

Initiating Coverage
November 18, 2010

Federal Bank Ltd.

NET Banking



NRI Banking



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Federal Bank Ltd.

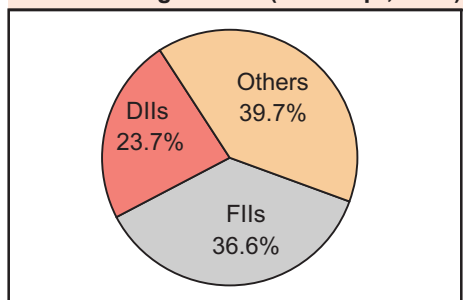
'CAR'ing customers...

November 18, 2010

Key Stock Data	
Sector	Private Sector Bank
CMP	₹456.10
52-wk High / Low	₹501.00 / 223.55
Market Cap	₹78.01bn (\$1695mn)
Avg 6m daily vol.	130157
BSE Sensex	19930.64
Reco	BUY
TP	₹555

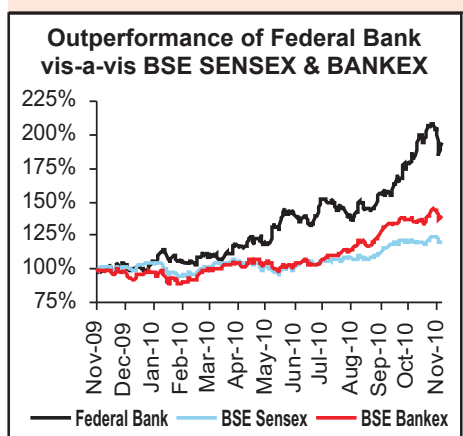
Stock Codes	
Bloomberg Code	FB.IN
Reuters Code	FED.BO
BSE Code	500469
NSE Code	FEDERALBNK
Face Value	₹10per share

Shareholding Pattern (30th Sept, 2010)



Price Performance (%)			
1 Mth	3 Mths	6 Mths	1 Yr
8.8%	43.0%	67.3%	95.9%

Stock Price Performance



Kerala-based Federal Bank Ltd. (FBL), one of the best old private sector bank with excellent track record of growth and quality, has 672 branches and 732 ATMs spread all over India as of March, 2010. It has the experience of conducting business in the state of Kerala for more than seven decades, which gives the bank a competitive advantage in this state and enables it to be in a better position to understand the local market requirements. Relative to its old private-bank peers, Federal Bank offers its customers a better value proposition in terms of advanced technology, a wider product range and a stronger network. The Bank has one fully owned subsidiary namely, FedBank Financial Services Ltd engaged in marketing of bank's products.

- **Healthy Business growth:** Robust business growth over the years due to increase in deposits and uptake of credit because of revival in economy, resulting in the highest market share of 16.4% amongst the old private-sector banks.
- **Increase in Low-cost deposits:** The strategy of shedding high cost deposits and increasing CASA ratio has led the bank to maintain the low-cost deposits mix (including NRI deposits) around 46% of the total deposits.
- **Highest NIMs among its peers:** Geographical advantages, branch expansion, use of advanced technology and introduction of new schemes and products have resulted in excellent deposit-mix enabling the bank to maintain margins towards higher levels.
- **High-yielding loan book:** Maintaining the market share in Advances portfolio around 17% through well diversified loan book and giving more thrust on Retail and MSME sectors to earn high returns.
- **Comfortable CAR:** The bank has a capital adequacy ratio (as per Basel II) of 18.4% in FY10 is well above RBI's minimum requirement of 9%. Its rating

(continued...)

Key financials

(₹Cr)

Particulars	FY08	FY09	FY10	FY11E	FY12E
Advances	18904.66	22391.87	26950.11	31382.34	35539.14
Deposits	25913.36	32198.19	36057.95	42169.77	47230.15
NII	868.01	1315.46	1410.83	1759.18	1885.16
Total Income	2910.16	3831.15	4204.14	4620.58	5098.03
PAT	368.05	500.49	464.55	619.92	693.31
EPS (₹)	21.52	29.26	27.16	36.25	40.54
Book Value (₹)	229.53	252.93	274.25	302.70	334.62
Adjusted Book Value (₹)	226.63	248.59	266.39	292.17	324.37
RONW (%)	13.6%	12.1%	10.3%	12.6%	12.7%
ROA (%)	1.3%	1.4%	1.1%	1.3%	1.3%

E: Keynote Capitals Institutional Research Estimates

profile has resulted in reduction in risk-weighted assets, leading to improvement in CRAR that is best amongst banks in old private sector groups.

- **Well managed Cost-efficiencies leading to increase in productivity ratios:** Cost-to-income ratio of 34.9% as of FY10, lowest amongst its peers reflects the efficiency of the bank and is expected to maintain better productive ratios in future.

The key concerns of the banks would be:

- Rise in NPAs could lead to higher provisioning than estimated, impacting profit growth and ROE.
- Competition from newer private banks.

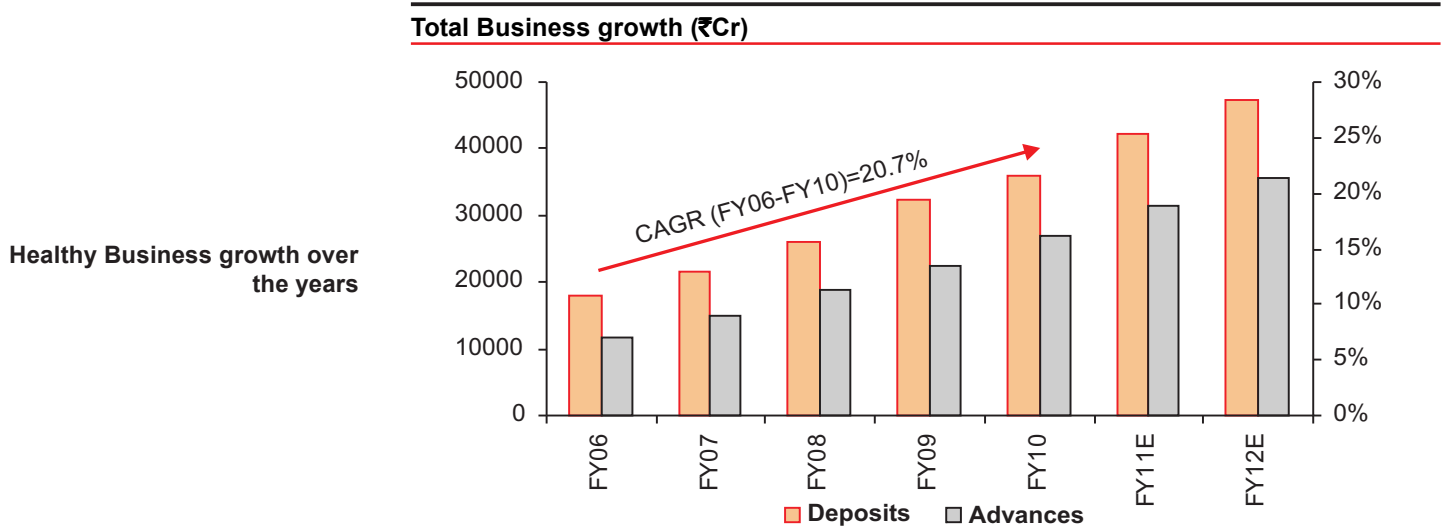
At CMP of ₹456.10, the stock is trading at 1.7x FY10 price to adjusted book. Considering the overall growth prospects of the bank, we recommend a **'Buy'**, assigning a multiple of 1.7x FY12E price to adjusted book to arrive at the target price of ₹555 per share.

