

## Non-banking Financials

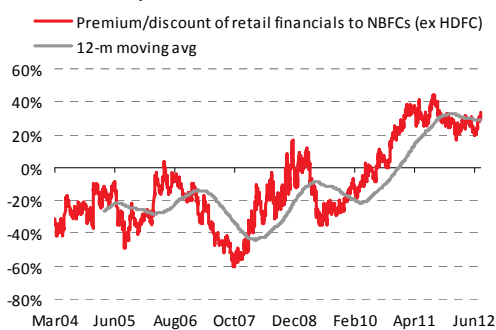
### Housing and power financials could outperform

#### Sector Report

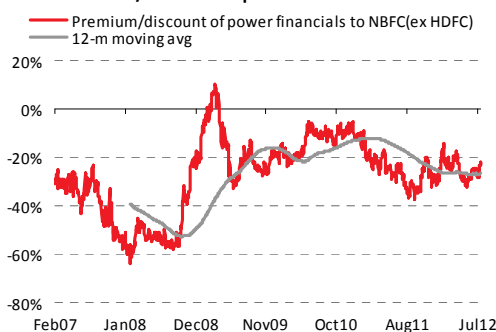
Aug 17, 2012		1-m	3-m	6-m
SENSEX Index	17,728	3.0	10.6	-0.7
Nifty Index	5,380	2.9	10.7	-0.7
NBFC Index	1,333	5.0	18.5	-1.2
Retail financials	5,204	6.8	4.7	32.6
Power financials	504	5.2	-13.2	35.2
Housing financials	1,261	5.0	0.5	11.6

Company	Rating	TP (INR)
HDFC Ltd.	Add	768
LIC Housing Finance	Buy	329
Mahindra Finance	Add	853
Power Finance	Add	214
Rural Electrification Corp	Add	235
Shriram Transport Finance	Add	615
Sundaram Finance	Hold	749

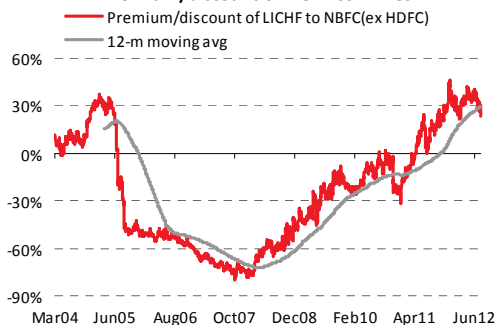
#### Premium/discount of Retail financials to NBFCs



#### Premium/discount of power financials to NBFC



#### Premium/discount of LICHF to NBFCs



A fall in NIMs and increase in NPLs were the key negatives for NBFCs during the quarter ended Jun12. The outperformance of NBFCs waned due to concerns on slowing growth and higher funding costs. A decline in wholesale rates may drive a rebound in NIMs over the coming quarters. The rise in NPLs during the Jun12 quarter is likely to be seasonal. Among NBFCs, select pockets such as housing and power financials may extend their strong earnings momentum. A rebound in NIMs for housing financials may halt last month's underperformance. Likely favourable policy actions to address the high losses of state electricity boards (SEBs) may improve sentiment for power financials, as valuations continue to remain attractive. We prefer LIC Housing Finance (Buy) among housing financials, Rural Electrification Corporation (Buy) among power financials and Mahindra Finance (Add) among retail financials. Increase in slippages and a sharp fall in NIMs are the key risk factors.

#### Rise in P/B premium may not sustain for retail financials

An increase in the tilt towards retail loans, amid a slowdown in corporate loans within banks, is likely to raise the competitive intensity in the commercial vehicle (CV) financing segment. A growth in competition and fall in volume growth of new CV sales may drive a moderation in loans growth for retail financials. The decline in NIMs in Jun12 may not sustain, as lower wholesale rates may aid NIMs in the coming quarters. With a moderation in loan growth and consequently profitability, the rise in the P/B premium of retail financials to NBFCs may not sustain. We prefer Mahindra Finance (MMFS), as earnings growth is likely to stay higher than peers.

#### Likely policy action may aid sentiment for power financials

After nearly two quarters of higher slippages and/or restructuring, asset quality remained stable during Jun12. Easing concerns on the high losses of ailing SEBs and likely government policy action led to a decline in the P/B premium of power financials to NBFCs (excluding HDFC). The discount of power financials fell from 35% in Oct11 to 23%, as on Aug11. The improvement in sentiment in the near term may sustain the decline in the valuation discount to other NBFCs.

#### NIMs to rebound, underperformance of HFCs may not extend

A drop in NIMs for housing financials in Jun12 may be temporary, as higher asset re-pricing is likely to drive a rebound from Sep12. The increase in NPLs during the Jun12 quarter is likely to be seasonal in nature. LIC Housing Finance (LICHF) underperformed other NBFCs in the last three months with the premium to NBFCs (excluding HDFC) falling from 45% in Jan12 to 25% in Jul12, mainly on concerns regarding margin and growth slowdown. A rebound in NIMs over the coming quarters may halt last month's underperformance.

#### Prefer LICHF, RECL and MMFS

Our preferred picks are LICHF among housing financials, Rural Electrification Corporation (RECL) among power financials and MMFS among retail financials.

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## Rise in P/B premium may not sustain for retail financials

An increase in the tilt towards retail loans amid a slowdown in corporate loans within banks is likely to raise the competitive intensity in the CV financing segment. With growth of LCVs still strong, banks have grown aggressively in this segment over the last three–four quarters and may have grabbed market share from retail financials. Thus, a rise in competition and reduction in the volume growth of new CV sales is likely to drive a moderation in loan growth for retail financials. The decline in NIMs during Jun12 may not sustain, as lower wholesale rates may aid NIMs over the coming quarters. We forecast NIMs (on balance sheet) at a three-year average of 11.3%, 12.8% and 6.7%, respectively, for MMFS, SHTF and SUF. Retail financials have largely outperformed other NBFC peers over the last month with the P/B premium rising from 21%, as at the end of Jun12, to 33% in Aug12, primarily driven by the outperformance of MMFS and SUF over the last month. With a moderation in loans and consequently profitability, the rise in the P/B premium of retail financials to NBFCs may not sustain. We prefer MMFS among retail financials, as earnings growth is likely to stay higher than peers.

**Increase in competition and reduction in volume growth of new CV sales is likely to drive a moderation in loan growth for retail financials.**

### Competitive headwinds pick up, growth may moderate

A rising tilt towards retail loans amid a slowdown in corporate loans is likely to increase the competitive intensity in the CV financing segment. With the growth of LCVs still strong, banks have grown aggressively in this segment over the last three–four quarters and are likely to have grabbed market share from retail financials. With banks present largely in new CV loans, the slowing growth for SHTF in new CV loans since the last two quarters appears to be likely due to higher competition. Thus, a growth in competition and reduction in volume growth of new CV sales is likely to drive a moderation in loan growth for retail financials. We estimate a CAGR of 17%, 15% and 14% in loans, respectively, for MMFS, SHTF and SUF over FY13–FY15.

Exhibit 1: Y-o-y growth in CV loans at quarterly intervals for banks and retail financials

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
HDFCB	36%	43%	63%	44%	60%	59%
AXSB*	10%	28%	40%	56%	60%	50%
SHTF (new CV)	27%	32%	27%	13%	3%	2%
SHTF (used CV)	27%	19%	18%	17%	14%	16%
MMFS	41%	45%	49%	45%	41%	37%
SUF	20%	26%	31%	36%	40%	55%

Source: Company, Avendus Research

\*refers to auto loans for AXSB

### NIMs moderate; lower wholesale rates may aid NIMs in Sep12

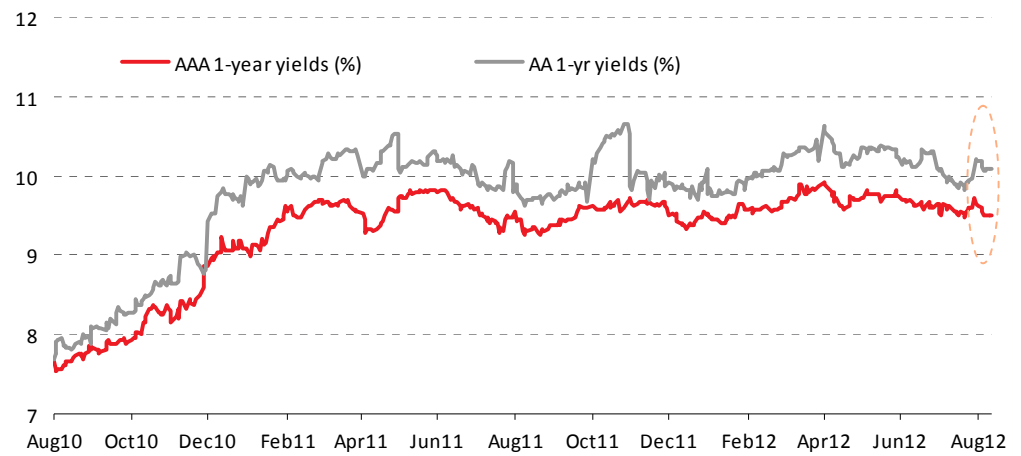
**Lower wholesale rates may aid NIMs during the Sep12 quarter**

NIMs moderated for MMFS and SUF during the quarter ended Jun12, led by higher funding costs, and lower yields. However, NIMs continued to rebound for SHTF, driven by the utilization of excess cash on the balance sheet. Lower wholesale rates may aid NIMs during the Sep12 quarter. We maintain our NIM (on balance sheet) forecasts at a three-year average of 11.3%, 12.8% and 6.7%, respectively, for MMFS, SHTF and SUF (please refer to Exhibit 2, 3 and 4).

### Uptick in NPLs seasonal, may not sustain

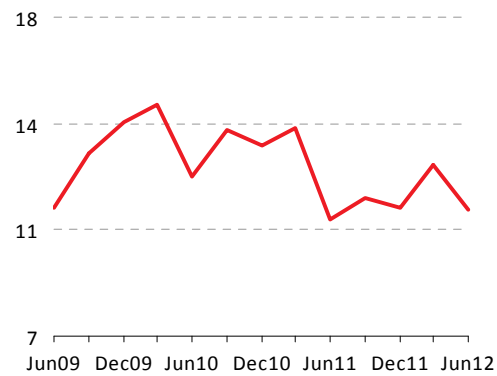
The uptick in NPLs for retail financials during the Jun12 quarter was mainly seasonal in nature. Typically the quarter ended Mar12 records the highest quantum of recoveries and upgrades; hence, NPLs spiked during the Jun12 quarter. We estimate incremental gross NPLs to starting loans at a three-year mean of 1% for SHTF and MMFS, and 0.8% for SUF (please refer to Exhibit 5).

