

LIC Housing Finance

CMP: INR438
TP: INR548 (+25%)
Buy
In-line with estimates: Growth & asset quality healthy; margins improve

- LIC Housing Finance's (LICHF) 4QFY15 net profit stood at INR3.78b (In line with est. of INR3.8b). While the operating profit was 3% below est. (due to higher opex) lower provisioning of INR10m (est. 100m) led to In-line profit growth. Healthy loan growth of (+18% YoY); improvement in asset quality, and 7bp YoY improvement in asset quality were the key highlights of the quarter.
- Loan growth of 18.6% YoY (6.3% QoQ) was largely in line; individual loan growth remained healthy at 19.3% YoY and 6.3% QoQ to INR1.05t. While corporate loan disbursements picked up at +7.4% YoY 3.9b, higher repayments led to 2% YoY de-growth of portfolio. Corporate loans share in overall loans declined to 2.52% v/s 3.05% a year ago.
- Net interest income stood at INR6.49b +21% YoY; led by 7bp YoY margin expansion to 2.47%. Spreads for the quarter stood at 1.46% up 5bp YoY led by lower incremental cost of borrowings at 9.19% for the quarter.
- Asset quality remained healthy; GNPA's/NNPA's improved 21bp/17bp YoY and 11/09bp QoQ to 0.46%/0.22%.
- Overall disbursements grew +23% YoY to INR99.4b. Individual disbursements growth improved to 24% YoY to INR95.5b.
- **Valuation and view:** Despite high interest rates and property prices, volume growth in the individual loan segment remains healthy. Margin improvement and health of corporate loan portfolio continue to remain key monitorables. We expect LICHF to report healthy 17% PAT CAGR over FY14-17E. RoA and RoE are expected to be ~1.4% and ~18%. We may revise the earnings estimate post earnings conference call. Maintain **Buy**.

BSE SENSEX	S&P CNX
28,442	8,606
Bloomberg	LICHF IN
Equity Shares (m)	505.0
M.Cap. (INR b) / (USD)	221.2/3.6
52-Week Range (INR)	509/254
1, 6, 12 Rel. Per (%)	-5/23/37
Avg Val/Vol '000	1,273/3,396
Free float (%)	59.7

Financials & Valuation (INR Billion)

Y/E March	2015E	2016E	2017E
NII	22.4	27.1	32.4
PPP	21.0	25.7	30.6
Adj. PAT	13.7	16.6	19.8
Adj. EPS	27.2	32.9	39.1
EPS Gr. (%)	14.3	20.8	19.1
BV/Sh INR	171.5	198.0	229.5
RoAA (%)	1.4	1.4	1.4
RoE (%)	17.0	17.8	18.3
Payout (%)	20.3	20.3	20.3
Valuations			
P/E (x)	16.1	13.3	11.2
P/BV (x)	2.6	2.2	1.9
Div. Yield	1.1	1.3	1.6

LICHF: Quarterly Performance

(InR Million)

Y/E March	FY14				FY15				FY14	FY15
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	21,303	22,237	23,120	24,074	24,826	25,961	26,678	28,002	90,733	105,467
Interest Expenses	16,755	17,703	18,543	18,743	19,764	20,643	21,192	21,504	71,744	83,102
Net Interest Income	4,547	4,534	4,577	5,331	5,062	5,318	5,486	6,498	18,989	22,364
YoY Growth (%)	29.7	28.2	23.8	15.7	11.3	17.3	19.9	21.9	23.7	17.8
Fees and other income	477	787	644	705	610	626	680	604	2,613	2,520
Net Income	5,024	5,321	5,221	6,037	5,672	5,944	6,166	7,102	21,602	24,884
YoY Growth (%)	25.6	30.7	24.4	19.0	12.9	11.7	18.1	17.7	24.6	15.2
Operating Expenses	613	744	733	1,043	699	965	882	1,339	3,133	3,885
Operating Profit	4,411	4,577	4,488	4,993	4,973	4,980	5,283	5,763	18,470	20,999
YoY Growth (%)	26.8	34.9	27.4	21.0	12.7	8.8	17.7	15.4	27.2	13.7
Provisions and Cont.	171	341	-75	-223	92	-190	68	10	215	-20
Profit before Tax	4,240	4,237	4,563	5,216	4,882	5,170	5,215	5,753	18,255	21,019
Tax Provisions	1,135	1,136	1,297	1,516	1,659	1,756	1,772	1,971	5,083	7,158
Net Profit	3,105	3,101	3,266	3,700	3,223	3,414	3,443	3,782	13,172	13,862
YoY Growth (%)	36.3	27.6	38.2	17.0	3.8	10.1	5.4	2.2	28.7	5.2
Loan Growth (%)	22.1	20.4	18.9	17.4	16.8	17.2	18.0	18.6	17.4	18.3
Borrowings Growth (%)	22.6	20.6	20.3	19.3	16.4	17.4	16.4	17.7	19.3	18.6
Cost to Income Ratio (%)	12.2	14.0	14.0	17.3	12.3	16.2	14.3	18.9	14.5	15.6
Tax Rate (%)	26.8	26.8	28.4	29.1	34.0	34.0	34.0	34.3	27.8	34.1