Investment Rationale

1. Total Business-Market Share

- The total business of the bank in FY10 was up by 15.4% at ₹63008.06cr from ₹54590.06cr in FY09, mainly driven by 20.4% growth in Net Advances.
- Addition of new customers and further enhancing service standards to the existing customers are the core objectives of the Bank. New products were introduced taking into account the customer preferences. As per the policy of the bank, it entered into new geographies whereby enhanced its visibility resulting in total business CAGR (FY06-FY10) of 20.7%.

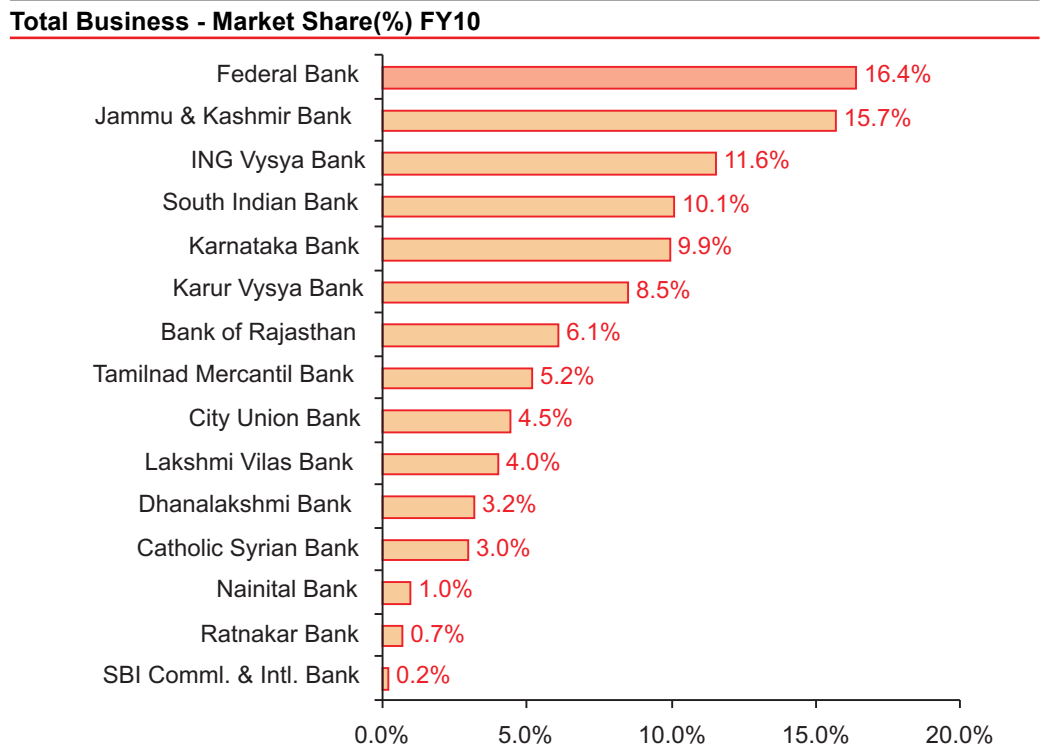
Chart 1



E: Keynote Capitals Institutional Research Estimates

- The market share of the total business of the bank is highest amongst the old private-sector banks in FY10 and is expected to be maintained.

Chart 2



Highest market share of total business among the traditional private-banks

(Source: Indian Banks' Association, Keynote Capitals Institutional Research)

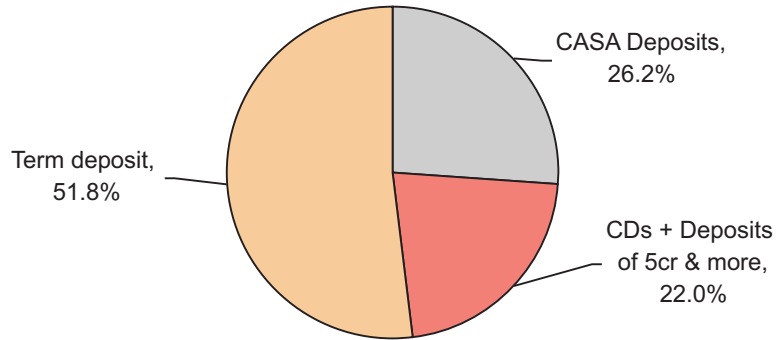
2. Increase in low-cost deposit

- The NRI deposits and savings have been on rise especially from the Keralites living abroad. It has grown to a level of ₹7350.71cr as on March 31, 2010 from ₹6908.92cr as on March 31, 2009 up by 6.4%. The accelerated growth in NRI deposits in the past two years have been achieved through the representative office in Abu Dhabi and substantial increase in the number of remittance tie-up arrangements with GCC Countries.
- In FY10, the bank's NRI deposits constitute 26.7% out of the total retail deposits. To increase the NRI deposits, the bank has planned certain new initiatives, namely-
 - i) Representative office in middle-east which will facilitate to reach more NRI customers and assist them to deal with the bank without any difficulty.
 - ii) Newly started online money remittance facility to improve the service standards and thereby attract new customers, using new technology and convenient electronic channels of remittances like SWIFT and Fed India remit service.
 - iii) Tie-up with 47 exchange houses / banks for money remittance to India from abroad by way of DD and TTs.
 - iv) The specialists have been appointed to service the NRI customers.

Geographical advantage paves the way to the high NRI deposits

Chart 3

Deposit Mix-FY10

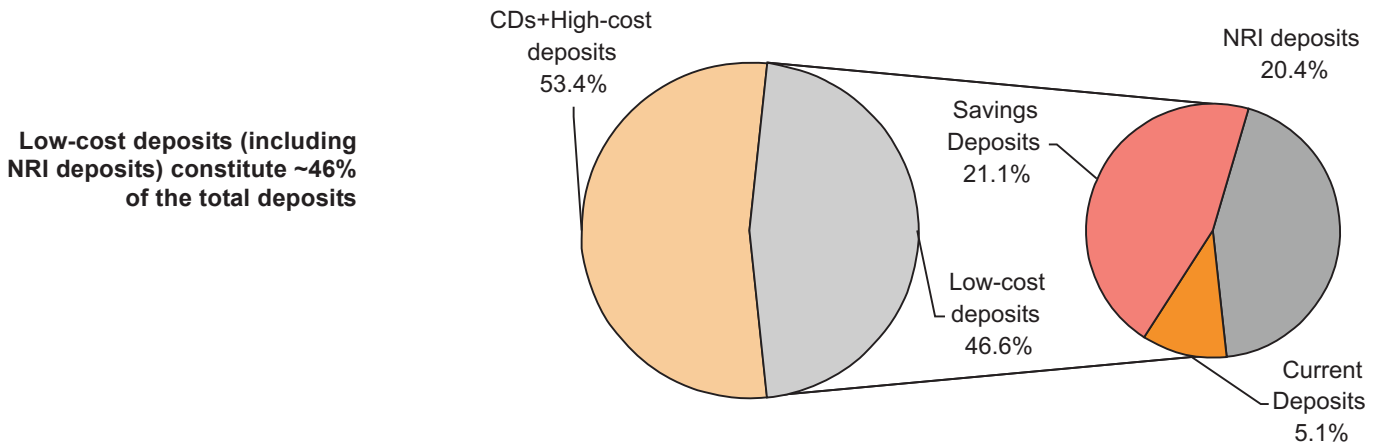


(Source: Company, Keynote Capitals Institutional Research)

- During FY10, the bank adopted a strategy to reduce high-cost deposits and concentrate on mobilizing funds through Certificate of Deposits (CDs). Thereby, enhanced its CDs amounts to ₹7000cr from ₹4000cr and obtained P1+ rating (indicates that the degree of safety regarding timely payment on the instrument is 'very strong') from CRISIL.

