

Rural Electrification Corp

BSE SENSEX 17,194	S&P CNX 5,199	CMP: INR190	TP: INR235	Buy							
Bloomberg	RECL IN	Year	Net Income	Adj PAT	EPS	EPS	P/E	BV	P/BV	RoAA	RoAE
Equity Shares (m)	987.5	End	(INR m)	(INR m)	(INR)	Gr. (%)	(X)	(INR)	(X)	(%)	(%)
52-Week Range (INR)	272/144	3/10A	28,067	19,965	20.2	23.0	-	112	-	3.4	21.9
1,6,12 Rel.Perf.(%)	13/-4/-16	3/11A	36,100	25,111	25.4	25.7	7.5	129	1.5	3.4	21.1
M.Cap. (INR b)	187.6	3/12E	41,112	28,162	28.5	12.2	6.7	146	1.3	3.1	20.7
M.Cap. (USD b)	3.8	3/13E	49,273	33,677	34.1	19.6	5.6	166	1.1	3.1	21.8

Rural Electrification Corp's (RECL) 3QFY12 PAT grew 16% YoY and 24% QoQ to INR7.7b (15% higher than estimates), helped by a forex gain of INR866m. Loan growth remained healthy at 25% YoY but reported margins contracted 13bp QoQ. Asset quality deteriorated with one large power project being classified as NPA. **Key highlights:**

- NII grew 18.5% YoY and 5.8% QoQ to INR10b; in line with our estimates. However, reported NIM contracted 13bp sequentially to 4.34% mainly on account of reversal in interest income to the tune of ~INR220m (due to a large power project being classified as non-performing), which impacted yield on loans.
- Loans grew 25% YoY and 5% QoQ to INR950b. The overall loan mix remained fairly stable. Exposure to private sector continued to inch up steadily, rising to 12% v/s 11.2% in 2QFY12 and 9.1% in 3QFY11.
- RECL booked forex gain of INR866m (v/s estimates of a forex loss of INR1b) due to change in accounting treatment for foreign currency translation difference. Had the company followed the old accounting method, the 9MFY12. PAT would have been lower by INR1.97b.
- Asset quality deteriorated with GNPA's increasing to INR4.9b from INR2.7b in 2QFY12, on account of one large gas based power project being classified as NPA. RECL's exposure to this project stood at INR2.2b.

Valuation and view: We fine tune our earnings estimates and expect earnings CAGR of 16%, with average RoAs of ~3% over FY12/13. While we expect RoA to decline ~25bp over FY11-FY13 owing to a compression in NIMs, RoE would continue to remain strong at 21-22% as REC leverages its capital. Stock trades at 1.1x FY13E BV. **Buy.**

REC: Quarterly Performance

Y/E March	(INR Million)								FY11	FY12E
	FY11				FY12					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Interest Income	7,758	7,801	8,480	8,538	9,097	9,501	10,052	10,138	32,578	38,788
YoY Gr %	34.7	32.0	35.6	17.4	17.3	21.8	18.5	18.7	29.3	19.1
Other Operational Income	225	390	564	303	217	171	136	694	1,481	1,218
Net Operational Income	7,984	8,191	9,044	8,841	9,314	9,673	10,188	10,832	34,059	40,006
YoY Gr %	35.9	27.5	40.5	15.6	16.7	18.1	12.6	22.5	29.1	17.5
Other Income	292	555	357	1,180	383	-880	1,221	382	2,384	1,106
Total Net Income	8,275	8,746	9,401	10,021	9,697	8,793	11,408	11,214	36,100	41,112
YoY Gr %	30.2	28.3	38.6	25.1	17.2	0.5	21.4	11.9	29.1	13.9
Operating Expenses	343	385	386	561	490	456	779	631	1,834	2,355
YoY Gr %	14.3	9.7	14.2	16.3	42.9	18.5	101.6	12.5	24.7	28.4
Operating Profit	7,933	8,361	9,015	9,460	9,207	8,337	10,629	10,583	34,266	38,757
YoY Gr %	31.0	29.3	39.9	25.7	16.1	-0.3	17.9	11.9	29.3	13.1
Op. Profit adj. forex gain /loss	7,937	8,088	8,989	8,901	9,279	9,597	9,763	10,618	33,915	39,257
YoY Gr %	31.1	25.1	39.5	18.2	16.9	18.7	8.6	19.3	28.0	15.8
Provisions	0	1	0	1	250	0	241	209	2	700
PBT	7,933	8,360	9,015	9,459	8,957	8,337	10,389	10,374	34,264	38,057
YoY Gr %	31.1	29.3	39.9	25.6	12.9	-0.3	15.2	9.7	29.3	11.1
Tax	2,059	2,178	2,374	2,457	2,338	2,112	2,693	2,752	9,067	9,895
Tax Rate %	26.0	26.0	26.3	26.0	26.1	25.3	25.9	26.5	26.5	26.0
PAT	5,874	6,182	6,641	7,003	6,620	6,225	7,695	7,623	25,197	28,162
YoY Gr %	24.6	25.1	40.1	24.8	12.7	0.7	15.9	8.9	25.9	11.8
Adjusted PAT	5,877	5,980	6,622	6,589	6,673	7,166	7,054	7,648	25,068	28,540
YoY Gr %	24.7	21.0	39.7	17.4	13.5	19.8	6.5	16.1	25.3	13.9

