

Financials - NBFCs

Result Preview



Company

Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
CreditAccess Grameen
Five Star Business Finance
Fusion Microfinance
HomeFirst
IIFL Finance
L&T Finance Holdings
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Poonawalla Fincorp
Power finance Corporation
Repco Home Finance
Rural Electrification Corporation
Shriram Finance
Spandana Sphoorty

Demand and asset quality trends remain rather weak

Improvement expected in asset quality for 3Q has not materialized

- **Demand trends remained relatively weak except for a minor improvement in Vehicle Finance:** We expect ~9% YoY growth in AUM for our coverage HFC universe, including both affordable and other HFCs. Vehicle financiers are projected to report ~22% YoY AUM growth. Gold lenders (including non-gold products) are likely to record ~24% YoY growth. NBFC-MFIs are estimated to post ~3% YoY growth, while diversified lenders are expected to post ~21% YoY growth in AUM. For our coverage universe, we estimate a loan growth of ~16% YoY/~4% QoQ in 3QFY25. Loan growth (relative to our earlier expectations) continued to remain weak due to calibrated growth in unsecured retail, muted disbursements in microfinance, and some weakness seen in mortgages (particularly for select affordable HFCs).
- **NIMs exhibit slight contraction; expected repo rate cuts to give a breather:** CoB for most NBFCs has remained stable or experienced a slight increase, driven by higher costs of debt-market borrowings (from a rise in T-bill rates). NIM and spreads for NBFCs showed signs of slight contraction, primarily due to a rise in CoB and to a lesser extent from higher liquidity on the balance sheet. Fixed-rate lenders, such as vehicle financiers, who had implemented lending rate hikes in previous quarters, will witness healthier NIM expansion, driven by expected repo rate cuts in 1HCY25. At the sectoral level, we expect NIM to either contract or remain broadly stable for all NBFCs/HFCs in our coverage except Aavas, CIFC, and CREDAG, where we expect NIM to expand.
- **Improvement expected in asset quality for 3Q has not materialized:** Improvement in asset quality expected in the seasonally stronger second half of the fiscal year has not materialized in 3QFY25. While there was no alarming deterioration, for most NBFCs/HFCs in our coverage, the asset quality either remained stable (relative to expectations of an improvement) or exhibited minor deterioration. Credit costs are expected to remain elevated in MFI, with expectations of a sequential increase (in absolute terms) for CREDAG and Spandana but a decline for Fusion. Except for affordable housing and power financiers, credit costs are expected to remain elevated for vehicle financiers (except MMFS) and diversified lenders.
- **PAT growth of ~8% YoY for the coverage universe, driven by weaker NIM, sticky credit costs, and yet another stressed quarter for NBFC-MFIs:** We estimate ~15%/15%/8% YoY growth in NII/PPoP/PAT in 3QFY25 for our NBFC coverage universe. Excluding NBFC-MFI, we estimate ~12% YoY growth in PAT for our coverage. Among NBFC sub-sectors, our preference is Power Finance, Housing Finance/Mortgages, and Vehicle Finance (primarily to play the NIM expansion from repo rate cuts). We maintain underweight in microfinance as the recovery is likely to be further prolonged, following MFIN's decision to postpone the implementation of its three-lender cap to Apr'25. Our top picks in the sector: SHFL, PFC/REC, and PNBHF.

Mortgage demand trends exhibit relative weakness for affordable HFCs

- Disbursement momentum in large HFCs is expected to outperform that of select affordable HFCs. Part of the weakness observed in the mortgage space can be attributed to Karnataka, where the slow pace of e-Khata registrations has impacted property transactions and led to weak disbursements for lenders with higher concentration in this state.
- NIMs are expected to moderate sequentially for both large and affordable HFCs (except Aavas) due to an ongoing rise in CoF, higher liquidity on the balance sheet, and sustained high competitive intensity. Asset quality **has shown no signs of weakness**, with an improvement bias, and credit costs are expected to remain benign.
- We anticipate credit costs for LICHF to be at ~20bp (vs ~10bp in 2QFY25). Margin is expected to contract ~5bp QoQ, driven by a slight increase in CoF. Yields are expected to remain stable QoQ.
- We estimate HomeFirst to report a ~19% YoY growth in disbursements, leading to a healthy AUM growth of ~33% YoY. We expect NIM to expand ~15bp QoQ for Aavas (aided by the PLR increase in Oct'24), while we expect NIMs to contract ~30bp QoQ for Homefirst due to the ongoing rise in CoB and higher liquidity. Asset quality is also expected to remain range-bound for HomeFirst and Aavas.
- We estimate PNBHF to deliver a ~17% YoY growth in loan book as of Dec'24. For PNBHF, we expect NIM to remain largely stable. Asset quality improvement and recoveries from the written-off pool in both Retail/Corporate could potentially result in provision write-backs (like in the previous quarter).
- For Five Star, we expect disbursements to decline ~21% YoY as the management earlier revised its FY25 AUM growth guidance from ~30% to ~25%. We estimate this to translate into a ~25% YoY growth in AUM. NIMs are likely to remain stable sequentially. We expect a minor deterioration of ~10-15bp in GS3, resulting in an increase in credit costs to ~80-85bp (v/s ~70bp in 2QFY25).

Vehicle finance – Disbursements better than expectations; asset quality improvement still elusive

- MMFS reported disbursements of ~INR164b in 3QFY25 (up ~7% YoY). We estimate an ~18% YoY growth in business assets for MMFS in FY25. We expect credit costs for MMFS to be at ~1.1% in 3QFY25 (vs. credit costs of 1.4% in 3QFY24), aided by the provision release during the quarter (despite largely range-bound asset quality).
- For CIFIC and SHTF, we expect a sequential growth in disbursements, which is likely to translate into ~31%/18% YoY growth in AUM for CIFIC/SHTF as of Dec'24.
- We estimate NIM expansion for vehicle financiers in FY26, driven by a decline in CoB. Asset quality in vehicle finance has largely remained range-bound in 3Q with improvement, which is typically seen in 2H of the fiscal year, still elusive. The expectation of asset quality improvement for vehicle financiers is now anchored on improvements in the economic activity and agri output in 4Q.

Gold finance – Steady growth in gold loans with some contraction in NIMs

- We expect gold loan financiers to deliver healthy gold loan growth and decent tonnage growth in 3QFY25. Additionally, we anticipate MGFL's standalone entity

to show decent gold loan growth, though the drag from the ban on Asirvad will keep consol. gold loan growth muted during the quarter.

- We expect ~3%/1% sequential growth in the gold loan portfolio of MUTH/MGFL. Gold loan NIMs could experience minor QoQ contraction due to a sequential decline in yields. Asirvad MFI, a subsidiary of MGFL, may face further asset quality deterioration and elevated credit costs (like in the last quarter).

Microfinance – Asset quality pain continues; early green-shoots in Dec'24

- MFIs continued to experience asset quality stress due to customer overleveraging in unsecured retail lending. Disbursements were muted for all three NBFC-MFIs – CREDAG, Fusion, and Spandana – in our coverage universe. We expect AUM to remain flat for CREDAG and anticipate a decline of ~7%/9% QoQ in AUM for Fusion/Spandana in 3QFY25.
- Higher NPA formation will also result in interest income reversals, which could lead to pressure on the NIM in 3Q or 4Q, depending on when a particular MFI takes write-offs.
- We expect an increase in PAR90 (or higher write-offs to keep GS3 within certain thresholds) for all three MFIs in our coverage and significantly elevated credit costs. We expect credit cost stress to peak in 3QFY25; however, the sectoral drag is likely to persist until 1QFY26. We estimate *annualized* credit costs of ~8%/ ~21%/35% for CREDAG/Fusion/Spandana in this quarter.

Diversified financiers: Unsecured retail remains weak with high credit costs

- LTFH reported a ~23% YoY/4% QoQ growth in Retail Loans. Since the company is not growing its wholesale segments (such as real estate and infrastructure), the consolidated loan book grew ~2% QoQ in 3QFY25. In our view, LTFH could likely utilize its macro-prudential provisions (management overlay) for stress in its MFI business. After factoring in the utilization of this management overlay, we expect annualized credit costs at ~3.4% in 3QFY25.
- BAF is likely to report ~28% YoY/7% QoQ growth in AUM. We estimate a ~5bp QoQ contraction in NIM for BAF with credit costs at ~2.2% (vs ~2.1% QoQ).
- We expect Poonawalla to report ~38% YoY growth in AUM. The company took a one-time credit cost of ~INR6.7b for its STPL loan book in 2Q. While we do not expect this to recur, credit costs will remain higher than the normalized run rate prior to the management change.
- For IIFL Finance, we estimate gold loan AUM to grow ~44% QoQ to ~INR155b as of Dec'24. MFI business disbursements will be weaker than last quarter and MFI credit costs will be elevated. We estimate a PAT of INR2b in 3Q (vs. loss of INR1.6b in 2Q which included an exceptional loss of INR5.9b).

