

BSE Sensex 20,039	S&P CNX 6,064
Bloomberg	IDBI IN
Equity Shares (m)	1,278.4
M.Cap. (INR b)/(USD b)	144.9/2.7
52-Week Range (INR)	122/82
1,6,12 Rel.Perf.(%)	-1/6/2

Financials & Valuation (INR b)

Y/E March	2013E	2014E	2015E
NII	53.5	60.9	68.9
OP	51.6	57.7	64.3
NP	18.8	23.2	27.3
NIM (%)	1.9	2.0	2.0
EPS (INR)	14.7	18.2	21.3
EPS Gr. (%)	-7.6	23.8	17.4
BV/Sh. (INR)	148.7	162.6	179.0
RoE (%)	10.3	11.7	12.5
RoA (%)	0.6	0.7	0.7
Payout (%)	20.0	20.0	20.0
Valuation			
P/E(X)	7.7	6.2	5.3
P/BV (X)	0.8	0.7	0.6
Div. Yield (%)	3.0	3.8	4.4

CMP: INR113
TP: INR125
Neutral

IDBI Bank's 3QFY13 PAT increased ~2% YoY (declined 14% QoQ) to INR4.2b. While core operating profit growth was strong at +42% YoY (+8% QoQ), higher provisions of INR9.6b, v/s INR4.1b in 3QFY12 led to muted PAT growth. **Key highlights:**

- Sharp increase in stressed assets of INR30.2b (gross slippages of INR7.1b+ and net addition to restructured loans of INR23b), compared to INR18.9b (gross slippages of INR6.2b and net restructured loans of INR12.7b) in 2QFY13 overshadowed strong performance of NIMs (2.3%; +25bp QoQ and +45bp YoY) and fee income growth of 7% QoQ and 68% YoY and led to disappointment.
- Led by benefits of bulk deposit rate and low cost foreign currency borrowings during the quarter, cost of funds (cal) declined 28bp QoQ. This, coupled with stable yield on funds QoQ, led to expansion of margins.
- Higher income from profit on sale of investment of INR2b (of which INR1.8b was on account of proceeds from stake sale in CARE) helped profitability.
- CASA ratio improved to 22.3% v/s 21.9% a quarter ago and 19.7% a year ago.

Valuation and view: IDBI's core operating performance was strong during the quarter. However, (1) sharp increase in stressed assets during the quarter, (2) volatile asset quality in the past, (3) expectation of an increase in restructured loan portfolio and (4) lower capitalization with core Tier I at 7.6% remain a concern. While the valuation looks inexpensive at 0.6x FY15E BV, higher asset quality risk and lower margins to absorb the impact of higher credit cost would keep valuations under check. Maintain **Neutral**.

IDBI Bank: Quarterly Performance

	(INR Million)									
	FY12				FY13				FY12	FY13E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Interest Income	56,289	58,123	58,492	60,795	62,698	61,972	62,004	65,068	233,699	251,742
Interest Expense	44,765	46,903	47,897	48,686	49,992	49,479	47,872	50,887	188,251	198,230
Net Interest Income	11,524	11,220	10,595	12,109	12,706	12,493	14,132	14,180	45,448	53,511
% Change (Y-o-Y)	35.4	-3.9	-12.0	9.4	10.3	11.3	33.4	17.1	5.0	17.7
Other Income	4,309	4,706	4,326	7,770	5,200	6,828	8,698	7,191	21,188	27,917
Net Income	15,833	15,926	14,921	19,879	17,906	19,321	22,830	21,371	66,636	81,428
Operating Expenses	5,525	5,947	6,670	7,933	6,586	7,525	7,306	8,444	26,075	29,860
Operating Profit	10,308	9,979	8,251	11,946	11,321	11,796	15,525	12,927	40,562	51,569
% Change (Y-o-Y)	24.0	-2.7	-27.3	2.4	9.8	18.2	88.1	8.2	3.9	22.2
Other Provisions	4,257	3,120	4,072	2,738	5,098	4,946	9,630	5,088	14,255	24,762
PBT	6,051	6,859	4,179	9,208	6,222	6,850	5,895	7,839	26,307	26,807
Tax Provisions	2,700	1,700	81	1,500	1,949	2,015	1,728	2,351	5,991	8,042
Net Profit	3,351	5,159	4,098	7,708	4,273	4,835	4,168	5,488	20,316	18,765
% Change (Y-o-Y)	33.6	20.2	-9.7	49.3	27.5	-6.3	1.7	-28.8	23.1	-7.6
Operating Parameters										
NIM (Reported, %)	2.1	2.0	1.9	2.1	2.1	2.1	2.3		2.0	
NIM (calculated, %)	2.0	2.0	1.9	1.9	2.0	2.0	2.3	2.2	1.7	1.9
Deposit Growth (%)	12.1	13.0	17.9	16.6	8.8	3.2	5.4	1.0	16.6	1.0
Loan Growth (%)	14.5	19.4	15.7	15.3	8.3	7.0	9.8	6.0	15.3	6.0
CD ratio (%)	87.9	89.1	87.9	86.1	87.5	92.4	91.6	90.3	86.1	90.3
Tax Rate (%)	44.6	24.8	1.9	16.3	31.3	29.4	29.3	30.0	22.8	30.0
Asset Quality										
ORSL (INR b)	92.9	76.2	77.0	86.0	89.8	102.4	125.4		86.0	
OSRL (%)	6.0	4.9	4.9	4.7	5.3	6.2	7.3		4.7	
Gross NPA (INR b)	32.9	38.9	46.4	45.5	55.0	58.5	64.0	69.3	45.5	69.3
Gross NPA (%)	2.1	2.5	2.9	2.5	3.2	3.5	3.7	3.5	2.5	3.5

