20 July 2011

1QFY12 Results Update | Sector: Banking & Finance

LIC Housing Finance

BSE SENSEX	S&P CNX
18,502	5,567
Bloomberg	LICHF IN
Equity Shares (m)	475.0
52-Week Range (INR)	299/150
1,6,12 Rel.Perf.(%)	-6/43/2
M.Cap. (INR b)	103.5
M.Cap. (USD b)	2.3

CMP: INR218 TP: INR260 Buy

YEAR END	NET INCOME (INR M)	PAT (INR M)	EPS (INR)	EPS GR. (%)	P/E (X)	BV (INR)	P/BV (X)	P/ABV (X)	ROAA (%)	ROAE (%)
3/10A	10,735	6,612	13.9	11.1	-	71.3	-	-	2.0	23.5
3/11A	17,710	9,743	20.5	47.3	10.6	87.8	2.5	2.5	2.2	25.8
3/12E	18,981	11,457	24.1	17.6	9.0	106.3	2.1	2.1	2.0	24.9
3/13E	22,803	13,858	29.2	21.0	7.5	128.6	1.7	1.7	1.9	24.8

LIC Housing Finance (LICHF) reported 21% YoY growth in net profit for 1QFY12 to INR2.6b, in line with our estimate.

Key highlights

- Growth in individual disbursements moderated to ~15% YoY (INR35b). LICHF's cautious stance and focus on improving back-end processes for developer loans led to considerable slowdown in project loan disbursements to INR770m as against INR3.7b in 1QFY11. On a higher base, overall disbursement growth was muted at 4.5% YoY.
- Loan book grew 32% YoY and 3% QoQ to INR529b. The individual loans portfolio showed robust growth of 36% YoY (~5% QoQ) to INR489b (92% of total loan book) while the builder loan portfolio declined 4% YoY (down 8% QoQ) to INR40b. Builder loans as a percentage of overall loans has been declining and now constitutes 7.6% of overall loan book as against the peak of 11.3% in 2QFY11.
- Reported NIM declined ~25bp YoY to 2.8%. In 4QFY11, NIM was 3.45%, but included some one-offs, adjusted for which NIM was ~3.2%. NII grew ~23% YoY to INR3.6b. Net income increased ~25% YoY to INR4.2b (v/s our estimate of INR4b).
- Asset quality deteriorated QoQ, which is a seasonal phenomenon. GNPA increased to INR4.4b in absolute terms and to 0.84% in percentage terms. Provisioning expense increased to INR334m (v/s our estimate of INR35m). Provision coverage ratio declined sharply to 59% v/s 94% a quarter ago.

Valuation and view: We expect LICHF to report an EPS of INR24 for FY12 and INR29 for FY13. Return ratios would remain robust, with RoA of ~2% and RoE of ~25% over FY12-13. The stock trades at 1.7x FY13E BV. Maintain **Buy**.

LICHF: Quarterly Performance (INR Million)

Y/E March	FY11				FY12				FY11	FY12E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Interest Income	9,716	10,429	11,615	12,937	13,581	14,561	15,839	18,096	44,697	62,077
Interest Expenses	6,772	7,378	8,093	8,733	9,971	10,869	11,738	13,361	30,977	45,939
Net Interest Income	**2,943**	**3,051**	**3,522**	**4,204**	**3,610**	**3,692**	**4,101**	**4,735**	**13,719**	**16,138**
YoY Growth (%)	69.0	63.3	54.5	41.1	22.6	21.0	16.5	12.6	54.7	17.6
Other operating Income	434	645	497	661	601	649	724	870	2,237	2,843
Extra ordinary Income	0	0	1,433	321	0	0	0	0	1,754	0
Net Income	**3,377**	**3,696**	**5,451**	**5,186**	**4,211**	**4,341**	**4,825**	**5,605**	**17,710**	**18,981**
YoY Growth (%)	60.0	53.2	98.4	49.7	24.7	17.4	-11.5	8.1	65.0	7.2
Operating Expenses	394	503	560	702	422	544	662	854	2,162	2,483
Operating Profit	**2,983**	**3,193**	**4,891**	**4,484**	**3,789**	**3,797**	**4,163**	**4,751**	**15,548**	**16,499**
YoY Growth (%)	66.8	71.6	110.5	57.0	27.0	18.9	-14.9	6.0	76.3	6.1
Provisions and Cont.	89	3	2,328	189	334	100	125	191	2,609	750
Profit before Tax	**2,893**	**3,190**	**2,563**	**4,295**	**3,454**	**3,697**	**4,038**	**4,560**	**12,939**	**15,749**
Tax Provisions	773	848	428	1,147	889	1,017	1,110	1,275	3,197	4,292
Net Profit	**2,120**	**2,342**	**2,135**	**3,148**	**2,565**	**2,680**	**2,927**	**3,285**	**9,743**	**11,457**
YoY Growth (%)	71.2	36.8	39.0	47.4	21.0	14.4	37.1	4.4	47.3	17.6
Loan Growth (%)	36.8	36.0	35.7	34.2	32.1	28.9	27.1	23.5	34.2	23.5
Borrowings Growth (%)	30.0	34.3	36.5	29.9	31.3	29.8	27.5	28.6	29.9	28.6
Net Interest Margins, Cal. (%)	3.0	2.9	3.1	3.5	2.8	2.7	2.9	3.1	3.1	2.8
Cost to Income Ratio (%)	11.7	13.6	10.3	13.5	10.0	12.5	13.7	15.2	12.2	13.1
Tax Rate (%)	26.7	26.6	16.7	26.7	25.7	27.5	27.5	28.0	24.7	27.3

