

# Brickwork Ratings Review

A Study of Long-term Ratings during 2009





Brickwork Ratings India Pvt. Ltd

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# Abbreviations:

ARPU	Average Revenue Per User
CASA	Current Accounts & Savings Account
CD Ratio	Credit-Deposit Ratio
CI Ratio	Cost - Income Ratio
CRAR	Capital-to-Risk-Assets Ratio
NBFC	Non -Banking Financial Companies
NCD	Non-Convertible Debentures
NHB	National Housing Bank
NIM	Net Interest Margin
NPA	Non Performing Assets
TCY	Time Charting Yield

# 1

## Introduction

Brickwork Ratings India Pvt. Ltd. (henceforth referred to as Brickwork Ratings in this document) has issued credit ratings for about fifty debt instruments and has provided recovery and PD ratings for more than one hundred and twenty security receipts issued by an asset reconstruction company during the period April 2009 to December 2009. Brickwork Ratings has issued ratings for long term borrowings, ratings of fixed deposit schemes, structured finance ratings, security receipts of asset finance companies as well as provided gradings for Initial Public Offerings (IPOs).

This document is a review of all the outstanding long term ratings as of 31 December 2009 issued by Brickwork Ratings. While the report provides an insight into how the ratings issued are tracked using financial parameters of the rated entities, it should be borne in mind that financials are one of many inputs considered by the rating analyst while determining the credit rating applicable.

The report is divided into two main sections - Ratings Review of Banks and Ratings Review of Other Rated entities to facilitate a better understanding of the analysis done.

The objective of this review document is to comment on the performance of the rated entities on a few financial parameters alone and is not meant to be a substitute for the rating rationales that are published by Brickwork Ratings with every rating issued.

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## Executive Summary

Brickwork Ratings has assigned ratings to entities in the banking, non-banking financial services, chemicals, telecommunications and shipping sectors. Apart from these long term issue ratings, Brickwork Ratings has also rated structured obligations, project finance companies, security receipts issued by asset reconstruction companies as well as graded a number of Initial Public Offerings.(For a detailed ratings list, please refer to [www.brickworkratings.com](http://www.brickworkratings.com))

Different industries have performed in a widely divergent manner over the last six months of the year, with the shipping industry showing a poor performance over the last two quarters with decreasing demand and TCY rates while the non-banking and banking financial services seem to have rebounded with increase in disbursal, decrease in funding costs and increase in overall profitability.

## Ratings Review: Banks

Brickwork Ratings has rated over twelve banks from April 2009 to December 2009. Based on the half-yearly performance of these banks, Brickwork Ratings has documented a review of the performance of banks across different rating grades.

The banking industry in India has proved its resilience during the financial crisis. This is mainly attributed to the strict regulations in place as well as the traditional conservative approach of Indian banks. With private banks competing successfully in the market place, public sector banks have restructured their business units, systems and processes to become more efficient and profitable.

It is expected that banks will face pressure in their net interest margins, CASA levels and profitability; however there are signs of revival of credit demand as well as an economic revival. The banks are also comfortably placed with respect to capital adequacy levels. Credit deposit ratios are expected to remain around 70% to 72% in this scenario while cost to income ratios are decreasing as banks put in place effective strategies for cost management.

While the AAA banks have performed better than the others as expected, AA+ banks such as Andhra Bank and Yes Bank have outperformed in the market place with their focus on growth and cost control. These banks also have been unhampered by relatively smaller retail portfolios than the other banks.

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## Outstanding Ratings

Brickwork Ratings has issued ratings for bank borrowings for public as well as private sector banks over the period January 2009 to December 2009. The outstanding ratings list provided in the table below summarises the long and short term ratings issued by Brickwork Ratings along-with the type of rating (Issue/Issuer).

Table 1: Ratings List as of December 2009

SL.NO	BANK	ISSUE/ISSUER RATING	RATING
1	Bank of India	Issue and Issuer Ratings	BWR AAA
2	Union Bank of India	Issue Rating	BWR AAA
3	Canara Bank	Issue Rating	BWR AAA
4	UCO Bank	Issue Rating	BWR AA
5	Corporation Bank	Issue Rating	BWR AAA/ BWR P1+ (P1+ for certificates of deposits issued)
6	Bank of Baroda	Issue Rating	BWR AAA
7	United Bank of India	Issue Rating	BWR P1+
8	Yes Bank	Issue Rating	BWR AA+
9	Punjab National Bank	Issue Rating	BWR AAA
10	Oriental Bank of Commerce	Issue Rating	BWR AAA
11	Development Credit Bank	Issue Rating	BWR A-
12	Andhra Bank	Issue Rating	BWR AA+/ BWR AAA (AAA for Lower Tier II bonds)
13	Lakshmi Vilas Bank*	Issue Rating	BWR A

\* - The rating for LVB was done post November 2009 and hence it is not included in the ratings review report.

## Ratings Review – Methodology

Brickwork Ratings has conducted an extensive study of the rated banks (a list of which is provided in Table 1 above) and has performed a benchmark analysis to determine the performance of the bank and compare it across other rated entities by Brickwork.

### A brief description of the methodology used is outlined here:

1. A list of all banks which have been rated by Brickwork Ratings was compiled and then subjected to a short-list as follows:
  - a. Banks which have only short term ratings provided were removed from the study. Therefore, United Bank of India (rated BWR P1+) does not form a part of this study.
  - b. Ratings provided to banks only for Lower Tier II bonds are notched down by one notch in the study to adjust for the lower risk perception of Lower Tier II instruments in the rating process. Brickwork Ratings believes that ratings for banks can be given one notch up for Lower Tier II bonds as compared to other instruments due to their relatively lower risk (lesser term than other hybrid instruments and Upper/Lower Tier II bonds as well as lesser risk involved). While this is a basic rule followed, ratings may be revised on a case-to- case basis and they may not confirm to this rule. Thus, the rating considered for Andhra Bank is AA+ and the rating considered for Development Credit Bank is BBB+.
2. The following parameters were short-listed for the study as the basis for performance evaluation:

Table 2: List of parameters for performance measurement

SL.NO	PARAMETER	COMMENTS
1	Net Interest Margin	The net interest margin trend directly affects the profitability of the bank. Increasing cost of funds and reducing interest rates on advances has pressurized the NIMs to an extent and this pressure is expected to continue the next two quarters
2	Return on Assets	Return on Assets has been pressurized the last two quarters with decreasing NIMs, increasing cost of funds and a reduced credit off take. While credit demand is expected to improve during the remaining half of the financial year 2009-10, it is still expected to show a decreasing trend the remaining two quarters with increasing requirements of loan-loss provisioning.

SL.NO	PARAMETER	COMMENTS
3	Gross NPA	Gross NPAs showed an increasing trend in many banks, a trend that reflects the downturn in the economy with retail focused banks bearing the brunt of the downturn. Restructuring has helped banks to reduce this figure as also portfolio management (unsecured retail lending has reduced by a large extent), however, the benefit of the same cannot be overstated as recoveries from restructured borrowers are still not very high.
4	Net NPA	Net NPAs also show an increasing trend. While provisioning has been done by many banks over and above the regulatory requirement thus reducing the level of net NPAs, net NPAs are expected to rise across different banks the remaining quarters with restructured accounts turning bad (banks may increase loan loss provisioning further, but this will decrease their profitability further).
5	CRAR as per Basel II	CRAR levels are relatively healthy for Indian Banks, most of them being well above the regulatory requirement of 9% and Tier I capital requirement of 6%. Banks have already accessed the markets to raise Upper and Lower Tier II capital while public sector banks have seen an influx of capital from the government.
6	CASA	CASA deposits on the whole show a negative trend with the public sector banks getting the largest market shares. Cost of funds for banks with access to these deposits has seen a drop while banks which still do not have a market share in these deposits are facing rising costs of funds.
7	Credit Deposit Ratio	Credit- Deposit ratios which had shown an increasing trend over the last three years has stagnated and in some cases also reduced to a large extent. With increasing SLR investments being preferred by many banks, this trend is expected to continue. Increasing credit demand may increase the ratio to a small extent; however, the average CD ratio is expected to be around 70% to 72%.
8	Cost-Income Ratio	Cost to Income ratios have been reducing over the last few quarters as banks restructure their processes, products, business units and invest more in technology. A cost to income ratio of 40% is considered an ideal target by most banks in India.