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Investors are advised to refer through disclosures made at the end of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Operating performance v/s our estimates and reasons for deviation (INRm)

Y/e March	4QFY15A	4QFY15E	Var (%)	Comments
Interest Income	28,002	28,045	0	
Interest Expenses	21,504	21,597	0	
Net Interest Income	6,498	6,448	1	NIMs of 247bp In line with exp
YoY Gr. (%)	21.9	21.0		
Fees and other income	604	738	-18	
Net Income	7,102	7,187	-1	In Line
YoY Gr. (%)	17.7	19.1		
Operating Expenses	1,339	1,260	6	Higher opex due to CSR expenses
Operating Profit	5,763	5,927	-3	Below est, led by lower NII
YoY Gr. (%)	15.4	18.7		
Provisions and Cont.	10	100	-90	Provisions below estimate
Profit before Tax	5,753	5,827	-1	
Tax Provisions	1,971	1,985	-1	Tax Rate 34%
Net Profit	3,782	3,842	-2	Higher opex offset by lower provisioning
YoY Gr. (%)	2.2	3.8		

Source: Company, MOSL

Overall loan growth healthy led by individual segment

- Loan growth of 18.6% YoY (+4.5% QoQ) was largely in line; Individual loans growth remained healthy at 19.3% YoY and 6.3% QoQ to INR1.05t. While the corporate loan disbursements picked up at +7.4% YoY 3.9b, higher repayments led to 2% YoY de-growth of portfolio. Corporate loans share in overall loans declined to 2.52% v/s 3.05% a year ago.
- Overall disbursements grew +23% YoY to INR99.4b. Individual disbursements growth improved to 24% YoY to INR95.5b.

Asset quality witness seasonal improvement; margins improve 7bp YoY

- Asset quality remained healthy; GNPA's/NNPA's improved 21bp/17bp YoY and 11/09bp QoQ to 0.46%/0.22%.
- Net interest income stood at INR6.49b +21% YoY; reported margins improved by 7bp YoY to 2.47%. Spreads for the quarter stood at 1.46% up 5bp YoY were in line with estimates.

Other highlights

- a) High cost bank funding reduced from 25% in FY14 to 17.5% in FY15. b) Borrowings grew 17.7% YoY and 6.6% QoQ to 965b. c) Loan against property now forms 4.6% of overall loans. c) Incremental cost of funds for the year stood at 9.25%.

Valuation and view

- Despite high interest rates and property prices, volume growth in the individual loan segment remains fairly strong. Pick up in the project loan segment is a key from NIMs and growth perspective
- While LICHF continues to deliver well in terms of growth, margin improvement and health of corporate loan portfolio continues to remain key monitorables. Going forward, the key to margin improvement is (1) Full impact already reprised portfolio in FY15 (2) higher incremental spreads (3) Replacement of high cost bank borrowing with lower cost NCDs and (4) increase in the share of LAP and corporate loan portfolio. Increase in cost of funds on account of budget related changes on debt mutual funds, can be a drag on margins.
- We expect LICHF to report loan CAGR of ~15%, spread improvement of 7bp in FY16 and further 15bp in FY17. Earning CAGR is expected to be 15% over FY14-17E. We may revise earnings estimates post earnings conference call.
- We expect RoA's to remain healthy at ~1.4% and RoE's at ~18% after dropping sharply in FY13. **Buy** with a target price of INR548 (2.4x FY17E BV).

