

Rural Electrification Corp

BSE SENSEX	S&P CNX	CMP: INR183	TP: INR210	Buy					
16,839	5,100								
Bloomberg	RECL IN								
Equity Shares (m)	987.5								
52-Week Range (INR)	251/142								
1,6,12 Rel.Perf.(%)	0/-5/-6								
M.Cap. (INR b)	180.9								
M.Cap. (USD b)	3.3								
Year	Net Income	Adj PAT	EPS	EPS	P/E	BV	P/BV	RoAA	RoAE
End	(INR m)	(INR m)	(INR)	Gr. (%)	(X)	(INR)	(X)	(%)	(%)
3/11A	36,443	25,664	25.9	28.2	-	129	-	3.4	21.5
3/12A	40,780	28,173	28.6	10.1	6.4	149	1.2	3.0	20.5
3/13E	49,592	34,275	34.7	21.5	5.3	170	1.1	3.0	21.8
3/14E	59,586	41,195	41.7	20.2	4.4	194	0.9	3.1	22.9

Rural Electrification Corporation (RECL) reported PAT growth of 32.5% YoY and 15% QoQ for 1QFY13. PAT was 12% higher than our estimate, led by strong NII growth, other income and no provisioning in 1QFY13. **Key highlights:**

- Healthy loan growth (24% YoY; 5% QoQ) coupled with 27bp QoQ margin expansion led to positive surprise on NII (6% above estimate). NII grew 28% YoY and 14% QoQ to INR11.6b.
- Loan growth remained healthy, driven by the T&D segment (+4% QoQ and 26% YoY) and short-term loans. During the quarter, short-term loans constituted 30% of incremental loans.
- Spreads improved 21bp QoQ, led by higher yield (+17bp QoQ) on loans (incrementally higher share of short-term loans in disbursements) and 4bp decline in cost of funds on account of higher funds raised in the form of ECBs and tax free bonds during 4QFY12.
- Post two quarters of decline, sanctions grew 3% YoY and 116% QoQ, mainly in the T&D segment. Disbursements grew 25% YoY (down 30% QoQ) to INR68.6b. Disbursement growth was strong across segments.
- Asset quality remained stable QoQ, with GNPA at 0.46% and NNPA at 0.4% at the end of 1QFY13. There were no provisions made during the quarter.

Valuation and view: We expect earnings CAGR of ~20%, with average RoA of ~3% over FY12-14. While margin compression and higher provisioning expenses impacted RoA in FY12, we expect margins to stabilize at current levels. The stock trades at 1.1x FY13E BV of INR170 and 0.9x FY14E BV of INR194. Maintain **Buy**.

Y/E March	FY12				FY13				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY12	FY13E
Net Interest Income	9,097	9,501	10,052	10,207	11,654	11,751	11,870	11,995	38,850	47,271
YoY Gr (%)	17.3	21.8	18.5	19.5	28.1	23.7	18.1	17.5	19.3	21.7
Other Operational Income	393	171	136	595	717	250	250	264	741	1,481
Net Operational Income	9,490	9,673	10,188	10,803	12,372	12,001	12,120	12,259	39,591	48,752
YoY Gr (%)	18.9	18.1	12.6	22.2	30.4	24.1	19.0	13.5	16.2	23.1
Other Income	136	-880	1,221	145	-133	250	350	373	1,189	841
Total Net Income	9,625	8,793	11,408	10,948	12,239	12,251	12,470	12,633	40,780	49,592
YoY Gr (%)	16.3	0.5	21.4	9.2	27.2	39.3	9.3	15.4	11.9	21.6
Operating Expenses	419	456	779	671	456	610	660	799	2,326	2,524
YoY Gr (%)	22.2	18.5	101.6	19.7	8.7	33.9	-15.2	19.1	38.7	8.5
% to Income	4.4	5.2	6.8	6.1	3.7	5.0	5.3	6.3	5.7	5.1
Operating Profit	9,206	8,337	10,629	10,277	11,784	11,641	11,810	11,834	38,454	47,068
YoY Gr %	16.1	-0.3	17.9	8.6	28.0	39.6	11.1	15.1	10.6	22.4
Op. Profit adj. forex gain /loss	9,278	9,597	9,763	10,341	11,934	11,791	12,036	12,734	38,980	78,196
YoY Gr (%)	16.9	18.7	8.6	16.2	28.6	22.9	23.3	23.1	14.9	100.6
Provisions	250	0	241	32	0	250	250	250	523	750
PBT	8,956	8,337	10,389	10,245	11,784	11,391	11,560	11,584	37,931	46,318
YoY Gr (%)	12.9	-0.3	15.2	8.3	31.6	36.6	11.3	13.1	9.1	22.1
Tax	2,338	2,112	2,693	2,618	3,016	2,962	3,006	3,067	9,758	12,043
Tax Rate (%)	26.1	25.3	25.9	25.6	25.6	26.0	26.0	26.5	25.7	26.0
PAT	6,619	6,225	7,695	7,627	8,767	8,429	8,555	8,517	28,173	34,275
YoY Gr (%)	12.7	0.7	15.9	8.9	32.5	35.4	11.2	11.7	9.6	21.7
Adjusted PAT	6,672	7,166	7,054	7,675	9,046	8,540	8,666	8,683	28,566	34,935
YoY Gr (%)	13.5	19.8	6.5	16.5	35.6	19.2	22.9	13.1	14.0	22.3

