

# Shriram Transport

<b>BSE Sensex</b>	<b>S&amp;P CNX</b>
<b>20,103</b>	<b>6,075</b>
Bloomberg	SHTF IN
Equity Shares (m)	226.3
M.Cap. (INR b)/(USD b)	174.0/3.2
52-Week Range (INR)	800/475
1,6,12 Rel.Perf.(%)	-1/16/12

## Financials & Valuation (INR b)

Y/E March	2013E	2014E	2015E
Net Inc.	34.9	41.9	48.3
PPP	28.7	34.5	39.6
PAT	13.7	16.6	19.0
PAT*	14.8	18.1	21.0
EPS (INR)	60.6	73.5	84.1
EPS Gr. (%)	9.1	21.3	14.4
EPS (INR)*	65.5	80.1	92.7
EPS Gr. (%)*	14.9	22.2	15.7
BV/Sh. (INR)	316.9	380.1	452.4
BV (INR)*	323.6	393.3	474.2
RoA on AUM (%)	2.7	2.8	2.7
RoE (%)	20.8	21.1	20.2
Payout (%)	13.9	13.9	13.9

\* Consolidated

**CMP: INR769**
**TP: INR950**
**Buy**

Shriram Transport Finance (SHTF) posted a PAT of ~INR3.5b for 3QFY13, up 14% YoY and 2% QoQ. While operating profit was in line with our estimate, marginally higher than estimated provisions led to PAT being 3% lower than estimated.

- After the muted AUM growth in FY12 (standalone: 11%; consolidated: 15%), there has been a sharp pick-up in YTD FY13. Sequential AUM growth has increased from an average of 2.5% in FY12 to 5%+ in each of the last three quarters. The major positive surprise over the last two quarters has come from sharp improvement in disbursements. AUM mix was stable QoQ, with the ratio of on and off balance sheet AUM at 66:34.
- NIM (on AUM) declined 15bp QoQ to 7.52%, led by (1) pressure on securitization yield, and (2) build-up of excess liquidity on the balance sheet.
- Asset quality remained healthy, with GNPA at 2.89% and PCR at ~80%.
- Securitization picked up during the quarter - INR30b v/s INR4b in 1HFY13. Higher securitization led (i) impact on CAR (down 130bp QoQ) and (ii) higher liquid investment in BS (20% of total assets v/s 11% a quarter ago).
- In 9MFY13, subsidiaries contributed 7% of consolidated PAT v/s 4% in FY12.

**Valuation and view:** Capitalizing on its niche customer base (providing pricing power), falling interest rates, and increasing securitization will help SHTF to keep NIM in a narrow band of 7.5-8%. With the sharp pick-up in disbursements in YTD FY13, we expect AUM growth to remain healthy at 18% for standalone operations and 20% for consolidated. While SHTF's return ratios have moderated relative to historical trends, we expect them to remain healthy, with RoA of 2.7% and RoE of 21%+ over FY12-15. Maintain **Buy**.

## SHTF: Quarterly Performance

Y/E March	FY12				FY13				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY12	FY13E
Interest Income	8,368	9,675	9,458	9,158	8,876	10,946	12,046	12,154	35,581	44,021
Interest expenses	5,714	6,153	6,347	6,259	6,173	6,859	7,350	7,346	23,950	27,728
<b>Net Interest Income</b>	<b>2,654</b>	<b>3,522</b>	<b>3,110</b>	<b>2,899</b>	<b>2,702</b>	<b>4,087</b>	<b>4,696</b>	<b>4,808</b>	<b>11,632</b>	<b>16,293</b>
YoY Growth (%)	-15.1	-4.4	-23.2	-10.6	1.8	16.0	51.0	65.8	-17.0	40.1
Securitisation income	5,167	4,825	4,927	5,157	5,323	4,590	4,252	4,457	20,075	18,622
<b>Net Income (Incl. Securitization)</b>	<b>7,821</b>	<b>8,347</b>	<b>8,038</b>	<b>8,056</b>	<b>8,025</b>	<b>8,678</b>	<b>8,947</b>	<b>9,265</b>	<b>31,707</b>	<b>34,915</b>
YoY Growth (%)	16.0	19.3	4.5	5.4	2.6	4.0	11.3	15.0	9.5	10.1
Fees and Other Income	477	258	294	255	702	314	300	320	2,423	1,636
<b>Net Operating Income</b>	<b>8,297</b>	<b>8,605</b>	<b>8,331</b>	<b>8,311</b>	<b>8,727</b>	<b>8,991</b>	<b>9,247</b>	<b>9,585</b>	<b>34,130</b>	<b>36,551</b>
YoY Growth (%)	16.8	19.0	5.7	6.3	5.2	4.5	11.0	15.3	11.2	7.1
Operating Expenses	1,678	1,788	1,867	1,782	1,940	1,872	1,999	2,000	7,638	7,811
<b>Operating Profit</b>	<b>6,620</b>	<b>6,818</b>	<b>6,465</b>	<b>6,529</b>	<b>6,787</b>	<b>7,119</b>	<b>7,248</b>	<b>7,585</b>	<b>26,492</b>	<b>28,739</b>
YoY Growth (%)	18.3	20.4	5.5	4.1	2.5	4.4	12.1	16.2	13.0	8.5
Provisions	1,420	2,363	1,920	1,918	2,026	2,106	2,126	2,155	7,683	8,413
<b>Profit before Tax</b>	<b>5,200</b>	<b>4,454</b>	<b>4,545</b>	<b>4,610</b>	<b>4,761</b>	<b>5,013</b>	<b>5,122</b>	<b>5,430</b>	<b>18,809</b>	<b>20,326</b>
Tax Provisions	1,727	1,460	1,518	1,530	1,543	1,638	1,662	1,764	6,235	6,606
<b>Net Profit</b>	<b>3,473</b>	<b>2,994</b>	<b>3,027</b>	<b>3,081</b>	<b>3,219</b>	<b>3,376</b>	<b>3,460</b>	<b>3,666</b>	<b>12,574</b>	<b>13,720</b>
YoY Growth (%)	20.2	0.2	0.4	-9.6	-7.3	12.7	14.3	19.0	4.5	9.1
<b>AUM Growth (%)</b>	<b>22.3</b>	<b>19.9</b>	<b>16.2</b>	<b>11.1</b>	<b>13.3</b>	<b>15.8</b>	<b>18.6</b>	<b>20.8</b>	<b>11.1</b>	<b>20.8</b>
<b>Disbursement Growth (%)</b>	<b>20.4</b>	<b>5.0</b>	<b>-4.2</b>	<b>-19.7</b>	<b>12.2</b>	<b>28.6</b>	<b>42.0</b>	<b>26.7</b>	<b>-2.0</b>	<b>27.5</b>
Securitization Inc. / Net Inc. (%)	62.3	56.1	59.1	62.0	61.0	51.1	46.0	46.5	58.8	50.9
Cost to Income Ratio (%)	20.2	20.8	22.4	21.4	22.2	20.8	21.6	20.9	22.4	21.4
Tax Rate (%)	33.2	32.8	33.4	33.2	32.4	32.7	32.5	32.5	33.1	32.5