E: MOSL Estimates

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Quarterly performance v/s our estimates and reasons for deviation (INR m)

Y/E March	1QFY12A	1QFY12E	Var (%)	Comments
Net Income	**4,211**	**4,055**	**4**	**Margins largely in-line with est.**
Operating Expenses	422	479	-12	
Operating Profit	**3,789**	**3,575**	**6**	
YoY Gr. (%)	27	20		
Provisions and Cont.	334	35	855	Increase in NPA leading to higher provisions
Profit before Tax	3,454	3,540	-2	
Tax Provisions	889	974	-9	
Net Profit	**2,565**	**2,567**		**Higher Op.Income off-set by provisions**
YoY Growth (%)	21	21		

Source: Company/MOSL

Healthy growth in individual loans; disbursements to builders decline sharply

Loan book grew 32% YoY and 3% QoQ to INR529b. The individual loans portfolio showed robust growth of 36% YoY (~5% QoQ) to INR489b (92% of total loan book) while the builder loan portfolio declined 4% YoY (down 8% QoQ) to INR40b. Builder loans as a percentage of overall loans has been declining and now constitutes 7.6% of overall loan book as against the peak of 11.3% in 2QFY11.

Growth in individual disbursements moderated to ~15% YoY (INR35b). LICHF's cautious stance and focus on improving back-end processes for developer loans led to considerable slowdown in project loan disbursements to INR770m as against INR3.7b in 1QFY11. On a higher base, overall disbursement growth was muted at 4.5% YoY.

The management remains confident of improving disbursement growth in project loans and expects to increase the share of builder loans to ~10%. It has guided loan growth of 20-25% and individual disbursement growth of ~20% in FY12. Total outstanding borrowings at the end of 1QFY12 increased 31% YoY and 4% QoQ to INR470b.

Reported NIM declines ~25bp YoY, led by higher cost of funds

NII grew ~23% YoY to INR3.6b. Net income increased ~25% YoY to INR4.2b (v/s our estimate of INR4b). This included income of INR250m from investment in liquid mutual funds.

Reported NIM declined ~25bp YoY to 2.8%. In 4QFY11, NIM was 3.45%, but included some one-offs, adjusted for which NIM was ~3.3%. Calculated spreads declined sharply to 1.8% from 2.6% in 4QFY11 and 2.3% in 1QFY11. While cost of funds (calculated) increased 60bp+ QoQ, yield on loans (calculated) declined 15bp QoQ (led by higher NPAs), leading to sharp compression of spreads. The management reiterated its guidance of sustaining NIM of 2.7-2.8%.

Asset quality deteriorates QoQ

Asset quality deteriorated QoQ, which is a seasonal phenomenon. GNPA increased to INR4.4b in absolute terms as against INR2.4b in 4QFY11 and to 0.84% in percentage terms as against 0.47% in 4QFY11. NNPA increased to INR1.8b in absolute terms and to ~0.4% in percentage terms as against 0.03% in 4QFY11. Provisioning expense increased to INR334m (v/s our estimate of INR35m) as against INR189m in 4QFY11 and INR89m in 1QFY11. Provision coverage ratio declined to 59% v/s 94% a quarter ago.

LICHF has not made provisions on its "Advantage 5" home loan scheme, which it had launched in August 2010. Under this scheme, the rate of interest is fixed for the first five years, followed by a floating rate, thereafter. The total outstanding loans under this scheme are ~INR90b. LICHF has taken a view that these are not teaser rate loans and therefore do not require standard asset provisioning. It is discussing the issue with the regulator. If the regulator says to make provision then LICHF may need to provide ~INR1.8b.

