Federal Bank (FB)

Banks

BUY

CMP(₹): **180** Fair Value(₹): **225** Sector View: **Attractive** NIFTY-50: **22,796** **February 24, 2025**

Achievable aspirations

Federal Bank presented a coherent strategy to enhance its return ratios that would make it comparable to frontline private banks by FY2028. None of the levers have a high individual contribution but are driven by better mix, pricing and monitoring. We are not building these improvements into our estimates until we have definite signs that imply the scope for earnings upgrades is material, if executed well. We maintain BUY with an unchanged FV.

A 12-point plan to improve RoA closer to the top banks

The Federal Bank analyst meet had the following takeaways: (1) Work toward an RoA/RoE closer to the top 3 banks and decisively move away from its current identification as a regional player by FY2028; (2) RoA improvement would be led by NIM expansion and higher fee income growth; and (3) the plan for improvement includes: (a) NIM enhancement, (b) product portfolio expansion, (c) higher fee income contribution, (c) branch expansion and changing the role of branches, (d) reinvesting in brand and (e) investments in digital, compliance and employees while keeping a tight control on costs.

Credible plan at play as levers look achievable by FY2028

Management presented a compelling investment argument, asserting its ability to enhance RoA/RoE to levels comparable with the top banks and within three years. While the focus remains on revenue maximization, there is now a stronger emphasis on improving the liability mix, alongside the ongoing efforts to enhance loan yields through mix and pricing adjustments. It is not uncommon for a new management to request time and allow cost ratios to rise initially as it rebuilds the team and expand its presence on the ground to execute new strategies. However, this management has committed to closely monitoring cost growth and expressed confidence in the current leadership team's capability to implement this strategy effectively. Management has also underscored the importance of employees, both in Kerala and beyond, adapting to a more profitability-focused environment. The new scorecards introduced are designed to capture the essence of achieving these financial ratios. As always, even the best-laid plans can encounter challenges. Management has acknowledged this and emphasized the need for a collective effort to meet the profitability targets.

Maintain BUY: Simple execution and monitoring can lead to earnings upgrades

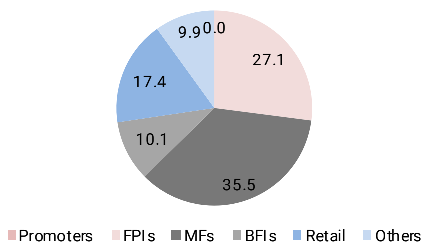
We maintain BUY with an unchanged FV of Rs225. We are not revising our estimates to factor in the possible outcomes of RoA/RoE improvement, as we are yet to see definite signs. We are building in 1.1% RoA for FY2027E, while management is looking at >1.5% (frontline private banks). The bank does not need capital at this stage to execute its current plan. We would see a partial re-rating even if the metrics of convergence are not fully achieved. Execution and monitoring should lead to most of the earnings upgrades. Fewer mistakes during downcycles should capture the rest of the re-rating. However, that would take more time, and a cycle is needed to test the thesis.

Company data and valuation summary

Stock data

CMP(Rs)/FV(Rs)/Rating	180/225/BUY
52-week range (Rs) (high-low)	217-140
Mcap (bn) (Rs/US$)	441/5.1
ADTV-3M (mn) (Rs/US$)	1,688/19.5

Shareholding pattern (%)



Price performance (%)	1M	3M	12M
Absolute	(6)	(15)	17
Rel. to Nifty	(6)	(12)	14
Rel. to MSCI India	(5)	(11)	13

Forecasts/Valuations	2025E	2026E	2027E
EPS (Rs)	15.7	16.7	19.6
EPS growth (%)	2.9	6.4	17.3
P/E (X)	11.4	10.8	9.2
P/B (X)	1.4	1.3	1.1
BVPS (Rs)	129.3	142.8	158.0
RoE (%)	12.5	11.9	12.6
Div. yield (%)	1.3	1.4	1.6
NII (Rs bn)	95	102	117
PPOP (Rs bn)	60	66	79
Net profits (Rs bn)	38	41	48

