

**BUY**

## Corporation Bank

**Target Price (INR)**

**583**

**NIM expansion sustains, asset quality largely stable**

**Rating**



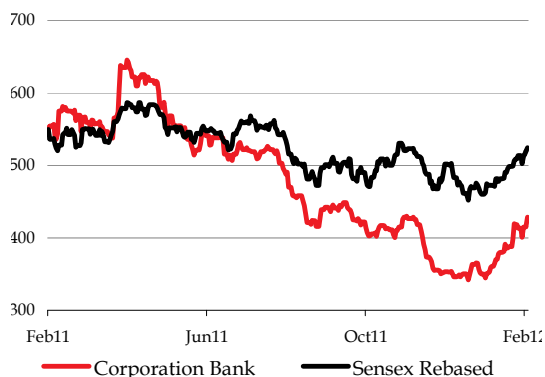
**Last Price (INR)**

**428.5**

Bloomberg code	CRPBK IN
Reuters code	CRBK.BO
Avg. Vol. (3m)	84,092
Avg. Val.(3m)(INRmn)	31.6
52-wk H/L (INR)	658 / 335
Sensex	17,605
MCAP (INRbn/USDbn)	63.47 / 1.30

Shareholding (%)	9/11	12/11
Promoters	58.5	58.5
MFs, FIs, Banks	30.6	30.5
FIIIs	5.1	4.5
Public	3.6	4.0
Others	2.3	2.5

**Stock Chart (Relative to Sensex)**



Stock Perf. (%)	1m	3m	1yr
Absolute	22.1	-0.3	-22.1
Rel. to Sensex	11.7	-1.1	-17.5

Financials (INRbn)	03/11	03/12f	03/13f
NII	29.4	32.1	39.9
YoY (%)	33.0	9.2	24.2
Operating profit	26.2	29.4	36.1
A.PAT	14.1	15.1	16.7
Sh o/s (diluted)	148.1	148.1	148.1
A.EPS (INR)	96.9	101.9	113.0
YoY (%)	16.9	6.8	10.9
Equity/Assets (%)	5.0	4.8	4.6
P/E (x)	4.5	4.2	3.8
P/B (Adj) (x)	0.9	0.8	0.7
RoA (%)	1.1	1.0	0.9
RoE (%)	21.9	19.5	18.6

Quarterly Trends	03/11	06/11	09/11	12/11
Op. income (INRbn)	12.5	10.0	11.4	13.0
PAT (INRbn)	3.5	3.5	4.0	4.0

Sustained expansion in NIM and strong growth in core fee income were the key positives for CRPBK during the Dec11 quarter. Loan growth increased to c28% y-o-y and was mainly led by the SME and large corporate segments. Slippages during the quarter declined to 1.6% of loans, resulting in the rise in the gross NPL ratio being restricted to 3-bp. However, restructured loans as a percentage of loans increased by 26-bp sequentially to 4.9%. We raise our net profit estimates for FY12f by 6.2% to factor in lower NPL provisions and an increase in other income. The discount to peers with similar RoE and RoA forecasts is likely to decline. We rollover our target price to Dec12 and lower it to INR583. Maintain Buy. Higher-than-estimated incremental NPL and NPL provisions are the risk factors.

### NIM expansion sustained, driven by the rise in the yield on loans

NIM expanded by 23-bp sequentially to 2.66% in the Dec11 quarter, driven by a rise in the yield on loans (16-bp); the cost of deposits grew slower (by 8-bp). However, NII growth, at 2.3% y-o-y, was lower than our estimates. We lower our estimates for NII by 1% for FY12f. We forecast a 27-bp contraction in NIM in FY12f. While savings deposits growth slowed to 11.5%, its proportion stayed close to 13.0%. The CASA ratio declined by 68-bp to 21.13%. Loan growth picked up to 28.4% y-o-y, largely driven by the SME (up 60.0% y-o-y), large corporate (up 51.0% y-o-y) and retail (up 22.5% y-o-y) segments.

### Growth in core fees and trading gains drives operating profit

Core fee income (commission, exchange and brokerage) grew 27.7% y-o-y. Growth in other revenue streams such as foreign exchange (74% y-o-y) and trading gains (123% y-o-y) partly offset the muted NII growth and resulted in c18% growth in operating income. Operating profit growth was lower, at 12%, due to higher operating expenses.