E: MOSL Estimates

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Stress on balance sheet continues to rise

IDBI reported sharp increase in stressed assets of INR30.2b (gross slippages of INR7.1b + and net addition to restructured loan of INR23b) as compared to INR18.9b (gross slippages of INR6.2b and net restructured loan of INR12.7b) which led to disappointment. One large media account of INR2.7b slipped during the quarter and led to increased delinquency in corporate segment slippages. Recoveries and up-gradation moderated to INR1.6b as compared to INR2.6b+ in 2QFY13 and 3QFY12. Management expects to contain quarterly slippages run-rate to ~INR5b going forward, however with prevailing macro-environment conditions strong improvement in up-gradation and recoveries would be a challenge.

During the quarter gross addition to restructured loan stood at INR33.7b (2% of overall loans) of which INR11.7b (NPV neutral) was from one large wind energy account, INR10.5b from metals and INR8b from power (mainly from two large accounts). Net of repayment/NPA restructured loan portfolio increased by INR23b (1.3% of overall loans), as a result outstanding standard restructured loan portfolio at the end of 3QFY13 stood at INR125.4b (7.3% of overall loans). Management expects restructuring of INR10-15b to take place over next two quarters.

Sharp increase in PCR largely attributed to ageing of the portfolio

In absolute terms, GNPA increased ~9% QoQ whereas NNPA declined 3% QoQ, as bank increased its PCR (cal) to 48.4% v/s 42% a quarter ago. The accelerated provisioning made during the quarter was on account of shifting of loans from the bucket of sub-standard to doubtful category. On one large aviation (INR8.3b) account which fell into doubtful category, bank made additional provisions of INR3.6b. In percentage terms, GNPA and NNPA stood at 3.7% and 1.9% as compared 3.5% and 2% a quarter ago. PCR (including technical write off) improved further to 69% as compared to 66% in 2QFY13.

Strong margin and fee income performance

Led by benefits of bulk deposit rate and low cost foreign currency borrowings during the quarter, cost of funds (cal) declined 28bp QoQ. This, coupled with stable yield on funds QoQ, led to expansion of margins of 25bp+ QoQ to 2.3%. Management guided for margin moderation for 4QFY13, as bank builds its PSL book which is low yielding.

Reported fee income grew 7% QoQ and 68% YoY to INR6.1b led by higher income from syndication of loans. Profit on sale of investment stood at INR2b (of which INR1.8b was on account of proceeds from stake sale in CARE) as compared to INR200m a quarter ago and INR400m a year ago.

Business growth picks up QoQ; but YTD balance sheet still lower; CASA ratio improves further

Loan book increased 3% QoQ and 10% YoY to INR1.7t. However, on YTD basis, loan portfolio is down 6% as bank is in a consolidation mode and is reducing proportion of bulk business on its balance sheet. However, risk weighted as a proportion of balance sheet increased to 84.5% as compared to 74% at the end of FY12. The increase is partially due to downgrading of some of the loans by the external agencies.

Similarly, deposits declined 11% YTD (+4% QoQ and 5% YoY). Growth in CASA deposits was strong at 5% QoQ (+19% YoY) led by strong growth in CA deposits (+7% QoQ and 18% YoY). SA deposit growth also remained healthy at 3% QoQ and 21% YoY. As a consequence, CASA ratio improved further to 22.3% v/s 21.9% a quarter ago and 19.7% a year ago.

