

## Result Preview



### 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 City Union  
 Shriram Transport Finance

## Healthy loan growth and stable asset quality

No major impact on margins in 1H; however, 2HFY23 will be key

- We expect our coverage universe of NBFC – Lending Financials to deliver 16% /16%/21% YoY growth in NII/PPoP/PAT, respectively, in 2QFY23. While we forecast a strong YoY earnings growth for BAF, SHTF, and LICHF, we estimate a YoY decline for MMFS (because of higher credit costs than the base quarter) and MUTH (driven by moderation in loan growth and relatively lower margins).
- While the narrative around a sharp spike in short-term interest rates has gained headlines, it has not adversely impacted the margins for our NBFC coverage universe because of lower proportion of short-term borrowings and well-matched fixed rate assets/liabilities.
- Seasonal weakness in asset quality, usually expected in the 1H of the fiscal year, was notably absent in 1HFY23. We expect asset quality to remain broadly stable for the vehicle financiers (with MMFS having already reported a ~270bp QoQ improvement in 30+ dpd) while we expect HFCs to report a minor sequential improvement (except for LICHF, where we expect slippages from the restructured pool).
- Discussions with NBFCs/HFCs seem to suggest that while the incremental cost of borrowings (CoB) have gone up by 50-70bp, the weighted average CoB has increased by 15-30bp QoQ. Companies with high liquidity on their balance sheets now have lower levels of surplus cash and will benefit from the reduction in the negative carry.
- Large HFCs, particularly HDFC, have raised their prime lending rates (PLRs) to transmit the increase in repo rates to customers. However, the affordable HFCs have been measured in increasing their lending rates and while they have managed to maintain stable spreads in 1HFY23, we expect them to partly absorb the higher borrowing costs in 2H. For the cohort of vehicle financiers, we expect margins to sequentially decline by 10-20bp with the least impact on SHTF, followed by CIFC and MMFS. For the gold financiers, we expect NIMs to improve by 60-80bp QoQ, driven by higher blended yields, partly driven by their focus on lower ticket sizes and partly by the run-off in the higher-ticket lower yield teaser rate loan book.
- Disbursements continued to remain healthy across vehicle and housing finance, driven by strong demand and sectoral tailwinds. We expect a ~14% YoY/3.5% QoQ loan growth in 2QFY23 for our coverage universe. Gold loan demand has still not picked up in the lower ticket size (<INR80K) and the banks/gold loan fintech continue to remain aggressive in this space. For MGFL in particular, we expect a sequential decline of 2-3% in the gold loan book, driven by run-off in the higher-ticket size gold loans.
- RBI has affected repo rate hikes of 190bp between May and Sep'22. What generally gets discussed is the impact of rising interest rates on the margin profile of the NBFC/HFCs. However, we are of the view that further repo rate hikes of 50-70bp are possible in 2HFY23, which can negatively impact the demand for mortgages if banks/large HFCs continue to transmit the entire repo rate increase to their customers. Until now, the natural recourse has been to increase the tenure when the PLR was increased. However, with the likely 50-70bp increase in repo rates in 2HFY23, the lenders would now need to start increasing the EMIs which could also lead to higher delinquencies.
- We continue to favor: a) franchises with strong balance sheets and b) those companies that can change their asset/liability mix to mitigate the impact on margins. Our top picks are CIFC, MMFS, and HomeFirst.

### **HFCs: Minor improvement in asset quality and small sequential growth in disbursements across large and affordable lenders; HDFC will continue to exhibit transitory impact on NIM**

- Home loans have continued to experience healthy demand despite increasing interest rates amidst inflation concerns. We expect HDFC and LICHF (aided by their lower CoF) to deliver strong retail home loan disbursements. HDFC has seen some resolutions in the non-individual book through sale to ARC, leading to an improvement in asset quality but which will also keep the non-individual loan growth muted. We expect that the transitory impact on margins, owing to the lag in transmitting higher borrowing costs to the customer, will continue in 2QFY23 as well.
- While we expect asset quality to improve for HDFC (with sequential decline in credit costs), we model slippages from the restructured loan pool for LICHF.
- We expect Affordable Housing Financiers (AHFCs) under our coverage to report a minor sequential improvement in disbursements in 2QFY23. AHFCs have been able to maintain largely stable spreads in 2QFY23 on the back of smaller quantum of interest rate hikes mitigating the impact on weighted average borrowing costs. We expect asset quality to improve for the housing financiers, leading to an improvement in GS3 and the 1+dpd metrics.

### **Vehicle Financiers – Strong disbursements; margin impact remains limited**

- MMFS has already reported its quarterly disbursements for 2QFY23 at ~INR117.5b (up 24% QoQ). For SHTF, we estimate disbursements to remain broadly stable sequentially, while we expect a 13% QoQ growth for CIFC.
- PVs (particularly cars and UVs) continue to exhibit strong demand as is evident from their long waiting periods. M&HCV volumes have continued to demonstrate recovery in the last six to nine months. Used CV sales also have continued to benefit from the momentum in the sales of new commercial vehicles.
- MMFS has reported a ~100bp QoQ improvement in its GS3 (despite the impact on reposessions, following the RBI ban in the last week of the quarter). For CIFC and SHTF, we expect asset quality to exhibit minor improvement (or remain stable). Vehicle financiers as a cohort still remain the most vulnerable to margin compression in 2HFY23, but the impact in 1HFY23 has not been insignificant.

