

## Bank of India

**CMP: 160**

### Key Data:

<b>BSE Code</b>	532149
<b>NSE Code</b>	BANKINDIA
<b>Sensex</b>	12736
<b>52 week H/L (Rs)</b>	168/79
<b>Sept. month H/L (Rs)</b>	166/131
<b>Market Cap (Rs Cr)</b>	7761
<b>Avg. daily vol. (6M)</b>	517112
<b>Face Value</b>	10.00

Source: Capitaline

### Shareholding Pattern (%):

<b>Promoters</b>	69.46
<b>Institution</b>	20.66
<b>Public &amp; Others</b>	9.88

Source: Capitaline

### Share price: (Rel. to Sensex)



Source: Capitaline

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## Quarterly Highlights:

- Bank of India from the past one year has been concentrating on high yielding advances that has been reflected in its better spread and profitability in the past two quarters vis-a-vis other public sector banks.
- In Q2FY07, we see Net Interest Income to grow by 10% on yearly basis but will marginally at same level on quarterly basis at Rs.761 crore.
- Operating Profit will stand at Rs.462 crore while the Net Profit at Rs.218 crore. We will see margins to inch up both at operating as well as net profit level.
- The bank has successfully brought down its NPA's to 1.43% (2.59% YoY) while Gross NPAs were 3.61% (5.37% YoY) at the end of the quarter Q1FY07. We see the NPA's to further dip towards 1% mark in the quarters to come.
- Capital adequacy ratio stood at 10.36 % at the end of the previous quarter, it has raised as raised Rs.700 crore upper tier II capital at rate of 9.35% p.a. The bank further plans to raise capital to sustain the capital adequacy to a level of 11%.
- Valuation: At the CMP the stock quotes at 1.6x FY07E adj.book value. We have seen the bank doing quite well over past few quarters and expect the bank to do well in future too. We recommend to partially Hold the stock.

## Quarterly Performance:

Rs. crore	Q2FY06	Q3FY06	Q4FY06	FY06	Q1FY07	Q2FY07E
NII	578.6	656.6	837.8	2632.0	764.4	761.0
% Change (YoY)						31.5
<b>OPM (%)</b>	<b>19.9</b>	<b>20.8</b>	<b>31.5</b>	<b>24.2</b>	<b>23.1</b>	<b>25.3</b>
Operating Profit	330.1	374.7	629.8	1701.2	467.6	462.7
Adjusted PAT	132.2	143.1	254.4	701.4	208.7	218.6
EPS (Rs)	2.7	2.9	5.2	14.4	4.3	4.5
<b>NPM (%)</b>	<b>8.0</b>	<b>7.9</b>	<b>12.7</b>	<b>10.0</b>	<b>10.3</b>	<b>12.4</b>

## Bank of Baroda

**CMP: 274**

### Key Data:

<b>BSE Code</b>	532134
<b>NSE Code</b>	BANKBARODA
<b>Sensex</b>	12736
<b>52 week H/L (Rs)</b>	296/175
<b>Sept. month H/L (Rs)</b>	296/237
<b>Market Cap (Rs Cr)</b>	10349
<b>Avg. daily vol. (6M)</b>	294402
<b>Face Value</b>	10.00

Source: Capitaline

### Shareholding Pattern (%):

<b>Promoters</b>	53.81
<b>Non-promoter Corp.</b>	32.87
<b>Public &amp; Others</b>	13.32

Source: Capitaline

### Share price: (Rel. to Sensex)



Source: Capitaline

## Quarterly Highlights:

- Bank of Baroda has been aggressively focuses on its core business i.e. Lending unlike what was previously done by concentrating on its investment portfolio and had incurred huge losses. Its strategy now to expand its customer base which weren't acquired by the bank due to lack of vision.
- In Q2FY07E, we see NII to grow by 24% on y-o-y and by 10% q-o-q. This has rose on back of increase in the advance book enabled by a comfortable capital adequacy ratio at 12.43% as on June 30,2006.
- Net profit will increase to Rs.289 crore by 11% y-o-y from Rs.259 crore and 77% q-o-q from Rs.163 crore.
- We believe the operating expenses to reduce on account of VRS opted by 40% of the Bank's employees and around 4000 more in pipe-line within the next 3-4 years.
- Although the investment portfolio is no more a concern for the bank, the fee based income remains one as its on a declining trend. The bank has recently entered into an MOU with IDFC for funding the projects appraised by it, which will fetch the bank proportionate fee.
- Valuation: At the current price of Rs.274/- the stock quotes at 1.3x FY07E book value which is attractively priced on a very long term, recommending to hold.