### Asset quality largely stable; restructured loans rise on q-o-q basis

The trend in slippage improved in the Dec11 quarter, with a 90-bp decline to 1.6% of loans. CRPBK's gross and net NPL ratios increased by 3-bp and 5-bp q-o-q, respectively. Despite the increase, NPL ratios stay below most peers. Also, the extent of sequential growth in the outstanding gross NPL has been higher for most peers over the past 2-3 quarters. However, outstanding restructured loans increased by 26-bp to 4.9% of loans. We adjust our loan-loss provision estimates for FY12f, factor in a decline in the provision coverage ratio (excluding technical write-offs) and raise our PAT estimates by 6.2%. We forecast NPL provisions as a percentage of net loans to average at 0.80% over FY12f-FY14f, compared to 0.58% in the past three years.

### Dec12 TP values CRPBK at one-year forward P/B of 0.85x; maintain Buy

The discount to peers with similar RoE and RoA is likely to decline over the next 12 months. We rollover the target price to Dec12 and lower it by c5% to INR583. Our target price is based on the P/E, P/B and DCF methods. The TP values the stock at 0.85x one-year forward book value. We maintain Buy. Higher-than-estimated incremental NPL and NPL provisions are risk factors.

Chandana Jha, +91 022 66842854  
chandana.jha@avendus.com

**Exhibit 1: Results snapshot for the Dec11 quarter**

(INRbn)	Dec10	Sep11	q-o-q (%)	Dec11	y-o-y (%)
Interest income	24.71	30.91	8.80	33.63	36.08
Interest expense	16.29	23.47	6.56	25.01	53.55
Net interest income	8.42	7.44	15.90	8.62	2.30
Other income	2.64	3.99	10.76	4.42	67.04
Operating income	11.07	11.42	14.11	13.03	17.77
Operating expense	3.70	4.42	7.99	4.78	29.10
Operating profit	7.37	7.00	17.97	8.26	12.08
Provisions & contingencies	2.50	2.05	47.25	3.01	20.60
Tax	1.05	0.94	29.65	1.22	16.96
Net profit	3.82	4.01	0.28	4.02	5.18
<b>Key ratios (%)</b>					
Loan growth	26.85	16.99	11.43	28.42	1.57
Deposit growth	16.72	24.45	4.06	28.50	11.78
SB deposit growth	27.65	12.09	-0.60	11.48	-16.16
NIM	2.96	2.43	0.23	2.66	-0.30
GNPL	1.26	1.32	0.03	1.35	0.09
NNPL	0.58	0.91	0.05	0.96	0.38

Source: Company, Avendus Research

**Raise net profit forecast for FY12f by 6.2% due to lower provisions**

**Exhibit 2: Earnings revision summary**

(INRbn)	FY12f			FY13f			FY14f		
	Old	New	Var (%)	Old	New	Var (%)	Old	New	Var (%)
Net interest income	32.4	32.1	-1.0	39.7	39.9	0.3	48.0	47.5	-1.2
Operating income	49.4	50.0	1.4	60.0	61.2	2.0	72.4	73.2	1.1
Operating expense	20.6	20.6	0.3	25.0	25.2	0.5	30.3	30.5	0.5
Operating profit	28.8	29.4	2.1	35.0	36.1	3.1	42.1	42.7	1.4
Loan-loss provisions	8.2	5.8	-28.4	10.4	10.7	2.5	12.6	12.9	2.5
Net profit	14.2	15.1	6.2	16.7	16.7	-0.1	20.1	19.8	-1.3

Source: Company, Avendus Research

**Addition to gross NPL during 3QFY12 moderated to 1.6% of loans**

**Exhibit 3: Movement of NPL's and restructured loans**

	Dec10 (3 months)	Mar11 (3 months)	Sep11 (3 months)	Dec11 (3 months)
Gross NPL (%)	1.26	0.91	1.32	1.35
Net NPL (%)	0.58	0.46	0.91	0.96
Additions (INRmn)	2,855	1,656	5,108	3,734
- as % of loans (annualized)	1.3%	0.8%	2.5%	1.6%
Reductions (INRmn)	1,120	3,049	2,790	2,042
Closing GNPL (INRmn)	9,138	7,902	10,799	12,492
Restructured loans (% of loans)	4.19	3.60	4.64	4.90