### **Gold financiers – Gold loan growth still muted but expect yields/margins to improve leading to improvement in profitability**

- Demand in the lower-than-INR100K ticket segment has still not improved and banks/gold loan fintechs continue to remain aggressive in the ticket-size above INR100K.
- While we expect a sequential decline of ~2%-3% in the gold loan portfolio for MGFL, we expect it to grow ~2% sequentially for MUTH. Yields have started to improve for both MUTH and MGFL, driven by their focus on lower-ticket, high-yield gold loans and run-off in the low-yield teaser rate loan portfolio. For MUTH/MGFL, we expect NIM to improve by 80/60bp QoQ, leading to improved profitability.

### Diversified financiers: Healthy disbursements and strong asset quality; Good start to festive season but demand likely to taper off post festivities

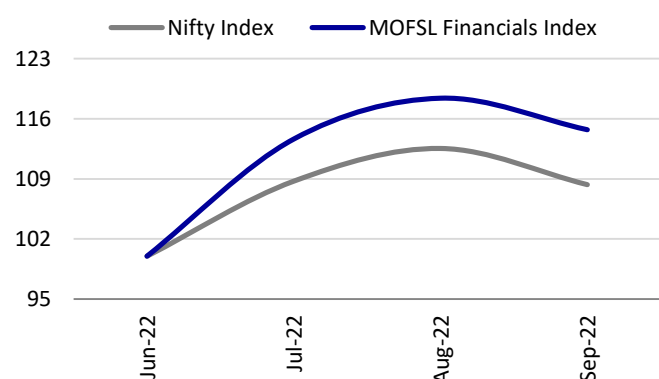
- For LTFH, we expect strong growth in retail loans but since the wholesale segment likes real-estate and infrastructure will continue to moderate, the consolidated loan could largely remain flat on a sequential basis. We expect credit costs to moderate for LTFH, leading to a QoQ improvement in profitability.
- We expect BAF to report a healthy ~28% YoY/5% QoQ growth in its AUM. We forecast margins to remain stable for BAF along with a further improvement in asset quality. We forecast SCUF to report sequentially stable disbursements and deliver a 17% YoY growth in AUM. Further, we expect its margins to remain stable and model a ~10-20bp improvement in its Gross Stage 3 loans.

Exhibit 1: Quarterly performance

Sector	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Sep-22	Variance YoY (%)	Variance QoQ (%)	Sep-22	Variance YoY (%)	Variance QoQ (%)	Sep-22	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	2229	Sell	1,923	18.2	6.8	1,463	18.8	26.5	1,121	21.7	25.7
Bajaj Finance	7172	Buy	56,701	32.2	7.5	44,141	33.6	3.7	27,470	85.5	5.8
Can Fin Homes	481	Buy	2,522	31.5	0.7	2,163	32.8	0.6	1,539	24.5	-5.1
Chola. Inv & Fin.	700	Buy	15,547	22.5	4.9	11,202	28.0	5.6	5,721	-5.7	1.1
HDFC*	2283	Buy	45,477	10.7	2.3	42,986	13.2	2.0	41,853	15.6	19.0
Home First Fin.	872	Buy	1,005	56.5	6.9	720	20.7	3.0	534	18.9	4.1
L&T Fin.Holdings	72	Buy	14,916	2.1	-2.7	10,997	-0.2	-4.8	3,600	61.4	37.8
LIC Housing Fin	402	Buy	16,662	42.7	3.5	14,890	57.1	2.8	8,173	229.7	-11.7
M & M Financial	180	Buy	16,249	8.8	4.5	9,943	-2.2	5.1	4,785	-53.2	114.7
Manappuram Finance	96	Buy	10,139	2.8	6.0	5,711	-5.3	12.2	3,510	-5.1	24.5
MAS Financial	720	Buy	1,109	37.2	5.1	753	24.5	6.5	488	27.2	4.8
Muthoot Finance	1029	Neutral	16,512	-8.9	7.2	11,304	-20.1	10.4	8,357	-15.9	4.2
PNB Housing	391	Neutral	3,719	-20.0	0.9	3,512	-18.9	-2.5	2,282	-3.0	-3.3
Repco Home Fin	233	Neutral	1,367	-12.4	3.0	1,108	-16.0	2.7	596	-30.6	-3.9
Shriram City Union	1688	Buy	10,850	20.7	1.5	6,553	13.1	-0.5	3,232	14.5	0.1
Shriram Transport Fin.	1170	Buy	25,895	20.8	1.1	21,328	24.2	1.0	10,310	33.7	6.8
<b>NBFC</b>			<b>2,40,592</b>	<b>15.9</b>	<b>3.9</b>	<b>1,88,773</b>	<b>15.6</b>	<b>3.0</b>	<b>1,23,572</b>	<b>20.7</b>	<b>11.2</b>

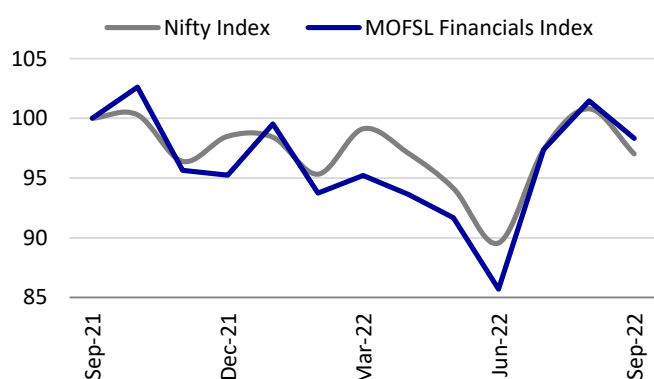
Note: For HDFC, Net Profit refers to core PAT excluding exceptional