Exhibit 2: Du-Pont analysis (%)

LIC Housing Finance	FY10	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E
Interest Income	9.98	10.22	10.77	10.89	11.01	10.83	10.52	10.17
Interest Expenses	7.28	7.08	8.26	8.65	8.71	8.51	8.18	7.84
Net Interest Income	2.70	3.14	2.51	2.24	2.30	2.33	2.34	2.33
Non interest Income	0.57	0.91	0.42	0.29	0.32	0.27	0.26	0.24
Fee Income	0.39	0.34	0.24	0.23	0.21	0.13	0.13	0.13
Treasury Income	0.14	0.14	0.14	0.09	0.09	0.13	0.12	0.10
Other Income	0.04	0.43	0.04	-0.02	0.01	0.01	0.01	0.01
Net Income	3.26	4.05	2.92	2.53	2.62	2.60	2.60	2.57
Operating Expenses	0.58	0.49	0.43	0.41	0.38	0.39	0.39	0.38
Cost to income (%)	17.85	12.21	14.60	16.25	14.50	15.04	14.81	14.63
Employees	0.15	0.16	0.13	0.13	0.13	0.14	0.14	0.14
Others	0.43	0.34	0.30	0.28	0.25	0.25	0.25	0.24
Operating Profits	2.68	3.55	2.50	2.12	2.24	2.21	2.21	2.20
Provisions/write offs	-0.09	0.60	0.28	0.12	0.03	0.01	0.05	0.05
PBT	2.77	2.96	2.22	2.00	2.22	2.20	2.16	2.14
Tax	0.76	0.73	0.57	0.51	0.62	0.75	0.71	0.71
Tax Rate (%)	27.36	24.71	25.73	25.51	27.85	34.00	33.00	33.00
PAT	2.01	2.23	1.65	1.49	1.60	1.45	1.45	1.44
Leverage (x)	11.70	11.58	11.28	11.26	11.76	12.03	12.43	12.89
RoE	23.52	27.22	20.32	16.82	17.15	16.97	17.80	18.32

