	(3.2)	6.6	176.4	9.0	22.5	4.5	4.0	4.0
<b>Key ratios (%)</b>										
Yield on average earning assets	8.0	7.3	7.3	7.5	7.0	6.4	6.9	7.9	7.9	7.9
Yield on average loans	8.3	7.9	8.1	8.2	7.7	7.2	8.0	8.8	8.8	8.8
Yield on average investments	8.8	7.6	7.3	7.7	6.8	5.9	6.3	6.8	6.9	6.9
Average cost of funds	6.0	5.4	5.2	5.4	4.6	3.9	4.3	5.2	5.4	5.5
Interest on deposits	6.1	5.5	5.4	5.5	4.6	3.8	4.1	5.2	5.3	5.4
Difference	2.0	2.0	2.1	2.2	2.4	2.5	2.6	2.7	2.6	2.4
Net interest income/earning assets	2.2	2.1	2.2	2.3	2.5	2.6	2.8	2.9	2.9	2.8
New provisions/average net loans	2.4	4.4	3.8	4.0	2.6	2.1	1.6	0.9	0.8	0.8
Interest income/total income	75.6	71.4	72.4	75.1	76.3	75.1	70.7	73.2	75.4	77.1
Other income / total income	35.8	34.9	30.5	31.5	32.2	31.1	30.9	29.1	27.3	25.7
Operating expenses/total income	54.6	51.0	50.8	49.3	51.8	49.8	47.4	45.3	45.3	45.2
Operating profit /AWF	(0.4)	(1.8)	(1.0)	(1.1)	(0.2)	0.5	0.9	1.6	1.5	1.4
Tax rate	(62.2)	21.0	24.9	28.1	(20.8)	39.1	30.5	33.0	25.0	25.0
Dividend payout ratio	—	—	—	—	—	24.8	24.3	24.3	24.3	24.3
Current deposit	27.7	28.0	29.7	29.7	29.4	29.5	28.6	28.1	27.6	27.1
Fixed deposit	66.0	65.9	63.9	64.4	63.7	63.5	64.7	66.1	66.7	67.3
Savings deposit	27.7	28.0	29.7	29.7	29.4	29.5	28.6	28.1	27.6	27.1
Loans-to-deposit ratio	76.2	70.7	71.4	69.9	64.0	64.0	68.2	72.2	73.5	74.9
<b>Asset quality (%)</b>										
Gross NPL	10.9	15.2	14.2	14.2	13.7	11.1	7.5	4.3	3.1	2.3
Net NPL	6.6	8.4	6.8	5.4	4.6	3.7	1.7	0.9	0.7	0.6
Slippages	5.0	7.5	4.7	5.0	1.6	3.9	1.9	1.5	1.7	1.7
Provision coverage (ex write-off)	44.1	50.7	58.3	64.7	69.6	69.5	78.8	79.6	78.8	76.4
<b>Dupont analysis (%)</b>										
Net interest income	2.1	2.0	2.1	2.2	3.0	2.5	2.7	2.7	2.7	2.7
Loan loss provisions	1.5	2.7	2.3	2.4	1.9	1.2	0.9	0.5	0.5	0.5
Net other income	1.2	1.1	0.9	1.0	1.4	1.1	1.2	1.1	1.0	0.9
Operating expenses	1.5	1.5	1.6	1.5	2.3	1.6	1.8	1.7	1.6	1.6
Invt. depreciation	0.1	0.3	(0.1)	0.1	0.1	0.0	0.2	—	—	—
(1- tax rate)	162.2	79.0	75.1	71.9	120.8	60.9	69.5	67.0	75.0	75.0
ROA	0.1	(1.1)	(0.6)	(0.6)	0.4	0.5	0.7	1.1	1.2	1.1
Average assets/average equity	18.3	19.2	19.0	17.3	16.5	16.7	16.6	15.2	14.0	13.7
ROE	2.4	(21.4)	(11.4)	(9.6)	5.9	7.7	11.3	16.5	16.8	15.4