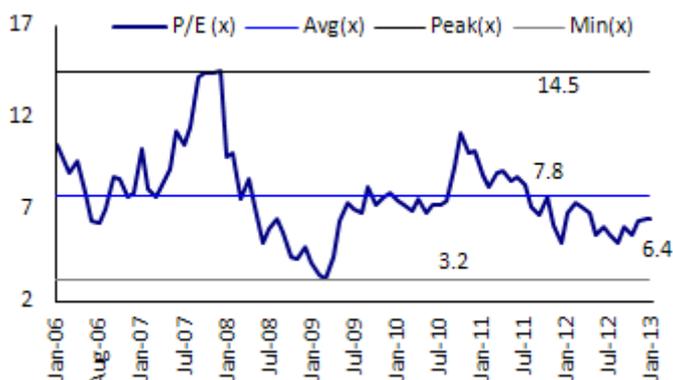
Valuation and view

IDBI's core operating performance was strong during the quarter led by 25bp QoQ improvement in NIM and strong fee income growth. However, (1) sharp increase in stressed assets during the quarter 2) volatile asset quality in past (3) expectation of increase in restructured loan portfolio and 4) lower capitalization with core Tier I at 7.6% remains a concern.

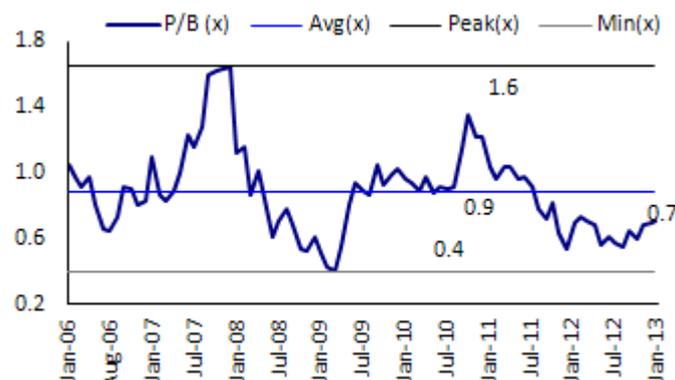
Currently bank is in a consolidation phase (YTD balance sheet has declined by 6%) and would be focusing on PSL (priority sector loans) in 4QFY13 for growth. As of 9MFY13 IDBI had 22-23% of loans in PSL segment which it intends to increase it to 28-30%. Therefore even though IDBI will be a key beneficiary of interest rate reversal (over 40% of its deposits are bulk deposits), its impact would be negated by higher growth expected in PSL where incremental yields are lower. We model in 15bp+/10bp improvement in margin for FY13/FY14. However it still remains significantly low as compared to its peers.

Further, increased stress in large corporate segment will keep slippages and restructuring high that will translate into higher credit cost and impact profitability. Continuous improvement in asset quality will be a key driver of stock re-rating, in our view. We expect the bank to report RoA of 0.7%+ over FY14/15 and RoE would be 11.7% and 12.5% for FY14/FY15 respectively. IDBI has some strategic investments, which we have not considered in our valuations. While the valuation looks inexpensive at 0.6x FY15BV, higher asset quality risk and lower margins to absorb the impact of higher credit cost would keep valuations under check. Maintain **Neutral**.

IDBI Bank: One year forward P/E



IDBI Bank: One year forward P/BV



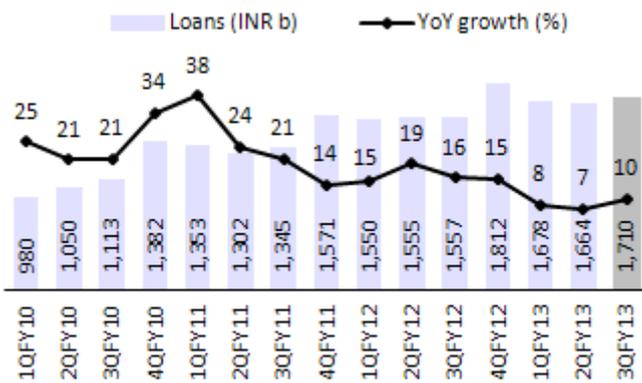
DuPont Analysis: Core operations have improved significantly but lower trading gains and higher credit cost impacted RoAs (%)