E:MOSL Estimates; Quarterly and annual numbers would not match due to differences in classification

Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com) + 91 22 3982 5415

Umang Shah (Umang.Shah@MotilalOswal.com) + 91 22 3982 5521

Sanctions and disbursements growth moderates: Sanctions declined by 17% YoY (and 18% QoQ) to INR88b, while disbursements increased by 5% YoY and 4% QoQ to INR63b. Incrementally, 46% of sanctions were in the Generation segment (v/s 27% in 2QFY12) and 42% in the T&D segment (v/s 59% in 2QFY12). Disbursements growth too remained slower as it grew by 4% QoQ to INR63b, of which, 43% of the disbursements were in the generation segment (v/s 59% in 2QFY12), followed by 39% in the T&D segment (v/s 41% in 2QFY12).

Disbursements of short term loans increased sharply to INR11.5b from INR6.3b in 2QFY12. RECL started disbursing short term loans to SEBs subject to fulfillment of certain pre-requisite conditions such as 1) tariff hike 2) government guarantee 3) proof of filing of tariff hike petition etc, which reduces the risk on incremental lending done to SEBs. The management remains fairly conscious about the developments in the power sector. Reformatory steps by government addressing the issues of the power / infrastructure sector could boost growth going forward.

Loan growth remains healthy: Loan book grew at a healthy pace at 25% YoY and 5% QoQ to INR950b. Segmental loan mix remained fairly stable with T&D segment constituting ~49% of loan book while generation segment constituted ~45%. Despite moderation in the pace of sanctions and disbursements, loan growth continues to remain healthy. Based on borrower wise classification, exposure to state entities stood at 82% of loan book. The share of private sector has increased further to 12% from 11.2% in 2QFY12 and 9.1% a year ago. Incremental loans and borrowings for the quarter stood at INR46b and INR54b respectively.

Reported margins contract 13bp QoQ to 4.34%: NII grew 18.5% YoY and 5.8% QoQ to INR10.0b; in line with our estimates. Healthy asset growth could not translate into similar kind of topline performance as reported net interest margin contracted by 13bp QoQ to 4.34%. The pressure on margins could be mainly attributed to the reversal of interest income to the tune of ~INR220m on account of classification of one large project as non-performing. As a result, the yield on loans remained largely flattish QoQ at 11.44% v/s 11.42% in 2QFY12.

Foreign borrowings help to maintain a tight leash on cost of funds: RECL maintained tight leash on cost of funds with incremental cost of borrowings remaining stable QoQ at 8.82% despite a large chunk of the incremental borrowings (~79%) done through bonds, which is commendable. Importantly, proportion of bank and FI borrowing continued to decline to INR55b vs INR63b a quarter ago. Moreover, the share of foreign currency borrowings has been steadily increasing which also has helped RECL to keep its cost of funds under check.

Asset quality deteriorates due to a large power project classified as NPA: Asset quality deteriorated with GNPA's nearly doubling to INR4.9b from INR2.7b in 2QFY12 on account of one large gas based power project being classified as NPA. RECL's exposure to this project stood at INR2.2b. Consequently, the company made provisions worth INR241m during the quarter. RECL has not made any standard asset provisions and will take a call on the same in the coming quarter. With the rising risk quotient for SEB loans and sharply increasing private sector loans proportion, no standard asset provisioning continuous to remain a concern.

