

# Bank of India

## REDUCE

**Asset quality remains weak**
**CMP: Rs355**
**Target Price: Rs340**

BOI reported a lower than expected growth of 12% yoy in PAT, aided by higher recoveries from written-off assets and a lower tax rate. While slippages were lower than expectation, a much higher write-off led to lower net NPA ratio. The devil, however, was in restructured assets, with BOI restructuring an additional Rs22bn of assets in the quarter. Gross slippage ratio from restructured assets in the last 12 months aggregated to nearly 60%, leaving us with no comfort and visibility on the asset quality front. We retain Reduce rating, but revise target price to Rs340.

**Change in estimates:** We expect BOI to maintain NIM in the range of 2.40-2.50% and good treasury profits. We cut our FY13/14 EPS estimates by 1.4% and 0.8% to Rs51.4 and Rs70.5, but maintain our FY15 EPS estimate at Rs79.9, mainly to factor in higher operating expenses.

**Valuation uncomfortable:** The stock trades at 1.3x forward book (conservatively adjusted for NPAs from restructured book). We value the stock at 1.22x forward book and 5.11x 12-month forward earnings. Given the multiple headwinds to earnings and negligible visibility on earnings trajectory, we retain our rating of Reduce on BOI, with an upward revision to our target price to Rs340 from Rs330 earlier. Under these circumstances, we find it best to stick to private sector banks and at best, **BOB**, among PSU banks

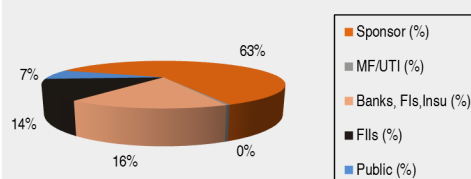
- Corporate development
- Earnings estimate change
- Target price change
- Rating change

### KEY DATA

Bloomberg	BOI IN
Reuters	BOI.BO
52-wk H/L (Rs)	408.0/253.3
6-m avg trd value	US\$5.7mn
Market cap	Rs203.8bn/US\$3.8bn
Shares o/s	573.8mn
Face value	Rs10

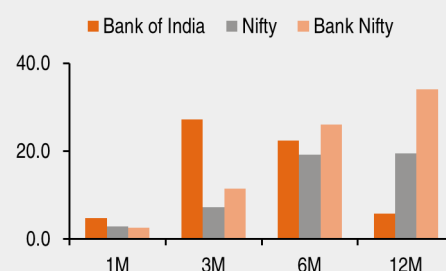
Source: Bloomberg

### SHAREHOLDING (%)



Source: Ace equity

### PRICE PERFORMANCE



Source: Bloomberg

KEY FINANCIALS	(Rs mn)			
Y/E 31 March	2012	2013E	2014E	2015E
Net interest income	83,134	91,308	112,652	126,363
EPS (Rs)	49.0	51.4	70.5	80.0
NIM (%)	2.52	2.36	2.46	2.35
RoE (%)	15.6	13.1	16.0	15.7
NPA coverage ratio (%)	64.2	59.7	56.7	56.8
Tier 1 ratio (%)	8.6	7.6	7.4	7.2
P/ E (x)	7.3	6.9	5.0	4.4
P/ Adj. BV (x)	1.1	1.1	0.9	0.8

Source: Company, BRICS Research

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Exhibit 1: Blended valuation		(Rs mn)	
Particulars	Legends	Q3FY14E	
Shareholder's equity	A	258,947	
less: Revaluation reserve	B	23,496	
Net NPA	C	71,605	
less: Net NPA (adj. for 33% tax)	D=C*(1-33%)	47,976	
Restructured asset	E	201,358	
less: slippage (assuming @20%, 33% tax)	F=E*20%*(1-33%)	26,982	
Add: Dividend paid	G	-	
Shareholder's equity (adjusted)	H=A-B-D-F+G	160,493	
No. of shares (mn)	I	574	
Tangible book per share (Rs)	J=H/I	280	
Subsidiary investment	K	8,109	
less: Subsidiary investment per share (Rs)	L=K/I	14	
Tangible book per share (banking business) (Rs)	M=J-L	266	
Sustainable RoAE (banking business)	N	16.5%	
Growth		5.0%	
Cost of equity [Rf=5.5%, Beta=1.2, Rm=7.5%]		14.5%	
Implied P/BV (sustainable)	O	1.21x	
Premium to theoretical multiple		0%	
Target P/BV	P	1.21x	
Banking business per share (Rs)	Q=P*M	321	
add: Subsidiary investment (@ 1x P/BV) (Rs)		14	
Target price (Rs)		336	

