

# Financials – NBFCs

## Result Preview



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### Company

Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
HDFC
HomeFirst
LIC Housing Finance
L&T Finance Holdings
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Repco Home Finance
Shriram Finance

## No signs of weakness in an otherwise seasonally weak quarter

### Margin compression in vehicle finance to continue but nearing end

- We expect our coverage universe of NBFC – Lending Financials to deliver 19%/20%/29% YoY growth in NII/PPoP/PAT in 1QFY24.
- In sharp contrast to the otherwise weaker trends in the first quarter of any typical fiscal year, we anticipate the disbursement momentum to remain buoyant and asset quality to remain largely stable in 1QFY24. The strong new business volumes were underpinned by a healthy underlying demand for vehicle finance, mortgages, personal loans, business loans and even gold loans.
- The adverse impact of high interest rates on prime mortgage demand has now waned with expectations of stability in interest rates. Affordable housing financiers (AHFCs) and vehicle financiers continue to deliver strong AUM growth. Gold loan NBFCs have witnessed a systemic growth in gold loan demand aided by elevated gold prices and reduced aggression from banks. We expect gold financiers to report a QoQ gold loan growth of ~4-5%. For MGFL in particular, we anticipate a sequential growth of 3-4% in the gold loan book without any compromise on yields/margins. We estimate ~17% YoY/~5.5% QoQ loan growth for our coverage universe in 1QFY24.
- Vehicle financiers will continue to report NIM compression in 1QFY24 because of liability re-pricing and the consequent increase in the CoF. However, we expect vehicle financiers to deliver NIM expansion in 2HFY24 (vs. 1H) in a stable to a declining interest rate environment anticipated over the next 9-12 months. We forecast margins for SHFL and MMFSL to sequentially decline by ~10bp while we project CIFC to report broadly stable NIMs.
- While AHFCs have started to pass on the higher interest rates to borrowers over the last 2-3 quarters, we expect them to report a stable to minor contraction in NIM because of rising CoF. Mortgage demand has been strong and prime mortgages should grow at 13-14% YoY with relatively weaker growth of ~10% YoY expected in LICHF. Large HFCs should deliver a stable to a minor improvement in NIM as the transitory lag in rate transmission is now behind.
- Within the gold financiers, while we expect NIM expansion for MGFL, we estimate the same to decline ~30bp for MUTH.
- Contrary to the historically sluggish asset quality performance visible in the first quarter, we project asset quality to remain largely stable or deteriorate marginally across NBFCs/HFCs. Cash flows (both urban and rural) have held up well and contributed to (relatively) better collection efficiencies and should lead to benign credit costs across most of the NBFCs in 1QFY24.
- Diversified lenders such as BAF, Poonawalla, LTFH, and non-vehicle segments of SHFL with presence in MSME, 2W, MFI, Consumer Finance, Pre-owned cars, and Personal loans are likely to exhibit healthy disbursement momentum, minor to no impact on NIM, and improvement in asset quality.
- We are more constructive on Vehicle Finance relative to other niche segments such as mortgages or gold loans. We continue to prefer: a) franchises that can manage their liabilities better than others to mitigate the impact on margins and b) companies with strong balance sheets and higher visibility on earnings growth. Our top picks from the sector are MMFS, CIFC, and HomeFirst.

**Improved demand visibility for mortgages**

- Unlike the typical 1Q, we expect the momentum in mortgages to be relatively better this quarter. With the lag in transmitting higher borrowing costs to the customers largely behind, we expect margins to expand/ stabilize in 1QFY24.
- We anticipate credit costs for LICHF to increase ~15bp QoQ while margins could moderate ~35bp sequentially led by moderation in yields (excluding any one-offs that could potentially be there in 4QFY23).
- While we anticipate HomeFirst to report a sequential improvement in disbursements, the same could be relatively muted for AAVAS given its teething issues in implementation of the new technology platform. We expect both AAVAS and HomeFirst to report a minor compression in NIM.
- We forecast a minor improvement in asset quality for the AHFCs, leading to an improvement in GS3 and 1+dpd metrics along with benign credit costs.

**Vehicle Finance – strong loan growth and stable asset quality**

- The auto sector outlook has improved due to the easing of supply chain challenges and a stable domestic demand. We expect the strong domestic volume growth to persist across product categories over FY24 as most of the challenges, such as supply constraints and raw material inflation, have either receded or been resolved.
- MMFS reported disbursements of ~INR122b for 1QFY24 (+28% YoY). We expect credit costs for MMFS at 2.0% in 1QFY24 (vs. 3.9% in 1QFY23). For both CIFC/ SHTF, we estimate healthy disbursements to sustain and translate into 40%/18% YoY growth in AUM.
- MMFS reported a ~10bp QoQ improvement in its GS3. Margin compression is nearing an end and we expect NIM to expand from 2HFY24 onwards. For CIFC and SHTF, we expect vehicle finance (VF) asset quality to remain range-bound despite the weaker seasonality trends in the past.

**Gold Finance – Systemic gold loan growth in 1QFY24**

- We expect gold loan financiers to deliver a second consecutive quarter of healthy gold loan growth, aided by increase in gold loan prices, expansion of branches (for MUTH), recovery in gold loan demand, and a moderation in competitive intensity from banks.
- We expect sequential growth in the gold loan portfolio for both MUTH/MGFL in the range of ~4.0-4.5%. While we project the margins for MGFL to improve sequentially, we expect the same to contract for MUTH due to a slight decline in yields and rising cost of borrowings.

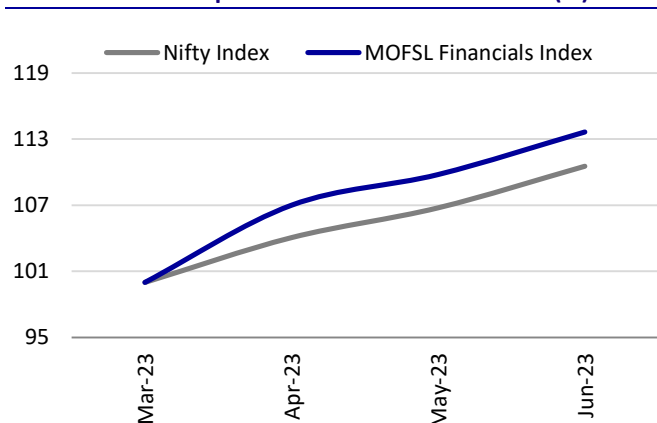
### Diversified Financiers: Healthy demand in unsecured loans continues to drive strong loan growth

- For LTFH, we expect strong growth in retail loans, but since the wholesale segment (such as real estate and infrastructure) will continue to moderate, the consolidated loan book could decline ~4% QoQ in 1QFY24. We forecast credit costs to moderate for LTFH, leading to a sequential improvement in profitability.
- BAF has reported ~32% YoY/9% QoQ growth in its AUM. We forecast ~25bp contraction in margins for BAF along with asset quality improvement.
- We expect Poonawalla to deliver ~40% YoY growth in standalone AUM driven by ~70% YoY growth in disbursements. We estimate a 12% QoQ growth in PAT for the company aided by continued provision write-backs.