E: MOSL Estimates; \* Quarterly nos and full year nos will not tally due to different way of reporting financial nos

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

Y/E March	3QFY13A	3QFY13E	Var (%)	Comments
<b>Net Income</b>	<b>8,947</b>	<b>9,083</b>	<b>-1</b>	<b>Strong AUM growth however, NIM marginally below expectation</b>
% Change (Y-o-Y)	11.3	13.0		
Other Income	300	340	-12	Lower income from MF led to lower other income
<b>Total Net Income</b>	<b>9,247</b>	<b>9,423</b>	<b>-2</b>	
Operating Expenses	1,999	2,073	-4	Tight control on opex maintained
<b>Operating Profit</b>	<b>7,248</b>	<b>7,350</b>	<b>-1</b>	
Provisions	2,126	2,050	4	Healthy asset quality; PCR at stable ~80%
<b>Profit before Tax</b>	<b>5,122</b>	<b>5,300</b>	<b>-3</b>	
Tax Provisions	1,662	1,722	-3	
<b>Net Profit</b>	<b>3,460</b>	<b>3,578</b>	<b>-3</b>	<b>PPP inline; hw marginally higher provisions led to lower PAT</b>
% Change (Y-o-Y)	14.3	18.2		

Source: Company/MOSL

**Strong traction in disbursements; AUM growth to improve further**

After a moderation in FY12 (11%), AUM growth improved to 16% YoY in 1HFY13 and further to 19% YoY in 9MFY13. Sequential growth in AUM also gathered pace - from an average of 2.5% in FY12 to 5%+ in each of the last two quarters. This has been led by impressive traction in disbursements, which grew 13% QoQ on a higher base of 14% QoQ in 2QFY13. Notably, 9MFY13 disbursements grew 28% YoY, led by 31% YoY growth in old CV disbursements. Disbursement growth in the new CV segment was flat QoQ.

On-book AUM grew 31% YoY and 6% QoQ to INR311b. Off-book AUM grew 5% QoQ (after a decline of 19% in 1HFY13), as the bank securitized INR30.4b worth of assets during the quarter as compared to just INR3.9b in 1HFY13. The higher securitization is partially reflected in the sharp increase in cash and liquid investments to INR87.5b v/s INR40.1b in 2QFY13. AUM mix remained stable at 67:33 in favor of on-book AUM.

**Reported NIM (on AUM) down 15bp QoQ; healthy asset quality performance**

NII (including securitization income) grew 11% YoY and 3% QoQ to INR8.8b. Reported NIM (on AUM) declined 15bp QoQ to 7.5%. The sequential decline in reported NIM could be attributed to (1) pressure on securitization yield, and (2) build-up of excess liquidity on the balance sheet.

In absolute terms, GNPA increased by 6% QoQ. However, in percentage terms, GNPA remained largely stable QoQ at 2.9%. Provision coverage remained healthy at ~79%. Provisioning expenses (including standard asset provisions) stood at INR2.1b, largely stable on a QoQ basis.