Source: BRICS Research

## Exhibit 2: Summary of estimate changes (Rs mn)

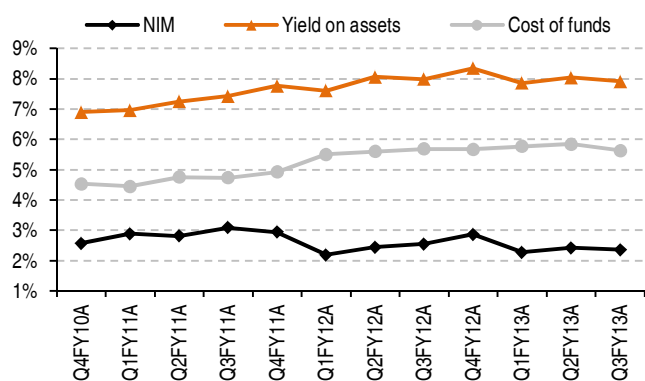
Income statement	New			Old			% change		
	FY13E	FY14E	FY15E	FY13E	FY14E	FY15E	FY13E	FY14E	FY15E
Net interest income	91,308	112,652	126,363	93,403	112,393	128,675	-2.2%	0.2%	-1.8%
Non-interest income	35,307	33,848	36,665	34,859	34,922	37,806	1.3%	-3.1%	-3.0%
Operating expense	(53,175)	(61,347)	(66,557)	(52,174)	(59,981)	(67,475)	1.9%	2.3%	-1.4%
Pre provision profit	73,440	85,154	96,472	76,088	87,334	99,007	-3.5%	-2.5%	-2.6%
Loan loss charges	(36,079)	(30,416)	(34,357)	(36,388)	(31,521)	(36,131)	-0.9%	-3.5%	-4.9%
Profit before tax	37,361	54,738	62,115	39,700	55,812	62,875	-5.9%	-1.9%	-1.2%
Net profit	29,478	40,436	45,886	29,900	40,743	45,899	-1.4%	-0.8%	0.0%
<b>Balance sheet</b>									
Advances	2,974,258	3,606,223	4,329,723	2,888,844	3,408,836	4,079,505	3.0%	5.8%	6.1%
Deposits	3,714,225	4,473,864	5,336,416	3,659,907	4,289,930	5,099,987	1.5%	4.3%	4.6%
Common equity	226,354	265,370	307,195	225,565	264,889	306,727	0.3%	0.2%	0.2%
Total assets	4,474,688	5,425,462	6,513,947	4,463,159	5,266,527	6,302,687	0.3%	3.0%	3.4%
<b>Key ratios</b>									
EPS (Rs)	51.37	70.47	79.97	52.11	71.01	79.99	-1.4%	-0.8%	0.0%
BVPS (adjusted, Rs)	329.7	376.8	443.0	312.3	380.9	462.7	5.6%	-1.1%	-4.2%
RoAA	0.71%	0.81%	0.77%	0.72%	0.84%	0.79%	-0.01%	-0.02%	-0.02%
RoAE	13.09%	16.04%	15.67%	13.30%	16.12%	15.70%	-0.21%	-0.08%	-0.03%
NIM (reported)	2.36%	2.46%	2.35%	2.42%	2.58%	2.45%	-0.06%	-0.12%	-0.11%
Cost/Income ratio	42.00%	41.87%	40.83%	40.68%	40.72%	40.53%	1.32%	1.16%	0.30%
Provision/Avg advances	1.32%	0.92%	0.87%	1.35%	1.00%	0.96%	-0.03%	-0.08%	-0.09%
Gross NPA ratio	2.98%	3.34%	3.10%	3.82%	3.34%	2.57%	-0.84%	0.01%	0.53%
Net NPA ratio	1.92%	2.10%	1.88%	2.47%	2.09%	1.56%	-0.55%	0.01%	0.33%
Provision coverage - reported	59.73%	56.71%	56.77%	54.38%	55.42%	57.89%	5.35%	1.29%	-1.12%
Tier 1 ratio	7.58%	7.38%	7.15%	7.65%	7.66%	7.45%	-0.07%	-0.28%	-0.30%
CRAR ratio	10.32%	9.64%	9.04%	10.34%	9.94%	9.35%	-0.02%	-0.30%	-0.32%

