

Corporate Fixed Deposits

A corporate fixed deposit is best suited for investors who want stable returns on their investments over a fixed tenure with low risk. Non banking finance companies (NBFCs) & Housing Finance Companies (HFCs) offer such corporate fixed deposits (FD) that are similar to those offered by banks. In this report, we provide a brief summary of fixed deposits offered by various corporates and a note on the corporate.

The report summarises FD details of the following corporates:

- Dewan Housing Finance Limited
- Housing Development Finance Company Limited (HDFC)
- Housing Urban Development Company Limited (HUDCO)
- LIC Housing Finance Company Limited
- Mahindra & Mahindra Financial Services Limited
- Shriram Transport Finance Company Limited
- PNB Housing Finance Limited

(For detailed note please click on the company name)

Please note that the interest rates offered by the company are subject to changes as per the prevailing market interest rate scenario. It will always be advisable for the investor to refer to the application form or updated interest rate annexure accompanied with the report.

Tax implication of investing in FD

The interest income earned on a deposit is taxable at the same tax slab as the investor is in and is added to investors income in the year under the head "Other Income".

If the FD holder is a resident individual and HUF, for a payment of up to ₹ 10 lakh, TDS will be deducted at a rate of 10%. In addition to it, there is an education cess of 3%, which takes the total deduction to 10.3%. For a fixed deposit of resident individual or HUF with payments equal to ₹ 10 lakh or more there is surcharge of 10% and educational cess of 3%. This takes the total deduction to 11.3%. Income tax will be deducted at source from interest in accordance with section 194 A of the Income Tax Act, 1961 i.e. if the interest payable exceeds ₹ 5000/- in aggregate in the current financial year.

If the depositor is not liable to pay income tax and the interest to be paid/credited in a financial year does not exceed the maximum amount, which is not chargeable to income tax, the depositor may submit a declaration in Form No 15G so that income tax is not deducted at source. Senior citizens (65 years and above) may submit a declaration in Form No 15H. Form 15G/15H should only be furnished by the depositors before the prescribed date by the issuer.

Deduction of tax at source in case of trust will not be made if certificates under Section 197 of Income Tax Act, 1961 issued by the concerned assessing officer of the trust or copy of the order under Section 10 of the income tax under Income Tax Act 1961, if the trust is exempted under the above act, is submitted by March 15 of each financial year.

Rating matrix

FD Rating : **CARE AA+**
BWR FAAA

Issue Details

Options	Non Cumulative Cumulative Certificate
Premature Withdrawal	Not before 3 Months 3-6 Months : Nil 6-12 - Months: Interest Rate will be less by 3% for which the deposit is run. Above 12 : Interest Rate will be less by 3% for which the deposit is run
Loan against deposit	up to 75% of the Deposit amount carrying interest@2% Per annum above FD rate (at half yearly rests), provided such deposits has run for a minimum period of three months.

List of Subsidiaries

- DHFL Vysya Housing Finance Limited,
- Deutsche Postbank Home Finance Limited,
- Aadhar Housing Finance Private Limited,
- DHFL Property Services Limited and
- DHFL Holdings Private Limited

Financial Summary (Stand Alone) (₹ crore)

₹ Crore	FY11	FY10	FY09
Disbursements	6505	6865	2266
Sanctions	8949	5273	2698
Gross Revenue	1451	992	694
PAT	265	151	92
Reported NIM (%)	2.96	2.98	2.93
NNPA (%)	0.10	0.73	1.03

Analyst's name

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Dewan Housing Finance Ltd

Dewan Housing Finance Ltd (DHFL) is the second housing finance company to be set up in the private sector in India. DHFL's primary objective is to provide housing finance to lower and middle income Indians. DHFL was promoted by Shri Dewan Kuldeep Singh Wadhawan and Shri Rajesh Kumar Wadhawan. DHFL commenced its operation in August 1984. Its loan portfolio has since grown to ₹ 14,111.27 crore on March 31, 2011. DHFL has 101 branches, 72 services centres, 24 camps, six zonal offices and 11 regional processing offices. It has also floated associate companies in the areas of property and insurance services. DHFL also has a tie-up with Punjab & Sind Bank, to provide home loans to customers through a joint venture. DHFL has also set up its representative offices in London and Dubai to serve the NRI population in these regions. It has also tied up with UAE Exchange to offer its home loan products through the various UAE Exchange centres in GEC countries.

Fixed deposit

DHFL's deposit portfolio has reached ₹ 557 crore as on March 31, 2011 with a customer base of 44,000. CARE and Brickworks have reaffirmed their CARE 'AA+' and BWR FAAA rating, respectively, for DHFL's deposits. This rating represents highest safety, attractive returns and impeccable service standards as regards timely repayment of principal and interest.

Exhibit 1: FD Interest Rates (cumulative)

Aashray Deposit Plus

For All Investors - deposits (12 to 84 months)	Cumulative (%)
Deposit < 25 lakhs	10.50
Privilege Customer	11.00
Deposit ≥ 25 lakhs	10.75
Privilege Customer	11.25

400 Days Aashray Deposit

For All Investors - Individual / Corporate / NRIs / Firms/ Company / Trust etc.	%
Deposit < 25 lakhs	10.75
Deposit < 25 lakhs (privilege depositor)	11.25
Deposit = 25 lakhs or above	11.00
Deposit = 25 lakhs (privilege depositor)	11.50

365 Days Trust Deposit

Trust/ NPO Investors	%
Deposit < 100 lakhs	11.00
Deposit = 100 lakhs or above	11.25

500 Days Swayamsidha Deposit

For Female depositors	%
Deposit of all amounts	10.50
Deposit of all amounts - privilege depositor	11.00

Small Savings Scheme (RD)

For All Investors-deposits (12 to 84 months)	%
Min monthly dep Rs. 500/- Max - no limit	10.5

Source: Company, ICICIdirect.com Research

Exhibit 2: Interest Rates (Non Cumulative)

	Yearly	Half Yearly	Quarterly	Monthly
Aashray Deposit Plus				
Less Than Rs.25 Lac	10.75	10.50	10.38	10.3
25 Lac and above	11.00	10.75	10.63	10.55
25 Lac and above Preivilage Customer	11.50	11.25	11.13	11.05
Minimum Deposit	₹ 10000	₹ 10000	₹ 10000	₹ 20000
400 Days Aashray Deposit				
For all investors	11.01	10.75	10.62	10.54
Minimum Deposit	₹ 10000	₹ 10000	₹ 10000	₹ 20000
365 Days Trust Deposit				
Exclusively for Trust	11.28	11	10.86	10.78
500 Days Swayamsidha Deposit				
For all investors	10.75	10.5	10.38	10.3
Minimum Deposit	₹ 10000	₹ 10000	₹ 10000	₹ 20000