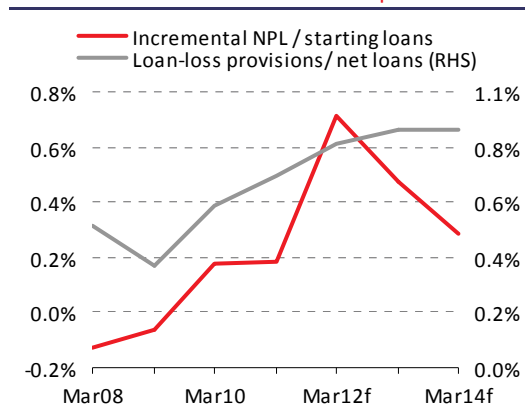
Source: Company, Avendus Research

**We assume incremental NPL to rise to 0.75% in FY12f and decline thereafter**

Asset quality has worsened in 9MFY12 with gross NPL and net NPL ratios rising by 44-bp and 50-bp to 1.35% and 0.96% at end Dec11, respectively. However, the trend in slippage improved in the Dec11 quarter, with a 90-bp decline to 1.6% of loans. CRPBK's provision coverage ratio (including technical write-offs) decreased to 62.88% at end Dec11. We assume incremental NPL to rise in FY12f to 0.75%

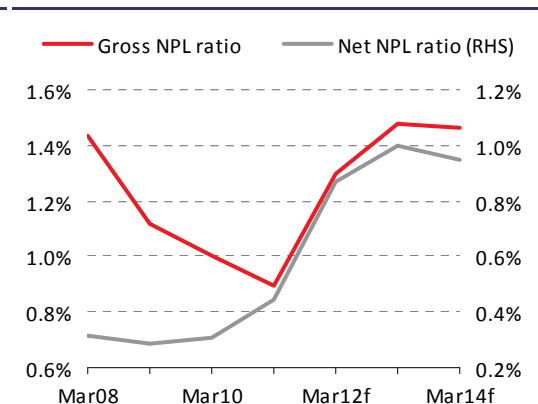
and decline thereafter. However, we adjust our loan-loss provision estimates for FY12f and factor in a decline in the provision coverage ratio (excluding technical write-off). The loan-loss provision is estimated to rise by 7% in FY12f and by a larger extent in the following two years. We forecast NPL provisions as a percentage of average net loans to average at 0.80% over FY12f-FY14f, compared to 0.58% in the past three years. The gross NPL ratio is estimated to rise by 42-bp and 18-bp in FY12f and FY13f, respectively.

Exhibit 4: Incremental NPL and NPL provisions



Source: Company, Avendus Research

Exhibit 5: NPL ratios



Source: Company, Avendus Research

## Despite the rise, gross NPL ratio of CRPBK stays below most peers

CRPBK's gross and net NPL ratios increased by 3-bp and 5-bp q-o-q, respectively, in the Dec11 quarter. Despite the increase, the NPL ratios stay below most peers. Also, the extent of sequential growth in the outstanding gross NPL has been higher for most peers over the past 2-3 quarters.

Exhibit 6: Gross and net NPL ratios

	Gross NPL Ratio (%)					Net NPL Ratio (%)				
	Dec10	Mar11	Jun11	Sep11	Dec11	Dec10	Mar11	Jun11	Sep11	Dec11
CRPBK	1.26	0.91	1.07	1.32	1.35	0.58	0.46	0.52	0.91	0.96
IOB	3.26	2.72	2.76	3.07	3.00	1.33	1.31	1.08	1.21	1.23
OBC	1.94	1.98	2.07	2.95	2.92	0.90	0.97	1.09	1.90	1.89
CBOI	2.28	1.82	2.29	2.94	3.68	0.70	0.64	0.87	1.37	2.04
ANDB	1.33	1.38	1.55	2.67	2.38	0.47	0.38	0.45	1.48	1.21
INBK	1.02	0.98	0.98	1.21	1.35	0.56	0.52	0.51	0.69	0.80
ALBK	1.77	1.74	1.62	1.77	1.86	0.58	0.78	0.60	0.69	0.79