Exhibit 2: 1-year AAA and AA yields (%)



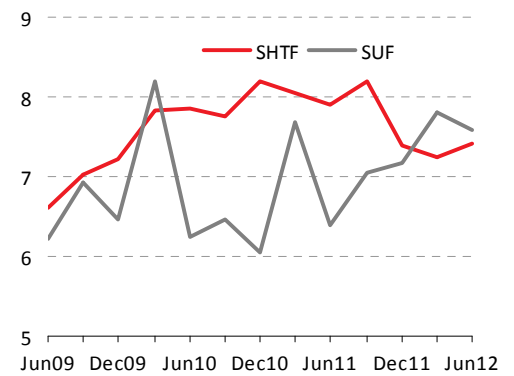
Source: Bloomberg, Avendus Research

Exhibit 3: Quarterly NIM for MMFS (%)



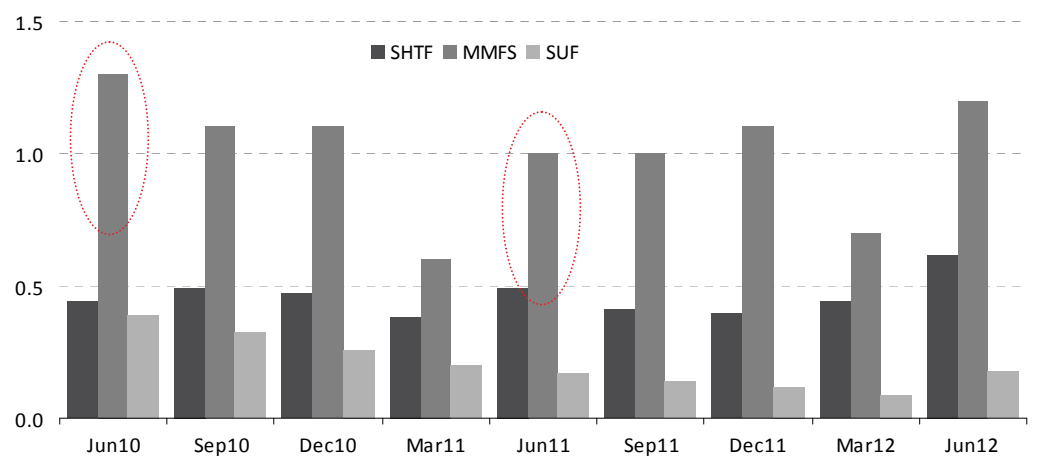
Source: Company, Avendus Research

Exhibit 4: Quarterly NIM for SUF and SHTF (%)



Source: Company, Avendus Research

Exhibit 5: Net NPLs (%) for retail financials



Source: Company, Avendus Research

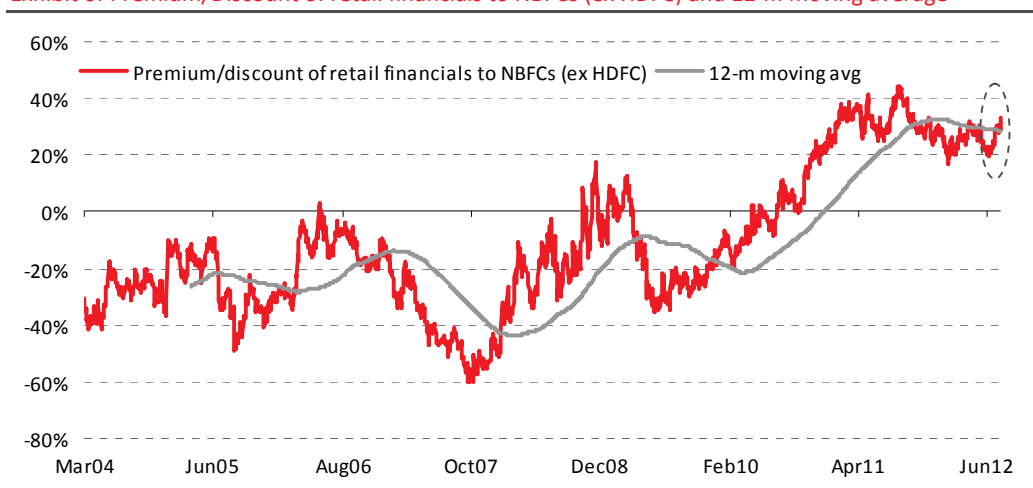
## Low potential for rise in P/B premium to sustain

### Prefer MMFS among retail financials

The P/B premium rose from 21%, as at end of Jun12, to 33% in Aug12. We prefer MMFS within retail financials

Retail financials have largely outperformed other NBFC peers over the last month with the P/B premium rising from 21%, as at end of Jun12, to 33% in Aug12, primarily driven by the outperformance of MMFS and SUF over the last month. Loan growth may start moderating for retail financials over the coming quarters, as sales volumes in the auto manufacturing segment continue to moderate. Thus, the rise in the P/B premium of retail financials may not sustain. We continue to prefer select stocks within retail financials such as MMFS, as earnings growth may continue to stay higher than peers.

Exhibit 6: Premium/Discount of retail financials to NBFCs (ex HDFC) and 12-m moving average



Source: Company, Avendus Research

### Downgrade SHTF to Add, maintain Add for MMFS and Hold for SUF

We maintain our earnings forecasts for MMFS and raise them by 3–9% for SUF and 1–3% for SHTF over FY13–FY15. We lower our rating for SHTF to Add, and maintain Add and Hold for MMFS and SUF, respectively. Our Jun13 TP is a combination of DCF-, P/E-, P/B- and SOTP-based values. We arrive at the TP based on a weighted average, wherein we assign a weight of 50% to our DCF-based fair value and 25% each to our P/E- and P/B-based fair values.

We cut our Sep13 TP for SHTF to INR615 from INR657, driven by a reduced P/E and P/B, and consequently lower our rating to Add. Our TP for SUF was increased to INR749 and we maintain our Hold rating on the stock. We also maintain our Add rating for MMFS and raise our TP to INR853. MMFS remains our preferred pick among retail financials.

Exhibit 7: Earnings revision summary for SHTF

(INRbn)	FY13f			FY14f			FY15f		
	Old	New	Var (%)	Old	New	Var (%)	Old	New	Var (%)
Net interest income	36.3	36.6	0.8	41.1	41.7	1.4	49.3	50.0	1.5
Operating income	38.9	39.2	0.7	43.6	44.2	1.3	52.6	53.1	1.0
Operating profit	28.0	28.4	1.4	32.0	32.6	1.6	40.1	40.7	1.4
Net profit	13.7	13.8	0.9	16.0	16.4	2.4	19.7	19.9	0.9

Source: Company, Avendus Research

**Exhibit 8: Earnings revision summary for SUF**

(INR bn)	----- FY13f-----			----- FY14f-----			----- FY15f-----		
	Old	New	Var (%)	Old	New	Var (%)	Old	New	Var (%)
Net interest income	9.2	9.3	0.5	10.9	10.9	0.4	12.4	12.4	-0.5
Operating income	9.7	9.7	-0.5	11.4	11.3	-0.4	12.9	12.8	-1.2
Operating profit	6.7	7.2	8.2	7.8	8.5	8.9	8.9	9.6	7.5
Net profit	3.7	3.8	3.2	4.2	4.6	8.4	4.8	5.1	5.8

Source: Company, Avendus Research

**Exhibit 9: Average P/E for retail financials**

	1-month	3-month	6-month	12-month
SHTF	8.7	8.3	8.8	9.2
MMFS	8.7	8.3	8.8	9.1
SUF	10.2	9.6	9.6	8.8

Source: Company, Avendus Research

**Exhibit 10: Average P/B for retail financials**

	1-month	3-month	6-month	12-month
SHTF	1.8	1.7	1.9	2.0
MMFS	2.0	1.9	2.0	2.3
SUF	1.9	1.8	1.8	1.6

Source: Company, Avendus Research

**Exhibit 11: Sep13 TP based on weighted average of P/E, P/B and DCF**

(INR)	P/E	P/B	DCF	TP (weighted average)
Weight	25%	25%	50%	
SHTF	665	655	569	615
MMFS	846	896	835	853

Source: Company, Avendus Research

**Exhibit 12: SOTP-based TP for SUF**

	Basis	% stake	INRmn	Contribution to final price
Core lending business	Weighted average	100.0		690
Sundaram BNP AMC	3% - Equity AUM and 1% - Debt AUM	100.0	4,115	74
Sundaram BNP Home Finance	1.2x FY12 BV	50.1	1,960	35
Royal Sundaram General Insurance	1x FY12 BV	49.9	1,802	32
Total				832
Less: Holding company discount	10%			83
<b>Target price (INR)</b>				<b>749</b>

Source: Company, Avendus Research

## Likely policy action may boost sentiment for power financials

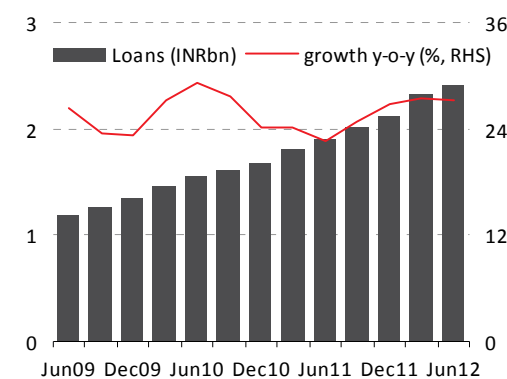
Business fundamentals continue to remain strong for power financials in Jun12, despite concerns surrounding asset quality. NII growth continued to be strong at 35% y-o-y, driven by the sustained momentum in loans during Jun12 and an uptick in NIMs. The decline in wholesale rates is likely to aid NIMs over the coming quarters. After nearly two quarters of higher slippages and/or restructuring, asset quality remained stable. Easing concerns on the high losses of ailing SEBs and likely government policy action has led to a decline in the P/B premium of power financials to NBFCs (excluding HDFC). The discount of power financials fell from 35% in Oct11 to 29% in Jun12. This further dropped to 23%, as on Aug11. Improved sentiment in the near term may sustain the decline in the valuation discount to other NBFCs.