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

**Exhibit 4: EPS estimate changes for FY23-24**

Company	Old estimates (INR )		New estimates (INR )		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
AAVAS	54.5	68.3	55.6	70.6	2.1	3.4
BAF	173.5	213.3	181.9	223.1	4.9	4.6
CANF	43.4	48.9	45.8	51.0	5.4	4.3
CIFC	30.9	36.5	32.2	39.0	4.4	6.9
HDFC	74.3	84.1	71.0	82.2	-4.4	-2.3
HomeFirst	25.3	31.8	25.4	32.1	0.4	0.9
LTFH	5.9	7.5	5.9	7.5	-	-
LICHF	60.7	68.7	60.7	68.7	-	-
MMFS	11.8	13.1	12.1	15.1	2.8	15.7
MASFIN	38.8	50.6	37.4	48.9	-3.6	-3.2
MUTH	85.8	98.1	85.2	97.7	-0.7	-0.4
MGFL	16.7	18.8	16.6	18.5	-0.6	-1.6
PNBHOUSI	51.0	55.1	54.0	55.3	5.9	0.3
REPCO	43.9	51.1	42.7	51.9	-2.8	1.7
SCUF	195.6	247.3	196.5	250.2	0.5	1.2
SHTF	151.5	146.3	151.6	151.5	0.1	3.5

Source: MOFSL, Company, Note: HDFC's numbers are for the core mortgage business only

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

**Sell**

**CMP INR2,229 | TP: INR1,980 (-11%)**

**EPS CHANGE (%): FY23|24: 2.1|3.4**

- Expect AUM/disbursement to grow 23%/28% YoY.
- Expect asset quality to remain largely stable sequentially with GS3 at 1.04% (v/s 1.08% in 1QFY23)
- Expect NIM to improve ~10bp QoQ and estimate upfront assignment income of ~INR435m.
- Expect opex to remain elevated, driven by investments in technology/distribution and increments to employees

### Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,630	2,787	2,830	3,041	3,148	3,432	3,706	3,983	11,288	14,270
Interest Expenses	1,128	1,160	1,251	1,237	1,347	1,508	1,674	1,900	4,775	6,429
<b>Net Income</b>	<b>1,502</b>	<b>1,627</b>	<b>1,579</b>	<b>1,804</b>	<b>1,802</b>	<b>1,923</b>	<b>2,032</b>	<b>2,083</b>	<b>6,513</b>	<b>7,840</b>
YoY Growth (%)	29	26	12	37	20	18	29	15	26	20
Other income	90	468	599	612	380	607	685	608	1,768	2,281
<b>Total Income</b>	<b>1,592</b>	<b>2,095</b>	<b>2,178</b>	<b>2,416</b>	<b>2,182</b>	<b>2,531</b>	<b>2,717</b>	<b>2,691</b>	<b>8,281</b>	<b>10,121</b>
YoY Growth (%)	31	34	13	37	37	21	25	11	28	22
Operating Expenses	673	864	910	1,059	1,026	1,068	1,116	1,161	3,506	4,371
YoY Growth (%)	28	36	37	43	53	24	23	10	37	25
<b>Operating Profits</b>	<b>919</b>	<b>1,231</b>	<b>1,268</b>	<b>1,357</b>	<b>1,156</b>	<b>1,463</b>	<b>1,601</b>	<b>1,530</b>	<b>4,775</b>	<b>5,750</b>
YoY Growth (%)	33	33	0	33	26	19	26	13	22.3	20.4
Provisions	170	47	113	-104	9	34	55	51	226	149
<b>Profit before Tax</b>	<b>749</b>	<b>1,183</b>	<b>1,155</b>	<b>1,461</b>	<b>1,147</b>	<b>1,428</b>	<b>1,546</b>	<b>1,479</b>	<b>4,549</b>	<b>5,601</b>
Tax Provisions	150	262	264	304	254	307	332	316	981	1,210
<b>Profit after tax</b>	<b>599</b>	<b>921</b>	<b>891</b>	<b>1,157</b>	<b>892</b>	<b>1,121</b>	<b>1,214</b>	<b>1,164</b>	<b>3,568</b>	<b>4,391</b>
YoY Growth (%)	20	39	4	32	49	22	36	1	23.2	23.1

## Bajaj Finance

**Buy**

**CMP INR7,172 | TP: INR8,300 (+16%)**

**EPS CHANGE (%): FY23|24: 4.9|4.6**

- Opex to remain elevated with CIR at ~36%
- Company reported AUM growth of 31% YoY/ 7% QoQ
- Expect margins and spreads to decline by ~10bp QoQ
- Expect ~15bp QoQ decline in credit costs in 2QFY23.

### Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	59,542	66,873	72,623	73,659	79,197	85,532	91,520	99,140	272,698	355,389
Interest expenses	22,536	23,976	25,345	25,626	26,451	28,832	32,292	40,280	97,482	127,855
<b>Net Interest Income</b>	<b>37,007</b>	<b>42,898</b>	<b>47,277</b>	<b>48,034</b>	<b>52,745</b>	<b>56,701</b>	<b>59,228</b>	<b>58,860</b>	<b>175,215</b>	<b>227,534</b>
YoY Growth (%)	12.3	26.0	40.7	25.1	42.5	32.2	25.3	22.5	26.2	29.9
Other Operating Income	7,888	10,447	12,728	12,643	13,630	12,670	12,854	13,077	43,707	52,231
<b>Net Income</b>	<b>44,895</b>	<b>53,345</b>	<b>60,005</b>	<b>60,677</b>	<b>66,376</b>	<b>69,370</b>	<b>72,082</b>	<b>71,937</b>	<b>218,922</b>	<b>279,766</b>
YoY Growth (%)	8.1	28.2	39.7	30.2	47.8	30.0	20.1	18.6	26.8	27.8
Operating Expenses	13,733	20,297	20,814	21,006	23,801	25,229	25,986	23,817	75,850	98,833
<b>Operating Profit</b>	<b>31,162</b>	<b>33,048</b>	<b>39,192</b>	<b>39,671</b>	<b>42,575</b>	<b>44,141</b>	<b>46,096</b>	<b>48,121</b>	<b>143,072</b>	<b>180,933</b>
YoY Growth (%)	4.0	9.9	34.9	29.9	36.6	33.6	17.6	21.3	19.6	26.5
Provisions and Cont.	17,503	13,003	10,512	7,016	7,547	7,019	8,423	9,652	48,034	32,641
<b>Profit before Tax</b>	<b>13,659</b>	<b>20,045</b>	<b>28,680</b>	<b>32,655</b>	<b>35,028</b>	<b>37,122</b>	<b>37,674</b>	<b>38,469</b>	<b>95,038</b>	<b>148,292</b>
Tax Provisions	3,634	5,235	7,427	8,460	9,065	9,652	9,795	10,044	24,756	38,556
<b>Net Profit</b>	<b>10,025</b>	<b>14,810</b>	<b>21,253</b>	<b>24,195</b>	<b>25,963</b>	<b>27,470</b>	<b>27,879</b>	<b>28,425</b>	<b>70,282</b>	<b>109,736</b>
YoY Growth (%)	4.2	53.5	85.5	79.7	159.0	85.5	31.2	17.5	59.0	56.1

## Can Fin Homes

Buy

CMP INR481 | TP: INR580 (+21%)

EPS CHANGE (%): FY23 | 24: 5.4 | 4.3

- Estimate disbursements of ~INR19b (down ~15% YoY).
- PAT expected to grow by 24% YoY, driven by healthy loan growth and benign credit costs.
- Expect margins and spreads to decline by ~10bp QoQ, driven by rising CoF.
- Watch out for commentary on loan growth, margins, credit costs and progress on the appointment of a new CEO.

## Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	4,492	4,626	5,020	5,558	6,065	6,368	6,655	7,051	19,697	26,139
Interest Expenses	2,680	2,708	2,961	3,185	3,561	3,846	4,115	4,398	11,535	15,920
<b>Net Interest Income</b>	<b>1,812</b>	<b>1,918</b>	<b>2,059</b>	<b>2,373</b>	<b>2,504</b>	<b>2,522</b>	<b>2,540</b>	<b>2,653</b>	<b>8,162</b>	<b>10,219</b>
YoY Growth (%)	-5.3	-8.9	-2.1	27.7	38.2	31.5	23.3	11.8	2.3	25.2
Other income	16	53	64	55	51	61	66	56	188	234
<b>Total Income</b>	<b>1,828</b>	<b>1,971</b>	<b>2,124</b>	<b>2,428</b>	<b>2,555</b>	<b>2,583</b>	<b>2,606</b>	<b>2,709</b>	<b>8,350</b>	<b>10,453</b>
YoY Growth (%)	-4.6	-7.2	-0.6	26.1	39.8	31.1	22.7	11.6	3.1	25.2
Operating Expenses	303	342	403	482	405	420	436	497	1,530	1,758
YoY Growth (%)	40.8	35.8	17.1	12.4	33.8	22.7	8.1	3.1	23.4	14.9
<b>Operating Profits</b>	<b>1,526</b>	<b>1,628</b>	<b>1,720</b>	<b>1,946</b>	<b>2,150</b>	<b>2,163</b>	<b>2,169</b>	<b>2,213</b>	<b>6,820</b>	<b>8,695</b>
YoY Growth (%)	-10.4	-13.0	-4.0	30.0	40.9	32.8	26.1	13.7	-0.6	27.5
Provisions	65	-62	164	302	-37	100	250	197	469	510
<b>Profit before Tax</b>	<b>1,460</b>	<b>1,690</b>	<b>1,557</b>	<b>1,643</b>	<b>2,187</b>	<b>2,063</b>	<b>1,919</b>	<b>2,015</b>	<b>6,351</b>	<b>8,185</b>
Tax Provisions	372	454	400	414	565	524	488	511	1,640	2,087
<b>Profit after tax</b>	<b>1,088</b>	<b>1,236</b>	<b>1,157</b>	<b>1,229</b>	<b>1,622</b>	<b>1,539</b>	<b>1,432</b>	<b>1,505</b>	<b>4,711</b>	<b>6,098</b>
YoY Growth (%)	16.8	-3.7	-12.3	19.8	49.0	24.5	23.8	22.4	3.3	29.4

## Cholamandalam Inv. &amp; Fin.

Buy

CMP INR700 | TP: INR830 (+19%)

EPS CHANGE (%): FY23 | 24: 4.4 | 6.9

- Estimate disbursements/AUM to grow by 73%/26% YoY.
- Estimate consolidated GS3 to improve by ~20bp QoQ (and GS3 in Vehicle Finance to remain largely stable)
- Estimate spreads and margins to contract by ~20bp QoQ
- Watch out for guidance on loan growth and margins.

## Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	23,712	23,468	24,095	24,390	26,123	28,213	30,752	33,677	95,668	1,18,764
Interest Expenses	11,038	10,778	10,460	10,712	11,309	12,666	14,376	16,793	42,988	55,143
<b>Net Interest Income</b>	<b>12,674</b>	<b>12,690</b>	<b>13,634</b>	<b>13,679</b>	<b>14,814</b>	<b>15,547</b>	<b>16,376</b>	<b>16,884</b>	<b>52,680</b>	<b>63,621</b>
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	22.5	20.1	23.4	13.3	15.5
Other Income	958	1,239	1,208	1,927	1,587	1,767	1,815	2,073	5,720	7,241
<b>Total Income</b>	<b>13,632</b>	<b>13,929</b>	<b>14,842</b>	<b>15,606</b>	<b>16,401</b>	<b>17,314</b>	<b>18,192</b>	<b>18,957</b>	<b>58,400</b>	<b>70,863</b>
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	24.3	22.6	21.5	16.8	16.5
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,112	6,380	6,922	20,687	25,211
<b>Operating Profit</b>	<b>9,927</b>	<b>8,750</b>	<b>9,525</b>	<b>9,120</b>	<b>10,604</b>	<b>11,202</b>	<b>11,812</b>	<b>12,035</b>	<b>37,712</b>	<b>45,652</b>
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	28.0	24.0	32.0	10.4	13.8
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	3,470	2,191	2,305	8,803	10,953
<b>Profit before Tax</b>	<b>4,407</b>	<b>8,165</b>	<b>7,043</b>	<b>9,294</b>	<b>7,617</b>	<b>7,732</b>	<b>9,621</b>	<b>9,729</b>	<b>28,909</b>	<b>34,699</b>
Tax Provisions	1,139	2,100	1,805	2,398	1,961	2,010	2,501	1,771	7,442	8,244
<b>Net Profit</b>	<b>3,268</b>	<b>6,065</b>	<b>5,238</b>	<b>6,896</b>	<b>5,657</b>	<b>5,721</b>	<b>7,120</b>	<b>7,958</b>	<b>21,467</b>	<b>26,456</b>
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-5.7	35.9	15.4	41.7	10.8



**HDFC****Buy****CMP INR2,283 | TP: INR2,830 (+24%)****EPS CHANGE (%): FY23 | 24: -4.4 | -2.3**

- AUM growth likely to be healthy (~16% YoY). Expect disbursements in individual loans to remain strong.
- Estimate margins to largely remain stable sequentially
- PPOP is likely to grow ~13% YoY and estimate credit costs of ~30bp.
- Watch out for outlook on margins, home loan demand, and asset quality in the non-individual segment

**Quarterly Performance****(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,06,471	1,06,831	1,11,569	1,13,716	1,20,030	1,29,350	1,40,607	1,51,029	4,38,586	5,41,016
Interest Expense	65,219	65,735	68,731	67,708	75,561	83,873	91,421	1,00,345	2,67,392	3,51,201
<b>Net Interest Income</b>	<b>41,252</b>	<b>41,096</b>	<b>42,838</b>	<b>46,009</b>	<b>44,469</b>	<b>45,477</b>	<b>49,186</b>	<b>50,684</b>	<b>1,71,194</b>	<b>1,89,815</b>
YoY Change (%)	23.7	14.1	7.0	14.2	7.8	10.7	14.8	10.2	14.4	10.9
Assignment Income	2,675	1,278	2,247	4,361	2,825	2,629	3,000	3,753	10,560	12,206
<b>NII (incl. assignment income)</b>	<b>43,926</b>	<b>42,373</b>	<b>45,085</b>	<b>50,370</b>	<b>47,294</b>	<b>48,105</b>	<b>52,186</b>	<b>54,437</b>	<b>1,81,754</b>	<b>2,02,021</b>
YoY Change (%)	24.8	12.6	2.1	12.8	7.7	13.5	15.7	8.1	12.5	11.2
Other Operating Income	614	895	811	984	754	815	856	1,290	3,337	3,715
<b>Core Income</b>	<b>44,540</b>	<b>43,268</b>	<b>45,896</b>	<b>51,354</b>	<b>48,048</b>	<b>48,920</b>	<b>53,042</b>	<b>55,726</b>	<b>1,85,091</b>	<b>2,05,736</b>
YoY Change (%)	24.9	12.7	2.3	12.8	7.9	13.1	15.6	8.5	12.5	11.2
Operating Expenses	5,507	5,299	4,780	5,142	5,888	5,934	5,640	5,753	20,727	23,216
YoY Change (%)	38.9	44.8	-11.0	3.1	6.9	12.0	18.0	11.9	15.3	12.0
<b>Core Operating profits</b>	<b>39,033</b>	<b>37,970</b>	<b>41,116</b>	<b>46,212</b>	<b>42,160</b>	<b>42,986</b>	<b>47,402</b>	<b>49,973</b>	<b>1,64,364</b>	<b>1,82,520</b>
YoY Change (%)	23.1	9.3	4.2	13.9	8.0	13.2	15.3	8.1	12.2	11.0
Provisions	6,860	4,520	3,930	4,010	5,140	4,369	4,151	3,728	19,320	17,388
<b>Core PBT</b>	<b>32,173</b>	<b>33,450</b>	<b>37,186</b>	<b>42,202</b>	<b>37,020</b>	<b>38,617</b>	<b>43,251</b>	<b>46,244</b>	<b>1,45,044</b>	<b>1,65,132</b>
YoY Change (%)	12.0	10.1	10.9	26.5	15.1	15.4	16.3	9.6	15.1	13.8
Profit on Sale of Inv./MTM on Inv.	6,652	1,444	1,256	2,660	1,929	300	500	2,253	11,978	4,982
Dividend income	164	11,713	1,955	1,279	6,865	13,600	1,200	1,000	15,110	22,665
Other Income	57	104	86	85	84	99	99	115	331	398
<b>PBT</b>	<b>39,046</b>	<b>46,711</b>	<b>40,482</b>	<b>46,225</b>	<b>45,898</b>	<b>52,616</b>	<b>45,050</b>	<b>49,612</b>	<b>1,72,463</b>	<b>1,93,177</b>
YoY Change (%)	8.3	32.3	7.9	17.8	17.5	12.6	11.3	7.3	16.4	12.0
Provision for Tax	9,039	8,906	7,875	9,222	9,210	10,845	9,296	9,864	35,041	39,215
<b>PAT</b>	<b>30,007</b>	<b>37,805</b>	<b>32,607</b>	<b>37,003</b>	<b>36,688</b>	<b>41,772</b>	<b>35,755</b>	<b>39,747</b>	<b>1,37,422</b>	<b>1,53,962</b>
YoY Change (%)	-1.7	31.7	11.4	16.4	22.3	10.5	9.7	7.4	14.3	12.0