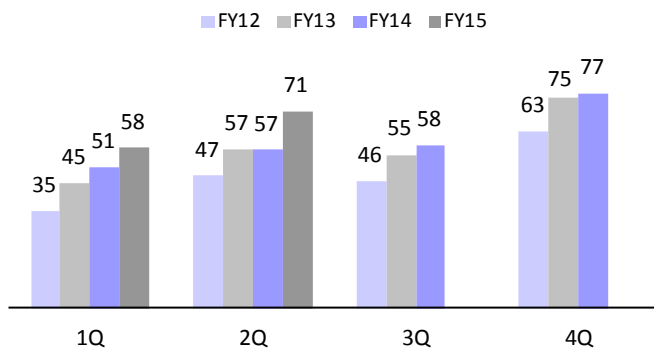
Source: Company, MOSL

Exhibit 3: Quarterly Snapshot

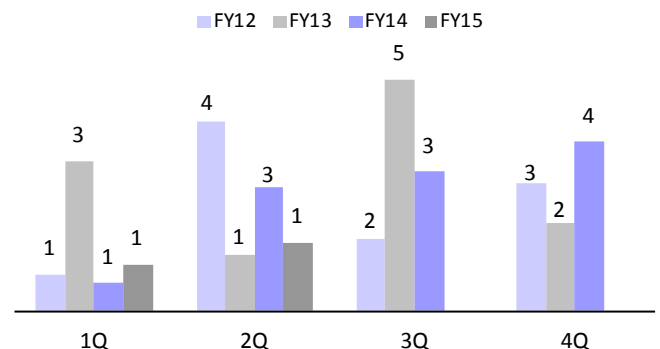
	FY13				FY14				FY15				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Profit and Loss (INR m)														
Interest Income	17,179	18,081	19,050	20,281	21,303	22,237	23,120	24,074	24,826	25,961	26,678	28,002	5	16
- Individual	15,923	17,002	18,104	19,386	20,379	21,420	22,302	23,238	24,013	24,918	25,829	27,117	5	17
- Projects	1,255	1,080	946	896	924	817	818	837	813	1,042	849	886	4	6
Interest Expenses	13,674	14,546	15,353	15,673	16,755	17,703	18,543	18,743	19,764	20,643	21,192	21,504	1	15
Net Interest Income	3,505	3,535	3,697	4,608	4,547	4,534	4,577	5,331	5,062	5,318	5,486	6,498	18	22
Fees and others	494	537	500	466	477	787	644	705	610	626	680	604	-11	-14
Net Income	3,999	4,073	4,196	5,074	5,024	5,321	5,221	6,037	5,672	5,944	6,166	7,102	15	18
Operating Expenses	521	679	673	946	613	744	733	1,043	699	965	882	1,339	52	28
Employee	192	231	219	262	263	280	240	255	281	293	364	356	-2	39
Others	328	448	454	684	350	464	492	788	419	672	519	983	89	25
Operating Profits	3,479	3,393	3,524	4,128	4,411	4,577	4,488	4,993	4,973	4,980	5,283	5,763	9	15
Provisions	436	69	319	-35	171	341	-75	-223	92	-190	68	10	-85	-105
PBT	3,043	3,324	3,205	4,163	4,240	4,237	4,563	5,216	4,882	5,170	5,215	5,753	10	10
Taxes	766	894	843	1,002	1,135	1,136	1,297	1,516	1,659	1,756	1,772	1,971	11	30
PAT	2,277	2,430	2,362	3,162	3,105	3,101	3,266	3,700	3,223	3,414	3,443	3,782	10	2
Asset Quality														
GNPA (INR m)	4,680	4,136	5,383	4,712	6,445	6,111	7,042	6,090	7,534	6,110	5,795	4,947	-15	-19
NNPA (INR m)	2,487	1,951	3,277	1,953	4,135	3,644	4,419	3,536	4,570	3,167	3,166	2,344	-26	-34
Gross NPAs (%)	0.71	0.60	0.74	0.61	0.80	0.73	0.81	0.67	0.80	0.63	0.57	0.46	-19	-31
- Individual	0.74	0.61	0.52	0.32	0.51	0.46	0.40	0.27	0.40	0.38	0.33	0.24	-27	-11
- Projects	0.00	0.00	0.06	0.09	0.10	0.10	0.14	0.13	0.15	0.10	0.10	0.09	-9	-34
Net NPAs (%)	0.4	0.3	0.5	0.4	0.5	0.4	0.5	0.4	0.5	0.3	0.3	0.2	-29	-44
PCR (Calculated, %)	46.9	52.8	39.1	58.6	35.8	40.4	37.2	41.9	39.3	48.2	45.4	52.6	16	25
Margins (%) - (calculated)														
Yield on loans	10.7	10.7	10.7	10.8	10.8	10.9	10.9	10.8	10.7	10.9	10.7	10.7	0	-2
Cost of funds	9.6	9.7	9.7	9.4	9.6	9.7	9.7	9.4	9.6	9.7	9.5	9.2	-3	-2
Spreads	1.1	1.1	1.1	1.4	1.2	1.2	1.2	1.5	1.2	1.2	1.2	1.5	20	0
NIMs (reported)	2.2	2.1	2.1	2.4	2.3	2.2	2.2	2.4	2.2	2.2	2.2	2.5	12	3
Other Details														
Cost to Income (%)	14.9	19.2	18.2	20.5	13.5	16.4	16.0	19.6	13.8	18.1	16.1	20.6	433	174
Tax Rate (%)	25.2	26.9	26.3	24.1	26.8	26.8	28.4	29.1	34.0	34.0	34.0	34.3	0	716

Source: Company, MOSL

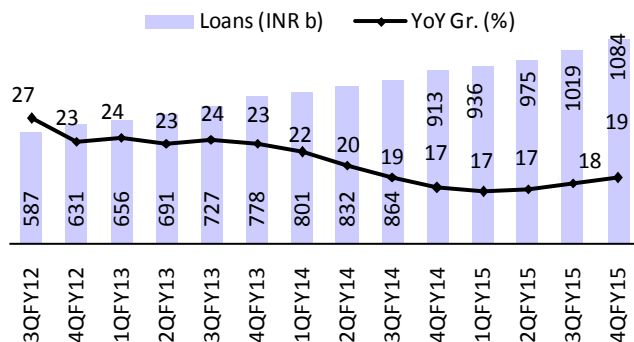
Story in charts

Exhibit 4: Individual disbursements grew +23% YoY (INR b)