**The growth in NII remained strong for power financials at 35% y-o-y, largely led by the sustained momentum in loans and NIM improvement**

### NII growth rebounds driven by sustained momentum in loans

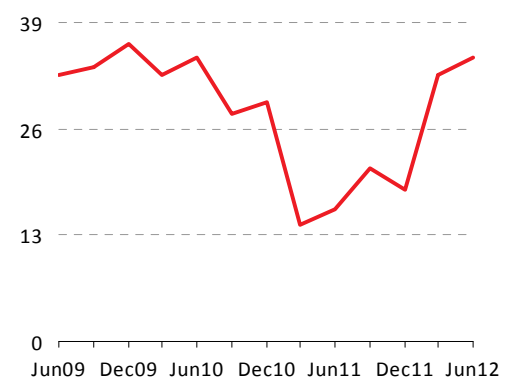
The growth in NII remained strong for power financials at 35% y-o-y, largely led by the sustained momentum in loans. Disbursements rose to 25% y-o-y after about four quarters of moderate growth for RECL and 31% y-o-y for POWF, mostly driven by a jump in short-term loans to SEBs. A proportion of short-term loans may increase on the likely disbursement of transition loans, amounting to INR170bn each for POWF and RECL to SEBs over the coming quarters. We maintain our loan growth forecast of a CAGR of 17% for RECL and 20% for POWF over FY13–FY15.

Exhibit 13: Quarterly trend in loan growth



Source: Company, Avendus Research

Exhibit 14: Y-o-y growth in NII for power financials



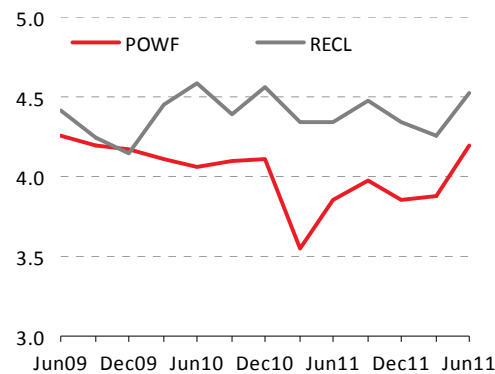
Source: Company, Avendus Research

### NIMs surprise positively, asset quality continues to remain stable

**After nearly two quarters of slippages/restructuring, asset quality remained stable for power financials during Jun12**

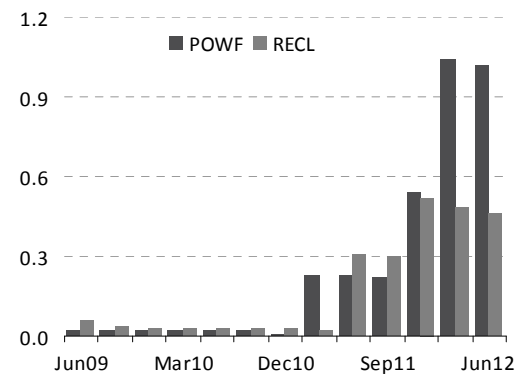
Higher disbursements in short-term loans and asset re-pricing drove a 30-bp sequential NIM improvement for POWF and 27-bp for RECL. A fall in wholesale rates is also likely to aid NIMs in the coming quarters. We maintain our NIM forecasts for RECL and POWF at a three-year mean of 4.3% and 3.9%, respectively. After nearly two quarters of higher slippages and/or restructuring, asset quality stayed stable for power financials with no incremental slippages. However, we continue to forecast higher loan-loss provisions for RECL and POWF at a three-year mean of 0.4% and 0.5% of the total assets, respectively.

Exhibit 15: Trend in NIMs (%) for power financials



Source: Company, Avendus Research

Exhibit 16: Gross NPLs (%) for power financials



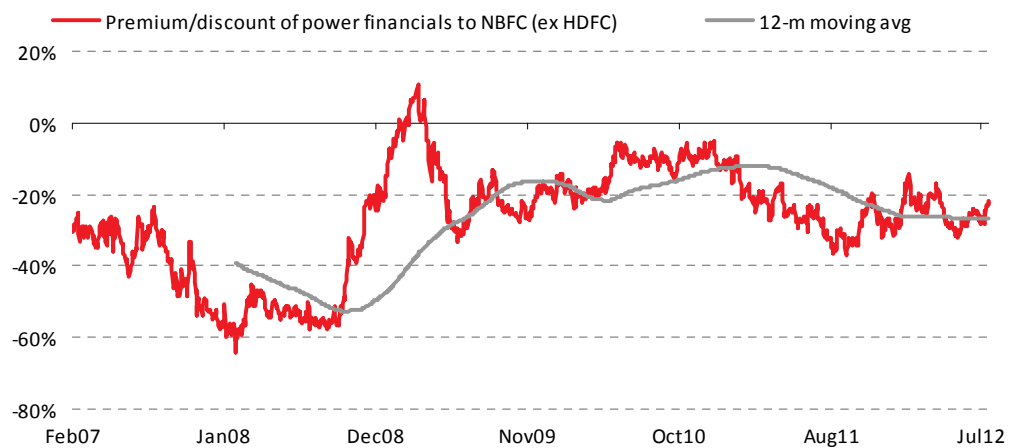
Source: Company, Avendus Research

Likely policy announcements may improve the sentiment for power financials in the near term

### Macro concerns stay, though near-term sentiment may improve

Despite concerns regarding the unavailability of fuel for power projects, likely policy announcements may improve the sentiment for power financials in the near term. Easing concerns on the high losses of ailing SEBs and likely government policy action has driven a decline in the P/B premium of power financials to NBFCs (excluding HDFC). The discount of power financials fell from 35% in Oct11 to 29% in Jun12. This further dropped to 23%, as on Aug11. The improved sentiment in the near term may sustain the decline in the valuation discount to other NBFCs. We maintain our earning estimates and forecast a net profit CAGR of 18% for POWF and RECL over FY13–FY15. However, we lower our rating on RECL from Buy to Add even as we maintain our TP of INR235 due to the stock's strong outperformance since our update dated 30Jul12 ([click here to access the report](#)). We rollover our TP to Sep13 and lower our rating on POWF to Add with a Sep13 TP of INR214.

Exhibit 17: Premium/Discount of power financials to NBFCs (excluding HDFC) & 12-m moving average



Source: Company, Avendus Research

Exhibit 18: Average P/E for power financials

	1-month	3-month	6-month	12-month
RECL	5.9	5.6	6.2	6.1
POWF	6.0	5.6	6.1	6.0

Source: Company, Avendus Research



Exhibit 19: Average P/B for power financials

	1-month	3-month	6-month	12-month
RECL	1.2	1.1	1.2	1.2
POWF	1.1	1.0	1.1	1.0

Source: Company, Avendus Research

Exhibit 20: TP based on P/E, P/B and DCF method

(INR)	P/E	P/B	DCF	TP (weighted average)
Weight	25%	25%	50%	
RECL	223	213	252	235
POWF	201	177	239	214

Source: Company, Avendus Research

## Outlook strong, underperformance of HFCs may not extend

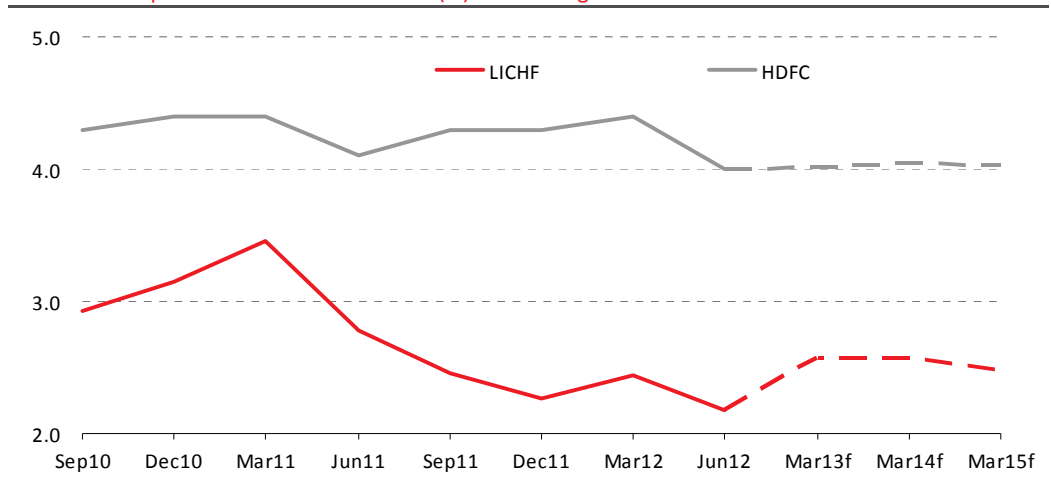
A decline in NIMs for housing financials in Jun12 may be temporary, as higher asset re-pricing is likely to drive a rebound from Sep12. Business momentum is likely to remain strong, aided by stable competition. Contrary to perception, competition in the Indian mortgage industry is unlikely to increase due to the absence of any large new companies entering the market and re-alignment of rates across borrowers. The increase in NPLs in Jun12 is likely to be seasonal in nature due to higher recoveries/upgrades in Mar12 and asset quality continues to remain strong. LICHF underperformed other NBFCs since the last three months with the premium to NBFCs (excluding HDFC) contracting from 45% in Jan12 to 25% in Jul12, mainly on concerns regarding margin and growth slowdown. A rebound in NIMs over the coming quarters may halt last month's underperformance.

### Decline in NIMs temporary; to rebound from Sep12

Higher asset re-pricing during 2HFY13 along with stable borrowing costs are likely to drive a rebound in spreads from the Sep12 quarter

NIMs for both housing financials fell sequentially during the Jun12 quarter, primarily driven by higher funding costs, even as asset yields remained flat q-o-q. HDFC and LICHF saw a 40-bp and 36-bp sequential decline in NIM, respectively. This phenomenon is similar to the Jun11 quarter, wherein NIMs saw a sequential fall of 29-bp and 22-bp, respectively, for HDFC and LICHF. Higher asset re-pricing during 2HFY13 along with stable borrowing costs are likely to drive a rebound in spreads from the Sep12 quarter. The quarter ended Jun12 reported a mere c7% of LICHF's total teaser portfolio being repriced to floating rates, while c21% of the teaser portfolio is likely to be re-priced during the Sep12 quarter.