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of February 21, 2025

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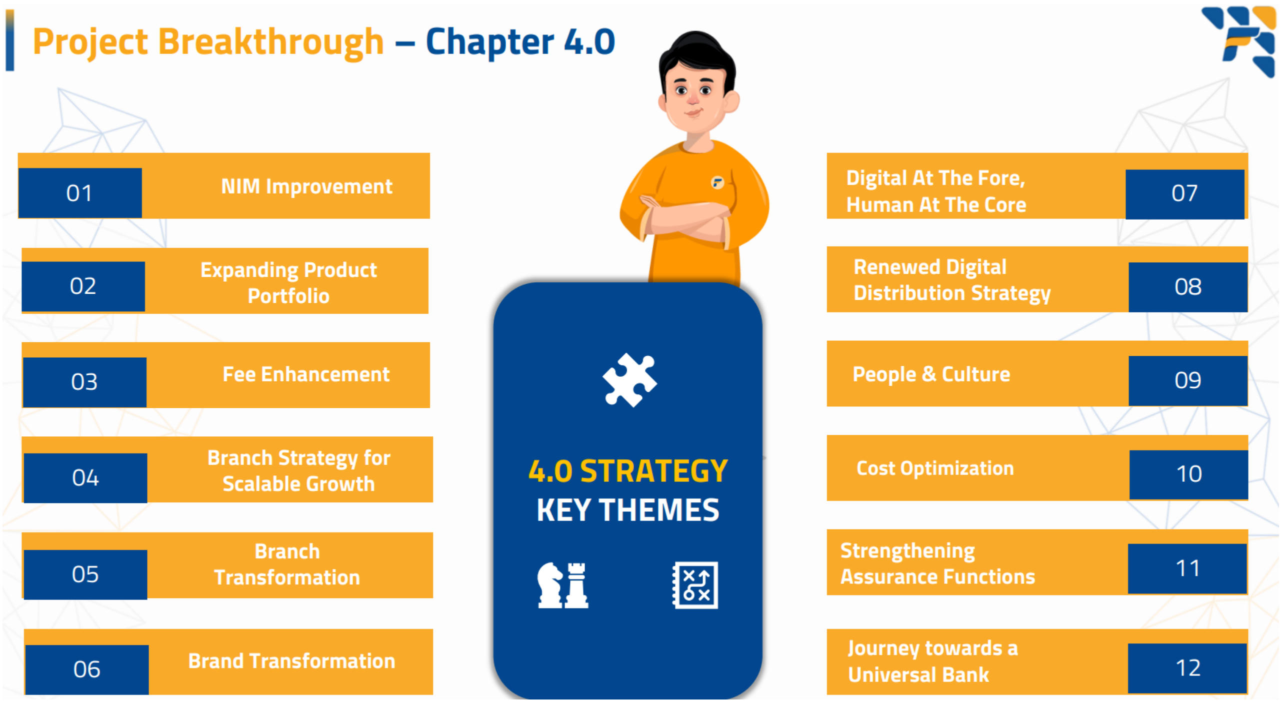
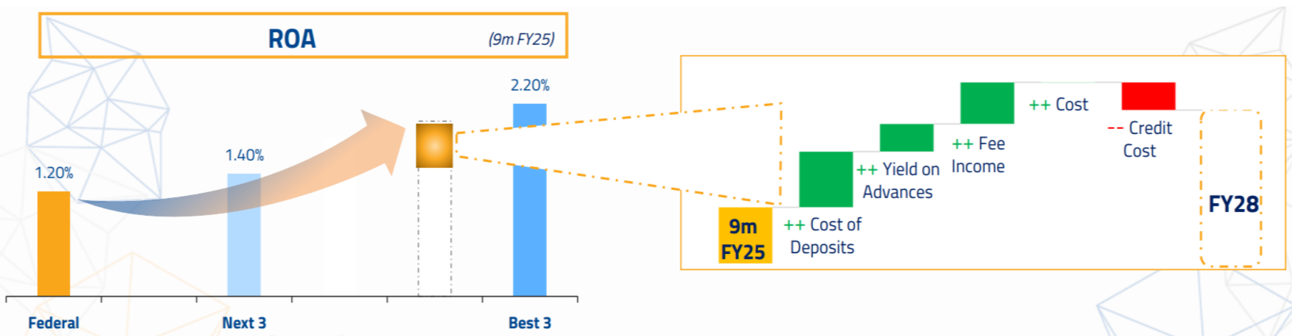
During the analyst meet, Mr KVS Manian, MD and CEO, indicated that the bank has a good opportunity to create a national franchise. The management team has charted a new strategy for the bank based on 12 themes. This strategy has been drafted after spending the last few months listening to different stakeholders in the bank. At an overall level, management has shared an objective of enhancing the bank's profitability (RoA) significantly in the next three years. Management has identified levers of improvement across all parts of the RoA tree.

Exhibit 1: Twelve-point plan for Federal Bank



Source: Company, Kotak Institutional Equities

Exhibit 2: Target RoA tree for Federal Bank over 2025E-28E, March fiscal year-ends (% of assets)



Source: Company, Kotak Institutional Equities

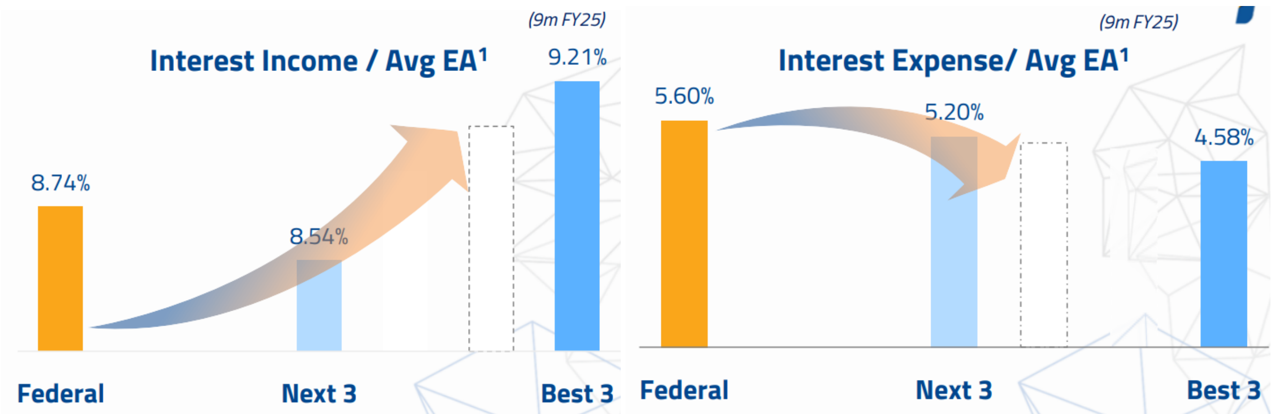
Among all objectives, management indicated that driving NIM, fee income and CASA deposits higher will be the most important pillars of this strategy. Following are the main tenets of the new strategy for the bank:

NIM improvement

Management indicated that NIM improvement will be a key driver of profitability for the bank. In management's view, improvement in the liability franchise will be key to sustainable improvement in NIM.