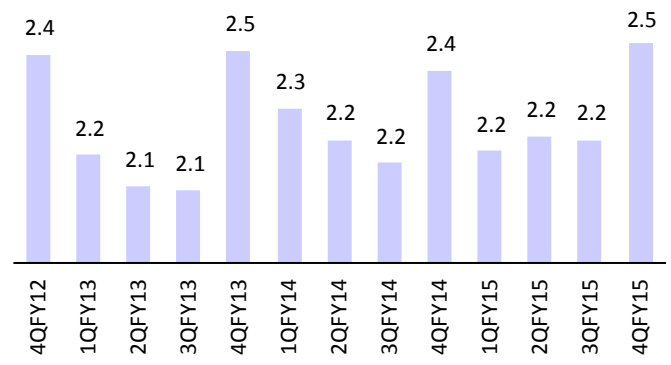
Source: Company, MOSL

Exhibit 5: Project loan disbursements picks up YoY (INR b)


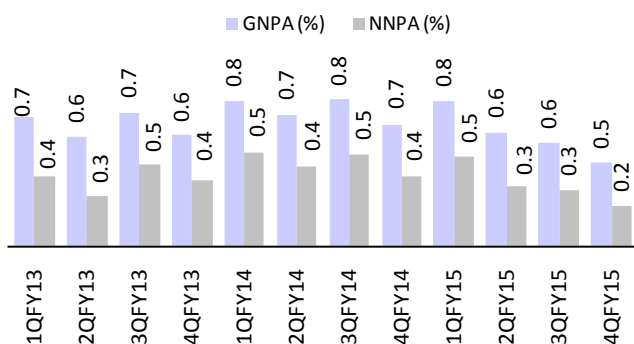
Source: Company, MOSL

Exhibit 6: Loan growth remains healthy at +18%


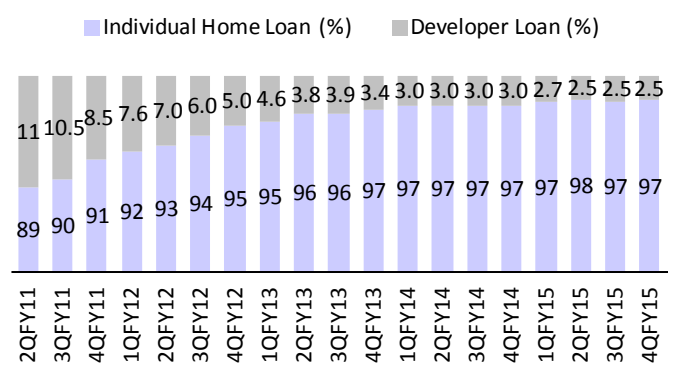
Source: Company, MOSL

Exhibit 7: Reported margins improve 7bp YoY (%)


Source: Company, MOSL

Exhibit 8: Asset quality witnesses seasonal improvement


Source: Company, MOSL

Exhibit 9: Share of project loans remains stable (%)


Source: Company, MOSL

Corporate profile

Company description

LIC Housing Finance (LICHF) is the second largest housing finance company which 10% mortgage market share in India. LIC is promoted by government owned largest insurance company the LIC of India. LICHF individual housing loans, loan against property and loans to developers as project finance. LICHF operates through a network of 219 marketing offices and a large number of DSAs and Home Loan Agents. It also has representative office in Dubai and Kuwait and has loan book of INR1t as on Dec'14.

Exhibit 10: Sensex rebased

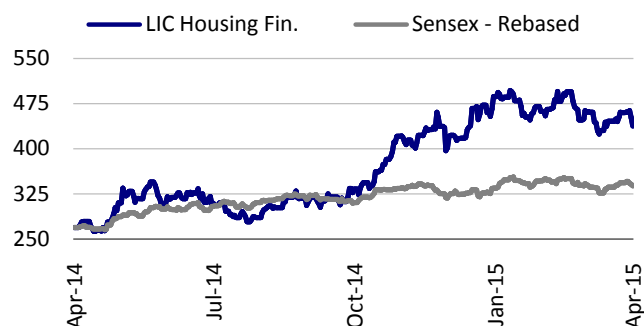


Exhibit 11: Shareholding pattern (%)

	Mar-15	Dec-14	Mar-14
Promoter	40.3	40.3	40.3
DII	6.2	5.9	6.9
FII	36.6	41.4	37.9
Others	16.9	12.4	14.9