**Other highlights**

- Shriram Equipment Finance Company reported PAT of INR263m v/s INR221m in 2QFY13 and INR516m for FY12. Disbursements for the quarter were INR5.8b v/s INR4.1b in 2QFY13. At the end of 9MFY13, assets under finance stood at INR27.2b, up 81% YoY and 14% QoQ. Asset quality remains healthy, with GNPA at 0.6% and NNPA at 0.2%. CAR was 17.4% as at the end of 9MFY13.
- Shriram Automall India earned fee income of INR184m (flat QoQ) in 3QFY13 against INR475m for the full year FY12. The company has turned profitable and reported PAT of INR32m.

**Valuation and view**

Sharp pick-up in disbursements in YTD FY13 surprised us positively. In FY12, reported growth was moderate, given (a) the uncertain economic environment, state-specific issues and risk aversion, (b) higher base prior to de-merger, and (c) aggressive competition. Growth has revived as management is seeing green shoots of economic recovery. Further, deeper penetration in rural areas, focus on the used LCV segment, etc has also helped SHTF to report healthy growth in FY13. We model standalone AUM CAGR of 18% and consolidated AUM CAGR of ~20% over FY12-15.

Capitalizing on its niche customer base (providing pricing power), falling interest rates, and increasing securitization will help SHTF to keep NIM in a narrow band of 7.5-8%. We model largely stable margins over FY12-15. With no negative surprises in the final guidelines on NBFC regulations, the overhang of regulatory risk has abated.

Further, subsidiary profits have become sizeable and now contribute ~7% of consolidated PAT. We expect this contribution to rise further on a lower base and growth rate is likely to be much higher than in the standalone business.

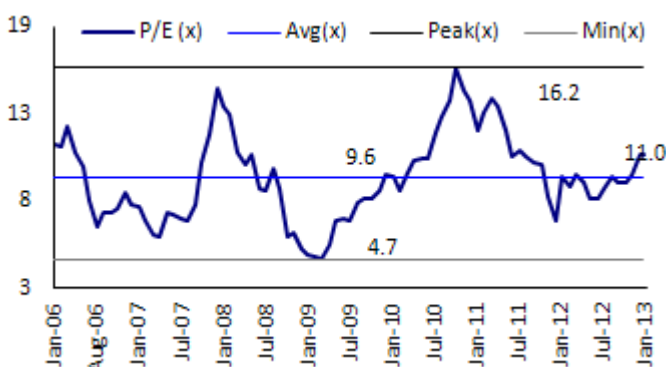
While SHTF's return ratios have moderated relative to historical trends, we expect them to remain healthy, with RoA at 2.7% and RoE at 21%+ over FY12-15. At 1.9x/1.6x FY14/15E consolidated BV and 9.4x/8.1x FY14/15E consolidated EPS, the stock is attractively valued. Maintain **Buy**, with a target price of INR950 (2x FY15E cons. BV).

**We revise our estimates upwards for FY13/14 (INR b)**

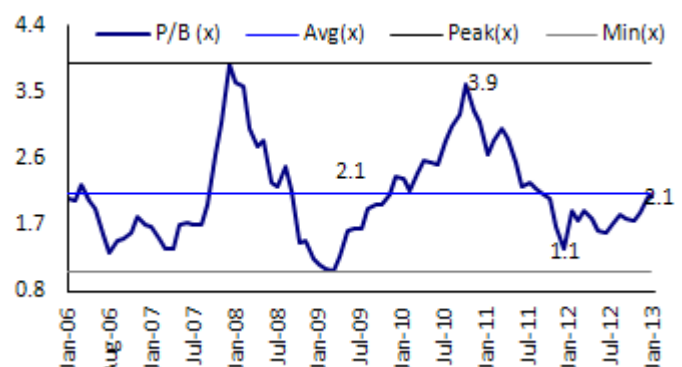
	Old			Revised			Change (%)		
	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15
NII (incl. Sec. Inc.)	35.3	41.0	48.1	34.9	41.9	48.3	-1.0	2.1	0.3
Other Income	1.7	1.7	1.7	1.6	1.7	1.9	-3.6	1.2	11.4
<b>Total Income</b>	<b>37.0</b>	<b>42.7</b>	<b>49.8</b>	<b>36.6</b>	<b>43.6</b>	<b>50.2</b>	<b>-1.1</b>	<b>2.1</b>	<b>0.7</b>
Operating Expenses	8.1	9.1	10.3	7.8	9.2	10.6	-3.4	0.7	3.2
<b>Operating Profits</b>	<b>28.9</b>	<b>33.6</b>	<b>39.6</b>	<b>28.7</b>	<b>34.5</b>	<b>39.6</b>	<b>-0.5</b>	<b>2.5</b>	<b>0.0</b>
Provisions	8.4	9.6	11.2	8.4	9.8	11.4	0.7	1.8	1.6
<b>PBT</b>	<b>20.5</b>	<b>24.0</b>	<b>28.4</b>	<b>20.3</b>	<b>24.7</b>	<b>28.2</b>	<b>-0.9</b>	<b>2.8</b>	<b>-0.6</b>
Tax	6.7	7.8	9.2	6.6	8.0	9.2	-0.9	2.8	-0.6
<b>PAT</b>	<b>13.8</b>	<b>16.2</b>	<b>19.2</b>	<b>13.7</b>	<b>16.6</b>	<b>19.0</b>	<b>-0.9</b>	<b>2.8</b>	<b>-0.6</b>
AUM	475	559	650	486	574	663	2.2	2.8	1.9
Margins (inc sec.)	8.04	7.94	7.97	7.87	7.91	7.81			
Credit Cost	1.80	1.80	1.80	1.80	1.80	1.80			
<b>RoA on AUM</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.7</b>			
<b>RoE</b>	<b>21.0</b>	<b>20.6</b>	<b>20.4</b>	<b>20.8</b>	<b>21.1</b>	<b>20.2</b>			