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

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

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

Y/E March	1QFY13A	1QFY13E	Var (%)	Comments
Net Income	11,654	10,992	6	Higher yields on short term loans and benefits of borrowing through ECB and tax free bonds led to higher spreads
Other Operating Inc.	717	200	259	Interest income on interbank deposits led to higher other income
Total Net Income	12,239	11,392	7	
Operating Expenses	456	535	-15	Employee expenses and other opex were lower than expected
Operating Profit	11,784	10,857	9	
Other Provisions	0	250	-100	Stable asset quality led to NIL provisions
Profit before Tax	11,784	10,607	11	
Tax Provisions	3,016	2,758	9	
Net Profit	8,767	7,849	12	Higher NII and other income led to higher bottomline

Source: Company/MOSL

Loan growth remains healthy; utilized excess liquidity in balance sheet to fund growth

Loans grew at a healthy pace by 24% YoY and 5% QoQ to INR1.06t. During the quarter, short term loans formed 30% of incremental loans. As a consequence, segmental loan mix shifted slightly in favor of short term loans to 7.4% as against 6.2% in FY12 and 6.3% in 1QFY12. Share of generation segment remained largely stable at 44.2% v/s 44.6% a quarter ago, with rest being to T&D segment.

Based on borrower wise classification, exposure to all segments was stable QoQ with state entities forming ~84% and central government entities at 5.2%. Borrowings grew 25% YoY but remained flat QoQ. During the quarter, bank borrowing as a percentage of overall borrowing declined to 7% as against 8.9% a quarter ago, whereas that of bonds (capital gains) increased to 19.2% v/s 18.6% a quarter ago. Share of foreign borrowings too increased to 12.7% from 11.9% in the previous quarter.

T&D segment drives growth in both sanctions and disbursements

Post two quarters of contraction in sanctions on a YoY basis, sanctions increased by 3% YoY and 116% QoQ to INR218b. Incrementally, overall sanctions growth was driven by the generation segment which 9x QoQ on a lower base, however declined (40% YoY). Meanwhile, sanctions in the T&D segment reported strong growth of 30% QoQ and 113% YoY to INR105.7b. As a percentage to overall sanctions it stood at ~49%. Sanction to short term loan also increased to INR20.9b v/s INR9.5b a quarter ago and INR10.1b a year ago.

Disbursement growth was healthy at 25% YoY, though declined 30% QoQ on a higher base, to INR68.6b. Even in disbursements, the growth in short term loans remained strong (up 38% and increased 3x YoY). Incrementally, 28% of disbursements were short term in nature, which too aided margin expansion. T&D segment formed ~38% of incremental disbursement (+38% YoY). Generation segment disbursements declined 21% YoY and 35% QoQ to INR23.6b.

Reported margins improve 27bp QoQ to 4.5%

Healthy loan growth (5% QoQ) coupled with 27bp QoQ improvement in margin led to positive surprise on NII (6% above est.), NII grew 28% YoY and 14% QoQ to INR11.6b. Sequential improvement in margins could be attributed to 1) 17bp QoQ improvement in yields on loans, 2) utilization of excess liquidity in balance sheet as borrowings to loans declined to 84% from 89% a quarter ago and 2) containment of cost of funds (declined 4bp QoQ) due to benefit of funds raised through ECBs and tax free bonds in 4QFY12 accrued in current quarter. As a result, spreads improved 21bp QoQ.