Exhibit 21: Reported and forecasted NIMs (%) for housing financials



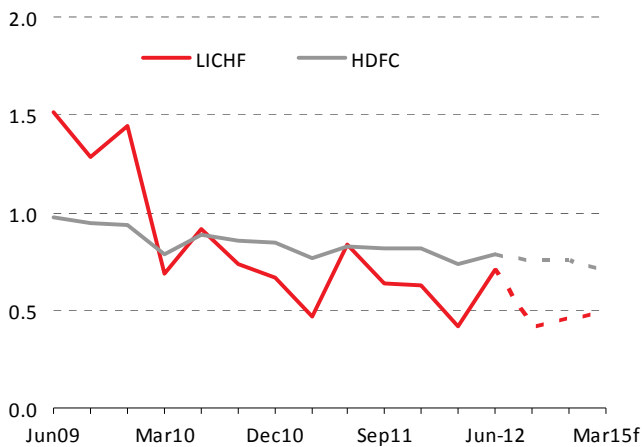
Source: Company, Avendus Research

### Marginal uptick in NPLs, though asset quality structurally sound

The increase in GNPL for housing financials was seasonal in nature with the quarter ended Mar12 recording higher recoveries/upgrades.

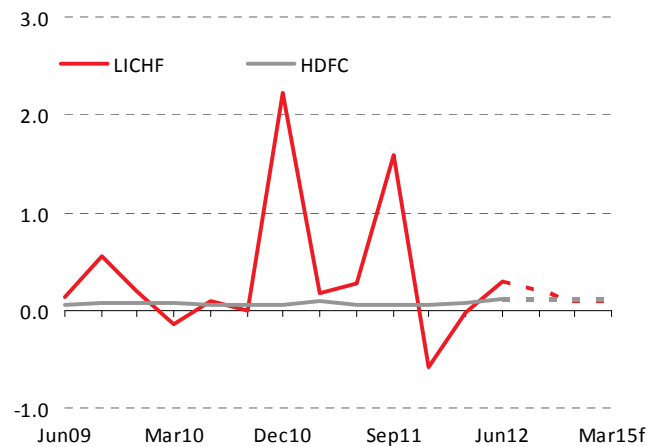
The gross NPL ratio increased 29-bp for LICHF and 5-bp for HDFC during the Jun12 quarter. However, part of this was seasonal in nature with the quarter ended Mar12 recording higher recoveries/upgrades. Loan-loss provisions increased 60% y-o-y for HDFC and 30% y-o-y for LICHF due to the revised NHB provisioning norms and an uptick in NPLs. We maintain our estimates for credit costs at 20-bp for LICHF during FY13 and thereafter taper it to 10-bp over FY14f–FY15f. Credit costs for HDFC are maintained at 10-bp over FY13f–FY15f.

Exhibit 22: Gross NPLs (%) for housing financials



Source: Company, Avendus Research

Exhibit 23: Credit costs (% of loans) for housing financials



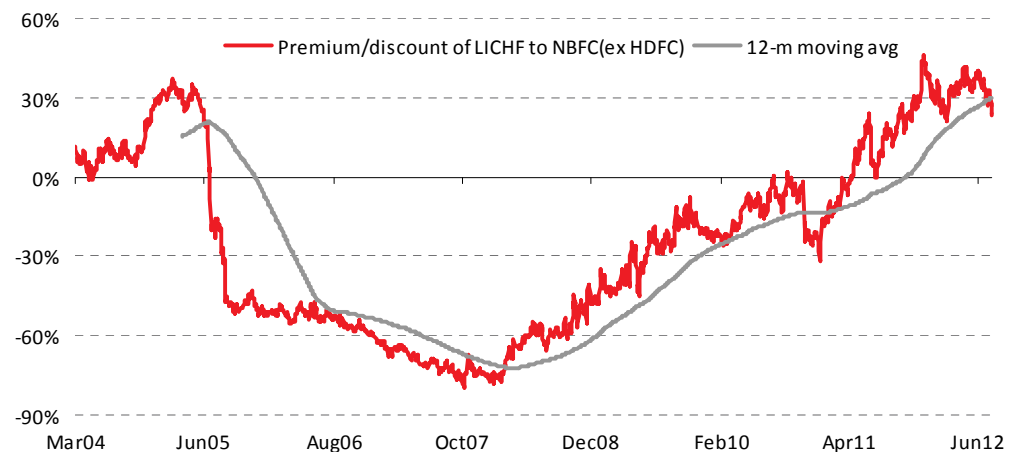
Source: Company, Avendus Research

### Decline in P/B premium of LICHF may not sustain

LICHF's valuations at 1.5x the one-year forward book value offer an attractive entry point

LICHF underperformed other NBFCs since the last three months with the premium to NBFCs (excluding HDFC) contracting from 45% in Jan12 to 25% in Jul12, mainly on concerns regarding margin and growth slowdown. However, with the likely NIM rebound over the subsequent quarter, the decline in the premium to NBFCs is unlikely to sustain. LICHF's valuations at 1.5x the one-year forward book value offer an attractive entry point given the earnings CAGR of 33% and a 260-bp improvement in the ROE over FY13f–FY15f. We maintain our TPs of INR329 and INR768, respectively, for LICHF and HDFC, even as we roll forward to Sep13. With a potential upside of 34% for LICHF and 15% for HDFC, we re-iterate Buy and Add ratings on these companies, respectively.

Exhibit 24: P/B premium/Discount of LICHF to NBFCs (excluding HDFC)



Source: Company, Avendus Research

Exhibit 25: Average P/E and P/B for LICHF

	1-month	3-month	6-month	12-month
P/E	9.6	9.4	9.8	9.8
P/Adj. B	1.8	1.7	1.8	1.7

Source: Company, Avendus Research

Exhibit 26: Average P/E and P/B for HDFC

	1-month	3-month	6-month	12-month
P/E	19.2	19.7	20.5	21.2
P/Adj. B	4.3	4.4	4.6	4.7

Source: Company, Avendus Research

Exhibit 27: P/E-, P/B- and DCF-based fair value and weighted average TP for LICHF

	P/E	P/B	DCF	
Weights	25%	25%	50%	
Fair value (INR)	323	290	352	329

Source: Company, Avendus Research

Exhibit 28: SOTP-based fair value for HDFC

	Stake (%)	Value of the firm (INRbn)	Value of HDFC's stake (INRbn)	Value/share (INR)	Contribution to total (%)	Rationale
Standalone	100.0%	641.1	641.1	435	56.7	Based on DCF method
HDFC Bank	23.4%	1,372.6	321.2	217	28.3	Market cap
HDFC Life	72.4%	108.0	78.2	53	6.9	Based on FY13f EV and 10x NBAP multiple
HDFC ERGO	74.0%	4.5	3.3	2	0.3	1x FY13f book value
HDFC AMC	60.0%	55.8	33.5	23	3.0	6% of AUMs
GRUH Finance	60.7%	26.8	16.2	11	1.4	Market cap
Unrealized gains (others)		193.0	38.6	26	3.4	20% of total unrealized gains
<b>Total</b>				<b>768</b>		