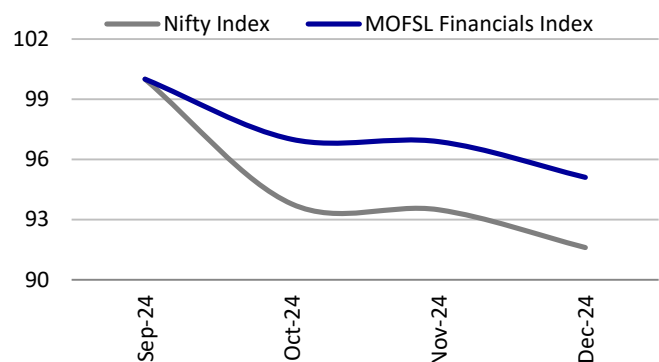
Power Financiers: Disbursements remain healthy, with renewables continuing to show improvement; credit costs to remain benign

- Power financiers have a strong sanction pipeline, positioning them for healthy loan growth in 2HFY25. However, sanction trends may be slightly weaker in 3QFY25 due to broad-based slower economic activity. Asset quality is expected to further improve, supported by continued stressed asset resolutions
- For PFC, we expect disbursements growth of ~110% YoY and ~6% QoQ, leading to loan book growth of ~13% YoY/5% QoQ.
- REC has reported disbursements growth of ~18% YoY/ 16% QoQ, which could potentially result in loan book growth of ~15% YoY/5% QoQ.

Exhibit 1: Quarterly performance

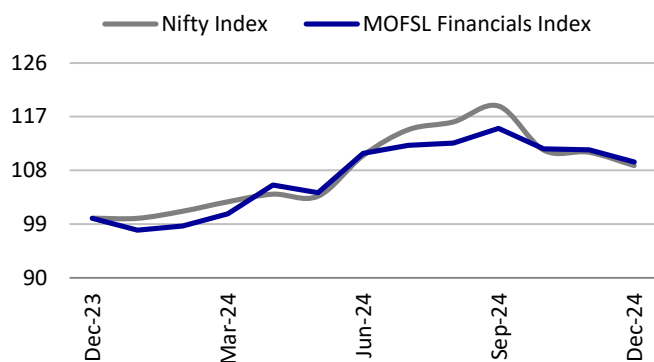
Name	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Dec-24	Variance YoY (%)	Variance QoQ (%)	Dec -24	Variance YoY (%)	Variance QoQ (%)	Dec -24	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1677	Neutral	2,552	15.6	5.5	1,893	20.0	-2.9	1,428	22.4	-3.5
Bajaj Finance	6937	Neutral	93,311	21.9	5.6	76,530	24.6	4.7	41,069	12.9	2.3
Can Fin Homes	730	Neutral	3,457	5.1	1.8	2,938	2.6	2.1	2,214	10.6	4.7
Chola. Inv & Fin.	1185	Buy	29,099	34.0	7.3	20,462	35.0	6.5	10,697	22.1	11.1
CreditAccess	891	Buy	9,219	14.8	-1.2	6,598	9.6	-1.8	1,311	-62.9	-29.6
Five-Star Business	793	Buy	5,354	27.2	3.7	3,909	30.2	2.9	2,723	25.6	1.6
Fusion Finance	178	Neutral	3,708	9.5	-7.0	2,537	-2.5	-10.6	-2,050	PL	Loss
Home First Fin.	1045	Buy	1,586	18.0	1.2	1,302	18.7	3.3	961	21.9	4.2
IIFL Finance	418	Buy	13,332	-15.3	-0.5	8,209	-14.4	-3.8	2,013	-59.0	LP
L&T Finance	138	Buy	21,844	11.9	0.3	16,100	20.3	1.3	5,909	-7.6	-15.2
LIC Housing Fin	600	Buy	19,958	-4.8	1.1	17,442	-7.4	0.1	12,826	10.3	-3.5
M & M Financial	266	Buy	18,788	10.4	3.6	12,388	16.2	3.2	6,888	22.6	83.4
Manappuram Finance	191	Neutral	16,286	12.1	-0.4	10,265	9.7	-0.6	4,993	-13.2	-12.7
MAS Financial	272	Buy	2,022	28.9	5.6	1,359	23.3	5.9	795	27.2	3.8
Muthoot Finance	2216	Neutral	25,693	34.8	2.0	19,444	39.5	1.5	13,353	30.0	6.7
PFC	448	Buy	45,546	9.5	3.3	47,418	7.5	-11.0	39,623	17.3	-9.3
PNB Housing	908	Buy	6,809	14.8	2.9	5,796	16.1	3.7	4,810	42.1	2.4
Poonawalla Fincorp	314	Buy	5,965	21.6	6.7	3,664	4.6	31.2	1,520	-42.7	LP
REC	505	Buy	49,644	15.7	-0.1	50,079	20.1	2.3	41,160	25.9	2.8
Repco Home Fin	432	Neutral	1,692	3.5	2.2	1,386	1.2	1.4	1,091	9.7	-3.0
NBFC			4,35,290	15.1	2.8	3,52,382	15.3	0.6	2,09,818	8.1	4.6

Exhibit 2: Relative performance — three months (%)



Source: Bloomberg, MOFSL

Exhibit 3: Relative performance — one year (%)



Source: Bloomberg, MOFSL

Exhibit 4: EPS estimate changes for FY25/FY26/FY27

Company	Old Estimates			New Estimates			Change (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
AAVAS	73.1	90.2	112.7	72.5	89.6	109.6	-0.9	-0.7	-2.7
BAF	266.2	342.6	439.7	264.5	342.9	440	-0.6	0.1	0.1
CANF	65.1	72.6	83.2	65.2	71.2	82.6	0.1	-2	-0.8
CIFC	52.6	70.2	92.1	51.6	68.4	90	-1.9	-2.6	-2.2
CRE DAG	61.9	102.5	128.7	59.1	101	127.3	-4.6	-1.4	-1.2
Five Star Business	36.9	43	51.2	36.7	41.5	47.9	-0.6	-3.5	-6.3
FUSION	-36.7	46.2	65.8	-65.4	30.7	51.7	-	-33.6	-21.5
HomeFirst	42.7	52.6	65.1	42.4	52.4	63.3	-0.6	-0.4	-2.7
IIFL Fin	16.4	50.7	64.4	13.3	46.7	58.4	-19.2	-7.9	-9.3
LTFH	11.2	13.9	18.5	10.4	13.6	18.5	-7.2	-2.2	-0.1
LIC HF	93.1	93.4	102.1	93.1	96.1	103.6	-0.1	2.8	1.4
MMFSL	19.6	24.8	31.1	19.5	25.1	31.6	-0.5	1.3	1.7
MASFIN	17.4	22.2	27.2	17.1	21.4	26.3	-1.8	-3.5	-3.5
Muthoot	127.9	151.6	169	127.6	152.4	171	-0.2	0.5	1.2
MGFL	25.7	27.9	35.2	25.1	26.8	33.3	-2.1	-4	-5.5
PNBHF	72.5	89.3	109	72.6	89.4	108.5	0.2	0.2	-0.5
PFC	50.5	55.4	62.2	49.7	55.9	63.3	-1.6	0.8	1.8
PFL	1.9	14.6	23.3	2.4	14.2	22.6	28.3	-2.8	-2.8
REC	60.5	69.3	80.1	61.1	69.3	80.6	1.1	0	0.6
REPCO	70.4	70.3	78.5	70.3	69.9	77.9	-0.1	-0.5	-0.8
SHFL	223.3	264.7	321.6	224.9	264.9	320.3	0.7	0.1	-0.4
SPANDANA	-8.4	69	101.5	-93.2	48.4	81.5	-	-29.8	-19.7

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: INR1,677 | TP: INR1,800 (7%)