Asset quality remains stable

Asset quality remained stable QoQ with GNPA and NNPA at 0.46% and 0.4%. As a result, provisioning expenses was NIL as against INR32m a quarter ago and INR250m during the year ago period. With the rising risk quotient for SEB loans and sharply increasing private sector loans proportion, no standard asset provisioning remains a concern.

Valuation and view

Loan growth has remained strong in the quarter gone by and with sanctions gaining momentum, we expect RECL to clock a healthy 19-20% loan CAGR over FY12-14. However, in current macroeconomic environment, asset quality is a bigger concern than growth slowdown. High SEB losses and uncertainty towards restructuring of SEB loans to improve their financial health 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 provide some comfort.

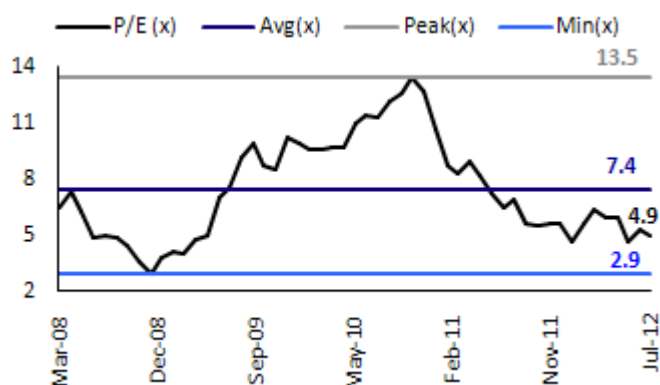
We largely maintain our estimates and expect earnings CAGR of ~20%, with average RoA of ~3% over FY12-14. While margin compression and higher provisioning expenses impacted RoA in FY12, we expect margins to stabilize at current levels. Asset quality remains a key monitorable. The stock trades at 1.1x FY13E BV of INR170 and 0.9x FY14E BV of INR194. Maintain **Buy**.

We largely maintain our earnings estimates (INR b)

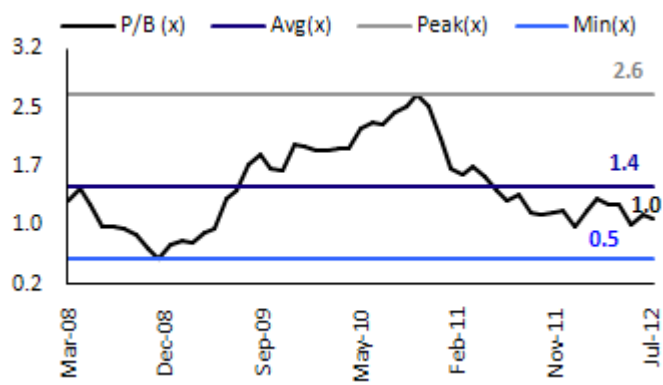
	Old Est.		New Est.		% Change	
	FY13	FY14	FY13	FY14	FY13	FY14
NII	46.8	55.7	47.3	56.8	1.0	2.0
Other Income	2.2	2.5	2.3	2.8	4.2	10.5
Total Income	49.0	58.2	49.6	59.6	1.1	2.4
Operating Expenses	2.5	2.9	2.5	2.9	0.0	0.0
Operating Profits	46.5	55.3	47.1	56.7	1.2	2.5
Provisions	1.0	1.0	0.8	1.0	-25.0	0.0
PBT	45.5	54.3	46.3	55.7	1.8	2.5
Tax	11.8	14.1	12.0	14.5	1.8	2.5
PAT	33.7	40.2	34.3	41.2	1.8	2.5
Margins (%)	4.2	4.2	4.2	4.3		
RoA (%)	3.0	3.0	3.0	3.1		
RoE (%)	21.4	22.4	21.8	22.9		

Source: MOSL

RECL: One year forward P/E (x)