**Exhibit 1: Quarterly performance**

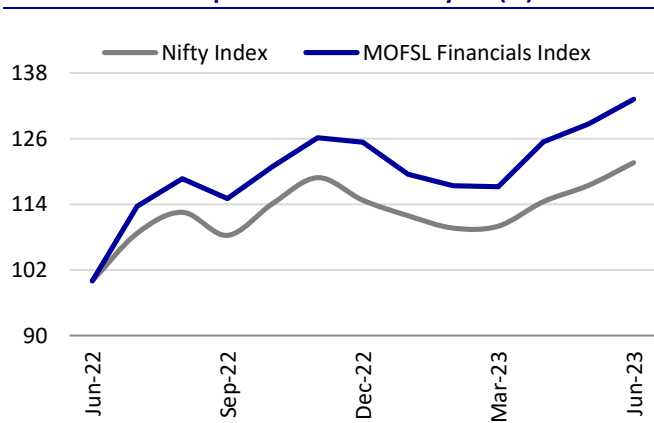
Sector	CMP		Sales (INR m)			EBIDTA (INR m)			PAT (INR m)		
	(INR)	Rating	June-23	Variance YoY (%)	Variance QoQ (%)	June-23	Variance YoY (%)	Variance QoQ (%)	June-23	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1536	Neutral	2,319	28.7	4.9	1,569	35.7	-4.9	1,179	32.2	-7.0
Bajaj Finance	7159	Buy	67,032	27.1	7.2	54,905	29.0	7.3	34,175	31.6	8.2
Can Fin Homes	776	Buy	2,755	10.0	5.4	2,355	9.5	6.2	1,695	4.5	2.2
Chola. Inv & Fin.	1142	Buy	19,484	31.5	10.4	14,872	40.3	16.8	8,859	56.6	3.9
HDFC*	2822	Buy	51,915	16.7	-2.4	45,350	7.6	-15.1	41,680	18.5	1.7
Home First Fin.	786	Buy	1,189	26.5	6.3	923	32.1	1.5	687	34.1	7.3
L&T Fin.Holdings	128	Buy	15,443	0.7	-12.5	11,861	2.7	-6.6	5,207	99.4	3.9
LIC Housing Fin	392	Buy	18,069	12.2	-9.2	16,367	13.0	-6.6	9,855	6.5	-16.5
M & M Financial	336	Buy	16,769	11.4	4.8	10,483	10.8	11.0	4,605	106.6	-32.7
Manappuram Finance	132	Buy	12,407	29.7	10.3	6,865	34.8	11.8	4,479	58.9	7.8
MAS Financial	778	Buy	1,373	30.2	8.3	920	30.0	3.7	566	21.6	1.9
Muthoot Finance	1239	Neutral	18,811	22.2	1.5	13,372	30.6	3.5	9,814	22.4	8.7
PNB Housing	568	Neutral	5,864	59.2	0.9	5,390	50.0	11.6	3,231	37.5	15.7
Poonawalla Fincorp	341	Buy	4,129	54.7	8.7	2,597	120.5	28.8	2,025	63.8	12.1
Repco Home Fin	312	Neutral	1,459	10.0	-1.0	1,182	9.6	-1.8	815	31.2	-0.8
Shriram Finance Ltd	1735	Buy	43,095	10.2	3.1	33,753	13.7	9.5	16,231	21.2	24.1
<b>NBFC</b>			<b>2,82,112</b>	<b>19.2</b>	<b>1.9</b>	<b>2,22,763</b>	<b>19.5</b>	<b>1.0</b>	<b>1,45,103</b>	<b>28.6</b>	<b>3.3</b>

**Exhibit 2: Relative performance — three-months (%)**



Source: Bloomberg, MOFSL

**Exhibit 3: Relative performance — one-year (%)**



Source: Bloomberg, MOFSL

**Exhibit 4: EPS estimate changes for FY24-25**

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY24	FY25	FY24	FY25	FY24	FY25
AAVAS	66.4	85.9	67.7	82.9	2.0	-3.6
BAF	230.0	291.0	241.4	308.6	5.0	6.1
CANF	55.2	64.0	55.2	64.0	-	-
CIFC	44.0	56.5	44.6	58.8	1.4	4.1
HomeFirst	33.2	41.5	33.9	42.7	2.4	2.9
LTFH	8.5	10.2	8.5	10.0	-0.3	-1.5
LICHF	64.4	74.3	69.7	79.3	8.3	6.7
MMFSL	18.5	23.1	17.9	22.8	-3.3	-1.3
MASFIN	46.0	60.5	45.8	59.3	-0.4	-2.1
Muthoot	101.4	111.3	106.6	118.9	5.1	6.9
MGFL	21.8	25.0	23.2	26.9	6.2	7.6
PNBHF	52.5	59.6	52.7	59.8	0.4	0.4
PFL	12.0	17.2	12.0	17.2	-	-
REPCO	52.8	60.6	52.7	59.7	-0.3	-1.4
SHFL	183.6	209.6	184.6	212.0	0.5	1.2

Source: MOFSL, Company

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

## Aavas Financiers

**Neutral**

**CMP INR1,536 | TP: INR1,530 (0%)**

**EPS CHANGE (%): FY24|25: 2.0|-3.6**

- AUM/disbursements likely to grow 24%/1% YoY
- We expect NIM to decline ~10bp QoQ. Upfront assignment income estimated at ~INR239m
- Opex is likely to remain elevated owing to investments in technology/distribution and branch additions
- Commentaries on loan growth and margin trajectory are key monitorables

### Quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,148	3,287	3,585	3,861	4,093	4,306	4,573	4,844	13,882	17,816
Interest Expenses	1,347	1,410	1,504	1,650	1,774	1,889	2,021	2,191	5,910	7,875
<b>Net Income</b>	<b>1,802</b>	<b>1,877</b>	<b>2,082</b>	<b>2,211</b>	<b>2,319</b>	<b>2,417</b>	<b>2,552</b>	<b>2,653</b>	<b>7,971</b>	<b>9,941</b>
YoY Growth (%)	20	15	32	23	29	29	23	20	22	25
Other income	380	664	534	641	422	729	637	820	2,220	2,608
<b>Total Income</b>	<b>2,182</b>	<b>2,541</b>	<b>2,616</b>	<b>2,852</b>	<b>2,741</b>	<b>3,146</b>	<b>3,189</b>	<b>3,473</b>	<b>10,191</b>	<b>12,549</b>
YoY Growth (%)	37	21	20	18	26	24	22	22	23	23
Operating Expenses	1,026	1,147	1,201	1,203	1,172	1,297	1,409	1,558	4,577	5,435
YoY Growth (%)	53	33	32	14	14	13	17	30	31	19
<b>Operating Profits</b>	<b>1,156</b>	<b>1,394</b>	<b>1,415</b>	<b>1,649</b>	<b>1,569</b>	<b>1,849</b>	<b>1,780</b>	<b>1,916</b>	<b>5,614</b>	<b>7,114</b>
YoY Growth (%)	26	13	12	22	36	33	26	16	17.6	26.7
Provisions	9	16	35	64	65	70	75	74	124	284
<b>Profit before Tax</b>	<b>1,147</b>	<b>1,378</b>	<b>1,380</b>	<b>1,586</b>	<b>1,504</b>	<b>1,779</b>	<b>1,705</b>	<b>1,842</b>	<b>5,490</b>	<b>6,830</b>
Tax Provisions	254	310	307	318	325	384	368	398	1,189	1,475
<b>Profit after tax</b>	<b>892</b>	<b>1,068</b>	<b>1,073</b>	<b>1,268</b>	<b>1,179</b>	<b>1,395</b>	<b>1,337</b>	<b>1,444</b>	<b>4,301</b>	<b>5,355</b>
YoY Growth (%)	49	16	20	10	32	31	25	14	20.5	24.5