Other highlights

- Employee expenses more than doubled QoQ to INR680m due to a one time provision of ~INR400m providing for arrears of baseline incentives (for 2009-10 and 2010-11) paid to its employees.
- As at end of 3QFY12, REC's capital adequacy stood at 17.4% v/s 18.1% as on 2QFY12.

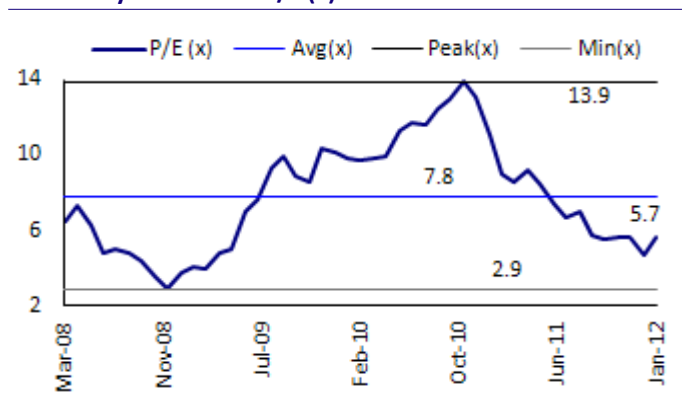
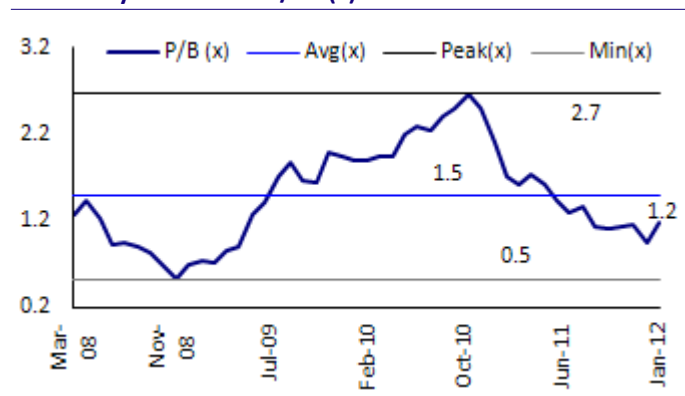
Valuation and view: With a strong sanctions pipeline, loan growth is likely to remain healthy at 21% CAGR over FY11-13E. However, in current macroeconomic environment, asset quality is a bigger concern as against fears of slowdown in growth. Rising SEB losses are driving up the risk quotient, more so for REC given its higher exposure to the T&D segment. However, government's continued thrust on power sector reforms, recourse to SEB collections through an escrow mechanism and recent tariff hikes by various SEBs provides some comfort.

We fine tune our earnings estimates and expect earnings CAGR of 16%, with average RoA's of ~3% over FY12/13E. While we expect ROA to decline by ~25bp over FY11-FY13 owing to a compression in NIMs and building in some credit cost, ROE would continue to remain strong at 21-22% as REC leverages its capital. The stock trades at 1.1x FY13E BV. We maintain **Buy** with a target price of INR235 (1.4x FY13E BV).

We largely maintain our earnings estimates (INR b)

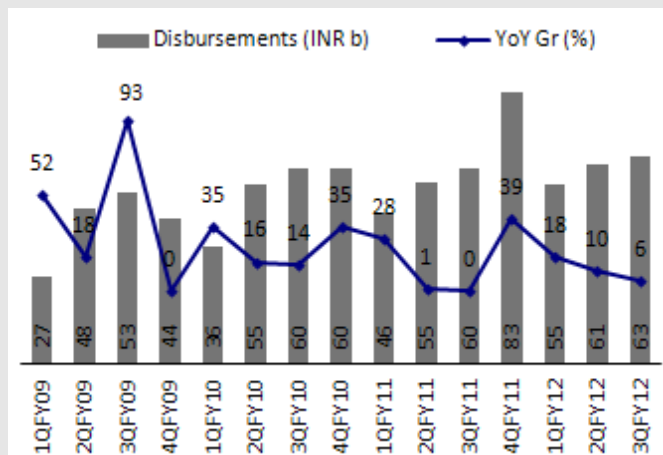
	Old Est.		New Est.		% Change	
	FY12	FY13	FY12	FY13	FY12	FY13
Nil	39.0	46.7	38.8	46.6	-0.5	-0.1
Other Income	0.4	3.2	2.3	2.7	521.9	-15.7
Total Income	39.4	49.8	41.1	49.3	4.4	-1.1
Operating Expenses	2.1	2.5	2.4	2.8	9.7	9.9
Operating Profits	37.2	47.3	38.8	46.5	4.1	-1.7
Provisions	0.5	0.8	0.7	1.0	40.0	33.3
PBT	36.7	46.6	38.1	45.5	3.7	-2.3
Tax	9.5	12.1	9.9	11.8	3.7	-2.3
PAT	27.2	34.5	28.2	33.7	3.7	-2.3
Loans	1,007	1,213	1,005	1,208	-0.2	-0.4
Borrowings	851	1,031	849	1,027	-0.2	-0.4
Margins (%)	4.3	4.2	4.2	4.2		
RoA (%)	3.0	3.1	3.1	3.1		
RoE (%)	20.0	22.4	20.7	21.8		