EPS CHANGE (%): FY26|27: -0.7|-2.7

- AUM/disbursements are likely to grow ~20%/19% YoY.
- Asset quality is expected to improve and credit costs are likely to remain benign.
- We expect NIM to expand ~15bp QoQ. Upfront assignment income is estimated at ~INR500m.
- Commentaries on loan growth, margin trajectory, and tech transformation are the key monitorables.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	4,128	4,259	4,373	4,586	4,797	4,906	5,107	5,432	17,347	20,243
Interest Expenses	1,866	2,036	2,166	2,216	2,352	2,489	2,556	2,769	8,284	10,165
Net Income	2,262	2,223	2,208	2,371	2,446	2,418	2,552	2,664	9,063	10,078
YoY Growth (%)	26	18	6	7	8	9	16	12	14	11
Other income	540	716	719	882	628	898	848	952	2,856	3,327
Total Income	2,802	2,938	2,926	3,252	3,074	3,316	3,399	3,616	11,919	13,405
YoY Growth (%)	28	16	12	14	10	13	16	11	17	12
Operating Expenses	1,339	1,308	1,349	1,434	1,379	1,368	1,507	1,626	5,430	5,879
YoY Growth (%)	30	14	12	19	3	5	12	13	19	8
Operating Profits	1,464	1,631	1,577	1,818	1,695	1,948	1,893	1,989	6,489	7,526
YoY Growth (%)	27	17	11	10	16	19	20	9	15.6	16.0
Provisions	57	65	80	43	86	48	58	35	245	227
Profit before Tax	1,407	1,565	1,497	1,775	1,609	1,900	1,835	1,954	6,244	7,299
Tax Provisions	310	348	331	349	348	421	407	386	1,338	1,563
Profit after tax	1,097	1,217	1,166	1,426	1,261	1,479	1,428	1,568	4,907	5,735
YoY Growth (%)	23	14	9	13	15	22	22	10	14.1	

Bajaj Finance

Neutral

CMP INR6,937 | TP: INR7,660 (+10%)

EPS CHANGE (%): FY26|27: 0.1|0.1

- BAF is likely to report AUM growth of 28% YoY/ 7% QoQ.
- Credit costs are expected to increase ~10bp QoQ to ~2.2%.
- Margin is likely to contract ~5bp QoQ to ~9.7%.
- Commentaries on NIM trajectory and credit costs are the key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,08,211	1,17,340	1,25,233	1,32,301	1,40,492	1,49,870	1,58,862	1,68,862	4,83,066	6,18,086
Interest expenses	41,025	45,371	48,680	52,171	56,839	61,493	65,552	69,995	1,87,247	2,53,878
Net Interest Income	67,186	71,970	76,553	80,130	83,653	88,377	93,311	98,867	2,95,819	3,64,208
YoY Growth (%)	27.4	30.0	29.3	28.1	24.5	22.8	21.9	23.4	28.7	23.1
Other Operating Income	16,795	16,477	16,436	17,019	20,531	21,084	21,610	22,648	66,759	85,874
Net Income	83,980	88,447	92,989	97,149	1,04,185	1,09,461	1,14,921	1,21,515	3,62,578	4,50,082
YoY Growth (%)	33.3	26.3	25.1	25.0	24.1	23.8	23.6	25.1	25.7	24.1
Operating Expenses	28,544	30,100	31,567	33,028	34,709	36,390	38,391	40,687	1,23,252	1,50,177
Operating Profit	55,437	58,347	61,422	64,121	69,475	73,071	76,530	80,829	2,39,326	2,99,905
YoY Growth (%)	37.0	30.0	26.6	25.3	25.3	25.2	24.6	26.1	27.9	25.3
Provisions and Cont.	9,953	10,771	12,484	13,100	16,847	19,091	21,255	22,475	46,307	79,668
Profit before Tax	45,512	47,578	48,955	51,051	52,654	54,015	55,275	58,353	1,93,096	2,20,297
Tax Provisions	11,143	12,070	12,566	12,806	13,534	13,877	14,206	14,775	48,584	56,392
Net Profit	34,369	35,508	36,390	38,245	39,120	40,137	41,069	43,578	1,44,512	1,63,905
YoY Growth (%)	36.8	27.7	22.4	21.1	13.8	13.0	12.9	13.9	25.5	13.4

Can Fin Homes**Neutral****CMP INR730 | TP: INR800 (+10%)****EPS CHANGE (%): FY26|27: -2.0|-0.8**

- Estimate loan book to grow ~9% YoY.
- Spreads are expected to remain stable QoQ at ~3.2%.
- Margin is expected to remain stable QoQ at 3.7%.
- Commentaries on loan growth and outlook on NIM in a declining rate environment are the key monitorables.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	8,181	8,652	8,948	9,117	9,242	9,553	9,772	9,927	34,899	38,493
Interest Expenses	5,330	5,484	5,660	5,839	6,027	6,155	6,315	6,379	22,314	24,876
Net Interest Income	2,851	3,168	3,288	3,278	3,214	3,398	3,457	3,548	12,585	13,617
YoY Growth (%)	13.9	26.1	30.6	25.5	12.7	7.3	5.1	8.2	24.0	8.2
Other income	60	58	71	159	70	74	73	151	348	368
Total Income	2,911	3,226	3,359	3,437	3,284	3,472	3,530	3,699	12,933	13,985
YoY Growth (%)	13.9	25.7	30.8	25.7	12.8	7.6	5.1	7.6	24.1	8.1
Operating Expenses	435	524	494	720	488	594	592	639	2,173	2,313
YoY Growth (%)	7.4	29.5	12.7	39.3	12.3	13.3	19.8	-11.2	23.1	6.5
Operating Profits	2,476	2,702	2,865	2,717	2,796	2,878	2,938	3,059	10,760	11,672
YoY Growth (%)	15.2	25.0	34.6	22.5	12.9	6.5	2.6	12.6	24.3	8.5
Provisions	137	722	308	18	245	137	100	60	1,185	543
Profit before Tax	2,339	1,980	2,557	2,700	2,551	2,741	2,838	2,999	9,575	11,129
Tax Provisions	504	399	556	609	555	626	624	643	2,068	2,448
Profit after tax	1,835	1,581	2,001	2,090	1,996	2,115	2,214	2,355	7,507	8,681
YoY Growth (%)	13.1	11.5	32.1	26.1	8.8	33.8	10.6	12.7	20.8	15.6

Cholamandalam Inv. & Fin.**Buy****CMP INR1,185 | | TP: INR1,470 (+24%)****EPS CHANGE (%): FY26|27: -2.6|-2.2**

- Estimate business AUM to grow ~31% YoY.
- Margin is likely to expand ~5bp QoQ to 6.85%.
- Credit costs are expected to improve ~10bp QoQ to ~1.5%.
- Guidance on margins, loan growth, and asset quality of new businesses are expected to be closely monitored.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	38,492	42,205	46,099	49,341	53,695	57,680	61,544	65,535	1,76,137	2,38,454
Interest Expenses	20,071	22,052	24,390	25,793	27,957	30,551	32,445	33,677	92,306	1,24,630
Net Interest Income	18,421	20,153	21,709	23,548	25,738	27,128	29,099	31,859	83,831	1,13,824
YoY Growth (%)	24.3	35.4	35.8	33.4	39.7	34.6	34.0	35.3	32.4	35.8
Other Income	2,845	3,514	4,088	5,580	4,595	5,248	5,727	6,373	16,026	21,943
Total Income	21,265	23,667	25,797	29,127	30,333	32,376	34,826	38,232	99,857	1,35,767
YoY Growth (%)	29.7	39.4	40.8	41.4	42.6	36.8	35.0	31.3	38.1	36.0
Operating Expenses	7,867	9,461	10,640	12,850	11,834	13,155	14,364	15,964	40,818	55,317
Operating Profit	13,399	14,206	15,157	16,278	18,499	19,221	20,462	22,268	59,039	80,450
YoY Growth (%)	26.4	37.1	40.4	27.9	38.1	35.3	35.0	36.8	32.7	36.3
Provisions & Loan Losses	3,723	3,998	3,588	1,908	5,814	6,235	6,200	3,855	13,218	22,104
Profit before Tax	9,675	10,208	11,569	14,369	12,685	12,986	14,262	18,413	45,821	58,345
Tax Provisions	2,415	2,583	2,807	3,788	3,263	3,355	3,566	4,811	11,593	14,995
Net Profit	7,260	7,625	8,762	10,581	9,422	9,631	10,697	13,601	34,228	43,351
YoY Growth (%)	28.3	35.3	28.0	24.1	29.8	26.3	22.1	28.5	28.4	26.7

CreditAccess Grameen**Buy****CMP INR891 | | TP: INR1,085 (+22%)****EPS CHANGE (%): FY26|27: -1.4|-1.2**

- Estimate GLP growth of ~8% YoY.
- Credit costs are projected to rise ~115bp QoQ to ~7.9%.
- Margin is likely to expand ~10bp QoQ to 14.6%.
- Guidance on credit costs and GLP growth to be monitored.