## Bajaj Finance

**Buy**

**CMP INR7,159 | TP: INR8,850 (+24%)**

**EPS CHANGE (%): FY24|25: 5.0|6.1**

- BAF reported an AUM growth of 32% YoY/ 9% QoQ
- Margins and spreads likely to decline ~30bp/25bp QoQ
- Opex is likely to moderate with CIR improving QoQ to 33%
- Credit costs expected to decline ~10bp QoQ in 1QFY24

### Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	79.2	85.1	92.7	98.5	106.5	114.5	122.6	130.8	355.5	474.4
Interest expenses	26.5	29.7	33.5	35.9	39.5	43.5	47.8	53.5	125.6	184.2
<b>Net Interest Income</b>	<b>52.7</b>	<b>55.4</b>	<b>59.2</b>	<b>62.5</b>	<b>67.0</b>	<b>71.1</b>	<b>74.7</b>	<b>77.3</b>	<b>229.9</b>	<b>290.1</b>
YoY Growth (%)	43	29	25	30	27	28	26	24	31	26
Other Operating Income	13.6	14.6	15.1	15.2	15.5	14.8	15.1	14.1	58.6	59.5
<b>Net Income</b>	<b>66.4</b>	<b>70.0</b>	<b>74.3</b>	<b>77.7</b>	<b>82.5</b>	<b>85.9</b>	<b>89.8</b>	<b>91.4</b>	<b>288.5</b>	<b>349.6</b>
YoY Growth (%)	48	31	24	28	24	23	21	18	32	21
Operating Expenses	23.8	25.1	25.8	26.5	27.6	28.5	29.6	30.4	101.3	116.1
<b>Operating Profit</b>	<b>42.6</b>	<b>44.9</b>	<b>48.5</b>	<b>51.2</b>	<b>54.9</b>	<b>57.4</b>	<b>60.2</b>	<b>61.1</b>	<b>187.2</b>	<b>233.6</b>
YoY Growth (%)	37	36	24	29	29	28	24	19	31	25
Provisions and Cont.	7.5	7.3	8.4	8.6	8.8	8.9	9.6	9.4	31.9	36.6
<b>Profit before Tax</b>	<b>35.0</b>	<b>37.5</b>	<b>40.1</b>	<b>42.6</b>	<b>46.1</b>	<b>48.5</b>	<b>50.6</b>	<b>51.7</b>	<b>155.3</b>	<b>196.9</b>
Tax Provisions	9.1	9.7	10.4	11.0	11.9	12.6	13.1	13.4	40.2	51.0
<b>Net Profit</b>	<b>26.0</b>	<b>27.8</b>	<b>29.7</b>	<b>31.6</b>	<b>34.2</b>	<b>35.9</b>	<b>37.5</b>	<b>38.3</b>	<b>115.1</b>	<b>145.9</b>
YoY Growth (%)	159	88	40	30	32	29	26	21	64	27

**Can Fin Homes****Buy****CMP INR776 | TP: INR890 (+15%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- We estimate loan book to grow ~18% YoY
- We estimate PAT growth at ~5% YoY, driven by healthy loan growth and benign credit costs
- Margins are expected to remain stable sequentially
- Commentaries on loan growth and margins are key monitorables

**Quarterly performance****INR m**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	6,065	6,522	7,046	7,521	7,957	8,315	8,706	9,167	27,154	34,146
Interest Expenses	3,561	4,010	4,529	4,908	5,203	5,463	5,736	5,972	17,009	22,373
<b>Net Interest Income</b>	<b>2,504</b>	<b>2,512</b>	<b>2,517</b>	<b>2,613</b>	<b>2,755</b>	<b>2,852</b>	<b>2,970</b>	<b>3,195</b>	<b>10,146</b>	<b>11,772</b>
YoY Growth (%)	38.2	31.0	22.2	10.1	10.0	13.6	18.0	22.3	24.3	16.0
Other income	51	54	51	122	71	75	71	113	277	330
<b>Total Income</b>	<b>2,555</b>	<b>2,566</b>	<b>2,568</b>	<b>2,735</b>	<b>2,826</b>	<b>2,928</b>	<b>3,041</b>	<b>3,308</b>	<b>10,423</b>	<b>12,103</b>
YoY Growth (%)	39.8	30.2	20.9	12.7	10.6	14.1	18.4	21.0	24.8	16.1
Operating Expenses	405	405	438	517	471	476	492	563	1,765	2,003
YoY Growth (%)	33.8	18.3	8.7	7.3	16.3	17.6	12.2	9.0	15.3	13.5
<b>Operating Profits</b>	<b>2,150</b>	<b>2,161</b>	<b>2,129</b>	<b>2,218</b>	<b>2,355</b>	<b>2,452</b>	<b>2,549</b>	<b>2,745</b>	<b>8,658</b>	<b>10,100</b>
YoY Growth (%)	40.9	32.7	23.8	14.0	9.5	13.5	19.7	23.8	26.9	16.7
Provisions	-37	132	84	238	125	125	100	137	418	487
<b>Profit before Tax</b>	<b>2,187</b>	<b>2,028</b>	<b>2,045</b>	<b>1,980</b>	<b>2,230</b>	<b>2,327</b>	<b>2,449</b>	<b>2,607</b>	<b>8,240</b>	<b>9,613</b>
Tax Provisions	565	611	530	322	535	558	588	578	2,028	2,259
<b>Profit after tax</b>	<b>1,622</b>	<b>1,417</b>	<b>1,515</b>	<b>1,658</b>	<b>1,695</b>	<b>1,768</b>	<b>1,861</b>	<b>2,030</b>	<b>6,212</b>	<b>7,354</b>
YoY Growth (%)	49.0	14.6	30.9	34.9	4.5	24.8	22.9	22.4	31.9	18.4

**Cholamandalam Inv. & Fin.****Buy****CMP INR1,142 | TP: INR1,350 (+18%)****EPS CHANGE (%): FY24|25: 1.4|4.1**

- We estimate Business AUM to grow 40% YoY
- Margins are likely to remain stable QoQ at 7%
- Credit costs are projected to increase ~50bp QoQ to 1%
- Guidance on credit costs and margins to be closely monitored