Note: FII Includes depository receipts

Exhibit 13: Top management

Name	Designation
S K Roy	Chairman
Sunita Sharma	Managing Director & CEO

Exhibit 12: Top holders

Holder Name	% Holding
Bank Muscat S A O G A/C Bank Muscat	2.3
HSBC Global Investment Fund A/c HS	2.0
Morgan Stanley Asia (Singapore) Pte	1.9
Abu Dhabi Investment Authority - St	1.8
Birla Sun Life Trustee Company Priv	1.5

Exhibit 14: Directors

Name	Name
S K Roy	Savita Singh*
Sunita Sharma	Jagdish Capoor*
S Ravi*	K Narasimha Murthy*
T V Rao*	S B Mainak
B N Shukla*	Dharmendra Bhandari

*Independent

Exhibit 15: Auditors

Name	Type
Chokshi & Chokshi	Statutory
Shah Gupta & Co	Statutory

Exhibit 16: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	33.3	35.0	-4.9
FY17	39.6	43.0	-8.0

Exhibit 17: Valuation matrix

	Rating	CMP (INR)	Mcap (USD\$)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)		Dividend Yield (%) #
				FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	
ICICIB* [*]	Buy	310	28.7	23.0	27.1	10.7	8.7	131	150	1.87	1.57	1.63	1.64	15.8	16.4	1.7
HDFCB	Buy	1,019	40.6	51.3	62.6	19.9	16.3	285	333	3.57	3.06	2.03	2.03	19.3	20.2	0.8
AXSB	Buy	534	20.1	37.5	44.0	14.3	12.1	219	255	2.44	2.10	1.79	1.75	18.4	18.5	0.9
KMB*	Neutral	1,385	17.1	49.2	60.4	28.2	22.9	371	427	3.74	3.24	1.86	1.86	14.3	15.0	0.1
YES	Buy	810	5.4	60.4	76.2	13.4	10.6	330	391	2.45	2.07	1.70	1.73	19.7	21.1	1.0
IIB	Buy	876	7.4	43.2	54.6	20.3	16.1	227	274	3.85	3.19	1.90	1.97	20.7	21.8	0.5
DCBB	Buy	119	0.5	7.3	9.5	16.3	12.5	63	72	1.88	1.64	1.12	1.17	12.3	14.1	0.0
FB	Buy	132	1.8	13.0	15.6	10.1	8.5	100	112	1.32	1.18	1.20	1.19	13.7	14.7	1.8
JKBK	Neutral	101	0.8	13.6	18.1	7.4	5.6	137	151	0.74	0.67	0.81	0.95	10.4	12.6	2.2
SIB	Buy	25	0.5	3.7	4.7	6.9	5.4	29	33	0.87	0.77	0.78	0.86	13.3	15.2	2.2
Private Aggregate			123.1			17.2	14.3			2.78	2.41					
SBIN (cons)*	Buy	291	34.9	29.0	36.2	9.6	7.7	231	260	1.21	1.07	0.77	0.84	12.8	14.5	1.3
PNB	Buy	163	4.7	26.8	36.2	6.1	4.5	231	263	0.71	0.62	0.77	0.91	12.2	14.6	1.2
BOI	Neutral	228	2.4	50.3	64.3	4.5	3.5	455	511	0.50	0.45	0.46	0.49	11.6	13.3	1.7
BOB	Neutral	178	1.2	24.1	30.8	7.4	5.8	184	208	0.96	0.85	0.70	0.78	13.7	15.7	1.8
UNBK	Buy	164	1.7	36.6	47.1	4.5	3.5	320	359	0.51	0.46	0.57	0.64	12.0	13.9	2.5
INBK	Buy	165	1.2	28.7	33.5	5.7	4.9	287	313	0.57	0.53	0.63	0.63	10.4	11.2	2.6
CRPBK	Neutral	60	0.2	16.5	21.9	3.6	2.7	141	158	0.43	0.38	0.54	0.64	12.3	14.7	2.7
ANDB	Buy	83	0.8	17.9	22.5	4.7	3.7	169	185	0.49	0.45	0.55	0.60	11.0	12.7	3.3
IDBI	Neutral	82	2.1	14.4	19.7	5.7	4.2	157	173	0.52	0.47	0.58	0.69	9.5	11.9	1.9
DBNK	Neutral	52	0.5	9.7	13.6	5.4	3.8	130	141	0.40	0.37	0.36	0.44	7.7	10.0	2.2
Public Aggregate			49.6			8.0	6.2			0.87	0.79					
HDFC*	Buy	1,303	32.6	38	46	22.3	17.0	165	192	5.19	4.06	2.53	2.53	23.8	24.9	1.2
LICHF	Buy	438	3.5	32	39	13.5	11.2	197	229	2.22	1.91	1.41	1.42	17.6	18.4	1.1
IHFL	Buy	555	3.2	64	79	8.6	7.0	215	246	2.58	2.26	4.23	4.29	32.4	34.3	6.0
IDFC	Neutral	168	4.3	13	14	13.4	11.7	109	120	1.28	1.15	2.20	2.19	11.5	12.0	1.5
RECL	Buy	330	5.2	66	75	5.0	4.4	300	358	1.10	0.92	3.50	3.36	24.2	22.8	3.5
POWF	Buy	278	5.9	55	63	5.0	4.4	288	334	0.97	0.83	3.18	3.11	20.6	20.1	3.6
SHTF	Buy	1,024	3.7	78	92	13.1	11.2	494	573	2.07	1.79	2.27	2.44	16.3	17.7	0.7
MMFS	Neutral	264	2.4	18	21	15.0	12.3	113	128	2.34	2.06	2.61	2.76	16.5	17.7	1.2
BAF	Buy	4,517	3.6	219	267	20.6	16.9	1,137	1,360	3.97	3.32	2.94	2.88	21.0	21.4	0.8
NBFC Aggregate			64.5			15.0	12.9			2.77	2.41					