Valuation and view

Higher interest rates are likely to result in moderation of volume growth. As against a CAGR of 27.5% over FY09-11, we model ~10% growth in disbursements to individuals in FY12. Though management mentioned that June-July disbursement growth was strong at ~20%, we expect individual loan growth to remain strong at ~25% in FY12/13. The management's intent to increase the proportion of builder loans should further boost overall loan growth. We estimate 24% CAGR in overall loans over FY11-13.

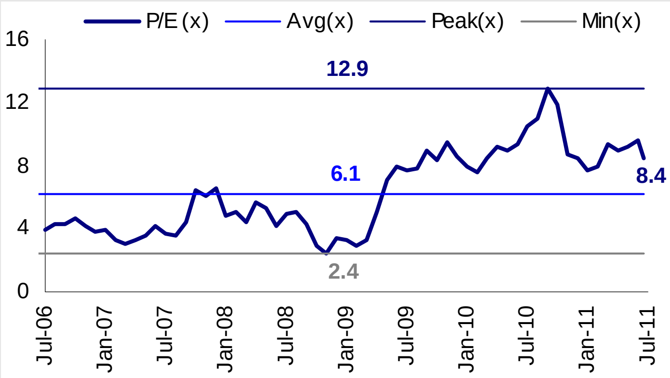
Increase in lending rates and termination (or modification) of teaser rate loans would help offset the pressure of rising cost of funds. Spreads are likely to be stable/improve hereon. We model in margin compression of ~25bp in FY12 and ~10bp in FY13. We expect LICHF to report an EPS of INR24 for FY12 and INR29 for FY13. Return ratios would remain robust, with RoA of ~2% and RoE of ~25% over FY12-13. The stock trades at 1.7x FY13E BV. Maintain **Buy**.

We downgrade our loan gr. assumption by ~3% (INR b)

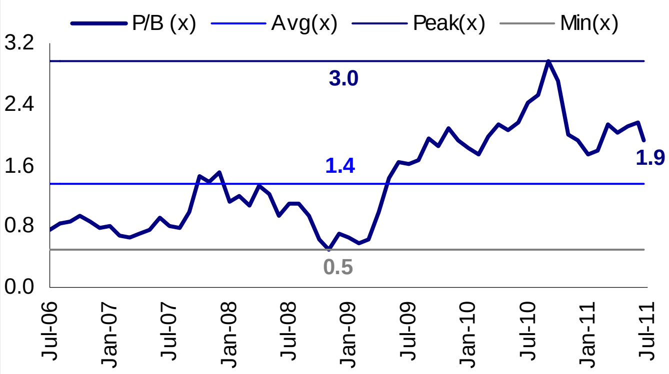
	Old Estimates		Revised Estimates		Change (%)	
	FY12	FY13	FY12	FY13	FY12	FY13
NII	16.3	19.4	16.1	19.4	-0.9	-0.3
Other Income	2.8	3.2	2.8	3.4	2.3	6.0
Net Income	**19.1**	**22.7**	**19.0**	**22.8**	**-0.4**	**0.6**
Operating Expenses	2.6	3.1	2.5	2.9	-4.0	-4.2
Operating Profits	**16.5**	**19.6**	**16.5**	**19.9**	**0.2**	**1.4**
Provisions	0.1	0.1	0.8	0.8	NA	NA
PBT	**16.4**	**19.5**	**15.7**	**19.1**	**-3.8**	**-2.0**
Tax	4.5	5.4	4.3	5.3	-4.7	-2.0
PAT	**11.9**	**14.1**	**11.5**	**13.9**	**-3.5**	**-2.0**
Loans	651	812	631	789	-3.0	-2.9
Borrowings	599	751	581	733	-3.0	-2.4
Spreads (%)	2.0	2.0	2.0	2.0		
RoAA (%)	**2.1**	**1.9**	**2.0**	**1.9**		
RoAE (%)	**25.6**	**25.0**	**24.9**	**24.8**		

Source: MOSL

LIC Housing Finance: One year forward P/E (x)