Source: Company, Avendus Research

## Growth in outstanding gross NPL has been sharp for most peers

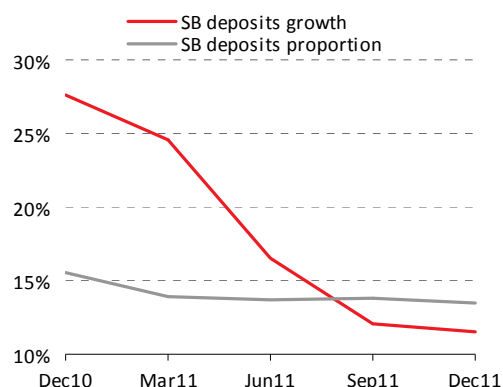
Exhibit 7: y-o-y and sequential rise in the outstanding gross NPL

	y-o-y growth in O/S Gross NPL (%)					q-o-q growth in O/S Gross NPL (%)				
	Dec10	Mar11	Jun11	Sep11	Dec11	Dec10	Mar11	Jun11	Sep11	Dec11
CRPBK	21.5	21.4	16.7	45.9	36.7	23.4	-13.5	7.3	27.3	15.7
IOB	1.4	-14.4	-7.8	17.2	21.7	-1.9	-5.4	6.5	18.4	1.9
OBC	37.0	30.8	36.1	113.5	83.2	21.1	8.9	5.9	52.9	3.9
CBOI	10.0	-2.6	10.4	45.8	80.6	3.5	-12.1	20.4	33.2	28.2
ANDB	95.2	104.1	103.1	158.0	116.0	13.3	14.1	18.2	68.9	-5.2
INBK	46.3	45.1	-18.5	15.9	58.3	-16.8	-1.6	8.9	30.0	13.6
ALBK	32.7	34.9	40.8	16.7	22.5	4.8	7.0	-2.6	6.9	10.0

Source: Company, Avendus Research

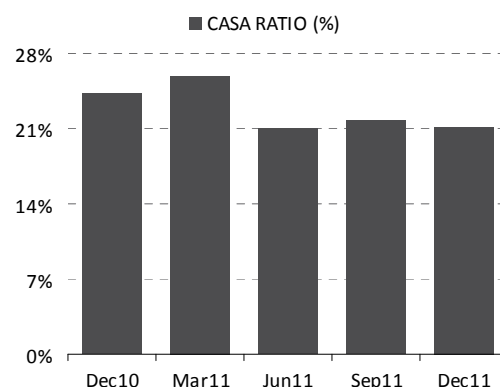
## While SB deposits growth has slowed, proportion largely stable

Exhibit 8: SB deposits growth and proportion



Source: Company, Avendus Research

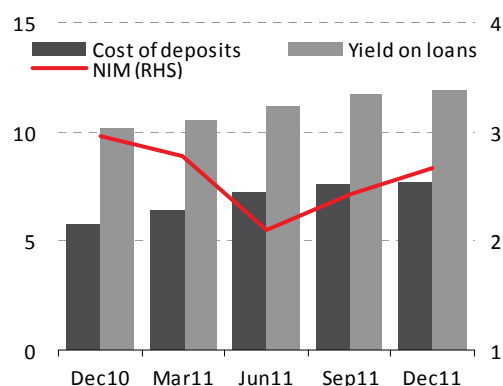
Exhibit 9: CASA ratio



Source: Company, Avendus Research

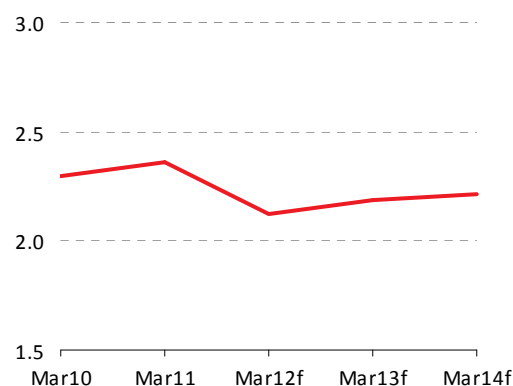
## NIM expansion continued, driven by rising yield on loans