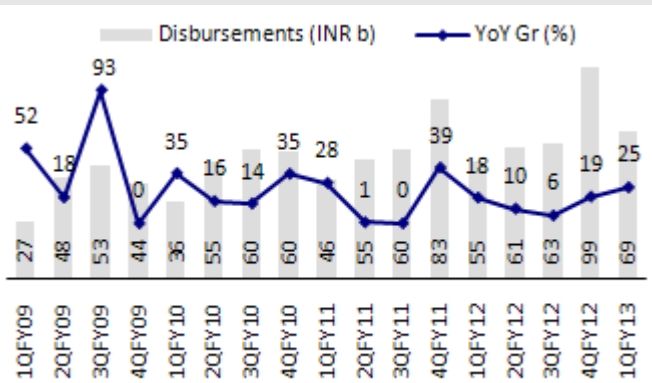


RECL: One year forward P/BV (x)



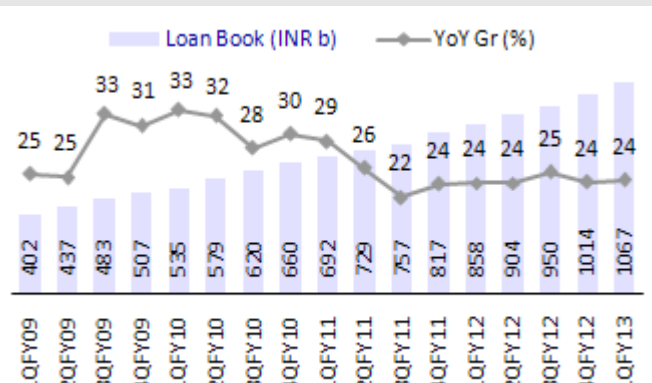
Quarterly trends

Disbursement growth picks up



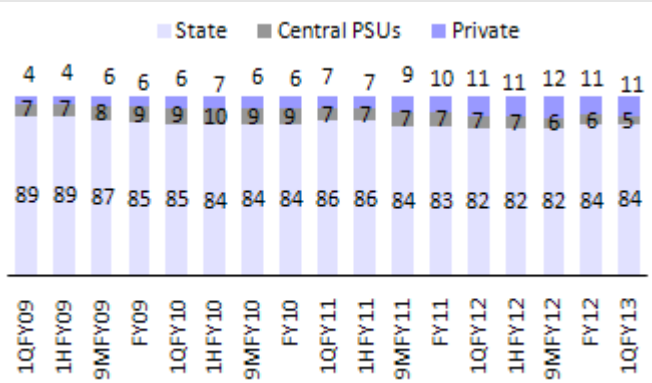
- Disbursements growth was driven by strong growth in the T&D segment (38% of the incremental disbursements), up 38% YoY to INR25.9b

Loan growth remains healthy



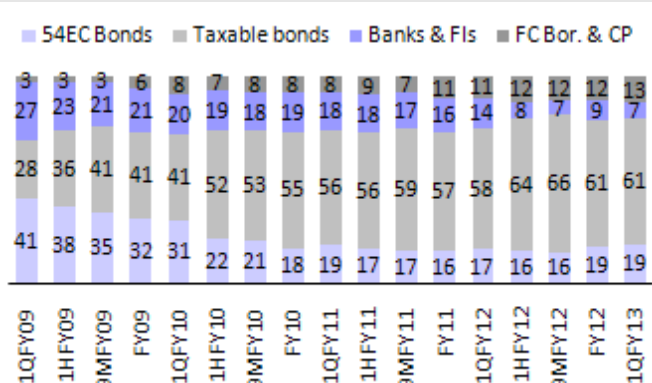
- Loan growth remained healthy at 24% YoY and 5% QoQ to INR1.06t. led by healthy growth in T&D segment

Borrower-wise loan mix remain largely stable (%)



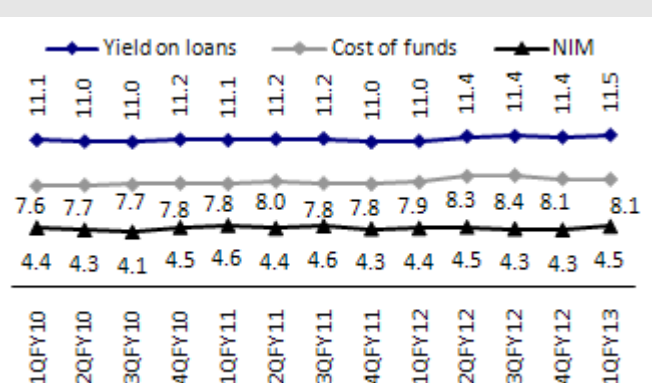
- Exposure to all segments was stable QoQ with state entities forming ~84% and central government entities at 5.2%