Source: MOSL

**Shriram Transport Finance: One year forward P/E**

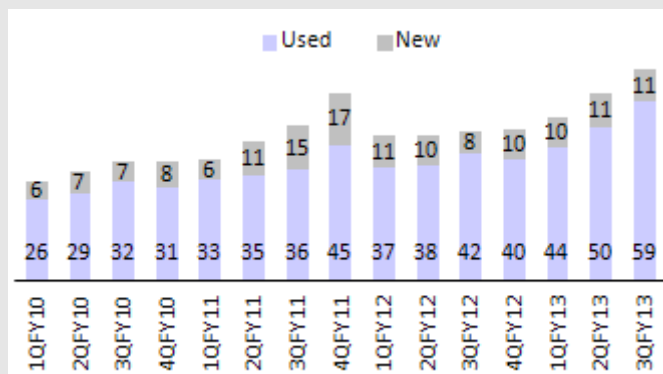


**Shriram Transport Finance: One year forward P/BV**



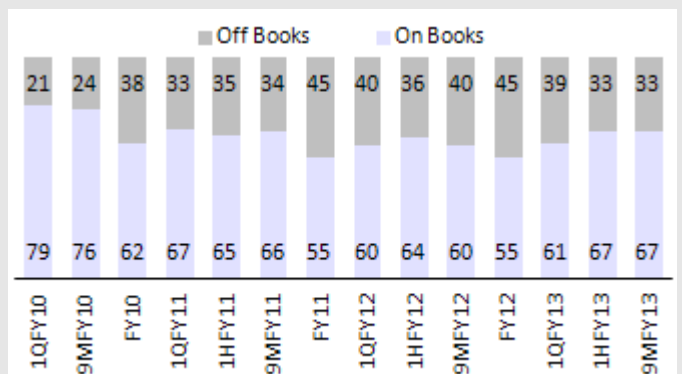
## Quarterly trends

### Disbursement growth remains strong in old CV segment (INR b)



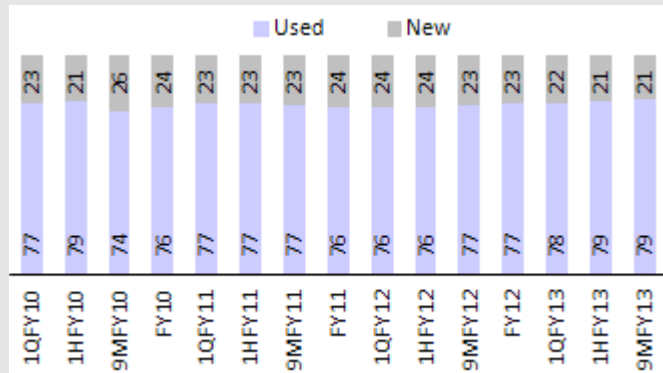
- 9MFY13 disbursements grew 28% YoY, led by strong 31% YoY growth in old CV disbursements. Disbursement growth in the new CV segment was flat QoQ.

### Proportion of off-book assets remains stable QoQ (%)



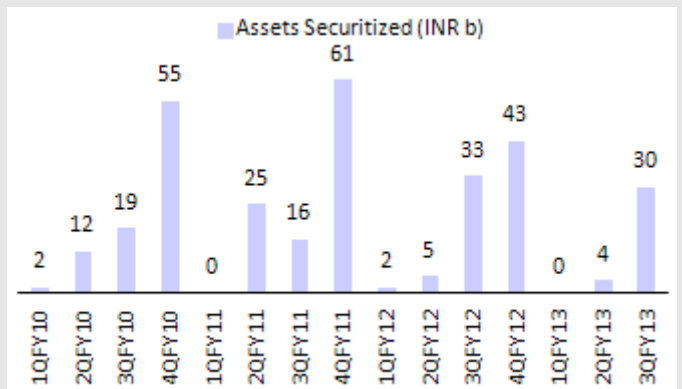
- Off-book AUM declined 5% QoQ (third consecutive quarter of decline) due to securitization of INR30.4b in 3QFY13 against just INR3.9b in 2QFY13.

### AUM mix between used and new CVs financed (%)



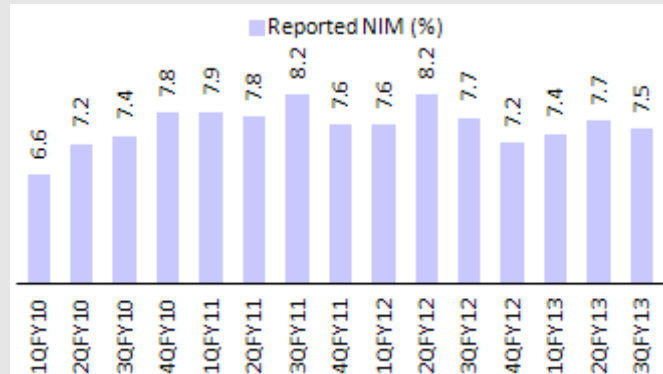
- The mix between the used and new CVs in overall AUM has remained largely stable.