Quarterly Performance

Y/E March	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	11,052	11,874	12,444	13,632	14,372	14,177	13,983	14,758	49,001	57,290
Interest Expenses	3,849	4,239	4,415	4,822	5,103	4,846	4,764	5,104	17,324	19,817
Net Interest Income	7,203	7,635	8,029	8,810	9,268	9,331	9,219	9,654	31,677	37,473
YoY Growth (%)	57.8	53.3	48.5	42.3	28.7	22.2	14.8	9.6	49.8	18.3
Other Income	656	602	509	959	754	362	407	690	2,725	2,214
Total Income	7,858	8,237	8,537	9,770	10,023	9,693	9,626	10,344	34,402	39,686
YoY Growth (%)	63.8	52.1	43.6	35.6	27.5	17.7	12.8	5.9	47.1	15.4
Operating Expenses	2,420	2,611	2,520	2,942	2,929	2,972	3,028	3,327	10,493	12,253
Operating Profit	5,438	5,626	6,018	6,828	7,093	6,721	6,598	7,018	23,910	27,434
YoY Growth (%)	88	68	59	36	30	19	10	3	59	15
Provisions & Loan Losses	764	959	1,262	1,533	1,746	4,202	4,832	3,957	4,518	14,736
Profit before Tax	4,674	4,668	4,756	5,295	5,347	2,520	1,766	3,061	19,392	12,698
Tax Provisions	1,189	1,197	1,222	1,324	1,371	659	456	790	4,933	3,276
Net Profit	3,485	3,470	3,533	3,971	3,977	1,861	1,311	2,271	14,459	9,422
YoY Growth (%)	151.3	96.6	63.7	33.9	14.1	-46.4	-62.9	-42.8	75.0	-34.8

Five Star Business Finance**Buy****CMP INR793 | | TP: INR970 (+22%)****EPS CHANGE (%): FY26|27: -3.5|-6.3**

- Estimate AUM growth of ~25% YoY.
- Credit costs are projected to rise ~10bp QoQ to ~0.8%.
- Margin is likely to remain stable QoQ at 19.4%.
- Outlook on asset quality, guidance on loan growth, and credit costs are expected to be closely monitored.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	4,637	5,041	5,495	5,992	6,411	6,793	7,051	7,326	21,166	27,580
Interest Expenses	962	1,059	1,287	1,377	1,582	1,631	1,697	1,774	4,685	6,684
Net Interest Income	3,676	3,982	4,208	4,615	4,829	5,161	5,354	5,551	16,481	20,896
YoY Growth (%)	35.9	34.3	31.6	33.4	31.4	29.6	27.2	20.3	33.7	26.8
Other Income	198	183	205	199	283	266	248	241	785	1,038
Total Income	3,874	4,165	4,413	4,814	5,112	5,427	5,602	5,792	17,266	21,933
YoY Growth (%)	41.3	38.4	35.5	33.0	32.0	30.3	26.9	20.3	36.7	27.0
Operating Expenses	1,263	1,389	1,412	1,488	1,565	1,627	1,694	1,807	5,553	6,692
Operating Profit	2,611	2,775	3,001	3,326	3,547	3,800	3,909	3,985	11,713	15,241
YoY Growth (%)	40.5	37.9	45.5	43.6	35.9	36.9	30.2	19.8	42.0	30.1
Provisions & Loan Losses	152	106	102	194	185	218	268	271	554	942
Profit before Tax	2,459	2,670	2,899	3,132	3,362	3,582	3,641	3,714	11,160	14,299
Tax Provisions	622	676	731	771	846	903	917	908	2,800	3,575
Net Profit	1,837	1,994	2,168	2,361	2,516	2,679	2,723	2,806	8,359	10,724
YoY Growth (%)	32	38	44	40	37	34	26	19	38.5	28.3

Fusion Microfinance**Neutral****CMP INR178 | TP: INR165 (-8%)****EPS CHANGE (%): FY26|27: -33.6|-21.5**

- Estimate AUM to remain flat YoY.
- Annualized credit costs are projected at ~21% in 3QFY25.
- Margin is likely to contract ~5bp QoQ to ~15%.
- Guidance on credit costs, margins, and disbursement trajectory are expected to be closely monitored.

Quarterly Performance

Y/E March	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	4,790	4,968	5,400	5,761	6,213	6,261	5,854	4,704	20,919	23,032
Interest Expenses	1,835	1,910	2,015	2,149	2,234	2,274	2,146	1,812	7,908	8,466
Net Interest Income	2,955	3,058	3,386	3,612	3,979	3,987	3,708	2,892	13,011	14,565
YoY Growth (%)	58.7	26.1	34.2	30.6	34.6	30.4	9.5	-19.9	35.9	11.9
Other Income	738	745	732	991	854	776	808	949	3,205	3,387
Total Income	3,693	3,803	4,118	4,603	4,833	4,764	4,516	3,840	16,216	17,952
YoY Growth (%)	70.0	28.9	38.0	32.8	30.9	25.3	9.7	-16.6	40.1	10.7
Operating Expenses	1,339	1,385	1,515	1,696	1,855	1,925	1,979	2,029	5,935	7,788
Operating Profit	2,354	2,418	2,603	2,907	2,978	2,838	2,537	1,811	10,281	10,165
YoY Growth (%)	95.8	29.1	41.6	31.5	26.5	17.4	-2.5	-37.7	44.3	-1.1
Provisions & Loan Losses	759	762	938	1,190	3,485	6,941	5,275	3,258	3,649	18,958
Profit before Tax	1,595	1,656	1,665	1,717	-507	-4,102	-2,738	-1,447	6,633	-8,794
Tax Provisions	390	399	401	390	-151	-1,052	-687	-326	1,580	-2,216
Net Profit	1,205	1,257	1,265	1,327	-356	-3,050	-2,050	-1,121	5,053	-6,578
YoY Growth (%)	60	32	23	16	-130	-343	-262	-184	31	-230.2

Home First Finance Company**Buy****CMP INR1,045 | TP: INR1,280 (+22%)****EPS CHANGE (%): FY26|27: -0.4|-2.7**

- Estimate a robust AUM growth of ~33% YoY/7% QoQ.
- Cost/income ratio is expected to remain largely stable at ~37%.
- Margin is projected to contract ~30bp QoQ in 3QFY25.
- Outlook on margins and credit costs are key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,313	2,491	2,646	2,827	3,032	3,322	3,557	3,689	10,277	13,600
Interest expenses	1,068	1,170	1,302	1,459	1,568	1,756	1,972	2,017	4,999	7,311
Net Interest Income	1,246	1,321	1,344	1,368	1,464	1,566	1,586	1,673	5,278	6,288
YoY Growth (%)	32.6	30.1	21.4	22.4	17.5	18.6	18.0	22.3	26.3	19.1
Other Income	285	289	364	351	382	421	470	465	1,289	1,737
Net Income	1,530	1,610	1,708	1,719	1,846	1,987	2,056	2,137	6,567	8,025
YoY Growth (%)	40.9	36.1	35.7	24.2	20.6	23.4	20.4	24.4	33.7	22.2
Operating Expenses	553	565	611	584	655	726	753	783	2,313	2,917
Operating Profit	977	1,044	1,097	1,135	1,191	1,261	1,302	1,354	4,254	5,108
YoY Growth (%)	39.8	40.9	34.5	24.8	21.9	20.7	18.7	19.3	34.3	20.1
Provisions and Cont.	77	80	70	27	56	57	55	68	254	236
Profit before Tax	900	964	1,027	1,107	1,135	1,204	1,247	1,286	4,000	4,873
Tax Provisions	209	221	239	273	258	281	287	280	942	1,106
Net Profit	691	743	788	835	878	922	961	1,006	3,057	3,767
YoY Growth (%)	34.9	36.9	34.5	30.4	27.0	24.1	21.9	20.5	33.9	23.2

IIFL Finance**Buy****CMP INR418 | TP: INR510 (+22%)****EPS CHANGE (%): FY26|27: -7.9|-9.3**

- Estimate AUM to decline ~7% YoY to INR717b.
- Credit costs are likely to increase ~45bp QoQ to ~4.1%.
- Cost ratios are expected to increase ~210bp QoQ to ~48%.
- Outlook on the gold loan business, loan growth, and margins is the key monitorable.