Proportion of bank loans declined sequentially (%)



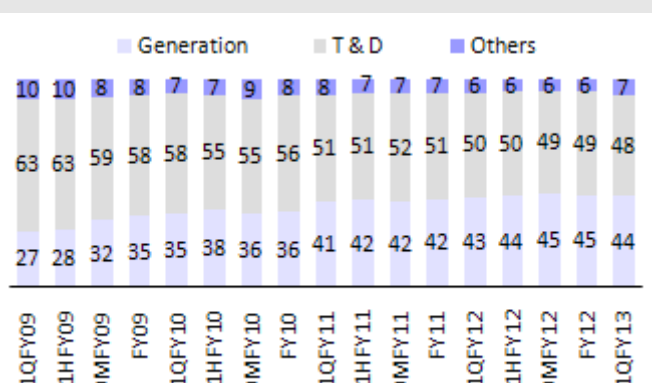
- Bank borrowing as a percentage of overall borrowing declined to 7% vs 8.9% in 4QFY12, whereas that of bonds (capital gains) increased to 19.2% v/s 18.6% a quarter ago

Reported margins improve 27bp QoQ (%)



- 17bp improvement in yields and containment of cost of funds led to 27bp improvement in margins

Proportion of short term loans increase sequentially (%)



- Segmental loan mix shifted slightly in favor of short term loans to 7.4% v/s 6.2% in FY12 and 6.3% in 1QFY12

Quarterly Snapshot

	FY11				FY12				FY13	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		1Q	QoQ
Profit and Loss (INR m)											
Net Interest Income	7,758	7,801	8,480	8,538	9,097	9,501	10,052	10,207	11,654	-12	28
Operating Expenses	343	385	386	561	419	456	779	671	456	47	9
Employee	261	260	287	468	331	302	680	397	354	12	7
Others	82	125	100	93	88	153	99	274	101	N.A.	15
Operating Profits	7,933	8,361	9,015	9,460	9,206	8,337	10,629	10,277	11,784	-13	28
Provisions	0	1	0	1	250	0	241	32	0	N.A.	N.A.
PBT	7,933	8,360	9,015	9,459	8,956	8,337	10,389	10,245	11,784	-13	32
Taxes	2,059	2,178	2,374	2,457	2,338	2,112	2,693	2,618	3,016	-13	29
PAT	5,874	6,182	6,641	7,003	6,619	6,225	7,695	7,627	8,767	-13	32
Asset Quality											
GNPA	200	200	200	200	2,700	2,700	4,930	4,900	4,900	0	81
NNPA	20	20	20	20	2,270	2,270	4,260	4,260	4,260	0	88
Gross NPAs (%)	0.03	0.03	0.03	0.02	0.31	0.30	0.52	0.48	0.46		
Net NPAs (%)	0.00	0.00	0.00	0.00	0.26	0.25	0.45	0.42	0.40		
PCR (%)	90.0	90.0	90.0	90.0	15.9	15.9	13.6	13.1	13.1		
Ratios (%)											
Cost to Income	4.1	4.4	4.1	5.6	4.4	5.2	6.8	6.1	3.7		
Provision to operating profit	0.0	0.0	0.0	0.0	2.7	0.0	2.3	0.3	0.0		
Tax Rate	26.0	26.0	26.3	26.0	26.1	25.3	25.9	25.6	25.6		
Total CAR	21.2	20.6	20.2	19.1	18.4	18.1	17.4	16.0	16.0		
Margins Reported (%)											
Yield on earning assets	11.1	11.2	11.2	11.0	11.0	11.4	11.4	11.4	11.5	17	48
Cost of Funds	7.8	8.0	7.8	7.8	7.9	8.3	8.4	8.1	8.1	-4	21
Spreads	3.4	3.2	3.4	3.2	3.2	3.1	3.0	3.2	3.4	21	27
NIMs	4.6	4.4	4.6	4.3	4.4	4.5	4.3	4.3	4.5	27	14
Business Details (INR b)											
Sanctions	229	104	106	226	212	108	88	101	218	116	3
Disbursements	46	55	60	83	55	61	63	99	69	-30	25
Loans	692	729	757	817	858	904	950	1,014	1,067	5	24
Borrowings	575	604	632	700	714	756	811	900	896	0	25
Sanctions discipline wise (%)											
Generation	49	46	60	80	72	27	46	10	42		
Trans & Dist	49	43	31	15	23	59	42	81	49		
Short term loans	2	11	9	4	5	14	12	9	10		
Disbursements discipline wise (%)											
Generation	70	50	36	43	55	49	43	37	34		
Trans & Dist	26	36	42	47	34	41	39	49	38		
Short term loans & Others	4	14	22	10	11	10	18	14	28		
Loans discipline wise (%)											
Generation	41	42	42	42	43	44	45	45	44		
Trans & Dist	51	51	52	51	50	50	49	49	48		
Short term loans and others	8	7	7	7	6	6	6	6	7		
Loans borrower wise (%)											
State	86	86	84	83	82	82	82	84	84		
Central PSUs	7	7	7	7	7	7	6	6	5		
Private	7	7	9	10	11	11	12	11	11		
Borrowing mix (%)											
Capital gains bonds	19	17	17	16	17	16	16	19	19		
Taxable Bonds	56	56	59	57	58	64	66	61	61		
Banks and Fis	18	18	17	16	14	8	7	9	7		
Foreign	4	7	7	11	11	12	12	12	13		