### Securitization deals done stand at INR30.4b



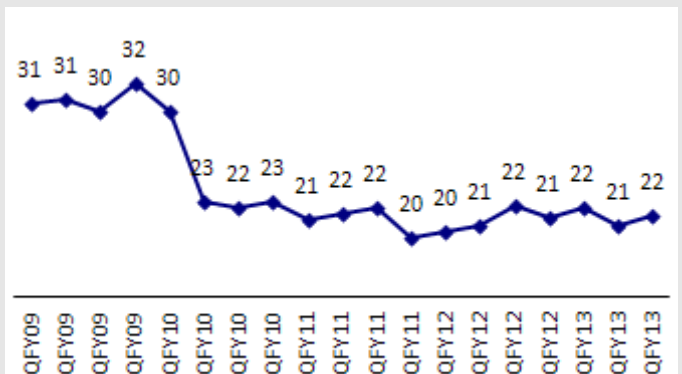
- Securitization picked up during the quarter - INR30b v/s INR4b in 1HFY13.

### NIM (% of AUM) declined 15bp sequentially



- NIM decline of 15bp QoQ was led by (1) pressure on securitization yield, and (2) build-up of excess liquidity on the balance sheet.

### Costs remain under control; C/I at 21.6%



- Spreads had remained under pressure on the back of rising costs and increasing competition from banks and NBFCs in the CV financing space.

## Quarterly Snapshot

	FY12				FY13			Variation (%)		Cumulative Numbers		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY	9MFY12	9MFY13	YoY Gr (%)
<b>Profit and Loss (INR m)</b>												
Net Income	2,654	3,522	3,110	2,899	2,702	4,087	4,696	15	51	9,287	11,485	24
Operating Expenses	1,678	1,788	1,867	1,782	1,940	1,872	1,999	7	7	5,332	5,811	9
Employee	946	935	928	892	1,037	935	899	-4	-3	2,809	2,871	2
Others	732	853	939	891	903	937	1,100	17	17	2,523	2,940	17
<b>Operating Profits</b>	<b>6,620</b>	<b>6,818</b>	<b>6,465</b>	<b>6,529</b>	<b>6,787</b>	<b>7,119</b>	<b>7,248</b>	<b>2</b>	<b>12</b>	<b>19,902</b>	<b>21,154</b>	<b>6</b>
Provisions	1,420	2,363	1,920	1,918	2,026	2,106	2,126	1	11	5,704	6,258	10
NPAs/ Bad debts	1,356	2,318	1,933	1,953	1,946	2,018	2,081	3	8	5,608	6,045	8
Standard assets	64	45	-13	-35	80	89	45	-49	-445	96	213	123
<b>PBT</b>	<b>5,200</b>	<b>4,454</b>	<b>4,545</b>	<b>4,610</b>	<b>4,761</b>	<b>5,013</b>	<b>5,122</b>	<b>2</b>	<b>13</b>	<b>14,199</b>	<b>14,896</b>	<b>5</b>
Taxes	1,727	1,460	1,518	1,530	1,543	1,638	1,662	2	10	4,705	4,842	3
<b>PAT</b>	<b>3,473</b>	<b>2,994</b>	<b>3,027</b>	<b>3,081</b>	<b>3,219</b>	<b>3,376</b>	<b>3,460</b>	<b>2</b>	<b>14</b>	<b>9,494</b>	<b>10,054</b>	<b>6</b>
<b>Asset Quality</b>												
GNPA	6,028	6,596	6,719	6,938	7,776	8,553	9,087	6	35			
NNPA	1,090	987	931	977	1,576	1,754	1,921	10	106			
Gross NPAs (%)	2.7	2.7	2.8	3.1	3.0	2.9	2.9					
Net NPAs (%)	0.5	0.4	0.4	0.4	0.6	0.6	0.6					
PCR (Calculated, %)	81.9	85.0	86.1	85.9	79.7	79.5	78.9					
<b>Ratios (%)</b>												
Cost to Income	21.5	21.4	23.2	22.1	24.2	21.6	22.3			57.4	50.6	
Provision to operating profit	21.4	34.7	29.7	29.4	29.8	29.6	29.3					
Tax Rate	33.2	32.8	33.4	33.2	32.4	32.7	32.5			33.1	32.5	
Total CAR	23.4	23.8	24.9	22.3	21.3	20.5	19.2					
<b>Business Details (INR b)</b>												
AUM	370	381	393	402	419	441	465	6	19			
On book Loans	222	243	237	220	256	294	311	6	31			
Off book (Securitisation)	148	137	155	182	163	147	155	5	-1			
Total Borrowings	194	218	228	231	213	238	282	18	23			
<b>AUM Mix (%)</b>												
New CV Loans	24	24	23	23	22	21	21					
Used CV loans	76	76	77	77	78	79	79					
<b>Disbursements Details (INR b)</b>												
<b>Total</b>	<b>47.8</b>	<b>47.9</b>	<b>49.3</b>	<b>49.8</b>	<b>53.7</b>	<b>61.7</b>	<b>70.0</b>	<b>13</b>	<b>42</b>			
New CV Loans	10.8	10.1	7.6	10.0	10.0	11.2	11.2	0	48			
Used CV loans	37.1	37.8	41.7	39.8	43.7	50.5	58.8	17	41			
<b>Securitisation Details</b>												
Done during quarter (INR B)	1.7	4.9	33.4	43.5	0.0	3.9	30.4					
Securitisation inc as a % to net inc	66.1	57.8	61.3	64.0	66.3	52.9	47.5					
<b>Total Borrowing Mix (%)</b>												
Banks / FIs	76.4	78.6	79.2	78.9	76.0	77.9	81.2					
Retail	23.6	21.4	20.8	21.1	24.0	22.1	18.8					
<b>Other Details</b>												
Branches	494	496	498	502	513	513	530					
Employees	16,486	16,404	15,679	15,057	14,156	14,159	14,936					

