

# Dena Bank

BSE SENSEX 17,707	S&P CNX 5,368	CMP: INR81	TP: INR144	Buy								
Bloomberg	DBNK IN	<b>Year</b>	<b>Net Income</b>	<b>PAT</b>	<b>EPS</b>	<b>EPS</b>	<b>P/E</b>	<b>BV</b>	<b>P/BV</b>	<b>P/ABV</b>	<b>RoAA</b>	<b>RoAE</b>
Equity Shares (m)	333.4	<b>End</b>	<b>(INR m)</b>	<b>(INR m)</b>	<b>(INR)</b>	<b>Gr. (%)</b>	<b>(X)</b>	<b>(INR)</b>	<b>(X)</b>	<b>(X)</b>	<b>(%)</b>	<b>(%)</b>
52-Week Range (INR)	114/48	3/10A	16,887	5,112	17.8	20.1	-	83	-	-	1.0	23.5
1,6,12 Rel.Perf.(%)	37/-7/-15	3/11A	22,972	6,116	18.3	19.6	4.4	104	0.8	0.9	1.0	20.9
M.Cap. (INR b)	26.8	3/12E	26,438	7,271	21.8	18.9	3.7	122	0.7	0.7	0.9	19.3
M.Cap. (USD b)	0.5	3/13E	30,336	8,672	26.0	19.3	3.1	144	0.6	0.6	1.0	19.5

Dena Bank (DBNK) reported a PAT of ~INR1.9b for 3QFY12, up 20% YoY. Reported NIM improved 11bp QoQ to 3.3%, led by ~300bp improvement in CD ratio and higher yield on loans (+22bp QoQ). Further, core fee income was strong at 13% QoQ and 27% YoY, driving PAT. **Key highlights:**

- **Strong loan growth:** Loans grew 11% QoQ and ~16% YoY to INR480b whereas deposits grew 6.4% QoQ and 13% YoY to INR683b. CD ratio improved 300bp QoQ to 70%. Management has guided loan growth of 20%+ for FY12.
- **Slippages remain under check:** Slippages during the quarter stood at ~INR1.7b (annualized slippage ratio of 1.7% - stable QoQ). Slippages were broad-based and the bank expects asset quality to remain healthy.
- **Restructured loans at 3.8% of overall loans:** DBNK restructured loans of INR3.1b, of which INR1.3b can be attributed to the restructuring of the Uttar Haryana SEB account. The management expects restructuring to increase in 4QFY12, led by two large accounts - GTL (exposure of INR4b) and Rajasthan SEB. The bank has not booked any NPV losses on the loans restructured during 9MFY12.
- **Likely to raise capital:** DBNK expects to raise capital by selling ~5% stake to LIC and expects the government to infuse more capital. Cumulatively, it expects to raise INR5b from both sources. We have not yet factored this into our estimates. CAR stood at 12.9% (including 9MFY12 profits), of which tier-I capital stood at ~9.8%.

**Valuation and view:** We expect DBNK to report an EPS of INR21.8 in FY12 and INR26 in FY13. BV would be INR122 in FY12 and INR144 in FY13. The stock trades at 3.7x FY12E and 3.1x FY13E EPS, and 0.7x FY12E and 0.6x FY13E BV. RoA and RoE are likely to be ~1% and 19%+, respectively over FY12/13. Maintain **Buy**.

Dena Bank: Quarterly Performance	(INR Million)								FY11	FY12E
	FY11				FY12					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	11,147	12,215	12,899	14,075	15,282	16,338	16,762	18,194	50,335	66,577
Interest Expense	7,542	7,562	8,235	9,363	10,816	11,189	11,350	12,377	32,702	45,733
Net Interest Income	3,605	4,653	4,664	4,712	4,466	5,149	5,412	5,817	17,634	20,844
% Change (YoY)	43.9	93.5	64.8	44.5	43.9	10.7	16.0	23.5	60.3	18.2
Other Income	1,071	1,189	1,271	1,808	1,244	1,134	1,340	1,877	5,338	5,594
Net Income	4,676	5,842	5,935	6,520	5,709	6,283	6,752	7,694	22,972	26,438
Operating Expenses	2,290	2,585	2,771	3,088	2,632	2,763	2,820	2,983	10,734	11,197
Operating Profit	2,386	3,256	3,164	3,431	3,077	3,520	3,932	4,711	12,238	15,241
% Change (YoY)	18.5	101.6	60.1	22.5	43.9	8.1	24.3	37.3	45.6	24.5
Other Provisions	428	729	857	1,238	655	813	1,243	2,142	3,257	4,853
Profit Before tax	1,958	2,528	2,307	2,193	2,423	2,707	2,688	2,569	8,981	10,388
Tax Provisions	570	922	755	623	742	771	822	782	2,864	3,116
Net Profit	1,388	1,606	1,552	1,570	1,681	1,936	1,867	1,787	6,116	7,271
% Change (YoY)	20.7	28.9	15.4	14.5	43.9	20.5	20.3	13.8	19.6	18.9
Deposit Growth (%)	24.7	18.2	26.4	25.1	14.6	20.1	13.0	17.0	25.1	17.0
Loan Growth (%)	33.9	21.1	34.0	26.4	13.2	17.9	15.7	17.0	26.4	17.0
CD Ratio (%)	71.1	68.3	68.5	70.3	70.2	67.1	70.1	70.3	70.3	70.3
Net Interest Margin (Reported, %)	2.8	3.5	3.3	3.1	2.9	3.2	3.3		3.2	
Net Interest Margin (Cal, %)	2.7	3.4	3.3	3.0	2.8	3.2	3.2	3.2	3.0	3.0
Tax Rate (%)	29.1	36.5	32.7	28.4	30.6	28.5	30.6	30.4	31.9	30.0
Gross NPA (%)	2.1	2.3	1.9	1.9	1.9	1.9	1.9	1.8	1.9	1.8