Source: Company, Kotak Institutional Equities estimates

**Valuation multiples of other PSU banks have converged with that of SBI recently**
**Exhibit 18: Key financials for Union Bank**

	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Income statement</b>										
Total interest income	326,600	327,480	340,667	372,311	687,673	679,440	807,433	999,792	1,101,417	1,215,797
Loans	229,431	227,730	237,719	250,787	457,658	452,355	567,601	719,185	811,367	902,328
Investments	86,951	87,800	90,033	105,729	205,737	199,428	213,550	229,619	242,679	263,018
Cash and deposits	10,218	11,951	12,914	15,796	24,278	27,656	26,282	50,988	47,370	50,450
Total interest expense	237,566	234,433	238,517	257,944	440,789	401,575	479,780	633,145	706,345	790,989
Deposits from customers	219,991	215,562	220,892	240,269	408,068	374,542	443,400	599,038	670,867	754,047
Net interest income	89,033	93,047	102,149	114,368	246,884	277,865	327,653	366,646	395,072	424,808
Loan loss provisions	66,134	125,438	112,196	123,032	153,039	133,828	113,893	73,280	73,602	82,288
Net interest income (after prov.)	22,899	(32,391)	(10,047)	(8,664)	93,845	144,037	213,761	293,366	321,469	342,520
Other income	49,646	49,899	44,739	52,608	117,445	125,248	146,332	150,176	148,432	146,963
Net fee income	4,687	5,218	6,001	5,633	12,419	17,398	21,514	23,450	26,733	30,476
Net capital gains	20,845	12,579	5,767	14,593	40,589	33,041	10,832	16,000	19,200	21,120
Net exchange gains	9,523	8,925	5,649	5,570	4,336	6,081	8,131	10,164	11,993	13,912
Operating expenses	64,378	66,550	71,676	75,164	167,660	184,381	219,313	227,112	237,515	248,703
Employee expenses	34,342	32,552	31,509	33,586	92,836	101,146	123,897	129,528	134,758	140,199
Depreciation on investments	6,304	15,600	(4,044)	3,724	4,321	2,005	19,152	–	–	–
Other Provisions	(1,559)	1,769	6,327	5,332	15,258	(3,000)	250	–	–	–
Pretax income	3,422	(66,411)	(39,267)	(40,276)	24,051	85,899	121,377	216,430	232,386	240,780
Tax provisions	(2,130)	(13,938)	(9,792)	(11,299)	(5,008)	33,578	37,045	71,422	58,096	60,195
Net Profit	5,552	(52,474)	(29,474)	(28,978)	29,060	52,321	84,333	145,008	174,289	180,585
% growth	(58.9)	(1,045.1)	(43.8)	(1.7)	(200.3)	80.0	61.2	71.9	20.2	3.6
PBT - Treasury + Provisions	53,456	63,817	69,445	77,218	156,080	185,691	243,840	273,710	286,788	301,948
% growth	13.1	19.4	8.8	11.2	102.1	19.0	31.3	12.3	4.8	5.3
<b>Balance sheet</b>										
Cash and bank balance	328,225	494,412	430,460	551,062	844,103	1,195,004	1,121,505	1,145,057	1,192,041	1,245,094
Cash	10,308	12,903	12,470	20,044	37,818	37,819	28,388	29,808	31,298	32,863
Balance with RBI	154,897	197,261	195,495	181,139	340,987	423,307	474,155	496,288	541,781	593,269
Balance with banks	56,482	71,811	69,611	82,723	75,447	63,099	63,365	63,365	63,365	63,365
Net value of investments	1,121,490	1,237,542	1,260,466	1,524,139	3,315,118	3,485,074	3,392,990	3,360,523	3,673,741	3,950,042
Govt. and other securities	875,510	973,490	944,067	1,056,308	2,402,538	2,641,638	2,602,516	2,570,048	2,883,266	3,159,567
Shares	20,061	18,469	14,717	11,128	20,162	23,053	20,413	20,413	20,413	20,413
Debentures and bonds	172,217	194,536	226,325	340,394	744,056	693,831	631,534	631,534	631,534	631,534
Net loans and advances	2,864,666	2,887,606	2,969,322	3,150,494	5,909,829	6,610,047	7,618,455	8,665,992	9,734,627	10,837,310
Fixed assets	38,944	38,333	37,623	47,625	73,429	71,913	88,256	90,255	69,100	49,079
Other assets	173,720	215,908	242,518	233,512	574,570	513,874	586,319	603,908	634,104	665,809
Total assets	4,527,044	4,873,800	4,940,388	5,506,833	10,717,048	11,875,911	12,807,525	13,865,736	15,303,612	16,747,335
Deposits	3,758,990	4,085,016	4,159,153	4,506,685	9,238,053	10,323,926	11,177,163	11,998,515	13,237,415	14,471,345
Borrowings and bills payable	427,214	469,444	440,351	533,954	541,401	538,681	457,872	489,414	524,100	562,247
Other liabilities	101,078	68,373	76,015	128,337	292,836	307,542	389,147	404,713	437,090	472,057
Total liabilities	4,287,282	4,622,833	4,675,518	5,168,976	10,072,291	11,170,149	12,024,182	12,892,643	14,198,605	15,505,649
Paid-up capital	6,874	11,686	17,630	34,228	64,068	68,348	68,348	76,336	76,336	76,336
Reserves & surplus	232,888	239,282	247,240	303,628	580,699	637,414	714,995	896,758	1,028,671	1,165,350
Total shareholders' equity	239,762	250,968	264,870	337,856	644,767	705,761	783,342	973,094	1,105,007	1,241,686