For %age change QoQ and YoY is bp

Source: Company, MOSL

## Stock Info

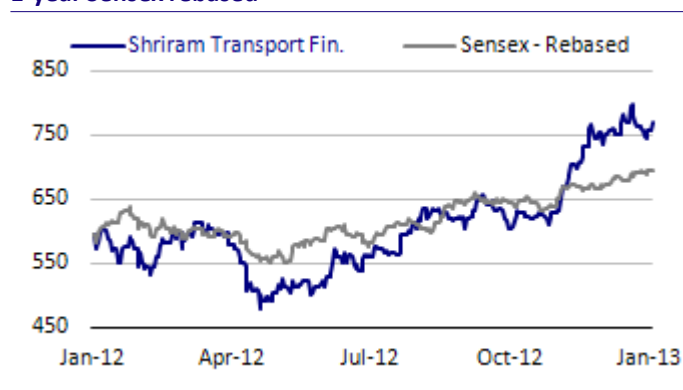
### EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	65.5	62.3	5.1
FY14	80.1	72.5	10.4

### Shareholding pattern (%)

	Dec-12	Sep-12	Dec-11
Promoter	25.8	46.2	42.8
Domestic Inst	1.6	1.7	2.1
Foreign	41.9	41.1	41.0
Others	30.8	10.9	14.1