Chart 4

High share of CASA & NRI deposits-FY10

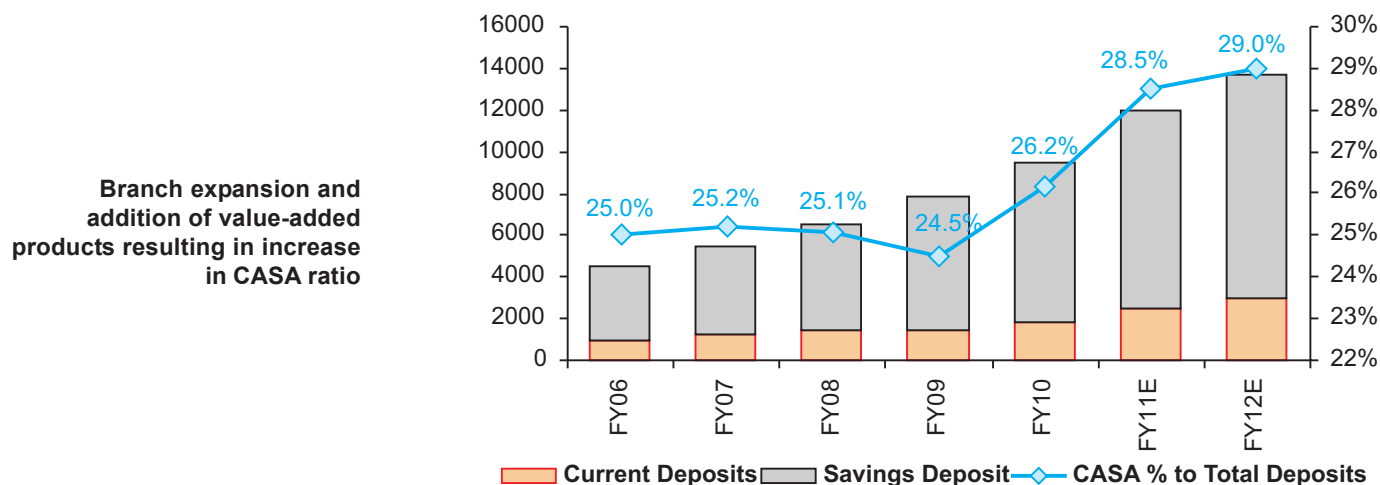


(Source: Company, Keynote Capitals Institutional Research)

- CASA ratio increases to 29.0% in 1QFY11 from 26.1% in 1QFY10 and 29.4% in 2QFY11 from 25.8% in 2QFY10, on account of branch expansion and addition of customers.
- Efforts were taken to leverage CBS (Core Banking Solution) through engagement of specialist to serve the HNI customers, whereby expecting the improvement in CASA ratio.

Chart 5

CASA Deposits



(E: Keynote Capitals Institutional Research Estimates)

3. Maintain margins through deposit-mix

- Low cost deposit i.e. 26.2% CASA and 20.4% NRI deposit have helped the bank to maintain its spread by reducing cost of deposits as well as to lend at competitive rates and thereby increase yield on advances. The cost of deposits decreased by 43 bps from 7.0% to 6.6% owing to redemption of high cost deposits.
- Hence, the high proportion of low-cost deposits, the ability to deploy surplus liquidity in better avenues and re-pricing the loans which are lent below base rate has led to a better spread (Yield on Advances - Cost of Deposits) amongst its peers during FY09 & FY10.

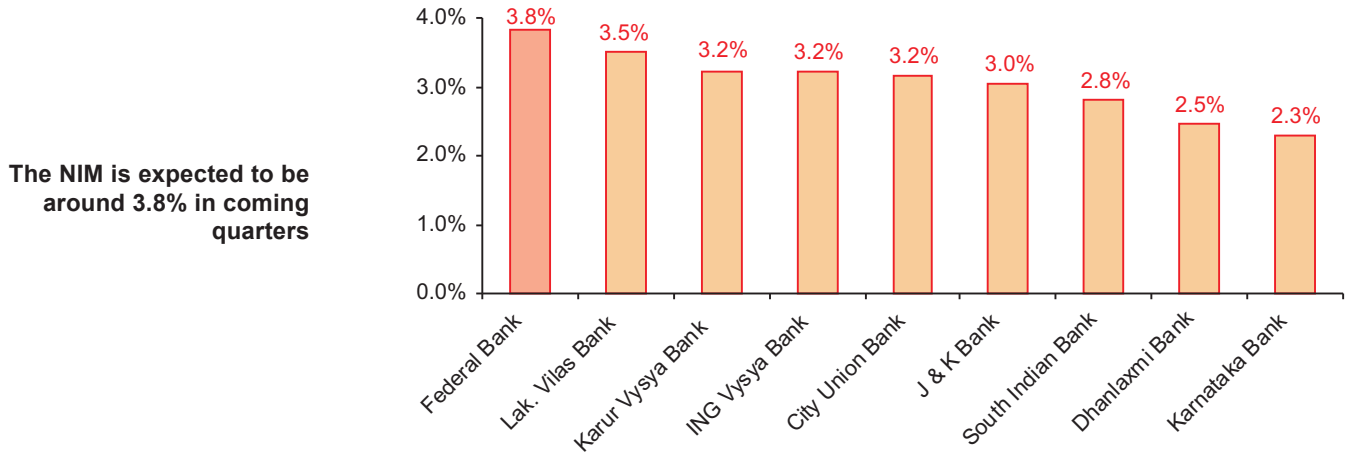
Better spread of 4.8% in FY10 due to the better deposit-mix

Particulars	Cost of deposits (%)		Yield on advances (%)		Spread (%)	
	FY09	FY10	FY09	FY10	FY09	FY10
Federal Bank	7.0%	6.6%	12.3%	11.3%	5.3%	4.8%
Karur Vysya Bank	7.6%	7.1%	9.7%	9.5%	2.0%	2.4%
South Indian Bank	6.9%	6.9%	10.8%	11.1%	3.9%	4.2%
Dhanlaxmi Bank	7.0%	6.7%	11.7%	10.5%	4.7%	3.8%
Lak. Vilas Bank	7.5%	6.3%	9.8%	9.5%	2.3%	3.2%

- The bank has highest Net interest margins among the old private sector banks at 3.8% in FY10 and we expect the same will be sustained in coming years.

Chart 6

NIM (%) - FY10



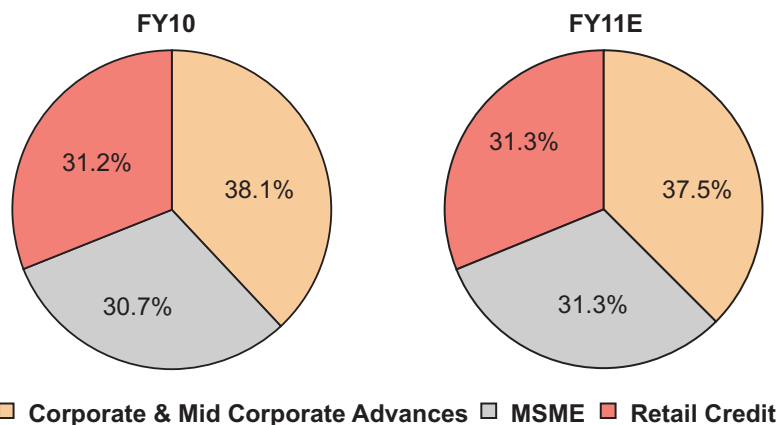
(Source: Company, Keynote Capitals Institutional Research)

4. High-yielding loan book

- The gross advances increased by 20.4% at ₹27634.55cr during FY10 from ₹22906.81cr during FY09. Considering the industry growth prospects, the loan-book is likely to grow in the range of 16%-18% in FY11.
- The loan book constitutes major share of MSME & retail segments (~62% of the total advances during FY10) are the drivers of business growth of the bank which is expected to be maintained during FY11E.