IIFL Finance (Consolidated): Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	21,989	23,576	25,630	27,200	24,721	23,181	23,413	24,855	98,386	96,170
Interest Expenses	8,878	9,321	9,885	10,744	10,340	9,788	10,081	11,063	38,829	41,272
Net Interest Income	13,111	14,255	15,745	16,456	14,381	13,394	13,332	13,792	59,557	54,898
YoY Growth (%)	48.9	44.7	44.7	38.9	9.7	-6.0	-15.3	-16.2	43.6	-7.8
Other Income	1,306	1,878	1,120	-873	-43	2,467	2,352	2,975	3,342	7,750
Total Income	14,417	16,134	16,865	15,584	14,338	15,861	15,683	16,766	62,899	62,648
YoY Growth (%)	20	26	26	10	-1	-2	-7	8	20.4	-0.4
Operating Expenses	6,332	6,772	7,272	7,691	7,461	7,329	7,679	7,793	28,067	30,261
Operating Profit	8,085	9,361	9,593	7,893	6,877	8,532	8,209	8,769	34,832	32,387
YoY Growth (%)	18.4	29.0	24.9	-1.6	-14.9	-8.9	-14.4	11.1	16.9	-7.0
Provisions & Loan Losses	1,901	2,526	2,430	2,356	2,516	4,063	4,673	4,408	9,113	15,660
Profit before Tax	6,184	6,835	7,163	5,537	4,362	4,468	3,537	4,360	25,719	10,862
Exceptional items		0				-5,865				
Tax Provisions	1,455	1,580	1,711	1,231	980	-466	813	1,213	5,977	2,541
PAT (Pre NCI)	4,729	5,255	5,452	4,306	3,382	-931	2,723	3,147	19,742	8,321
NCI	475	513	548	572	501	646	711	842	2,107	2,700
PAT (Post NCI)	4,254	4,743	4,904	3,734	2,881	-1,577	2,013	2,304	17,635	5,621
YoY Growth (%)	29	25	30	-10	-32	-133	-59	-38	18	-68

L&T Finance**Buy****CMP INR138| TP: INR180 (+30%)****EPS CHANGE (%): FY26|25: -2.2|-0.1**

- Expect consolidated loan book growth of 4% QoQ.
- Anticipate credit costs to expand to ~3.4% (annualized) in 3QFY25 (vs. ~2.9% in 2QFY25).
- NIM is expected to contract ~25bp QoQ to ~10.9%.
- Outlook on the MFI business is the key monitorable.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	31,165	31,685	33,063	33,226	34,526	36,544	37,640	39,730	1,29,139	1,48,441
Interest Expenses	13,638	13,249	13,534	13,351	13,514	14,763	15,796	16,649	53,772	60,723
Net Interest Income	17,527	18,436	19,529	19,875	21,012	21,781	21,844	23,080	75,367	87,718
Change YoY (%)	14.3	11.9	7.2	12.6	19.9	18.1	11.9	16.1	11.4	16.4
Other Operating Income	1,068	453	2,277	3,492	3,318	3,649	4,161	3,884	6,667	15,012
Net Operating Income	18,596	18,889	21,805	23,367	24,330	25,431	26,005	26,964	82,034	1,02,730
Change YoY (%)	11.7	7.5	12.9	31.9	30.8	34.6	19.3	15.4	15.1	25.2
Other income	1,535	2,682	473	56	2	47	237	284	4,745	569
Total Income	20,130	21,572	22,278	23,422	24,332	25,477	26,241	27,248	86,779	1,03,299
Change YoY (%)	11.1	15.0	11.9	18.7	20.9	18.1	17.8	16.3	13.4	19.0
Operating Expenses	7,782	8,598	8,896	9,803	9,656	9,578	10,141	11,335	35,079	40,710
Change YoY (%)	18.3	25.2	19.9	24.6	24.1	11.4	14.0	15.6	22.1	16.1
Operating Profits	12,348	12,974	13,382	13,619	14,676	15,899	16,100	15,914	51,701	62,589
Change YoY (%)	6.9	9.1	7.2	7.3	18.9	22.5	20.3	16.8	6.3	21.1
Provisions	5,212	5,000	5,142	6,679	5,453	6,504	8,148	8,003	21,410	28,108
Profit before Tax	7,136	7,974	8,240	6,940	9,223	9,396	7,952	7,911	30,290	34,481
Tax Provisions	1,831	2,032	1,847	1,410	2,370	2,429	2,044	1,777	7,119	8,620
Profit after tax	5,309	5,951	6,402	5,539	6,855	6,967	5,909	6,133	23,171	25,861
Change YoY (%)	103	47	41	11	29	17	-8	11	43	12

LIC Housing Finance**Buy****CMP INR600 | TP: INR760 (+27%)****EPS CHANGE (%): FY26|27: 2.8|1.4**

- Expect loan growth of ~7% YoY with a fairly stable mix.
- Estimate annualized credit costs of ~20bp in 3QFY25 vs. ~10bp in 2QFY25.
- Yields are expected to remain stable on a sequential basis, leading to ~5bp contraction in NIMs.
- Commentaries on mortgage demand and guidance on margins and loan growth are the key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	67,037	67,066	67,437	68,875	67,391	68,534	69,974	72,070	2,70,416	2,77,969
Interest Expenses	44,942	46,000	46,465	46,499	47,501	48,796	50,016	51,476	1,83,907	1,97,788
Net Interest Income	22,094	21,066	20,972	22,376	19,891	19,739	19,958	20,594	86,509	80,181
YoY Growth (%)	37.2	81.2	30.6	12.4	-10.0	-6.3	-4.8	-8.0	36.7	-7.3
Fees and other income	429	521	488	493	446	784	683	432	1,931	2,344
Net Income	22,523	21,587	21,460	22,869	20,337	20,522	20,641	21,025	88,440	82,525
YoY Growth (%)	36.4	79.1	30.6	12.8	-9.7	-4.9	-3.8	-8.1	36.3	-6.7
Operating Expenses	2,425	2,595	2,615	3,829	2,621	3,105	3,198	3,679	11,463	12,604
Operating Profit	20,098	18,993	18,845	19,041	17,715	17,417	17,442	17,346	76,976	69,921
YoY Growth (%)	38.8	101.1	39.0	8.7	-11.9	-8.3	-7.4	-8.9	40.0	-9.2
Provisions and Cont.	3,608	4,192	4,358	4,279	1,431	773	1,469	2,448	16,437	6,122
Profit before Tax	16,490	14,801	14,487	14,762	16,285	16,644	15,973	14,898	60,539	63,799
Tax Provisions	3,253	2,920	2,858	3,854	3,282	3,355	3,147	2,785	12,885	12,568
Net Profit	13,237	11,881	11,629	10,908	13,002	13,289	12,826	12,113	47,654	51,231
YoY Growth (%)	43	290	142	-8	-2	12	10	11	65	8

Mahindra Financial Services**Buy****CMP INR266 | TP: INR335 (+26%)****EPS CHANGE (%): FY26|27: 1.3|1.7**