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

Div Yield based on FY14 declared dividend; UR: Under Review

Source: Company, MOSL

Financials and valuations

Income Statement								(INR Million)
Y/E March	2010	2011	2012	2013	2014	2015	2016E	2017E
Interest Income	32,827	44,697	59,827	74,591	90,733	105,467	121,998	141,491
Interest Expense	23,957	30,977	45,911	59,246	71,744	83,102	94,868	109,088
Net Interest Income	8,870	13,719	13,916	15,345	18,989	22,364	27,130	32,403
Change (%)	21.3	54.7	1.4	10.3	23.7	17.8	21.3	19.4
Fee Income	1,269	1,501	1,322	1,549	1,750	1,291	1,537	1,833
Income from Investments	462	603	804	617	750	1,115	1,350	1,450
Other Income	134	1,886	198	-168	113	113	113	113
Net Income	10,735	17,710	16,240	17,343	21,602	24,884	30,130	35,800
Change (%)	21.1	65.0	-8.3	6.8	24.6	15.2	21.1	18.8
Operating Expenses	1,916	2,162	2,371	2,819	3,133	3,885	4,464	5,237
Operating Income	8,819	15,548	13,870	14,524	18,470	20,999	25,667	30,563
Change (%)	20.2	76.3	-10.8	4.7	27.2	13.7	22.2	19.1
Provisions/write offs	-284	2,609	1,561	789	215	-20	573	741
PBT	9,103	12,939	12,309	13,736	18,255	21,019	25,094	29,822
Tax	2,491	3,197	3,167	3,504	5,083	7,158	8,281	9,841
Tax Rate (%)	27.4	24.7	25.7	25.5	27.8	34.1	33.0	33.0
PAT	6,612	9,743	9,142	10,232	13,172	13,861	16,813	19,980
Change (%)	24.2	47.3	-6.2	11.9	28.7	5.2	21.3	18.8
Proposed Dividend	1,666	1,932	2,112	2,244	2,657	2,881	3,428	4,074

Balance Sheet								(INR Million)
Y/E March	2010	2011	2012	2013	2014	2015	2016E	2017E
Capital	950	950	1,010	1,010	1,010	1,010	1,010	1,010
Reserves & Surplus	32,927	40,741	55,812	63,803	74,319	85,570	98,956	114,863
Net Worth	33,877	41,691	56,822	64,813	75,329	86,580	99,966	115,873
Borrowings	347,582	451,628	560,873	687,660	820,400	965,470	1,166,405	1,400,364
Change (%)	36.7	29.9	24.2	22.6	19.3	17.7	20.8	20.1
Total Liabilities	381,458	493,319	617,695	752,473	895,729	1,052,050	1,266,371	1,516,237
Investments	13,887	14,032	13,750	18,673	20,139	22,153	24,368	26,805
Change (%)	23.0	1.0	-2.0	35.8	7.9	10.0	10.0	10.0
Loans	380,814	510,898	630,802	778,120	913,409	1,083,610	1,281,764	1,522,135
Change (%)	37.6	34.2	23.5	23.4	17.4	18.6	18.3	18.8
Net Fixed Assets	356	339	623	624	756	805	844	872
Net Current Assets	-13,599	-31,949	-27,481	-44,944	-38,575	-54,518	-40,605	-33,576
Total Assets	381,458	493,319	617,695	752,473	895,729	1,052,050	1,266,371	1,516,237