Source: BRICS Research

### Q3FY13 earnings summary

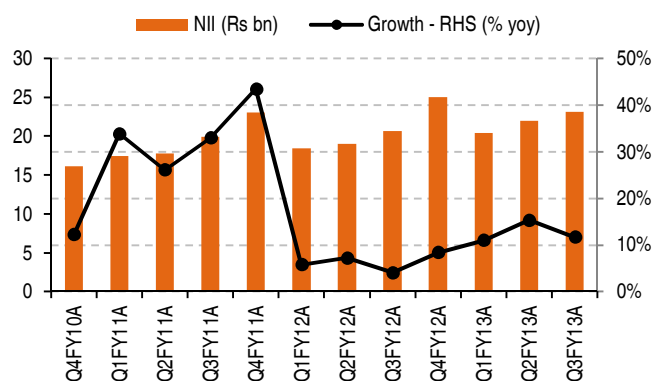
**PAT receives boost from lower tax rate:** NII was up 12% yoy (6% below our estimate). Non-interest income grew 10% yoy, aided by a growth of 37% yoy in trading income and 32% yoy in recovery from written-off accounts. Operating expenses increased 17% yoy, mainly due to other operating expenses. Expense ratio rose to 43% from 40% in Q2FY13. Loan loss provisions were down 41% qoq, but up 32% yoy (10% above estimate). BOI maintained provision coverage ratio at 60.74%. Lower tax rate helped BOI record a growth of 12% yoy (4% below estimate) in PAT. NIM contracted by 6bps qoq to 2.36% in the quarter.

Exhibit 3: NIM contracts



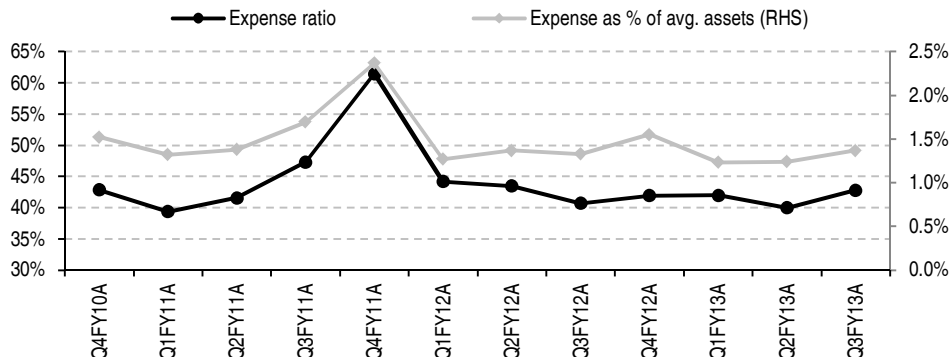
Source: Company

Exhibit 4: Muted growth in NII



Source: Company

Exhibit 5: Expense ratio remains stable



Source: Company

Exhibit 6: Strong trading income

	(Rs bn)				
	Q3FY13A	% yoy	% qoq	Q3FY12A	Q2FY13A
<b>Non interest income</b>	<b>9.37</b>	<b>10.0%</b>	<b>4.8%</b>	<b>8.52</b>	<b>8.94</b>
o/w fee	4.24	-10.1%	-3.7%	4.71	4.40
o/w trading	2.67	37.0%	-7.0%	1.95	2.87

Source: Company

**Balance sheet growth lower than expectation:** BOI's loan growth at 20% yoy was higher than the industry average, supported by a strong international loan growth, which was aided by the Rupee depreciation. Deposits grew 14% yoy. The share of bulk deposits to total domestic deposits declined to 15.28%. CASA ratio improved to 33.8% vs. 32.8% in Q2FY13.