- **Liability franchise**
  - NR deposit remains a moat for the bank. Management will attempt to further strengthen the NR deposit business by focusing on non-GCC geographies as well. Within NR deposits, the bank does not have a large share in FCNR (B) deposits because this market tends to be highly price-sensitive.
  - Management expects the CASA ratio to improve from 30% to 36% over the next three years. Out of this increase of 6%, 4% is expected to come from CA deposits. Focus on CA deposits will be key to the bank's objective of reducing the cost of deposits sustainably. Management outlined the following strategies for enhancing CASA deposits:
  - Deepening capital market-related products will be one of the levers to enhance CASA deposits for the bank.
  - Re-orienting branch strategy away from operational administrative tasks and toward customer acquisition, customer servicing, engagement and sales will be key to drive CASA growth.
  - Management intends to introduce specialized RMs for corporate salary relationships.
  - Further, higher focus on the SME segment will be another level to drive CASA deposit growth.
- **Asset franchise**. Management indicated an intent to tweak the asset mix away from a dumbbell-like configuration. Management will focus on several medium-yield secured products in order to enhance yields. This will include higher focus on segments such as LAP, business banking, commercial banking and CV loans. Management also intends to introduce new higher-yielding products such as micro-LAP (primarily for existing gold loan and microfinance borrowers) and EMI-based unsecured business loans (primarily for existing customers).

Exhibit 3: Target on NIM over 2025-28E, March fiscal year-ends (% of average earning assets)

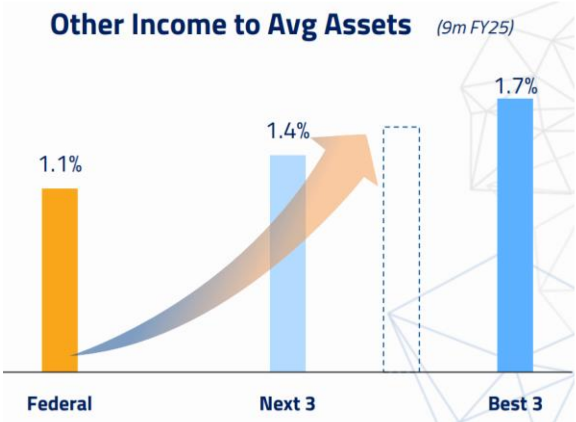


Source: Company, Kotak Institutional Equities

Enhancing non-interest income

- Management intends to enhance fee income through forex and wealth management solutions.
- The proportion of non-fund-based business is lower for Federal Bank as compared to several peers. Increased focus on trade income will be another level to drive non-interest income for the bank.
- Management also intends to increase instance-based or other processing fees on certain products to enhance fee income.
- Steady growth in the credit card business will also help enhance fee income for the bank.
- There is a potential to enhance distribution-related income through higher penetration of insurance, SIPs, 3-in-1 (e-Trade) accounts and NPS integrations. The bank will also look to strengthen in-house wealth management capabilities.

Exhibit 4: Target on non-interest income for Federal Bank over 2025-28E, March fiscal year-ends (% of average assets)

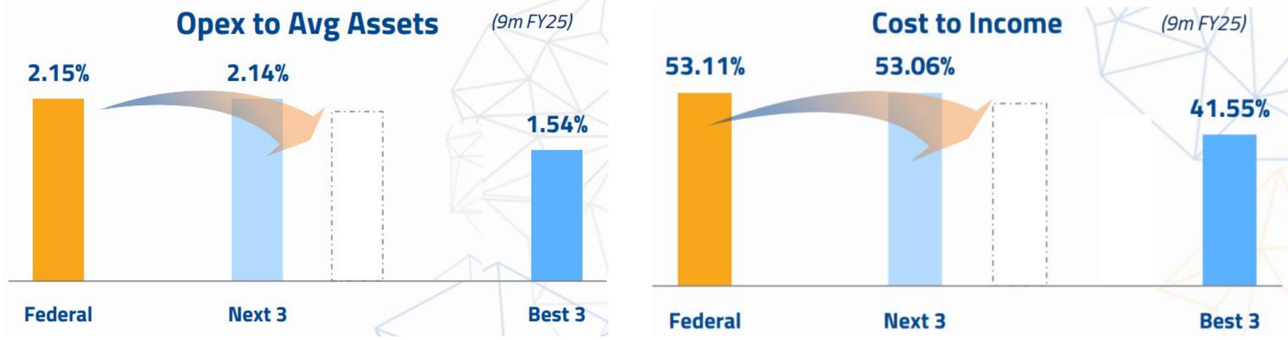


Source: Company, Kotak Institutional Equities

Benefits from operating leverage

- Management indicated that there is a lot of scope to enhance productivity of existing branches (such as loans per branch, average deposits per branch, average CASA per branch, etc.). Management has planned several initiatives that are expected to yield revenue benefits without adding to operating costs. Any benefits of cost rationalization would be largely invested back into the franchise.
- Management intends to reduce operational load on branches. This will be accomplished by removing non-sales and non-service operations out of the branch. Many processes that are currently executed in branches can be potentially centralized and executed in regional processing centers. Management will accelerate the transformation of branches into sales and service hubs with digital integration.
- The bank's subsidiary, FedServ, is one of the key strategic cost levers for Federal Bank. Management indicated that there is enormous room to enhance the scope of activities performed by FedServ for Federal Bank. The bank's "FREE The Branch" initiative depends heavily on leveraging on the capabilities and FedServ.
- Management intends to eliminate recurring vendor costs and external dependencies through technology in-sourcing.
- Management is in the process of creating/tweaking scorecards for different categories of employees.
- Management intends to add 400-450 branches until FY2028E, but branch additions will be secondary to the objective of driving higher business. Management intends to expand into Tier-2 cities in high-GSDP states. For metros, the bank's approach will be to focus on a PIN code-based strategy.