- Estimate disbursements of ~INR165b, leading to AUM of ~INR1.11t (up 19% YoY/ ~3% QoQ).
- We expect margins to remain stable QoQ.
- Estimate credit costs of ~1.1% in 3QFY25 (vs. ~2.6% QoQ).
- Commentaries on margins, credit costs, and loan growth are the key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest income	30,349	31,535	33,733	35,471	36,122	37,448	39,059	40,688	1,31,088	1,53,317
Interest Expenses	14,505	15,665	16,750	17,351	18,286	19,343	20,271	20,584	64,269	78,483
NII	15,844	15,870	16,983	18,121	17,836	18,106	18,788	20,104	66,818	74,834
YoY Growth (%)	5.3	9.6	9.4	13.2	12.6	14.1	10.6	10.9	9.4	12.0
Other income	905	870	1,172	1,590	1,480	1,802	2,034	2,370	4,537	7,686
Net Total Income	16,750	16,740	18,155	19,710	19,316	19,908	20,822	22,474	71,355	82,520
YoY Growth (%)	6.9	8.7	10.1	14.4	15.3	18.9	14.7	14.0	10.1	15.6
Operating Expenses	6,750	7,312	7,530	7,980	7,970	7,947	8,433	8,609	29,572	32,960
Operating Profit	10,000	9,428	10,625	11,730	11,345	11,961	12,388	13,865	41,783	49,560
YoY Growth (%)	5.7	9.2	6.4	24.2	13.5	26.9	16.6	18.2	11.4	18.6
Provisions	5,264	6,266	3,284	3,415	4,482	7,035	3,143	2,539	18,228	17,198
Profit before Tax	4,735	3,163	7,341	8,315	6,864	4,927	9,245	11,327	23,555	32,362
Tax Provisions	1,209	811	1,813	2,126	1,734	1,232	2,357	2,929	5,959	8,252
Net Profit	3,527	2,352	5,528	6,190	5,130	3,695	6,888	8,398	17,596	24,110
YoY Growth (%)	58.2	-47.5	-12.1	-9.5	45.5	57.1	24.6	35.7	-11.3	37.0

Manappuram Finance

Buy
CMP INR191 | TP: INR205 (+7%)
EPS CHANGE (%): FY26|27: -4|-5.5

- Expect gold AUM/consolidated AUM to remain largely flat on a sequential basis.
- Factored in a margin decline of ~10bp QoQ and spreads to decline ~35bp in the consolidated loan book.
- Expect credit costs to increase ~80bp QoQ to ~3.1%.
- Commentaries on gold loan growth and asset quality in the MFI and PL segments are the key monitorables.

MGFL - Quarterly Performance (Consolidated)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	19,363	20,438	22,011	22,734	23,861	25,411	25,207	24,820	84,546	99,299
Interest Expenses	6,484	6,894	7,487	7,792	8,483	9,057	8,921	8,628	28,657	35,089
Net Interest Income	12,879	13,543	14,524	14,943	15,378	16,354	16,286	16,192	55,889	64,210
YoY Growth (%)	34.6	25.5	33.0	32.8	19.4	20.8	12.1	8.4	31.4	14.9
Other income	1,209	1,303	1,256	888	1,259	961	1,168	1,447	4,655	4,834
Net Income	14,088	14,846	15,780	15,831	16,636	17,314	17,454	17,639	60,544	69,044
Operating Expenses	6,068	6,182	6,419	6,497	6,823	6,984	7,190	7,314	25,165	28,309
Operating Profits	8,020	8,664	9,361	9,333	9,814	10,331	10,265	10,325	35,379	40,734
YoY Growth (%)	57.5	36.8	58.1	52.0	22.4	19.2	9.7	10.6	50.7	15.1
Provisions	1,212	1,197	1,496	1,878	2,286	2,604	3,517	3,485	5,783	11,892
PBT	6,808	7,467	7,864	7,455	7,528	7,727	6,748	6,840	29,595	28,842
Tax Provisions	1,828	1,861	2,111	1,820	1,963	2,006	1,754	1,834	7,621	7,557
PAT	4,980	5,607	5,753	5,635	5,565	5,721	4,993	5,006	21,974	21,286
YoY Growth (%)	77	37	46	36	12	2	-13	-11	46	-3

MAS Financial

Buy
CMP INR272 | TP: INR340 (+25%)
EPS CHANGE (%): FY26|27: -3.5|-3.5

- Standalone AUM is likely to grow ~4% QoQ/~19% YoY.
- We expect credit costs to increase ~10bp to ~1.1%.
- Margin is expected to expand ~5bp QoQ to ~7.2%.
- Commentary on branch expansions and increase in the direct business are the key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from Operations	2,801	2,982	3,206	3,295	3,465	3,670	3,952	4,199	12,246	15,285
Interest Income	2,362	2,490	2,651	2,757	2,952	3,078	3,278	3,398	10,223	12,707
Gain on assignments	242	272	319	336	304	375	412	465	1,170	1,556
Other operating Income	196	219	236	202	210	217	261	335	853	1,023
Interest expenses	1,428	1,461	1,638	1,615	1,714	1,754	1,929	2,069	6,142	7,467
Total income	1,373	1,520	1,569	1,680	1,751	1,916	2,022	2,129	6,104	7,818
Growth Y-o-Y (%)	30	28	27	33	27	26	29	27	29	28
Operating Expenses	427	484	467	555	567	632	663	688	1,894	2,550
Operating Profits	946	1,036	1,102	1,125	1,183	1,284	1,359	1,441	4,210	5,268
Growth Y-o-Y (%)	34	34	35	27	25	24	23	28	33	25
Provisions	188	236	257	214	239	263	300	323	896	1,126
Profit before tax	758	800	845	911	944	1,021	1,059	1,118	3,314	4,142
Growth Y-o-Y (%)	22	22	25	29	25	28	25	23	25	25
Tax Provisions	186	200	221	230	240	255	265	284	837	1,044
Net Profit	573	600	624	681	704	766	795	834	2,478	3,098
Growth Y-o-Y (%)	23	22	24	23	23	28	27	23	23	25

Muthoot Finance**Neutral****CMP INR 2,216 | TP: INR2,060 (-7%)****EPS CHANGE (%): FY26|27: 0.5|1.2**

- Estimate gold AUM growth of ~27% QoQ.
- We expect credit costs of ~60bp in 3QFY25 as compared to ~95bp in 2QFY25.
- Margin is likely to contract 30bp to ~11.5%.
- Commentaries on gold loan growth and margin guidance are the key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	29,577	30,147	31,176	33,575	36,560	40,685	42,190	43,409	1,24,476	1,62,844
Other operating income	410	450	501	514	478	489	551	600	1,874	2,118
Total Operating income	29,987	30,597	31,677	34,089	37,038	41,174	42,741	44,009	1,26,350	1,64,962
YoY Growth (%)	19.8	22.5	19.1	19.5	23.5	34.6	34.9	29.1	20.2	30.6
Other income	276	139	80	95	63	88	72	127	590	350
Total Income	30,263	30,736	31,757	34,184	37,101	41,262	42,813	44,136	1,26,940	1,65,312
YoY Growth (%)	20.6	22.8	19.1	19.4	22.6	34.2	34.8	29.1	20.4	30.2
Interest Expenses	10,638	11,563	12,119	12,228	13,511	15,505	16,497	17,192	46,548	62,705
Net Income	19,625	19,173	19,638	21,956	23,590	25,758	26,316	26,944	80,393	1,02,608
Operating Expenses	5,620	5,751	5,696	6,861	6,437	6,608	6,872	8,027	23,927	27,944
Operating Profit	14,006	13,422	13,942	15,095	17,153	19,150	19,444	18,917	56,466	74,663
YoY Growth (%)	36.8	16.9	10.4	16.9	22.5	42.7	39.5	25.3	19.5	32.2
Provisions	860	120	137	860	2,236	2,070	1,400	-250	1,978	5,456
Profit before Tax	13,145	13,302	13,805	14,236	14,917	17,080	18,044	19,167	54,488	69,208
Tax Provisions	3,394	3,392	3,532	3,673	4,130	4,568	4,691	4,604	13,991	17,994
Net Profit	9,751	9,910	10,273	10,563	10,787	12,511	13,353	14,563	40,497	51,214
YoY Growth (%)	21.6	14.3	13.9	17.0	10.6	26.3	30.0	37.9	16.6	26.5

PNB Housing Finance**Buy****CMP INR908 | TP: INR1,160 (28%)****EPS CHANGE (%): FY26|27: 0.2|-0.5**

- Loan growth is expected to be ~17% YoY .
- NIM is expected to remain largely stable QoQ.
- Expect provision write-backs from recoveries in both Retail and Corporate written-off pools.
- Commentaries on the asset quality of the retail loan book, NIM, and credit costs are the key monitorables.