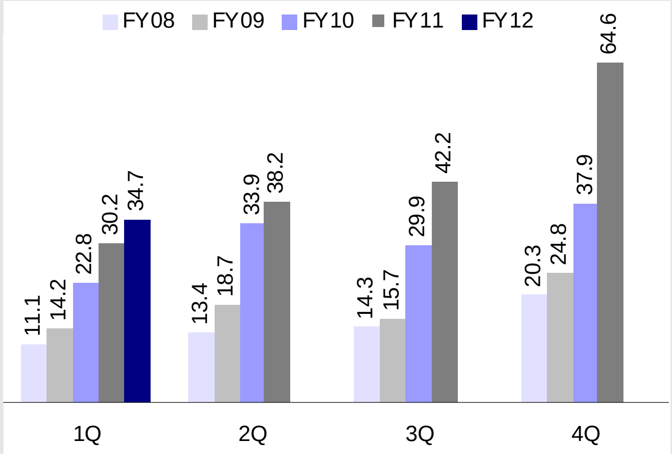


LIC Housing Finance: One year forward P/BV (x)



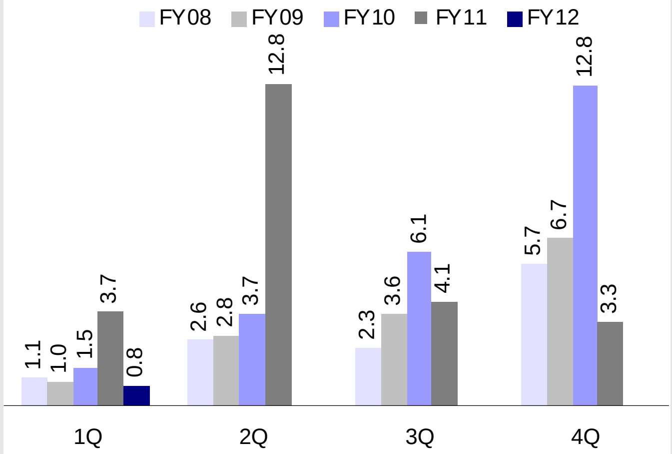
Quarterly trends

Individual disbursements grew 15% YoY (INR b)



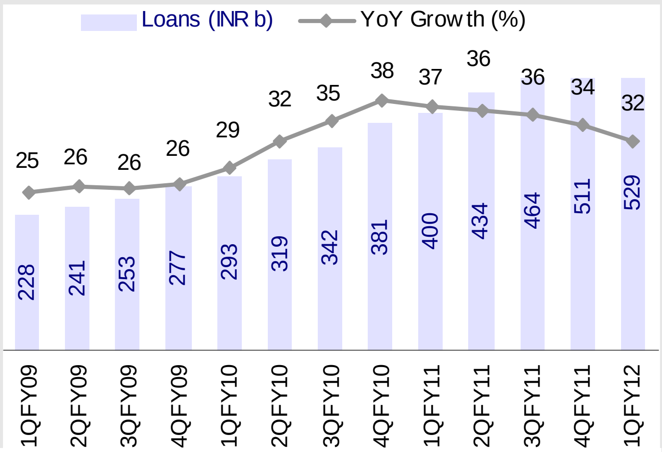
- Increase in interest rates led to moderation in individual disbursements

Project loan disbursements declined sharply (INR b)



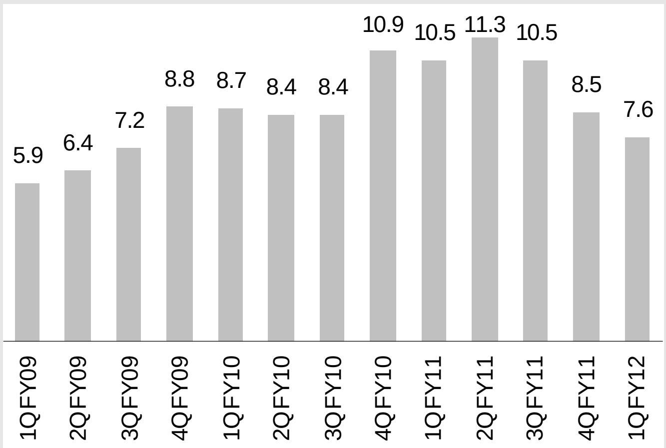
- LICHF's cautious stance and focus on improving back-end processes led to considerable slowdown

Loan growth remains strong at 32% YoY



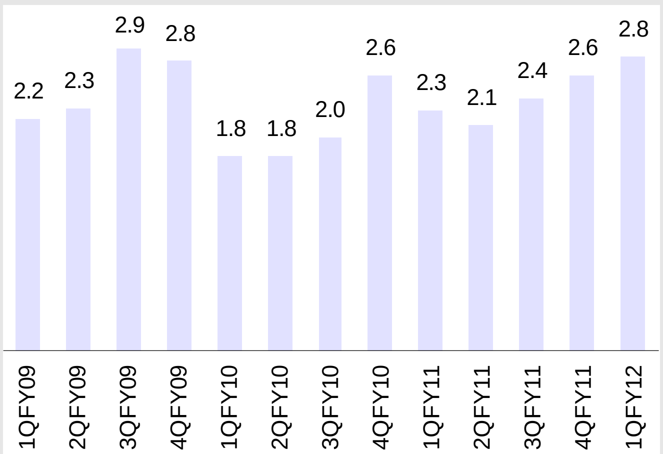
- Loan book grew 32% YoY and 3% QoQ to INR529b; management guided loan growth of 20-25% for FY12