**Quarterly Performance****(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	26,123	28,293	31,416	34,991	38,560	41,567	44,685	47,625	1,20,822	1,72,437
Interest Expenses	11,309	13,404	15,433	17,342	19,076	20,411	22,085	23,577	57,488	85,149
<b>Net Interest Income</b>	<b>14,814</b>	<b>14,888</b>	<b>15,983</b>	<b>17,649</b>	<b>19,484</b>	<b>21,156</b>	<b>22,600</b>	<b>24,048</b>	<b>63,334</b>	<b>87,288</b>
YoY Growth (%)	16.9	17.3	17.2	29.0	31.5	42.1	41.4	36.3	20.2	37.8
Other Income	1,587	2,085	2,334	2,952	2,750	2,627	2,522	3,179	8,958	11,078
<b>Total Income</b>	<b>16,401</b>	<b>16,974</b>	<b>18,317</b>	<b>20,601</b>	<b>22,234</b>	<b>23,783</b>	<b>25,122</b>	<b>27,227</b>	<b>72,292</b>	<b>98,366</b>
YoY Growth (%)	20.3	21.9	23.4	32.0	35.6	40.1	37.1	32.2	23.8	36.1
Operating Expenses	5,797	6,611	7,520	7,870	7,362	8,066	9,100	10,446	27,799	34,973
<b>Operating Profit</b>	<b>10,604</b>	<b>10,363</b>	<b>10,797</b>	<b>12,731</b>	<b>14,872</b>	<b>15,718</b>	<b>16,022</b>	<b>16,781</b>	<b>44,494</b>	<b>63,393</b>
YoY Growth (%)	6.8	18.4	13.4	39.6	40.3	51.7	48.4	31.8	18.0	42.5
Provisions & Loan Losses	2,986	2,782	1,589	1,140	2,900	3,600	3,400	3,977	8,497	13,877
<b>Profit before Tax</b>	<b>7,617</b>	<b>7,581</b>	<b>9,208</b>	<b>11,591</b>	<b>11,972</b>	<b>12,118</b>	<b>12,622</b>	<b>12,804</b>	<b>35,997</b>	<b>49,515</b>
Tax Provisions	1,961	1,947	2,365	3,063	3,113	3,151	3,282	3,296	9,335	12,841
<b>Net Profit</b>	<b>5,657</b>	<b>5,634</b>	<b>6,843</b>	<b>8,528</b>	<b>8,859</b>	<b>8,967</b>	<b>9,340</b>	<b>9,508</b>	<b>26,662</b>	<b>36,675</b>
YoY Growth (%)	73.1	-7.1	30.6	23.7	56.6	59.2	36.5	11.5	24.2	37.6



## Home First Finance Company

Buy

CMP INR786 | TP: INR940 (+20%)

EPS CHANGE (%): FY24|25: 2.4|2.9

- We estimate robust AUM growth of ~34% YoY/8.5% QoQ
- Margins are projected to decline ~10bp sequentially
- Cost ratios are expected to remain elevated led by higher employee expenses and branch expansions
- Outlooks on loan growth, margins, and asset quality are key monitorables

## Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,547	1,727	1,902	2,047	2,180	2,348	2,552	2,810	7,222	9,890
Interest expenses	607	712	796	929	991	1,080	1,177	1,303	3,043	4,551
<b>Net Interest Income</b>	<b>940</b>	<b>1,016</b>	<b>1,106</b>	<b>1,118</b>	<b>1,189</b>	<b>1,268</b>	<b>1,375</b>	<b>1,507</b>	<b>4,179</b>	<b>5,339</b>
YoY Growth (%)	50.8	58.2	54.2	31.4	26.5	24.8	24.3	34.8	41.2	27.7
Other Income	147	167	152	266	233	260	263	262	734	1,018
<b>Net Income</b>	<b>1,086</b>	<b>1,182</b>	<b>1,258</b>	<b>1,384</b>	<b>1,422</b>	<b>1,528</b>	<b>1,638</b>	<b>1,769</b>	<b>4,913</b>	<b>6,357</b>
YoY Growth (%)	22.3	31.8	30.5	35.4	30.9	29.2	30.2	27.8	29.3	29.4
Operating Expenses	387	441	443	475	498	523	544	585	1,746	2,151
<b>Operating Profit</b>	<b>699</b>	<b>741</b>	<b>816</b>	<b>910</b>	<b>923</b>	<b>1,004</b>	<b>1,094</b>	<b>1,184</b>	<b>3,167</b>	<b>4,206</b>
YoY Growth (%)	15.3	24.3	25.3	38.1	32.1	35.5	34.1	30.2	24.8	32.8
Provisions and Cont.	36	50	60	70	40	70	75	132	215	317
<b>Profit before Tax</b>	<b>663</b>	<b>692</b>	<b>756</b>	<b>840</b>	<b>883</b>	<b>934</b>	<b>1,019</b>	<b>1,052</b>	<b>2,952</b>	<b>3,889</b>
Tax Provisions	151	149	170	200	196	210	229	247	669	883
<b>Net Profit</b>	<b>512</b>	<b>543</b>	<b>586</b>	<b>640</b>	<b>687</b>	<b>724</b>	<b>790</b>	<b>805</b>	<b>2,283</b>	<b>3,006</b>
YoY Growth (%)	46.0	20.9	27.6	6.4	34.1	33.4	34.8	25.7	21.1	31.7

## L&amp;T Finance Holdings

Buy

CMP INR128 | TP: INR150 (+17%)

EPS CHANGE (%): FY24|25: -0.3|-1.5

- We expect the loan book to decline ~11% QoQ with moderation in real estate and infrastructure segments
- We anticipate credit costs to decline to ~2.3% (annualized) in 1QFY24 (vs. 2.5% in 4QFY23)
- NIMs are expected to improve ~50bp sequentially
- Commentary on how it plans to rundown the wholesale segments is to be closely monitored

## Quarterly performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	29,466	30,862	33,216	32,107	30,181	30,995	32,266	36,501	1,25,651	1,29,944
Interest Expenses	14,132	14,385	15,007	14,449	14,738	15,519	15,891	15,955	57,972	62,103
<b>Net Interest Income</b>	<b>15,334</b>	<b>16,477</b>	<b>18,209</b>	<b>17,658</b>	<b>15,443</b>	<b>15,476</b>	<b>16,375</b>	<b>20,546</b>	<b>67,679</b>	<b>67,840</b>
Change YoY (%)	2.3	12.8	24.1	15.7	0.7	-6.1	-10.1	16.4	13.7	0.2
Other Operating Income	1,318	1,090	1,109	53	2,268	2,492	2,326	-2,568	3,569	4,519
<b>Net Operating Income</b>	<b>16,652</b>	<b>17,567</b>	<b>19,318</b>	<b>17,711</b>	<b>17,711</b>	<b>17,968</b>	<b>18,701</b>	<b>17,978</b>	<b>71,248</b>	<b>72,359</b>
Change YoY (%)	2.1	9.1	16.1	7.0	6.4	2.3	-3.2	1.5	8.6	1.6
Other income	1,474	1,193	585	2,016	1,713	1,576	1,450	2,371	5,268	7,111
<b>Total Income</b>	<b>18,126</b>	<b>18,760</b>	<b>19,903</b>	<b>19,726</b>	<b>19,425</b>	<b>19,545</b>	<b>20,151</b>	<b>20,350</b>	<b>76,515</b>	<b>79,470</b>
Change YoY (%)	7.1	10.8	11.0	11.1	7.2	4.2	1.2	3.2	10.0	3.9
Operating Expenses	6,577	6,868	7,417	7,870	7,564	7,692	8,011	7,889	28,732	31,155
Change YoY (%)	19.9	16.3	20.3	23.2	15.0	12.0	8.0	0.2	20.0	8.4
<b>Operating Profits</b>	<b>11,549</b>	<b>11,891</b>	<b>12,486</b>	<b>12,698</b>	<b>11,861</b>	<b>11,852</b>	<b>12,141</b>	<b>12,461</b>	<b>48,624</b>	<b>48,315</b>
Change YoY (%)	0.9	7.9	6.2	11.8	2.7	-0.3	-2.8	-1.9	6.7	-0.6
Provisions	7,989	5,765	6,417	5,232	4,578	4,553	4,686	4,970	25,404	18,787
<b>Profit before Tax</b>	<b>3,560</b>	<b>6,126</b>	<b>6,069</b>	<b>7,466</b>	<b>7,283</b>	<b>7,300</b>	<b>7,454</b>	<b>7,491</b>	<b>23,220</b>	<b>29,528</b>
Tax Provisions	948	2,070	990	2,455	2,076	2,080	2,125	2,253	6,464	8,534
<b>Profit after tax</b>	<b>2,612</b>	<b>4,056</b>	<b>4,538</b>	<b>5,011</b>	<b>5,207</b>	<b>5,219</b>	<b>5,330</b>	<b>5,238</b>	<b>16,216</b>	<b>20,994</b>
Change YoY (%)	46.8	81.0	39.2	46.4	99.4	28.7	17.4	4.5	51.5	29.5