E: MOSL Estimates

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### **Strong Loan growth led by SME segment**

Loans grew 11% QoQ and ~16% YoY to INR480b whereas deposits grew 6.4% QoQ and 13% YoY to INR683b. Resultantly CD ratio improved 300bp QoQ to 70%. Incremental loan growth was driven by 16% QoQ growth in SME segment (forming 21% of incremental loan during the quarter). Retail loans were flattish QoQ and up 13% YoY to INR66b. While YTD loan growth stood at ~6%. Management has guided for loan growth of 20%+, implying sequential loan growth of 12%+ for 4QFY12. Management mentioned key drivers for loan growth is expected to be SME and retail segment.

### **CASA ratio declines 70bp QoQ**

CASA deposits grew 4% QoQ and 11% YoY to INR238b. Sequential growth in CASA deposits was led by strong growth in CA deposits (+14% QoQ and 11% YoY) to INR55b. SA deposits grew 2% QoQ and ~12% YoY. Consequently CASA ratio declined 70bp QoQ to 34.9%.

### **NIM improve 11bp QoQ to 3.3%**

NII grew 5%QoQ and 16% QoQ to INR5.4b. NIMs improved 11bp QoQ to 3.3% led by ~300bp improvement in CD ratio and higher yield on loans. While cost of deposits increased 12bp QoQ to 7.1%, yield on loans were up 22bp QoQ 12.2%, which aided margin expansion. Management guided for margins of 3%+ for FY12 as compared to 3.16% for 9MFY12 and 3.2% in FY11.

### **Strong fee income growth drives non-interest income**

Non-interest income grew 5% QoQ and 18% YoY to INR1.3b. Core fee income grew 13% QoQ and 27% YoY to INR1.1b - a positive surprise. Trading profit was INR100m as against INR40m a quarter ago and INR140m a year ago. Recoveries from written-off accounts stood at INR153m as against INR128m in 2QFY12 and INR275m in 3QFY11. Management mentioned that it expected some recoveries in 3QFY12 which did not materialize and is now likely to come in 4QFY12, thereby income from recoveries from written off accounts is expected to be strong in 4QFY12.

### **Slippages remain under check**

Slippages during the quarter stood at INR1.7b (annualized slippage ratio of 1.7%) v/s INR1.6b in 2QFY12. Management mentioned that slippages were broad based and it does not see any stress in any particular segment. While it expects asset quality to be healthy, exposure to SME segment needs to be watched. Recoveries and upgradations during the quarter amounted to INR719m as compared to INR593m a quarter ago and INR722m a year ago. Write offs during the quarter stood at INR469m v/s INR636m in 2QFY12 and INR560 in 3QFY11. In absolute terms GNPA and NNPA both increased 7% QoQ to INR8.9b and INR5.2b respectively. While provision coverage ratio (calculated) stood at 41% (stable QoQ), PCR including technical write-off was healthy at ~77%.

### **Restructured loans worth INR3.1b during the quarter**

DBNK restructured loans worth INR3.1b during the quarter of which INR1.3b was on account of restructuring of loans to Uttar Haryana SEB. Overall restructured loan book stood at INR18.4b (3.8% of overall loans) of which cumulatively ~5% has slipped into NPA. Management expects restructuring to increase in 4QFY12 and stated that it has

so far received application from two large accounts viz. - GTL (exposure of INR4b) and Rajasthan SEB (overall exposure of INR11b - of which some short term loans likely to get restructured in 4QFY12). Currently bank has not booked any NPV losses on loans restructured during 9MFY12 and is likely to provide for the same in 4QFY12 (expected NPV loss of INR500m).