Exhibit 10: Reported NIM for the quarter



Source: Company, Avendus Research

Exhibit 11: Estimated NIM for the year



Source: Company, Avendus Research

## Cut target price by 5% to INR583; maintain Buy

We value CRPBK using a combination of the DCF, P/E and P/B methods. Our three-stage DCF uses explicit forecasts until FY13, followed by 10 years of semi-explicit forecasts, where we assume a CAGR of 14% in loans and dividend payout of 20%. We also assume the RoA to converge to 0.8% at the end of the semi-explicit period. The final stage of 12 years assumes convergence of RoE and CoE (assumed at 14%). This results in a fair value of INR900/share.

### Applying recent valuation multiples to arrive at the target price

We estimate the mean one-year forward P/E and P/B for the one-month period ended 2 Feb12 at 3.48x and 0.65x, respectively. We apply these to our forecast EPS and book value for Dec12 to arrive at fair values of INR448/share and INR447/share, respectively.

Exhibit 12: Average P/E and P/B (x)

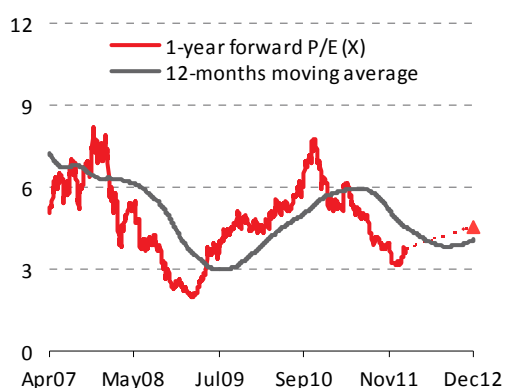
	1 month	3 months	6 months	12 months
P/E	3.48	3.43	3.73	4.52
P/B	0.65	0.64	0.70	0.86

Source: Company, Bloomberg, Avendus Research

Our Dec12 target price of INR583 is a weighted average, where we assign a weight of 30% to our DCF value and 35% each to our P/E and P/B values.

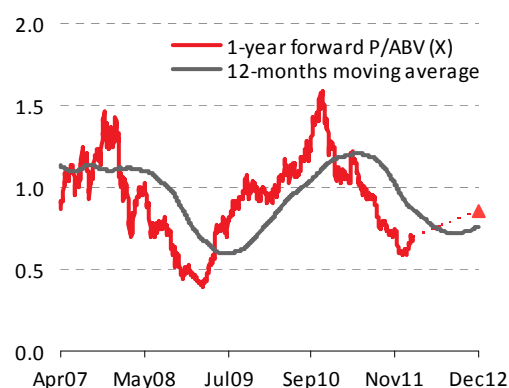
### Target price values CRPBK at 0.85x one-year forward adjusted book value

Exhibit 13: P/E and 12-month moving average



Source: Bloomberg, Avendus Research

Exhibit 14: P/B and 12-month moving average



Source: Bloomberg, Avendus Research

Exhibit 15: P/E, P/B, DCF/SOTP-based target prices and weighted average target price