Share of builder loans declined QoQ (%)



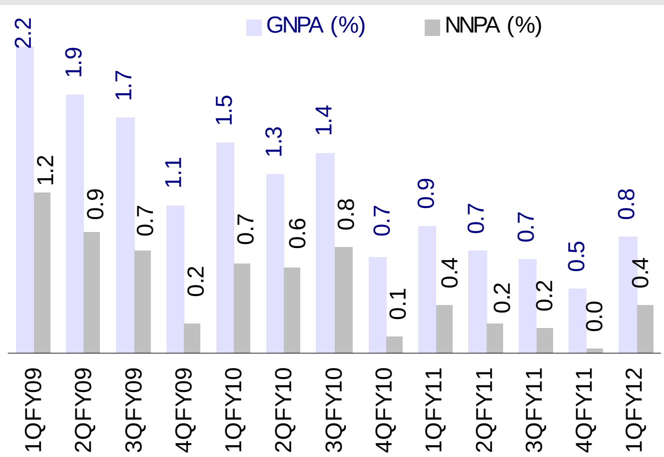
- Builder loan portfolio declined 4% YoY; management intends to increase the proportion of builder loans to 10%

Reported NIM declined ~25bp YoY (%)



- In 4QFY11, NIM was 3.45%, but included some one-offs, adjusted for which NIM was ~3.2%

Asset quality deteriorates QoQ (a seasonal phenomenon)



- Provision coverage ratio declined to 59% v/s 94% a quarter ago

Quarterly Snapshot

	FY10				FY11				FY12	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
Profit and Loss (INR m)											
Total Income	**7,819**	**8,391**	**8,805**	**9,677**	**10,149**	**11,074**	**13,544**	**13,919**	**14,182**	**2**	**40**
Operating Income	7,802	8,349	8,782	9,625	10,125	11,002	12,131	13,543	14,135	4	40
Other Income	17	42	22	53	25	72	1,413	376	46	-88	88
Interest Expenses	**5,709**	**5,979**	**6,057**	**6,213**	**6,772**	**7,378**	**8,093**	**8,733**	**9,971**	**14**	**47**
Net Income	**2,110**	**2,413**	**2,748**	**3,464**	**3,377**	**3,696**	**5,451**	**5,186**	**4,211**	**-19**	**25**
Operating Expenses	322	552	425	608	394	503	560	702	422	-40	7
Employee	99	144	123	120	149	165	198	169	160	-5	8
Others	223	408	302	489	245	338	363	533	262	-51	7
Operating Profits	**1,788**	**1,861**	**2,323**	**2,856**	**2,983**	**3,193**	**4,891**	**4,484**	**3,789**	**-16**	**27**
Provisions	100	-417	158	-126	89	3	2,328	189	334	77	274
PBT	**1,688**	**2,278**	**2,165**	**2,982**	**2,893**	**3,190**	**2,563**	**4,295**	**3,454**	**-20**	**19**
Taxes	450	566	629	847	773	848	428	1,147	889	-23	15
PAT	**1,238**	**1,712**	**1,536**	**2,135**	**2,120**	**2,342**	**2,135**	**3,148**	**2,565**	**-19**	**21**
Break up of Total income (INR M)											
Interest Income	7,451	7,847	8,336	9,193	9,716	10,429	11,615	12,937	13,581	5	40
- Individual	6,606	6,867	7,389	8,094	8,297	8,952	9,888	11,280	12,041	7	45
- Projects	845	980	947	1,099	1,419	1,477	1,727	1,657	1,539	-7	9
Processing Fees	225	337	369	343	300	423	397	381	299	-22	-1
Other Income	143	207	100	141	134	222	100	280	302	8	126
Asset Quality											
GNPA (INR M)	4,416	4,086	4,908	2,632	3,669	3,196	3,127	2,420	4,444	84	21
NNPA (INR M)	1,906	1,983	2,636	464	1,398	902	840	150	1,843	1,126	32
Gross NPAs (%)	1.5	1.3	1.4	0.7	0.9	0.7	0.7	0.5	0.8		
Net NPAs (%)	0.7	0.6	0.8	0.1	0.4	0.2	0.2	0.0	0.4		
PCR (Calculated, %)	56.8	51.5	46.3	82.4	61.9	71.8	73.1	93.8	58.5		
Margins (%) - (calculated)											
Yield on loans	10.5	10.3	10.1	10.2	10.0	10.0	10.4	10.6	10.5	-17	50
Cost of funds	8.6	8.4	8.1	7.6	7.7	7.9	8.0	8.0	8.7	65	98
Spreads	1.8	1.8	2.0	2.6	2.3	2.1	2.4	2.6	1.8	-82	-48
NIMs (reported)	2.5	2.4	2.8	3.3	3.0	2.9	3.1	3.5	2.8	-67	-23
Business Details											
Sanctions (INR B)	**35**	**54**	**45**	**46**	**53**	**77**	**58**	**58**	**N.A.**		
- Individual	29	44	28	41	37	57	53	56	**N.A.**		
- Projects	7	9	17	6	17	20	5	2	**N.A.**		
Disbursements (INR B)	**24**	**38**	**36**	**51**	**34**	**51**	**46**	**68**	**35**	**-48**	**5**
- Individual	23	34	30	38	30	38	42	65	35	-46	15
- Projects	2	4	6	13	4	13	4	3	1	-77	-79
Loans (INR B)	**293**	**319**	**342**	**381**	**400**	**434**	**464**	**511**	**529**	**3**	**32**
- Individual	267	292	313	339	358	385	415	467	489	5	36
- Projects	25	27	29	41	42	49	49	44	40	-8	-4
Borrowings (INR B)	275	292	308	348	358	392	421	452	470	4	31