Source: MOSL

REC: One year forward P/E (x)**REC: One year forward P/BV (x)**

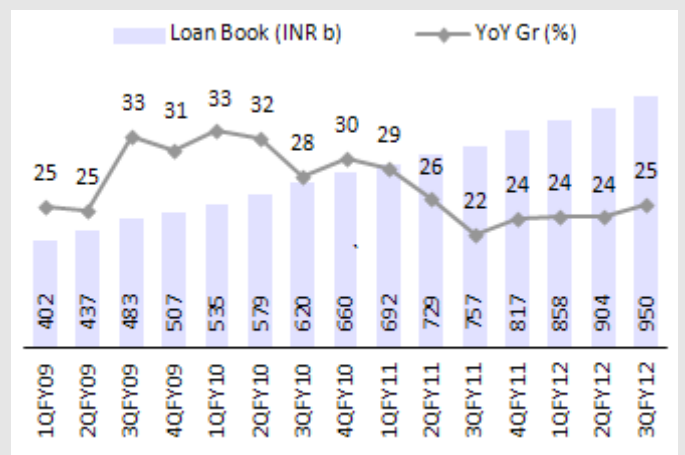
Quarterly trends

Disbursement growth moderates further



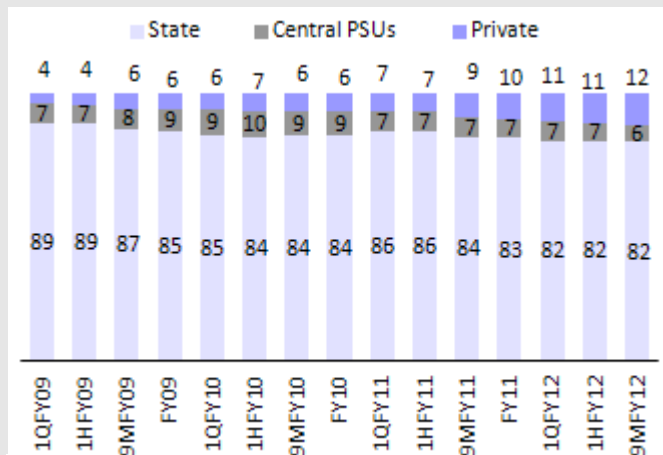
Disbursements of short term loans increased sharply to INR11.5b from INR6.3b in 2QFY12

Loan growth remains healthy



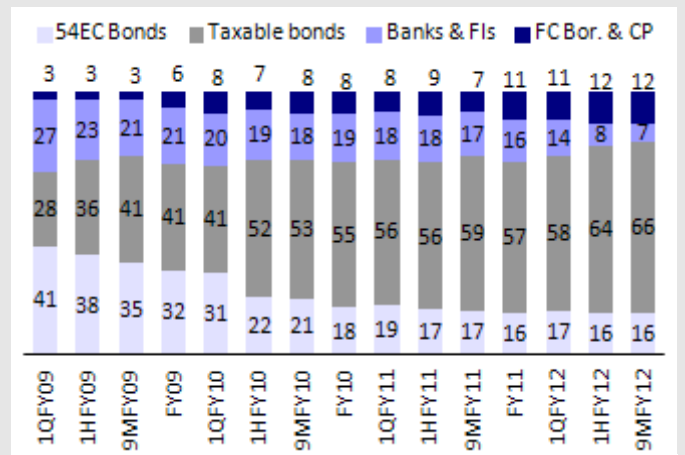
Driven by strong sanctions pipeline of ~INR1.3t, loan growth remained healthy