Source: Company, ICICIdirect.com Research

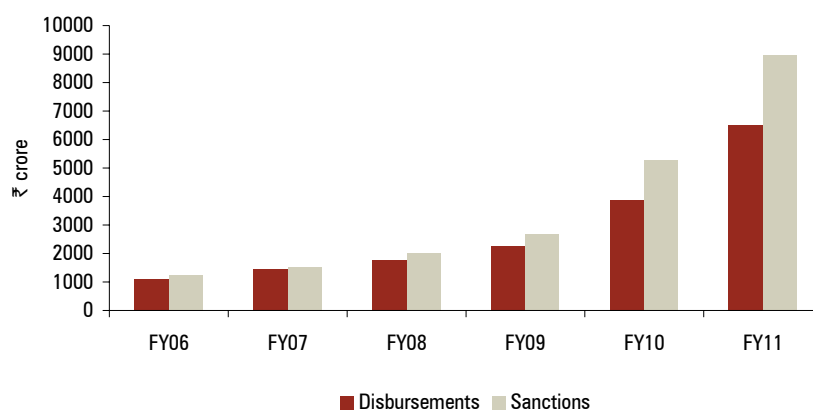
Note: The FD details presented above are summary information of the various fixed deposits offered by the company as on August 2011. Customer may refer to the application form for updated interest rates and other options available in the fixed deposit before investing.

Company Background

Business

The company's core business is providing housing finance and it carries on vertical businesses such as insurance and property services. The cumulative loan disbursement of the company as at the end of financial year 2010-11 was ₹ 19739.79 crore as compared to ₹ 13234.22 crore in the previous year. The housing loans/other loan sanctioned during the year ended March 31, 2011 were to the extent of ₹ 8,949.48 crore as against ₹ 5,273.96 crore sanctioned during the previous year. The loan disbursed during the year ended March 31, 2011 was to the extent of ₹ 6,505.57 crore as against ₹ 3865.56 crore disbursed during the previous year taking the loan book to ₹ 14111 crore as on March 31, 2011. DHFL expects loan growth in 2011-2012 of over 30% while the company is focusing on Tier-II and Tier III locations where housing demand is still strong.

Exhibit 3: Disbursements grow at CAGR of 42% in last five years



Source: Company, ICICIdirect.com Research

Subsidiaries

DHFL Vysya Housing Finance Ltd

DHFL Vysya Housing Finance Ltd (DVHFL) is a housing finance company registered with NHB and has operations primarily in the states of Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra. For the year ended March 31, 2011, DVHFL has reported a profit after tax of ₹ 12.11 crore as compared to ₹ 8.55 crore in the previous year.

DHFL Property Services Limited (DPSL)

DPSL, a wholly owned subsidiary of the company, offers real estate/property services under one roof as a value-added service along with housing. The operations of the said company began during financial year 2009-10. For the year ended March 31, 2011, DPSL has reported a profit after tax of ₹ 32 crore as compared to ₹ 18 crore in the previous year.

DHFL Holdings Private Limited (DHPL)

DHPL was incorporated on January 3, 2011 and is a wholly owned subsidiary of the company. The subsidiary manages investments in equity, acquires and holds shares, stocks, debentures, debenture stock, bonds mutual funds, real estate, fixed income and structured products.

Aadhar Housing Finance Private Limited (Aadhar Housing)

Aadhar Housing was set up as an HFC with equity participation from DHFL, DVHFL and International Finance Corporation – Washington in the ratio of 50:30:20, respectively. It markets housing loans for the low income segment of the Indian population.

Deutsche Postbank Home Finance Ltd (DPHFL)

DHFL acquired 67.56% equity stake in DPHFL, which is eventually held through its a special purpose vehicle company i.e. DHFL Holdings Private Limited, a 100% subsidiary company, while the balance 32.44% has been acquired by others i.e. Wadhawan Housing Pvt Ltd, Caledonia DPB Financial Consultants Ltd. For the year ended March 31, 2011, DPSL has reported a profit after tax of ₹ 80.5 crore as compared to ₹ 60.84 crore in the previous year.

Financial Performance

On a standalone basis, total interest income increased from ₹ 990.5 crore in FY10 to ₹ 1449 crore in FY11 registering an increase of 46.32%, mainly due to an increase in the company's loan book. NII increased 51.1% from ₹ 320.7 crore in FY10 to ₹ 484 core in FY11. PAT before adjusting for extraordinary item has increased by 52% to ₹ 229.66 crore from ₹ 150.71 crore. Standalone return on equity stands at 21.9% while return on assets stands at 2.02%.

Consolidated income from operation increased from ₹ 1041.12 crore in FY10 to ₹ 2093.58 crore in FY11. The company's revenue has grown by 101.56% in FY11. Revenue has grown at a CAGR of 69.19% over the last three financial years. Consolidated NII for FY11 stood at ₹ 517 crore as compared to ₹ 234 core for FY10.

The company's capital adequacy ratio has followed a general increasing trend during the three fiscal years ended March 31, 2011. The company's standalone capital adequacy ratio was at 19.39% as on March 31, 2011. We believe this provides an adequate cushion for future growth. The ratio of net nonperforming assets to customer assets stood at 0.10% as against

Rating matrix

Rating	CRISIL: FAAA
	ICRA : MAAA

Issue Details

Options	Non Cumulative Cumulative
Interest Payments	Monthly, Quarterly, Half yearly, Annual
Premature Withdrawal	Not before 3 Months Within 3- 6 Months : Interest will not be paid. After 6 Months : Interest Rate will be less by 2% for which the deposit is run.
Loan against deposit	Up to 75% of the deposit amount carrying interest@2% per annum above the deposit rate, provided such deposits has run for a minimum period of three months

Objects of the Issue

Part of the total borrowings of the company

Financial Summary

₹ Crore	FY09	FY10	FY11
Income From operations	10971	11128	12493
Other income	46	232	385
Total Net Income	11017	11360	12878
PBT	3219	3915	4867
PAT	2282	2826	3534

Analyst Name

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Housing Development Finance Corporation

Incorporated in 1977, Housing Development Finance Corporation Ltd (HDFC) is the first specialised mortgage company in India. Now it is more of a financial conglomerate with interests beyond mortgages. HDFC has a wide network of 294 offices (which include 76 offices of HDFC's wholly owned distribution company HDFC Sales Pvt Ltd) catering to over 2,400 towns and cities spread across the country. It also has offices in Dubai, London and Singapore and service associates in the Middle East region, to provide housing loans and property advisory services to non resident Indians (NRIs) and persons of Indian origin (PIOs). As on March 31, 2011 cumulative loan approvals and disbursements stood at ₹ 3,73,246 crore and ₹ 3,02,533 crore, respectively. This is with respect to approximately 3.8 million housing units.

Fixed deposit details

Deposits continued to grow during FY11. As on March 31, 2011, outstanding deposits stood at ₹ 24,625 crore. The depositor base stood at approximately 9.67 lakh. CRISIL and ICRA have for the sixteenth consecutive year, reaffirmed their AAA rating for HDFC's deposits. This rating represents highest safety, attractive returns and impeccable service standards as regards timely repayment of principal and interest.