**LIC Housing Finance****Buy****CMP INR392 | TP: INR440 (+19%)****EPS CHANGE (%): FY24|25: 8.3|6.7**

- We expect loan growth of 10% YoY with a largely stable mix
- We estimate credit costs of INR4.2b in 1QFY24 vs. ~INR3.1b in 4QFY23
- Yields are expected to decline ~35bp QoQ leading to ~30bp compression in NIM
- Commentaries on slippages from restructured pool and guidance on margins are key monitorables

**Quarterly Performance****(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	52,502	50,493	58,387	63,780	62,824	64,080	65,362	68,434	2,25,162	2,60,699
Interest Expenses	36,400	38,864	42,328	43,877	44,755	45,874	47,709	50,352	1,61,860	1,88,689
<b>Net Interest Income</b>	<b>16,102</b>	<b>11,629</b>	<b>16,059</b>	<b>19,903</b>	<b>18,069</b>	<b>18,206</b>	<b>17,653</b>	<b>18,082</b>	<b>63,303</b>	<b>72,010</b>
YoY Growth (%)	26.3	-0.4	10.4	21.5	12.2	56.6	9.9	-9.2	14.4	13.8
Fees and other income	407	427	374	371	489	513	448	596	1,580	2,045
<b>Net Income</b>	<b>16,509</b>	<b>12,056</b>	<b>16,432</b>	<b>20,274</b>	<b>18,558</b>	<b>18,719</b>	<b>18,101</b>	<b>18,677</b>	<b>64,882</b>	<b>74,055</b>
YoY Growth (%)	26.1	-0.3	7.8	15.4	12.4	55.3	10.2	-7.9	11.9	14.1
Operating Expenses	2,029	2,610	2,876	2,759	2,191	2,818	3,106	3,170	9,883	11,285
<b>Operating Profit</b>	<b>14,481</b>	<b>9,447</b>	<b>13,557</b>	<b>17,515</b>	<b>16,367</b>	<b>15,901</b>	<b>14,996</b>	<b>15,507</b>	<b>55,000</b>	<b>62,770</b>
YoY Growth (%)	40.9	-0.4	2.9	16.2	13.0	68.3	10.6	-11.5	14.6	14.1
Provisions and Cont.	3,077	5,658	7,627	3,068	4,200	4,000	3,800	3,384	19,430	15,384
<b>Profit before Tax</b>	<b>11,404</b>	<b>3,789</b>	<b>5,930</b>	<b>14,448</b>	<b>12,167</b>	<b>11,901</b>	<b>11,196</b>	<b>12,123</b>	<b>35,570</b>	<b>47,386</b>
Tax Provisions	2,149	739	1,127	2,645	2,312	2,261	2,127	2,303	6,660	9,003
<b>Net Profit</b>	<b>9,255</b>	<b>3,050</b>	<b>4,803</b>	<b>11,803</b>	<b>9,855</b>	<b>9,639</b>	<b>9,069</b>	<b>9,820</b>	<b>28,910</b>	<b>38,383</b>
YoY Growth (%)	503.2	23.0	-37.4	5.5	6.5	216.1	88.8	-16.8	26.4	32.8

**Mahindra Financial Services****Buy****CMP INR336 | TP: INR400 (+19%)****EPS CHANGE (%): FY24|25: -3.3|-1.3**

- Reported business assets and disbursements grew ~28% YoY each in 1QFY24
- We expect ~10bp QoQ contraction in margins
- We estimate credit costs at 2.0% in 1QFY24 vs. 3.9% in 1QFY23
- Commentaries on margins, credit costs, and loan growth are key monitorables

**Quarterly Performance****(INR Mn)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest income	24,372	25,163	27,947	29,344	31,310	32,907	34,881	38,160	1,06,826	1,37,257
Interest Expenses	9,320	10,688	12,419	13,340	14,540	15,486	16,570	17,648	45,767	64,243
<b>NII</b>	<b>15,052</b>	<b>14,475</b>	<b>15,528</b>	<b>16,004</b>	<b>16,769</b>	<b>17,421</b>	<b>18,311</b>	<b>20,512</b>	<b>61,059</b>	<b>73,014</b>
YoY Growth (%)	34.2	0.3	1.1	11.1	11.4	20.4	17.9	28.2	10.2	19.6
Other income	614	930	969	1,223	1,039	1,088	1,155	1,327	3,735	4,610
<b>Net Total Income</b>	<b>15,666</b>	<b>15,405</b>	<b>16,496</b>	<b>17,227</b>	<b>17,809</b>	<b>18,509</b>	<b>19,467</b>	<b>21,839</b>	<b>64,794</b>	<b>77,623</b>
YoY Growth (%)	34.0	2.2	3.6	13.7	13.7	20.2	18.0	26.8	12.0	19.8
Operating Expenses	6,208	6,768	6,513	7,786	7,326	7,986	8,011	9,395	27,276	32,719
<b>Operating Profit</b>	<b>9,458</b>	<b>8,637</b>	<b>9,983</b>	<b>9,441</b>	<b>10,483</b>	<b>10,523</b>	<b>11,455</b>	<b>12,444</b>	<b>37,518</b>	<b>44,905</b>
YoY Growth (%)	26.3	-15.0	-6.0	5.1	10.8	21.8	14.7	31.8	0.7	19.7
Provisions	6,453	1,985	1,551	4	4,234	3,876	3,476	3,588	9,992	15,175
<b>Profit before Tax</b>	<b>3,005</b>	<b>6,652</b>	<b>8,431</b>	<b>9,437</b>	<b>6,249</b>	<b>6,647</b>	<b>7,979</b>	<b>8,856</b>	<b>27,526</b>	<b>29,730</b>
Tax Provisions	776	1,624	2,142	2,596	1,643	1,728	2,027	2,243	7,138	7,641
<b>Net Profit</b>	<b>2,229</b>	<b>4,483</b>	<b>6,290</b>	<b>6,841</b>	<b>4,605</b>	<b>4,918</b>	<b>5,952</b>	<b>6,614</b>	<b>19,843</b>	<b>22,090</b>
YoY Growth (%)	-114.6	-56.2	-29.6	13.9	106.6	9.7	-5.4	-3.3	100.7	11.3