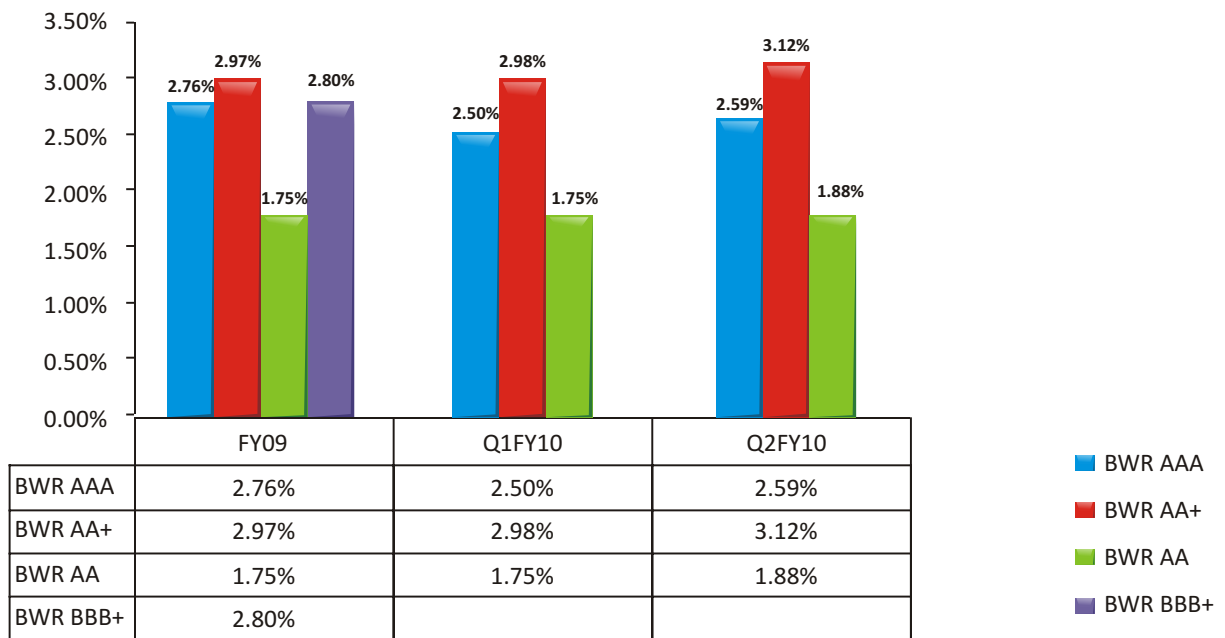
3. The performance of rated banks was compared across the parameters listed in the table above, the assumption made being better performance of higher rated banks across these parameters.

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# Ratings Review: Across Rating Grades

## Net Interest Income:

The net interest income which decreased in the first quarter of 2009-10 has increased in the second quarter with decreasing cost of funds. The decrease in cost of funds is associated with the cheaper funds available to the market in the second quarter and mobilisation of deposits by most banks. However, it is expected that the net interest margin can be pressurized further in case of a rate hike in the repo and reverse repo rates by the Reserve Bank of India.



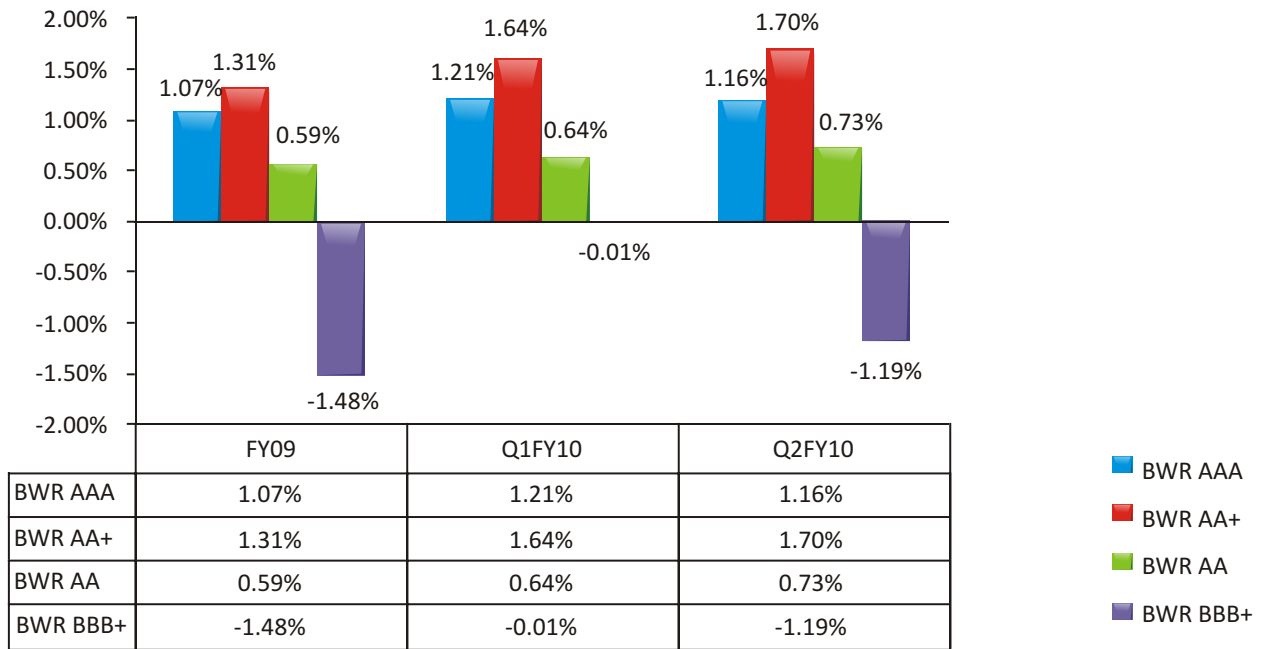
The only bank rated BWR BBB+ by Brickwork Ratings, i.e. Development Credit Bank, has not made available its net interest margins for the last two quarters and hence, the same is not reflected here.

AA+ rated banks - Andhra Bank and Yes Bank have been highly successful in earning more interest income and hence have higher net interest margins.

**Return on Assets :**

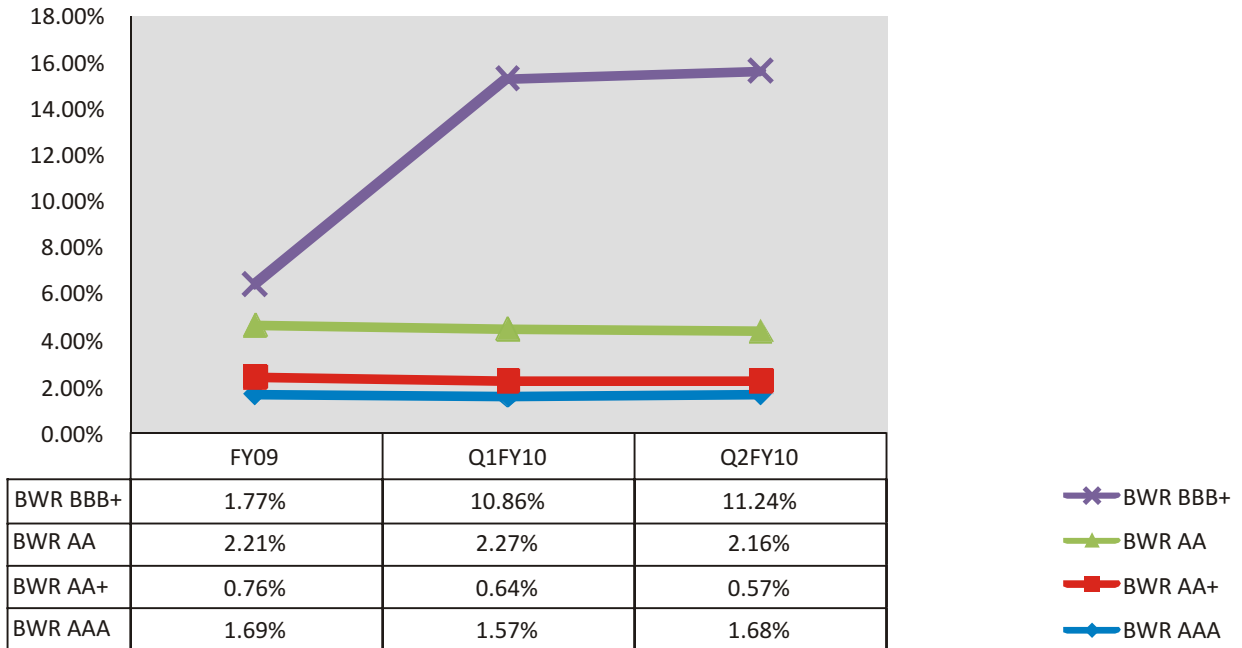
The return on assets improved in the first quarter of the year 2009-10 on the back of restructuring of accounts, increasing fee based income and decreasing cost to income ratios. However, it is expected that banks will face decreasing profitability due to increasing loan loss provisions as the restructured accounts are transferred to the non performing asset pool (it is expected that at least 10% of the restructured accounts will turn into bad accounts based on the type of assets that have been restructured by the banks), decreasing net interest margins and increased government borrowings

The AA+ rated banks – Andhra Bank and Yes Bank have reported higher than average return on assets ratio for the last two quarters.



**Gross Non-Performing Assets.**

The Gross NPAs have been adjusted by many banks after restructuring accounts as allowed by the Reserve Bank of India guidelines in 2009-10. The numbers seem to have reduced in the first quarter of FY10 and in some cases have increased in Q2FY10, however, they are expected to increase with time as some of the restructured accounts turn into non-performing assets.