Chart 7

Loan-book



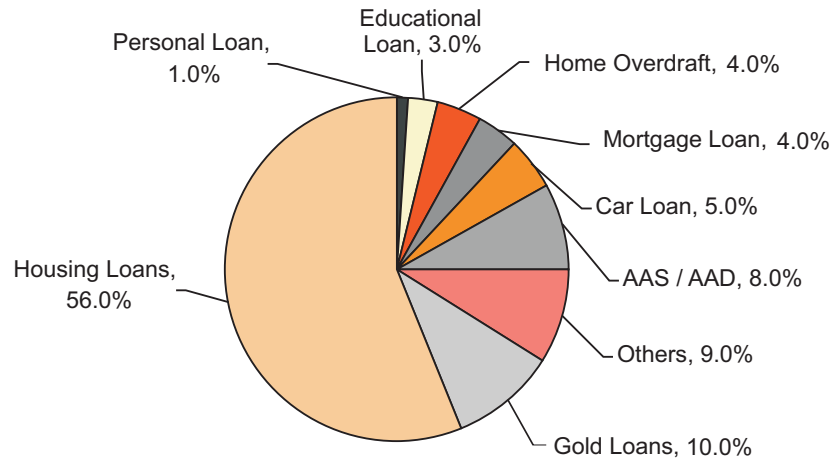
(Source: Company, Keynote Capitals Institutional Research Estimates)

- Out of the total retail loan, majority of the loans are secured loans namely housing loans and gold loans. The focus on Gold loans is due to the geographical presence in Southern India, especially in Kerala where the consumption of gold is higher compared to other states.

Chart 8

Retail Loans-FY10

More focus on secured loans namely housing and gold loans



(Source: Company, Keynote Capitals Institutional Research)

- The corporate loan book of the bank is well diversified with maximum exposure of 6.4% to the Power (Infrastructure) sector followed by 2.5% in the Iron & Steel segment.

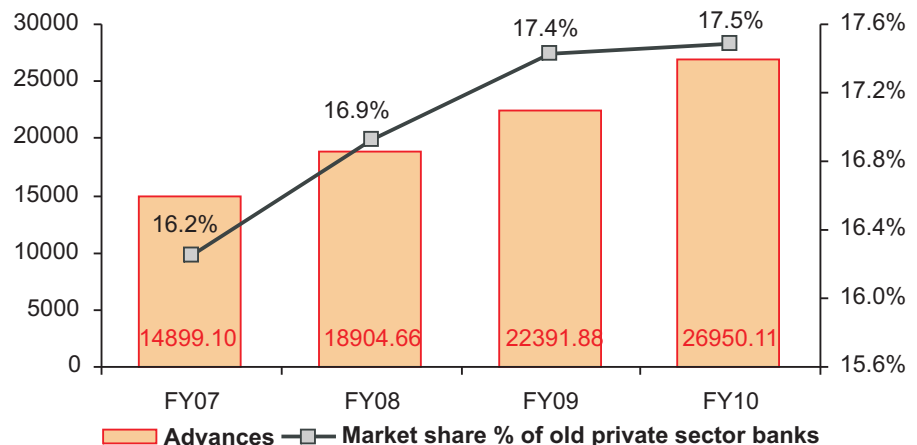
Well-diversified loan book with minimum exposure to sensitive sectors

Industry-wise exposure	FY10
Power (Infrastructure)	6.4%
Iron & Steel	2.5%
Commercial Real estate	2.3%
Roads & Ports (Infrastructure)	2.1%
Chemicals, Dyes, Paints, Fertilizers, etc.	1.8%
Metal & metal products	1.6%
Food Processing	1.5%
Cotton Textiles	1.5%
Capital Markets	1.4%
Engineering incl. electronics	1.3%
Coal	0.9%
Petroleum	0.8%

The thrust on retail & MSME sector and well diversified loan book has helped Federal bank to increase its market share in advances portfolio yoy. The market share in advances portfolio yoy is consistently maintained around 17% and is highest among the peers since FY2008.

Chart 9

Advances-market share (%)



(Source: Company, Keynote Capitals Institutional Research)

5. Strong Capital Adequacy

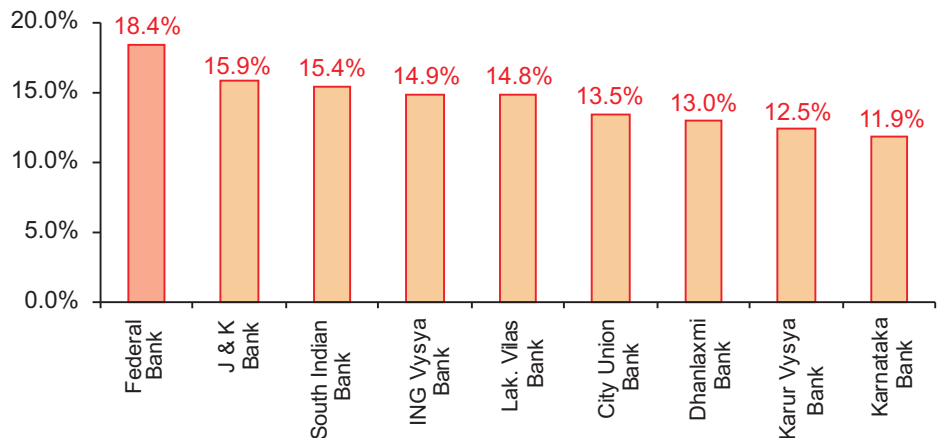
- In the phase of revival in economy, the bank will be in a position to leverage its comfortable CAR of 18.4% as per Basel II and protect any deterioration of assets and lead to growth.

Capital Structure	FY06	FY07	FY08	FY09	FY10
Tier I Ratio	9.7%	8.9%	19.1%	18.4%	16.9%
Tier II Ratio	4.0%	4.5%	3.4%	1.8%	1.4%
Total Capital Ratio	13.8%	13.4%	22.5%	20.2%	18.4%

Adequate capital cushion to ramp up the business activities of the bank

Chart 10

CAR (%) - FY10



(Source: Company, Keynote Capitals Institutional Research)