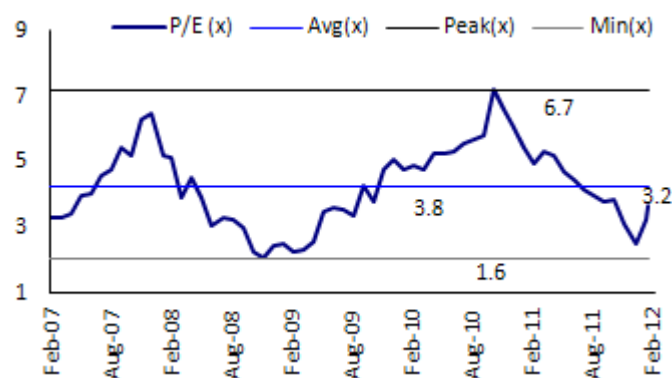
**Other highlights**

- Bank expects to raise capital by selling ~5% stake to LIC and further expects government to infuse capital. Cumulatively it expects to raise INR5b from both the sources. Currently we have not factored it in our estimates. CAR of the bank stood at 12.9% (including 9M FY12 profits) of which Tier I stood at ~9.8%.
- Banks exposure to power segment stood at INR44b (~9.2% of overall loans ) - of which INR22b is towards generation segment, INR21b is on distribution segment with rest to transmission segment.
- Bank has exposure of INR2b towards Air India.

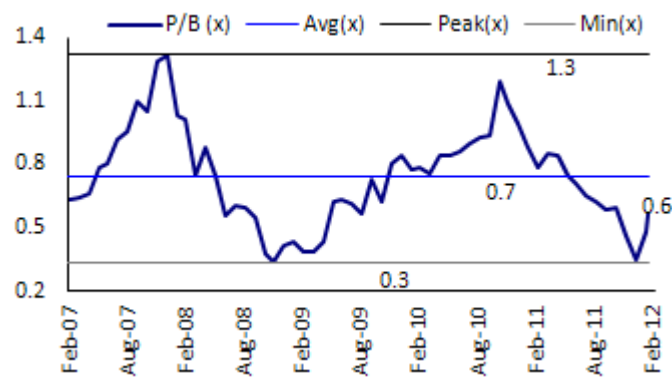
**Valuation and view**

- Management has guided for margins of 3%+ for FY12 vs 3.16% for 9MFY12. We model in a margin decline of 7bp for FY12 as against 3.2% in FY11 and expect it to decline further by ~8bp in FY13. While asset quality has surprised positively, high concentration in power segment (9.2% of overall loans) remains a concern. We model in slippage ratio of ~1.6% and 1.8% for FY12 and FY13 and expect credit cost to be 50bp and 65bp for FY12/13 respectively.
- We expect DBNK to report an EPS of INR21.8 in FY12 and INR26 in FY13. BV would be INR122 in FY12 and INR144 in FY13. The stock trades at 3.7x FY12E and 3.1x FY13E EPS, and 0.7x FY12E and 0.6x FY13E BV. RoA and RoE are likely to be ~1% and 19%+ over FY12/13. In our view, valuations are attractive. Maintain **Buy** with a target price of INR144 (1x FY13E BV).