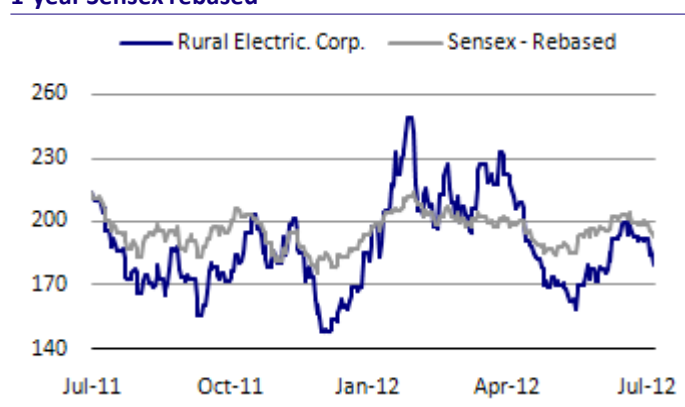
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	34.7	32.2	7.7
FY14	41.7	37.1	12.3

Shareholding pattern (%)

	Jun-12	Mar-12	Jun-11
Promoter	66.8	66.8	66.8
Domestic Inst	6.1	6.4	5.2
Foreign	20.2	19.6	19.1
Others	7.0	7.2	8.9

1-year Sensex rebased



Financials: Valuation Matrix

	Rating	CMP (INR)	Mcap (USD\$b)	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)		Dividend Yield (%) #
				FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14	
ICICIBC*	Buy	928	19.1	69	81	10.3	8.6	1.6	1.4	1.6	1.6	15.1	15.7	1.8
HDFCB	Neutral	584	24.5	29	36	20.4	16.4	3.9	3.3	1.8	1.8	20.7	21.9	0.7
AXSB	Buy	998	7.4	115	132	8.7	7.6	1.6	1.3	1.6	1.5	19.6	19.1	1.6
KMB	Neutral	530	7.0	27	31	19.5	17.3	2.6	2.3	1.6	1.5	14.5	14.2	0.1
YES	Buy	353	2.2	35	43	10.0	8.3	2.2	1.8	1.5	1.5	24.1	23.7	1.1
IIB	Buy	327	2.7	21	28	15.3	11.8	2.8	2.4	1.6	1.7	20.2	21.8	0.7
VYSB	Buy	374	1.0	36	40	10.4	9.2	1.3	1.2	1.0	1.0	13.1	13.2	1.1
FB	Buy	401	1.2	51	59	7.8	6.8	1.1	1.0	1.3	1.3	14.5	14.9	2.2
J&KBK	Buy	905	0.8	187	216	4.9	4.2	0.9	0.8	1.4	1.3	20.4	20.2	3.7
SIB	Buy	23	0.2	4.4	5.3	5.1	4.3	1.1	0.9	1.1	1.1	22.5	22.6	2.7
Private Aggregate			66.1			14.1	11.9	2.2	1.9					
SBIN (cons)*	Buy	1,941	23.3	288	343	6.4	5.3	1.0	0.9	1.1	1.1	17.7	18.2	1.8
PNB	Buy	716	4.3	153	185	4.7	3.9	0.8	0.7	1.1	1.1	18.2	18.8	3.1