**Exhibit 7: Robust loan growth-supported by international loan book**

(Rs bn)

	Q3FY13A	% share	% yoy	% qoq	Q3FY12A	% share	Q2FY13A	% share
<b>Gross Advances</b>	2,804	100.0%	20.3%	7.7%	2,331	100.0%	2,604	100.0%
International	914	32.6%	30.9%	17.4%	698	29.9%	779	29.9%
Domestic	1,890	67.4%	15.7%	3.5%	1,633	70.1%	1,825	70.1%

Source: Company

**Exhibit 8: Loan break-up**

(Rs bn)

	Q3FY13A	% share	% yoy	% qoq	Q3FY12A	% share	Q2FY13A	% share
<b>Domestic advances</b>	1,890	100.0%	15.7%	3.5%	1,633	100.0%	1,825	100.0%
Agriculture & Allied	249	13.2%	20.1%	8.3%	208	12.7%	230	12.6%
Industry	1,431	75.7%	14.9%	2.8%	1,245	76.3%	1,392	76.3%
SME	326	17.2%	4.5%	3.5%	312	19.1%	315	17.2%
Corporate	1,106	58.5%	18.4%	2.6%	934	57.2%	1,078	59.0%
Retail	209	11.1%	16.2%	3.1%	180	11.0%	203	11.1%

Source: Company, BRICS Research

**Exhibit 9: CASA improved**

(Rs bn)

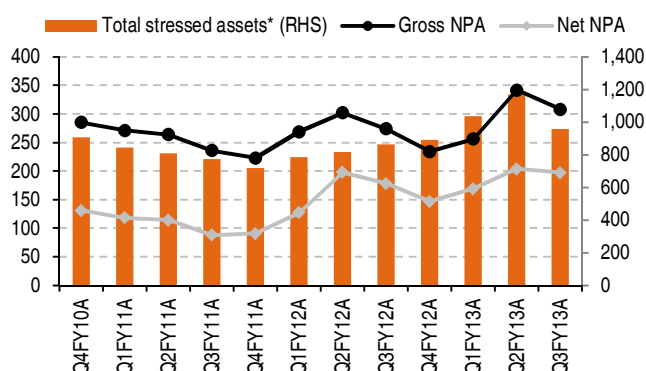
	Q3FY13A	% share	% yoy	% qoq	Q3FY12A	% share	Q2FY13A	% share
<b>Domestic Deposits</b>	2,680	100%	9.8%	1.1%	2,440	100%	2,650	100%
Demand	160	6.0%	6.7%	21.1%	150	6.1%	132	5.0%
Savings	720	26.9%	13.2%	1.4%	636	26.1%	710	26.8%
Term	1,800	67.2%	8.8%	-0.4%	1,654	67.8%	1,808	68.2%
CASA ratio	33.8%				32.4%		32.8%	

Source: Company

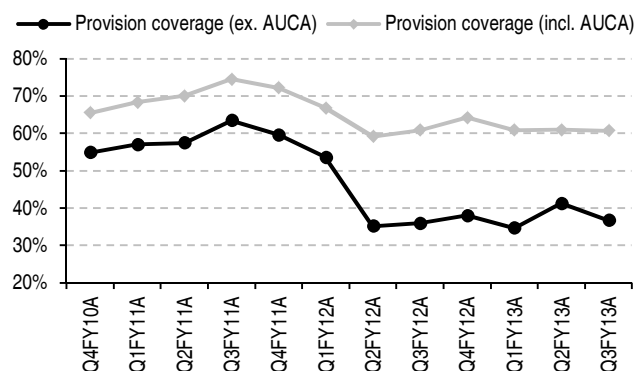
**Improvement in asset quality:** On absolute basis, GNPA increased 36% yoy and NNPA rose 33% yoy. GNPA ratio fell to 3.08% from 3.42% in Q2FY13 and NNPA ratio was down to 1.97% from 2.04% in Q2FY13. PCR remained flat qoq at 60.74%. Slippages ratio declined to 2.1% vs. 5.2% in Q2FY13. Gross restructured assets increased to 10.3% vs. 7.7% in Q3FY12.