**MAS Financial****Buy****CMP INR778 | TP: INR910 (+17%)****EPS CHANGE (%): FY24|25: -0.4|-2.1**

- AUM is expected to grow 5% QoQ/~27% YoY
- Margins are likely to expand ~10bp QoQ due to rising yields
- Commentary on asset quality in partnered NBFCs is a key monitorable
- We expect provisions at INR160m in 1QFY24 (down ~12% QoQ)

**Quarterly Performance****(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Revenue from Operations</b>	<b>1,983</b>	<b>2,300</b>	<b>2,515</b>	<b>2,703</b>	<b>2,909</b>	<b>3,181</b>	<b>3,410</b>	<b>3,489</b>	<b>9,491</b>	<b>12,989</b>
Interest Income	1,677	1,941	2,183	2,325	2,488	2,712	2,902	3,125	8,066	11,226
Gain on assignments	157	178	158	198	217	239	253	73	680	782
Other operating Income	150	182	173	180	203	230	255	291	745	980
Interest expenses	928	1,108	1,276	1,435	1,535	1,674	1,791	1,861	4,748	6,861
<b>Total income</b>	<b>1,055</b>	<b>1,192</b>	<b>1,238</b>	<b>1,268</b>	<b>1,373</b>	<b>1,507</b>	<b>1,619</b>	<b>1,628</b>	<b>4,743</b>	<b>6,128</b>
Growth Y-o-Y (%)	34.3	47.5	39.7	36.1	30.2	26.5	30.8	28.4	40.5	29.2
Operating Expenses	348	416	421	381	453	535	605	545	1,566	2,138
<b>Operating Profits</b>	<b>707</b>	<b>775</b>	<b>818</b>	<b>887</b>	<b>920</b>	<b>972</b>	<b>1,015</b>	<b>1,083</b>	<b>3,177</b>	<b>3,990</b>
Growth Y-o-Y (%)	11.1	28.2	34.8	39.0	30.0	25.4	24.1	22.1	29.5	25.6
Provisions	85	121	142	182	160	162	150	172	530	643
<b>Profit before tax</b>	<b>623</b>	<b>654</b>	<b>676</b>	<b>704</b>	<b>760</b>	<b>811</b>	<b>865</b>	<b>911</b>	<b>2,647</b>	<b>3,346</b>
Growth Y-o-Y (%)	25.7	27.0	25.4	17.4	22.0	23.9	28.0	29.4	25.3	26.4
Tax Provisions	157	164	170	149	194	207	216	227	637	843
<b>Net Profit</b>	<b>465</b>	<b>491</b>	<b>506</b>	<b>556</b>	<b>566</b>	<b>604</b>	<b>649</b>	<b>684</b>	<b>2,010</b>	<b>2,503</b>
Growth Y-o-Y (%)	26.3	28.0	26.0	23.4	21.6	23.1	28.3	23.2	27.6	24.6

**Muthoot Finance****Neutral****CMP INR 1,239 | TP: INR1,260 (+2%)****EPS CHANGE (%): FY24|25: 5.1|6.9**

- We estimate gold AUM growth of ~4% QoQ, supported by moderation in competition from banks/gold loan fin-techs
- CIR to decline to ~30% in 1QFY24 (vs. 33% QoQ)
- We estimate ~30bp sequential contraction in margins
- Commentaries on gold loan growth and margin guidance are key monitorables

**Quarterly Performance****(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Income from operations	24,816	24,746	26,184	27,940	30,175	31,382	32,167	32,319	1,03,686	1,26,043
Other operating income	223	231	414	594	327	343	378	532	1,462	1,579
<b>Total Operating income</b>	<b>25,039</b>	<b>24,977</b>	<b>26,598</b>	<b>28,534</b>	<b>30,502</b>	<b>31,725</b>	<b>32,544</b>	<b>32,851</b>	<b>1,05,148</b>	<b>1,27,623</b>
YoY Growth (%)	-7.7	-11.8	-7.3	6.9	21.8	27.0	22.4	15.1	-5.1	21.4
Other income	54	58	73	104	83	66	60	61	289	270
<b>Total Income</b>	<b>25,093</b>	<b>25,036</b>	<b>26,671</b>	<b>28,638</b>	<b>30,585</b>	<b>31,792</b>	<b>32,604</b>	<b>32,912</b>	<b>1,05,437</b>	<b>1,27,893</b>
YoY Growth (%)	-7.6	-11.6	-7.1	6.9	21.9	27.0	22.2	14.9	-5.0	21.3
Interest Expenses	9,416	9,027	9,141	9,407	10,489	11,118	11,841	12,488	36,991	45,937
<b>Net Income</b>	<b>15,677</b>	<b>16,009</b>	<b>17,530</b>	<b>19,231</b>	<b>20,096</b>	<b>20,673</b>	<b>20,763</b>	<b>20,424</b>	<b>68,446</b>	<b>81,956</b>
Operating Expenses	5,435	4,522	4,905	6,314	5,998	6,238	6,487	5,199	21,177	23,923
<b>Operating Profit</b>	<b>10,241</b>	<b>11,487</b>	<b>12,624</b>	<b>12,917</b>	<b>14,098</b>	<b>14,435</b>	<b>14,275</b>	<b>15,224</b>	<b>47,270</b>	<b>58,033</b>
YoY Growth (%)	-23.2	-18.8	-13.9	5.7	37.7	25.7	13.1	17.9	-13.0	22.8
Provisions	-577	-127	557	753	200	100	90	128	605	518
<b>Profit before Tax</b>	<b>10,818</b>	<b>11,614</b>	<b>12,068</b>	<b>12,164</b>	<b>13,898</b>	<b>14,335</b>	<b>14,185</b>	<b>15,097</b>	<b>46,664</b>	<b>57,516</b>
Tax Provisions	2,798	2,942	3,051	3,138	3,600	3,684	3,646	3,773	11,929	14,703
<b>Net Profit</b>	<b>8,020</b>	<b>8,672</b>	<b>9,017</b>	<b>9,027</b>	<b>10,298</b>	<b>10,651</b>	<b>10,540</b>	<b>11,323</b>	<b>34,735</b>	<b>42,813</b>
YoY Growth (%)	-17.4	-12.8	-12.4	-6.0	28.4	22.8	16.9	25.4	-12.2	23.3

## Manappuram Finance

**Buy**
**CMP INR132 | TP: INR160 (+21%)**
**EPS CHANGE (%): FY24|25: 6.2|7.6**

- We expect gold AUM/consolidated AUM to grow ~4%/5% sequentially
- Factored in a margin expansion of ~30bp QoQ and spread decline of ~10bp in the consolidated loan book
- We expect credit costs to increase ~30bp QoQ to ~0.9% in 1QFY24
- Commentaries on gold loan growth and asset quality in the MFI and Vehicle segments are key monitorables