Source: Company, Avendus Research

## Annexure I

Exhibit 29: HDFC's one-year fwd, target and average P/B



Source: Bloomberg, Avendus Research

Exhibit 30: HDFC's one-year fwd, target and average P/E



Source: Bloomberg, Avendus Research

Exhibit 31: LICHF's one-year fwd, target and average P/B



Source: Bloomberg, Avendus Research

Exhibit 32: LICHF's one-year fwd, target and average P/E



Source: Bloomberg, Avendus Research

Exhibit 33: SHTF's one-year fwd, target and average P/B



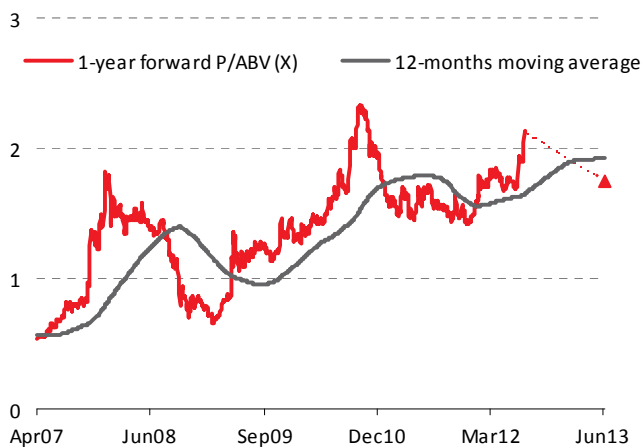
Source: Bloomberg, Avendus Research

Exhibit 34: SHTF's one-year fwd, target and average P/E



Source: Bloomberg, Avendus Research

Exhibit 35: SUF's one-year fwd, target and average P/B



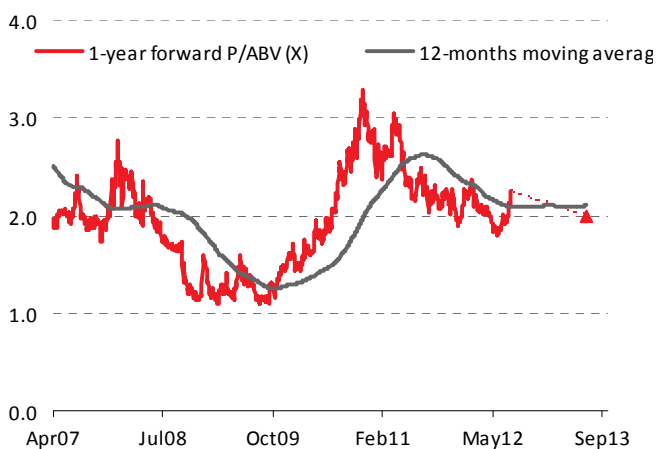
Source: Bloomberg, Avendus Research

Exhibit 36: SUF's one-year fwd, target and average P/E



Source: Bloomberg, Avendus Research

Exhibit 37: MMFS' one-year fwd, target and average P/B



Source: Bloomberg, Avendus Research

Exhibit 38: MMFS' one-year fwd, target and average P/E



Source: Bloomberg, Avendus Research

Exhibit 39: POWF's one-year fwd, target and average P/B



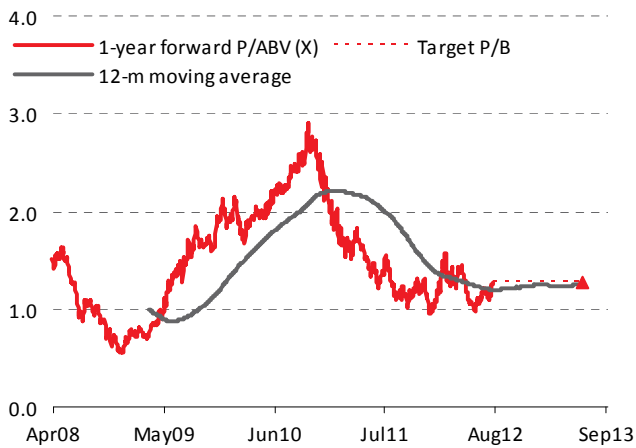
Source: Bloomberg, Avendus Research

Exhibit 40: POWF's one-year fwd, target and average P/E



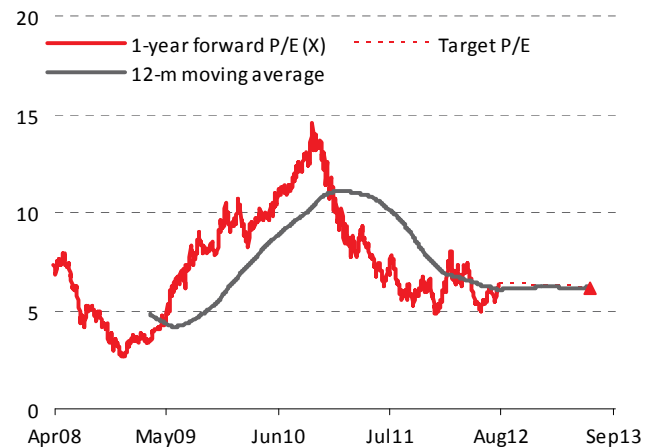
Source: Bloomberg, Avendus Research

Exhibit 41: RECL's one-year fwd, target and average P/B



Source: Bloomberg, Avendus Research

Exhibit 42: RECL's one-year fwd, target and average P/E



Source: Bloomberg, Avendus Research

## Annexure II

### Financials & valuations – HDFC Ltd.

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>48.9</b>	<b>61.4</b>	<b>76.1</b>	<b>91.0</b>	Equity capital	3.0	3.0	3.0	3.0
Fee income	2.7	3.2	4.0	4.9	<b>Net worth</b>	<b>190.2</b>	<b>215.4</b>	<b>246.1</b>	<b>283.4</b>
Trading profit	0.0	0.0	0.0	0.0	Total borrowings	1,391.5	1,640.5	2,015.0	2,465.4
Other income	10.4	7.8	7.9	8.0	<b>Total liabilities</b>	<b>1,581.7</b>	<b>1,855.9</b>	<b>2,261.1</b>	<b>2,748.7</b>
<b>Total operating income</b>	<b>62.0</b>	<b>72.4</b>	<b>87.9</b>	<b>103.9</b>	Current Assets	140.3	101.7	110.8	124.2
Total operating expense	4.5	4.7	5.0	5.2	Less: Current Liabilities	94.1	85.1	103.3	125.8
<b>Operating profit</b>	<b>57.5</b>	<b>67.7</b>	<b>83.0</b>	<b>98.7</b>	Investments	122.7	129.0	136.0	143.9
Provision for bad debt	0.8	1.9	2.4	2.9	Advances	1,404.2	1,700.9	2,107.5	2,595.4
Other provision	0.0	0.0	0.0	0.0	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	56.6	65.8	80.6	95.8	<b>Total assets</b>	<b>1,581.7</b>	<b>1,855.9</b>	<b>2,261.1</b>	<b>2,748.7</b>
Total taxes	15.4	18.0	22.0	26.8	<b>Business Ratios (%)</b>				
PAT (reported)	41.2	47.8	58.6	69.1	Loan / Deposit	100.9	103.7	104.6	105.3
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	7.7	7.7	7.5	7.3
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	41.2	47.8	58.6	69.1	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>41.2</b>	<b>47.8</b>	<b>58.6</b>	<b>69.1</b>	Debt/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>27.9</b>	<b>32.4</b>	<b>39.7</b>	<b>46.8</b>					
<b>Decomposition of RoA (%)</b>					<b>Key Ratios</b>				
<b>Net interest income</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>	P/E (on Aventus EPS)	24.3	20.9	17.1	14.5
Fee income	0.2	0.2	0.2	0.2	P/Adjusted BV	5.2	4.6	4.1	3.5
Other income	0.7	0.4	0.4	0.3	Dividend yield (%)	6.1	7.1	8.3	9.8
Operating income	4.0	4.0	4.1	4.0	Yield on advances	11.9	12.0	11.9	11.9
Operating expenses	0.3	0.3	0.2	0.2	Yield on investments	8.5	8.7	8.6	8.7
<b>Operating profit</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>	Cost of deposits	3.4	3.3	3.3	3.1
Loan loss provisions	0.1	0.1	0.1	0.1	Net interest margin	3.7	3.9	3.9	3.9
Other provisions	-	-	-	-	Internal capital growth	14.4	15.2	16.5	16.6
Depreciation	0.0	0.0	0.0	0.0	Capital adequacy	11.1	8.7	8.6	8.7
Tax	1.0	1.0	1.0	1.0	Gross NPL ratio	0.8	0.8	0.7	0.6
<b>Net profit</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>	<b>2.6</b>	Net NPL ratio	-0.1	0.0	0.0	0.0
Assets / Equity	8.5	8.9	9.3	9.9	Net NPL / networth	-0.5	-0.2	-0.2	-0.3
RoE	22.7	23.6	25.4	26.9	Loan-loss reserve / Gross NPL	108.6	102.7	103.7	104.8



## LIC Housing Finance Ltd.

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>13.9</b>	<b>18.3</b>	<b>22.5</b>	<b>26.7</b>	Equity capital	1.0	1.1	1.1	1.1
Fee income	1.3	3.8	4.6	5.7	<b>Net worth</b>	<b>56.8</b>	<b>80.1</b>	<b>94.0</b>	<b>110.6</b>
Trading profit	0.0	0.0	0.0	0.0	Total borrowings	558.4	669.4	832.5	1,019.2
Other income	1.0	1.3	1.4	1.6	<b>Total liabilities</b>	<b>615.2</b>	<b>749.5</b>	<b>926.5</b>	<b>1,129.8</b>
<b>Total operating income</b>	<b>16.2</b>	<b>23.3</b>	<b>28.6</b>	<b>34.0</b>	Current Assets	9.0	10.9	11.1	13.8
Total operating expense	2.4	2.7	3.1	3.5	Less: Current Liabilities	38.5	49.5	60.2	72.7
<b>Operating profit</b>	<b>13.9</b>	<b>20.6</b>	<b>25.5</b>	<b>30.5</b>	Investments	11.5	10.5	11.4	12.4
Provision for bad debt	1.6	1.4	0.9	1.1	Advances	630.8	774.5	961.0	1,172.7
Other provision	0.0	0.0	0.0	0.0	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	12.2	19.2	24.6	29.4	<b>Total assets</b>	<b>615.5</b>	<b>749.5</b>	<b>926.5</b>	<b>1,129.8</b>
Total taxes	3.2	5.2	6.6	7.9	<b>Business Ratios (%)</b>				
PAT (reported)	9.1	14.0	17.9	21.5	Loan / Deposit	113.0	115.7	115.4	115.1
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	1.6	1.8	1.6	1.5
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	9.1	14.1	18.1	21.6	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>9.1</b>	<b>14.1</b>	<b>18.1</b>	<b>21.6</b>	Debenture/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>18.1</b>	<b>25.6</b>	<b>32.8</b>	<b>39.3</b>					
<b>Decomposition of RoA (%)</b>					<b>Key Ratios</b>				
<b>Net interest income</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>	P/E (on Aventus EPS)	14.1	10.0	7.8	6.5
Fee income	0.2	0.5	0.5	0.5	P/Adjusted BV	2.3	1.8	1.5	1.3
Other income	0.2	0.2	0.2	0.1	Dividend yield (%)	2.5	3.7	4.7	5.6
Operating income	2.8	3.2	3.2	3.1	Yield on advances	10.5	10.6	10.6	10.5
Operating expenses	0.4	0.4	0.3	0.3	Yield on investments	9.1	9.2	9.3	9.2
<b>Operating profit</b>	<b>2.4</b>	<b>2.9</b>	<b>2.9</b>	<b>2.8</b>	Cost of deposits	1.4	1.4	1.3	1.3
Loan loss provisions	0.3	0.2	0.1	0.1	Net interest margin	2.4	2.6	2.6	2.5
Other provisions	-	-	-	-	Internal capital growth	17.6	19.9	18.0	18.4
Depreciation	-	-	-	-	Capital adequacy	14.1	16.0	15.3	14.8
Tax	-	-	-	-	Gross NPL ratio	0.4	0.4	0.5	0.5
<b>Net profit</b>	<b>0.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	Net NPL ratio	0.1	0.1	0.2	0.2
Assets / Equity	12.0	10.5	10.3	10.7	Net NPL / networth	1.5	1.2	1.9	2.6
RoE	18.6	20.6	20.7	21.2	Loan-loss reserve / Gross NPL	67.9	70.7	58.9	50.7

## Mahindra Finance

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>16.5</b>	<b>22.1</b>	<b>26.4</b>	<b>30.6</b>	Equity capital	1.0	1.0	1.0	1.0
Fee income	0.0	0.0	0.0	0.0	<b>Net worth</b>	<b>29.9</b>	<b>36.4</b>	<b>44.7</b>	<b>54.1</b>
Trading profit	0.0	0.0	0.0	0.0	Total borrowings	139.7	174.4	208.9	235.0
Other income	0.3	0.3	0.4	0.4	<b>Total liabilities</b>	<b>169.6</b>	<b>210.8</b>	<b>248.6</b>	<b>289.1</b>
<b>Total operating income</b>	<b>16.7</b>	<b>22.4</b>	<b>26.8</b>	<b>31.1</b>	Current Assets	2.9	3.5	5.5	4.9
Total operating expense	7.4	8.8	10.7	13.1	Less: Current Liabilities	18.9	19.8	22.7	25.7
<b>Operating profit</b>	<b>9.4</b>	<b>13.6</b>	<b>16.1</b>	<b>18.0</b>	Investments	5.0	5.9	7.0	8.2
Provision for bad debt	-0.3	1.7	1.5	1.7	Advances	176.9	217.4	254.1	295.1
Other provision	0.4	0.5	0.6	0.7	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	9.3	11.5	14.0	15.6	<b>Total assets</b>	<b>169.2</b>	<b>210.8</b>	<b>248.6</b>	<b>289.1</b>
Total taxes	3.1	3.8	4.5	5.0	<b>Business Ratios (%)</b>				
PAT (reported)	6.2	7.7	9.5	10.6	Loan / Borrowings	126.7	124.6	124.6	125.6
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	-	-	-	-
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	6.2	7.7	9.5	10.6	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>6.2</b>	<b>7.7</b>	<b>9.5</b>	<b>10.6</b>	Debenture/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>50.3</b>	<b>62.4</b>	<b>77.3</b>	<b>85.7</b>					
<b>Decomposition of RoA (%)</b>					<b>Key Ratios</b>				
<b>Net interest income</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>	P/E (on Aventus EPS)	13.8	11.1	9.0	8.1
Fee income	0.1	0.1	0.1	0.1	P/Adjusted BV	2.6	2.1	1.8	1.5
Other income	-	-	-	-	Dividend yield (%)	1.4	1.4	1.4	1.4
Operating income	4.1	4.1	4.1	4.2	Yield on advances	18.5	18.4	18.7	18.4
Operating expenses	0.3	0.2	0.2	0.2	Yield on investments	9.5	9.4	9.6	9.4
<b>Operating profit</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	Cost of deposits	9.0	8.9	9.0	9.0
Loan loss provisions	0.1	0.4	0.4	0.4	Net interest margin	11.0	11.3	11.3	11.2
Other provisions	-	-	-	-	Internal capital growth	20.1	22.0	22.9	21.0
Depreciation	0.0	0.0	0.0	0.0	Capital adequacy	15.3	15.2	16.1	16.8
Tax	1.0	0.9	0.9	1.0	Gross NPL ratio	3.2	3.5	3.9	4.3
<b>Net profit</b>	<b>2.8</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>	Net NPL ratio	0.7	1.1	1.6	2.0
Assets / Equity	7.3	7.7	7.9	7.9	Net NPL / networth	4.1	6.3	8.5	10.3
RoE	20.5	19.7	20.5	21.3	Loan-loss reserve / Gross NPL	78.0	69.2	61.1	55.5