Exposure to private sector continues to increase



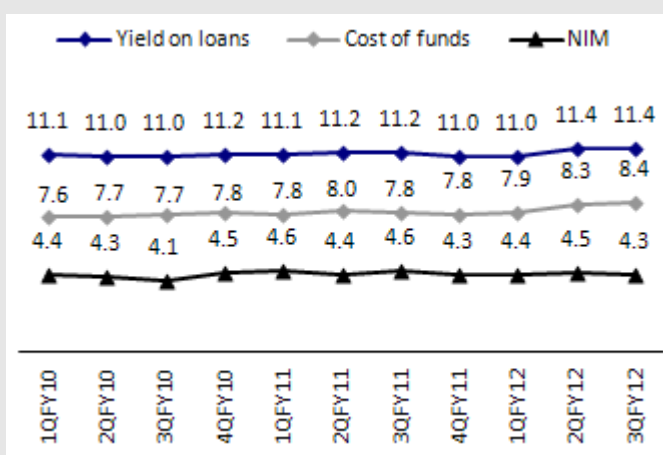
Exposure to private sector continued to rise and stood at 12.0% v/s 11.2% 2QFY12

Borrowing mix as at end of Dec'11



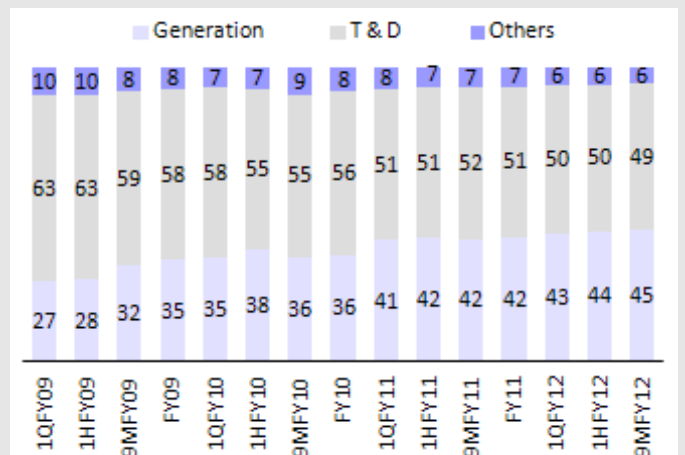
Proportion of loans from banks and FI's declined, while that of foreign currency borrowings increased

Reported margins contracted by 13bp QOQ (%)



Reported margins contracted 13bp QoQ as yields remained under pressure due to interest income reversal

T&D segment comprises 50% of loan book (%)



Segmental loan mix remained fairly stable with T&D segment constituting ~50% of loan book while generation segment constituted ~45%

Quarterly Snapshot

	FY11				FY12			Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY	9M FY11	9M FY12	YoY Gr (%)
Profit and Loss (INR m)												
Net Interest Income	7,758	7,801	8,480	8,538	9,097	9,501	10,052	6	19	24,040	28,650	19
Other operating income	225	390	564	303	217	171	136	-21	-76	1,179	525	-55
Net operating Income	7,984	8,191	9,044	8,841	9,314	9,673	10,188	5	13	25,218	29,175	16
Other income	292	555	357	1,180	383	-880	1,221	N.A.	N.A.	1,204	723	-40
Net total income	8,275	8,746	9,401	10,021	9,697	8,793	11,408	30	21	26,422	29,898	13
Operating Expenses	343	385	386	561	490	456	779	71	102	1,114	1,724	55
Employee	261	260	287	468	331	302	680	125	137	807	1,313	63
Others	82	125	100	93	159	153	99	-35	-1	307	411	34
Operating Profits	7,933	8,361	9,015	9,460	9,207	8,337	10,629	27	18	25,308	28,174	11
Provisions	0	1	0	1	250	0	241	N.A.	N.A.	1	491	N.A.
PBT	7,933	8,360	9,015	9,459	8,957	8,337	10,389	25	15	25,307	27,683	9
Taxes	2,059	2,178	2,374	2,457	2,338	2,112	2,693	28	13	6,610	7,143	8
PAT	5,874	6,182	6,641	7,003	6,620	6,225	7,695	24	16	18,697	20,540	10
Asset Quality												
GNPA	200	200	200	200	2,700	2,700	4,930	83	N.A.			
NNPA	20	20	20	20	2,270	2,270	4,260	88	N.A.			
Gross NPAs (%)	0.03	0.03	0.03	0.02	0.31	0.30	0.52					
Net NPAs (%)	0.00	0.00	0.00	0.00	0.26	0.25	0.45					
PCR (%)	90.0	90.0	90.0	90.0	15.9	15.9	13.6					
Ratios (%)												
Cost to Income	4.1	4.4	4.1	5.6	5.1	5.2	6.8					
Tax Rate	26.0	26.0	26.3	26.0	26.1	25.3	25.9					
Total CAR	21.2	20.6	20.2	19.1	18.4	18.1	17.4					
Margins Reported (%)												
Yield on earning assets	11.1	11.2	11.2	11.0	11.0	11.4	11.4	2	20			
Cost of Funds	7.8	8.0	7.8	7.8	7.9	8.3	8.4	7	60			
Spreads	3.4	3.2	3.4	3.2	3.2	3.1	3.0	-5	-40			
NIMs	4.6	4.4	4.6	4.3	4.4	4.5	4.3	-13	-22			
Business Details (INR b)												
Sanctions	229	104	106	226	212	108	88	-18	-17			
Disbursements	46	55	60	83	55	61	63	4	6			
Loans	692	729	757	817	858	904	950	5	25			
Borrowings	575	604	632	700	714	756	811	7	28			
Sanctions discipline wise (%)												
Generation	49	46	60	80	72	27	46					
Trans & Dist	49	43	31	15	23	59	42					
Short term loans	2	11	9	4	5	14	12					
Disbursements discipline wise (%)												
Generation	70	50	36	43	55	49	43					
Trans & Dist	26	36	42	47	34	41	39					
Short term loans & Others	4	14	22	10	11	10	18					
Loans discipline wise (%)												
Generation	41	42	42	42	43	44	45					
Trans & Dist	51	51	52	51	50	50	49					
Short term loans and others	8	7	7	7	6	6	6					
Loans borrower wise (%)												
State	86	86	84	83	82	82	82					
Central PSUs	7	7	7	7	7	7	6					
Private	7	7	9	10	11	11	12					