Dena Bank: One year forward P/E

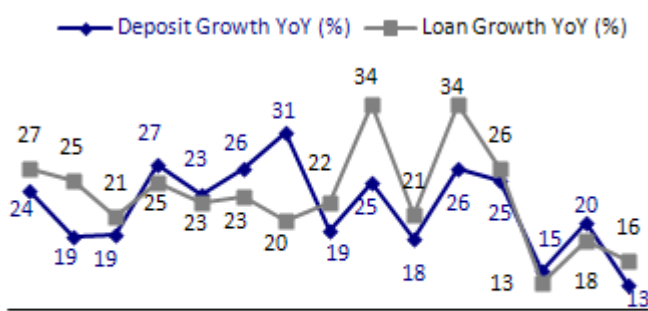


Dena Bank: One year forward P/BV



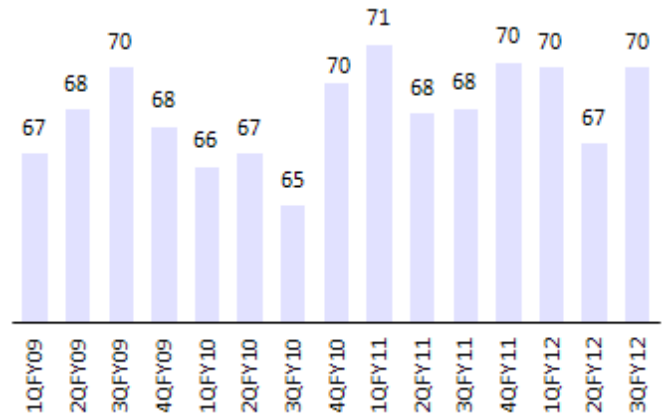
Quaterly trends

Strong loan growth QoQ



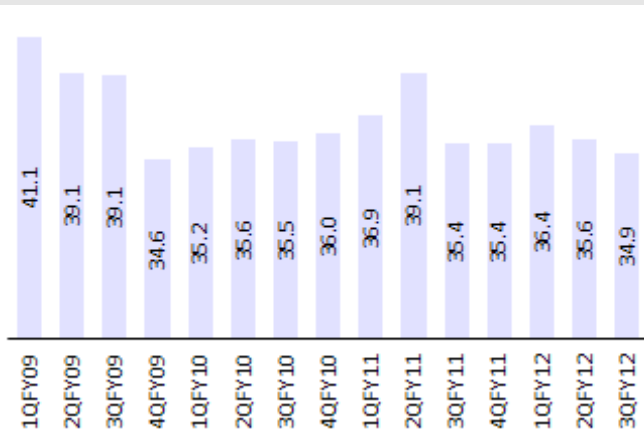
■ Management has guided for loan growth of 20%+, implying sequential loan growth of 12%+ for 4QFY12

CD ratio improves 300bp QoQ (%)



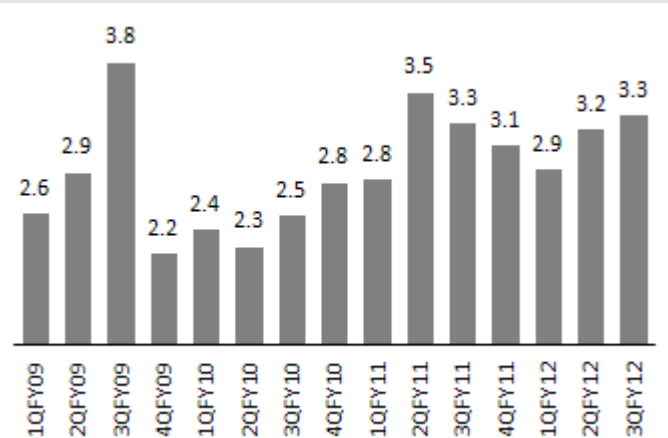
■ Bank utilized excess liquidity built in balance sheet

CASA ratio declines 70bp QoQ (%)



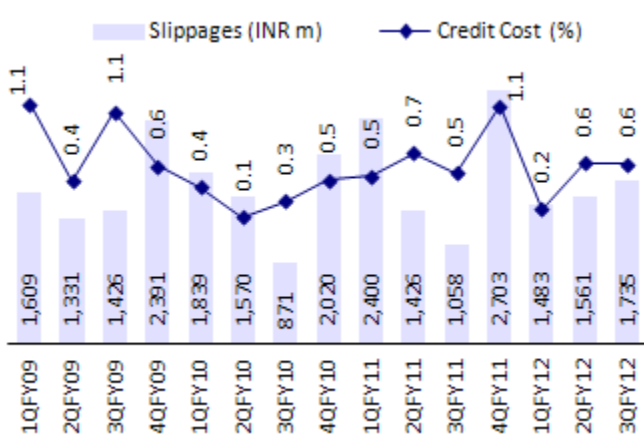
■ CASA deposits grew 4% QoQ and 11% YoY to INR238b

Reported margin improve 11bp QoQ (%)



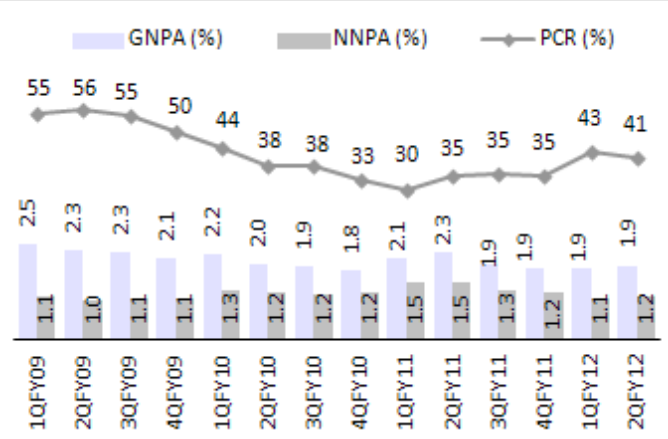
■ Improvement in CD ratio (+300bp QoQ) and re-pricing of loans (+22bp QoQ) led to improvement in margins

Slippages under control (%)