## Power Finance Ltd.

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>44.2</b>	<b>58.3</b>	<b>68.9</b>	<b>80.5</b>	Equity capital	13.2	13.2	13.2	13.2
Fee income	1.1	1.5	1.8	2.1	<b>Net worth</b>	<b>216.3</b>	<b>242.8</b>	<b>274.0</b>	<b>310.6</b>
Trading profit	0.0	0.0	0.0	0.0	Total borrowings	1,093.2	1,368.4	1,628.3	1,938.5
Other income	0.2	0.3	0.3	0.4	<b>Total liabilities</b>	<b>1,313.4</b>	<b>1,614.5</b>	<b>1,905.2</b>	<b>2,249.1</b>
<b>Total operating income</b>	<b>45.6</b>	<b>60.0</b>	<b>71.0</b>	<b>82.9</b>	Current Assets	63.1	71.4	97.5	121.8
Total operating expense	6.0	2.7	3.0	3.4	Less: Current Liabilities	51.9	74.6	100.4	129.3
<b>Operating profit</b>	<b>39.6</b>	<b>57.3</b>	<b>67.9</b>	<b>79.5</b>	Investments	0.5	0.5	0.4	0.4
Provision for bad debt	0.0	7.3	8.8	10.4	Advances	1,302.1	1,618.0	1,908.7	2,257.6
Other provision	0.0	0.0	0.0	0.0	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	39.6	50.0	59.1	69.1	<b>Total assets</b>	<b>1,313.4</b>	<b>1,614.5</b>	<b>1,905.2</b>	<b>2,249.1</b>
Total taxes	10.7	12.6	14.9	17.5	<b>Business Ratios (%)</b>				
PAT (reported)	28.8	37.4	44.2	51.7	Loan / Borrowings	119.1	118.2	117.2	116.5
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	-	-	-	-
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	28.8	37.4	44.2	51.7	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>28.8</b>	<b>37.4</b>	<b>44.2</b>	<b>51.7</b>	Debenture/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>21.8</b>	<b>28.3</b>	<b>33.5</b>	<b>39.1</b>	<b>Key Ratios</b>				
<b>Decomposition of RoA (%)</b>					P/E (on Aventus EPS)	6.8	5.3	4.4	3.8
<b>Net interest income</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>	P/Adjusted BV	1.0	0.9	0.9	0.8
Fee income	0.1	0.1	0.1	0.1	Dividend yield (%)	2.6	3.2	3.8	4.4
Other income	-	-	-	-	Yield on advances	11.1	11.2	11.3	11.3
Operating income	4.1	4.1	4.1	4.2	Yield on investments	8.5	8.3	8.4	8.5
Operating expenses	0.3	0.2	0.2	0.2	Cost of deposits	2.6	2.9	2.9	2.9
<b>Operating profit</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	Net interest margin	3.9	3.9	3.9	3.8
Loan loss provisions	0.1	0.4	0.4	0.4	Internal capital growth	14.1	12.2	12.9	13.3
Other provisions	-	-	-	-	Capital adequacy	17.5	16.0	15.4	14.8
Depreciation	0.0	0.0	0.0	0.0	Gross NPL ratio	1.0	1.9	2.8	3.5
Tax	1.0	0.9	0.9	1.0	Net NPL ratio	0.9	1.6	2.4	3.0
<b>Net profit</b>	<b>2.8</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>	Net NPL / networth	5.6	10.6	16.1	21.2
Assets / Equity	7.3	7.7	7.9	7.9	Loan-loss reserve / Gross NPL	0.0	23.4	16.6	13.2
RoE	20.5	19.7	20.5	21.3					

## Rural Electrification Corporation Ltd.

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>39.5</b>	<b>47.6</b>	<b>56.2</b>	<b>66.6</b>	Equity capital	9.9	9.9	9.9	9.9
Fee income	1.4	1.3	1.4	1.4	<b>Net worth</b>	<b>147.5</b>	<b>165.1</b>	<b>188.6</b>	<b>216.5</b>
Trading profit	0.0	0.0	0.0	0.0	Total borrowings	899.7	1,053.3	1,212.5	1,380.7
Other income	0.0	0.0	0.0	0.0	<b>Total liabilities</b>	<b>1,047.1</b>	<b>1,218.4</b>	<b>1,401.1</b>	<b>1,597.2</b>
<b>Total operating income</b>	<b>40.9</b>	<b>49.0</b>	<b>57.6</b>	<b>68.0</b>	Current Assets	85.7	71.3	85.9	97.8
Total operating expense	2.9	2.9	3.3	3.6	Less: Current Liabilities	61.3	77.7	96.9	117.6
<b>Operating profit</b>	<b>38.0</b>	<b>46.1</b>	<b>54.3</b>	<b>64.4</b>	Investments	7.2	6.2	6.2	6.2
Provision for bad debt	0.5	4.5	5.2	6.0	Advances	1,014.3	1,217.1	1,404.1	1,608.5
Other provision	0.0	0.0	0.0	0.0	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	37.5	41.6	49.1	58.4	<b>Total assets</b>	<b>1,047.0</b>	<b>1,218.4</b>	<b>1,401.1</b>	<b>1,597.2</b>
Total taxes	9.8	10.9	12.9	15.3	<b>Business Ratios (%)</b>				
PAT (reported)	27.7	30.7	36.2	43.1	Loan / Borrowings	112.7	115.5	115.8	116.5
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	-	-	-	-
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	27.7	30.7	36.2	43.1	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>27.7</b>	<b>30.7</b>	<b>36.2</b>	<b>43.1</b>	Debenture/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>28.1</b>	<b>31.1</b>	<b>36.7</b>	<b>43.6</b>	<b>Key Ratios</b>				
<b>Decomposition of RoA (%)</b>					P/E (on Aventus EPS)	6.1	5.5	4.7	3.9
<b>Net interest income</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>	P/Adjusted BV	1.2	1.1	1.0	0.9
Fee income	0.1	0.1	0.1	0.1	Dividend yield (%)	5.0	5.4	6.4	7.6
Other income	-	-	-	-	Yield on advances	11.2	11.3	11.4	11.4
Operating income	4.1	4.1	4.1	4.2	Yield on investments	8.0	8.2	8.2	8.1
Operating expenses	0.3	0.2	0.2	0.2	Cost of deposits	3.2	3.2	3.2	3.3
<b>Operating profit</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	Net interest margin	4.2	4.2	4.3	4.4
Loan loss provisions	0.1	0.4	0.4	0.4	Internal capital growth	14.3	13.5	14.2	14.8
Other provisions	-	-	-	-	Capital adequacy	15.6	14.9	14.8	0.0
Depreciation	0.0	0.0	0.0	0.0	Gross NPL ratio	0.5	0.9	1.3	1.6
Tax	1.0	0.9	0.9	1.0	Net NPL ratio	0.4	0.7	0.9	1.2
<b>Net profit</b>	<b>2.8</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>	Net NPL / networth	2.9	5.0	7.0	8.7
Assets / Equity	7.3	7.7	7.9	7.9	Loan-loss reserve / Gross NPL	10.7	41.7	29.6	23.4
RoE	20.5	19.7	20.5	21.3					

## Shriram Transport Finance

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>32.3</b>	<b>36.3</b>	<b>41.1</b>	<b>49.3</b>	Equity capital	2.3	2.3	2.3	2.3
Fee income	0.0	1.1	1.3	1.5	<b>Net worth</b>	<b>59.9</b>	<b>71.4</b>	<b>85.0</b>	<b>101.8</b>
Trading profit	0.0	0.8	0.6	0.3	Total borrowings	231.2	339.2	407.1	475.8
Other income	1.3	0.6	0.6	1.5	<b>Total liabilities</b>	<b>291.1</b>	<b>410.6</b>	<b>492.1</b>	<b>577.6</b>
<b>Total operating income</b>	<b>33.5</b>	<b>38.9</b>	<b>43.6</b>	<b>52.6</b>	Current Assets	96.0	111.5	120.6	147.1
Total operating expense	7.1	10.9	11.6	12.6	Less: Current Liabilities	66.1	68.9	69.5	80.7
<b>Operating profit</b>	<b>26.4</b>	<b>28.0</b>	<b>32.0</b>	<b>40.1</b>	Investments	39.6	31.5	18.2	11.6
Provision for bad debt	0.0	3.4	3.9	5.7	Advances	219.0	333.6	419.8	496.4
Other provision	0.0	0.8	1.0	1.2	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	26.4	23.8	27.1	33.1	<b>Total assets</b>	<b>291.1</b>	<b>410.6</b>	<b>492.1</b>	<b>577.6</b>
Total taxes	6.2	6.5	7.4	9.1	<b>Business Ratios (%)</b>				
PAT (reported)	20.2	17.3	19.7	24.0	Loan / Deposit	94.7	98.4	103.1	104.3
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	-	-	-	-
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	12.6	13.7	16.0	19.7	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>12.6</b>	<b>13.7</b>	<b>16.0</b>	<b>19.7</b>	Debenture/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>89.2</b>	<b>60.5</b>	<b>70.7</b>	<b>87.1</b>	<b>Key Ratios</b>				
<b>Decomposition of RoA (%)</b>					P/E (on Aventus EPS)	5.8	8.6	7.4	6.0
<b>Net interest income</b>	<b>9.6</b>	<b>9.2</b>	<b>8.8</b>	<b>9.3</b>	P/Adjusted BV	2.2	1.8	1.6	1.3
Fee income	0.3	0.3	0.3	0.3	Dividend yield (%)	1.5	1.6	1.9	2.3
Other income	0.1	0.4	0.3	0.3	Yield on advances	17.5	17.7	17.9	17.9
Operating income	10.0	9.8	9.4	9.9	Yield on investments	11.4	10.9	10.7	10.7
Operating expenses	2.1	2.7	2.5	2.3	Cost of deposits	6.1	6.7	7.1	7.2
<b>Operating profit</b>	<b>7.9</b>	<b>7.1</b>	<b>6.9</b>	<b>7.6</b>	Net interest margin	15.4	13.1	10.9	11.7
Loan loss provisions	2.3	2.0	1.8	2.2	Internal capital growth	22.7	19.4	19.1	19.7
Other provisions	-	-	-	-	Capital adequacy	28.1	23.2	24.3	0.0
Depreciation	-	0.0	0.0	0.0	Gross NPL ratio	4.7	4.3	4.5	4.8
Tax	1.9	1.6	1.6	1.7	Net NPL ratio	1.7	1.7	1.8	1.9
<b>Net profit</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>	<b>3.7</b>	Net NPL / networth	6.2	7.9	9.0	9.4
Assets / Equity	6.2	6.1	6.0	5.7	Loan-loss reserve / Gross NPL	65.3	62.0	60.6	61.4
RoE	23.1	21.0	20.8	21.1					