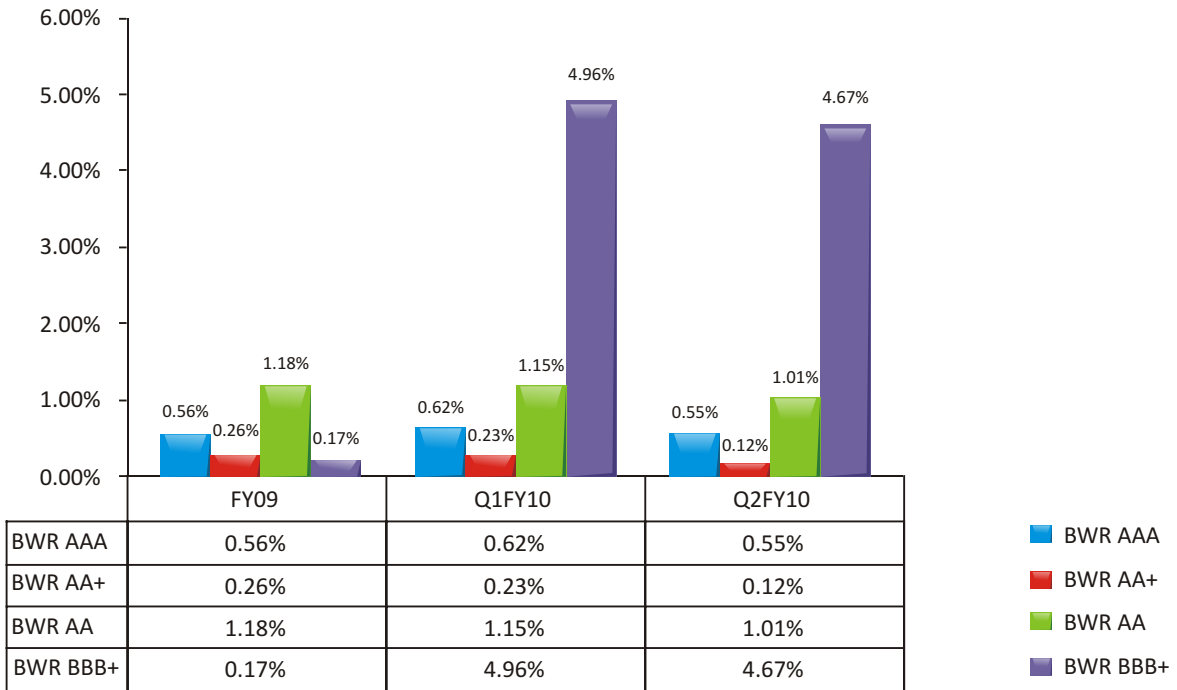
Development Credit Bank saw a huge increase in its NPA numbers due to its high exposure to the unsecured retail sector. While the bank has been focussing on decreasing its exposure to this sector, Brickwork Ratings believes that it will still take it some time to be able to emerge from this setback.

Many banks, including public sector banks, have high exposures to sensitive sectors such as real estate – commercial and residential and it is expected that the NPA levels can go up due to this exposure. While banks that have restructured accounts (on an average around 3% of accounts have been restructured), it is expected that some of these accounts will fall into the non-performing asset category in the next few quarters. Banks have recognised the same and have begun to increase their provisioning levels accordingly.

**Net Non-Performing Assets**

The net non-performing assets are expected to increase further for banks or remain stagnant as banks increase their provisioning levels.

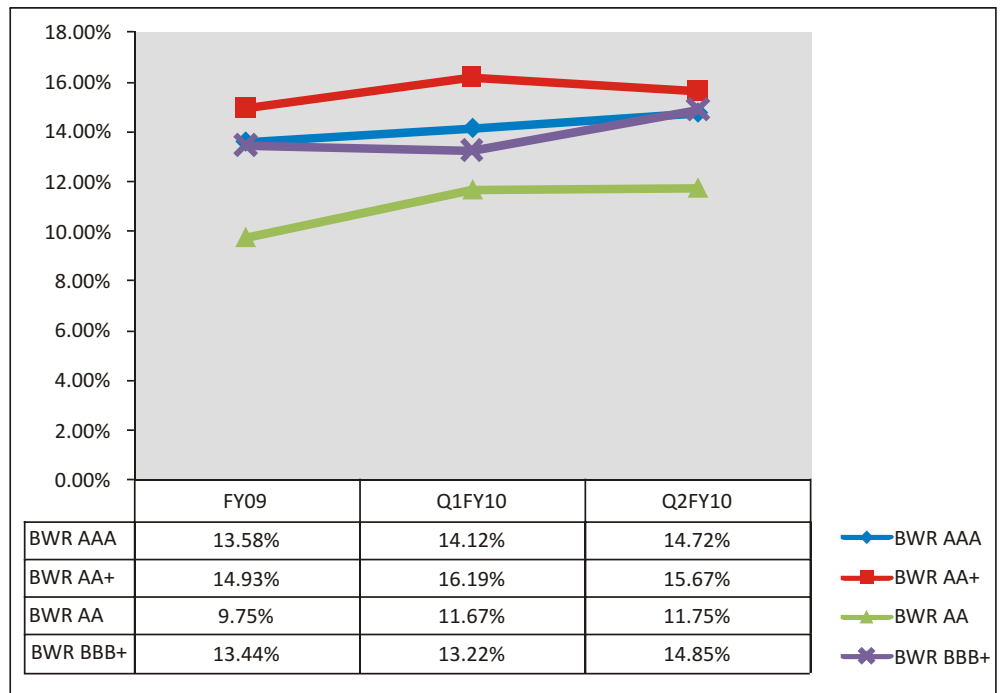
With expected increase in the gross non-performing assets and increasing provisioning requirements for banks, their profitability is expected to be further reduced going ahead.



Non-performing assets for AA+ rated banks – Andhra Bank and Yes Bank have been on the lower side for the last two quarters. Yes Bank's unsecured retail portfolio is a smaller portfolio as compared to other banks and as a result, it has not been hit as badly as other retail focussed banks.

**Capital Adequacy**

The CRAR for Indian banks has been healthy and well above the required 9% on an average. Decreasing deposits and interest rates have made many banks look to the markets to raise funds and on an average, most banks have raised capital rendering their CRAR numbers around the 13 to 14% levels. This has been further abetted by a lower credit demand in the market, though this scenario is expected to improve over the next two quarters.

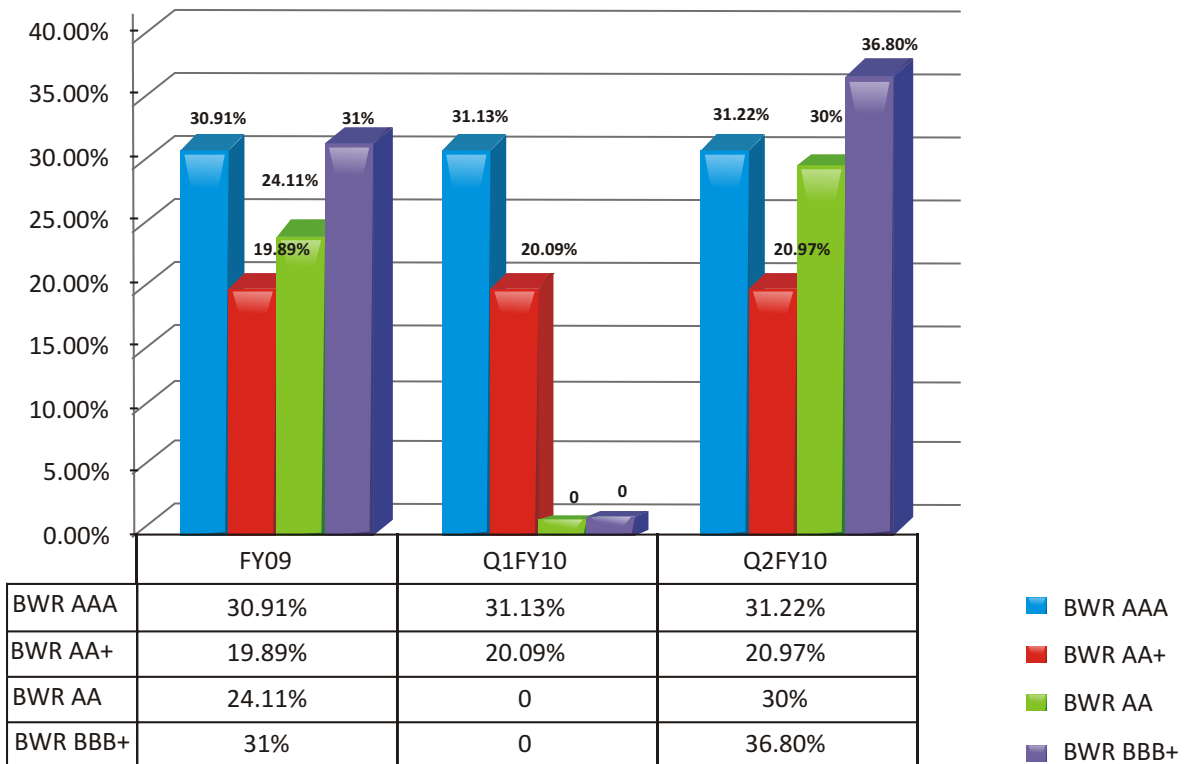


The higher CRAR for AA+ rated banks is due to the high CRAR levels of Yes Bank. Yes Bank had a CRAR level greater than 17% in Q2FY10.

**CASA**

Low cost CASA deposits have been the focus for many banks the last few quarters as a source of funds. In a decreasing rate scenario combined with the economic downturn, CASA deposits have fallen across banks though the large public sector banks still have the greatest market share.

Banks have introduced deposit mobilisation schemes to improve their CASA levels to reduce their cost of deposits further.



The CASA numbers given above do not include Oriental Bank of Commerce for the two quarters of 2010 as these are unavailable at the moment. Hence, the AAA averages for these two quarters does not include the numbers of Oriental Bank of Commerce.