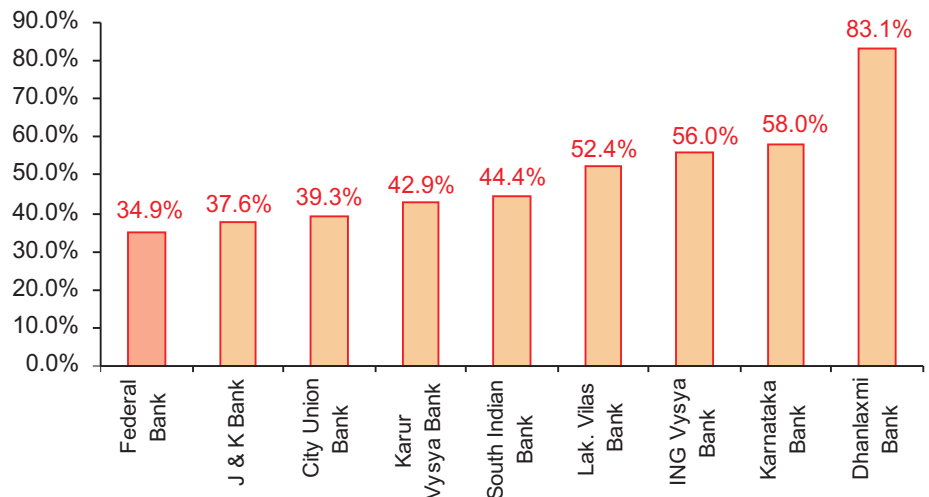
6. Well managed Cost-efficiencies leading to increase in productivity ratios

- With the loyalty of customers, the bank improves their service standards through modern technology. It was one of the first among its peers to have its network on the Core Banking platform and currently offers its clients standard products and channel options, including net banking. Presently, the bank's cost to income ratio is 34.9% and we expect a further decrease during FY2011-12E with continued cost-effective measures.

Chart 11

Cost to income ratio (%) - FY10

Lowest cost-to-income ratio attract cost-efficiency

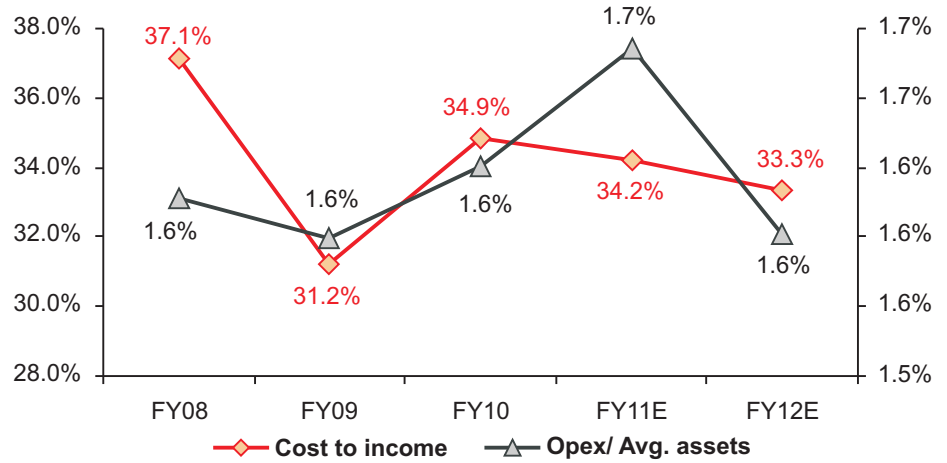


(Source: Keynote Capitals Institutional Research)

- The lower operating expense to average assets ratio of 1.6% will benefit the bank to maintain low cost and high returns in coming years.

Chart 12

Cost-efficiencies

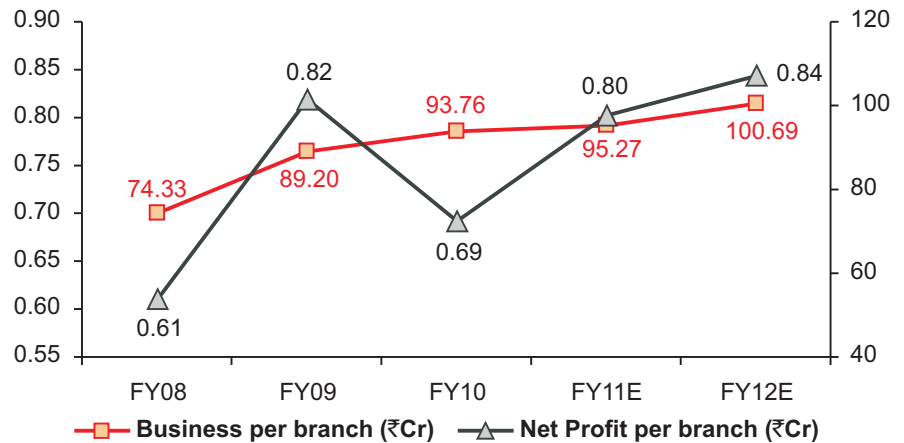


E: Keynote Capitals Institutional Research Estimates

- The business per branch and employee increased to ₹93.76cr and ₹8.15cr respectively, in FY10 as against ₹89.20cr and ₹7.52 respectively, in FY09. There may be a further improvement in productivity ratios by implementation of Core Banking Solution.

Chart 13

Branch Productivity Ratios

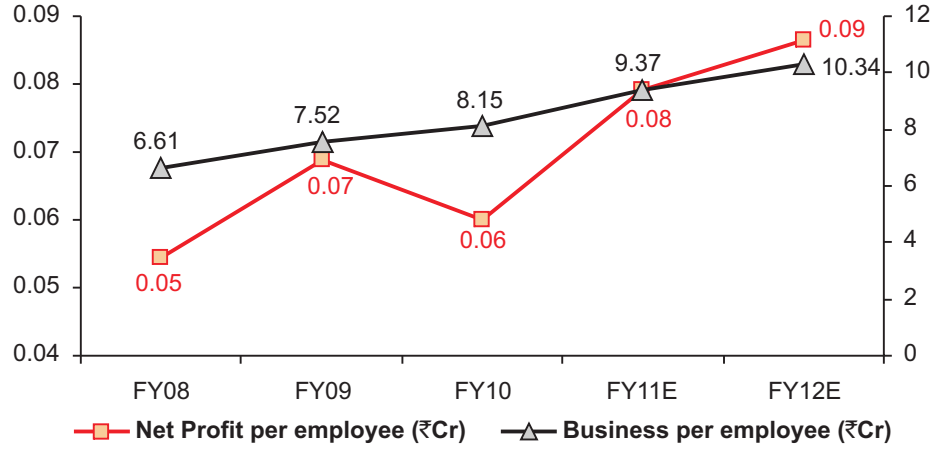


E: Keynote Capitals Institutional Research Estimates

- The Net-profit per branch and employee is also expected to increase from the current levels leading to the overall efficiency of the bank.

Chart 14

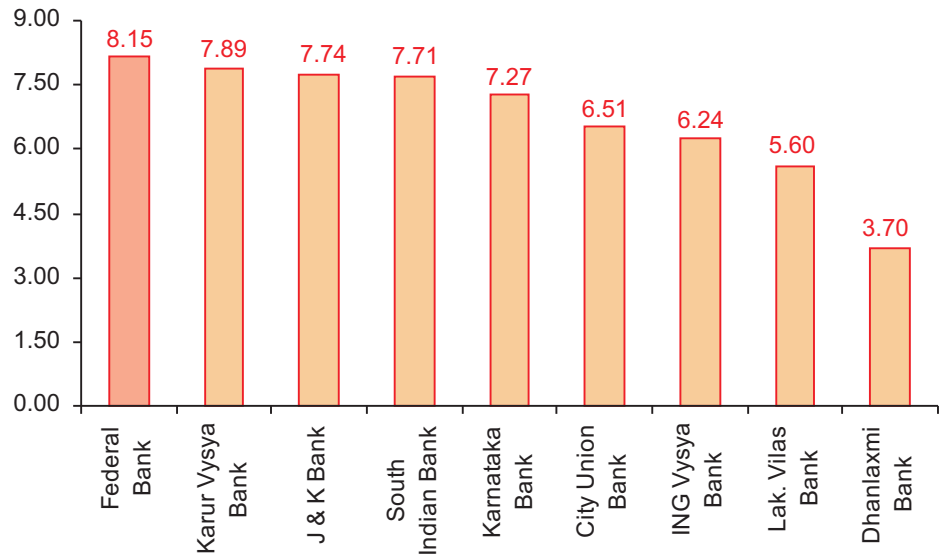
Employee Productivity Ratios



E: Keynote Capitals Institutional Research Estimates

Chart 15

Business Per Employee (₹Cr)