**Home First Finance Company****Buy****CMP INR872 | TP: INR1,025 (+18%)****EPS CHANGE (%): FY23 | 24: 0.4 | 0.9**

- Estimate robust AUM growth of ~36% YoY/7% QoQ
- Model stable spreads, margins compression of ~10bp QoQ, and sequentially lower assignment income
- Asset quality improvement with GS3 declining ~20bp QoQ
- Watch out for outlook on loan growth, margins, asset quality and scale-up of the co-lending partnership

**Quarterly Performance****(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,155	1,206	1,270	1,389	1,547	1,686	1,807	1,958	5,117	6,997
Interest expenses	532	564	552	538	607	681	768	936	2,157	2,993
<b>Net Interest Income</b>	<b>623</b>	<b>642</b>	<b>717</b>	<b>851</b>	<b>940</b>	<b>1,005</b>	<b>1,039</b>	<b>1,022</b>	<b>2,960</b>	<b>4,005</b>
YoY Growth (%)	23.6	40.3	36.9	54.9	50.8	56.5	44.8	20.1	45.4	35.3
Other Income	265	255	247	172	147	126	191	413	840	876
<b>Net Income</b>	<b>888</b>	<b>897</b>	<b>964</b>	<b>1,023</b>	<b>1,086</b>	<b>1,130</b>	<b>1,229</b>	<b>1,435</b>	<b>3,800</b>	<b>4,881</b>
YoY Growth (%)	12.6	69.4	72.0	26.2	22.3	26.0	27.4	40.3	41.3	28.4
Operating Expenses	282	301	313	364	387	411	437	560	1,262	1,795
<b>Operating Profit</b>	<b>607</b>	<b>596</b>	<b>651</b>	<b>659</b>	<b>699</b>	<b>720</b>	<b>793</b>	<b>875</b>	<b>2,538</b>	<b>3,086</b>
YoY Growth (%)	6.0	102.0	127.7	29.5	15.3	20.7	21.8	32.8	52.7	21.6
Provisions and Cont.	130	33	60	27	36	31	38	85	250	191
<b>Profit before Tax</b>	<b>476</b>	<b>563</b>	<b>591</b>	<b>632</b>	<b>663</b>	<b>688</b>	<b>755</b>	<b>789</b>	<b>2,288</b>	<b>2,895</b>
Tax Provisions	125	114	132	30	151	155	170	176	402	651
<b>Net Profit</b>	<b>351</b>	<b>449</b>	<b>459</b>	<b>602</b>	<b>512</b>	<b>534</b>	<b>585</b>	<b>613</b>	<b>1,886</b>	<b>2,244</b>
YoY Growth (%)	-9.1	213.0	188.6	92.3	46.0	18.9	27.4	1.9	250.2	190.9

**L&T Finance Holdings****Buy****CMP INR72 | TP: INR90 (+25%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Overall, we expect the loan book to remain stable QoQ with moderation in real estate and infrastructure segment
- Anticipate the credit costs to decline to ~2.7% (annualized) in 2QFY23 (v/s 3.6% in 1QFY23)
- NIM could decline ~30bp QoQ, driven by rise in cost of funds and rundown in high-margin wholesale business.
- Watch out for commentary on how it plans to rundown the wholesale segments and utilization of capital gains from the sale of the AMC business

**Quarterly performance****Y/E March**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	30,083	29,028	28,744	29,188	29,466	29,613	29,761	30,227	1,17,042	1,19,067
Interest Expenses	15,089	14,417	14,066	13,923	14,132	14,697	15,285	15,531	57,494	59,645
<b>Net Interest Income</b>	<b>14,994</b>	<b>14,611</b>	<b>14,678</b>	<b>15,265</b>	<b>15,334</b>	<b>14,916</b>	<b>14,476</b>	<b>14,696</b>	<b>59,548</b>	<b>59,422</b>
Change YoY (%)	13.8	4.9	-7.1	-5.5	2.3	2.1	-1.4	-3.7	0.8	-0.2
Other Operating Income	1,318	1,490	1,964	1,281	1,318	1,372	564	986	6,053	4,240
<b>Net Operating Income</b>	<b>16,313</b>	<b>16,101</b>	<b>16,642</b>	<b>16,546</b>	<b>16,652</b>	<b>16,288</b>	<b>15,040</b>	<b>15,682</b>	<b>65,601</b>	<b>63,662</b>
Change YoY (%)	15.8	6.0	-4.6	-8.4	2.1	1.2	-9.6	-5.2	1.3	-3.0
Other income	614	826	1,284	1,204	1,474	1,500	1,400	1,517	3,928	5,891
<b>Total Income</b>	<b>16,926</b>	<b>16,928</b>	<b>17,925</b>	<b>17,749</b>	<b>18,126</b>	<b>17,788</b>	<b>16,440</b>	<b>17,199</b>	<b>69,529</b>	<b>69,553</b>
Change YoY (%)	2.9	4.5	-3.8	-10.3	7.1	5.1	-8.3	-3.1	-2.2	0.0
Operating Expenses	5,485	5,905	6,167	6,389	6,577	6,791	6,537	6,946	23,946	26,850
Change YoY (%)	31.4	28.8	25.5	5.1	19.9	15.0	6.0	8.7	21.3	12.1
<b>Operating Profits</b>	<b>11,441</b>	<b>11,023</b>	<b>11,759</b>	<b>11,360</b>	<b>11,549</b>	<b>10,997</b>	<b>9,903</b>	<b>10,253</b>	<b>45,582</b>	<b>42,703</b>
Change YoY (%)	-6.8	-5.1	-14.3	-17.1	0.9	-0.2	-15.8	-9.7	-11.2	-6.3
Provisions	9,062	7,830	7,418	6,524	7,989	6,100	4,200	4,350	30,833	22,640
<b>Profit before Tax</b>	<b>2,379</b>	<b>3,193</b>	<b>4,341</b>	<b>4,837</b>	<b>3,560</b>	<b>4,897</b>	<b>5,703</b>	<b>5,903</b>	<b>14,750</b>	<b>20,063</b>
Tax Provisions	609	963	1,261	1,423	948	1,298	1,540	1,632	4,256	5,417
Profit after tax	<b>1,770</b>	<b>2,230</b>	<b>3,080</b>	<b>3,414</b>	<b>2,612</b>	<b>3,600</b>	<b>4,163</b>	<b>4,272</b>	<b>10,494</b>	<b>14,646</b>
Change YoY (%)	20.1	-10.0	7.0	28.3	47.5	61.4	35.2	25.1	10.6	39.6