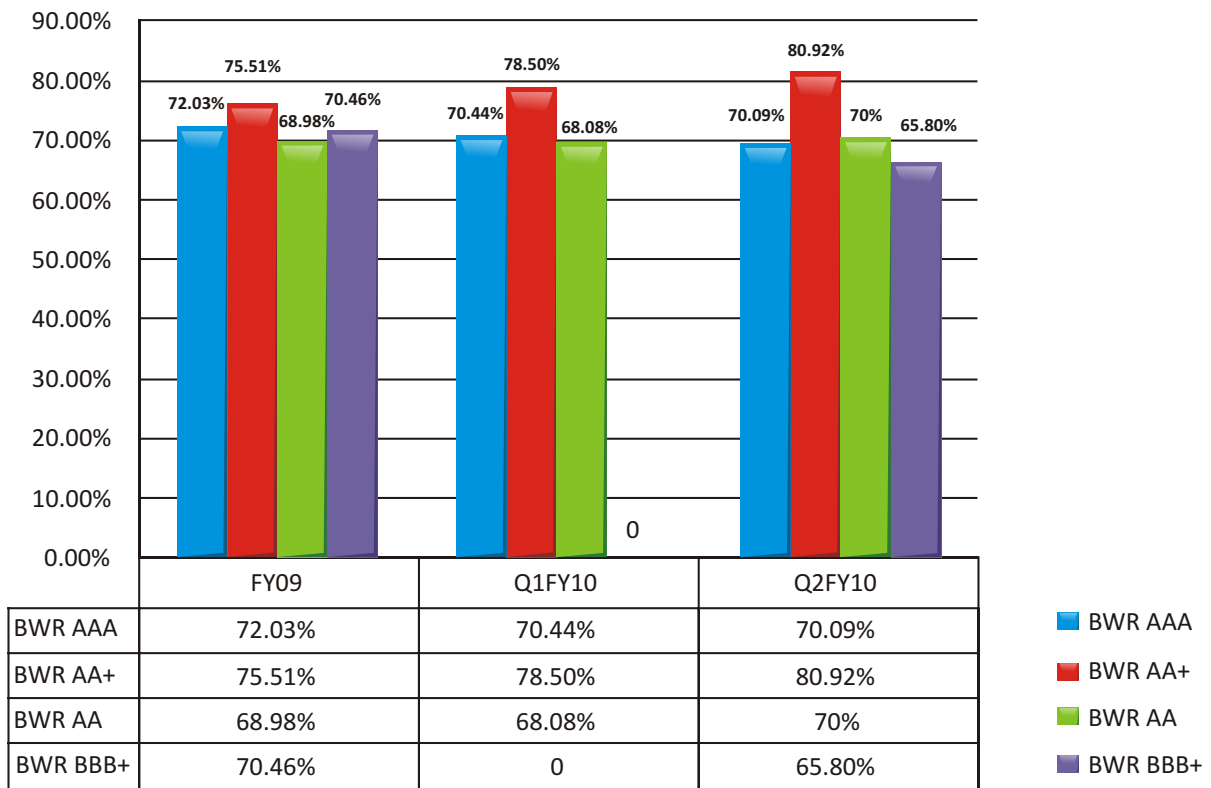
Similarly, CASA numbers of UCO Bank and Development Credit Bank are unavailable for Q1FY10 and hence are shown as 0 in the chart above.

The CASA of Yes Bank is only around 9.6% in Q2FY10 which has reduced the CASA numbers of the AA+ rating grade shown above.

**Credit Deposit Ratio**

The credit deposit ratio shows the utilisation of deposits by the bank in generating income and increasing its top line. The credit deposit ratio depends on the credit demand in the economy, the risk appetite of the bank as well as its success at mobilising deposits to reduce its cost of funds.

The credit deposit ratio has been reducing/ is stagnant for the last two quarters and this trend is expected to continue the rest of the year.



The CD ratio for AAA banks does not include the CD numbers for Bank of Baroda under Q1FY10 and the average shown hence does not reflect Bank of Baroda numbers.

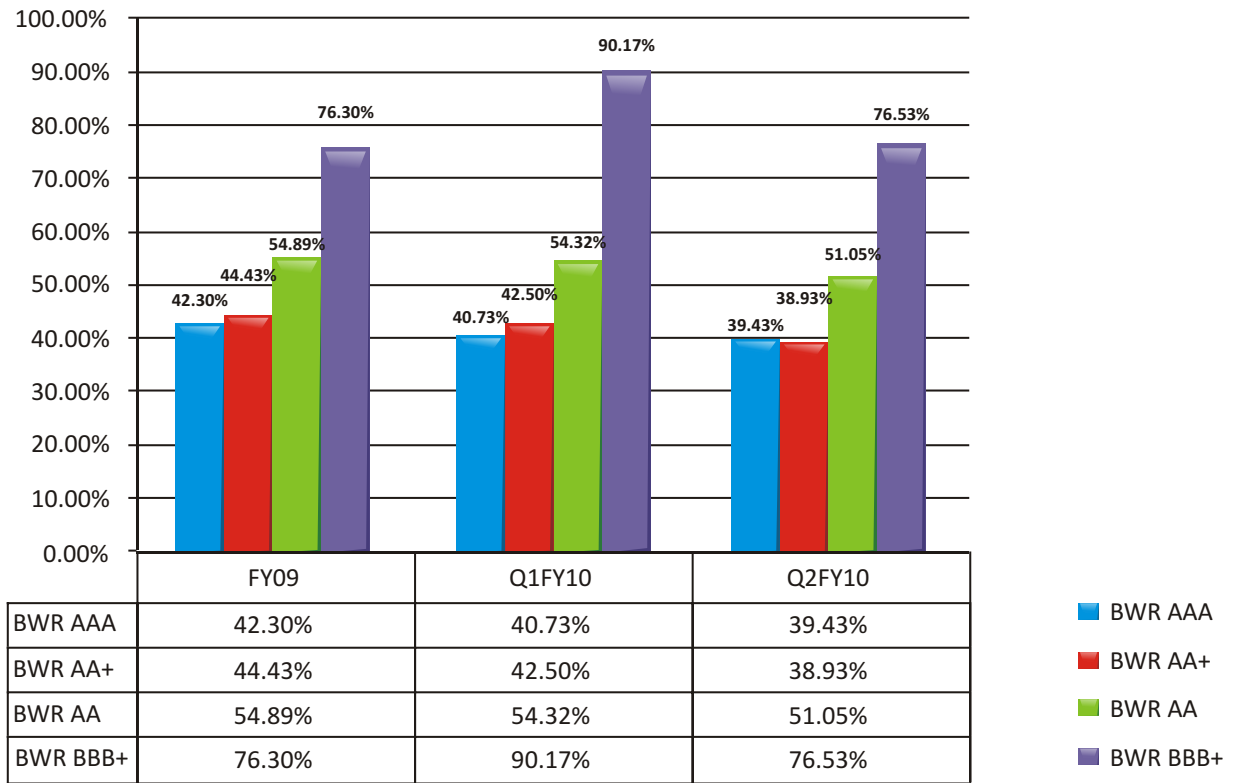
Similarly, the CD number for Development Credit Bank is unavailable for Q1FY10 and hence is shown as 0 for that period under BBB+ ratings.

The high CD numbers for AA+ companies is due to the very high CD numbers of Yes Bank, which has had fewer deposits than other banks but has grown very fast on its assets side.

**Cost Income Ratio**

The cost to income ratio has been reducing over the last few quarters as banks tighten their processes and systems. Fee based income has been increasing over the last few quarters and as a result, the total income of banks has been growing at a tremendous rate (with a CAGR of 30% and more) and as a result, the cost to income ratio has further reduced.

Technology has played a key role in reducing this ratio and it is expected that these will remain at their current levels/marginally improve in the next two quarters.



The CI Ratio for AAA banks in Q1FY10 does not reflect the CI ratio of Bank of Baroda due to unavailability of data.

The CI Ratio of AA+ banks in Q2FY10 reflects the decrease in cost to income ratio of Yes Bank which posted very high income growth rates in this quarter (45.3% QoQ ) and also reduced its cost levels through efficient cost management.

Note: For detailed tables of financial ratios across different banks rated by Brickwork Ratings, refer to Annexure 1: Summary of Tables Used.

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# Ratings Review: Corporates / Non-Banking Companies

Brickwork Ratings has rated entities across different industries including Shipping, Real Estate, Chemicals, Telecom, Infrastructure, Power, Financial Services, Tourism and Hospitality. The review of the rated entities is provided industry-wise here to allow for comparison of the performance of rated entities in a specific industry.

The rating criteria and methodology used by Brickwork Ratings across different sectors can be referred to on [www.brickworkratings.com](http://www.brickworkratings.com)

## Outstanding Ratings:

Table 3: Ratings List (Long term ratings) as of December 2009

SL.NO	COMPANY NAME	SEGMENT	OUTSTANDING RATING
1	Dewan Housing Finance Corporation Ltd.	Housing Finance	BWR AAA
2	Housing and Urban Development Corporation Ltd.	Housing Finance	BWR AAA
3	Mahindra & Mahindra Financial Services Ltd. <sup>1</sup>	Asset Finance	BWR AA+
4	Industrial Finance Corporation of India Ltd.	Financial Services	BWR AA-
5	PTC India Financial Services Limited <sup>2</sup>	Financial Services	BWR AA
6	Tourism Finance Corporation of India	Financial Services	BWR AA-
7	Magma Fincorp Limited	Asset Finance	BWR AA-
8	Golden Jubilee Hotels Ltd. <sup>3</sup>	Hotels	BWR A+
9	The Great Eastern Shipping Company Ltd.	Shipping	BWR AAA
10	Tata Communications Ltd.	Telecommunications	BWR AAA
11	Tulip Telecom Ltd.	Telecommunications	BWR AA-
12	MSN Laboratories Ltd. <sup>4</sup>	Pharmaceuticals	BWR A
13	Tata Chemicals Ltd.	Chemicals & Fertilizers	BWR AAA
14	Raghuleela Leasing and Real Estate Pvt. Ltd. <sup>3</sup>	Real Estate	BWR BBB+

## Ratings Review: Corporates / Non-Banking Companies

1. As the rating assigned to Mahindra & Mahindra Financial Services Limited was based on the September 2009 quarter data, it is not included in this ratings review report.
2. PTC India Financial Services Limited is not publicly listed and its financial performance over the last two quarters is currently not available. As a result, its review is not included in this report.
3. Project finance ratings issued to Special Purpose Vehicles, not included in the ratings review report
4. A mid-term rating issued that is valid only from 26 March 2009 to 25 March 2010, considered a short term rating for the purpose of this report and hence not included in the ratings review

### Ratings Review – Methodology:

Brickwork Ratings has conducted an extensive study of the rated corporate/non-banking institution (a list of which is provided in Table 3 above) and has performed a benchmark analysis to determine the performance of the corporate/non-banking institution and compare it across other rated entities by Brickwork.