### 1-year Sensex rebased



### Financials: Valuation Matrix

	Rating	CMP (INR)	Mcap (USD\$b)	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)		Dividend Yield (%) #
				FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	
ICICIBCB*	Buy	1,191	25.0	87	105	11.2	9.1	511	579	1.9	1.6	1.7	1.7	16.1	17.2	1.4
HDFCB	Neutral	670	28.8	37	46	18.1	14.5	177	212	3.8	3.2	1.9	1.9	22.7	23.8	0.6
AXSB	Buy	1,415	10.9	143	168	9.9	8.4	755	897	1.9	1.6	1.7	1.7	20.4	20.3	1.1
KMB*	Neutral	668	9.0	34	41	14.8	11.9	141	164	3.6	3.0	1.7	1.7	15.8	16.5	0.1
YES	Buy	522	3.4	46	57	11.3	9.2	201	248	2.6	2.1	1.6	1.6	25.4	25.3	0.8
IIB	Buy	433	4.1	26	33	16.6	13.2	164	192	2.6	2.2	1.7	1.8	17.0	18.4	0.5
VYSB	Buy	571	1.6	44	51	13.0	11.2	328	371	1.7	1.5	1.1	1.0	14.2	14.6	0.7
FB	Buy	503	1.6	55	63	9.1	8.0	413	461	1.2	1.1	1.3	1.2	14.0	14.3	1.8
J&KKBK	Buy	1,317	1.2	230	274	5.7	4.8	1,180	1,390	1.1	0.9	1.5	1.5	21.1	21.3	2.5
SIB	Buy	28	0.3	4.0	4.6	6.9	6.0	25	28	1.1	1.0	1.1	1.0	17.6	17.5	2.2
<b>Private Aggregate</b>			<b>85.7</b>			<b>14.0</b>	<b>11.6</b>			<b>2.4</b>	<b>2.1</b>					
SBIN (cons)*	Buy	2,490	30.4	318	382	7.5	6.2	2,039	2,357	1.2	1.0	1.0	1.0	17.2	17.8	1.4
PNB	Buy	872	5.4	170	203	5.1	4.3	1,035	1,203	0.8	0.7	1.0	1.0	17.7	18.1	2.5
BOI	Neutral	355	3.7	52	60	6.8	6.0	404	453	0.9	0.8	0.6	0.6	13.6	13.9	2.0
BOB	Neutral	870	6.5	134	156	6.5	5.6	833	965	1.0	0.9	1.0	0.9	17.3	17.3	2.0
CBK	Buy	483	3.9	80	97	6.0	5.0	585	666	0.8	0.7	0.8	0.8	14.6	15.5	2.3
UNBK	Buy	249	2.5	52	61	4.8	4.1	305	352	0.8	0.7	0.9	0.9	18.1	18.7	3.2
IOB	Neutral	84	1.2	13	15	6.6	5.5	151	162	0.6	0.5	0.4	0.4	8.7	9.7	5.3
OBC	Buy	330	1.7	57	68	5.8	4.9	459	511	0.7	0.6	0.8	0.8	12.9	14.0	2.4
INBK	Buy	202	1.6	48	54	4.2	3.8	285	326	0.7	0.6	1.1	1.1	17.5	17.2	3.7
CRPBBK	Neutral	459	1.2	112	133	4.1	3.4	720	822	0.6	0.6	0.8	0.9	16.6	17.3	4.5
ANDB	Buy	117	1.2	26	31	4.5	3.8	170	194	0.7	0.6	0.9	1.0	16.1	17.0	4.7
IDBI	Neutral	108	2.5	18	21	5.9	5.1	163	179	0.7	0.6	0.7	0.7	11.7	12.5	3.2
DBNK	Neutral	114	0.7	27	30	4.2	3.7	167	193	0.7	0.6	0.8	0.8	17.3	16.9	2.6
<b>Public Aggregate</b>			<b>62.6</b>			<b>7.0</b>	<b>6.0</b>			<b>1.0</b>	<b>0.9</b>					
HDFC*	Buy	802	22.3	38	45	14.6	11.3	126	147	4.4	3.5	2.9	2.9	30.1	30.3	1.4
LICHF	Buy	285	2.6	26	32	10.8	8.8	150	175	1.9	1.6	1.5	1.5	19.0	20.0	1.3
DEWH	Buy	203	0.4	49	60	4.2	3.3	218	269	0.9	0.8	1.4	1.3	21.8	22.8	1.7
IDFC	Buy	171	4.7	14	16	12.5	10.5	92	104	1.6	1.4	2.7	2.7	16.3	17.1	1.3
RECL	Buy	242	4.4	42	50	5.8	4.9	205	239	1.2	1.0	3.1	3.1	22.1	22.4	3.1
POWF	Buy	210	5.0	36	43	5.8	4.9	204	233	1.0	0.9	2.9	2.9	19.0	19.6	2.9
SHTF	Buy	769	3.2	80	93	9.6	8.3	393	474	2.0	1.6	2.8	2.7	21.1	20.2	0.8
MMFS	Buy	1,065	2.2	91	115	11.7	9.3	464	548	2.3	1.9	3.5	3.6	21.1	22.6	1.3
<b>NBFC Aggregate</b>			<b>44.8</b>			<b>11.5</b>	<b>9.7</b>			<b>2.2</b>	<b>1.9</b>					

\*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 FY12 declared dividend

## Financials and Valuations

<b>Income Statement</b>		<b>(INR Million)</b>				
<b>Y/E March</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Financing Income	37,190	36,165	35,581	44,021	56,047	63,841
Financing charges	22,468	22,154	23,950	27,728	32,280	35,779
<b>Net Financing income</b>	<b>14,722</b>	<b>14,011</b>	<b>11,632</b>	<b>16,293</b>	<b>23,768</b>	<b>28,062</b>
Change (%)	9.7	-4.8	-17.0	40.1	45.9	18.1
Income from securitisation	6,801	14,943	20,075	18,622	18,156	20,226
<b>Net Income (Incl Secur)</b>	<b>21,522</b>	<b>28,954</b>	<b>31,707</b>	<b>34,915</b>	<b>41,924</b>	<b>48,288</b>
Change (%)	28.0	34.5	9.5	10.1	20.1	15.2
Other Income	968	1,725	2,423	1,636	1,717	1,889
<b>Net Income</b>	<b>22,491</b>	<b>30,680</b>	<b>34,130</b>	<b>36,551</b>	<b>43,642</b>	<b>50,177</b>
Change (%)	28.3	36.4	11.2	7.1	19.4	15.0
Employee Cost	2,251	3,582	3,701	3,793	4,552	5,462
Brokerage & Commission	501	752	662	596	686	788
Other Operating Exp.	2,424	2,892	3,275	3,422	3,942	4,346
<b>Operating Income</b>	<b>17,315</b>	<b>23,454</b>	<b>26,492</b>	<b>28,739</b>	<b>34,462</b>	<b>39,581</b>
Change (%)	41.2	35.5	13.0	8.5	19.9	14.9
<b>Total Provisions</b>	<b>4,069</b>	<b>5,235</b>	<b>7,683</b>	<b>8,413</b>	<b>9,805</b>	<b>11,374</b>
% to operating income	23.5	22.3	29.0	29.3	28.5	28.7
<b>PBT</b>	<b>13,246</b>	<b>18,219</b>	<b>18,809</b>	<b>20,326</b>	<b>24,657</b>	<b>28,206</b>
Tax	4,515	6,190	6,235	6,606	8,014	9,167
Tax Rate (%)	34.1	34.0	33.1	32.5	32.5	32.5
<b>PAT</b>	<b>8,731</b>	<b>12,028</b>	<b>12,574</b>	<b>13,720</b>	<b>16,643</b>	<b>19,039</b>
Change (%)	42.6	37.8	4.5	9.1	21.3	14.4
Proposed Dividend	1,360	1,468	1,471	1,646	1,997	2,285