## Sundaram Finance

Income statement (INRbn)					Balance sheet (INRbn)				
Fiscal year ending	03/12	03/13f	03/14f	03/15f	Fiscal year ending	03/12	03/13f	03/14f	03/15f
<b>Net interest income</b>	<b>8.1</b>	<b>9.6</b>	<b>11.2</b>	<b>12.8</b>	Equity capital	0.6	0.6	0.6	0.6
Fee income	0.1	0.1	0.1	0.1	<b>Net worth</b>	<b>17.9</b>	<b>20.6</b>	<b>24.0</b>	<b>27.7</b>
Trading profit	0.0	0.0	0.0	0.0	Total borrowings	103.5	137.3	153.0	172.5
Other income	0.6	0.3	0.3	0.3	<b>Total liabilities</b>	<b>121.4</b>	<b>157.9</b>	<b>176.9</b>	<b>200.1</b>
<b>Total operating income</b>	<b>8.8</b>	<b>10.0</b>	<b>11.7</b>	<b>13.2</b>	Current Assets	5.6	6.7	4.9	4.1
Total operating expense	3.4	3.3	3.7	4.3	Less: Current Liabilities	8.0	10.3	12.6	14.7
<b>Operating profit</b>	<b>5.4</b>	<b>6.7</b>	<b>8.0</b>	<b>8.9</b>	Investments	7.6	8.1	8.2	8.3
Provision for bad debt	0.3	0.6	0.7	0.8	Advances	112.6	149.1	170.7	195.0
Other provision	0.1	0.5	0.5	0.6	Fixed, other assets	2.4	2.5	2.6	2.6
PBT (reported)	5.1	5.7	6.8	7.6	<b>Total assets</b>	<b>121.4</b>	<b>157.9</b>	<b>176.9</b>	<b>200.1</b>
Total taxes	1.6	1.9	2.2	2.5	<b>Business Ratios (%)</b>				
PAT (reported)	3.6	3.8	4.6	5.1	Loan / Deposit	108.8	108.6	111.6	113.0
(+) Share in assoc. earnings	0.0	0.0	0.0	0.0	Investment/Deposit	5.1	4.9	4.9	-
Less: Minority interest	0.0	0.0	0.0	0.0	SLR Investment / Deposit	-	-	-	-
Net income (reported)	3.6	3.8	4.6	5.1	SLR Investment / NDTL	-	-	-	-
<b>Aventus net income</b>	<b>3.6</b>	<b>3.8</b>	<b>4.6</b>	<b>5.1</b>	Debenture/Investment	-	-	-	-
<b>Aventus EPS (INR)</b>	<b>58.2</b>	<b>62.7</b>	<b>75.1</b>	<b>83.5</b>	<b>Key Ratios</b>				
<b>Decomposition of RoA (%)</b>					P/E (on Aventus EPS)	12.6	11.7	9.8	8.8
<b>Net interest income</b>	<b>9.6</b>	<b>9.2</b>	<b>8.8</b>	<b>9.3</b>	P/Adjusted BV	2.3	2.0	1.7	1.5
Fee income	0.3	0.3	0.3	0.3	Dividend yield (%)	2.2	2.3	2.8	3.1
Other income	0.1	0.4	0.3	0.3	Yield on advances	14.6	14.4	14.3	14.2
Operating income	10.0	9.8	9.4	9.9	Yield on investments	8.6	8.7	8.7	8.8
Operating expenses	2.1	2.7	2.5	2.3	Cost of deposits	6.0	5.8	5.6	5.4
<b>Operating profit</b>	<b>7.9</b>	<b>7.1</b>	<b>6.9</b>	<b>7.6</b>	Net interest margin	7.4	7.0	6.7	6.7
Loan loss provisions	2.3	2.0	1.8	2.2	Internal capital growth	16.9	15.6	16.2	15.5
Other provisions	-	-	-	-	Capital adequacy	14.6	12.9	13.1	0.0
Depreciation	-	0.0	0.0	0.0	Gross NPL ratio	0.6	0.4	0.4	0.3
Tax	1.9	1.6	1.6	1.7	Net NPL ratio	0.1	0.0	0.0	0.0
<b>Net profit</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>	<b>3.7</b>	Net NPL / networth	0.6	0.2	0.2	0.1
Assets / Equity	6.2	6.1	6.0	5.7	Loan-loss reserve / Gross NPL	30.1	86.2	99.0	112.2
RoE	23.1	21.0	20.8	21.1					

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At the end of June 2012	Buy	Add	Hold	Reduce	Sell	NR	Total
Proportion of ratings in each category	40.5	26.6	19.0	7.6	0.0	6.3	100.0
Proportion of companies to whom material investment banking services were offered during the previous 12 months	0.0	9.5	0.0	0.0	0.0	20.0	3.8