#### **A brief description of the methodology used is outlined here:**

1. A list of all corporates which have been rated by Brickwork Ratings was compiled and then subjected to a short-list as follows:
  - a. No structured obligation ratings were considered. Brickwork Ratings has currently rated three structured obligations and details on these can be obtained on [www.brickworkratings.com](http://www.brickworkratings.com)
  - b. No fixed deposit scheme ratings were considered.
  - c. Short term ratings (or medium term ratings which are valid for one year or lesser) were not considered in the ratings review. Hence, MSN Laboratories Ltd. is not considered in this ratings review.
  - d. Project finance ratings are not a part of the ratings review exercise. Hence ratings assigned to Golden Jubilee Hotels Ltd. and Raghuleela Leela Leasing & Real Estate Pvt. Ltd. are not considered in the ratings review report.
  - e. Ratings assigned after considering the Q2FY10 results have not been considered in the performance report. Hence Mahindra & Mahindra Financial Services Ltd. is not a part of the ratings review report.
  - f. Ratings assigned for private debt placement for unlisted companies are not considered in the ratings review report.
  - g. Ratings assigned to unlisted companies such as PTC Financial Services Ltd. which do not publish quarterly results in the public domain are not considered in this ratings review report.
2. The analysis was done based on the industry on the following parameters
  - a. Top line growth and change in market position
  - b. Change in profitability

## 8

## Ratings Review: Financial Services (Non-Banking)

The non banking financial services have seen difficult times over the last four to five quarters with firms in the real estate and leasing segments being the most hit. Banks have also begun to compete in these spaces though they still lag behind the NBFCs. Banks have begun to leverage on their extensive branch networks to solicit the hire-purchase and real estate sector, though risk aversion has made them cautious on their exposures to them.

Increase in infrastructure spending augurs well for the hire purchase and leasing industry this year. Costs of funds have decreased this year as compared to the last and this trend is expected to ease the margin pressures on the industry. Auto finance and infrastructure finance companies have posted a growth in profitability to the tune of 41.2% and 50% in September 2009 respectively.

The residential mortgage segment in India has been dominated by Housing Finance Companies (HFCs) and this trend has continued over the last two quarters. With housing finance businesses of banks targeting the market share of these companies, HFCs face high competition and pricing pressures.

The housing finance segment has shown a growth in disbursements as well as income. Low cost loans (with interest rates being cut by most companies and banks to boost this sector), attractive packaging by housing finance companies as well as aggressive marketing have contributed to the overall growth in disbursements for these companies.

The ratings issued by Brickwork Ratings in this industry are listed in the table below:

Table 4: Ratings issued in the Non Banking Financial Services Sector

SL.NO	COMPANY NAME	SEGMENT	OUTSTANDING RATING
1	Dewan Housing Finance Corporation Ltd.	Housing Finance	BWR AAA
2	Housing and Urban Development Corporation Ltd.	Housing Finance	BWR AAA
3	Industrial Finance Corporation of India Ltd.	Financial Services – Corporate Finance	BWR AA-
4	Tourism Finance Corporation of India	Financial Services	BWR AA-
5	Magma Fincorp Limited	Asset Finance	BWR AA-

### 1. Dewan Housing Finance Corporation Limited

DHFL is the fourth largest player in the housing finance sector (the second largest player in private sector housing finance companies) and is rated BWR AAA (stable). This means that the NCD and fixed deposit schemes of DHFL are considered to offer best credit quality/safety in terms of timely servicing of principal and interest obligations.

The financial results of DHFL over the last two quarters can be summarised by the table shown here:

Amount in Rs Crore.	Audited	Q1			Q2		
		2008-09	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08
<b>Income from Operations</b>	668.2	205.6	138.0	48.97%	233.8	155.9	50.0%
<b>Other Operational Income</b>	22.3	7.8	3.6	115.97%	11.7	4.4	164.4%
<b>Other Income</b>	1.9	0.4	0.4	-10.51%	0.6	0.5	21.6%
<b>Total Income</b>	692.4	213.8	142.1	50.48%	246.1	160.8	53.1%
<b>Expenditure</b>	568.3	171.1	114.7	49.11%	195.7	132.2	48.1%
<b>Of which Interest Expenses</b>	492.9	149.2	100.9	47.89%	172.1	114.1	50.8%
<b>Profit before Tax</b>	124.1	42.8	27.4	56.22%	50.4	28.6	76.3%
<b>Provision for Taxation</b>	32.4	11.5	7.8	48.65%	12.9	6.6	97.4%
<b>Profit after Tax (after prior period adjustments)</b>	86.3	31.3	19.6	59.21%	37.5	22.1	70.0%

DHFL has shown healthy profit growth in the first two quarters and this trend is expected to continue for the rest of the year. Its capital adequacy level as on March 31st 2009 was at 16.21%, well above the minimum requirements of 12% stipulated by NHB.

Interest spreads have been maintained at healthy levels of 2.5% (as of March 31, 2009) while it has reduced its cost of funds to around 8.39% during FY09. Asset quality has been maintained with a steady decrease in NPA levels.

Disbursements as of September 2009 stood at Rs. 175,325 lakhs for H1FY2010, an increase of 78.3% compared to the same period during FY2009.

Brickwork Ratings expects DHFL to continue to perform well over the next two quarters.

## 2. HUDCO

HUDCO has been rated BWR AAA by Brickwork Ratings, meaning that it is considered to have best credit quality/safety. HUDCO's importance in providing financing to infrastructure projects for the government, the support it enjoys from the government and its contribution to financing low cost housing projects are reflected in the rating provided.

Over the last two quarters, HUDCO has posted decent increase in income and profitability levels as shown in the financial performance below.

Amount in Rs. Crores	2008-09	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
	(Actuals)	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
<b>Total Income</b>	2708.35	653.87	602.67	8.5%	1236.62	1190.54	3.9%
<b>Net Sales/Income from Operation</b>	2650.67	635.44	586.7	8.3%	1203.96	1169.12	3.0%
<b>Other Operating Income</b>	57.68	18.43	15.97	15.4%	32.66	21.42	52.5%
<b>Total Expenditure</b>	1935.70	490.38	507.68	-3.4%	882.17	925.19	-4.6%
<b>of which Interest Expenditure</b> (including premium for forward sale contracts)	1637.67	391.5	411.82	-4.9%	741.86	822.25	-9.8%
<b>Provision on Loans (Net)</b>	-65.04	122.6	0		124.6	-106.07	-217.5%
<b>Net Profit (+)/ Loss (-) from Ordinary Activities after tax</b>	400.99	112.06	65.5	71.1%	240.99	177.7	35.6%

HUDCO's profitability has been increasing over the last few quarters due to the increasing investment of the government on infrastructure projects as well as low cost housing projects.

The cost of funds has been reduced to around 8.50% as of 31st March 2009 while the interest spread is at a healthy 2.8%. The gross NPA levels are high at 9.39% as of 31st March 2009 which is mainly due to the housing finance business arm. However, Brickwork Ratings has taken into consideration the lending policy of HUDCO – providing finance to the economically weaker section. It also has shown tremendous improvement in asset quality over the last few years.

HUDCO also has been showing stagnant disbursement levels as state government guaranteed projects are fewer in number due to competitive rates offered by entities such as ADB and World Bank. This has necessitated improvements in cost management by HUDCO and with its initiative in culling costs; HUDCO has posted a decrease of an average 4% over H1FY10 in the overall expenditure.

### 3. Industrial Finance Corporation of India (IFCI) Ltd

Brickwork Ratings has assigned BWR AA- to the debt instruments of IFCI denoting their high credit quality/safety.

IFCI was incorporated for the purpose of providing long term and medium term finance to the industrial sector and its services mainly include project financing, leasing and merchant banking services. IFCI had posted lacklustre performance over the last few years; however, in FY07 the company posted a profit after seven years and has maintained the trend since then.

The financial performance of IFCI Ltd. over the last two quarters is provided in the table below:

	Year Ended 31.03.09	Quarter Ended 30.06.09	Quarter Ended 30.06.08	Q-o-Q	Quarter Ended 30.09.09	Quarter Ended 30.09.08	Q-o-Q
<b>Income from Operations</b>	1,402.07	318.72	309.48	3.0%	411.06	383.11	7.3%
<b>Expenditure</b>							
<b>Of which Interest</b>	790.05	189.5	188.84	0.3%	219.64	207.13	6.0%
<b>Total Expenditure</b>	888.42	215.1	204.63	5.1%	246.2	230.23	6.9%
<b>Write off/ Prov. for Bad &amp; Doubtful Assets and others (Net)</b>	(414.13)	(82.99)	(101.07)	-17.9%	(95.68)	(157.57)	-39.3%
<b>Profit (after other income and extraordinary items) before Tax</b>	1,010.23	195.64	209.86	-6.8%	267.96	369.1	-27.4%
<b>Profit after Tax</b>	657.15	100.78	151.07	-33.3%	190.48	259.06	-26.5%

The revenues of IFCI have gone up over the last two quarters and there are positive signs in that disbursement of new loans has increased. However, NPA levels are still high (gross NPA levels around 29.8% as on March 31, 2009), though these are being managed by IFCI and it has been fairly successful in recovery and asset quality management (gross NPA levels as on 31 March 2008 were around 38%). Higher costs such as increase in staff costs have contributed to reduced profitability. The improvement in asset quality has also been reflected in the lower provisioning levels over the last two quarters.