Exhibit 1: Interest rates offered - Regular deposit) – Nom cumulative

Period in Months	Rate of Interest % payable				Annual Income
	Monthly Income	Quarterly Options	Half Yearly Options	Annual Income	
12-23	9.15	9.20	9.30	-	-
24-35	9.30	9.35	9.45	9.65	9.65
36-59	9.40	9.45	9.55	9.75	9.75
60-84	9.15	9.20	9.30	9.50	9.50
Minimum Amount	40000	20000	20000	20000	20000

- Senior Citizens will get an additional rate of 0.25% per annum

Exhibit 2: Interest rates offered - Regular deposit) - Cumulative

Period in Months	12	24	36	48	60
Rate of Interest	9.50	9.65	9.75	9.50	9.50

Source: Company, ICICIdirect.com Research, Minimum Deposit Amount - ₹. 20,000 / Interest Compounded annually

Exhibit 3: Interest rates offered - Platinum deposit (Only fixed rate)

Period in Months	Rate of Interest % payable					Cumulative Options
	Monthly Income	Quarterly Options	Half Yearly Options	Annual Income	Cumulative Options	
15	9.65	9.70	9.80	-	10.00	
33	9.65	9.70	9.80	10.00	10.00	
Minimum Amount	40000	20000	20000	20000	20000	

- Senior Citizens will get an additional rate of 0.25% per annum
- Cumulative option .interest is compounded annually on March 31

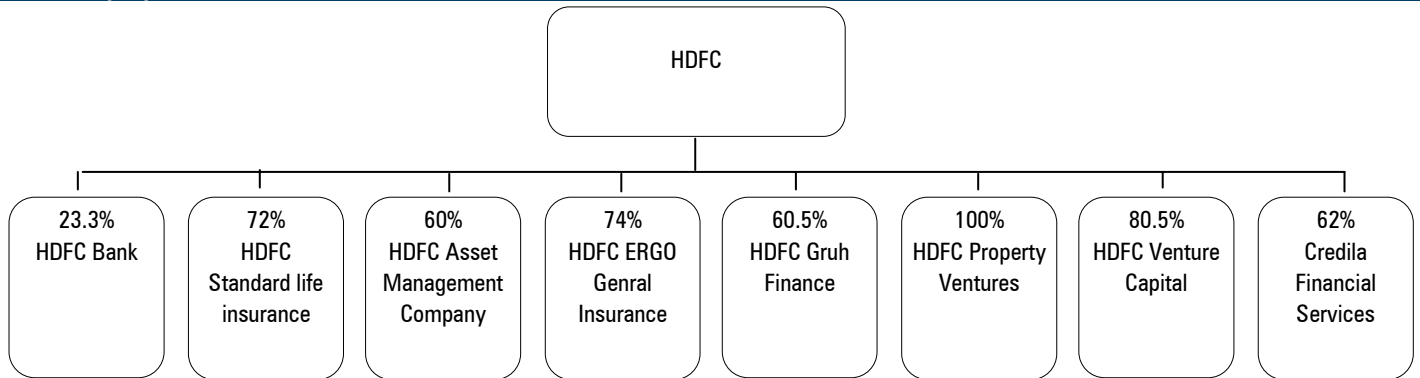
Source: Company, ICICIdirect.com Research

Company Background

Background

Incorporated in 1977, Housing Development Finance Corporation Ltd (HDFC) is the first specialised mortgage company in India. Now it is more of a financial conglomerate with interests beyond mortgages.

Exhibit 4: Company Structure



Source: Company, ICICIdirect.com Research

Subsidiaries

HDFC Bank

HDFC holds 23.3% in HDFC Bank. As on March 31, 2011, the bank has 1,968 branches, 5,471 ATMs spread across 966 cities with 22 million customer accounts. Total net advances of the bank as on March 31, 2011, stood at ₹ 1599.83 billion, an increase of 27% over the previous year. PAT stood at ₹ 39.26 billion registering an increase of 33% over the previous year.

HDFC Standard Life Insurance Company Ltd (HDFC Life)

HDFC holds 72.4% and Standard Life 26% of the equity of HDFC Life. As on March 31, 2011, assets under management stood at ₹ 272 billion – an increase of 28% over March 31, 2010. Total premium income in FY11 stood at ₹ 90.04 billion as against ₹ 70.05 billion for the previous year registering a growth of 29%. Share of renewal premium to total premium for FY11 stood at 55%. HDFC Life has a market share of 12.9% among the private sector and is ranked third with a market share of 4.9% (overall) in terms of weighted received premium for FY11 (Source: IRDA)

HDFC Asset Management Company (HDFC AMC)

HDFC holds 60% in HDFC AMC. Average assets under management (AUM) as on March 31, 2011, stood at ₹ 959.5 billion, which is inclusive of assets under discretionary portfolio management and advisory services. Equity assets of HDFC MF as a proportion of total MF assets are 48%. HDFC MF offers 36 debt, equity and exchange traded fund schemes.

HDFC ERGO General Insurance

HDFC holds 74% and ERGO 26% of the equity of HDFC-ERGO. It has a market share of 7% (private sector) and 3% (overall) in terms of gross written premium in FY11 (Source: IRDA). The company offers insurance products such as motor, health, travel, home and personal accident in the retail segment and property, marine, aviation and liability insurance in the

HDFC Gruh Finance

HDFC hold 60.6% of equity in HDFC Gruh Finance. The company is a registered housing finance company offering loans to individuals for purchase, construction and renovation of dwelling units. The loan portfolio as on March 31, 2011, stood at ₹ 31.77 billion – an increase of 29% over the previous year. Gross non-performing assets stood at 0.82%.

HDFC Property Fund

HDFC Property Fund was launched in 2005. The first scheme of the company HDFC India Real Estate Fund is a seven year close ended scheme with a corpus of US\$250 million. The other operative scheme is HDFC International Fund. It is a nine year close ended fund with a corpus of US\$800 million.

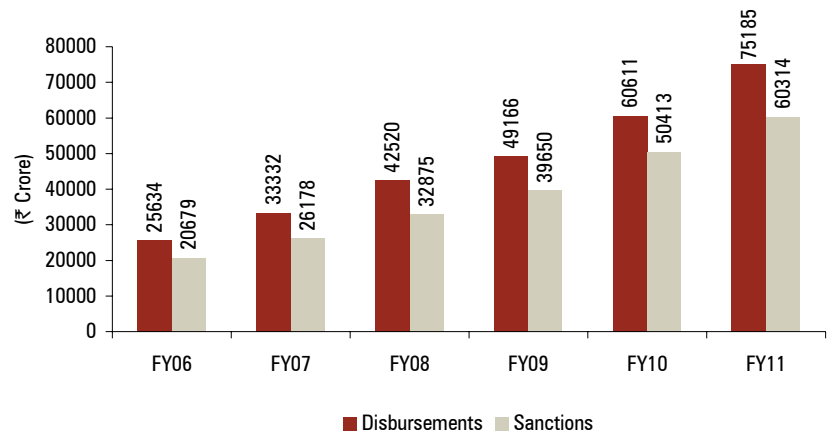
HDFC Credila Financial Services

HDFC holds 62.3% in Credila Financial Services Private Limited. Credila is a non-banking finance company and is the only Indian lender that is exclusively focused on education loans.