For %age change QoQ and YoY is bp

Source: Company/MOSL

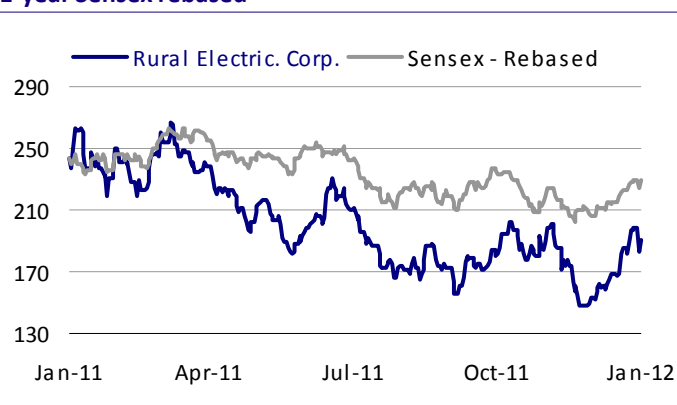
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY12	28.5	28.5	0.0
FY13	34.1	33.6	1.5

Shareholding pattern (%)

	Dec-11	Sep-11	Dec-10
Promoter	66.8	66.8	66.8
Domestic Inst	6.9	6.6	4.1
Foreign	18.0	18.6	21.3
Others	8.3	8.0	7.9