Y/E March	FY08	FY09	FY10	FY11	FY12	FY13E	FY14E	FY15E
Net Interest Income	0.58	0.82	1.11	1.78	1.67	1.81	1.91	1.87
Fee income	0.47	0.70	0.77	0.80	0.71	0.86	0.90	0.90
Fee to core Income	45.01	46.25	40.79	30.96	29.82	32.07	32.14	32.36
Core Income	1.05	1.52	1.88	2.58	2.38	2.67	2.82	2.77
Operating Expenses	0.82	0.88	0.90	0.93	0.96	1.01	1.08	1.09
Cost to Core Income	77.93	58.02	48.07	35.96	40.27	37.90	38.52	39.37
Employee cost	0.33	0.38	0.37	0.42	0.43	0.49	0.53	0.54
Other operating expenses	0.49	0.51	0.53	0.50	0.53	0.52	0.55	0.55
Core Operating Profit	0.23	0.64	0.97	1.65	1.42	1.66	1.73	1.68
Trading and others	0.88	0.27	0.37	0.06	0.07	0.09	0.08	0.07
Operating Profits	1.11	0.91	1.34	1.71	1.49	1.75	1.81	1.75
Provisions	0.41	0.26	0.83	0.77	0.52	0.84	0.74	0.66
NPA provisions	0.11	0.09	0.12	0.52	0.35	0.55	0.55	0.52
Other Provisions	0.29	0.16	0.71	0.26	0.17	0.29	0.19	0.14
PBT	0.70	0.65	0.51	0.94	0.97	0.91	1.07	1.09
Tax	0.08	0.08	0.01	0.26	0.22	0.27	0.34	0.35
Tax Rate	11.3	12.9	1.3	27.6	22.8	30.0	32.0	32.0
RoA	0.62	0.57	0.51	0.68	0.75	0.64	0.73	0.74
Leverage (x)	17.99	21.28	25.91	23.30	17.99	16.14	16.03	16.84
RoE	11.19	12.06	13.16	15.79	13.43	10.26	11.67	12.48

Source: Company, MOSL

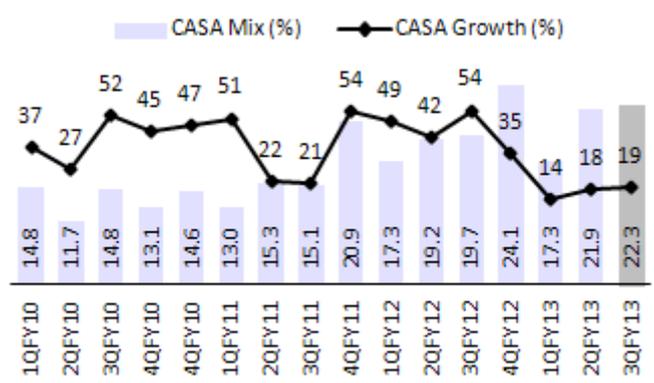
Quarterly trends

Loan growth picks up QoQ; but loan book lower than Mar-12



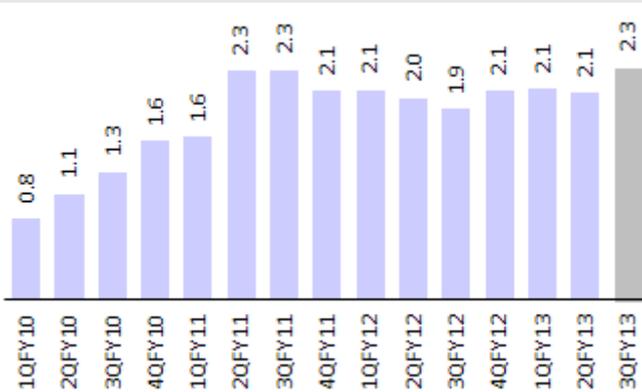
- While on a sequential basis loan book increased 3% it is lower by 6% than Mar-12 levels as bank is in a consolidation mode

CASA ratio improves QoQ



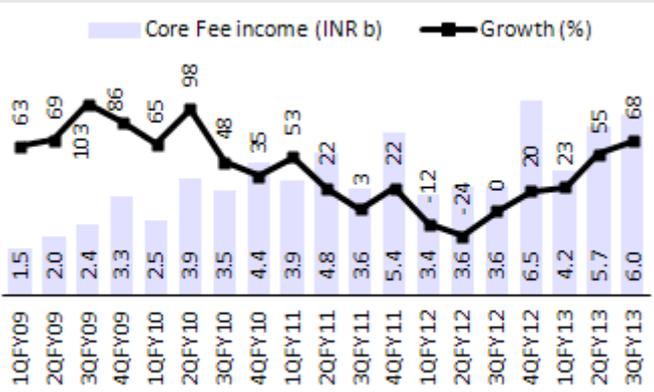
- Both SA and deposit growth were strong at 21% and 18% YoY. This coupled with shedding of bulk deposits over past few quarters has led to improvement in CASA ratio

Margin performance - impressive (%)