Disinvestment plans in IFCI are still on hold as the firm has been searching for a strategic partner and it is expected that this process will take further time, however, in case of it successfully doing the same, the performance of the company may be affected. The company has also begun to diversify its portfolio by lending short to mid-term lending and becoming more aggressive in obtaining new clients in the market place and entering the asset recovery business. The company also has investments in different sectors including hotels, financial services, energy, tourism etc and has the benefit of portfolio diversification.

Brickwork Ratings expects the performance of IFCI to follow the same trend or improve over the next two quarters.

#### 4. Tourism Finance Corporation of India Limited (TFCI)

Brickwork Ratings has assigned a rating grade of BWR AA- to the bond issue of TFCI denoting its high credit quality/safety.

TFCI was incorporated to function as an All-India Development Financial Institution to cater to the financial needs of the tourism industry. As such, its performance is tied up to the performance of the tourism industry. The global economic slowdown and increasing concern on safety and terrorism had affected the tourism industry adversely, however, the last two quarters have shown a turn around and it is expected to improve (the industry is also expected to show a good performance due to the hosting of the 2010 Commonwealth Games in Delhi). The government has been increasingly aggressive in marketing India as a tourist destination and improved tourism will help TFCI which provides not just financing services to the tourism industry, but also consulting services to different government bodies and investors on this industry,

The financial performance of TFCI over the last two quarters is shown here:

Year	Q1				Q2		
Amount in Rs. Crores	2008-09	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
Gross Sales	70.95	16.58	14.26	16.3%	21.11	18.24	15.7%
Excise Duty		0	0		0	0	
Net Sales		16.58	14.26	16.3%	21.11	18.24	15.7%
Other Income		1	0		1	0	
Total Income		18.07	17.11	5.6%	22.12	18.27	21.1%
Total Expenditure	31.72	10.72	8.36	28.2%	10.84	9.88	9.7%
PBIDT	39.23	16.96	14.47	17.2%	20.13	15.8	27.4%
Interest		9.14	7.11	28.6%	28.6%	7.25	15.4%
PBDT		7.82	7.36	6.3%	11.76		37.5%
Depreciation		0.47	0.14	235.7%	0.48	0.64	-25.0%
Tax	10.26	1.51	2.01	-24.9%	5.84	3.01	94.0%
Deferred Tax		0	0		0		
Reported PAT	28.97	5.84	5.21	12.1%	5.44	4.9	11.0%

TFCI has reported increased revenues and profits over the last two quarters. Gross NPA levels have decreased over the last few quarters with a gross NPA level of 5.3% in FY09 (as against 10% in FY08). As IFCI is one of the major shareholders, any strategic decision made with respect to its operations will have an impact on the performance of TFCI.

Its exposure is largely to one sector – Tourism and its performance depends on how well the tourism industry in the country is doing. Improving asset quality, increased disbursement and profit levels have helped TFCI to show excellent performance over the last two quarters and Brickwork Ratings expects this trend to continue over the next two quarters.

## 5. Magma Fincorp Limited

Brickwork Ratings has assigned a rating grade of BWR AA- to the PDI issue of Magma Fincorp Ltd. denoting its high credit quality/stability.

Magma Fincorp Ltd. (formerly Magma Leasing Ltd.) deals primarily in commercial vehicles financing, construction equipment financing and car and utility vehicle finance. The financial performance of Magma Fincorp is provided in the table below:

Particulars	2008-09	Q1			Q2		
		30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
<b>Income From Operations</b>	574.7	128.7	125.5	2.5%	160.3	139.4	15.0%
<b>Other Operating Income</b>	54.4	16.1	12.6	28.6%	16.7	13.8	20.9%
<b>Total Operating Income (A)</b>	629.1	144.8	138.1	4.9%	177.0	153.2	15.6%
<b>Staff Cost</b>	99.9	23.7	20.7	14.9%	28.6	26.2	9.1%
<b>Depreciation</b>	34.2	8.5	7.7	10.5%	8.4	8.3	1.6%
<b>Brokerage &amp; Commission</b>	46.6	10.7	15.8	-32.3%	11.3	11.7	-3.4%
<b>Bad Debts Written-off</b>	41.5	9.7	7.5	29.6%	6.3	4.3	47.0%
<b>Other Operative &amp; Administrative Expenses</b>	59.8	9.9	9.1	9.4%	14.1	15.6	-9.2%
<b>Total Operating Expenditure (B)</b>	282.1	62.5	60.7	3.0%	68.8	66.1	4.1%
<b>Profit From Operations Before Other Income &amp; Interest (A-B)</b>	347.0	82.3	77.4	6.3%	108.3	87.1	24.3%
<b>Other Income</b>	2.1	1.1	0.4	162.8%	0.9	0.5	84.8%
<b>Profit Before Interest &amp; Tax</b>	349.1	83.4	77.8	7.2%	109.2	87.6	24.6%
<b>Interest &amp; Finance Charges</b>	288.0	66.4	56.2	18.0%	85.2	70.4	21.0%
<b>Profit Before Tax</b>	61.0	17.0	21.6	-21.0%	24.0	17.2	39.4%
<b>Tax Expense (Includes Deferred Tax)</b>	21.2	5.8	7.4	-21.4%	8.3	5.9	40.2%
<b>Profit After Tax</b>	39.8	11.3	14.2	-20.7%	15.8	11.3	39.0%

The CV finance segment has shown a good performance over the last quarter and increased automotive sales are expected to further improve this performance over the next two quarters. Its capital adequacy levels are at a healthy 17.3% as on 31 March 2009 and it has shown consistently high asset quality (though write-offs of bad loans are at a higher level than the industry average).

While the first quarter saw a contraction in profitability mainly due to increasing costs, the second quarter saw a robust increase of 30% with increase in disbursements and improving interest spreads. With its decreasing funding costs (nearly 50% of its funding is from securitisation where the securitised pools performance has been outstanding so far) and increasing yields, Magma has reported high interest margins – around 5.5%. The high yield is due to increasing finance to high yield segments such as tractor finance, SME loans and used car finance.

Brickwork Ratings expects the performance of Magma Fincorp Limited to be excellent over the next two quarters as well.

## Ratings Review – Shipping

The shipping industry has been facing problems of excess capacity and decreasing demand for shipments such as crude.

The Baltic Dry Index (BDI) has recovered marginally (around 3.6%) in the second quarter of FY10, however, it is still lower than the levels in Q2FY09. Freight rates have seen a downward trend pressurising the margins further and it is expected that some of the firms in the industry will cancel orders. While more ships may be added as to the fleet as orders are expected to be completed by end of this year, some shipping companies have also cancelled orders or delayed them to meet the downturn in the industry.

### 1. The Great Eastern Shipping Company Ltd. (GE Shipping)

Brickwork Ratings has assigned a BWR AAA to GE Shipping, meaning that it is considered to have the best credit quality/safety. The rating was issued considering the position of GE shipping in the industry, management quality and operating efficiency.

The financials for GE Shipping over the last two quarters are shown here:

Amount in Rs Crore	Audited	Q1			Q2		
	2008-09	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
<b>Income from Operations - Freight &amp; Charter hire</b>	2829.0	468	702	-33.35%	433.89	864.09	-49.8%
<b>Other Operating Income - Gain on sale of ships</b>	254.5	119	254	-52.94%	53.77		
<b>Total Income</b>	3083.47	588	956	-38.55%	487.66	864.09	-43.6%
<b>Total Expenses</b>	1276.50	364	457	-20.21%	278.11	321.48	-13.5%
<b>Operating Profit (PBIDT)</b>	1806.97	223.22	499.60	-55.32%	209.55	542.61	-61.4%
<b>Operating Profit (PBIDT) (excluding gain on sale of ships)</b>	1552.50	103.73	245.68	-57.78%	155.78	542.61	-71.3%
<b>Profit from Operations before Other Income, Interest and Exceptional Items</b>	1388.48	140.13	421.59	-66.76%	117.60	462.88	-74.6%
<b>Profit from Ordinary Activities before tax</b>	1419.69	150.28	418.39	-64.08%	109.77	511.35	-78.5%
<b>Net Profit after tax</b>	1384.8	126.28	387.59	-67.42%	96.77	506.15	-80.9%

## Ratings Review – Shipping

GE Shipping has posted a dip in revenue as well as profits over the last two quarters as a result of decreasing average daily TCY in crude, product and dry bulk carriers categories. The tanker business of GE shipping contributes to more than 60% of its net profit and this is expected to show lacklustre performance over the next two quarters due to a decrease in demand.

How well GE shipping performs will depend on its utilisation of assets and its management of costs. While the shipping industry is expected to see a completion of fleet orders towards the end of FY10, demand forecasts are still low. However, it is still the largest private sector player in the Indian shipping industry market, has excellent risk management practices in place and has also now diversified into the energy and offshore business to add to operational stability. It also has shown outstanding business performance during downturns in the industrial cycle and its long term performance track record is very good. It has in place 18 to 36 month contracts for majority of its vessels and it is expected to be able to report fairly steady revenues from these in a scenario of reducing freight rates.