1-year Sensex rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mkt. Cap (USDb)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
				FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
ICICIBC*	Buy	902	20.8	55	62	12.3	10.6	1.7	1.5	1.5	1.4	13.8	14.3
HDFCB	Neutral	491	22.8	22	28	22.2	17.6	3.9	3.3	1.7	1.7	18.9	20.5
AXSB	Buy	1,074	8.8	97	112	11.1	9.6	2.0	1.7	1.5	1.5	19.9	19.5
KMB	Neutral	498	3.7	24	28	19.8	16.8	2.8	2.4	1.8	1.6	14.9	14.6
YES	Buy	330	2.3	28	33	11.7	10.1	2.5	2.0	1.5	1.3	23.3	22.3
IIB	Buy	292	2.7	17	21	17.0	13.9	3.1	2.6	1.6	1.5	19.3	20.1
VYSB	Buy	335	0.8	30	34	11.2	10.0	1.3	1.2	1.0	1.0	14.0	12.3
FB	Buy	400	1.4	43	50	9.2	7.9	1.2	1.1	1.3	1.3	13.8	14.5
JKBk	Buy	830	0.8	151	168	5.5	5.0	1.0	0.9	1.3	1.2	19.4	18.7
SIB	Buy	23	0.5	3	4	6.7	5.9	1.3	1.1	1.1	1.0	21.1	20.3
Private Aggregate			65			15.9	13.5	2.3	2.0				
SBIN (cons)*	Buy	2,061	26.2	211	240	9.3	8.2	1.3	1.2	0.8	0.8	15.6	16.1
PNB	Buy	940	6.0	155	181	6.1	5.2	1.2	1.0	1.2	1.2	22.3	21.7
BOI	Neutral	344	3.8	45	59	7.6	5.9	1.1	0.9	0.7	0.8	14.6	16.7
BOB	Neutral	753	5.9	122	133	6.2	5.7	1.2	1.1	1.1	1.1	20.4	20.2
CBK	Buy	471	4.2	73	89	6.5	5.3	1.0	0.9	0.9	0.9	16.7	17.7
UNBK	Buy	229	2.4	27	45	8.4	5.0	1.0	0.9	0.8	0.8	17.6	18.2
IOB	Neutral	88	1.1	22	18	4.0	4.8	0.6	0.6	0.7	0.5	15.6	12.0
OBC	Buy	256	1.5	42	50	6.1	5.2	0.7	0.6	0.7	0.7	11.4	12.4
INBK	Buy	221	1.9	44	48	5.0	4.6	1.0	0.9	1.4	1.3	21.6	20.0
CRPBK	Neutral	414	1.2	98	104	4.2	4.0	0.7	0.7	0.9	0.8	18.8	17.4
ANDB	Buy	102	1.1	23	26	4.4	4.0	0.8	0.7	1.1	1.0	18.7	18.0
IDBI *	Neutral	101	2.0	20	21	3.9	3.6	0.5	0.5	0.7	0.7	14.5	14.1
DNB	Buy	68	0.5	22	25	3.1	2.7	0.6	0.5	0.9	0.9	17.9	18.4
Public Aggregate			58			7.7	6.6	1.2	1.0				
HDFC*	Neutral	697	20.4	27	31	18.5	15.5	5.1	4.6	2.8	2.9	26.6	28.8
LICHF	Buy	250	2.4	19	28	12.9	9.1	2.4	2.0	1.6	1.8	20.3	24.3
DEWH	Buy	235	0.5	30	39	7.9	6.0	1.3	1.1	1.3	1.4	18.7	19.5
IDFC	Buy	133	3.9	10	11	12.9	12.3	1.5	1.3	3.1	2.7	13.7	12.6
RECL	Buy	190	3.8	28	35	6.7	5.4	1.3	1.1	3.0	3.1	20.6	22.5
POWF	Buy	170	3.9	18	29	9.5	5.9	1.1	1.0	2.1	2.8	13.2	17.7
SHTF	Buy	584	2.6	58	63	10.1	9.3	2.2	1.8	3.0	2.9	23.9	21.6
MMFS	Neutral	707	1.4	55	70	12.9	10.1	2.5	2.1	3.8	3.8	20.8	22.4
NBFC Aggregate			39			14.1	11.1	3.2	2.7				

* Multiples adj. 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 on Loans	33,605	46,649	64,309	81,088	102,205	121,366
Interest Exp and Other Charges	20,637	28,873	39,009	48,853	63,417	74,775
Net Financing Income	12,969	17,776	25,299	32,235	38,788	46,591
Change (%)	60.4	37.1	42.3	27.4	20.3	20.1
Other Operating Income	177	922	1,189	1,481	1,218	1,401
Other Income	1,594	1,741	1,578	2,384	1,106	1,281
Net Income	14,740	20,439	28,067	36,100	41,112	49,273
Change (%)	32.6	38.7	37.3	28.6	13.9	19.8
Employee Cost	923	872	1,171	1,275	1,721	2,065
Administrative Exp	182	224	277	337	387	426
Other Operating Exp.	105	112	172	222	247	272
Operating Income	13,530	19,231	26,446	34,266	38,757	46,510
Change (%)	32.1	42.1	37.5	29.6	13.1	20.0
Total Provisions	400	34	2	2	700	1,000
% to Operating Income	3.0	0.2	0.0	0.0	1.8	2.2
PBT	13,130	19,197	26,444	34,264	38,057	45,510
Prior Period Adjustments	-6	4	-1	-32	0	0
PBT(post prior period adj)	13,124	19,201	26,443	34,232	38,057	45,510
Tax (Incl Deferred tax)	4,523	6,480	6,478	9,067	9,895	11,833
Tax Rate (%)	34.4	33.8	24.5	26.5	26.0	26.0
PAT	8,601	12,721	19,965	25,165	28,162	33,677
Change (%)	30.3	47.9	57.0	26.0	11.9	19.6
PAT (Incl DTL)	9,376	14,117	19,971	25,111	28,162	33,677
Change (%)	20.7	50.6	41.5	25.7	12.2	19.6
Proposed Dividend	2,576	3,864	6,032	7,406	9,857	11,787