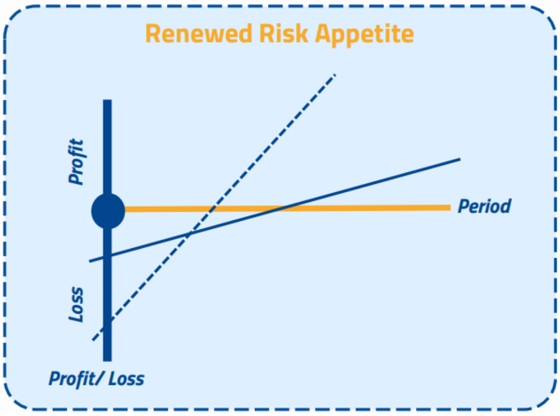
Exhibit 5: Expected trajectory on operating expenses for Federal Bank over 2025-28E, March fiscal year-ends



Source: Company, Kotak Institutional Equities

Management indicated that it would not shy away from investing in the near-to-medium term if it can support long term profitability

Exhibit 6: Risk appetite on investing in new initiatives and associated business risk for Federal Bank



Source: Company, Kotak Institutional Equities

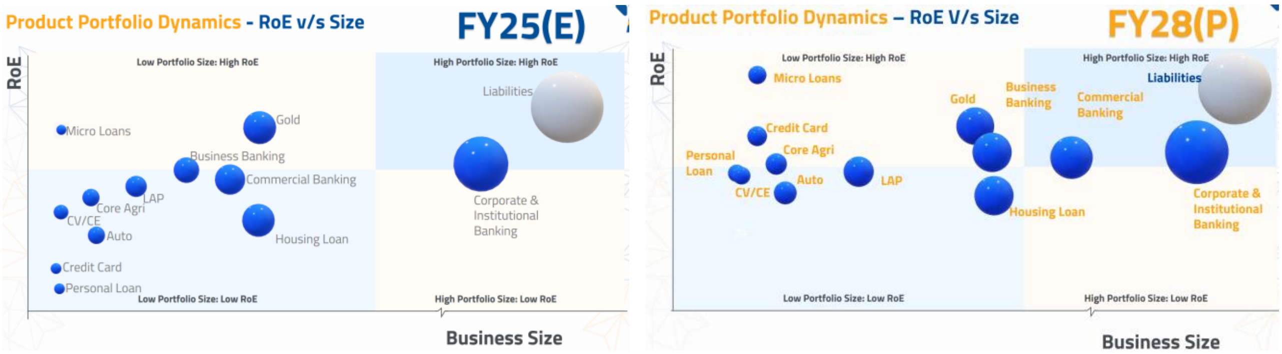
Loan growth: Comfortable to deliver ~1.5X nominal GDP assuming the environment stays favorable

Management indicated that it expects to deliver loan growth on the lines of ~1.5X growth in nominal GDP assuming that the broader environment remains conducive. Given the relatively low market share of Federal Bank in the overall banking system, management does not worry a lot about system loan growth. Management will remain focused on gaining market share steadily. Management clarified that it is not looking for inorganic acquisitions right now and would consider that alternative down the line when it has a stronger currency for purchase.

In management's view, the bank has significant scope to enhance the profitability of most asset segments. Profitability is expected to improve led by one of two drivers: (1) shift in focus toward higher-yield sub-segments and (2) an increase in the scale of the business.

Management expects profitability to improve across all businesses; scale of commercial banking business is expected to increase significantly

Exhibit 7: Change in target profitability across loan segments for Federal Bank over the next 3 years



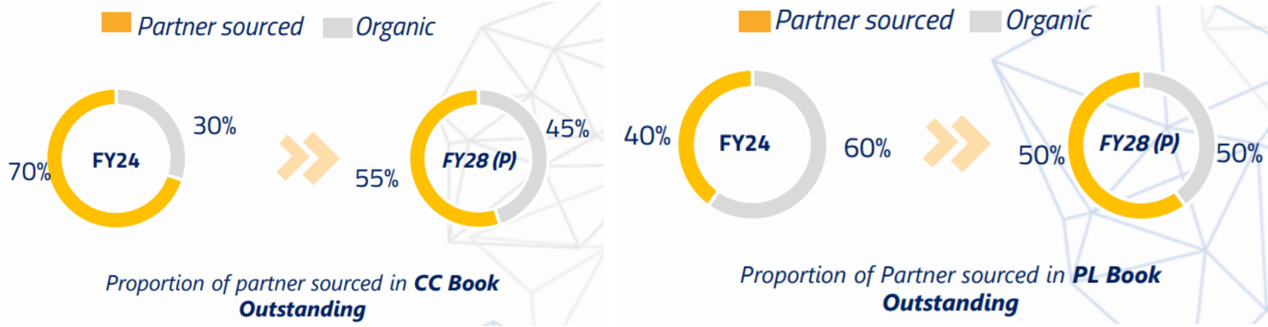
Source: Company, Kotak Institutional Equities

- **Retail**. The bank has a fairly diversified loan book and offers a wide bouquet of asset products for the retail customer.
  - **Housing loans**. This product offers a strong potential to enhance customer-level profitability. Management has planned the following initiatives in this business:
    - Drive cross-selling (for example, through co-origination of credit card and savings a/c).
    - Consider expanding presence into under-penetrated geographies by scaling up the sales team pan-India to select Tier-2/3 cities.
    - Enhance offerings (for example, offer customized solutions for identified customer segments like self-employed and NRIs and consider a foray into affordable housing that can drive higher yields and support PSL compliance as well).
    - Diversify sourcing channels in this business beyond the DSA route (strengthening builder channel) to improve cost efficiency.
    - Reduce operational load on branches by implementing end-to-end digitization and implementing retail loan service centers.
  - **Loans against property**. Management believes there is a significant headroom to grow this business. Management has planned the following initiatives in this business:
    - Deploying sales manpower even outside of home markets based on market potential.
    - Incorporating alternate/surrogate credit assessment frameworks through greater use of Digital Public Infrastructure (DPI). This can enhance the focus on self-employed segment.
    - This business also offers an opportunity to enhance fee income through greater penetration of insurance and a better self-funding ratio.
  - **Auto loans**. The bank has demonstrated industry-leading delinquencies in this business while also delivering sustained strong credit growth. Management outlined the following opportunities in this business:
    - Scaling up the used car financing and refinance (loan-against-car) offerings that offer higher margins and can also help to leverage existing customer base.
    - Drive cross-selling (for example, through co-origination of credit card and savings a/c).
    - Enhance digitization and use Business Rule Engines (BRE) more effectively for straight-through-processing (STP) to reduce manual underwriting and improve TAT.