■ Annualized slippage ratio of 1.7% - stable QoQ

Asset Quality remains healthy



■ GNPA's and NNPA's up 7% QoQ

## Quarterly Snapshot

	FY11				FY12			Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY	9M FY11	9M FY12	YoY Gr (%)
<b>Profit and Loss (INR m)</b>												
Net Interest Income	3,605	4,653	4,664	4,712	4,466	5,150	5,412	5	16	12,922	15,027	16
Other Income	1,071	1,189	1,271	1,808	1,244	1,134	1,340	18	5	3,531	3,717	5
Trading profits	99	-1	140	3	14	40	100	N.A.	-29	238	154	-35
Recoveries	179	272	275	621	102	128	153	20	-44	725	384	-47
Others (Non core)	793	919	856	1,184	1,128	966	1,087	13	27	2,568	3,180	24
<b>Total Income</b>	<b>4,676</b>	<b>5,842</b>	<b>5,935</b>	<b>6,520</b>	<b>5,709</b>	<b>6,284</b>	<b>6,752</b>	<b>7</b>	<b>14</b>	<b>16,453</b>	<b>18,744</b>	<b>14</b>
<b>Operating Expenses</b>	<b>2,290</b>	<b>2,585</b>	<b>2,771</b>	<b>3,088</b>	<b>2,632</b>	<b>2,763</b>	<b>2,820</b>	<b>2</b>	<b>2</b>	<b>7,646</b>	<b>8,214</b>	<b>7</b>
Employee	1,446	1,625	1,808	2,003	1,681	1,626	1,708	5	-6	4,879	5,016	3
Others	844	960	963	1,085	951	1,136	1,112	-2	15	2,767	3,198	16
<b>Operating Profits</b>	<b>2,386</b>	<b>3,256</b>	<b>3,164</b>	<b>3,431</b>	<b>3,077</b>	<b>3,521</b>	<b>3,932</b>	<b>12</b>	<b>24</b>	<b>8,807</b>	<b>10,530</b>	<b>20</b>
Provisions	428	729	857	1,238	655	813	1,243	53	45	2,014	2,712	35
<b>PBT</b>	<b>1,958</b>	<b>2,528</b>	<b>2,307</b>	<b>2,193</b>	<b>2,423</b>	<b>2,708</b>	<b>2,688</b>	<b>-1</b>	<b>17</b>	<b>6,793</b>	<b>7,819</b>	<b>15</b>
Taxes	570	922	755	623	742	771	822	7	9	2,247	2,334	4
<b>PAT</b>	<b>1,388</b>	<b>1,606</b>	<b>1,552</b>	<b>1,570</b>	<b>1,681</b>	<b>1,937</b>	<b>1,867</b>	<b>-4</b>	<b>20</b>	<b>4,546</b>	<b>5,484</b>	<b>21</b>
<b>Asset Quality</b>												
GNPA	8,011	8,257	8,033	8,422	7,972	8,305	8,853	7	10	8,033	8,853	10
NNPA	5,612	5,378	5,191	5,490	4,582	4,910	5,240	7	1	5,191	5,240	1
GNPA (%)	2.1	2.3	1.9	1.9	1.9	1.9	1.9	-8	-9	2	2	-9
NNPA (%)	1.5	1.5	1.3	1.2	1.1	1.2	1.1	-5	-16	1	1	-16
PCR (Calculated, %)	30	35	35	35	43	41	41	-6	544	35	41	544
PCR (Reported, %)	76	75	76	75	78	77	77	-58	47	76	77	47
Slippages	2,400	1,426	1,058	2,703	1,483	1,561	1,735	11	64			
Slippage Ratio	3.4	1.9	1.4	3.0	1.6	1.7	1.7	-3	31			
Prov. for NPA in qtr	449	651	503	1,210	222	650	685	5	36			
Credit Cost	0.5	0.7	0.5	1.1	0.2	0.6	0.6	0	9			
<b>Ratios (%)</b>												
Fees to Total Income	17.0	15.7	14.4	18.2	19.7	15.4	16.1			15.6	17.0	
Cost to Core Income	52.1	46.4	50.2	52.4	47.1	45.2	43.4			49.4	45.1	
Tax Rate	29.1	36.5	32.7	28.4	30.6	28.5	30.6			33.1	29.9	
CASA Reported	36.9	39.1	35.4	35.4	35.2	35.6	34.9					
Loan/Deposit	71.1	68.3	68.5	70.3	70.2	67.1	70.1					
CAR	11.9	12.3	11.1	13.4	13.1	12.6	11.6					
<b>Margins - Reported (%)</b>												
Yield on loans	9.7	10.3	10.3	10.5	11.3	12.0	12.2	22	186	10	12	172
Cost of Deposits	5.7	5.5	5.8	6.0	6.7	7.0	7.1	12	134	6	7	127
NIM	2.8	3.5	3.3	3.1	2.9	3.2	3.3	11	6	3	3	-5
<b>Margins Cumulative- Reported (%)</b>												
Yield on loans	9.7	10.0	10.1	10.2	11.3	11.6	11.8	18	171			
Cost of Deposits	5.7	5.6	5.7	5.8	6.7	6.8	6.9	8	127			
NIM	2.8	3.2	3.2	3.2	2.9	3.1	3.2	10	-4			
<b>Balance sheet (INR b)</b>												
Deposits	533	535	605	642	611	642	683	6	13			
of which CASA Deposits	196	209	214	227	222	229	238	4	11			
Gross Advances	379	365	414	452	429	431	479	11	16			
Investments	162	172	179	189	198	217	206	-5	15			
HTM	144	149	152	157	169	168	172	2	14			
AFS	18	23	28	32	29	49	34	-31	21			
AFS Duration (Modified)	4.8	3.9	3.8	2.4	4.0	3.2	3.7					
<b>Franchise</b>												
Branches	1,237	1,257	1,284	1,291	1,297	1,298	1,307	9	23			
ATMs	421	441	473	496	507	520	535	15	62			