Balance Sheet					(INR Million)	
Y/E March	2008	2009	2010	2011	2012E	2013E
Capital	8,587	8,587	9,875	9,875	9,875	9,875
Reserves & Surplus	53,261	62,881	100,855	117,884	134,514	154,400
Net Worth	61,848	71,468	110,730	127,758	144,388	164,275
Borrowings	342,828	449,360	559,482	700,038	848,997	1,027,163
Change (%)	13.2	31.1	24.5	25.1	21.3	21.0
Total Liabilities	404,676	520,827	670,212	827,797	993,386	1,191,437
Investments	11,474	10,049	9,099	8,124	8,531	8,957
Change (%)	-3.9	-12.4	-9.5	-10.7	5.0	5.0
Loans	393,165	513,814	664,526	821,321	1,004,731	1,208,427
Change (%)	22.5	30.7	29.3	23.6	22.3	20.3
Net Fixed Assets	779	809	899	881	852	862
Net current assets	-742	-3,845	-4,312	-2,529	-20,728	-26,809
Total Assets	404,676	520,827	670,212	827,797	993,386	1,191,437

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E March	2008	2009	2010	2011	2012E	2013E
Spreads Analysis (%)						
Avg. Yield - on Financing Portfolio	9.4	10.3	10.9	10.9	11.2	11.0
Avg Cost of Funds	6.4	7.3	7.7	7.6	8.0	7.8
Interest Spread	3.1	3.0	3.2	3.3	3.2	3.2
Net Interest Margin	3.6	3.9	4.3	4.3	4.2	4.2

Profitability Ratios (%)

RoE	17.1	21.2	21.9	21.1	20.7	21.8
RoA	2.5	3.1	3.4	3.4	3.1	3.1

Efficiency Ratios (%)

Int. Expended/Int.Earned	61.4	61.9	60.7	60.2	62.0	61.6
Other operating Inc./Net Income	1.2	4.5	4.2	4.1	3.0	2.8
Other Income/Net Income	10.8	8.5	5.6	6.6	2.7	2.6
Op. Exps./Net Income	8.2	5.9	5.8	5.1	5.7	5.6
Empl. Cost/Op. Exps.	76.3	72.2	72.3	69.5	73.1	74.7

Asset-Liability Profile (%)

Repayments/Opening loans	17.9	13.0	11.8	13.3	12.0	12.0
Loans/Borrowings Ratio	114.7	114.3	118.8	117.3	118.3	117.6
Invest./Borrowings Ratio	3.3	2.2	1.6	1.2	1.0	0.9
Net NPAs to Adv.	0.6	0.0	0.0	0.3	0.4	0.5
Debt/Equity Ratio	5.5	6.3	5.1	5.5	5.9	6.3

Valuations

BV excluding DTL (INR)	62.5	72.1	112.2	129.5	146.4	166.5
Price-BV (x)	3.0	2.6	1.7	1.5	1.3	1.1
Book Value (INR)	72.0	83.2	112.1	129.4	146.2	166.4
BV Growth (%)	18.3	15.6	34.7	15.4	13.0	13.8
Price-BV (x)	2.6	2.3	1.7	1.5	1.3	1.1
OPS (INR)	15.8	22.4	26.8	34.7	39.2	47.1
OPS Growth (%)	86.3	42.1	19.6	29.6	13.1	20.0
Price-OP (x)	12.1	8.5	7.1	5.5	4.8	4.0
EPS (INR)	10.9	16.4	20.2	25.4	28.5	34.1
EPS Growth (%)	9.8	50.6	23.0	25.7	12.2	19.6
Price-Earnings (x)	17.4	11.6	9.4	7.5	6.7	5.6
Dividend	3.0	4.5	6.5	7.5	10.0	11.9
Dividend Yield (%)	1.6	2.4	3.4	3.9	5.3	6.3

E: MOSL Estimates

N O T E S

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Motilal Oswal Securities Ltd

3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021
Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motilaloswal.com