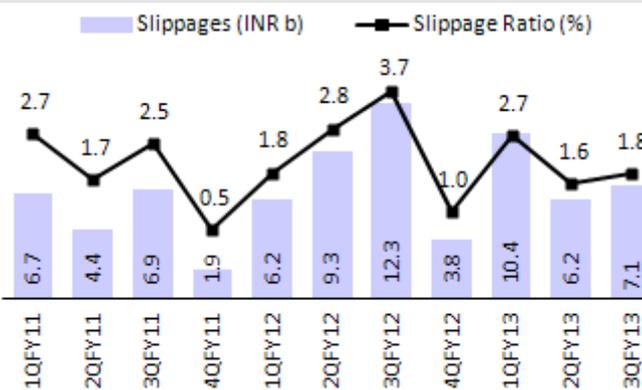
- While cost of funds declined (cal) 28bp QoQ, yield on funds were stable which led to margin improvement

Strong traction in fee income



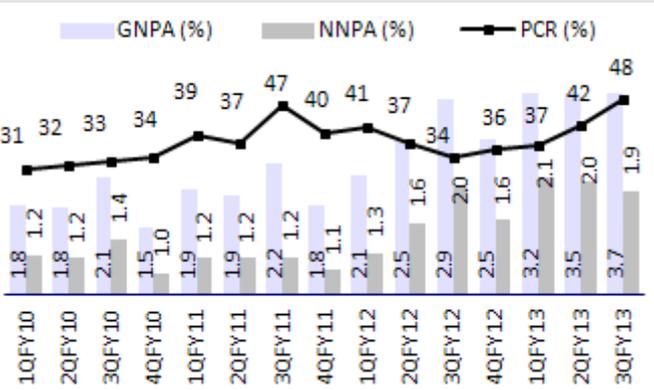
- Strong growth led by syndication fees and festive season. Fee income to average assets has improved from 0.6% in FY12 to 0.8%+ in 9MFY13

Slippages increase QoQ (INR b)



- Of the accounts slipped during the quarter, one large media account formed INR2.7b and led to increased delinquency in corporate segment

GNPA up 9% QoQ; PCR improves



- The accelerated provisioning made during the quarter was on account of shifting of loans from the bucket of sub-standard to doubtful category which also led to improvement in PCR

Quarterly Snapshot (INR m)

	FY12				FY13			Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY	9MFY12	9MFY13	YoY Gr (%)
Profit and Loss												
Net Interest Income	11,524	11,220	10,595	12,109	12,706	12,493	14,132	13	33	33,339	39,331	18
Other Income	4,309	4,706	4,326	7,770	5,200	6,828	8,698	27	101	13,341	20,726	55
Trading profits	230	370	480	390	440	330	2,080	530	333	1,080	2,850	164
Exchange Profits	410	240	380	700	450	400	510	28	34	1,030	1,360	32
Recoveries	390	270	190	560	340	380	490	29	158	850	1,210	42
Others (Ex non core)	3,279	3,826	3,276	6,120	3,970	5,718	5,618	-2	71	10,381	15,306	47
Total Income	15,833	15,926	14,921	19,879	17,906	19,321	22,830	18	53	46,680	60,057	29
Operating Expenses	5,525	5,947	6,670	7,933	6,586	7,525	7,306	-3	10	18,142	21,416	18
Employee	2,440	2,657	2,941	3,832	3,163	3,864	3,330	-14	13	8,038	10,357	29
Others	3,085	3,290	3,728	4,101	3,423	3,661	3,975	9	7	10,103	11,059	9
Operating Profits	10,308	9,979	8,251	11,946	11,321	11,796	15,525	32	88	28,538	38,641	35
Provisions	4,257	3,120	4,072	2,738	5,098	4,946	9,630	95	136	11,449	19,674	72
PBT	6,051	6,859	4,179	9,208	6,222	6,850	5,895	-14	41	17,089	18,968	11
Taxes	2,700	1,700	81	1,500	1,949	2,015	1,728	-14	2,035	4,481	5,691	27
PAT	3,351	5,159	4,098	7,708	4,273	4,835	4,168	-14	2	12,608	13,276	5
Asset Quality												
GNPA	32,878	38,895	46,399	45,514	54,955	58,481	64,014	9	38			
NNPA	19,328	24,429	30,579	29,109	34,778	33,948	33,021	-3	8			
GNPA (%)	2.1	2.5	2.9	2.5	3.2	3.5	3.7	21	73			
NNPA (%)	1.3	1.6	2.0	1.6	2.1	2.0	1.9	-11	-3			
PCR (Calculated, %)	41	37	34	36	37	42	48					
Ratios (%)												
Fees to Total Income	20.7	24.0	22.0	30.8	22.2	29.6	24.6			22.2	25.5	
Cost to Core Income	37.3	39.5	48.1	43.5	39.5	41.3	37.0			41.5	39.2	
Tax Rate	44.6	24.8	1.9	16.3	31.3	29.4	29.3			26.2	30.0	
CASA (Reported)	17.3	19.2	19.7	24.1	17.3	21.9	22.3					
Loan/Deposit	87.9	89.1	87.9	86.1	87.5	92.4	91.6					
Margins (%) - Reported												
Yield on funds	10.0	10.4	10.4	10.7	10.3	10.7	11.1	46	74	10.3	10.7	41
Cost of funds	8.0	8.4	8.6	8.4	8.4	8.4	8.4	-5	-28	8.3	8.4	6
Spreads	2.0	2.0	1.7	2.3	1.9	2.2	2.8	51	102	1.9	2.3	35
Margins	2.1	2.0	1.9	2.1	2.1	2.1	2.3	25	41	2.0	2.1	16
Balance Sheet (INR b)												
Loans	1,550	1,555	1,557	1,812	1,678	1,664	1,710	3	10			
Investment	709	699	714	832	816	695	762	10	7			
Deposits	1,763	1,744	1,771	2,105	1,917	1,801	1,866	4	5			
CASA Deposits	305	335	348	507	346	395	416	5	19			
CA Deposits	136	152	170	190	176	198	204	3	21			
SA Deposits	168	183	179	317	170	197	211	7	18			
Borrowings	511	529	541	535	517	550	575	5	6			
Total Assets	2,496	2,500	2,553	2,908	2,719	2,635	2,732	4	7			
Franchise												
Branches	883	908	933	973	985	998	1,019	4	19			
ATM	1,459	1,496	1,518	1,542	1,575	1,591	1,597	2	13			