Quarterly performance

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	16,669	17,029	16,795	16,929	17,391	17,803	18,497	19,390	67,422	73,081
Interest Expenses	10,475	10,573	10,866	10,697	10,969	11,185	11,688	12,570	42,611	46,413
Net Interest Income	6,194	6,456	5,929	6,232	6,421	6,618	6,809	6,819	24,811	26,668
YoY Growth (%)	68.1	1.9	-17.3	7.2	3.7	2.5	14.8	9.4	7.8	7.5
Other income	408	765	765	1,211	930	994	1,058	1,444	3,149	4,426
Total Income	6,602	7,221	6,694	7,443	7,352	7,612	7,867	8,264	27,960	31,094
YoY Growth (%)	37.3	0.2	-16.3	18.2	11.3	5.4	17.5	11.0	6.3	11.2
Operating Expenses	1,530	1,702	1,700	1,778	1,929	2,020	2,071	2,196	6,710	8,217
YoY Growth (%)	26.0	24.4	34.7	21.1	26.1	18.7	21.8	23.5	26.3	22.5
Operating Profits	5,072	5,519	4,994	5,665	5,422	5,591	5,796	6,067	21,250	22,877
YoY Growth (%)	41.1	-5.4	-25.9	17.3	6.9	1.3	16.1	7.1	1.2	7.7
Provisions	606	448	591	66	-120	-456	-410	-420	1,711	-1,406
Profit before Tax	4,467	5,071	4,403	5,598	5,542	6,047	6,206	6,488	19,539	24,283
Tax Provisions	994	1,241	1,019	1,206	1,214	1,351	1,396	1,455	4,459	5,415
Profit after tax	3,473	3,830	3,384	4,393	4,328	4,697	4,810	5,033	15,080	18,868
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	22.6	42.1	14.6	44.2	25.1

Power Finance Corporation

Buy

CMP INR448 | TP: INR590 (+32%)

EPS CHANGE (%): FY26|27: 0.8|1.8

- Expect AUM/Disbursement growth of ~13%/110% YoY.
- Expect margin to contract ~5bp to ~3.5%.
- Expect credit costs to remain benign, aided by stressed asset resolutions.
- Commentaries on growth in loan book, margins, and asset quality/credit costs are the key monitorables.

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
Particulars	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,01,241	1,06,921	1,13,313	1,14,937	1,18,270	1,19,090	1,23,853	1,30,457	4,36,411	4,91,671
Interest Expenses	66,207	69,631	71,735	72,564	74,990	75,007	78,307	82,716	2,80,138	3,11,020
Net Interest Income	35,034	37,289	41,578	42,373	43,280	44,083	45,546	47,741	1,56,274	1,80,651
YoY Gr %	1.0	-3.1	16.4	21.9	23.5	18.2	9.5	12.7	8.8	15.6
Other Income	-2,111	11,904	5,875	7,165	3,160	14,655	5,301	4,827	22,832	27,943
Net Operational Income	32,923	49,193	47,452	49,538	46,440	58,738	50,847	52,568	1,79,106	2,08,594
YoY Gr %	-8.9	7.6	20.6	14.3	41.1	19.4	7.2	6.1	8.9	16.5
Exchange gain/(loss)	4,827	-1,188	-2,231	723	589	-3,100	-2,000	1,011	2,131	-3,500
Total Net Income	37,750	48,005	45,221	50,261	47,029	55,639	48,847	53,579	1,81,237	2,05,094
YoY Gr %	32.6	22.5	23.2	24.3	24.6	15.9	8.0	6.6	25.2	13.2
Operating Expenses	1,018	1,143	1,100	3,431	1,016	2,355	1,430	2,569	6,691	7,369
Operating Profit	36,732	46,863	44,121	46,830	46,013	53,284	47,418	51,011	1,74,545	1,97,725
YoY Gr %	35.5	22.6	24.1	23.7	25.3	13.7	7.5	8.9	25.8	13.3
Provisions	22	-989	2,626	-3,370	620	-1,241	-1,500	-2,017	-1,712	-4,137
PBT	36,710	47,852	41,495	50,200	45,393	54,525	48,918	53,027	1,76,257	2,01,862
Tax	6,641	9,377	7,723	8,845	8,214	10,821	9,294	9,420	32,587	37,748
Tax Rate %	18.1	19.6	18.6	17.6	18.1	19.8	19.0	17.8	18.5	18.7
PAT	30,069	38,474	33,772	41,355	37,179	43,704	39,623	43,608	1,43,670	1,64,114
YoY Gr %	42.5	28.3	12.4	18.4	23.6	13.6	17.3	5.4	23.5	14.3

Poonawalla Fincorp

Buy

CMP INR314 | TP: INR390 (+24%)

EPS CHANGE (%): FY26|27: -2.8|-2.8

- Expect AUM/Disbursement growth of ~38%/5% YoY.
- Expect margin to contract ~5bp QoQ to ~9.1%.
- Expect cost ratios to decline to ~46.5% in 3QFY25 (PQ: ~56.7% and PY: ~36.3%).
- Commentaries on growth in personal loans, margin, and asset quality/credit costs are the key monitorables.

Quarterly Performance (Standalone)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	6,560	6,901	7,144	8,436	8,962	9,107	9,745	10,737	29,061	38,551
Interest Expenses	2,348	2,155	2,237	2,811	3,201	3,516	3,780	4,223	9,503	14,719
Net Interest Income	4,212	4,746	4,907	5,625	5,761	5,592	5,965	6,514	19,558	23,832
YoY Growth (%)	77.8	73.3	62.9	48.1	36.8	17.8	21.6	15.8	58.9	21.9
Other Income	563	539	594	782	997	858	881	818	2,478	3,553
Total Income	4,775	5,285	5,501	6,407	6,758	6,449	6,846	7,332	22,036	27,384
YoY Growth (%)	70.3	57.1	52.8	57.0	35.1	22.0	24.5	14.4	54.7	24.3
Operating Expenses	1,834	1,929	1,998	2,313	2,436	3,657	3,182	3,475	8,074	12,751
Operating Profit	2,941	3,356	3,502	4,094	4,321	2,792	3,664	3,856	13,962	14,633
YoY Growth (%)	185.0	167.0	124.8	103.1	46.9	-16.8	4.6	-5.8	128.8	4.8
Provisions & Loan Losses	266	281	-65	239	425	9,096	1,637	1,033	720	12,191
Profit before Tax	2,676	3,075	3,568	3,855	3,897	-6,305	2,027	2,824	13,242	2,442
Exceptional items		6,560				0			6,560	0
Tax Provisions	674	775	916	538	980	-1,594	507	669	2,907	562
PAT (excl. exceptional)	2,002	2,300	2,651	3,317	2,916	-4,710	1,520	2,155	10,335	1,881
PAT (incl. exceptional)	2,002	8,861	2,651	3,317	2,916	-4,710	1,520	2,155	16,896	1,881
YoY Growth (%)	86.0	76.7	76.3	83.6	45.7	-	-42.7	-35.0	73.9	-81.8

Rural Electrification Corporation

Buy

CMP INR505 | TP: INR630 (25%)

EPS CHANGE (%): FY26|27: -|0.6

- Disbursements/AUM expected to grow ~16%/18% YoY.
- Margin are likely to contract ~15bp QoQ to ~3.5%.
- Expect credit costs to remain benign, aided by stress assets resolutions.
- Commentaries around margins and guidance on disbursements/AUM growth are the key monitorables.

Quarterly Performance

INR m

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,06,895	1,13,930	1,19,440	1,23,836	1,26,904	1,34,744	1,38,112	1,45,423	4,64,101	5,45,182
Interest Expenses	70,498	73,500	76,533	78,961	80,212	85,065	88,468	92,851	2,99,493	3,46,596
Net Interest Income	36,397	40,430	42,907	44,875	46,692	49,678	49,644	52,571	1,64,608	1,98,586
YoY Gr (%)	-8.9	2.1	17.7	28.3	28.3	22.9	15.7	17.1	9	21
Other Operational Income	195	546	531	924	469	483	0	0	7,198	8,638
Net Operational Income	36,592	40,976	43,438	45,799	47,161	50,161	49,644	52,571	1,70,141	2,05,323
YoY Gr (%)	-9.7	2.6	17.2	26.1	28.9	22.4	14.3	14.8	19	21
Other Income	2,553	1,425	29	1,674	2,998	731	3,000	2,757	679	848
Total Net Income	39,144	42,401	43,467	47,473	50,159	50,892	52,644	55,329	1,70,819	2,06,172
YoY Gr (%)	-4.3	0.5	21.5	30.9	28.1	20.0	21.1	16.5	19	21
Operating Expenses	1,445	1,938	1,766	3,114	2,175	1,936	2,566	2,821	6,597	7,598
YoY Gr (%)	-77.7	-65.8	-43.3	130.6	50.6	-0.1	45.3	-9.4	21	15
% to Income	3.7	4.6	4.1	6.6	4.3	3.8	4.9	5.1	4	4
Operating Profit	37,700	40,463	41,701	44,359	47,984	48,955	50,079	52,508	1,64,223	1,98,573
YoY Gr %	9.5	10.8	27.7	27.0	27.3	21.0	20.1	18.4	19	21
Provisions	580	-7,604	559	-7,119	4,726	-1,441	-1,500	-5,977	(13,584)	(4,192)
PBT	37,120	48,067	41,143	51,478	43,258	50,396	51,579	58,484	1,77,806	2,02,765
YoY Gr (%)	26.3	40.2	15.6	35.1	16.5	4.8	25.4	13.6	29	14
Tax	7,512	10,338	8,449	11,315	8,834	10,342	10,419	12,176	37,614	41,770
Tax Rate (%)	20.2	21.5	20.5	22.0	17.6	20.5	20.2	20.8	21	21
PAT	29,607	37,729	32,693	40,163	34,425	40,055	41,160	46,308	1,40,192	1,60,996
YoY Gr (%)	21.0	38.3	13.6	33.8	16.3	6.2	25.9	15.3	26.8	14.8