# Ratings Review: Telecommunications

The Indian telecommunications industry has witnessed tremendous growth over the last two years recording more than a 67% increase in broadband services in FY08 and 58% in mobile subscribers (around 261 million subscribers) in the mobile subscription services. This figure has now reached 464.8 million mobile subscriptions as of June 2009.

However, the industry also faces increasing competition which has resulted in reduced average revenues per user in the voice communications space. There is still vagueness on the regulatory front with spectrum allocations and 3G auctions, decisions that need to be taken by the government.

Increasing demand in the broadband space, increasing competition and innovations in the technology are factors that will affect the performance of the industry. The industry as a whole showed a profitability growth in the first quarter of FY10, around 23%.

The ratings issued by Brickwork Ratings in this sector are listed in the table below.

Table 5: Ratings issued in the Telecommunications Sector

SL.NO	COMPANY NAME	SEGMENT	OUTSTANDING RATING
1	Tata Communications Ltd.	Telecommunications	BWR AAA
2	Tulip Telecom Ltd.	Telecommunications	BWR AA-

## 1. Tata Communications Ltd.

Tata Communications Ltd. has been assigned a BWR AAA rating grade by Brickwork Ratings, denoting that its NCD is considered to have the best credit quality/safety.

It is the current market leader for providing telecommunications services in India and has also expanded to different countries and has emerged a global player. Its dominance in the market in the wholesale data and enterprise data communication sectors combined with excellent management quality as well as increasing presence in global markets through strategic partnerships and buy-outs were factored in the rating provided.

Its performance over the last two quarters is provided in the table below:

Particulars (in Rs Crores)			Q1			Q2		
	2009	2008	FY10	FY09	Q-o-Q	FY10	FY09	Q-o-Q
<b>Revenues from Telecommunication Services</b>	3749.43	3312.39	842.89	870.88	-3.2%	759.23	992.14	-23.5%
<b>Expenditure</b>								
<b>Of which Network Costs</b>	1,761	1,849	379	408	-7.1%	352	510	-30.9%
<b>Operating and Other Expenses</b>	805	577	154	189	-18.4%	137	170	-19.8%
<b>Depreciation and Amortisation</b>	425	318	123	84	46.7%	130	98	33.4%
<b>Total Expenditure</b>	3,331	2,987	748	756	-1.1%	714	862	-17.1%
<b>Profit from Operations before Other Income, interest and exceptional items</b>	418	326	95	115	-17.3%	45	130	-65.6%
<b>Profit before interest and exceptional items</b>	591	491	102	172	-40.7%	79	174	-54.8%
<b>Interest (net)</b>	129	29	53	21	148.5%	64	27	132.0%
<b>Profit / (Loss) from Ordinary Activities before tax</b>	713	451	50	151	-67.1%	15	51	-70.5%
<b>Net Profit / (Loss) for the period</b>	516	305	32	98	-67.6%	10	33	-68.3%

Revenues as well as profitability have decreased over the last two quarters. Voice services contributed to around 58% of the gross revenues in Q2FY10 while data services contributed to around 40% of the gross revenues in the same period. ARPUs have been reducing over the last few quarters and decreasing profit margins in voice services due to pricing pressures amid a highly competitive scenario has made this an unattractive segment to be in.

Increasing interest payments have (a jump of 148% on a q-o-q basis in Q1FY10 and 132% in Q2FY10) has contributed to decreasing profitability as the company has made large scale capital investments during this time period.

However, Tata Communications is still one of the largest providers in this sector in the country. Cost cutting strategies have been put in place as well as increased marketing efforts to improve and increase revenues from the data services segment. The revenues from data services grew at a rate of 24% Q-o-Q in Q1FY10 and 10% in Q2FY10. Regulatory clearances for WiMax, spectrum allocation are being awaited. Tata Communications also has invested to a large extent in improving “last mile connectivity” to drive the broadband and internet service business further. It is also targeting improving its market share in the VPN segment which contributes to about 18% of the total enterprise data market in the region.

Tata Communications also has an excellent management team with the main shareholders being from the Tata Group which enjoys a premium rating in the Indian market as well as the Government of India. Its debt equity ratio (0.12 as on March 31, 2009) and interest coverage ratios are healthier than the industry averages though its profitability ratios – profit margin, return on capital employed etc are lower than the rest. With the company's focus on data services and VPN services, it is expected that the profitability may improve.

Brickwork Ratings expects the performance of Tata Communications to follow the same trend over the next two quarters but to improve on a long term basis.

## 2. Tulip Telecom Ltd.

Tulip Telecom Ltd. is rated BWR AA- by Brickwork Ratings which denoting the high quality/safety in terms of timely repayment of the principal and interest amounts.

Tulip Telecom is a market leader in India in the data communication infrastructure and connectivity segment. It is a leader in the multi-protocol label switching virtual private network (MPLS VPN) sector and currently has a data network that reaches more than 1150 cities in India.

Its financial performance over the last two quarters is highlighted in the table below:

Amount in Rs Crore	Audited	Q1			Q2		
	2008	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
<b>Income from Operations</b>	1614.4	442.91	332.47	33%	491.04	384.64	27.66%
<b>Expenditure</b>	1,319.13	369.59	277.53	33%	407.77	311.5	30.91%
<b>Of which Interest Expenses</b>	46.21	15.81	8.99	76%	18.7	13.11	42.64%
<b>Depreciation</b>	41.44	35.26	10.45	237%	43.58	7.9	451.65%
<b>Profit before Tax</b>	283.49	84.63	48.08	76%	68.23	54.53	25.12%
<b>Profit after Tax</b>	250.52	75.04	45.96	63%	51.79	50.15	3.27%

High capital expenses due to increased investment in infrastructure for network upgradation and fiber rollout resulted in higher depreciation figures over the last two quarters. Revenue and profitability has increased over the last two quarters and the company looks to increase their share of the market in the high margin data connectivity segment. The company has taken a strategic decision to target high value business rather than high volume low value businesses and is focusing on that area.

The company's ability to provide inter-city connectivity for its wireless based services depends to a large extent on its lease agreements and as such involves a risk for the company as the quality of its connectivity depends on the quality maintained by its network operators, a factor that cannot be controlled by Tulip Telecom. The company's profitability margins, return on assets and return on capital employed is still below the industry average. (Please refer to the rating rationale on Tulip Telecom published by Brickwork Ratings). Its debt equity ratio is high at levels of 1.65 as compared to that of its peers and its products and services are concentrated in the data services segment.

Brickwork Ratings expects that Tulip Telecom will face increasing competition from other telecom players who are targeting the data segment. Increased government spending on Telecom infrastructure projects should benefit telecom companies on the whole and Brickwork Ratings expects that the good performance reported by Tulip Telecom will be the trend for the next two quarters as well.

# Ratings Review: Chemicals & Fertilizers

The fertilizer industry in India is highly dependent on the government regulations and the subsidy provided by the government. Imports of Urea have increased over the last few years as also the price. The subsidy bills of the government are expected to rise further and delay in subsidy payments is expected to impact the performance of the fertilizer industry. The overall sales of the fertilizer industry reduced by 42% Q-o-Q in Q2FY10 while the profitability decreased by 18%. The fertilizer industry is expected to continue to face pressure on their top as well as bottom lines through the remaining two quarters of the year.

## 1. Tata Chemicals Ltd.

Brickwork Ratings has assigned a rating grade of BWR AAA to the NCDs of Tata Chemicals Ltd., this denotes that the credit quality/safety of the instrument is considered the best.

Tata Chemicals Ltd. is the second largest manufacturer of Soda Ash and third largest manufacturer of Sodium Bicarbonate globally. The products manufactured by Tata Chemicals include industrial chemicals such as Soda Ash and Sodium Bicarbonate, fertilizers including Urea, DAP and NPK fertilizers and consumer products (Tata chemicals is the market leader in salt manufacturing in India).

Tata Chemicals saw a drop in profitability of around 52% during Q2FY10. This is mainly due to a decrease in revenue from the fertilizer segment (dip in revenues from inorganic chemicals was lesser relative to the dip in revenue from the fertilizer segment) over the last quarter as well as an increase in the cost of operations. The company's financials are subject to price movements in the raw materials such as DAP (whose price has increased substantially over the last three to four quarters) as well as reducing product prices.

The financial performance of Tata Chemicals over the last two quarters is detailed in table below:

Amount in Rs Crore	Q1			Q2		
	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
<b>Sales / Income from Operations</b>	141920	124901	13.63%	127426	365188	-65.1%
<b>Less : Excise Duty</b>	2560	4793	-46.59%	2357	5163	-54.3%
<b>Net Sales/ Income from Operations</b>	139360	120108	16.03%	125069	360025	-65.3%
<b>Other Operating Income</b>	4717	629	649.92%	625	626	-0.2%
	144077	120737	19.33%	125694	360651	-65.1%
<b>Expenditure</b>						
<b>Of which Decrease/(Increase) in stock-in-trade</b>	15133	-80321	-118.84%	-19989	68931	-129.0%

Amount in Rs Crore	Q1			Q2		
	30.06.09	30.06.08	Q-o-Q	30.09.09	30.09.08	Q-o-Q
<b>Traded Goods purchased</b>	6651	74765	-91.10%	30252	60743	-50.2%
<b>Total Expenditure</b>	125267	97664	28.26%	110097	311719	-64.7%
<b>Profit from Operations before Other Income, Interest &amp; exceptional items</b>	18810	23073	-18.48%	15597	48932	-68.1%
<b>Profit on sale of long term investments</b>				8769	-	
<b>Profit before Interest and Exceptional items</b>	22786	26586	-14.29%	28466	53228	-46.5%
<b>Profit after Interest but before Exceptional items</b>	18077	22771	-20.61%	22874	48598	-52.9%
<b>Net Notional Exchange Loss on restatement of long term borrowings</b>	4724	12887	-63.34%	3254	17913	-81.8%
<b>Net Profit After Tax</b>	9436	5867	60.83%	16576	21581	-23.2%

On a consolidated basis, Tata Chemicals has a high interest coverage ratio (9.61) as compared to the industry average (4.39) for FY09. Its profitability margins – 10% (removing the profit on sale of investments) is double the industry average and return on capital employed is 17%, higher than the industry average of 13% for FY10. The company has implemented cost reducing initiatives while improving the operational efficiency.