(Source: Company, Keynote Capitals Institutional Research)

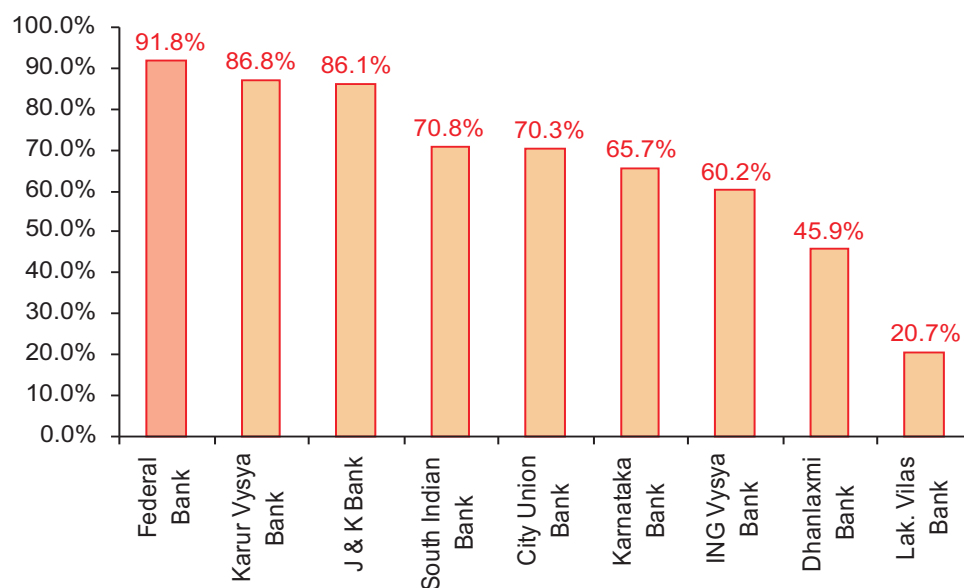
Developments

1. Asset quality of the bank

- Restructuring exercise in lending to different verticals and strong CAR paved way to improve the asset quality of the bank.
- Provision coverage ratio stood at 91.8% during FY10, well above 70% mandate by RBI.

Chart 16

Provision coverage (%) - FY10



(Source: Company, Keynote Capitals Institutional Research)

2. Expansion along efficiency improvement

- The bank has increased its number of branches and ATMs to 672 and 732 respectively, in FY10 from 472 and 320 respectively, in FY06.

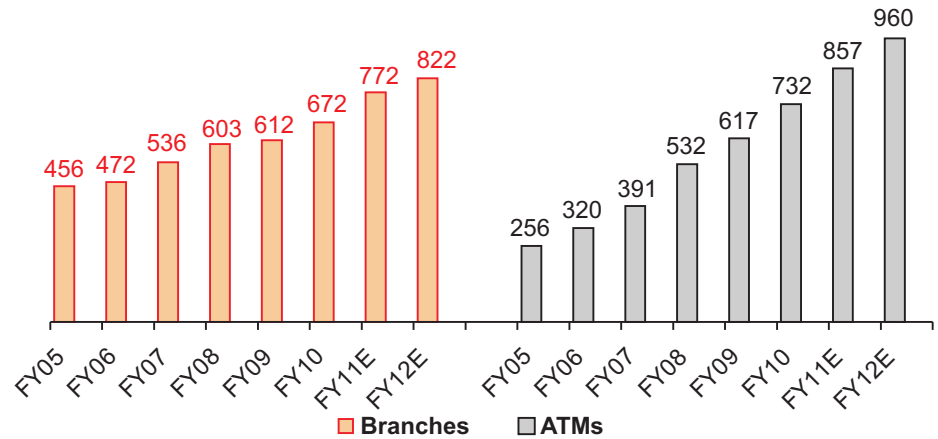
Particulars	Branches	Ext Counters	ATMs
Metro	109	2	106
Urban	156	2	201
Semi Urban	290	2	344
Rural	117	1	81
Total	672	7	732

(As of March-2010)

- Out of 100 new branches set by the bank during this fiscal, 50% will be opened in the state of Kerala where separate licenses are not required.

Chart 17

Network



(E: Keynote Capitals Institutional Research Estimates)

3. Life insurance joint venture to increase the revenue in coming years

- The bank has entered into a joint venture along with IDBI Bank and Fortis Insurance International (foreign partner), namely IDBI Federal Insurance Company with equity capital of ₹117cr (26% share) and expects to infuse further to the tune of ₹100cr in FY11. The promotion of Life Insurance policies started by the bank since 2008 and collected a premium of ₹134cr as on FY10. The IDBI Federal Insurance Company has presence in metros and is in the process of moving to other semi-urban areas and is expected to generate revenue in coming years.

4. Return on equity

- We are expecting an improvement in ROE around 12.6% in FY12E based on the growth in advances and net profits.

Awards received during FY10

- Adjudged, as the best bank among the old private sector banks category in the survey conducted by the Financial Express in association with Ernst & Young.
- The bank has won the 'Great Mind Challenge Award' sponsored by IBM 'for implementing the most innovative solution for business'. Federal Bank is the first Bank in India to receive the award. This is the fifth consecutive year the Bank is winning awards from renowned forums such as IBA, Asian Banker etc. for its technology initiatives.

Concerns

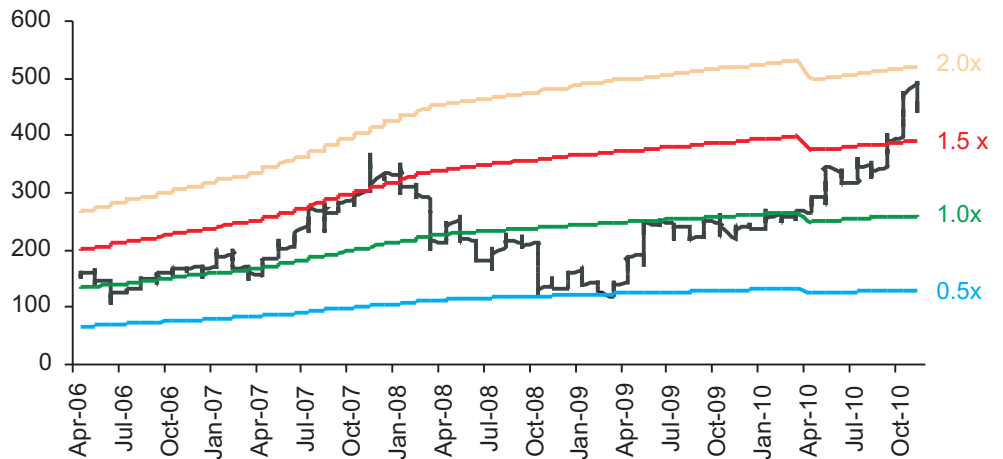
- Though the percentage of net NPAs to net Advances increased in last fiscal, we expect the pressure on asset-quality, in line with the industry.
- Competition from newer branches of private banks and PSU banks in Kerala may likely to reduce their market share.