BOI	Neutral	291	3.0	55	64	5.3	4.6	0.8	0.7	0.8	0.7	15.7	16.1	2.4
BOB	Neutral	650	4.8	122	137	5.3	4.8	0.9	0.8	1.0	1.0	18.2	17.5	2.6
CBK	Buy	384	3.0	75	84	5.1	4.6	0.7	0.6	0.8	0.8	15.1	15.0	3.2
UNBK	Buy	164	1.6	42	48	3.9	3.4	0.6	0.5	0.8	0.8	16.8	16.7	4.9
IOB	Neutral	70	1.0	15	17	4.8	4.2	0.5	0.4	0.5	0.5	10.4	10.9	7.5
OBC	Buy	213	1.1	49	56	4.4	3.8	0.5	0.5	0.7	0.7	12.3	12.7	3.7
INBK	Buy	174	1.3	43	47	4.0	3.7	0.7	0.6	1.2	1.1	18.2	17.2	4.3
CRPBK	Neutral	391	1.0	111	119	3.5	3.3	0.6	0.5	0.9	0.9	18.4	17.3	5.2
ANDB	Buy	100	1.0	26	29	3.8	3.5	0.7	0.6	1.1	1.0	18.4	17.6	5.5
IDBI	Neutral	85	1.9	18	21	4.7	4.1	0.6	0.5	0.8	0.7	12.7	13.0	4.1
DBNK	Buy	87	0.5	27	31	3.2	2.8	0.6	0.5	1.0	1.0	20.2	19.6	3.6
Public Aggregate			48.0			5.9	5.1	0.9	0.8					
HDFC*	Buy	674	17.8	32	39	14.6	11.3	4.4	3.5	2.9	2.9	29.4	30.9	1.6
LICHF	Buy	251	2.3	23	33	11.0	7.7	1.9	1.6	1.7	1.8	18.8	21.3	1.4
DEWH	Buy	144	0.3	38	51	3.8	2.8	0.8	0.6	1.5	1.4	21.7	22.7	2.4
IDFC	Buy	128	3.5	11	13	11.3	7.7	1.2	1.0	2.6	2.6	13.3	14.0	1.8
RECL	Buy	183	3.2	35	42	5.3	4.4	1.1	0.9	3.0	3.1	21.8	22.9	4.1
POWF	Buy	172	4.1	28	31	6.2	5.5	1.0	0.9	2.6	2.6	16.5	16.5	3.5
SHTF	Buy	563	2.3	60	70	9.4	8.0	1.8	1.5	2.6	2.6	20.6	20.3	1.8
MMFS	Buy	673	1.2	79	94	8.5	7.2	1.9	1.6	3.6	3.5	25.1	24.6	2.1
NBFC Aggregate			34.6			11.0	9.2	1.9	1.9					