Source: Company/MOSL, For %age change QoQ and YoY is bp

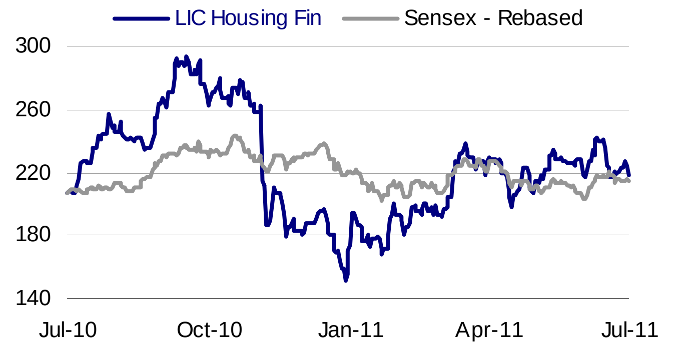
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	24.1	22.1	9.3
FY13	29.2	28.1	3.7

Shareholding pattern (%)

	Jun-11	Mar-11	Jun-10
Promoter	36.6	36.6	36.6
Domestic Inst	7.8	5.9	18.4
Foreign	40.4	41.9	32.3
Others	15.3	15.7	12.8

1-year Sensex rebased



Banking: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USDb)	TP (INR)	Upside (%)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
						FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICI*	Buy	1,044	26.4	1,360	30.2	56	67	14.9	12.1	2.1	1.8	1.5	1.5	14.0	15.2
HDFCB	Neutral	503	5.1	515	2.5	22	28	22.7	18.2	4.0	3.4	1.7	1.7	18.9	20.2
Axis	Buy	1,260	11.3	1,597	26.7	99	115	12.7	10.9	2.3	2.0	1.5	1.4	19.7	19.5
Kotak	Neutral	491	4.0	469	-4.4	24	29	19.4	16.3	2.8	2.4	2.2	2.0	15.9	16.5
Yes	Buy	318	2.4	405	27.3	27	34	11.7	9.4	2.4	2.0	1.4	1.3	22.5	23.1
Indusind	Buy	276	2.8	333	20.6	16	20	17.1	13.7	2.9	2.5	1.5	1.5	18.2	19.6
ING Vysya	Buy	352	0.9	487	38.3	28	34	12.5	10.3	1.4	1.2	1.0	1.0	13.3	12.6
Federal	Buy	459	1.7	537	17.0	40	46	11.4	9.9	1.4	1.3	1.2	1.2	12.9	13.5
J&K Bk	Buy	852	0.9	977	14.7	160	175	5.3	4.9	1.0	0.9	1.4	1.3	20.5	19.2
SIB	Buy	24	0.6	28	18.6	3	4	7.9	6.4	1.4	1.2	0.9	0.9	18.7	19.8
Private Aggregate			**56**					**12.3**	**10.2**	**1.8**	**1.6**				
SBI (cons)*	Buy	2,472	34.4	3,000	21.3	242	302	9.8	7.8	1.6	1.4	0.9	1.0	16.9	19.5
PNB	Buy	1,161	8.1	1,400	20.6	169	213	6.9	5.5	1.5	1.2	1.3	1.3	24.0	24.8
BOI	Neutral	407	4.9	515	26.5	63	79	6.5	5.1	1.2	1.0	0.9	0.9	19.9	21.2
BoB	Neutral	897	7.7	1,069	19.2	117	138	7.7	6.5	1.5	1.3	1.2	1.1	21.0	21.0
Canara	Buy	526	5.1	710	35.1	99	118	5.3	4.5	1.1	0.9	1.2	1.2	22.1	21.9
Union	Buy	297	3.4	425	43.2	53	64	5.6	4.6	1.2	1.0	1.1	1.1	22.8	23.1
OBC	Buy	347	2.2	485	39.8	55	68	6.3	5.1	0.9	0.8	0.9	0.9	14.9	16.4
Indian Bk	Buy	231	2.2	309	33.7	45	52	5.1	4.4	1.1	0.9	1.4	1.4	21.9	21.6
Corporation	Neutral	525	1.7	647	23.2	103	116	5.1	4.5	0.9	0.8	0.9	0.9	19.7	19.3
Andhra Bk	Buy	135	1.7	188	39.3	26	31	5.2	4.4	1.0	0.9	1.2	1.2	20.8	21.1