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 (%)
FY13	14.7	15.8	-6.7
FY14	18.2	19.0	-4.3

Shareholding pattern (%)

	Dec-12	Sep-12	Dec-11
Promoter	70.5	70.5	65.1
Domestic Inst	14.7	14.7	15.6
Foreign	3.6	3.2	3.9
Others	11.2	11.6	15.4

1-year Sensex Rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mcap (USDb)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)		Dividend Yield (%) #
				FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	
ICICIB*	Buy	1,175	24.6	87	105	11.0	8.9	511	579	1.9	1.6	1.7	1.7	16.1	17.2	1.4
HDFCB	Neutral	663	28.5	37	46	17.9	14.3	177	212	3.7	3.1	1.9	1.9	22.7	23.8	0.6
AXSB	Buy	1,388	10.7	143	168	9.7	8.2	755	897	1.8	1.5	1.7	1.7	20.4	20.3	1.2
KMB*	Neutral	627	8.4	33	40	14.1	11.2	141	164	3.3	2.7	1.6	1.6	15.2	16.0	0.1
YES	Buy	518	3.3	46	57	11.2	9.1	201	248	2.6	2.1	1.6	1.6	25.4	25.3	0.8
IIB	Buy	420	4.0	26	33	16.1	12.8	164	192	2.6	2.2	1.7	1.8	17.0	18.4	0.5
VYSB	Buy	573	1.6	44	51	13.1	11.3	328	371	1.7	1.5	1.1	1.0	14.2	14.6	0.7
FB	Buy	503	1.6	55	63	9.1	8.0	413	461	1.2	1.1	1.3	1.2	14.0	14.3	1.8
J&KKB	Buy	1,314	1.2	230	274	5.7	4.8	1,180	1,390	1.1	0.9	1.5	1.5	21.1	21.3	2.5
SIB	Buy	28	0.3	4.0	4.6	7.0	6.1	25	28	1.2	1.0	1.1	1.0	17.6	17.5	2.1
Private Aggregate			84.2			13.8	11.4			2.4	2.1					
SBIN (cons)*	Buy	2,491	30.4	318	382	7.5	6.2	2,039	2,357	1.2	1.0	1.0	1.0	17.2	17.8	1.4
PNB	Buy	893	5.5	170	203	5.2	4.4	1,035	1,203	0.9	0.7	1.0	1.0	17.7	18.1	2.5
BOI	Neutral	386	4.0	52	60	7.4	6.5	404	453	1.0	0.9	0.6	0.6	13.6	13.9	1.8
BOB	Neutral	885	6.6	134	156	6.6	5.7	833	965	1.1	0.9	1.0	0.9	17.3	17.3	1.9
CBK	Buy	521	4.2	80	97	6.5	5.4	585	666	0.9	0.8	0.8	0.8	14.6	15.5	2.1
UNBK	Buy	267	2.7	52	61	5.2	4.4	305	352	0.9	0.8	0.9	0.9	18.1	18.7	3.0
IOB	Neutral	88	1.3	13	15	6.9	5.8	151	162	0.6	0.5	0.4	0.4	8.7	9.7	5.1
OBC	Buy	340	1.8	57	67	5.9	5.1	461	512	0.7	0.7	0.7	0.7	13.1	13.7	2.3
INBK	Buy	210	1.6	48	54	4.4	3.9	285	326	0.7	0.6	1.1	1.1	17.5	17.2	3.6
CRPBB	Neutral	470	1.3	112	133	4.2	3.5	720	822	0.7	0.6	0.8	0.9	16.6	17.3	4.4
ANDB	Buy	123	1.3	26	31	4.7	4.0	171	194	0.7	0.6	0.9	0.9	16.2	16.8	4.5
IDBI	Neutral	113	2.6	18	21	6.2	5.3	163	179	0.7	0.6	0.7	0.7	11.7	12.5	3.1
DBNK	Neutral	119	0.8	27	30	4.4	3.9	167	193	0.7	0.6	0.8	0.8	17.3	16.9	2.5
Public Aggregate			64.1			7.2	6.1			1.0	0.9					
HDFC*	Buy	822	22.9	38	45	15.1	11.7	125	146	4.6	3.6	2.9	2.9	30.4	30.6	1.3
LICHF	Buy	281	2.6	26	32	10.7	8.7	150	175	1.9	1.6	1.5	1.5	19.0	20.0	1.3
DEWH	Buy	214	0.5	49	60	4.4	3.5	218	269	1.0	0.8	1.4	1.3	21.8	22.8	1.6
IDFC	Buy	176	4.8	14	16	12.8	10.8	92	104	1.7	1.5	2.7	2.7	16.3	17.1	1.3
RECL	Buy	251	4.5	42	50	6.0	5.0	205	239	1.2	1.0	3.1	3.1	22.1	22.4	3.0
POWF	Buy	208	5.0	36	43	5.7	4.9	204	233	1.0	0.9	2.9	2.9	19.0	19.6	2.9
SHTF	Buy	763	3.1	72	85	10.7	9.0	379	452	2.0	1.7	2.7	2.7	20.6	20.4	0.9
MMFS	Buy	1,120	2.3	91	115	12.3	9.8	464	548	2.4	2.0	3.5	3.6	21.1	22.6	1.3
NBFC Aggregate			45.7			11.7	9.9			2.2	1.9					