#### Analyst disclosures

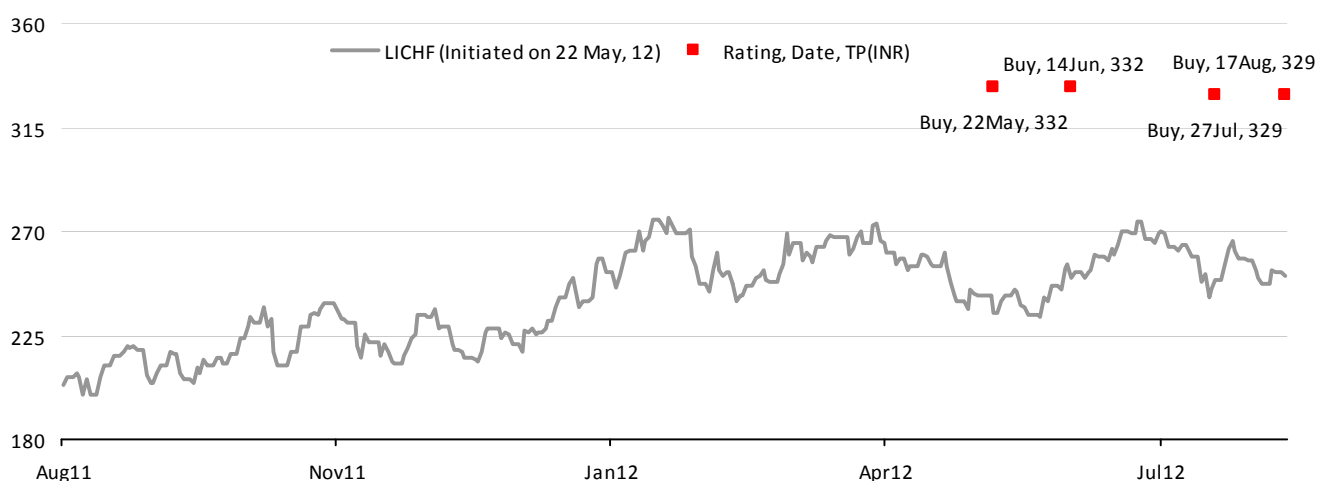
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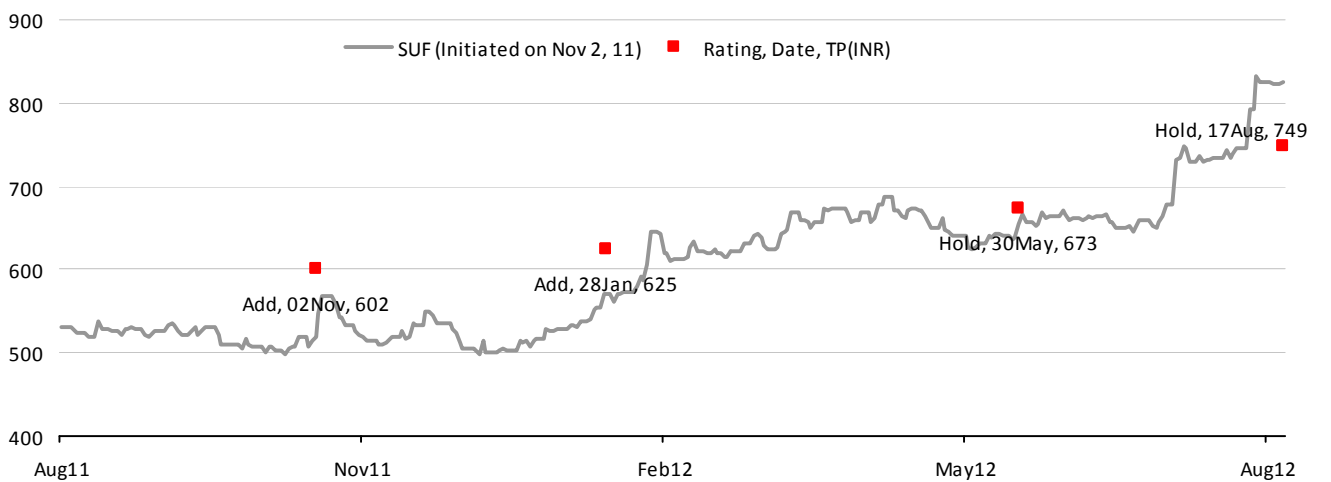
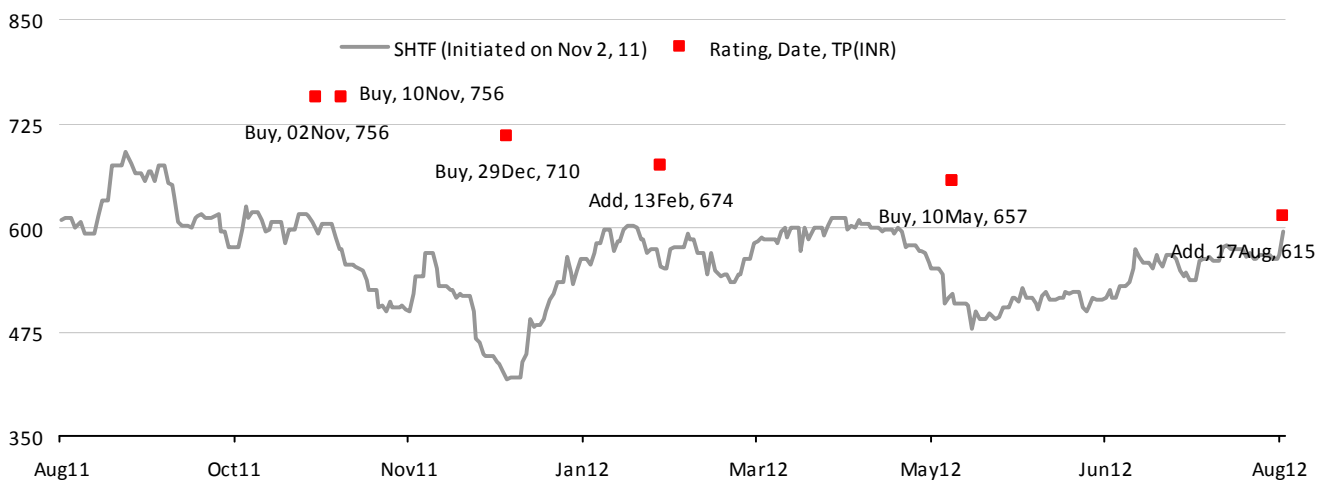
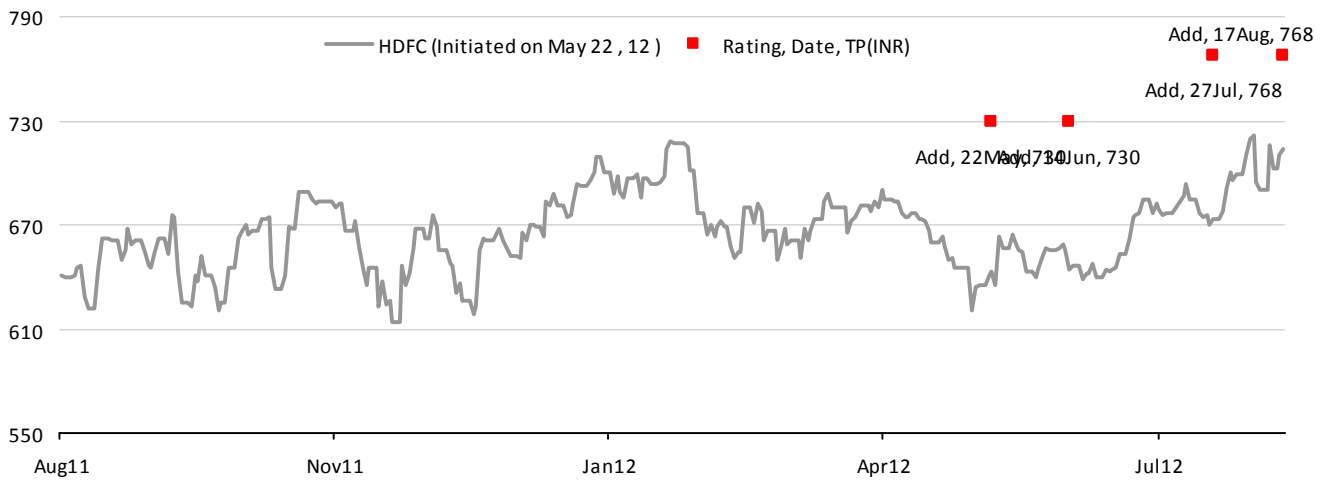
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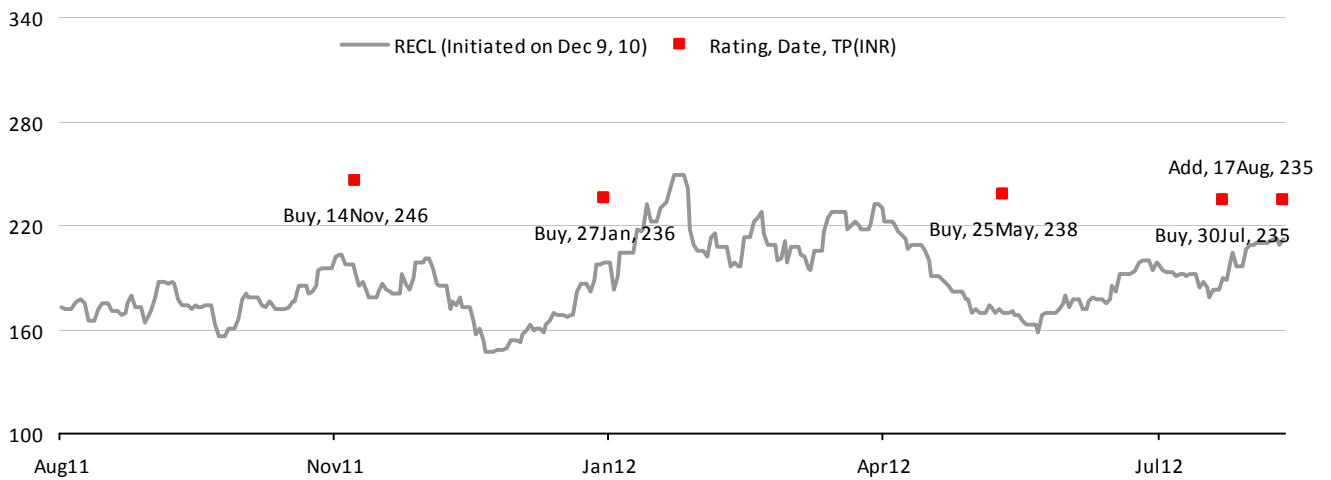
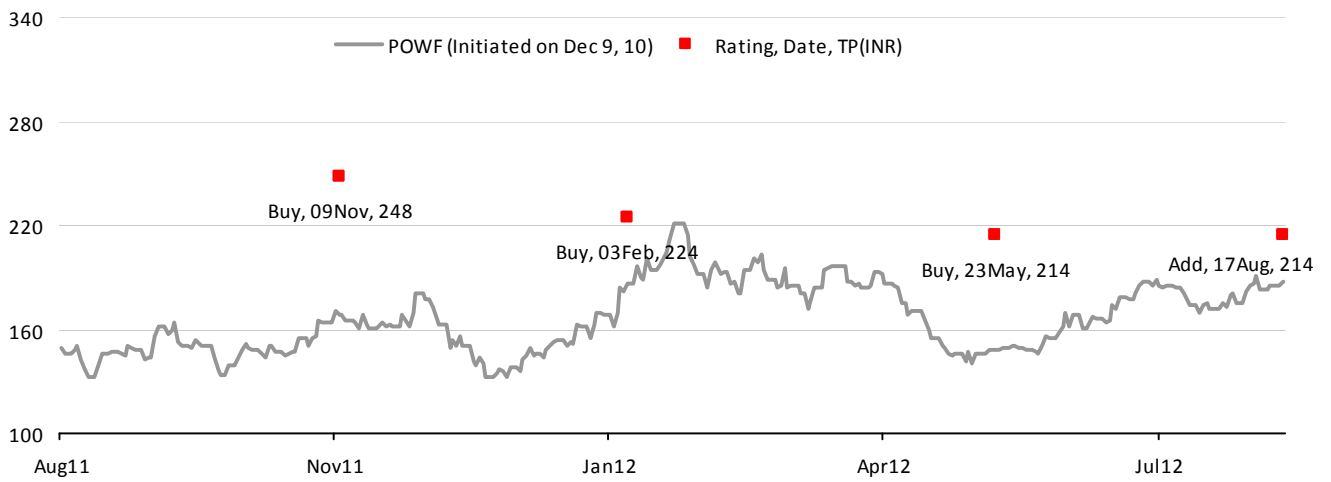
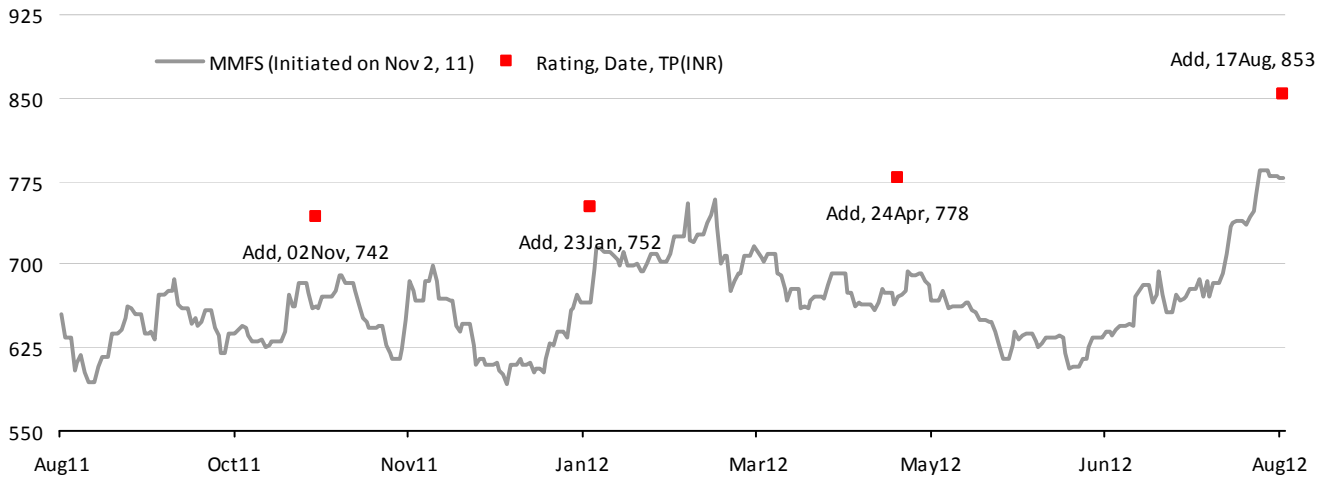
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