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

Div Yield based on FY12 declared dividend

Financials and Valuation

Income Statement					(INR Million)	
Y/E March	2009	2010	2011	2012	2013E	2014E
Interest on Loans	46,649	64,309	81,088	102,640	124,696	145,802
Interest Exp and Other Charges	28,873	39,009	48,510	63,790	77,425	88,969
Net Financing Income	17,776	25,299	32,578	38,850	47,271	56,833
Change (%)	37.1	42.3	28.8	19.3	21.7	20.2
Other Operating Income	922	1,189	1,481	741	1,481	1,778
Other Income	1,741	1,578	2,384	1,189	841	976
Net Income	20,439	28,067	36,443	40,780	49,592	59,586
Change (%)	38.7	37.3	29.8	11.9	21.6	20.2
Employee Cost	872	1,171	1,275	1,710	1,795	2,064
Administrative Exp	224	277	337	370	426	490
Other Operating Exp.	112	172	66	246	303	363
Operating Income	19,231	26,446	34,765	38,454	47,068	56,669
Change (%)	42.1	37.5	31.5	10.6	22.4	20.4
Total Provisions	34	2	2	523	750	1,000
% to Operating Income	0.2	0.0	0.0	1.4	1.6	1.8
PBT	19,197	26,444	34,763	37,931	46,318	55,669
Prior Period Adjustments	4	-1	-32	0	0	0
PBT(post prior period adj)	19,201	26,443	34,731	37,931	46,318	55,669
Tax (Incl Deferred tax)	6,480	6,478	9,067	9,758	12,043	14,474
Tax Rate (%)	33.8	24.5	26.1	25.7	26.0	26.0
PAT	12,721	19,965	25,664	28,173	34,275	41,195
Change (%)	47.9	57.0	28.5	9.8	21.7	20.2
PAT (Incl DTL)	14,117	19,971	25,610	28,200	34,275	41,195
Change (%)	50.6	41.5	28.2	10.1	21.5	20.2
Proposed Dividend	3,864	6,032	7,406	7,410	11,996	14,418

Balance Sheet					0 IR Million)	
Y/E March	2009	2010	2011	2012	2013E	2014E
Capital	8,587	9,875	9,875	9,875	9,875	9,875
Reserves & Surplus	62,881	100,855	117,884	137,475	157,714	182,040
Net Worth	71,468	110,730	127,758	147,349	167,589	191,914
Borrowings	449,360	559,482	700,038	899,680	1,044,146	1,232,655
Change (%)	31.1	24.5	25.1	28.5	16.1	18.1
Total Liabilities	520,827	670,212	827,797	1,047,029	1,211,735	1,424,570
Investments	10,049	9,099	8,124	7,580	7,959	8,357
Change (%)	-12.4	-9.5	-10.7	-6.7	5.0	5.0
Loans	513,814	664,526	821,321	1,013,620	1,214,123	1,433,320
Change (%)	30.7	29.3	23.6	23.4	19.8	18.1
Net Fixed Assets	809	899	881	780	865	890
Net current assets	-3,845	-4,312	-2,529	25,049	-11,212	-17,997
Total Assets	520,827	670,212	827,797	1,047,029	1,211,735	1,424,570

E: MOSL Estimates

Financials and Valuation

Ratios						
Y/E March	2009	2010	2011	2012	2013E	2014E
Spreads Analysis (%)						
Avg. Yield - on Financing Portfolio	10.3	10.9	10.9	11.2	11.2	11.0
Avg Cost of Funds	7.3	7.7	7.6	7.9	7.8	7.7
Interest Spread	3.0	3.2	3.3	3.3	3.3	3.3
Net Interest Margin	3.9	4.3	4.4	4.2	4.2	4.3
Profitability Ratios (%)						
RoE	21.2	21.9	21.5	20.5	21.8	22.9
RoA	3.1	3.4	3.4	3.0	3.0	3.1
Efficiency Ratios (%)						
Int. Expended/Int.Earned	61.9	60.7	59.8	62.1	62.1	61.0
Op. Exps./Net Income	5.9	5.8	4.6	5.7	5.1	4.9
Empl. Cost/Op. Exps.	72.2	72.3	76.0	73.5	71.1	70.8
Asset-Liability Profile (%)						
Loans/Borrowings Ratio	114.3	118.8	117.3	112.7	116.3	116.3
Debt/Equity Ratio	6.3	5.1	5.5	6.1	6.2	6.4
Valuations						
Book Value (INR)	83.2	112.1	129.4	149.2	169.7	194.4
Price-BV (x)				1.2	1.1	0.9
OPS (INR)	22.4	26.8	35.2	38.9	47.7	41.7
Price-OP (x)				4.7	3.8	4.4
EPS (INR)	16.4	20.2	25.9	28.6	34.7	41.7
EPS Growth (%)	50.6	23.0	28.2	10.1	21.5	20.2
Price-Earnings (x)				6.4	5.3	4.4
Dividend	4.5	6.5	7.5	7.5	12.1	14.6
Dividend Yield (%)				4.1	6.6	8.0

E: MOSL Estimates

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