**Exhibit 10: Asset quality improves**

(bps)



Source: Company \* as percentage of gross customer assets

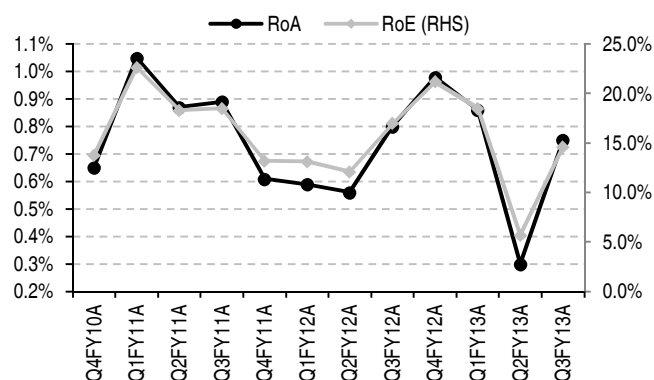
**Exhibit 11: Provision ratio remains stable**

Source: Company

**Profitability ratio:** RoA improved to 0.75% vs. 0.30%, while RoE came in at 14.09% vs. 5.42% in Q2FY13.

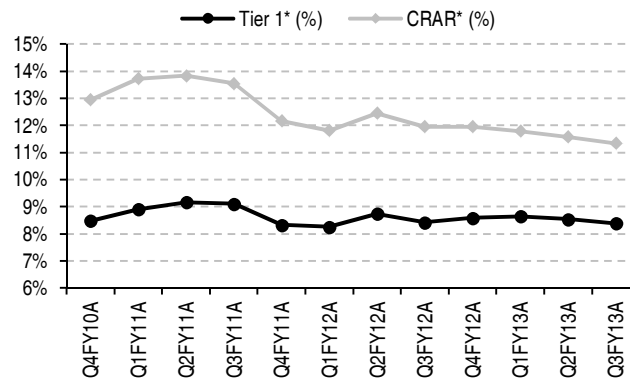
**Stable capital ratio:** Including the profit for 9MFY13, Tier-1 ratio stood at 8.39% and total capital ratio at 11.34% vs. 8.54% and 11.57% respectively in Q2FY13. Given its weak asset quality and capital profile, BOI will require recapitalisation in FY13.

Exhibit 12: Profitability ratios



Source: Company

Exhibit 13: Tier-1 ratio (including profit)



Source: Company

Exhibit 14: Profit and loss

(Rs mn)