Operations

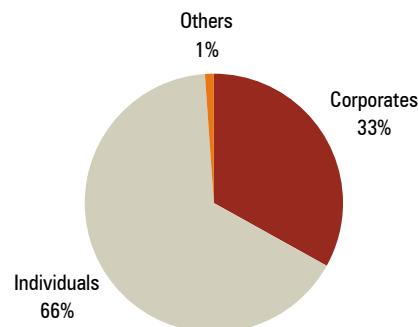
HDFC has registered 24% CAGR growth in loan approvals in the last five years. Loan approvals for FY11 were ₹ 75,185 crore as compared to ₹ 60,611 crore in FY10. During the year, HDFC's loan book increased to ₹ 1,17,127 crore from ₹ 97,967 crore in the previous year. In addition to this, loans securitised and/or assigned by the corporation and outstanding as on March 31, 2011 amounted to ₹ 12,147 crore.

Exhibit 5: Disbursements grow at 24% CAGR over last five years...



Source: Company, ICICIdirect.com Research

Exhibit 6: Lending profile



Source: Company, ICICIdirect.com Research

Financials

HDFC's profits after tax have grown at a CAGR of 23% over the last five years. Net interest income for FY11 was ₹ 4308 crore against ₹ 3465 crore for FY10. Calculated NIM increased from 3.78% in the previous year to 4.01% in FY11 registering an increase of 370 bps.

The reported average yield on loan assets during the year was 10.30% per annum as compared to 10.90% per annum in the previous year. The average all-inclusive cost of funds was 7.97% per annum as compared to 8.59% per annum in the previous year. The spread on loans over the cost of borrowings for the year was to 2.33% per annum as against 2.31% per annum in the previous year.

Return on equity (RoE) stood at 21.7% as on March 31, 2011. Return on assets (RoA) stood at 2.9%.

HDFC's capital adequacy ratio stood at 14% of the risk weighted assets, (of which Tier 1 capital was 12.2%) as against the minimum requirement of 12%.

Gross non-performing loans as at March 31, 2011 amounted to ₹ 903.85 crore. This is equivalent to 0.77% of the portfolio (as against 0.79% in the previous year). This is the twenty-fifth consecutive quarter end at which the percentage of non-performing loans have been lower than the corresponding quarter in the previous year

On a consolidated basis, for the year ended March 31, 2011, profit before tax was ₹ 5,244.15 crore as compared to ₹ 3,883.63 crore in the previous year. Profit after tax was ₹ 4,528.41 crore as compared to ₹ 3,240.98 crore in the previous year, an increase of 40%. The consolidated return on equity stood at 22.9% as against 19.6% in the previous year while the consolidated post tax return on assets stood at 3% as against 2.6% in the previous year.

Exhibit 7: Balance sheet

	FY09	FY10	FY11
SOURCE OF FUNDS			
Share capital	285	287	293
Reserves	12852	14911	17023
Net worth	13137	15198	17316
Loan Funds	83856	96565	115410
Total Assets	96993	111763	132727
APPLICATION OF FUNDS			
Loans	85198	97967	117127
Investments	10469	10727	11832
Deferred Tax Assets	216	286	448
Current Assets	907	2561	3086
Fixed Assets	203	222	234
Total Assets	96993	111763	132727

Source: Company, ICICIdirect.com Research

Rating matrix

Crisil Rating : **MAA ICRA**
AA+ (FD) Care

Issue Details

Options	Non Cumulative Cumulative
Interest Payments	Half Yearly
Premature Withdrawal	Not before 3 Months 3-6 Months – NIL 6-12 Months - Interest Rate will be less by 3% for which the deposit is run. After 12 Months Interest Rate will be less by 2 % for which the deposit is run.
Loan against deposit	Up to 75% of the Deposit amount The rate of interest will be 2 % points higher than payable on the deposit

Objects of the Issue

To Finance the operations of the company

Financial Summary

₹ Crore	FY10	FY11	Variation
Networth	5097.09	5520.94	+ .3%
PBT	785.82	821.48	+9%
PAT	495.31	550.03	+11%

Housing & Urban Development Corporation

Housing & Urban Development Corporation Ltd (HUDCO) is a public sector company fully owned by the Government of India for financing housing and urban infrastructure activities in India. The cardinal objective of HUDCO is to undertake housing and urban infrastructure development programmes in the country, provide long-term finance for construction of houses for residential purposes in urban and rural areas and finance or undertake, the setting up of the new or satellite towns and industrial enterprise for building material. Cumulatively, HUDCO has sanctioned 16,377 schemes involving a total project cost of ₹ 5,72,781 crore with loan component of ₹ 1,20,028 crore.

Fixed deposit details

Investment under HUDCO Public Deposit Scheme qualifies for deduction from gross total income up to ₹ 1 lakh under Section 80C (2) (xvi) (a) of the Income Tax Act, 1961.

Exhibit 1: Interest rates offered

Regular Plus (Periodic Income Scheme)

Period of Deposit (Months)	Rate of Interest (% p.a.)
12, 24	9.40%
36, 48, 60, 72 & 84	9.10%

Multiplier Plus (Cumulative Income Scheme)

Period in Months	Interest Rate	Maturity Value for Deposit of ₹.10000
12	9.60%	10995
24	9.70%	12113
36	9.60%	13292
48	9.40%	14501
60	9.30%	15836
72	9.20%	17259
84	9.10%	18774

Cash Certificate

Period in Months	Deposit Amount (₹)	Interest Rate	Maturity Value (₹)
36	15046	9.60%	20000
	22569		30000
	37616		50000
60	12630	9.30%	20000
	18945		30000
	31574		50000
84	10653	9.10%	20000
	15980		30000
	26663		50000

*Additional rate of 0.25% for Senior citizens across all Slabs
Interest compounded on quarterly basis*

The FD has been assigned MAA by ICRA and AA+ by Care. The rating indicates a stable outlook for the company.

Company Background

Housing & Urban Development Corporation Ltd (HUDCO) is a public sector company fully owned by the Government of India for financing housing and urban infrastructure activities in India. HUDCO was incorporated on April 25, 1970 under the Companies Act 1956. HUDCO is addressing almost the entire gamut of habitat issues in the country. HUDCO stands out in the burgeoning housing finance industry for its focus on the low income groups and basic infrastructure provision. Towards supporting housing for the weaker sections of the society, HUDCO follows a policy of lower interest rate, a larger portion of the unit cost as loan and a longer repayment period for this sector. It continues to emphasise on sectors, which are more socially relevant rather than only on commercially viable and profitable sectors.

HUDCO services and product portfolio can be classified into the following five categories:

- Housing
- Urban infrastructure
- Building technology promotion
- Research and training
- Consultancy

It has played a stellar role in the implementation of National Urban Housing & Habitat Policy and various other housing programmes of the Government of India and supports national level development initiatives across the country.