Valuations

Considering the bank's total business, core profitability and growth prospects, we will initiate coverage on the stock with a 'Buy' recommendation. At CMP of ₹456.10, the stock trades at 1.6x FY11E and 1.4x FY12E price to adjusted book, arriving at a target price of ₹555 per share based on a multiple of 1.7x FY12E price to adjusted book.

Chart 18

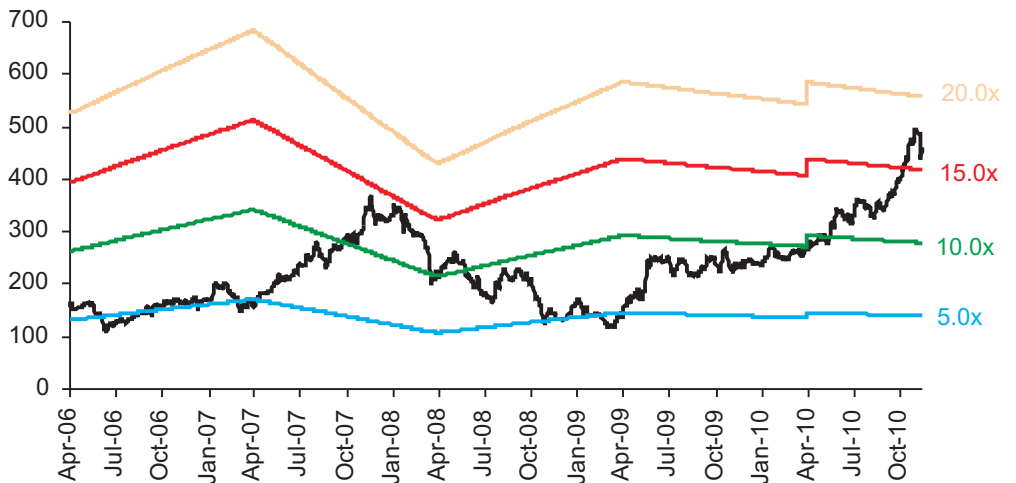
P/ABV Bands



(Source: Keynote Capitals Institutional Research Estimates)

Chart 19

PE Bands



(Source: Keynote Capitals Institutional Research Estimates)

Peer Comparisons

(₹Cr)

Particulars	Federal Bank	South Indian Bank	Dhan laxmi Bank	ING Vysya Bank	Karnataka Bank	Karur Vysya Bank	City Union Bank	Lak. Vilas Bank
Net worth	4690.45	1485.29	440.08	2327.93	1832.75	1619.98	825.64	739.00
Deposits	36057.95	23011.52	7098.48	25865.30	23730.65	19271.85	10284.59	9075.38
Advances	26950.11	15822.92	5006.26	18507.19	14435.68	13497.50	6896.71	6277.50
Total Income	4204.14	2191.33	626.14	2857.26	2372.91	2004.92	1100.11	1016.04
Net Profit	464.55	233.76	23.30	242.22	167.12	336.03	152.76	30.67
EPS	27.16	2.00	3.55	19.76	11.79	62.23	4.03	4.95
Book Value	274.25	12.98	68.63	185.04	136.78	297.57	20.66	75.79
NIM (%)	3.8%	2.8%	2.5%	3.2%	2.3%	3.2%	3.2%	3.5%
Cost to income ratio	34.9%	44.4%	83.1%	56.0%	58.0%	42.9%	39.3%	52.4%
ROAA (%)	1.1%	1.1%	0.4%	0.8%	0.7%	1.8%	1.5%	0.3%
ROANW (%)	10.3%	17.0%	5.4%	11.8%	9.8%	22.6%	20.6%	5.1%
Gross NPAs (%)	3.0%	1.3%	1.5%	1.3%	3.8%	1.7%	1.4%	5.2%
Net NPAs (%)	0.5%	0.4%	0.8%	1.2%	1.3%	0.2%	0.6%	4.1%
Provision Coverage Ratio	91.8%	70.8%	45.9%	60.2%	65.7%	86.8%	70.3%	20.7%
Capital Adequacy Ratio	18.4%	15.4%	13.0%	14.9%	11.9%	12.5%	13.5%	14.8%
Business per employee (₹)	8.15	7.71	3.70	6.24	7.27	7.89	6.51	5.60
Market Price (₹)	456.10	26.30	169.90	401.80	183.05	502.85	49.10	123.55
Market Capitalization	7800.68	297.22	1089.40	4820.39	2452.69	2737.52	196.20	1204.74
Paid up equity capital	171.03	113.01	64.12	119.97	133.99	54.44	39.96	97.51

(Source: Company, Keynote Capitals Institutional Research)

Quarterly performance Trends

(₹Cr)

Particulars	Q1-FY10	Q2-FY10	Q3-FY10	Q4-FY10	Q1-FY11	Q2-FY11
Interest Earned	874.38	901.07	944.64	953.14	951.79	978.34
Interest on advances	656.15	707.99	742.10	743.49	744.69	772.23
Income from Investment	204.82	185.53	198.37	194.69	204.07	203.80
Interest on RBI balances & others	13.11	7.08	3.81	5.85	2.11	1.46
Others	0.30	0.47	0.36	9.11	0.92	0.85
Interest expended	584.30	571.12	563.53	543.45	538.47	539.97
Net Interest Income	290.08	329.95	381.11	409.69	413.32	438.37
Non-Interest Income	147.41	136.43	116.48	130.59	109.89	144.04
Net Total Income	437.49	466.38	497.59	540.28	523.21	582.41
Operating Expenses	159.21	163.14	166.05	188.49	187.87	197.43
Staff costs	92.41	89.75	87.43	96.46	104.75	120.79
Other expenses	66.8	73.39	78.62	92.03	83.12	76.64
Pre-provisioning profit (PPP)	278.28	303.24	331.54	351.79	335.34	384.98
Provisions and Contingencies	51.95	150.14	105.31	97.90	133.38	170.26
PBT	226.33	153.10	226.23	253.89	201.96	214.72
Tax	89.95	52.03	115.98	137.04	70.10	74.32
PAT	136.38	101.07	110.25	116.85	131.86	140.40
EPS (₹)	7.97	5.91	6.45	6.83	7.71	8.21
Paid-up Equity Share Capital	85.6	85.6	171.03	171.03	171.03	171.03
Capital Adequacy Ratio						
% Gross NPAs to Gross Advances	2.7%	3.1%	3.0%	3.0%	3.8%	4.0%
% Net NPAs to Net Advances	0.3%	0.5%	0.6%	0.5%	0.7%	0.7%

(Source: Company, Keynote Capitals Institutional Research)

Financials

Profit & Loss Statements

(₹Cr)

Particulars	FY08	FY09	FY10	FY11E	FY12E
Interest Earned	2515.44	3315.38	3673.23	4028.03	4418.67
Interest on advances	1827.32	2564.25	2849.73	3186.31	3516.37
Income from Investment	623.04	700.28	783.41	831.91	895.79
Interest on RBI balances & others	37.47	36.65	29.85	8.04	6.51
Others	27.61	14.20	10.24	1.77	0.00
Interest expended	1647.43	1999.92	2262.40	2268.85	2533.51
Net Interest Income	868.01	1315.46	1410.83	1759.18	1885.16
Non-Interest Income	394.72	515.77	530.91	592.55	679.36
Net Total Income	1262.73	1831.23	1941.74	2351.73	2564.52
Operating Expenses	468.61	571.45	676.89	804.34	854.48
Staff costs	271.23	317.45	366.05	470.14	464.25
Other expenses	197.38	254.00	310.84	334.20	390.23
Pre-provisioning profit (PPP)	794.12	1259.78	1264.85	1547.39	1710.04
Provisions and Contingencies	293.97	466.77	405.30	528.80	576.52
PBT	500.15	793.01	859.55	1018.59	1133.52
Tax	132.10	292.52	395.00	398.67	440.21
PAT	368.05	500.49	464.55	619.92	693.31
EPS (₹)	21.52	29.26	27.16	36.25	40.54
Book Value (₹)	229.53	252.93	274.25	302.70	334.62
Adjusted Book Value (₹)	226.63	248.59	266.39	292.17	324.37