### Quarterly Performance

**(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	14,612	16,078	16,574	17,141	18,769	19,801	20,890	21,993	64,404	81,454
Interest Expenses	5,046	5,284	5,657	5,891	6,362	6,808	7,353	7,886	21,878	28,409
<b>Net Interest Income</b>	<b>9,566</b>	<b>10,795</b>	<b>10,917</b>	<b>11,250</b>	<b>12,407</b>	<b>12,993</b>	<b>13,538</b>	<b>14,107</b>	<b>42,526</b>	<b>53,045</b>
YoY Growth (%)	-7.0	9.4	19.3	25.2	29.7	20.4	24.0	25.4	11.1	24.7
Other income	416	1,063	772	845	533	858	796	837	3,095	3,023
<b>Net Income</b>	<b>9,981</b>	<b>11,858</b>	<b>11,688</b>	<b>12,095</b>	<b>12,939</b>	<b>13,851</b>	<b>14,334</b>	<b>14,945</b>	<b>45,622</b>	<b>56,069</b>
Operating Expenses	4,890	5,525	5,769	5,955	6,074	6,299	6,461	7,259	22,140	26,094
<b>Operating Profits</b>	<b>5,091</b>	<b>6,333</b>	<b>5,919</b>	<b>6,139</b>	<b>6,865</b>	<b>7,553</b>	<b>7,872</b>	<b>7,685</b>	<b>23,482</b>	<b>29,975</b>
YoY Growth (%)	-28.2	5.1	30.7	21.5	34.8	19.3	33.0	25.2	3.5	27.7
Provisions	1,283	805	509	474	771	858	904	876	3,071	3,410
<b>PBT</b>	<b>3,808</b>	<b>5,527</b>	<b>5,410</b>	<b>5,666</b>	<b>6,094</b>	<b>6,694</b>	<b>6,968</b>	<b>6,809</b>	<b>20,410</b>	<b>26,566</b>
Tax Provisions	989	1,433	1,475	1,513	1,615	1,774	1,812	1,760	5,409	6,960
<b>PAT</b>	<b>2,819</b>	<b>4,095</b>	<b>3,935</b>	<b>4,153</b>	<b>4,479</b>	<b>4,920</b>	<b>5,157</b>	<b>5,050</b>	<b>15,002</b>	<b>19,605</b>
YoY Growth (%)	-35.5	10.7	50.8	59.1	58.9	20.2	31.0	21.6	12.9	30.7

## PNB Housing Finance

**Neutral**
**CMP INR568 | TP: INR525 (-8%)**
**EPS CHANGE (%): FY24|25: 0.4|0.4**

- Growth in retail book to lead to AUM growth of 6.3% YoY
- We expect provisions to decline to INR1.3b in 1QFY24 (vs. INR1.4b in 4QFY23)
- Cost ratios are expected to moderate despite investments in distribution capabilities
- Commentaries on asset quality of the corporate loan book and disbursement trajectory are key monitorables

### Quarterly performance

**(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	12,987	15,975	17,136	15,892	16,449	16,991	17,467	17,922	61,991	68,829
Interest Expenses	9,303	9,639	9,963	10,081	10,585	11,029	11,415	11,580	38,985	44,608
<b>Net Interest Income</b>	<b>3,684</b>	<b>6,337</b>	<b>7,173</b>	<b>5,812</b>	<b>5,864</b>	<b>5,962</b>	<b>6,052</b>	<b>6,342</b>	<b>23,006</b>	<b>24,221</b>
YoY Growth (%)	-27.6	36.2	72.8	57.6	59.2	-5.9	-15.6	9.1	30.9	5.3
Other income	1,124	868	829	485	921	931	940	875	3,306	3,667
<b>Total Income</b>	<b>4,808</b>	<b>7,205</b>	<b>8,002</b>	<b>6,297</b>	<b>6,785</b>	<b>6,893</b>	<b>6,992</b>	<b>7,217</b>	<b>26,311</b>	<b>27,887</b>
YoY Growth (%)	-18.5	30.6	60.2	27.2	41.1	-4.3	-12.6	14.6	23.2	6.0
Operating Expenses	1,214	1,368	1,262	1,468	1,395	1,423	1,451	1,533	5,313	5,802
YoY Growth (%)	5.4	15.4	8.5	16.7	14.9	4.0	15.0	4.4	11.6	9.2
<b>Operating Profits</b>	<b>3,594</b>	<b>5,837</b>	<b>6,740</b>	<b>4,828</b>	<b>5,390</b>	<b>5,470</b>	<b>5,541</b>	<b>5,684</b>	<b>20,998</b>	<b>22,085</b>
YoY Growth (%)	-24.3	34.8	75.9	30.7	50.0	-6.3	-17.8	17.7	26.5	5.2
Provisions	483	2,432	3,071	1,403	1,300	1,100	1,000	908	7,389	4,308
<b>Profit before Tax</b>	<b>3,111</b>	<b>3,404</b>	<b>3,669</b>	<b>3,425</b>	<b>4,090</b>	<b>4,370</b>	<b>4,541</b>	<b>4,776</b>	<b>13,609</b>	<b>17,777</b>
Tax Provisions	761	778	978	632	859	1,092	1,044	1,093	3,149	4,089
<b>Profit after tax</b>	<b>2,350</b>	<b>2,626</b>	<b>2,691</b>	<b>2,793</b>	<b>3,231</b>	<b>3,277</b>	<b>3,496</b>	<b>3,683</b>	<b>10,460</b>	<b>13,688</b>
YoY Growth (%)	-3.4	11.7	42.8	64.7	37.5	24.8	29.9	31.9	25.0	30.9

**Poonawalla Fincorp****Buy****CMP INR341 | TP: INR420 (+23%)****EPS CHANGE (%): FY24|25: 0.0|0.0**

- Standalone AUM expected to grow ~39% YoY
- We expect margins to contract ~40bp QoQ despite CoF declining ~60bp sequentially
- We expect net credit costs to be negative in 1QFY24, aided by recoveries from the legacy-stressed assets and the written-off pool of advances
- Commentaries on disbursement trajectory, margins, and asset quality/credit costs are key monitorables

**Quarterly Performance (Standalone)****(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,857	4,179	4,605	5,529	6,138	6,751	7,359	7,946	18,169	28,193
Interest Expenses	1,187	1,441	1,593	1,732	2,009	2,210	2,431	2,753	5,953	9,402
<b>Net Interest Income</b>	<b>2,670</b>	<b>2,738</b>	<b>3,012</b>	<b>3,798</b>	<b>4,129</b>	<b>4,541</b>	<b>4,928</b>	<b>5,193</b>	<b>12,217</b>	<b>18,791</b>
YoY Growth (%)	26.3	12.0	23.6	52.0	54.7	65.9	63.6	36.7	28.7	53.8
Other Income	434	627	588	282	490	528	568	609	1,931	2,195
<b>Total Income</b>	<b>3,103</b>	<b>3,365</b>	<b>3,600</b>	<b>4,080</b>	<b>4,619</b>	<b>5,070</b>	<b>5,496</b>	<b>5,802</b>	<b>14,148</b>	<b>20,986</b>
YoY Growth (%)	34.6	25.1	33.2	41.7	48.8	50.7	52.7	42.2	33.7	48.3
Operating Expenses	1,926	2,107	2,043	2,064	2,022	1,941	1,883	2,037	8,139	7,882
<b>Operating Profit</b>	<b>1,178</b>	<b>1,257</b>	<b>1,558</b>	<b>2,016</b>	<b>2,597</b>	<b>3,129</b>	<b>3,613</b>	<b>3,764</b>	<b>6,008</b>	<b>13,104</b>
YoY Growth (%)	16.8	2.8	35.6	75.0	120.5	148.9	132.0	86.7	32.6	118.1
Provisions & Loan Losses	-164	-482	-452	-347	-50	183	384	480	-1,445	997
<b>Profit before Tax</b>	<b>1,550</b>	<b>1,740</b>	<b>2,010</b>	<b>2,367</b>	<b>2,647</b>	<b>2,946</b>	<b>3,229</b>	<b>3,285</b>	<b>7,666</b>	<b>12,106</b>
Tax Provisions	313	438	506	560	622	707	775	765	1,816	2,869
<b>Net Profit</b>	<b>1,237</b>	<b>1,302</b>	<b>1,504</b>	<b>1,807</b>	<b>2,025</b>	<b>2,239</b>	<b>2,454</b>	<b>2,519</b>	<b>5,849</b>	<b>9,237</b>
YoY Growth (%)	148.2	75.8	87.5	102.7	63.8	72.0	63.1	39.4	99.5	57.9