**LIC Housing Finance****Buy****CMP INR402 | TP: INR485 (+21%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect loan growth at 10% YoY, with a largely stable mix.
- Estimate provisions of INR4.8b v/s INR3.1b QoQ.
- Expect CoF and yields to increase by ~50bp QoQ, leading to largely stable spreads at ~1.8%.
- Watch out for commentaries on asset quality in the developer segment, slippages from restructured pool, and guidance on credit costs

**Quarterly Performance****(INR m)****Y/E March**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	48,253	46,734	50,006	51,893	52,502	56,702	59,538	60,644	1,96,885	2,29,387
Interest Expenses	35,500	35,060	35,460	35,518	36,400	40,040	43,844	45,125	1,41,537	1,65,410
<b>Net Interest Income</b>	<b>12,753</b>	<b>11,674</b>	<b>14,546</b>	<b>16,375</b>	<b>16,102</b>	<b>16,662</b>	<b>15,693</b>	<b>15,520</b>	<b>55,348</b>	<b>63,977</b>
YoY Growth (%)	4.5	-5.7	13.6	8.8	26.3	42.7	7.9	-5.2	5.5	15.6
Fees and other income	338	416	698	1,193	407	472	716	686	2,646	2,282
<b>Net Income</b>	<b>13,091</b>	<b>12,090</b>	<b>15,244</b>	<b>17,568</b>	<b>16,509</b>	<b>17,134</b>	<b>16,409</b>	<b>16,206</b>	<b>57,994</b>	<b>66,259</b>
YoY Growth (%)	7.9	-5.7	14.7	11.8	26.1	41.7	7.6	-7.8	7.5	14.3
Operating Expenses	2,815	2,609	2,070	2,500	2,029	2,244	2,401	2,791	9,994	9,465
<b>Operating Profit</b>	<b>10,276</b>	<b>9,481</b>	<b>13,174</b>	<b>15,069</b>	<b>14,481</b>	<b>14,890</b>	<b>14,008</b>	<b>13,415</b>	<b>48,000</b>	<b>56,794</b>
YoY Growth (%)	-4.5	-15.4	13.5	12.7	40.9	57.1	6.3	-11.0	2.3	18.3
Provisions and Cont.	8,346	6,392	3,556	1,925	3,077	4,800	4,200	3,444	20,218	15,521
<b>Profit before Tax</b>	<b>1,929</b>	<b>3,090</b>	<b>9,619</b>	<b>13,144</b>	<b>11,404</b>	<b>10,090</b>	<b>9,808</b>	<b>9,971</b>	<b>27,782</b>	<b>41,273</b>
Tax Provisions	395	611	1,945	1,958	2,149	1,917	1,863	1,912	4,909	7,842
<b>Net Profit</b>	<b>1,534</b>	<b>2,479</b>	<b>7,673</b>	<b>11,186</b>	<b>9,255</b>	<b>8,173</b>	<b>7,944</b>	<b>8,059</b>	<b>22,873</b>	<b>33,431</b>
YoY Growth (%)	-81.2	-68.7	5.5	180.4	503.2	229.7	3.5	-28.0	-16.3	46.2



## Mahindra Financial Services

**Buy**
**CMP INR180 | TP: INR240 (+33%)**
**EPS CHANGE (%): FY23|24: 2.8|15.7**

- Reported disbursements and business assets grew ~82% and 16% YoY in 2QFY23.
- Expect ~15bp QoQ contraction in margins.
- Estimate credit costs of INR3.5b (~2% annualized)
- Guidance on asset quality and credit costs and updates on engagement with RBI to get the ban revoked on the usage of third-party agents for collections