IDBI *	Neutral	134	2.9	172	28.0	20	22	5.5	5.0	0.8	0.7	0.7	0.7	14.5	14.3
Dena Bank	Buy	88	0.6	141	60.0	20	24	4.3	3.8	0.7	0.6	0.9	0.8	18.1	17.9
Public Aggregate			**77**					**8.2**	**6.6**	**1.4**	**1.2**				
HDFC*	Neutral	695	22.4	700	0.7	28	33	17.9	14.9	4.7	4.2	2.8	2.8	26.2	27.4
LICHF	Buy	218	2.3	260	19.4	24	29	9.0	7.5	2.0	1.7	2.0	1.9	24.9	24.8
DHFL	Buy	238	0.5	322	35.3	27	34	6.5	5.1	1.7	1.3	1.5	1.5	16.7	18.2
IDFC	Neutral	140	4.5	173	23.5	10	12	11.9	9.7	1.6	1.4	2.8	2.8	12.9	13.5
REC	Buy	224	4.8	310	38.8	30	35	7.5	6.4	1.5	1.3	3.2	3.1	21.3	21.7
PFC	Buy	213	5.4	291	37.0	24	28	8.9	7.5	1.3	1.2	2.8	2.7	17.1	16.6
STF	Buy	682	3.4	938	37.6	65	73	10.5	9.3	2.5	2.0	3.2	3.1	26.5	24.1
MMFSL	Neutral	697	1.6	845	21.2	57	68	12.2	10.2	2.4	2.1	4.3	4.2	21.5	22.0
NBFC Aggregate			**45**					**13.5**	**11.3**	**3.3**	**2.7**				

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

Financials and Valuation

Income Statement						(INR Million)
Y/E March	**2008**	**2009**	**2010**	**2011**	**2012E**	**2013E**
Interest Income	20,368	27,477	32,827	44,697	62,077	79,482
Interest Expense	14,829	20,166	23,957	30,977	45,939	60,119
Net Interest Income	**5,539**	**7,310**	**8,870**	**13,719**	**16,138**	**19,363**
Change (%)	39.3	32.0	21.3	54.7	17.6	20.0
Fee Income	526	682	1,269	1,501	1,627	1,953
Income from Investments	593	644	462	603	1,000	1,250
Other Income	247	232	134	1,886	216	238
Net Income	**6,905**	**8,867**	**10,735**	**17,710**	**18,981**	**22,803**
Change (%)	45.6	28.4	21.1	65.0	7.2	20.1
Operating Expenses	1,339	1,533	1,916	2,162	2,483	2,939
Operating Income	**5,566**	**7,334**	**8,819**	**15,548**	**16,499**	**19,864**
Change (%)	50.6	31.8	20.2	76.3	6.1	20.4
Provisions/write offs	243	62	-284	2,609	750	750
PBT	**5,323**	**7,272**	**9,103**	**12,939**	**15,749**	**19,114**
Tax	1,451	1,948	2,491	3,197	4,292	5,256
Tax Rate (%)	27.3	26.8	27.4	24.7	27.3	27.5
PAT	**3,872**	**5,324**	**6,612**	**9,743**	**11,457**	**13,858**
Change (%)	38.7	37.5	24.2	47.3	17.6	21.0
Proposed Dividend	**994**	**1,293**	**1,666**	**1,932**	**2,681**	**3,243**