	P/E	P/B	DCF	Target price
Weights	35%	35%	30%	
Target price (INR)	448	447	900	583

Source: Company, Avendus Research

### CRPBK at a discount to peers with similar profitability

Exhibit 16: RoA, RoE and price performance of CRPBK and peers as of 2 Feb12

	ROA		ROE		P/B FY13	Price Performance			
	FY12f	FY13f	FY12f	FY13f		1-mth	3-mth	6-mth	1-yr
Corporation Bank	0.92	0.91	19.10	18.47	0.66	20.5	-3.1	-15.6	-25.7
Indian Overseas	0.50	0.59	11.37	14.76	0.54	18.7	-12.7	-35.7	-31.1
Oriental Bank	0.73	0.80	11.41	13.42	0.67	44.3	-1.9	-18.5	-14.9
Central Bank	0.40	0.50	14.78	14.53	0.79	31.6	-15.7	-22.9	-39.6
Andhra Bank	1.17	1.03	19.05	18.06	0.72	34.1	-8.7	-21.1	-21.4
Indian Bank	1.43	1.38	20.47	20.43	0.85	26.5	6.8	5.7	8.8
United Bank of India	0.60	0.67	12.25	13.76	0.54	53.2	-0.2	-23.7	-26.0
Dena Bank	0.90	0.87	18.73	18.00	0.53	46.3	-12.9	-14.8	-29.4
Allahabad Bank	1.12	1.09	20.96	20.49	0.74	43.4	4.1	-15.6	-16.4
Sensex						12.3	-0.2	-3.7	-3.6
Nifty						13.7	0.2	-3.4	-3.0
Bankex						25.1	2.2	-6.4	-3.3
CNXPSBK Index						27.0	2.2	-11.1	-18.5

Source: Bloomberg, Avendus Research

### Risk factors

- ▶ Higher-than-assumed incremental NPL and estimated NPL provisions may result in a downward risk to earnings.
- ▶ Higher-than-assumed savings deposits growth and loan growth may lead to NIM being higher than our forecast.

## Financials and valuations

### Income statement (INRbn)

Fiscal year ending	03/11	03/12f	03/13f	03/14f
<b>Net interest income</b>	<b>29.4</b>	<b>32.1</b>	<b>39.9</b>	<b>47.5</b>
Fee income	8.7	11.3	13.9	16.8
Trading profit	2.1	3.5	3.9	4.6
Other income	2.5	3.1	3.6	4.3
<b>Total operating income</b>	<b>42.6</b>	<b>50.0</b>	<b>61.2</b>	<b>73.2</b>
Total operating expense	16.4	20.6	25.2	30.5
<b>Operating profit</b>	<b>26.2</b>	<b>29.4</b>	<b>36.1</b>	<b>42.7</b>
Provision for bad debt	5.5	5.8	10.7	12.9
Other provision	1.4	2.0	1.5	1.4
PBT (reported)	19.3	21.6	23.9	28.3
Total taxes	5.2	6.5	7.2	8.5
PAT (reported)	14.1	15.1	16.7	19.8
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0
Less: Minority interest	0.0	0.0	0.0	0.0
Prior period items	0.0	0.0	0.0	0.0
Net income (reported)	14.1	15.1	16.7	19.8
<b>Avendus net income</b>	<b>14.1</b>	<b>15.1</b>	<b>16.7</b>	<b>19.8</b>
Shares outstanding (mn)	148	148	148	148
Avendus dil. shares (mn)	148	148	148	148
<b>Avendus EPS (INR)</b>	<b>95.4</b>	<b>101.9</b>	<b>113.0</b>	<b>133.9</b>

### Growth ratios (%)

Loans	37.4	23.0	20.9	21.0
Net interest income	33.0	9.2	24.2	19.0
Fee income	119.1	30.9	22.2	21.3
Provision for bad debt	58.7	6.6	82.8	21.0
Avendus net income	20.8	6.8	10.9	18.5
Avendus EPS	16.9	6.8	10.9	18.5

### Operating ratios (%)

NII/operating income	68.9	64.2	65.1	64.9
Fee income/operating income	20.3	22.7	22.6	23.0
Operating profit margin	61.5	58.8	58.9	58.3
Net profit margin	33.1	30.2	27.3	27.1
Effective Tax rate	29.6	26.9	30.0	30.0

### Balance sheet (INRmn)

Fiscal year ending	03/11	03/12f	03/13f	03/14f
Equity capital	1.5	1.5	1.5	1.5
Preference capital	0.0	0.0	0.0	0.0
Reserves and surplus	69.9	81.9	95.0	110.3
<b>Net worth</b>	<b>71.4</b>	<b>83.3</b>	<b>96.4</b>	<b>111.8</b>
Deposits	1,167.5	1,447.7	1,766.2	2,137.0
Total borrowings	83.5	80.8	77.6	82.6
Other liabilities and provisions	112.7	120.9	135.1	151.8
<b>Total liabilities</b>	<b>1,435.1</b>	<b>1,732.8</b>	<b>2,075.3</b>	<b>2,483.2</b>
Cash and bank balances	104.0	157.9	189.9	225.3
Investments	434.5	449.7	526.0	615.2
Loans	868.5	1,068.5	1,292.2	1,563.0
Fixed assets	3.2	2.1	1.7	1.2
Other assets	24.8	54.5	65.4	78.5
<b>Total assets</b>	<b>1,435.1</b>	<b>1,732.8</b>	<b>2,075.3</b>	<b>2,483.2</b>
<b>Business Ratios (%)</b>				
Loan / Deposit	74.4	73.8	73.2	73.1
Investment / Deposit	37.2	31.1	29.8	28.8
SLR Investment / Deposit	32.0	29.4	28.3	27.5
SLR Investment / NDTL	29.8	27.8	27.1	26.5
Debenture / Investment	1.2	1.2	1.0	0.9