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

Div Yield based on FY12 declared dividend

Financials and Valuation

Income Statement				(INR Million)		
Y/E March	2010	2011	2012	2013E	2014E	2015E
Interest Income	152,613	186,008	233,699	251,742	266,634	307,870
Interest Expended	130,052	142,719	188,251	198,230	205,699	238,982
Net Interest Income	22,561	43,289	45,448	53,511	60,935	68,888
Change (%)	82.0	91.9	5.0	17.7	13.9	13.1
Other Income	23,017	20,836	21,188	27,917	31,357	35,459
Net Income	45,578	64,125	66,636	81,428	92,293	104,347
Change (%)	67.8	40.7	3.9	22.2	13.3	13.1
Operating Expenses	18,314	22,547	26,075	29,860	34,592	40,093
Pre-provisioning Profits	27,264	41,578	40,562	51,569	57,701	64,254
Change (%)	97.9	52.5	-2.4	27.1	11.9	11.4
Provisions (excl tax)	16,817	18,769	14,255	24,762	23,540	24,165
PBT	10,447	22,810	26,307	26,807	34,161	40,089
Tax	136	6,307	5,991	8,042	10,931	12,828
Tax Rate (%)	1.3	27.6	22.8	30.0	32.0	32.0
PAT	10,311	16,503	20,316	18,765	23,229	27,260
Change (%)	20.1	60.0	23.1	-7.6	23.8	17.4
Equity Dividend (Incl tax)	2,489	3,999	4,719	4,391	5,436	6,379
Core PPP*	19,787	40,151	38,682	48,919	55,201	61,754
Change (%)	104.4	102.9	-3.7	26.5	12.8	11.9