<b>Balance Sheet</b>		<b>(INR Million)</b>				
<b>Y/E March</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>
Capital	2,255	2,262	2,263	2,263	2,263	2,263
Reserves & Surplus	36,092	46,747	57,660	69,454	83,761	100,127
<b>Net Worth</b>	<b>38,348</b>	<b>49,008</b>	<b>59,923</b>	<b>71,717</b>	<b>86,024</b>	<b>102,390</b>
<b>Borrowings</b>	<b>184,599</b>	<b>198,743</b>	<b>231,219</b>	<b>309,811</b>	<b>369,758</b>	<b>425,333</b>
Change (%)	-8.3	7.7	16.3	34.0	19.3	15.0
Other Liabilities & Prov.	76	35	22	22	22	22
<b>Total Liabilities</b>	<b>223,023</b>	<b>247,787</b>	<b>291,164</b>	<b>381,551</b>	<b>455,804</b>	<b>527,745</b>
Investments	18,560	36,453	39,544	45,476	50,024	55,026
Change (%)	183.5	96.4	8.5	15.0	10.0	10.0
<b>Loans</b>	<b>179,792</b>	<b>194,740</b>	<b>214,378</b>	<b>319,898</b>	<b>385,964</b>	<b>446,442</b>
Change (%)	0.1	8.3	10.1	49.2	20.7	15.7
Net Fixed Assets	464	364	377	602	602	577
Net Current Assets	24,206	16,229	36,864	15,575	19,214	25,699
<b>Total Assets</b>	<b>223,023</b>	<b>247,787</b>	<b>291,164</b>	<b>381,551</b>	<b>455,804</b>	<b>527,745</b>
<b>AUM Mix (%)</b>						
<b>AUM</b>	<b>291,590</b>	<b>361,826</b>	<b>402,139</b>	<b>485,707</b>	<b>574,428</b>	<b>662,508</b>
Change (%)	25.1	24.1	11.1	20.8	18.3	15.3
<b>On Books AUM</b>	<b>179,790</b>	<b>198,656</b>	<b>219,878</b>	<b>319,898</b>	<b>385,964</b>	<b>446,442</b>
Change (%)	0.1	10.5	10.7	45.5	20.7	15.7
% of AUM	61.7	54.9	54.7	65.9	67.2	67.4
<b>Off Books AUM</b>	<b>111,800</b>	<b>163,170</b>	<b>182,261</b>	<b>165,809</b>	<b>188,463</b>	<b>216,065</b>
Change (%)	108.7	45.9	11.7	-9.0	13.7	14.6
% of AUM	38.3	45.1	45.3	34.1	32.8	32.6

E: MOSL Estimates

## Financials and Valuations

<b>Ratios</b>						
Y/E March	2010	2011	2012	2013E	2014E	2015E
<b>Spreads Analysis (%)</b>						
Avg. Yield - on Financing portfolio	20.1	18.7	16.8	16.0	15.5	15.0
Avg Cost of funds	11.6	11.6	11.1	10.3	9.5	9.0
Int Spread on Financing portfolio	8.5	7.1	5.7	5.8	6.0	6.0
NIM (incl Securitisation)	8.2	8.9	8.3	7.9	7.9	7.8
<b>Profitability Ratios (%)</b>						
RoE	28.6	27.5	23.1	20.8	21.1	20.2
RoA on AUM	2.8	3.2	2.8	2.7	2.8	2.7
Int. Expended/Int.Earned	60.4	61.3	67.3	63.0	57.6	56.0
Other Inc./Net Income	34.5	54.3	65.9	55.4	45.5	44.1
<b>Efficiency Ratios (%)</b>						
Op. Exps./Net Income	23.0	23.6	22.4	21.4	21.0	21.1
Empl. Cost/Op. Exps.	43.5	49.6	48.5	48.6	49.6	51.5
Loans/Borrowings Ratio	97.4	98.0	92.7	103.3	104.4	105.0
Leverage	5.8	5.1	4.9	5.3	5.3	5.2
<b>Valuations</b>						
Standalone BV (INR)	170	217	265	317	380	452
BV Growth (%)		27.4	22.2	19.7	19.9	19.0
Price-BV (x)			2.9	2.4	2.0	1.7
Consolidated BV (INR)	170	217	267	324	393	474
Price-ABV (x)			2.9	2.4	2.0	1.6
Standalone EPS (INR)	38.7	53.2	55.6	60.6	73.5	84.1
Growth (%)	28.7	37.4	4.5	9.1	21.3	14.4
Price-Earnings (x)			13.8	12.7	10.5	9.1
Consolidated EPS (INR)	38.7	52.6	57.0	65.5	80.1	92.7
EPS Growth (%)		35.9	8.3	14.9	22.2	15.7
Price-Earnings (x)			13.5	11.7	9.6	8.3
Dividend	6.0	6.5	6.5	7.3	8.8	10.1
Dividend Yield (%)			0.8	0.9	1.1	1.3

E: MOSL Estimates



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