HUDCO acts as an enabler and facilitator by developing suitable financial instruments for promotion of housing for the economically weaker sections/low income groups serviced by basic amenities. HUDCO is also supporting provision of infrastructure facilities such as water, drainage, sanitation, sewerage, solid waste disposal and power.

Exhibit 2: Cumulative sanctions

Status of Projects	Cumulative
Number of Projects	16377
No. of Projects Completed	13865
Project Cost (₹in crore)	572781
Loan Amount (₹in crore)	120228
Loan Released (₹in crore)	74913
Total Res. Dwell. Units	14984203
Economically Weaker Section	12473227
Lower Income Group	1355903
Middle Income Group	439604
Higher Income Group	332070
HUDCO Niwas	383399
Non Residential Buildings	42076
Number of Plots	773596
Sanitation Units	6687469

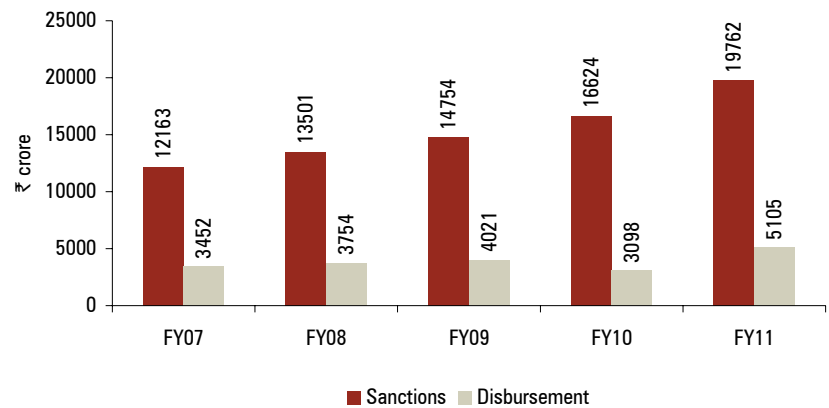
* Project Cost excludes HUDCO Niwas

Source: Company, ICICIdirect.com Research

Company Operations

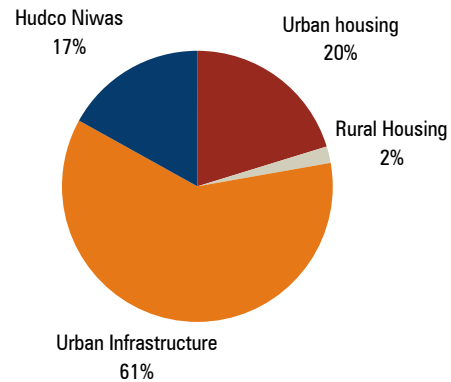
During the year, HUDCO has sanctioned 134 schemes with a loan amount of ₹ 19,762 crore as against ₹ 16,624 crore in the previous year recording a growth of 19%. These sanctions include a wide spectrum of projects covering housing, basic infrastructure, energy, transport, etc with a loan amount of ₹ 5,293 crore for housing and ₹ 14,469 crore for urban infrastructure.

Exhibit 3: Sanctions increased at a CAGR of 12% for FY07-11



Source: Company, ICICIdirect.com Research

Exhibit 4: Loan and advance break-up programme wise



Source: Company, ICICIdirect.com Research

Company Financials

The company has achieved a PBT after prior period adjustment of ₹ 821.48 crore in FY11 as against ₹ 785.82 crore in FY10. The net profit stood at ₹ 550 crore during the year as against ₹ 495 crore in the previous year. HUDCO was able to mobilise resources at a weighted average incremental

Rating matrix

Crisil Rating : FAAA

Issue Details

Options	Non Cumulative Cumulative
Interest Payments	Half Yearly
Premature Withdrawal	Not before 3 Months 3-6 Months – Nil After 6 Months Interest Rate will be less by 2% for which the deposit is run.
Loan against deposit	upto 75% of the Deposit amount carrying interest@2% per annum (at half yearly rests), provided such deposits has run for a minimum period of three months.

Objects of the Issue

To Finance the operations of the company

Financial Summary

₹ Crore	FY10	FY11	Variation
Loan disbursed (individuals)	17512	20227	+16%
Total income	3469	4868	+40%
Net Interest Income	886	1372	+54%
PAT	531.62	662.18	+25%

LIC Housing Finance Ltd

Incorporated in 1989, LIC Housing Finance (LICHF) was promoted by the Life Insurance Corporation of India (40.5% stake) with equity participation from UTI, ICICI and IFCI. The company is engaged mainly in granting housing loans to individuals. It also provides finance to agencies engaged in construction of houses/flats for residential purposes. The company has the largest reach in the country with a network of six regional offices, and 181 marketing offices covering almost 450 locations. It also has an office in Dubai and Kuwait. Cumulative loan sanctioned and disbursed since incorporation in respect of individual loans stands at ₹ 81,317 crore and ₹72,957 crore, respectively.

Fixed deposit details

As on March 31, 2011, total deposits outstanding was ₹ 261.20 crore. The company enjoys 'AAA' rating from Crisil indicating highest safety with regard to the ability to service interest and repay capital.

Exhibit 1: Interest rates offered

Cumulative/Non Cumulative scheme

Minimum Amount	Period (Months)	Interest % p.a.
₹10,000	12	9.00%
	18	9.00%
	24	9.25%
	36	9.50%
	60	9.50%

Source : Company, ICICIdirect.com research

Note: For Senior Citizens, Additional interest of @ 0.10% p.a. will be more on deposits upto Rs.50,000/- and 0.25% will be more on deposits above Rs.51,000/- payable for all the terms

Subsidiaries

The company has four subsidiaries:

LICHFL Care Homes Limited

LICHFL Care Homes Limited was promoted to establish and operate assisted community centres.

LICHFL Financial services Limited

LICHFL Financial Services Limited was formed to provide non fund based activities like marketing of housing loans, insurance, mutual funds, etc.

LICHFL Trustee company Limited

LICHFL Trustee Company Limited was incorporated for undertaking business of trustee of venture capital trust, funds – in India and offshore.

LICHFL Asset Management Company Limited (LICHF AMC)

LICHFL AMC was incorporated for undertaking the business of managing, advising, administering, venture funds, unit trust, investment in India as well as abroad.

Company Financials

During FY11, the company sanctioned and disbursed loans totalling ₹ 22,603 crore and ₹ 19,912 crore, registering growth of 25% and 34%, respectively, over FY10. Out of the total, individual loan sanctions and disbursements were ₹ 20,227 crore and ₹ 17,512 crore, registering growth of 43% and 41%, respectively. The reported yield on advances has gone up by 42 bps to 10.62% on a YoY basis while cost of funds have risen by 43 bps to 8.01% leading to spreads remaining flat at 2.6%. NIM stood at 3.45%.

The company earned total income of ₹ 4,868 crore in FY11, registering an increase of 40.3%. PBT and PAT stood at ₹ 1,294.16 crore and ₹ 974.49 crore registering an increase of 42% and 47.2%, respectively.