- **CV/ CE loans**
  - Management intends to incorporate pricing systems that are more data-driven. Management will also endeavor to increase the focus on high-yield segments. Accordingly, the focus on used CV/CE is likely to increase. The bank will also roll out Tractor Financing.
  - Management intends to enhance distribution into Tier-2/ 3 cities, strengthen partnerships (with dealers and BCs) and sweat the branch network.
  - The bank will emphasize on cross-selling/upselling of other asset products (working capital loans, for example), liability relationship and insurance products in order to enhance the customer-level profitability.
  - Management intends to improve TAT through digital underwriting, enhanced risk models and roll-out of LOS.
- **Gold loans**. Federal Bank has the largest gold loan portfolio among private sector banks. This is a highly profitable business for the bank. Management outlined the following initiatives for the future:
  - Management intends to expand branch network into high-potential gold loan markets. Management will also look to diversify acquisition channels beyond branch-led sourcing (for example, through BC partners) in order to drive scale.
  - Management will also look to introduce innovative product offerings to cater to evolving customer needs.
  - Management intends to enhance fee income and offset operating costs in this business through the introduction of charges for foreclosure, documentation and auction.
  - Management is also in the process of introducing an integrated digital suite for loan origination, appraisal and sales teams.
- **Credit cards**
  - Management expects faster growth in organic credit cards through own digital channels, while sourcing through Fintech partners will continue as well. Management expects to enhance distribution through larger feet-on-street.
  - Management intends to rationalize commercials with co-branded partners to ensure better profitability.
  - Management expects to improve customer retention and profitability through the enhancement of product suite, introduction of fee-based products, balance transfer and high-yield interventions.
- **Personal loans**
  - Management believes there is a significant opportunity to scale-up the pre-approved base for personal loans using advanced analytics and credit bureau information.
  - Management will also look to enhance sourcing from NTB customers. This is likely to be achieved through a broadening of partnerships.
  - Management intends to leverage the opportunity in Credit Line on UPI.

Management expects the share of partner-sourcing to decline in credit cards and increase in personal loans

Exhibit 8: Breakdown of outstanding credit card and personal loan book by sourcing channel, March fiscal year-ends (%)



Source: Company, Kotak Institutional Equities

- **Inclusive finance**. This is a high-yielding portfolio with high risk-adjusted returns for the bank. The bank has a wide presence in this business, primarily driven by BC partnerships. Management intends to implement the following initiatives in this business:
  - Going forward, management intends to reduce the reliance on agency channels and would increase focus on direct sourcing models.
  - Management intends to enhance efficiency in this business through digitized collections.
  - Recalibrate microfinance lending toward an individual lending model. Management intends to offer a comprehensive product suite through its distribution network and build a sizeable portfolio in affordable housing and micro-LAP.
  - The bank will strengthen provisioning norms in this business to realign to business cyclicality.

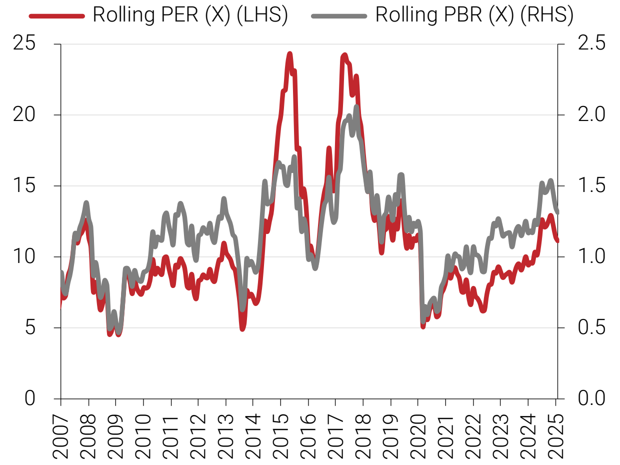
- **Business banking**. This is a granular secured portfolio with average ticket size of ~Rs10 mn and it is PSL-oriented.
  - Management believes there are significant opportunities in higher-yielding segments within Business Banking segment. In that context, management will look to introduce a Business Installment Loan product. Management will also focus on smaller-ticket loans as they offer higher RoE.
  - Management intends to enhance distribution through dedicated business banking RMs. Management also sees opportunities to expand geographically to untapped markets.
  - Management will target new-to-bank customers who can give forex and trade finance business.
  - Management will look to enhance the CA-to-asset ratio in this business.
  - With a focus on higher-yielding products, management will look to put in place proactive risk mitigation processes and optimize collection efforts (both physical and digital).

- **Commercial banking**
  - Management indicated that there is significant market potential in deeper geographies. Management intends to focus on onboarding clients in Tier-2/ 3 locations because it is easier to get a higher wallet share.
  - Management intends to expand Supply Chain financing through PO financing and Dealer Finance by leveraging on corporate relationships.
  - Management intends to increase higher self-funding ratio led by CA deposits, thrust on salary and promoter accounts.

- **Corporate and Institutional Banking**
  - Management indicated that there is scope to increase the share of non-fund based business with the increased focus on Trade Finance.
  - Management is looking to expand presence/capabilities in Capital Markets and Syndication.
  - The bank will lay higher focus on liability sourcing and self-funding. Management intends to emphasize on corporate salary sourcing from large corporates.