Balance Sheet						(INR Million)
Y/E March	**2008**	**2009**	**2010**	**2011**	**2012E**	**2013E**
Capital	850	850	950	950	950	950
Reserves & Surplus	17,467	21,491	32,927	40,741	49,517	60,132
Net Worth	**18,317**	**22,341**	**33,877**	**41,691**	**50,467**	**61,082**
Borrowings	**203,444**	**254,217**	**347,582**	**451,628**	**580,701**	**733,372**
Change (%)	24.6	25.0	36.7	29.9	28.6	26.3
Total Liabilities	**221,761**	**276,558**	**381,458**	**493,319**	**631,168**	**794,454**
Investments	7,746	11,292	13,887	14,032	15,435	16,978
Change (%)	*275.8*	*45.8*	*23.0*	*1.0*	*10.0*	*10.0*
Loans	**219,364**	**276,793**	**380,814**	**510,898**	**631,196**	**788,572**
Change (%)	24.9	26.2	37.6	34.2	23.5	24.9
Net Fixed Assets	300	345	356	474	552	619
Net Current Assets	-5,649	-11,872	-13,599	-32,085	-16,015	-11,715
Total Assets	**221,761**	**276,558**	**381,458**	**493,319**	**631,168**	**794,454**

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield on housing loans	10.3	11.1	10.0	10.0	10.9	11.2
Avg. Yield on Earning Assets	10.1	10.8	9.7	9.8	10.7	11.0
Avg. Cost-Int. Bear. Liab.	8.1	8.8	8.0	7.8	8.9	9.2
Interest Spread on housing loans	2.2	2.3	2.0	2.3	2.0	2.0
Net Interest Margin on housing loan:	2.8	2.9	2.7	3.1	2.8	2.7
Profitability Ratios (%)						
RoAE	22.9	26.2	23.5	25.8	24.9	24.8
RoAA	1.9	2.1	2.0	2.2	2.0	1.9
Int. Expended/Int.Earned	72.8	73.4	73.0	69.3	74.0	75.6
Other Inc./Net Income	3.6	2.6	1.2	10.7	1.1	1.0
Efficiency Ratios (%)						
Fees/Operating income	2.4	2.4	3.7	3.2	2.5	2.4
Op. Exps./Net Income	19.4	17.3	17.8	12.2	13.1	12.9
Empl. Cost/Op. Exps.	25.8	29.3	25.3	31.5	30.2	31.9
Asset-Liability Profile (%)						
Loans/Borrowings Ratio	107.8	108.9	109.6	113.1	108.7	107.5
Debt/Equity (x)	11.1	11.4	10.3	10.8	11.5	12.0
Gross NPAs (Rs m)	3,730	2,970	2,630	2,420	2,777	3,219
Gross NPAs to Adv.	1.7	1.1	0.7	0.5	0.4	0.4
Net NPAs (Rs m)	1,410	568	464	150	208	241
Net NPAs to Adv.	0.6	0.2	0.1	0.0	0.0	0.0
CAR	14.0	12.5	15.0	14.0	13.0	12.5

Valuation

	2008	2009	2010	2011	2012E	2013E
Book Value (INR)	43.1	52.6	71.3	87.8	106.3	128.6
Growth (%)	18.6	22.0	35.7	23.1	21.1	21.0
Price-BV (x)	5.1	4.1	3.1	2.5	2.1	1.7
Adjusted BV (INR)	42.2	52.2	71.1	87.7	106.1	128.5
Price-ABV (x)	5.1	4.1	3.1	2.5	2.1	1.7
OPS (Rs)	65.5	86.3	92.8	163.7	173.7	209.1
Growth (%)	50.6	31.8	7.6	76.3	6.1	20.4
Price-OP (x)	3.3	2.5	2.3	1.3	1.3	1.0
EPS (Rs)	9.1	12.5	13.9	20.5	24.1	29.2
Growth (%)	38.7	37.5	11.1	47.3	17.6	21.0
Price-Earnings (x)	23.9	17.4	15.7	10.6	9.0	7.5
Dividend Per Share	2.0	2.6	3.0	3.5	4.8	5.8
Dividend Yield (%)	0.9	1.2	1.4	1.6	2.2	2.7

E: MOSL Estimates

N O T E S

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