For %age change QoQ and YoY is bp

Source: Company/MOSL

## Stock Info

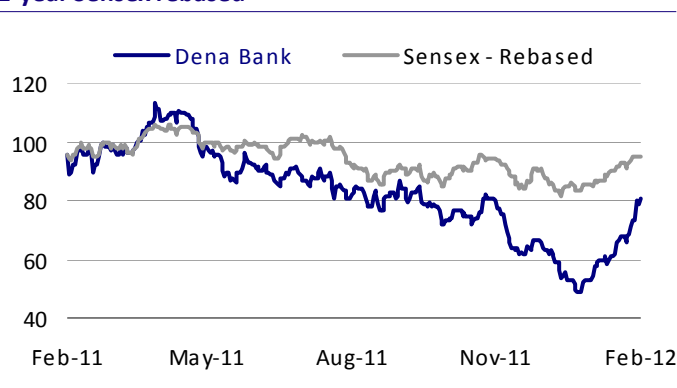
### EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	21.8	21.4	2.2
FY13	26.0	25.5	2.0

### Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	58.0	58.0	51.2
Domestic Inst	7.6	8.0	9.8
Foreign	12.3	13.5	17.4
Others	22.1	20.5	21.7

### 1-year Sensex rebased



### Financials: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USDb)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
				FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICIB* <sup>*</sup>	Buy	920	21.2	55	62	12.7	10.9	1.8	1.6	1.5	1.4	13.8	14.3
HDFCB	Neutral	508	23.6	22	28	22.9	18.2	4.1	3.5	1.7	1.7	18.9	20.5
AXSB	Buy	1,127	9.3	97	112	11.6	10.1	2.1	1.8	1.5	1.5	19.9	19.5
KMB	Neutral	532	3.9	24	28	21.2	18.0	3.0	2.6	1.8	1.6	14.9	14.6
YES	Buy	334	2.3	28	33	11.8	10.2	2.5	2.1	1.5	1.3	23.3	22.3
IIB	Buy	306	2.9	17	21	17.9	14.6	3.2	2.7	1.6	1.5	19.3	20.1
VYSB	Buy	343	0.8	30	34	11.5	10.2	1.3	1.2	1.0	1.0	14.0	12.3
FB	Buy	413	1.4	43	50	9.5	8.2	1.3	1.1	1.3	1.3	13.8	14.5
J&KBK	Buy	823	0.8	162	180	5.1	4.6	1.0	0.8	1.4	1.4	20.8	19.7
SIB	Buy	26	0.6	3	4	7.5	6.6	1.5	1.2	1.1	1.0	21.1	20.3
<b>Private Aggregate</b>			<b>67</b>			<b>16.4</b>	<b>14.0</b>	<b>2.4</b>	<b>2.1</b>				
SBIN (cons)* <sup>*</sup>	Buy	2,175	27.6	211	240	9.9	8.7	1.4	1.2	0.8	0.8	15.6	16.1
PNB	Buy	982	6.2	155	181	6.3	5.4	1.3	1.1	1.3	1.2	24.3	21.7
BOI	Neutral	368	4.0	45	59	8.2	6.3	1.1	1.0	0.7	0.8	14.6	16.7
BOB	Neutral	800	6.3	122	133	6.5	6.0	1.3	1.1	1.2	1.1	21.9	20.2
CBK	Buy	524	4.6	73	89	7.2	5.9	1.1	1.0	0.9	0.9	16.7	17.7
UNBK	Buy	238	2.5	27	45	8.8	5.2	1.0	0.9	0.6	0.8	12.2	18.2
IOB	Neutral	98	1.2	11	19	8.6	5.2	0.7	0.6	0.4	0.5	8.4	13.1
OBC	Buy	300	1.7	42	50	7.2	6.0	0.8	0.7	0.7	0.7	11.4	12.4
INBK	Buy	241	2.1	44	48	5.4	5.0	1.1	1.0	1.4	1.3	21.6	20.0
CRPDK	Neutral	488	1.4	106	120	4.6	4.1	0.9	0.7	1.0	1.0	20.2	19.8
ANDB	Buy	115	1.3	23	26	4.9	4.5	0.9	0.8	1.1	1.0	18.7	18.0
IDBI *	Neutral	106	2.1	17	21	4.8	3.9	0.6	0.5	0.6	0.7	12.6	14.0
DBNK	Buy	81	0.5	22	26	3.7	3.1	0.7	0.6	0.9	1.0	19.3	19.5
<b>Public Aggregate</b>			<b>62</b>			<b>8.4</b>	<b>7.0</b>	<b>1.2</b>	<b>1.1</b>				
HDFC*	Neutral	694	20.4	27	31	18.4	15.4	5.0	4.6	2.8	2.9	26.6	28.8
LICHT	Buy	266	2.5	19	28	13.7	9.7	2.6	2.2	1.6	1.8	20.3	24.3
DEWH	Buy	264	0.6	30	39	8.9	6.8	1.4	1.2	1.3	1.4	18.7	19.5
IDFC	Buy	139	4.0	10	11	13.4	12.8	1.6	1.4	3.1	2.7	13.7	12.6
RECL	Buy	217	4.3	29	34	7.6	6.4	1.5	1.3	3.1	3.1	20.7	21.8
POWF	Buy	188	4.3	23	28	8.3	6.7	1.2	1.1	2.6	2.6	16.6	16.6
SHTF	Buy	586	2.6	58	63	10.2	9.3	2.2	1.8	3.0	2.9	23.9	21.6
MMFS	Neutral	692	1.4	55	70	12.6	9.9	2.4	2.1	3.8	3.8	20.8	22.4
<b>NBFC Aggregate</b>			<b>40</b>			<b>13.7</b>	<b>11.5</b>	<b>3.3</b>	<b>2.7</b>				