Federal Bank trades at 1.3X one-year forward book

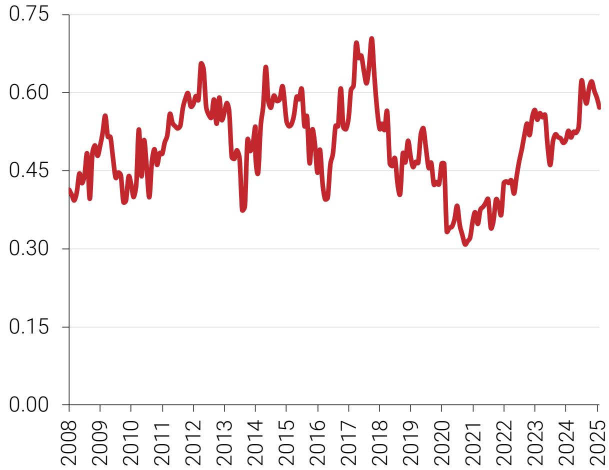
Exhibit 9: Rolling 1-year forward PER and PBR (adjusted book) (X)



Source: Bloomberg, Company, Kotak Institutional Equities estimates

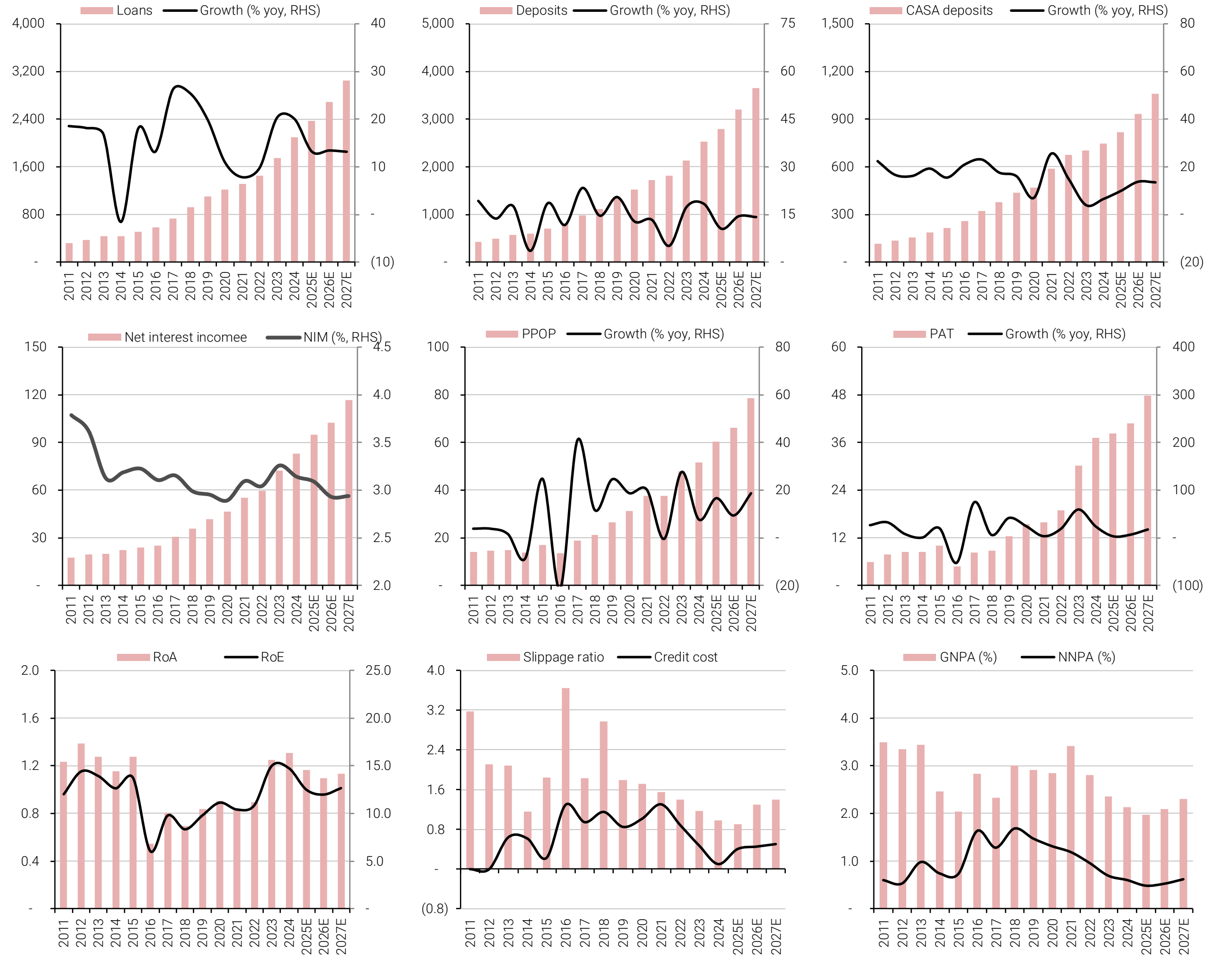
Federal Bank is trading at significant discount to private bank peers

Exhibit 10: Trading premium to private bank peers (X)



Source: Bloomberg, Company, Kotak Institutional Equities estimates

Exhibit 11: Federal Bank – Summary of metrics, March fiscal year-ends



Source: Company, Kotak Institutional Equities estimates

Exhibit 12: Federal Bank – key growth rates and financial ratios, March fiscal year-ends (%)