Particulars	Q3FY13	Q3FY13E	variance	Q3FY12	yoy	Q2FY13	qoq
Interest earned	80,227	77,341	3.7%	71,501	12.2%	80,055	0.2%
Interest Expended	57,142	52,910	8.0%	50,826	12.4%	58,095	-1.6%
<b>Net interest income</b>	<b>23,085</b>	<b>24,431</b>	<b>-5.5%</b>	<b>20,676</b>	<b>11.7%</b>	<b>21,960</b>	<b>5.1%</b>
o/w one-time item	-	-	NA	-	NA	-	NA
Net interest income (adjusted)	23,085	24,431	-5.5%	20,676	11.7%	21,960	5.1%
<b>Non-interest income</b>	<b>9,371</b>	<b>8,545</b>	<b>9.7%</b>	<b>8,522</b>	<b>10.0%</b>	<b>8,941</b>	<b>4.8%</b>
o/w core fee	4,239	4,607	-8.0%	4,713	-10.1%	4,403	-3.7%
o/w trading profit (loss)	2,672	3,164	-15.5%	1,951	37.0%	2,872	-7.0%
o/w recovery from written-off accounts	2,460	774	217.7%	1,858	32.4%	1,666	47.7%
<b>Total Revenue</b>	<b>32,456</b>	<b>32,976</b>	<b>-1.6%</b>	<b>29,197</b>	<b>11.2%</b>	<b>30,901</b>	<b>5.0%</b>
<b>Total Revenue (adjusted) ex. trading profits</b>	<b>29,784</b>	<b>29,812</b>	<b>-0.1%</b>	<b>27,246</b>	<b>9.3%</b>	<b>28,029</b>	<b>6.3%</b>
<b>Operating expense</b>	<b>13,898</b>	<b>13,213</b>	<b>5.2%</b>	<b>11,878</b>	<b>17.0%</b>	<b>12,360</b>	<b>12.4%</b>
Employees cost	8,331	7,434	12.1%	7,589	9.8%	6,995	19.1%
Other operating expenses	5,568	5,779	-3.7%	4,289	29.8%	5,365	3.8%
<b>Pre-provision profit</b>	<b>18,558</b>	<b>19,763</b>	<b>-6.1%</b>	<b>17,319</b>	<b>7.2%</b>	<b>18,541</b>	<b>0.1%</b>
<b>Total provisions and contingencies (Net)</b>	<b>9,158</b>	<b>8,349</b>	<b>9.7%</b>	<b>6,931</b>	<b>32.1%</b>	<b>15,521</b>	<b>-41.0%</b>
Provision for NPAs	5,910	7,182	-17.7%	3,330	77.5%	14,772	-60.0%
Depreciation on investment	200	(202)	NA	1,190	-83.2%	(660)	NA
Exceptional items	-	-	NA	-	NA	-	NA
<b>Profit/(Loss) before tax</b>	<b>9,400</b>	<b>11,415</b>	<b>-17.6%</b>	<b>10,388</b>	<b>-9.5%</b>	<b>3,020</b>	<b>211.3%</b>
Tax expense	1,365	3,082	-55.7%	3,227	-57.7%	1	136430.0%
<b>Net Profit after Tax</b>	<b>8,035</b>	<b>8,333</b>	<b>-3.6%</b>	<b>7,162</b>	<b>12.2%</b>	<b>3,019</b>	<b>166.2%</b>
Extraordinary items (net of tax)	-	-	NA	-	NA	-	NA
<b>Net Profit incl. extraordinary items</b>	<b>8,035</b>	<b>8,333</b>	<b>-3.6%</b>	<b>7,162</b>	<b>12.2%</b>	<b>3,019</b>	<b>166.2%</b>
<b>Net profit (operating basis)*</b>	<b>5,922</b>	<b>5,876</b>	<b>0.8%</b>	<b>6,637</b>	<b>-10.8%</b>	<b>(512)</b>	<b>NA</b>
<b>Net profit (operating basis, @70% PCR)^</b>	<b>(905)</b>	<b>(3,176)</b>	<b>NA</b>	<b>2,617</b>	<b>NA</b>	<b>(8,554)</b>	<b>NA</b>

Source: Company \*Operating basis excludes trading income, depreciation of investments, extraordinary income and other one-timers ^ adjusted at 70% PCR

**Exhibit 15: Per share data**

Particulars	Q3FY13	Q3FY13E	variance	Q3FY12	yoy	Q2FY13	qoq
Reported EPS (diluted basis)	14.00	14.52	-3.6%	13.10	6.9%	5.26	166.2%
Diluted EPS (operating basis)*	10.32	10.24	0.8%	12.14	-15.0%	(0.89)	NA
Book value per share (calculated)	406	404	0.4%	359	13.0%	389	4.1%
Book value per share (adjusted)	343.8	334	2.8%	310.2	10.8%	330.3	4.1%
Diluted shares outstanding (mn)	574	574	0.0%	547	5.0%	574	0.0%

Source: Company \* Operating basis excludes trading income, depreciation of investments, extraordinary income and other one-timers