**Repco Home Finance****Neutral****CMP INR312 | TP: INR310 (-1%)****EPS CHANGE (%): FY24|25: -0.3|-1.4**

- Disbursements/AUM expected to grow 10.5%/6.0% YoY
- Spreads and margins likely to decline ~10bp QoQ
- We estimate credit costs to remain benign at 0.2% (vs. 0.3% in 4QFY23).
- Commentaries around the asset quality and guidance on disbursements/AUM growth are key monitorables

**Quarterly performance****(INR M)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,980	3,064	3,197	3,330	3,408	3,452	3,519	3,599	12,570	13,977
Interest Expenses	1,653	1,692	1,810	1,856	1,949	2,007	2,067	2,143	7,011	8,166
<b>Net Income</b>	<b>1,327</b>	<b>1,372</b>	<b>1,387</b>	<b>1,474</b>	<b>1,459</b>	<b>1,444</b>	<b>1,452</b>	<b>1,456</b>	<b>5,560</b>	<b>5,811</b>
YoY Growth (%)	-8.4	-12.1	-7.0	4.9	10.0	5.3	4.6	-1.2	-5.8	4.5
Other income	90	112	111	108	114	121	128	134	421	497
<b>Total Income</b>	<b>1,417</b>	<b>1,484</b>	<b>1,499</b>	<b>1,581</b>	<b>1,573</b>	<b>1,565</b>	<b>1,580</b>	<b>1,590</b>	<b>5,981</b>	<b>6,308</b>
YoY Growth (%)	-3.4	-7.3	-2.4	1.2	11.0	5.5	5.4	0.5	-3.0	5.5
Operating Expenses	339	343	398	378	391	399	403	411	1,458	1,605
YoY Growth (%)	37.8	21.1	15.8	2.8	15.5	16.5	1.3	8.8	17.5	10.1
<b>Operating Profits</b>	<b>1,078</b>	<b>1,141</b>	<b>1,101</b>	<b>1,203</b>	<b>1,182</b>	<b>1,166</b>	<b>1,177</b>	<b>1,178</b>	<b>4,523</b>	<b>4,703</b>
YoY Growth (%)	-11.7	-13.4	-7.7	0.7	9.6	2.2	6.9	-2.1	-8.2	4.0
Provisions	237	188	12	79	66	57	68	50	516	241
<b>Profit before Tax</b>	<b>841</b>	<b>954</b>	<b>1,089</b>	<b>1,124</b>	<b>1,116</b>	<b>1,109</b>	<b>1,109</b>	<b>1,128</b>	<b>4,008</b>	<b>4,461</b>
Tax Provisions	220	242	282	303	301	292	288	284	1,047	1,165
<b>Profit after tax</b>	<b>621</b>	<b>712</b>	<b>808</b>	<b>821</b>	<b>815</b>	<b>817</b>	<b>820</b>	<b>844</b>	<b>2,961</b>	<b>3,296</b>
YoY Growth (%)	93.2	-17.2	156.6	95.3	31.2	14.9	1.6	2.8	54.6	11.3

## Shriram Finance

Buy

CMP INR1,735 | TP: INR2,100 (+21%)

EPS CHANGE (%): FY24|25: 0.5|1.2

- We estimate disbursements of ~INR304b leading to an AUM of ~INR1.93t (up 18% YoY/ ~3.7% QoQ)
- Margins are estimated to decline ~10bp sequentially
- Credit costs are likely to decline to 2.5% in 1QFY24 (vs. 2.6% in 4QFY23)
- Commentaries on loan growth and asset quality in the CV, MSME, 2W, and PL segments are key monitorables

## Quarterly Performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	68,719	70,024	73,099	74,232	78,240	81,605	85,685	89,598	2,86,074	3,35,128
Interest Expenses	29,609	32,249	31,178	32,422	35,145	37,254	39,117	41,237	1,25,458	1,52,753
<b>Net Interest Income</b>	<b>39,110</b>	<b>37,775</b>	<b>41,921</b>	<b>41,810</b>	<b>43,095</b>	<b>44,351</b>	<b>46,568</b>	<b>48,362</b>	<b>1,60,616</b>	<b>1,82,375</b>
YoY Growth (%)	36.7	24.2	30.8	19.9	10.2	17.4	11.1	15.7	27.5	13.5
Other Income	1,311	4,162	3,022	3,460	2,907	3,097	3,374	3,333	11,955	12,711
<b>Total Income</b>	<b>40,421</b>	<b>41,937</b>	<b>44,944</b>	<b>45,270</b>	<b>46,002</b>	<b>47,448</b>	<b>49,943</b>	<b>51,695</b>	<b>1,72,571</b>	<b>1,95,087</b>
YoY Growth (%)	31.5	29.6	28.9	21.1	13.8	13.1	11.1	14.2	27.5	13.0
Operating Expenses	10,745	11,999	11,928	14,459	12,249	12,959	13,836	15,212	49,131	54,256
<b>Operating Profit</b>	<b>29,676</b>	<b>29,938</b>	<b>33,016</b>	<b>30,810</b>	<b>33,753</b>	<b>34,489</b>	<b>36,106</b>	<b>36,482</b>	<b>1,23,441</b>	<b>1,40,831</b>
YoY Growth (%)	32.3	30.4	31.4	13.9	13.7	15.2	9.4	18.4	26.5	14.1
Provisions & Loan Losses	11,597	8,976	9,173	11,846	11,819	11,759	11,921	10,789	41,592	46,288
<b>Profit before Tax</b>	<b>18,079</b>	<b>20,962</b>	<b>23,844</b>	<b>18,964</b>	<b>21,933</b>	<b>22,730</b>	<b>24,186</b>	<b>25,693</b>	<b>81,849</b>	<b>94,542</b>
Tax Provisions	4,690	5,411	6,074	5,881	5,703	5,910	6,409	7,410	22,056	25,432
<b>Net Profit</b>	<b>13,390</b>	<b>15,551</b>	<b>17,770</b>	<b>13,083</b>	<b>16,231</b>	<b>16,820</b>	<b>17,776</b>	<b>18,283</b>	<b>59,793</b>	<b>69,110</b>
YoY Growth (%)	254.3	47.6	82.6	-5.8	21.2	8.2	0.0	39.7	57.7	15.6

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