	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Growth rates (%)										
Net loan	25.4	19.9	10.9	7.9	9.9	20.4	20.0	13.2	13.5	13.2
Customer assets	24.5	19.8	11.1	8.4	9.3	20.7	20.3	12.9	13.2	13.0
Investments excluding CPs and debentu	13.0	11.6	16.9	3.4	6.5	21.4	21.3	13.0	19.3	18.8
Net fixed and leased assets	(6.6)	3.2	1.7	2.3	29.1	47.3	9.2	6.4	(5.8)	(7.3)
Cash and bank balance	23.5	9.4	24.9	55.8	7.2	(15.8)	7.2	21.1	9.6	9.8
Total assets	20.3	15.2	13.4	11.5	9.7	17.8	18.4	13.0	13.6	13.5
Deposits	14.7	20.5	12.8	13.4	5.2	17.4	18.3	10.6	14.5	14.2
Current	19.7	29.3	(5.9)	43.9	21.3	9.7	6.4	8.9	12.8	12.5
Savings	17.1	13.1	10.2	21.6	13.3	2.4	6.5	10.1	14.0	13.7
Fixed	13.3	22.8	15.7	8.0	0.3	25.4	24.2	10.9	14.8	14.6
Net interest income	17.4	16.6	11.3	19.0	7.7	21.3	14.7	14.4	7.8	14.2
Loan loss provisions	31.5	(5.4)	50.6	48.1	(25.2)	(38.2)	(74.2)	358.3	27.5	25.9
Total other income	7.1	16.6	43.0	0.7	7.4	11.5	32.2	16.3	10.6	14.2
Net fee income	10.5	25.8	23.5	4.8	23.7	40.5	40.0	20.0	12.0	15.0
Net exchange gains	32.7	39.1	1.2	(18.7)	24.8	22.8	(18.0)	(5.0)	15.0	15.0
Operating expenses	10.9	12.8	22.1	9.4	16.3	11.1	30.0	13.5	7.7	10.1
Employee expenses	6.8	10.9	28.6	14.8	14.1	(6.4)	29.9	9.1	7.1	10.1
Key ratios (%)										
Yield on average earning assets	8.1	8.1	8.2	7.7	7.0	7.6	8.4	8.6	8.1	7.9
Yield on average loans	9.1	9.0	9.2	8.5	7.8	8.4	9.2	9.5	9.0	8.7
Yield on average investments	6.6	6.6	6.6	6.6	6.3	6.5	6.9	7.2	6.7	6.5
Average cost of funds	5.4	5.4	5.6	4.8	4.1	4.4	5.9	5.9	5.5	5.3
Difference	2.7	2.7	2.6	2.9	2.9	3.1	2.5	2.7	2.6	2.6
Net interest income/earning assets	3.0	3.0	2.9	3.1	3.0	3.3	3.1	3.1	2.9	2.9
New provisions/average net loans	0.9	0.7	0.9	1.3	0.9	0.5	0.1	0.4	0.5	0.5
Interest income/total income	75.6	75.6	70.6	74.0	74.1	75.6	72.9	72.6	72.1	72.1
Fee income to total income	13.4	14.5	15.0	13.9	15.9	18.8	19.7	20.6	21.2	21.4
Fees income to PBT	47.4	42.0	48.7	48.5	50.6	44.6	45.0	52.3	55.1	54.0
Net trading income to PBT	4.9	5.5	26.5	27.8	12.0	0.9	5.5	4.6	3.6	3.1
Exchange income to PBT	12.6	12.4	11.7	9.1	9.5	7.3	4.2	3.9	4.2	4.1
Operating expenses/total income	51.7	50.0	51.3	49.4	53.3	49.9	54.5	53.8	53.4	51.5
Operating expenses/assets	1.9	1.9	2.0	1.9	2.0	2.0	2.2	2.1	2.0	2.0
Operating profit /AWF	0.9	1.2	0.9	0.9	1.1	1.8	1.8	1.6	1.5	1.6
Tax rate	34.6	34.8	24.1	25.6	25.5	25.6	25.3	25.5	25.5	25.5
Dividend payout ratio	22.4	22.3	-	8.8	20.0	7.0	7.9	15.0	15.0	15.0
Share of deposits										
Current	6.0	6.5	5.4	6.9	7.9	7.4	6.6	6.5	6.4	6.3
Fixed	66.3	67.6	69.3	66.0	62.9	67.1	70.4	70.6	70.8	71.0
Savings	27.6	25.9	25.3	27.1	29.2	25.5	22.9	22.8	22.7	22.6
Loans-to-deposit ratio	82.1	81.7	80.3	76.4	79.8	81.8	82.9	84.9	84.1	83.3
Equity/assets (EoY)	8.8	8.3	8.0	8.0	8.5	8.3	9.4	9.3	9.0	8.9
Asset quality trends (%)										
Gross NPL	3.0	2.9	2.8	3.4	2.8	2.4	2.1	2.0	2.1	2.3
Net NPL	1.7	1.5	1.3	1.2	1.0	0.7	0.6	0.5	0.5	0.6
Slippages	3.0	1.8	1.7	1.5	1.4	1.2	1.0	0.9	1.3	1.4
Provision coverage	44.5	50.1	54.5	65.9	66.3	71.2	72.3	76.1	75.4	73.8
Dupont analysis (%)										
Net interest income	2.8	2.8	2.7	2.9	2.8	3.0	2.9	2.9	2.7	2.8
Loan loss provisions	0.6	0.5	0.6	0.9	0.6	0.3	0.1	0.3	0.3	0.3
Net other income	0.9	0.9	1.1	1.0	1.0	1.0	1.1	1.1	1.1	1.1
Operating expenses	1.9	1.9	2.0	1.9	2.0	2.0	2.2	2.1	2.0	2.0
Invt. depreciation	0.1	0.1	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0
(1- tax rate)	65.4	65.2	75.9	74.4	74.5	74.4	74.7	74.5	74.5	74.5
RoA	0.7	0.8	0.9	0.8	0.9	1.3	1.3	1.2	1.1	1.1
Average assets/average equity	12.0	11.7	12.2	12.5	12.1	11.9	11.2	10.7	10.9	11.2
RoE	8.3	9.8	11.1	10.4	10.8	14.9	14.7	12.5	11.9	12.6