As on March 31, 2011, non performing asset (NPA) has come down to 0.52% of the loan portfolio from 0.69% as on March 31, 2010. Capital adequacy was at 14.88% (as against 12% prescribed by NHB) as on March 31, 2011.

Rating matrix

Crisil Rating : FAAA

Issue Details

Options	Non Cumulative Cumulative
Interest Payments	Half Yearly
Premature Withdrawal	Not before 3 Months 3-6 Months – Nil After 6 Months Interest Rate will be less by 2% for which the deposit is run.
Loan against deposit	Up to 75% of the deposit amount carrying interest@2% per annum (at half yearly rests), provided such deposits has run for a minimum period of three months.

Objects of the Issue

Fulfilment of company objective to finance purchase of utility vehicles, tractors, cars, commercial vehicles and used vehicles in the rural and semi-urban areas of India

Financial Summary

₹ Crore	FY08	FY09	FY10
Income From operations	1205	1364	1530
Other income	21	19	38
Total Net Income	1226	1384	1569
PBT	272	325	520
PAT	177	214	343

Analyst's name

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Mahindra & Mahindra Financial Services Ltd

MMFSL is a subsidiary of Mahindra and Mahindra Ltd (M&M). The company is one of India's leading non-bank finance companies focused on the rural and semi-urban sector. MMFSL finances purchase of utility vehicles, tractors, cars, commercial vehicles and used vehicles in the rural and semi-urban areas of India. The company primarily finance M&M UVs and tractors. The company has 547 branches as on March 2011. It has three subsidiaries Mahindra Insurance Brokers Ltd (MIBL), Mahindra Rural Housing Finance Ltd (MRHFL), Mahindra Business & Consulting Service Private Ltd (MBCSPL). MIBL undertakes direct insurance broking business, both in the life and non-life insurance segments with a focus on retail and commercial lines of businesses while MRHFL provides housing loans in rural areas.

Fixed deposit details

The company has started accepting deposits from the public from January 1, 2009. Funds that have been mobilised through deposits are to the tune of ₹ 943 crore from over 80,000 customers. The amount so collected is used for the fulfilment of the company objective.

Crisil Limited has upgraded the credit rating on fixed deposits to 'FAAA' from 'FAA'. The 'FAAA' credit rating by Crisil also assures high level of safety on the deposits.

Exhibit 1: Interest Rates Offered

Non Cumulative scheme

Period (Months)	Interest p.a.* (half Yearly)	Interest p.a.* (Quarterly)
12	9.25%	9.15%
24	10.00%	9.90%
36	10.25%	10.15%
48,60	9.75%	9.65%
Minimum Amount (₹)	25000	50000

Cumulative Scheme:

Minimum Amount	Period (Months)	Amount Payable (₹)	Interest * p.a.
₹10,000	12	10,950	9.50%
	18	11,550	10.00%
	24	12,155	10.25%
	36	13,492	10.50%
	48	14,641	10.00%
	60	16,105	10.00%

* Senior Citizens / Shareholders / Employees will get an additional rate of 0.25% per annum

Source: Company, ICICIdirect.com

Company Operations

The company's disbursement registered a growth of 62% at ₹ 14420 crore for the year ended March 31, 2011 as compared to ₹ 8915 crore during the same period of the previous year. M&MFSL currently has a network of 547 offices and total asset under management crosses US\$3 billion. On a cumulative basis, the number of customer contracts increased by 30.9% from 11,89,848 as on March 31, 2010 to 15,57,622 as at March 31, 2011.

Company Financials

Income grew by 28.3% to ₹ 2,012.5 crore for the year ended March 31, 2011 as compared to ₹ 1,568.8 crore for the previous year.

Profit before tax (PBT) of the company grew at 34.9% from ₹ 520.6 crore in FY10 to ₹ 702.4 crore in FY11 whereas profit after tax (PAT) grew by 35.1% from ₹ 342.7 crore to ₹ 463.1 crore during the same period.

The net spread on assets was maintained at 6.2 percentage points in FY11 as against 6.3 percentage points in FY10.

The gross NPA to total asset ratio improved from 6.4% in FY10 to 4% in FY11. The net NPA to total asset ratio stood at 0.6% in FY11 as against 0.9% in FY10.

The capital adequacy ratio stood at 20.3% as on March 31, 2011.

Performance of subsidiaries

Mahindra Insurance Brokers Limited

The business of direct insurance broking for life and non-life products is carried out by Mahindra Insurance Brokers Limited (MIBL). MIBL achieved a growth of 55.2% in net premium generated for the corporate and retail business lines, increasing from ₹ 186.3 crore (gross premium ₹ 202.7 crore) in the financial year 2009-10 to ₹ 289.2 crore (gross premium ₹ 318.6 crore) in the financial year 2010-11, crossing a milestone of ₹ 300 crore gross premium. Profit before tax increased by 95.8% from ₹ 16.8 crore to ₹ 32.9 crore while the profit after tax increased by 96.4% from ₹ 11.1 crore to ₹ 21.8 crore during the same period

Mahindra Rural Housing Finance Limited (MRHFL) in the fourth year of its operations disbursed loans aggregating ₹ 203.6 crore (previous year ₹ 90.6 crore), covering over 21,000 families. The profit after tax for the year ended March 31, 2011 was ₹ 8.9 crore (previous year ₹ 2.2 crore). The outstanding loan portfolio as on March 31, 2011 stood at ₹ 315.3 crore.

Mahindra Business & Consulting Services Private Limited (MBCSPL) has mainly sourced 4,739 employees for the company and its subsidiaries viz. MIBL and MRHFL. The company earns its income in the form of fees towards staffing services. MBCSPL registered a profit after tax of ₹ 0.5 crore for the year ended March 31, 2011 as compared to ₹ 0.1 crore in the previous year

Shriram Transport Finance Company Ltd

Rating : **FAA+/Stable**

Issue Details

Options	Non Cumulative Cumulative
Interest Payments	Half Yearly
Premature Withdrawal	Not before 3 Months 3-6 Months – Interest paid will be Nil After 6 Months Interest Rate will be less by 2% for which the deposit is run.
Loan against deposit	up to 75% of the deposit amount carrying interest@2% Per annum (at half yearly rests), provided such deposits has run for a minimum period of three months.

Objective of the issue

The funds raised through this issue will be used for various financing activities including lending and investments. It will also be used to repay existing loans and business operations including capital expenditure and working capital requirements

Financial Summary

₹ Crore	FY10	FY11	Variation
Income From operations	3659	4402	+20%
Other income	71	97	+37%
Total Net Income	3731	4499	+21%
PBT	920	1324	+44%
PAT	612	873	+43%

Analyst's name

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Shriram Transport was established in 1979. It is among the leading financing institutions in the organised sector for the Indian commercial vehicle industry. The company also provides financing for passenger commercial vehicles, multi-utility vehicles, three wheelers, tractors and construction equipment. In addition, it provides ancillary equipment and vehicle parts finance such as loans for tyres and engine replacements and working capital facility for first time users (FTUs) and small road transport operators (SRTOs). It also provides ancillary financial services targeted at commercial vehicle operators such as freight bill discounting. The company also markets co-branded credit cards targeted at commercial vehicle operators in India, thereby providing comprehensive financing solutions to the road logistics industry in India. The company has a widespread network of branches. As of March 31, 2011 it had 488 branches across India, including at most of the major commercial vehicle hubs along various road transportation routes in India.

