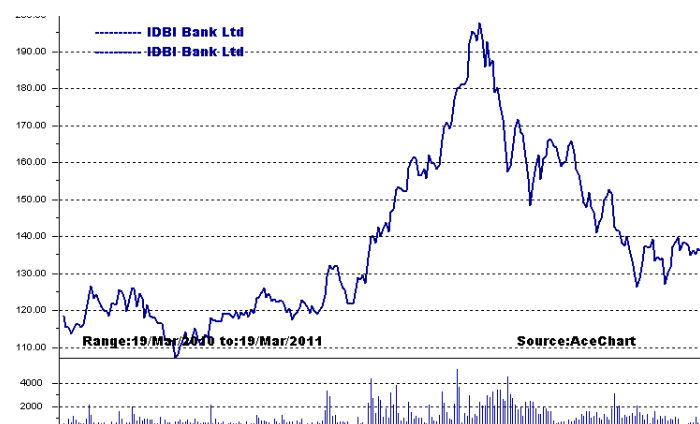




Report Date	21st Mar 2011
Company Name	IDBI Bank Ltd
Recommendation	Buy at CMP Rs 133.1(Medium risk-Medium return)
Target price	Rs 155
Stop loss	RS 119



Company profile

IDBI bank Ltd (IDBI) is a public sector bank providing personalized banking and financial solutions to its clients in the retail and corporate banking arena. IDBI has four wholly owned subsidiaries namely IDBI Capital Market Services, IDBI Home Finance, IDBI Gilts and IDBI Intech. As on 31st Dec'10 IDBI has a network of 771 branches and 1319 ATMs across the country.

Recent Developments

- IDBI Bank reported strong PAT growth of 58% yoy to Rs454cr in Q3FY11 on the back of strong NII growth of 67.5% yoy to 1204cr. Net interest margin of the bank saw an improvement of about 70bps to 2.28% in Q3FY11 as against 1.59% in Q3FY10. The total business of the bank in Q3FY11 recorded a growth of 12% yoy while its advance and deposit registered a growth of 21% and 5.2% respectively.
- CASA deposits of the bank grew by 20.8% y-o-y while its share to the total deposit saw an improvement of 194bps yoy at 15% in Q3FY11. Management is expecting 18% CASA by FY11.
- IDBI has a provision coverage ratio of 75.6% as against stipulated 70%. During Q3FY11 GNPA% and NNPA% increased to 2.22% and 1.20% as against 1.88% and 1.19% in Q2FY11 respectively
- IDBI has decided to merge two of its

Key Details(Rs)	
Latest Equity	984.6
Face Value	10.00
Latest Price	133.10
NSE 52 Wk High Price	202.30
NSE 52 Wk Low Price	105.80
Latest Market Cap	13104.6
TTM EPS	14.80
TTM PE	9.0
Price to BV	1.0
Industry PE	9.2
Promoter (%)	65.14
FII (%)	5.34
Others(%)	29.52

wholly owned subsidiaries, IDBI Home Finance and IDBI Gilts (Approval from govt is expected by 3^{1st} Mar).

- Capital infusion of Rs3119cr, which increased govt holding to 65% from 53%, provides capital base to expand.
- To give thrust to its SME financing IDBI has signed a MOU with SIDBI for joint financing of Micro, Small & Medium Enterprises (MSMEs) and in another move it has signed MOU with World Resource Institute to provide finance to energy saving projects.

Perticular	Dec-10	Dec-09	%chg	Sep-10	%chg
Rs in Cr			YoY		QoQ
Int.Earned	4712	4006	17.6%	4577	3.0%
Interest Exp	3508	3289	6.7%	3409	2.9%
Total Exp	517	504	2.5%	635	-18.6%
PBT&Prov	1135	640	77.2%	1026	10.6%
Prov.& Cont	652	247	164.4%	442	47.7%
Tax	29	107	-73.2%	155	-81.6%
PAT	454	287	58.1%	429	5.8%
Equity Cap	985	725	35.8%	984	0.0%
EPS(Ann)	18	16	16.4%	17	5.8%
NII	1204	717	67.9%	1168	3.1%
NIM %	2.28	1.6	44.3%	2.27	0.4%
CASA%	15.05	NA	0.0%	15.26	-1.4%
NNPA%	1.20	1.40	-14.3%	1.19	0.8%
GNPA%	2.22	2	7.2%	1.88	18.1%
CAR%	14.1	11.5	22.2%	14.2	-0.5%
Prov Cov.%	46.7	NA	0.0%	NA	0.0%

Concerns

- Quality of assets is a major concern area for the bank. Hardening of interest rates can cause further slippage.
- CASA level is lower than the industry average

Technical View & Recommendation

After showing a smart recovery from lower levels, the stock is consolidating at current levels. It is facing a resistance at 140, a breakout above this along with significant volumes will take it to the target price of 155. A buy is recommended with stop loss of 119.

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Further, Please note that Bonanza, its directors employees and associates may have trading or investment positions in the securities mentioned herein.

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