## Quarterly Performance:

Rs. crore	Q2FY06	Q3FY06	Q4FY06	FY06	Q1FY07	Q2FY07E
NII	781.8	815.5	869.0	3224.9	882.3	972.1
% Change (YoY)						24.3
<b>OPM (%)</b>	<b>29.2</b>	<b>26.9</b>	<b>30.8</b>	<b>28.6</b>	<b>27.5</b>	<b>34.2</b>
Operating Profit	495.3	477.5	603.5	2031.9	555.9	649.80
Adjusted PAT	259.1	202.2	208.8	827.0	163.3	289.2
EPS (Rs)	8.8	6.9	5.7	26.7	4.5	7.9
<b>NPM (%)</b>	<b>15.3</b>	<b>11.4</b>	<b>10.7</b>	<b>11.6</b>	<b>8.1</b>	<b>12.4</b>

## Syndicate Bank

**CMP: 87**

### Key Data:

<b>BSE Code</b>	532276
<b>NSE Code</b>	SYNDIBANK
<b>Sensex</b>	12736
<b>52 week H/L (Rs)</b>	104/47
<b>Sept. month H/L (Rs)</b>	92/67
<b>Market Cap (Rs Cr)</b>	4541
<b>Avg. daily vol. (6M)</b>	441997
<b>Face Value</b>	10.00

Source: Capitaline

### Shareholding Pattern (%):

<b>Promoters</b>	66.47
<b>Institution</b>	17.56
<b>Public &amp; Others</b>	15.97

Source: Capitaline

### Share price: (Rel. to Sensex)



Source: Capitaline

## Quarterly Highlights:

- Syndicate Bank is amongst the fastest growing PSB Banks. It has shown a healthy growth in its Business both advances and deposits. The Bank had well timed its debt raising programme at a very comfortable rate of interest.
- The Bank is well de-risked its investment portfolio shifting nearly 70% of its securities in HTM category. Thus has reduce the volatility of its earning. Thus utilizing the excess amount for maximazing the returns from advances.
- We see that net interest income will increase to Rs.557 crore by 16% y-o-y from Rs.479 crore and will also increase by 10% q-o-q from Rs.505 crore.
- Net profit shall increase to Rs.200 crore by 14% on yearly basis and by 10% on quarterly basis.
- We believe both the Gross and Net NPA's to further reduce in the coming years to 2% and 0.6% respectively.
- Valuation: At the current price of Rs.87/- the stock quotes at 1.5x FY07E adjusted book value which is fairly priced. We believe the stock is worth holding with a long-term outlook.

## Quarterly Performance:

Rs. crore	Q2FY06	Q3FY06	Q4FY06	FY06	Q1FY07	Q2FY07E
NII	479.9	534.9	393.7	1880.87	505.9	557.1
% Change (YoY)						16.1
<b>OPM (%)</b>	<b>21.9</b>	<b>27.8</b>	<b>22.6</b>	<b>25.6</b>	<b>24.5</b>	<b>26.1</b>
Operating Profit	216.5	290.8	239.5	1027.1	301.9	344.1
Adjusted PAT	175.2	187.9	10.3	536.5	180.6	200.0
EPS (Rs)	3.4	3.6	0.2	10.6	3.5	3.8
<b>NPM (%)</b>	<b>17.7</b>	<b>17.9</b>	<b>1.0</b>	<b>13.2</b>	<b>14.7</b>	<b>18.0</b>

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