\* Multiples adj. for value of key ventures/Investments; For ICICI Bank, HDFC Ltd BV is adjusted for investments in subsidiaries

## Financials and Valuation

Income Statement						(INR Million)
Y/E March	2008	2009	2010	2011	2012E	2013E
Interest Income	26,759	34,505	40,104	50,335	66,577	75,797
Interest Expense	18,171	23,831	29,103	32,702	45,733	51,810
<b>Net Interest Income</b>	<b>8,588</b>	<b>10,674</b>	<b>11,000</b>	<b>17,634</b>	<b>20,844</b>	<b>23,986</b>
Change (%)	0.4	24.3	3.1	60.3	18.2	15.1
Non Interest Income	4,781	4,301	5,886	5,338	5,594	6,350
<b>Net Income</b>	<b>13,369</b>	<b>14,976</b>	<b>16,887</b>	<b>22,972</b>	<b>26,438</b>	<b>30,336</b>
Change (%)	7.2	12.0	12.8	36.0	15.1	14.7
Operating Expenses	6,504	7,682	8,481	10,734	11,197	12,401
<b>Pre Provision Profits</b>	<b>6,864</b>	<b>7,294</b>	<b>8,406</b>	<b>12,238</b>	<b>15,241</b>	<b>17,935</b>
Change (%)	8.0	6.3	15.2	45.6	24.5	17.7
Provisions (excl tax)	3,688	1,849	1,538	3,257	4,853	5,182
<b>PBT</b>	<b>3,176</b>	<b>5,444</b>	<b>6,868</b>	<b>8,981</b>	<b>10,388</b>	<b>12,753</b>
Tax	-422	1,188	1,755	2,864	3,116	4,081
Tax Rate (%)	-13.3	21.8	25.6	31.9	30.0	32.0
<b>PAT</b>	<b>3,598</b>	<b>4,257</b>	<b>5,112</b>	<b>6,116</b>	<b>7,271</b>	<b>8,672</b>
Change (%)	78.5	18.3	20.1	19.6	18.9	19.3
<b>Equity Dividend (Incl tax)</b>	<b>336</b>	<b>396</b>	<b>671</b>	<b>855</b>	<b>1,091</b>	<b>1,301</b>
<b>Core PPP*</b>	<b>5,964</b>	<b>6,750</b>	<b>6,871</b>	<b>11,998</b>	<b>14,941</b>	<b>17,585</b>
Change (%)	0.1	13.2	1.8	74.6	24.5	17.7

\*Core PPP is (NII+Fee income-Opex)