### Decomposition of RoA (%)

Fiscal year ending	03/11	03/12f	03/13f	03/14f
Net interest income	2.30	2.03	2.09	2.08
Fee income	0.68	0.72	0.73	0.74
Other income	0.36	0.42	0.39	0.39
Operating income	3.34	3.16	3.22	3.21
Operating expenses	1.29	1.30	1.32	1.34
<b>Operating profit</b>	<b>2.06</b>	<b>1.86</b>	<b>1.89</b>	<b>1.87</b>
Loan loss provisions	0.43	0.37	0.56	0.57
Provision for investments	0.06	0.09	0.05	0.03
Other provisions	0.05	0.04	0.03	0.03
Tax	0.41	0.41	0.38	0.37
Net profit	1.11	0.95	0.88	0.87
RoA	1.11	0.95	0.88	0.87
Assets / Equity	19.76	20.47	21.18	21.89
RoE	21.89	19.51	18.62	19.05

### Key Ratios

Fiscal year ending	03/11	03/12f	03/13f	03/14f
<b>Valuation ratios (x)</b>				
P/E (on Avendus EPS)	4.5	4.2	3.8	3.2
P/BV	0.9	0.8	0.7	0.6
P/Adjusted BV	0.9	0.8	0.7	0.6
Dividend yield (%)	4.0	4.2	4.9	6.1
<b>Per share ratios (INR)</b>				
Basic Reported EPS (INR)	96.9	101.9	113.0	133.9
Diluted Reported EPS (INR)	96.9	101.9	113.0	133.9
Reported Book Value (BV)	481.9	562.7	651.1	754.5
Adjusted Book Value (ABV)	468.6	529.1	608.6	712.8
Dividend per share (INR)	17.0	18.0	21.0	26.0
<b>Return / Profitability Ratios (%)</b>				
Yield on advances	8.6	8.1	8.1	8.2
Yield on investments	6.1	7.0	7.3	7.3
Cost of deposits	5.3	5.5	5.4	5.4
Net interest margin	2.4	2.1	2.2	2.2
Fee income/ Op revenue	20.3	22.7	22.6	23.0
Trading profit/Op revenue	4.9	7.1	6.4	6.2
Op expense/ Op revenue	38.5	41.2	41.1	41.7
<b>Capitalization Ratios (%)</b>				
Equity / Assets	5.0	4.8	4.6	4.5
Loans / Assets	60.5	61.7	62.3	62.9
Investments / Assets	30.3	26.0	25.3	24.8
Dividend payout	20.8	20.7	21.7	22.7
Internal capital growth	19.4	16.8	15.7	15.9
Capital adequacy	14.1	12.7	11.7	10.8
<b>Asset Quality</b>				
Gross NPL ratio	0.9	1.3	1.5	1.5
Net NPL ratio	0.5	0.9	1.0	1.0
Net NPL / networth	5.6	11.4	13.6	13.4
Loan-loss reserve / Gross NPL	49.7	32.5	31.8	34.7
Loan provisions / NII	18.6	18.2	26.8	27.2
Loan provisions / Total loans	0.6	0.5	0.8	0.8
<b>Productivity / Efficiency ratios</b>				
Business per branch (INRmn)	1,495.9	1,746.1	2,051.2	2,401.0
Net profit per employee (INRmn)	0.9	0.9	1.0	1.1

## Analyst Certification

I, Chandana Jha, MBA, research analyst and author of this report, hereby certify that all of the views expressed in this document accurately reflect our personal views about the subject company/companies and its or their securities. We further certify that no part of our compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document.

