



Research



Dena Bank Ltd:-Book Profit

CMP: 107.4

Date::17th Aug 2010

Book Profit

STOCK INFO (FY2010)

Sector	Banking
Market cap	3080.48cr
Face value	10
Book value	83.43
EPS	18.65
Price/Book value	1.24
Dividend	20%
Incorporation	1984
52 week H/L	108.15/49.25
Avg Daily Vol	472000(2Wkavg)
Chairman	DL Rawal
Equity Capital	286.82cr
Promoter Holding	51.19%
FII's/MF Holding	18.57/7.78%

Fairwealth Research Desk

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Fairwealth Research Desk initiated a Buy on Dena Bank Ltd at Rs 83.5 on 26th May 2010, with a target of Rs 108.

We recommend to Book Profit, as the scrip has achieved its target price of Rs 108.

Dena Bank Ltd Quarterly Results Highlights:

Improved efficiency of the bank has led to 44% jump (Y-o-Y) and 11% jump (Q-o-Q) in NII to Rs 360cr. NIM has improved to 2.82% in the quarter under review from 2.80% in Q4FY10 and 2.42% in Q1FY10.

The Bank has able to grow its Advances grew by 34% to Rs 37884cr in Q1FY11 from Rs 28299cr in Q1FY10, while the Deposits growth rate stood at 24.72 to Rs 53311cr as against Rs 42745cr during Q1FY10. The CASA ratio of the bank stood at 35.7% against 35.2% a year ago.

Asset quality of the bank is under strain on the negative side, GNPA at Rs 801cr (2.1% of total advances) grew 27% YoY and 25% QoQ, which looks hefty. Consequently, NNPA at Rs561cr (1.5% of advances), shot up 59% YoY and 31% QoQ. The bank managed to maintain PCR of 74% (including write-off).

COMPANY PROFILE

Dena bank is one of the leading bank, among the smaller Public sector bank (with Government of India holding 51.19% stake) in India, the bank is primarily involved in commercial banking and other related services. The bank also provides in merchant banking, asset management and other related services. The bank has pan India presence with 1222 branches offices, 387 ATMs all over India. The Bank operates only in India.

The bank has more of its business coming from very contrasting geographical locations Rural and Metros. It has implemented Core Banking Solutions (CBS) into its operations, which allowed the bank to serve its customer to the next level.

RESULT ANALYSIS

Particulars (Rs Cr)	Jun-10	Jun-10	VAR % (Y-o-Y)	Mar-10	VAR % (Q-o-Q)
Interest Earned	1114.68	968.47	15.10%	1063.24	4.84%
Other Income	107.1	155.35	-31.06%	174.86	-38.75%
Total Income	1221.78	1123.82	8.72%	1238.1	-1.32%
Operating Expenses	983.18	922.5	6.58%	957.97	2.63%
Operating Profit Before Prov. & Cont.	238.6	201.32	18.52%	280.13	-14.83%
Provisions & Contingencies	42.83	40.64	5.39%	82.44	-48.05%
Provision for Taxes	56.98	45.66	24.79%	60.62	-6.00%
Net Profit	138.79	115.02	20.67%	137.07	1.25%
Extra-ordinary Items	0	0	-	0	-
Adjusted Profit After Extra-ordinary item	138.79	115.02	20.67%	137.07	1.25%
EPS	4.84	4.01	20.67%	4.78	1.25%
Equity	286.82	286.82	-	286.82	-
Face Value	10	10	-	10	-

For the quarter ended June 2010, Dena Bank has reported 44% jump in the NII to Rs 360.49 crore on the back of 15% increase in the Interest on advances to Rs 1114.68 crore and 5% rise in Interest Expended to Rs 754.19 crore. 34% jump in the credit book and 40 bps rise in NIM at 2.82% has driven growth in the NII during the quarter. Other Income has declined by 31% to Rs 107.10 crore and led Net total Income up by 15% to Rs 467.59 crore. Other income as % of Net Total income has declined to 22.9% from 38.3% in Q1FY10; on the back of 88% dip in the profit on sale of securities at Rs 9.85 crore. However fee based income has improved to 29% from Rs 61.28 crore in Q1FY10 to Rs 79.33 crore in quarter under review.

Other Expenditure has inched up by 12% to Rs 228.99 crore mainly due to 11% jump in the employee cost to RS 144.59 crore and 14% rise in the Other Operating expenses to Rs 84.40 crore. The cost to income ratio has declined to 140 bps to 49% and pushed Operating Profit to increase by 19% to Rs 238.60 crore. Provisions and contingencies have marginally inched up by 5% to Rs 42.83 crore while effective tax rate moved up by 70 bps to 29.1% and paved Net Profit up by 21% to Rs 138.79 crore.

Notes: Figures are sourced from www.bseindia.com & capital market

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