Source: Company, Kotak Institutional Equities estimates

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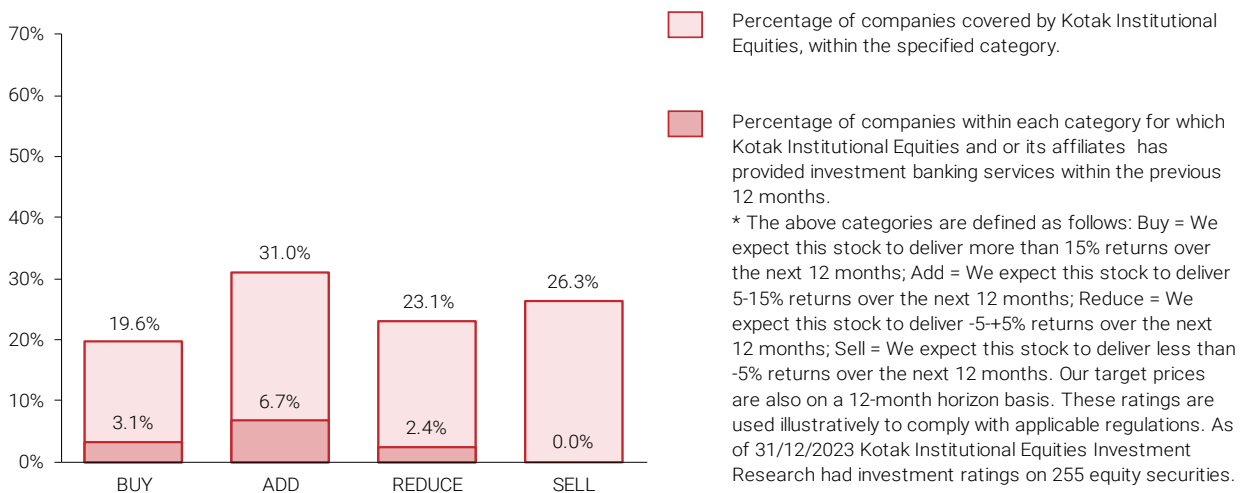
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