**Exhibit 16: Profitability and other metrics**

Particulars	Q3FY13	Q3FY13E	variance	Q3FY12	yoy	Q2FY13	qoq
ROA	0.75%	0.82%	-6.9	0.76%	-1.0	0.30%	45.0
ROE	14.09%	14.64%	-55.2	16.97%	-288.0	5.42%	867.4
NIM	2.36%	2.60%	-24.4	2.55%	-19.0	2.42%	-6.0
CASA ratio	33.8%	32.97%	87.0	32.4%	143.0	32.8%	107.0
Non-interest income as % of revenues	28.9%	25.9%	296.0	29.2%	-31.2	28.9%	-6.0
Expense ratio	42.8%	40.1%	275.4	40.7%	213.9	40.0%	282.3
Expense ratio (core, ex treasury)	46.7%	44.3%	234.3	43.6%	306.8	44.1%	256.6
Credit cost (all inclusive) as % of average loans (bps)	137.5	126.8	10.7	124.7	12.9	240.0	-102.5
Tax Rate - effective	14.5%	27.0%	-1,247.6	31.1%	-1,653.7	0.0%	1,449.1
Advance / Deposit ratio	79.2%	77.2%	202.8	75.0%	422.3	77.0%	220.4

Source: Company

**Exhibit 17: Credit quality**

Particulars	Q3FY13	Q3FY13E	variance	Q3FY12	yoy	Q2FY13	qoq
Absolute gross NPA (Rs mn)	86,251	100,205	-13.9%	63,860	35.1%	88,986	-3.1%
Absolute net NPA (Rs mn)	54,555	61,503	-11.3%	40,931	33.3%	52,283	4.3%
Gross NPA (%)	3.08%	3.66%		2.74%		3.42%	
Net NPA (%)	1.97%	2.27%		1.78%		2.04%	
Provision coverage (incl. written off accounts) (%)	60.74%	57.63%		60.87%		60.96%	
Provision coverage (%)	36.75%	38.62%		35.90%		41.25%	
Fresh slippages during the period (Rs mn)	12,210	18,369	-33.5%	5,196	135.0%	27,804	-56.1%
Slippage ratio as % of 12m prior loans	2.1%	3.2%		1.1%		5.2%	
Recovery and upgrades during the period (Rs mn)	6,790	7,021	-3.3%	3,989	70.2%	5,243	29.5%
Recovery and upgrade as % of opening Gross NPA	30.5%	31.6%		24.4%		31.1%	
Net outstanding restructured assets (Rs mn)	181,358	233,794	-22.4%	136,737	32.6%	178,522	1.6%
Net outstanding restructured assets as % of net loans	6.6%	8.6%		5.9%		7.0%	
Assets restructured during the period (Rs mn)	22,062		NA	30,105	-26.7%	8,100	172.4%
Gross restructured assets (Rs mn)	287,493		NA	178,796	60.8%	265,431	8.3%
Gross restructured assets as % of gross loans	10.3%	0.0%		7.7%		10.2%	
Cumulative slippages from restructured assets (Rs mn)	53,877		NA	35,745	50.7%	45,597	18.2%
Slippages as % of restructured assets	18.7%	na		20.0%		17.2%	

Source: Company

**Exhibit 18: Capital and leverage**

Particulars	Q3FY13	Q3FY13E	variance	Q3FY12	yoy	Q2FY13	qoq
<b>Total Shareholders' Equity to Assets</b>	<b>5.6%</b>	<b>5.5%</b>		<b>5.4%</b>		<b>5.6%</b>	
Tier 1 (%)	8.39%	8.40%		8.43%		8.54%	
CRAR (%)	11.34%	11.27%		11.96%		11.57%	

Source: Company

**Exhibit 19: Balance sheet****(Rs bn)**

Particulars	Q3FY13	Q3FY13E	variance	Q3FY12	yoy	Q2FY13	qoq
Total Assets (reported)	4,160	4,180	-0.5%	3,646	14.1%	3,957	5.1%
Net worth (reported)	233	232	0.4%	196	18.6%	223	4.1%
Loans & advances	2,765	2,706	2.2%	2,304	20.0%	2,561	7.9%
Risk weighted assets	2,651	2,650	0.0%	2,236	18.5%	2,508	5.7%
Deposits	3,491	3,506	-0.4%	3,073	13.6%	3,327	4.9%
o/w Domestic deposits	2,680	2,793	-4.0%	2,440	9.8%	2,650	1.1%
o/w CA	160	144	10.7%	150	6.7%	132	21.1%
o/w SA	720	777	-7.3%	636	13.2%	710	1.4%