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2010	2011	2012	2013	2014	2015	2016E	2017E
Spreads Analysis (%)								
Avg. Yield on loans	10.0	10.0	10.5	10.6	10.7	10.6	10.3	10.1
Avg. Yield on Earning Assets	9.7	9.8	10.2	10.2	10.3	10.2	10.1	9.8
Avg. Cost-Int. Bear. Liab.	8.0	7.8	9.1	9.5	9.5	9.3	8.9	8.5
Int. Spread on Hsg. Loans	2.0	2.3	1.4	1.1	1.21	1.29	1.42	1.6
Net Int. Margin on Hsg. Loans	2.7	3.1	2.4	2.2	2.25	2.27	2.29	2.31

Profitability Ratios (%)

Adj RoAE	23.5	27.2	20.3	16.8	17.2	17.0	17.8	18.3
Adj RoAA	2.0	2.4	1.8	1.5	1.5	1.4	1.4	1.4
Int. Expended/Int.Earned	73.0	69.3	76.7	79.4	79.1	78.8	77.8	77.1
Other Inc./Net Income	1.2	10.7	1.2	-1.0	0.5	0.5	0.4	0.3

Efficiency Ratios (%)

Fees/Operating income	3.7	3.2	2.1	2.0	1.9	1.2	1.2	1.3
Op. Exps./Net Income	17.8	12.2	14.6	16.3	14.5	15.6	14.8	14.6
Empl. Cost/Op. Exps.	25.3	31.5	30.6	32.1	33.1	35.5	36.3	37.1

Asset-Liability Profile (%)

Loans/Borrowings Ratio	109.6	113.1	112.5	113.2	111.3	112.2	109.9	108.7
Debt/Equity (x)	10.3	10.8	9.9	10.6	10.9	11.2	11.7	12.1
Gross NPAs (Rs m)	2,630	2,420	2,652	4,712	6,090	5,177	5,718	6,359
Gross NPAs to Adv.	0.7	0.5	0.4	0.6	0.7	0.5	0.4	0.4
Net NPAs (Rs m)	464	398	849	1,953	3,534	2,847	2,859	3,180
Net NPAs to Adv.	0.1	0.1	0.1	0.3	0.4	0.3	0.2	0.2
CAR	15.0	14.0	13.0	12.5	11.5	10.5	10.5	10.5

Valuation

Book Value (INR)	71.3	87.8	112.5	128.3	149.2	171.5	198.0	229.5
Growth (%)	35.7	23.1	28.2	14.1	16.2	14.9	15.5	15.9
Price-BV (x)			3.9	3.4	2.9	2.6	2.2	1.9
Adjusted BV (INR)	71.1	87.5	112.1	127.3	147.3	169.9	196.4	227.8
Price-ABV (x)			3.9	3.4	2.9	2.6	2.2	1.9
EPS (INR)	13.9	20.5	18.1	20.3	26.1	27.4	33.3	39.6
Growth (%)	11.1	47.3	-11.7	11.9	28.7	5.2	21.3	18.8
Price-Earnings (x)			24.2	21.6	16.8	16.0	13.2	11.1
Adj. EPS (INR)	13.9	21.7	19.8	20.3	23.8	27.2	32.9	39.1
Growth (%)	11.1	55.5	-8.4	2.2	17.4	14.3	20.8	19.1
Price-Earnings (x)			22.1	21.6	18.4	16.1	13.3	11.2
Dividend Per Share	3.0	3.5	3.6	3.8	4.5	4.9	5.8	6.9
Dividend Yield (%)			0.8	0.9	1.0	1.1	1.3	1.6

E: MOSL Estimates

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