Brickwork Ratings expects a healthy performance over the next two quarters from Tata Chemicals in this industry.

# Annexure 1: Summary of Tables Used

Table 6: AAA Banks – September 2009 Results

	Bank of India	Union Bank of India	Canara Bank	Corporation Bank	Bank of Baroda	Punjab National Bank	Oriental Bank of Commerce	Average
<b>Net Interest Margin</b>	2.57%	2.34%	2.66%	2.30%	2.63%	3.64%	2.02%	2.59%
<b>Return on Assets</b>	0.55%	1.25%	1.63%	1.30%	1.07%	1.44%	0.89%	1.16%
<b>Gross NPA</b>	2.61%	1.93%	1.60%	1.18%	1.30%	1.58%	1.54%	1.68%
<b>Net NPA</b>	1.08%	0.23%	1.16%	0.29%	0.27%	0.14%	0.66%	0.55%
<b>CRAR as per Basel II</b>	13.52%	13.76%	14.46%	18.18%	14.67%	14.74%	12.66%	14.57%
<b>CASA</b>	32%	35.00%	29.19%	22.40%	30.24%	38.48%	NA	31.22%
<b>Credit Deposit Ratio</b>	75.60%	66.70%	71.69%	64.79%	71.81%	70.86%	70.92%	70.34%
<b>Cost-Income Ratio</b>	42.15%	42.90%	35.69%	32.23%	47.54%	41.88%	41.71%	40.59%

Table 7: AAA Banks – June 2009 Results

	Bank of India	Union Bank of India	Canara Bank	Corporation Bank	Bank of Baroda	Punjab National Bank	Oriental Bank of Commerce	Average
<b>Net Interest Margin</b>	2.42%	2.29%	2.70%	2.26%	2.37%	3.41%	2.02%	2.50%
<b>Return on Assets</b>	1.03%	1.12%	1.63%	1.26%	1.19%	1.35%	0.89%	1.21%
<b>Gross NPA</b>	1.89%	1.95%	1.02%	1.29%	1.44%	1.80%	1.61%	1.57%
<b>Net NPA</b>	0.84%	0.72%	1.29%	0.32%	0.27%	0.19%	0.71%	0.62%
<b>CRAR as per Basel II</b>	13.26%	13.73%	13.59%	16.29%	14.56%	14.45%	12.93%	14.12%
<b>CASA</b>	32%	30.40%	27.80%	23.34%	35.09%	38.14%	NA	31.13%
<b>Credit Deposit Ratio</b>	75.79%	66.70%	72.64%	65.66%	NA	72.15%	69.68%	70.44%
<b>Cost-Income Ratio</b>	44.00%	42.90%	41.00%	30.91%	NA	44.57%	41.00%	40.73%

Table 8: AAA Banks – FY09 Results

	Bank of India	Union Bank of India	Canara Bank	Corporation Bank	Bank of Baroda	Punjab National Bank	Oriental Bank of Commerce	Average
Net Interest Margin	2.57%	3.24%	2.78%	2.43%	2.91%	3.62%	1.77%	2.76%
Return on Assets	0.55%	1.27%	1.06%	1.28%	1.09%	1.39%	0.88%	1.07%
Gross NPA	2.61%	1.96%	1.56%	1.14%	1.27%	1.77%	1.53%	1.69%
Net NPA	1.08%	0.34%	1.09%	0.29%	0.31%	0.17%	0.65%	0.56%
CRAR as per Basel II	13.01%	13.27%	14.10%	13.61%	14.05%	14.03%	12.98%	13.58%
CASA	32%	30.07%	30.70%	31.44%	29.59%	38.82%	23.74%	30.91%
Credit Deposit Ratio	75.60%	70.84%	73.96%	65.57%	74.84%	73.75%	69.64%	72.03%
Cost-Income Ratio	42.15%	41.81%	43.61%	35.79%	45.38%	42.27%	45.08%	42.30%

Table 9: AA+ Banks – September 2009 Results

	Yes Bank	Andhra Bank	Average
Net Interest Margin	3.10%	3.14%	3.12%
Return on Assets	1.86%	1.53%	1.70%
Gross NPA	0.31%	0.83%	0.57%
Net NPA	0.08%	0.16%	0.12%
CRAR as per Basel II	17.30%	14.03%	15.67%
CASA	9.60%	32.34%	20.97%
Credit Deposit Ratio	84.14%	77.70%	80.92%
Cost-Income Ratio	38.40%	39.45%	38.93%

Table 10: AA+ Banks – June 2009 Results

	Yes Bank	Andhra Bank	Average
Net Interest Margin	3.10%	2.85%	2.98%
Return on Assets	1.80%	1.48%	1.64%
Gross NPA	0.48%	0.80%	0.64%
Net NPA	0.24%	0.22%	0.23%
CRAR as per Basel II	17.63%	14.75%	16.19%
CASA	9.50%	30.68%	20.09%
Credit Deposit Ratio	82.59%	74.40%	78.50%
Cost-Income Ratio	36%	49.00%	42.50%

Table 11: AA+ Banks – FY09 Results

	<b>Yes Bank</b>	<b>Andhra Bank</b>	<b>Average</b>
<b>Net Interest Margin</b>	2.90%	3.03%	2.97%
<b>Return on Assets</b>	1.52%	1.09%	1.31%
<b>Gross NPA</b>	0.68%	0.83%	0.76%
<b>Net NPA</b>	0.33%	0.18%	0.26%
<b>CRAR as per Basel II</b>	16.63%	13.22%	14.93%
<b>CASA</b>	8.73%	31.04%	19.89%
<b>Credit Deposit Ratio</b>	76.70%	74.32%	75.51%
<b>Cost-Income Ratio</b>	42.70%	46.15%	44.43%

Table 12: AA Banks – September 2009 Results

	<b>UCO Bank</b>
<b>Net Interest Margin</b>	1.88%
<b>Return on Assets</b>	0.73%
<b>Gross NPA</b>	2.16%
<b>Net NPA</b>	1.01%
<b>CRAR as per Basel II</b>	11.75%
<b>CASA</b>	30%
<b>Credit Deposit Ratio</b>	70%
<b>Cost-Income Ratio</b>	51.05%

Table 13: AA Banks – June 2009 Results

	<b>UCO Bank</b>
<b>Net Interest Margin</b>	1.75%
<b>Return on Assets</b>	0.64%
<b>Gross NPA</b>	2.27%
<b>Net NPA</b>	1.15%
<b>CRAR as per Basel II</b>	11.67%
<b>CASA</b>	NA
<b>Credit Deposit Ratio</b>	68.08%
<b>Cost-Income Ratio</b>	54.32%

## 12 Annexure 1: Summary of Tables Used

Table 14: AA Banks – FY09 Results

	<b>UCO Bank</b>
<b>Net Interest Margin</b>	1.75%
<b>Return on Assets</b>	0.59%
<b>Gross NPA</b>	2.21%
<b>Net NPA</b>	1.18%
<b>CRAR as per Basel II</b>	9.75%
<b>CASA</b>	24.11%
<b>Credit Deposit Ratio</b>	68.98%
<b>Cost-Income Ratio</b>	54.89%

Table 15: BBB+ Banks – September 2009 Results

	<b>Development Credit Bank</b>
<b>Net Interest Margin</b>	NA
<b>Return on Assets</b>	-1.19%
<b>Gross NPA</b>	11.24%
<b>Net NPA</b>	4.67%
<b>CRAR as per Basel II</b>	14.85%
<b>CASA</b>	36.80%
<b>Credit Deposit Ratio</b>	65.80%
<b>Cost-Income Ratio</b>	76.53%

Table 16: BBB+ Banks – June 2009 Results

	<b>Development Credit Bank</b>
<b>Net Interest Margin</b>	NA
<b>Return on Assets</b>	-0.01%
<b>Gross NPA</b>	10.86%
<b>Net NPA</b>	4.96%
<b>CRAR as per Basel II</b>	13.22%
<b>CASA</b>	NA
<b>Credit Deposit Ratio</b>	NA
<b>Cost-Income Ratio</b>	90.17%

Table 17: BBB+ Banks – FY09 Results

	<b>Development Credit Bank</b>
<b>Net Interest Margin</b>	2.80%
<b>Return on Assets</b>	-1.48%
<b>Gross NPA</b>	1.77%
<b>Net NPA</b>	0.17%
<b>CRAR as per Basel II</b>	13.44%
<b>CASA</b>	31%
<b>Credit Deposit Ratio</b>	70.46%
<b>Cost-Income Ratio</b>	76.30%

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