

August 10, 2010

CARE ASSIGNS 'PR1+' RATING TO CD PROGRAMME OF SOUTH INDIAN BANK LTD. (FOR ENHANCED AMOUNT)

CARE has assigned '**PR1+**' [**PR One Plus**] rating to Certificate of Deposits of South Indian Bank Ltd. (SIBL) for an enhanced limit of Rs.1300 crore (enhanced from Rs.1000 crore) with a maturity upto one year.

Rating Enhancement		
Instrument	Amount (Rs. crore)	Rating ¹
Certificate of Deposits	1300	PR1+

Rating Rationale

The rating factors in SIBL's robust capitalisation levels, improved operating metrics, consistent improvement in asset quality and uptick in business volumes. SIBL's ability to increase its low-cost deposits, maintain spreads and asset quality are the key rating sensitivities.

Company Profile

SIBL is a Kerala-based private sector bank which was established in 1929. As on March 31, 2010, SIBL had a network of 580 branches with a sizeable footprint in South India; particularly in the state of Kerala. Currently, SIBL has no identifiable promoter and the shareholding pattern is well diversified. FII holding in the bank is high at 36.75% as on Mar 31, 2010.

During FY10, the Total income of the Bank grew by around 16% y-o-y to Rs.2,144 crore while the Profit After Tax (PAT) increased to Rs.234 crore. Its Capital Adequacy Ratio (CAR) stood at 15.39% as on March 31, 2010.

During Q1FY11, SIBL earned a Net Profit of Rs.58.44 crore on a Total Income of Rs. 581.78 crore. Gross NPA and net NPA ratio stood at 1.33% and 0.39% respectively as on June 30, 2010. SIBL's overall CAR stood at a healthy 15.99% [Basel-II].

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

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