(E - Keynote Capitals Institutional Research Estimates)

Balance Sheets

(₹Cr)

Particulars	FY08	FY09	FY10	FY11E	FY12E
Sources of Funds					
Paid-up Equity Share Capital	171.03	171.03	171.03	171.03	171.03
Reserves	3754.66	4154.84	4519.42	5006.06	5552.04
Net Worth	3925.69	4325.87	4690.45	5177.09	5723.07
Deposits	25913.36	32198.19	36057.95	42169.77	47230.15
Borrowings	791.95	1218.94	1546.76	1662.34	1922.10
Other Liabilities & Provisions	1977.48	1107.86	1380.45	1359.32	1280.16
Total Liabilities	32608.48	38850.86	43675.61	50368.52	56155.47
Applications of Funds					
Cash & Balances with RBI	2355.70	2214.39	2318.88	2346.83	2458.50
Bal with Banks & money at call	389.79	1222.70	404.51	488.92	491.70
Investments	10026.59	12118.97	13054.65	15075.69	16766.70
Advances	18904.66	22391.87	26950.11	31382.34	35539.14
Fixed Assets	232.84	280.78	289.77	306.68	318.76
Other Assets	698.90	622.15	657.69	768.05	580.67
Total Assets	32608.48	38850.86	43675.61	50368.52	56155.47

(E - Keynote Capitals Institutional Research Estimates)

Return Ratios (%)

	FY08	FY09	FY10	FY11E	FY12E
Net Interest Margin (NIM)	3.5%	4.3%	3.8%	3.7%	3.7%
Yield on Advances	11.5%	12.3%	11.3%	11.2%	10.8%
Yield on Investments	7.3%	6.3%	6.2%	5.9%	5.6%
Cost of Deposits	6.7%	7.0%	6.6%	5.7%	5.6%
Return on Average Assets	1.3%	1.4%	1.1%	1.3%	1.3%
Return on Average Net worth/ROAE	13.6%	12.1%	10.3%	12.6%	12.7%
Dividend Yield (%)	1.0%	1.3%	1.3%	1.5%	1.6%
Effective tax rate	26.4%	36.9%	46.0%	39.1%	38.8%

(E: Keynote Capitals Institutional Research Estimates)

Efficiency Ratios (%)

	FY08	FY09	FY10	FY11E	FY12E
Net Interest Income/ Net total Income	68.7%	71.8%	72.7%	74.8%	73.5%
Non Interest Income/ Net total Income	31.3%	28.2%	27.3%	25.2%	26.5%
Interest expended/ Interest earned	65.5%	60.3%	61.6%	56.3%	57.3%
Cost to income	37.1%	31.2%	34.9%	34.2%	33.3%
Opex/ Avg. assets	1.6%	1.6%	1.6%	1.7%	1.6%
Credit Deposit ratio (C-D ratio)	73.0%	69.5%	74.7%	74.4%	75.2%
Incremental C-D ratio	92.5%	55.5%	118.1%	72.5%	82.1%
Investment Deposit ratio (I-D ratio)	38.7%	37.6%	36.2%	35.8%	35.5%
Incremental I-D ratio	69.2%	33.3%	24.2%	33.1%	33.4%
Credit/ Assets	58.0%	57.6%	61.7%	62.3%	63.3%
Loan growth	26.9%	18.4%	20.4%	16.4%	13.2%
Deposits/Assets	79.5%	82.9%	82.6%	83.7%	84.1%
Deposit growth	20.1%	24.3%	12.0%	17.0%	12.0%

(E: Keynote Capitals Institutional Research Estimates)

Per share Data

	FY08	FY09	FY10	FY11E	FY12E
EPS (₹)	21.52	29.26	27.16	36.25	40.54
Book Value (₹)	229.53	252.93	274.25	302.70	334.62
Adjusted Book value (₹)	226.63	248.59	266.39	292.17	324.37

(E: Keynote Capitals Institutional Research Estimates)

Valuation ratios (%)

	FY08	FY09	FY10	FY11E	FY12E
P/e (x)	21.19	15.59	16.79	12.58	11.25
P/BV (x)	1.99	1.80	1.66	1.51	1.36
P/ABV (x)	2.01	1.83	1.71	1.56	1.41

(E: Keynote Capitals Institutional Research Estimates)

Growth ratios (%)

	FY08	FY09	FY10	FY11E	FY12E
Adjusted Book value	35.6%	9.7%	7.2%	9.7%	11.0%
Advances	26.9%	18.4%	20.4%	16.4%	13.2%
Deposits	20.1%	24.3%	12.0%	17.0%	12.0%
Investments	42.6%	20.9%	7.7%	15.5%	11.2%
Net interest income	21.1%	51.5%	7.2%	24.7%	7.2%
Non-interest Income	30.5%	30.7%	2.9%	11.6%	14.7%
Net total Income	23.9%	45.0%	6.0%	21.1%	9.0%
Pre-provisioning profit	29.6%	58.6%	0.4%	22.3%	10.5%
Net profit	25.7%	36.0%	-7.2%	33.4%	11.8%
EPS	-37.1%	36.0%	-7.2%	33.4%	11.8%

(E: Keynote Capitals Institutional Research Estimates)

Productivity ratios (%)

	FY08	FY09	FY10	FY11E	FY12E
No. of employees	6776	7258	7733	7849	8006
% growth	2.6%	7.1%	6.5%	1.5%	2.0%
No. of branches	603	612	672	772	822
% growth	11.7%	1.5%	9.8%	14.9%	6.5%
Total Business (₹Cr)	44818	54590	63008	73552	82769
% growth	22.8%	21.8%	15.4%	16.7%	12.5%
Business per employee (₹Cr)	6.61	7.52	8.15	9.37	10.34
Business per branch (₹Cr)	74.33	89.20	93.76	95.27	100.69
Net Profit per employee (₹Cr)	0.05	0.07	0.06	0.08	0.09
Net Profit per branch (₹Cr)	0.61	0.82	0.69	0.80	0.84

(E: Keynote Capitals Institutional Research Estimates)

Asset quality

	FY08	FY09	FY10	FY11E	FY12E
Gross NPA (₹Cr)	468.59	589.54	820.97	1195.20	1309.46
Net NPA (₹Cr)	43.20	68.12	128.79	173.90	167.74
Gross NPA ratio	2.5%	2.6%	3.0%	3.8%	3.7%
Net NPA ratio	0.2%	0.3%	0.5%	0.6%	0.5%
Provision Coverage	81.5%	87.3%	91.8%	84.5%	86.3%

(E: Keynote Capitals Institutional Research Estimates)

Asset Liability

	FY08	FY09	FY10	FY11E	FY12E
Credit-Deposit ratio	73.0%	69.5%	74.7%	74.4%	75.2%
Investment/Deposit	38.7%	37.6%	36.2%	35.8%	35.5%
Proportion of CASA deposits	25.1%	24.5%	26.2%	28.5%	29.0%

(E: Keynote Capitals Institutional Research Estimates)

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