## Disclaimer

This document has been prepared by Avendus Securities Private Limited (Avendus). This document is meant for the use of the intended recipient only. Though dissemination to all intended recipients is simultaneous, not all intended recipients may receive this document at the same time. This document is neither an offer nor solicitation for an offer to buy and/or sell any securities mentioned herein and/or official confirmation of any transaction. This document is provided for assistance only and is not intended to be, and must not be taken as, the sole basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as he deems necessary to arrive at an independent evaluation, including the merits and risks involved, for investment in the securities referred to in this document and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. This document has been prepared on the basis of information obtained from publicly available, accessible resources. Avendus has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to accuracy, completeness or fairness of the information and opinion contained in this document. The information given in this document is as of the date of this document and there can be no assurance that future results or events will be consistent with this information. Though Avendus endeavours to update the information contained herein on reasonable basis, Avendus, its associate companies, their directors, employees, agents or representatives ("Avendus and its affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent us from doing so. Avendus and its affiliates expressly disclaim any and all liabilities that may arise from information, error or omission in this connection. Avendus and its affiliates shall not be liable for any damages whether direct, indirect, special or consequential, including lost revenue or lost profits, which may arise from or in connection with the use of this document. This document is strictly confidential and is being furnished to you solely for your information. This document and/or any portion thereof may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Avendus. This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of the United States or Canada or is located in any other locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Avendus and its affiliates to any registration or licensing requirements within such jurisdiction. Persons in whose possession this document comes should inform themselves about and observe any such restrictions. Avendus and its associate companies may be performing or seeking to perform investment banking and other services for any company referred to in this document. Affiliates of Avendus may have issued other reports that are inconsistent with and reach a different conclusion from the information presented in this document.

Avendus generally prohibits its analysts and persons reporting to analysts from maintaining a financial interest in the securities or derivatives of any company that the analysts cover. Avendus and its affiliates may have interest/positions, financial or otherwise, in the companies mentioned in this document. In order to provide complete transparency to our clients, we have incorporated a 'Disclosure of Interest Statement' in this document. This should, however, not be treated as an endorsement of the view expressed in the document. Avendus is committed to providing high-quality, objective and unbiased research to our investors. To this end, we have policies in place to identify, consider and manage potential conflicts of interest and protect the integrity of our relationships with investing and corporate clients. Employee compliance with these policies is mandatory. Any comment or statement made herein are solely those of the analyst and do not necessarily reflect those of Avendus.

## Disclosure of Interest Statement (as of February 03, 2012)

	<b>Analyst ownership of the stock</b>	<b>Avendus or its associate company's ownership of the stock</b>	<b>Investment Banking mandate with associate companies of Avendus</b>
Corporation Bank	No	No	No
Indian Overseas	No	No	No
Oriental Bank	No	No	No
Central Bank	No	No	No
Andhra Bank	No	No	No
Indian Bank	No	No	No
United Bank of India	No	No	No
Dena Bank	No	No	No
Allahabad Bank	No	No	No
Punjab National Bank	No	No	No
Bank of Baroda	No	No	No

**OUR OFFICES**

**Aventus Securities Private Limited**

**Mumbai:** 6th Floor, B Quadrant, IL&FS Financial Centre, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 **T:** +91 22 6648 0050 **F:** +91 22 6684 2870

**Aventus Capital Private Limited**

**Mumbai:** 5th Floor, B Quadrant, IL&FS Financial Centre, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 **T:** +91 22 6648 0050 **F:** +91 22 66480040

**Bangalore:** The Millenia Tower, A - 10th Floor, No 1 & 2 Murphy Road, Ulsoor, Bangalore - 560 008, India **T:** +91 80 6648 3600 **F:** +91 80 6648 3636

**New Delhi:** Suite 22A/B, The Aman Resort, Lodhi Road, New Delhi - 110 003, India **T:** +91 11 4535 7500 **F:** +91 11 4535 7540

**London:** Aventus Capital (U.K.) Private Limited, 33, St James's Square, London, SW1Y 4JS **T:** +44 203 159 4353 **F:** +44 207 661 9400