Fixed deposit details

The aggregate of deposits held on March 31, 2011 stood at ₹ 112.94 crore. The STFCL fixed deposit was given Crisil rating FAA+/Stable. The ratings reflect STFCL's strong market position in the pre-owned commercial vehicle (CV) finance segment, healthy capitalisation, stable asset quality and healthy earnings profile.

Exhibit 1: Interest Rate offered

Tenure Years	Fixed Rate of Interest			Cumulative Yield %
	(Payable yearly) %	(Payable half yearly) %	(Payable Quarterly) %	
1	9.25%	9.05%	8.95%	9.25%
2	9.75%	9.52%	9.41%	10.23%
3	10.75%	10.47%	10.34%	11.94%
4	10.75%	10.47%	10.34%	12.60%
5	10.75%	10.47%	10.34%	13.32%

Source: Company

Company background

STFC primarily caters to first time users (FTUs) and small road transport operators (SRTOs). As of March 31, 2011 STFC had 488 branches across India. It is the only financing institution in the organised sector providing finance to FTUs and SRTOs in the pre-owned commercial vehicle finance segment. STFC provides financing for passenger commercial vehicles, multi-utility vehicles, three wheelers, tractors and construction equipment. In addition, the company also provide ancillary equipment and vehicle parts finance, freight bill discounting and markets co-branded credit cards targeted at commercial vehicle operators in India, thereby providing comprehensive financing solutions to the road logistics industry in India. As of March 31, 2011, the total employee strength was 16,919.

STFC has recently forayed into the business of developing hubs across India called "Automall", which are aimed to be a one-stop shop for trading in commercial vehicles and equipment through its wholly-owned subsidiary **Shriram Automall India Limited**. Currently, two operational "Automalls" are near Chennai and Vadodara.

List of top ten Equity Share holder

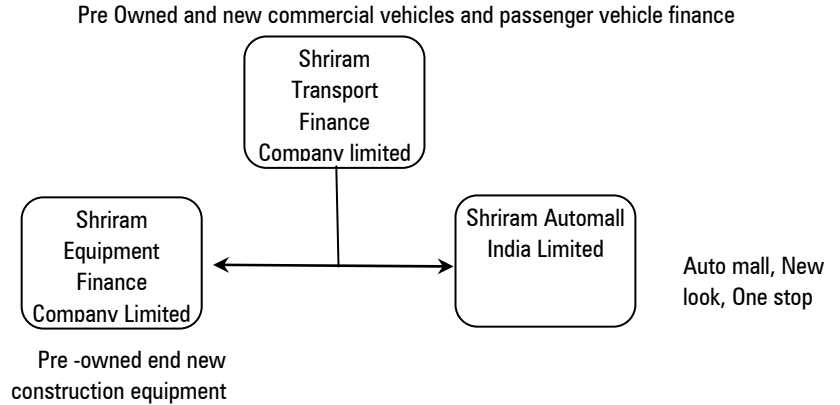
Shareholders	Holding (%)
Shriram Holdings (Madras) Pvt.ltd	41.28
Genesis Indian Investment Company Limited -General Sub Fund	6.71
ICICI Prudential Life Insurance Co.ltd	3.27
Tiger Global Mauritius Fund	1.87
Fid Funds (Mauritius) Ltd.	1.43
Fidelity Funds Emerging Markets Fund	1.30
Wellington Management Co. LLP A/C Bay Pond Mb	1.22
Ontario Teacher's Pension Plan Board – NP3A All	1.19
Morgan Stanley Mauritius Co.ltd	1.19
Copthall Mauritius Investment Ltd.	1.17

Source: Company, ICICIdirect.com Research

*as on June 3, 2011

STFC has also forayed into the business of providing equipment finance in connection with both new and pre-owned construction and other equipment through wholly owned subsidiary, **Shriram Equipment Finance Company Limited.**

Exhibit 2: Organisational structure

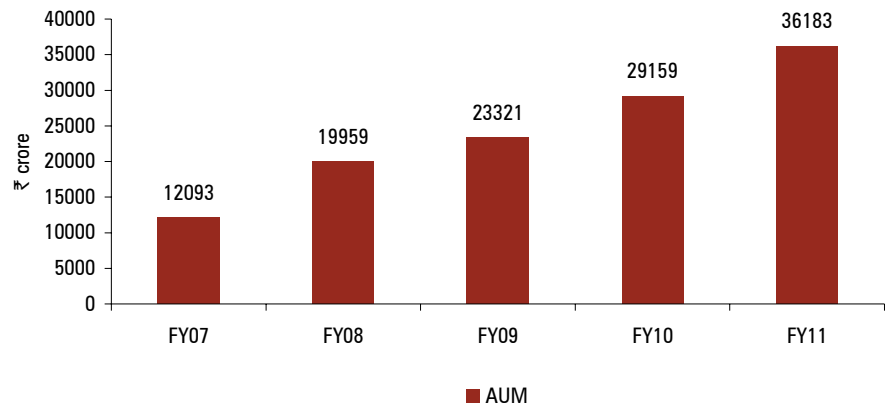


Source: Company, ICICIdirect.com Research

Operations

STFC's assets under management (AUM) have grown at a compounded annual growth rate (CAGR) of 31.52% from ₹ 12,092 crore as of March 31, 2007 to ₹ 36,182 crore as of March 31, 2011. This is supported by a strong capital base, with share capital of ₹ 226 crore and reserves and surplus of ₹ 4674.66 crore as of March 31, 2011

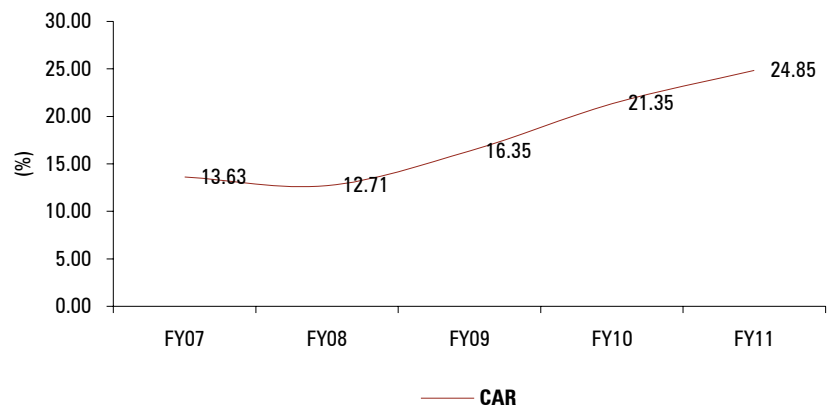
Exhibit 3: AUM grows at a CAGR of 31% from FY07-FY11