Source: Company

## Financial summary

### Income statement (Rs mn)

Y/E 31 March	2012	2013E	2014E	2015E
Net interest income	83,134	91,308	112,652	126,363
<i>Growth (%)</i>	6.4	9.8	23.4	12.2
Other income	33,212	35,307	33,848	36,665
Total income (net of interest expense)	116,346	126,614	146,501	163,028
Employee expenses	30,534	31,596	36,086	37,758
Other operating expenses	18,872	21,579	25,261	28,798
Operating expenses	49,407	53,175	61,347	66,557
Operating profit	66,939	73,440	85,154	96,472
<i>Growth (%)</i>	24.3	9.7	16.0	13.3
Provisions and contingencies	31,164	36,079	30,416	34,357
PBT	35,775	37,361	54,738	62,115
Provision for tax	9,000	7,883	14,302	16,229
PAT	26,775	29,478	40,436	45,886
<i>Growth (%)</i>	7.6	10.1	37.2	13.5

### Balance sheet (Rs bn)

Y/E 31 March	2012	2013E	2014E	2015E
Total assets	3,845	4,475	5,425	6,514
Total equity	210	226	265	307
Advances	2,488	2,974	3,606	4,330
Deposits	3,182	3,714	4,474	5,336
CASA deposits	814	971	1,197	1,393
Borrowings	321	373	491	635
Investments	868	931	1,093	1,269

### Per share data and key ratios

Y/E 31 March	2012	2013E	2014E	2015E
Diluted EPS (Rs)	49.0	51.4	70.5	80.0
RoAA (%)	0.72	0.71	0.81	0.77
RoAE (%)	15.6	13.1	16.0	15.7
BV / Share (Rs)	365	394	462	535
Adj. BV / Share (Rs)	324	330	377	443
Other income / Net revenue (%)	71.5	72.1	76.9	77.5
Cost / Income ratio (%)	42.5	42.0	41.9	40.8
Dividends / Share	7.0	8.0	10.0	10.0
Effective tax rate (%)	25.2	21.1	26.1	26.1
CASA ratio (%)	34.3	34.0	34.8	34.0
Credit / Deposit ratio (%)	78.2	80.1	80.6	81.1

### Yields and rates (%)

Y/E 31 March	2012	2013E	2014E	2015E
NIM/ Spread	2.52	2.36	2.46	2.35
Yield on advances	9.4	8.9	8.4	8.0
Cost of deposits	6.0	6.0	5.8	5.5
Cost of funds	5.6	—	—	—

### Capital ratios (%)

Y/E 31 March	2012	2013E	2014E	2015E
Tier I	8.6	7.6	7.4	7.2
Total CRAR	12.0	10.3	9.6	9.0
Equity to assets	5.5	5.1	4.9	4.7

### Asset quality & credit metrics (%)

Y/E 31 March	2012	2013E	2014E	2015E
Gross NPA ratio	2.34	2.98	3.34	3.10
Net NPA ratio	1.47	1.92	2.10	1.88
Provisions / Loans	1.38	1.32	0.92	0.87
NPA coverage ratio (incl. AUCA)	64.2	59.7	56.7	56.8
NPA coverage ratio (excl. AUCA)	34.2	36.0	38.0	40.0
Absolute gross NPAs (Rs mn)	58,940	89,426	121,963	135,860

### Valuation ratios (x)

Y/E 31 March	2012	2013E	2014E	2015E
Price/ Book	1.0	0.9	0.8	0.7
Price/ Adj. Book	1.1	1.1	0.9	0.8
Price/ Earnings	7.3	6.9	5.0	4.4



#### **BRICS RECOMMENDATION SCALE**

<b>BUY:</b>	More than 15% upside
<b>ADD:</b>	Upside up to 15% (between 0% and 15%)
<b>REDUCE:</b>	Downside up to 15% (between 0% and -15%)
<b>SELL:</b>	More than 15% downside

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