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

Balance Sheet				(INR Million)		
Y/E March	2010	2011	2012	2013E	2014E	2015E
Equity Share Capital	7,249	9,846	12,784	12,784	12,784	12,784
Reserves & Surplus	94,400	135,830	181,495	195,458	212,831	233,293
Net Worth	101,648	145,676	194,279	208,242	225,615	246,077
Deposits	1,676,671	1,804,858	2,104,926	2,125,975	2,423,611	2,908,334
Change (%)	49.2	7.6	16.6	1.0	14.0	20.0
of which CASA Dep	244,605	376,780	507,246	517,988	567,717	639,566
Change (%)	47.2	54.0	34.6	2.1	9.6	12.7
Borrowings	477,095	515,697	534,776	576,227	631,270	693,549
Other Liabilities & Prov.	80,314	67,538	74,391	85,550	102,660	123,192
Total Liabilities	2,335,728	2,533,768	2,908,372	2,995,993	3,383,156	3,971,151
Current Assets	145,828	207,661	180,577	186,267	206,237	245,370
Investments	733,455	682,692	831,754	790,166	869,183	999,560
Change (%)	46.6	-6.9	21.8	-5.0	10.0	15.0
Advances	1,382,019	1,570,981	1,811,584	1,920,279	2,189,118	2,583,160
Change (%)	33.6	13.7	15.3	6.0	14.0	18.0
Net Fixed Assets	29,970	30,373	30,188	31,443	33,821	37,066
Other Assets	44,456	42,061	54,270	67,837	84,797	105,996
Total Assets	2,335,728	2,533,768	2,908,372	2,995,993	3,383,156	3,971,151
Asset Quality						
GNPA (INR m)	21,294	27,847	45,511	69,282	89,799	108,762
NNPA (INR m)	14,063	16,779	29,109	36,750	41,003	43,077
GNPA Ratio	1.53	1.76	2.49	3.55	4.01	4.11
NNPA Ratio	1.02	1.07	1.61	1.91	1.87	1.67
PCR (Excl Tech. write off)	34.0	39.7	36.0	47.0	54.3	60.4
PCR (Incl Tech. Write off)	74.9	74.7	68.3	68.2	69.9	72.2

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E March	2010	2011	2012	2013E	2014E	2015E
Spreads Analysis (%)						
Avg. Yield-Earning Assets	7.8	7.9	8.9	8.9	8.7	8.7
Avg. Yield on loans	8.9	9.3	10.6	10.6	10.3	10.3
Avg. Yield on Investments	6.8	6.8	7.0	6.5	6.4	6.4
Avg. Cost-Int. Bear. Liab.	7.0	6.4	7.6	7.4	7.1	7.2
Avg. Cost of Deposits	6.6	5.7	7.2	6.9	6.4	6.3
Interest Spread	0.8	1.5	1.3	1.4	1.6	1.6
Net Interest Margin	1.2	1.8	1.7	1.9	2.0	2.0

Profitability Ratios (%)

RoE	13.2	15.8	13.4	10.3	11.7	12.5
RoA	0.5	0.7	0.8	0.6	0.7	0.7
Int. Expended/Int.Earned	85.2	76.7	80.6	78.7	77.1	77.6
Fee Income/Net Income	34.1	30.3	29.0	31.0	31.3	31.6
Other Inc./Net Income	50.5	32.5	31.8	34.3	34.0	34.0

Efficiency Ratios (%)

Cost/Income*	48.1	36.0	40.3	37.9	38.5	39.4
Empl. Cost/Op. Exps.	41.3	45.5	44.5	48.2	49.1	50.0
Busi. per Empl. (Rs m)	213.6	233.1	233.7	232.8	232.8	251.3
NP per Empl. (Rs lac)	8.4	12.0	13.0	11.0	12.5	13.6

* ex treasury

Asset-Liability Profile (%)

Adv./Deposit Ratio	82.4	87.0	86.1	90.3	90.3	88.8
CASA Ratio	14.6	20.9	24.1	24.4	23.4	22.0
Invest./Deposit Ratio	43.7	37.8	39.5	37.2	35.9	34.4
G-Sec/Invest. Ratio	82.9	79.1	77.9	85.5	87.9	90.1
CAR	11.3	13.6	14.6	13.9	13.5	12.6
Tier 1	6.2	8.0	8.4	8.1	8.0	7.6

Valuation

Book Value (INR)	113.5	128.7	137.5	148.7	162.6	179.0
Change (%)	10.5	13.4	6.8	8.2	9.4	10.0
Price-BV (x)	1.0	0.9	0.8	0.8	0.7	0.6
Adjusted BV (INR)	100.9	117.6	122.7	130.0	141.8	157.1
Price-ABV (x)	1.1	1.0	0.9	0.9	0.8	0.7
EPS (INR)	14.2	16.8	15.9	14.7	18.2	21.3
EPS Growth (%)	20.0	17.8	-5.2	-7.6	23.8	17.4
Price-Earnings (x)	8.0	6.8	7.1	7.7	6.2	5.3
Dividend Per Share (INR)	3.0	3.5	3.5	3.4	4.3	5.0
Dividend Yield (%)	2.6	3.1	3.1	3.0	3.8	4.4

E: MOSL Estimates

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