Balance Sheet						(INR Million)
Y/E March	2008	2009	2010	2011	2012E	2013E
Equity Share Capital	2,868	2,868	2,868	3,334	3,334	3,334
Reserves & Surplus	15,138	18,873	23,149	33,225	39,287	46,539
<b>Net Worth</b>	<b>18,007</b>	<b>21,741</b>	<b>26,017</b>	<b>36,559</b>	<b>42,621</b>	<b>49,873</b>
<b>Deposits</b>	<b>339,432</b>	<b>430,506</b>	<b>513,443</b>	<b>642,096</b>	<b>751,253</b>	<b>886,478</b>
Change (%)	22.6	26.8	19.3	25.1	17.0	18.0
<b>of which CASA Dep</b>	<b>133,207</b>	<b>149,712</b>	<b>184,610</b>	<b>228,104</b>	<b>256,834</b>	<b>292,479</b>
Change (%)	8.1	12.4	23.3	23.6	12.6	13.9
Borrowings	14,606	14,431	15,619	16,917	18,410	20,285
Other Liabilities & Prov.	14,373	17,963	20,787	12,812	13,453	15,471
<b>Total Liabilities</b>	<b>386,417</b>	<b>484,641</b>	<b>575,866</b>	<b>708,384</b>	<b>825,736</b>	<b>972,107</b>
Current Assets	40,377	58,608	51,145	54,088	61,404	71,828
<b>Investments</b>	<b>102,830</b>	<b>124,730</b>	<b>156,942</b>	<b>187,689</b>	<b>221,473</b>	<b>261,338</b>
Change (%)	11.3	21.3	25.8	19.6	18.0	18.0
<b>Loans</b>	<b>230,240</b>	<b>288,780</b>	<b>354,624</b>	<b>448,280</b>	<b>524,488</b>	<b>618,896</b>
Change (%)	25.8	25.4	22.8	26.4	17.0	18.0
Fixed Assets	4,120	4,052	4,073	4,037	4,082	4,326
Other Assets	8,851	8,472	9,081	14,289	14,289	15,718
<b>Total Assets</b>	<b>386,417</b>	<b>484,641</b>	<b>575,866</b>	<b>708,384</b>	<b>825,736</b>	<b>972,107</b>

Asset Quality						(%)
GNPA (INR m)	5,728	6,210	6,422	8,423	9,460	11,958
NNPA (INR m)	2,154	3,133	4,275	5,490	5,826	6,559
GNPA Ratio	2.45	2.13	1.80	1.87	1.79	1.92
NNPA Ratio	0.94	1.09	1.21	1.22	1.11	1.06
PCR (Excl Tech. write off)	60.7	48.3	32.0	34.5	38.4	45.2
PCR (Incl Tech. Write off)			78.6	74.6	74.6	74.2

E: MOSL Estimates

## Financials and Valuation

<b>Ratios</b>						
<b>Y/E March</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013E</b>
<b>Spreads Analysis (%)</b>						
Avg. Yield-Earning Assets	8.6	9.1	8.5	8.7	9.5	9.1
Avg. Yield on loans	9.5	9.9	9.4	9.5	10.5	10.2
Avg. Yield on Investments	7.1	7.3	6.8	6.9	7.3	7.1
Avg. Cost-Int. Bear. Liab.	5.6	6.0	6.0	5.5	6.4	6.2
Avg. Cost of Deposits	5.6	5.9	5.9	5.4	6.3	6.1
Interest Spread	3.0	3.1	2.5	3.2	3.1	2.9
Net Interest Margin	2.8	2.8	2.3	3.0	3.0	2.9
<b>Profitability Ratios (%)</b>						
RoE	25.6	24.2	23.5	20.9	19.3	19.5
RoA	1.0	1.0	1.0	1.0	0.9	1.0
Int. Expense/Int.Income	67.9	69.1	72.6	65.0	68.7	68.4
Fee Income/Net Income	29.0	25.1	25.8	22.2	20.0	19.8
Non Int. Inc./Net Income	35.8	28.7	34.9	23.2	21.2	20.9
<b>Efficiency Ratios (%)</b>						
Cost/Income*	52.2	53.2	55.2	47.2	42.8	41.4
Empl. Cost/Op. Exps.	57.0	60.9	60.3	64.1	60.2	58.7
Busi. per Empl. (Rs m)	51.7	65.2	75.4	98.4	113.2	127.0
NP per Empl. (Rs lac)	3.6	4.3	4.9	6.1	7.0	7.9
* ex treasury						
<b>Asset-Liability Profile (%)</b>						
Loans/Deposit Ratio	67.8	67.1	69.1	69.8	69.8	69.8
CASA Ratio	39.2	34.8	36.0	35.5	34.2	33.0
Investment/Deposit Ratio	30.3	29.0	30.6	29.2	29.5	29.5
G-Sec/Investment Ratio	83.5	80.7	85.1	81.5	88.2	88.2
<b>Valuation</b>						
Book Value (INR)	54.6	67.9	83.4	103.8	122.3	144.4
Change (%)	26.3	24.4	22.8	24.4	17.9	18.1
Price-BV (x)	1.5	1.2	1.0	0.8	0.7	0.6
Adjusted BV (INR)	49.7	60.8	73.7	93.1	110.9	131.6
Price-ABV (x)	1.6	1.3	1.1	0.9	0.7	0.6
EPS (INR)	12.5	14.8	17.8	18.3	21.8	26.0
Change (%)	78.5	18.3	20.1	19.6	18.9	19.3
Price-Earnings (x)	6.4	5.4	4.5	4.4	3.7	3.1
Dividend Per Share (INR)	1.0	1.2	2.0	2.6	3.3	3.9
Dividend Yield (%)	1.2	1.5	2.5	3.2	4.1	4.8

E: MOSL Estimates



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