Repco Home Finance

Neutral

CMP INR432 | TP: INR480 (11%)

EPS CHANGE (%): FY26|27: -0.5|-0.8

- Disbursements/AUM expected to grow ~7%/8% YoY.
- Margins are likely to contract ~15bp QoQ to ~5.3%.
- Expect asset quality to continue to improve, resulting in provision write-backs in the quarter.
- Commentaries around asset quality and guidance on disbursements/AUM growth are the key monitorables.

Quarterly performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,572	3,770	3,787	3,831	4,007	4,051	4,140	4,237	14,960	16,435
Interest Expenses	2,026	2,075	2,153	2,203	2,330	2,396	2,448	2,446	8,456	9,619
Net Income	1,546	1,695	1,635	1,628	1,677	1,656	1,692	1,791	6,504	6,816
YoY Growth (%)	16.5	23.6	17.8	10.5	8.5	-2.3	3.5	10.0	17.0	4.8
Other income	93	69	145	141	155	229	170	73	448	627
Total Income	1,639	1,765	1,779	1,769	1,833	1,884	1,862	1,864	6,952	7,443
YoY Growth (%)	15.7	18.9	18.7	11.9	11.8	6.8	4.6	5.4	16.2	7.1
Operating Expenses	392	426	410	483	452	517	475	535	1,710	1,980
YoY Growth (%)	15.7	24.4	2.9	27.6	15.4	21.2	16.1	10.9	17.3	15.8
Operating Profits	1,247	1,338	1,370	1,287	1,380	1,367	1,386	1,329	5,242	5,463
YoY Growth (%)	15.7	17.3	24.5	6.9	10.7	2.2	1.2	3.3	15.9	4.2
Provisions	50	16	29	-100	14	-160	-88	-150	-5	-384
Profit before Tax	1,198	1,322	1,341	1,387	1,366	1,528	1,475	1,479	5,247	5,847
Tax Provisions	307	341	346	306	312	403	383	353	1,300	1,450
Profit after tax	891	981	994	1,081	1,054	1,125	1,091	1,126	3,947	4,397
YoY Growth (%)	43.5	37.9	23.1	31.6	18.4	14.7	9.7	4.2	33.3	11.4
Loan growth (%)	6.7	7.1	8.1	8.5	8.3	8.1	7.9	8.1	9.0	9.6
Cost to Income Ratio (%)	23.9	24.2	23.0	27.3	24.7	27.4	25.5	28.7	24.6	26.6
Tax Rate (%)	25.6	25.8	25.8	22.1	22.8	26.3	26.0	23.8	24.8	24.8

Shriram Finance**Buy****CMP INR2,917 | TP: INR3,725 (+28%)****EPS CHANGE (%): FY26|27: 0.1|-0.4**

- Estimate disbursements of ~INR419b, leading to AUM of ~INR2.53t (up 18% YoY/ ~4% QoQ).
- Margin is expected to contract ~5bp QoQ to 9.1%.
- Credit cost is likely to increase ~5bp QoQ to 2.1%.
- Commentaries on loan growth in CV and on asset quality in 2W and PL segments are the key monitorables.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	76,880	82,166	86,179	90,773	93,628	98,145	1,02,365	1,06,565	3,35,997	4,00,703
Interest Expenses	34,875	36,219	37,069	39,898	41,289	43,504	45,810	47,081	1,48,061	1,77,684
Net Interest Income	42,004	45,947	49,110	50,874	52,339	54,641	56,555	59,484	1,87,935	2,23,019
YoY Growth (%)	20.0	21.6	17.1	21.7	24.6	18.9	15.2	16.9	17.0	18.7
Other Income	3,167	3,479	3,094	4,206	2,343	2,805	3,046	4,471	13,980	12,665
Total Income	45,171	49,426	52,204	55,080	54,682	57,446	59,601	63,956	2,01,915	2,35,684
YoY Growth (%)	22.0	17.9	16.2	21.7	21.1	16.2	14.2	16.1	17.0	16.7
Operating Expenses	13,908	14,618	15,311	16,024	16,140	17,597	18,373	19,086	59,895	71,197
Operating Profit	31,262	34,808	36,893	39,056	38,541	39,848	41,228	44,870	1,42,020	1,64,487
YoY Growth (%)	17.3	16.3	11.7	26.8	23.3	14.5	11.7	14.9	15.1	15.8
Provisions & Loan Losses	8,786	11,286	12,497	12,615	11,876	12,350	13,156	13,671	45,183	51,052
Profit before Tax	22,476	23,523	24,396	26,441	26,666	27,498	28,072	31,198	96,836	1,13,435
Tax Provisions	5,722	6,014	6,213	6,983	6,860	6,803	7,018	8,245	24,932	28,926
Net Profit	16,754	17,508	18,183	19,459	19,806	20,696	21,054	22,953	71,905	84,509
YoY Growth (%)	30.8	12.6	2.3	48.7	18.2	18.2	15.8	18.0	20.3	17.5
Exceptional gain							13,100			
PAT (including exceptional gains/loss)							34,154			

Spandana Sphoorty**Buy****CMP INR330 | TP: INR385 (+17%)****EPS CHANGE (%): FY26|27: -29.8|-19.7**

- Estimate disbursements of ~INR15b, leading to AUM of ~INR96b (AUM declined ~8% YoY).
- Margin is likely to contract ~70bp QoQ to ~13.3%.
- Annualized credit costs to increase to 34.9% (PQ: 20.7%).
- Guidance on credit costs, margins, and AUM growth to be closely monitored.

Quarterly Performance

Y/E March	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	4,929	5,436	5,663	6,352	6,935	6,071	5,221	5,063	22,381	23,290
Interest Expenses	1,995	2,277	2,502	2,493	2,594	2,584	2,352	2,174	9,268	9,704
Net Interest Income	2,934	3,159	3,161	3,859	4,342	3,487	2,870	2,889	13,113	13,587
YoY Growth (%)	99.3	70.6	45.7	42.8	48.0	10.4	-9.2	-25.1	60.0	3.6
Other Income	344	966	905	744	435	994	816	984	2,959	3,229
Total Income	3,277	4,125	4,067	4,603	4,776	4,481	3,686	3,873	16,072	16,816
YoY Growth (%)	102.2	88.5	59.9	19.9	45.7	8.6	-9.4	-15.9	57.7	4.6
Operating Expenses	1,386	1,549	1,662	1,943	1,908	2,203	2,251	2,375	6,540	8,737
Operating Profit	1,891	2,576	2,405	2,660	2,869	2,278	1,435	1,498	9,532	8,079
YoY Growth (%)	273.5	134.1	71.0	2.0	51.7	-11.6	-40.3	-43.7	69.6	-15.2
Provisions & Loan Losses	286	901	701	938	2,118	5,164	7,540	2,153	2,826	16,975
Profit before Tax	1,605	1,675	1,703	1,722	751	-2,886	-6,105	-655	6,706	-8,896
Tax Provisions	411	423	429	435	193	-723	-1,538	-183	1,699	-2,251
Net Profit	1,195	1,252	1,274	1,287	557	-2,163	-4,567	-473	5,007	-6,645
YoY Growth (%)	-154	127	79	22	-53	-273	-458	-137	3,940	-233

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