Source: Company, Kotak Institutional Equities estimates

Exhibit 13: Federal Bank – income statement and balance sheet, March fiscal year-ends (%)

	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Income statement									
Total interest income	114,190	132,108	137,579	136,608	168,036	221,883	264,981	283,394	314,238
Loans	90,896	106,709	107,951	108,298	134,918	177,345	211,962	227,877	250,802
Investments	20,375	21,841	23,489	23,387	27,956	36,916	45,232	47,879	55,048
Cash and deposits	2,920	3,558	6,138	4,923	5,162	7,621	7,787	7,638	8,388
Total interest expense	72,427	85,618	82,242	76,988	95,715	138,948	170,064	181,094	197,460
Deposits from customers	67,426	81,004	78,047	73,329	86,130	127,858	153,722	160,752	175,645
Net interest income	41,763	46,489	55,337	59,620	72,322	82,935	94,916	102,300	116,778
Loan loss provisions	7,326	11,036	16,345	12,233	7,566	1,949	8,930	11,386	14,336
Net interest income (after prov.)	34,437	35,453	38,992	47,386	64,756	80,986	85,986	90,914	102,442
Other income	13,510	19,314	19,449	20,891	23,300	30,793	35,821	39,603	45,218
Net fee income	8,010	9,895	10,374	12,831	18,021	22,405	26,886	30,112	34,629
Net capital gains	2,284	6,078	6,088	3,029	297	2,755	2,400	2,000	2,000
Net exchange gains	2,357	2,385	1,940	2,420	2,971	2,106	2,001	2,301	2,646
Operating expenses	27,643	33,756	36,917	42,932	47,678	61,983	70,345	75,790	83,480
Employee expenses	13,778	17,724	20,342	23,206	21,730	28,231	30,811	32,986	36,310
Depreciation on investments	1,232	686	151	(16)	(67)	13	13	13	13
Pretax income	19,073	20,325	21,373	25,361	40,445	49,784	51,400	54,664	64,118
Tax provisions	6,634	4,898	5,470	6,463	10,339	12,578	13,107	13,939	16,350
Net Profit	12,439	15,428	15,903	18,898	30,106	37,206	38,293	40,725	47,768
% growth	41.5	24.0	3.1	18.8	59.3	23.6	2.9	6.4	17.3
PBT - Treasury + Provisions	25,347	25,969	31,781	34,550	47,647	48,989	57,992	64,113	76,516
% growth	23.5	2.5	22.4	8.7	37.9	2.8	18.4	10.6	19.3
Balance sheet									
Assets									
Cash and bank balance	100,668	125,746	195,914	210,103	176,887	189,629	229,639	251,591	276,220
Net value of investments	318,245	358,927	371,862	391,795	489,933	608,595	674,581	787,383	919,517
Govt. and other securities	273,508	317,607	327,826	348,661	423,955	518,404	587,650	703,416	838,216
Shares	2,402	4,360	4,458	4,543	5,525	5,955	5,955	5,955	5,955
Debentures and bonds	11,904	14,573	21,920	15,815	23,478	32,927	29,634	26,671	24,004
Net loans and advances	1,102,230	1,222,679	1,318,786	1,449,283	1,744,469	2,094,033	2,370,824	2,689,808	3,044,656
Fixed assets	4,720	4,800	4,911	6,339	9,340	10,201	10,850	10,219	9,475
Other assets	67,537	94,229	122,201	151,942	182,889	180,660	198,726	218,598	240,458
Total assets	1,593,400	1,806,380	2,013,674	2,209,463	2,603,518	3,083,118	3,484,620	3,957,599	4,490,325
Liabilities									
Deposits	1,349,543	1,522,901	1,726,445	1,817,006	2,133,860	2,525,340	2,792,650	3,197,725	3,653,094
Borrowings and bills payable	81,881	105,528	95,666	160,107	199,448	158,290	280,440	304,924	331,995
Other liabilities	29,245	32,775	30,327	44,412	55,048	80,034	88,037	96,841	106,525
Total liabilities	1,460,670	1,661,204	1,852,438	2,021,525	2,388,356	2,763,664	3,161,127	3,599,490	4,091,614
Paid-up capital	3,970	3,985	3,992	4,205	4,232	4,871	4,871	4,871	4,871
Reserves & surplus	128,760	141,191	157,244	183,733	210,830	286,073	318,622	353,238	393,841
Total shareholders' equity	132,730	145,176	161,236	187,938	215,062	290,944	323,493	358,109	398,712

Source: Company, Kotak Institutional Equities estimates

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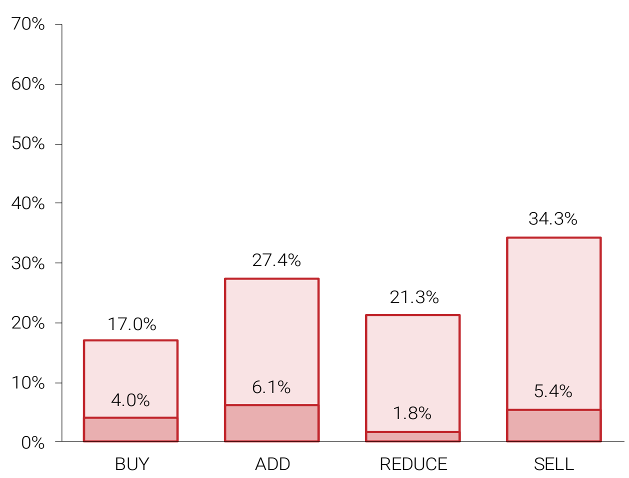

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