Source: Company, ICICIdirect.com Research

The capital adequacy ratio (CAR) as of March 31, 2011 was 24.85%, compared to the RBI's stipulated minimum requirement of 12.00%. Tier I capital as of March 31, 2011 was ₹ 4581.83 crore

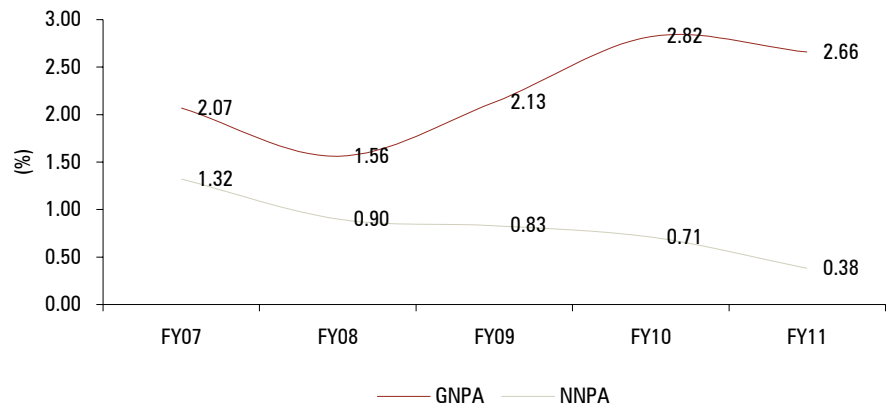
Exhibit 4: High capital adequacy ratio



Source: Company, ICICIdirect.com Research

Gross NPAs as a percentage of total loan assets were 2.66% as of March 31, 2011. Net NPAs as a percentage of net loan assets was 0.38% as of March 31, 2011. Asset-backed lending model and adequate asset cover has helped STFC to maintain low gross and net NPA level

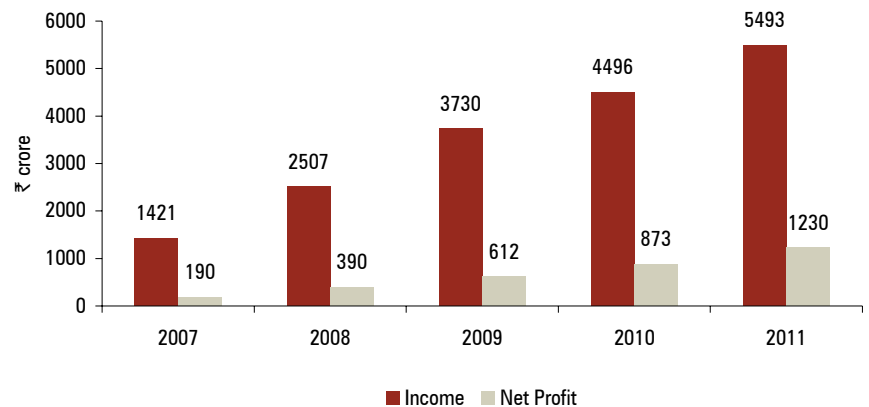
Exhibit 5: Asset quality



Source: Company, ICICIdirect.com Research

STFC's total income has increased from ₹ 1421.38 crore in FY07 to ₹ 5429.65 crore in FY11 growing at a CAGR of 39.80%. Net profit after tax increased from ₹ 1903.97 crore in FY07 to ₹ 1229.88 crore in FY11 growing at a CAGR of 59.42%.

Exhibit 6: Income grows at a CAGR of 40%



Source: Company, ICICIdirect.com Research

Rating matrix

FD Rating : FAA+/Stable

Issue Details

Options	Non Cumulative Cumulative Certificate
Premature Withdrawal	Not before 3 Months 3-6 Months – Nil After 6 Months Interest Rate which the deposit is run. After 12 Months Interest Rate will be less by run.
Loan against deposit	Loan facility up to 75% of de branches of the company an Bank.

Financial Summary (Stand Alone) (₹ crore)

₹ Crore	FY11	FY10
Disbursements	1267	900
Loan Book	3138	2476
Borrowings	3178	2655
PAT	69	66
Reported NIM (%)	3.67	4.94
NNPA (%)	0.94	0.5

Analyst's name

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PNB Housing Finance Ltd

PNB Housing Finance (PNBHF) is a subsidiary of Punjab National Bank and a partner of Destimoney Enterprises Pvt. Ltd. PNB holds a 74% stake while 26% stake is held by Destimoney Enterprises Pvt Ltd. PNBHF was incorporated in 1988 and is based in New Delhi. PNBHF is a moderate sized housing finance company with an outstanding loan book of ₹ 3138 crore as of March 31, 2011. Since the company is an NBFC, it also has fixed deposit on offer.

Fixed deposit (FD)

PNBHF's fixed deposit portfolio has reached ₹ 189 crore as on March 31, 2011. Crisil has assigned FAA+/Stable rating for the FD. This rating indicates that the degree of safety regarding timely payment of interest and principal is strong.

Exhibit 1: FD Interest Rates

Period (Months)	FD Half-Yearly Deposit	CD Half-Yearly Deposit
12 and 24 Months	9.50	9.50
36, 48 and 60 Months	9.75	9.75
72 and 84 Months	9.25	9.25

Source: Company, ICICIdirect.com Research

*Interest rate for Senior citizens age above 60 years shall be at 0.50% higher than above rates

Note: The FD details presented above are summary information of the various fixed deposits offered by the company as on October 2011. Customer may refer to the application form for updated interest rates and other options available in the fixed deposit before investing.

Company Background

Business

Incorporated in 1988, PNBHF had 30 branches as on June 30, 2011. PNBHF continues to benefit from the management, branding, and funding support that it receives from its majority shareholder PNB. PNB Housing continues to be a subsidiary of PNB. PNB sold 26% of its equity ownership in PNB Housing to Destimoney Enterprises Pvt Ltd (Destimoney), thereby reducing its shareholding in PNB Housing to 74%. The agreement between Destimoney and PNB allows an increase in the former's stake in PNB Housing to 49%. The company has undertaken a business transformation project in consultation with KPMG Advisory services Pvt Ltd, which is likely to bring positive changes in process and delivery in FY12.

Financial Performance

For FY11, disbursement stood at ₹ 1267 crore, up 57% YoY. The loan book stood at ₹ 3318 crore, growing at a CAGR of 24% over FY06-FY11. The spread has remained stable at 4.1% FY11. On account of an increase in interest rates, NIMs declined to 3.8% as against 4.9% last year. Decline in NIMs and excess bad debt write-off led to a mere 4% rise in profits after tax.

The gross NPA ratio has increased from 1.25% at the end of FY10 to 1.31% at the end of FY11. The net NPA ratio stood at 0.94% at the end of FY11. CRAR stood at 20.83% way above the regulatory requirement.

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