### Quarterly Performance

**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Operating Income	21,760	25,079	25,317	24,424	24,863	26,314	28,163	31,414	96,580	1,10,754
Other Income	111	145	114	239	122	175	200	233	609	731
<b>Total income</b>	<b>21,871</b>	<b>25,224</b>	<b>25,430</b>	<b>24,664</b>	<b>24,986</b>	<b>26,489</b>	<b>28,363</b>	<b>31,647</b>	<b>97,189</b>	<b>1,11,485</b>
YoY Growth (%)	-17.6	-4.8	-1.2	-6.5	14.2	5.0	11.5	28.3	-7.6	14.7
Interest Expenses	10,179	10,151	9,514	9,514	9,320	10,065	11,072	14,051	39,359	44,508
<b>Net Income</b>	<b>11,691</b>	<b>15,073</b>	<b>15,916</b>	<b>15,150</b>	<b>15,666</b>	<b>16,424</b>	<b>17,291</b>	<b>17,596</b>	<b>57,830</b>	<b>66,977</b>
YoY Growth (%)	-15.9	5.6	12.4	-2.2	34.0	9.0	8.6	16.2	-0.1	15.8
Operating Expenses	4,203	4,910	5,294	6,170	6,208	6,481	6,776	6,904	20,577	26,369
<b>Operating Profit</b>	<b>7,488</b>	<b>10,163</b>	<b>10,623</b>	<b>8,979</b>	<b>9,458</b>	<b>9,943</b>	<b>10,515</b>	<b>10,693</b>	<b>37,253</b>	<b>40,608</b>
YoY Growth (%)	-28.3	-1.4	6.4	-15.1	26.3	-2.2	-1.0	19.1	-10.4	9.0
Provisions	28,186	-3,668	-1,474	639	6,453	3,476	5,000	5,462	23,683	20,391
<b>Profit before Tax</b>	<b>-20,698</b>	<b>13,831</b>	<b>12,096</b>	<b>8,341</b>	<b>3,005</b>	<b>6,467</b>	<b>5,515</b>	<b>5,231</b>	<b>13,570</b>	<b>20,218</b>
Tax Provisions	-5,411	3,602	3,158	2,333	776	1,681	1,434	1,406	3,682	5,297
<b>Net Profit</b>	<b>-15,288</b>	<b>10,229</b>	<b>8,939</b>	<b>6,008</b>	<b>2,229</b>	<b>4,785</b>	<b>4,081</b>	<b>3,825</b>	<b>9,888</b>	<b>14,921</b>
YoY Growth (%)	-1,121.3	237.0	-426.1	300.6	-114.6	-53.2	-54.3	-36.3	195.0	50.9

## MAS Financial

**Buy**
**CMP INR720 | TP: INR830 (+15%)**
**EPS CHANGE (%): FY23|24: -3.6|-3.2**

- Expect AUM to grow 5% QoQ/ ~28% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Expect margins to improve by ~10bp QoQ, led by improvement in yields
- Expect provisions of INR99m in 2QFY23 (up ~17% QoQ).

### Quarterly Performance

**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Revenue from Operations</b>	<b>1,485</b>	<b>1,567</b>	<b>1,718</b>	<b>1,804</b>	<b>1,983</b>	<b>2,111</b>	<b>2,293</b>	<b>2,760</b>	<b>6,575</b>	<b>9,148</b>
Interest Income	1,283	1,352	1,473	1,590	1,677	1,811	1,974	2,531	5,695	7,992
Gain on assignments	149	155	175	147	157	169	184	313	642	822
Other operating Income	53	61	70	67	150	132	135	-84	237	333
Interest expenses	699	759	831	905	928	1,003	1,103	1,590	3,195	4,624
<b>Total income</b>	<b>786</b>	<b>808</b>	<b>887</b>	<b>899</b>	<b>1,055</b>	<b>1,109</b>	<b>1,190</b>	<b>1,170</b>	<b>3,379</b>	<b>4,524</b>
Growth Y-o-Y (%)	-13.7	-1.6	13.4	15.1	34.3	37.2	34.3	30.2	2.6	33.9
Operating Expenses	149	203	280	294	348	355	378	304	921	1,385
<b>Operating Profits</b>	<b>636</b>	<b>605</b>	<b>607</b>	<b>605</b>	<b>707</b>	<b>753</b>	<b>813</b>	<b>866</b>	<b>2,458</b>	<b>3,139</b>
Growth Y-o-Y (%)	-19.2	-13.1	-4.5	5.3	11.1	24.5	33.9	43.2	-8.2	27.7
Provisions	141	90	68	38	85	99	99	113	341	395
<b>Profit before tax</b>	<b>495</b>	<b>515</b>	<b>539</b>	<b>567</b>	<b>623</b>	<b>654</b>	<b>714</b>	<b>753</b>	<b>2,117</b>	<b>2,744</b>
Growth Y-o-Y (%)	1.3	12.9	11.4	13.5	25.7	27.0	32.5	32.8	9.7	29.6
Tax Provisions	127	132	138	142	157	167	182	194	538	700
<b>Net Profit</b>	<b>368</b>	<b>383</b>	<b>401</b>	<b>426</b>	<b>465</b>	<b>488</b>	<b>532</b>	<b>560</b>	<b>1,578</b>	<b>2,044</b>
Growth Y-o-Y (%)	0.6	12.0	10.8	16.6	26.3	27.2	32.6	31.5	10.0	29.5

**Muthoot Finance****Neutral****CMP INR 1,029 | TP: INR1,140 (+11%)****EPS CHANGE (%): FY23 |24: -0.7|-0.4**

- Estimate standalone AUM growth of ~2% QoQ, driven by weak gold loan demand and high competition from banks/gold loan fintechs.
- Estimate ~80bp sequential expansion in margins.
- CIR expected to moderate to 33% (from the peak of ~35% in the previous quarter)
- Watch out for commentaries on gold loan demand and margin guidance for FY23.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Income from operations	26,837	27,920	28,394	26,410	24,816	26,305	27,620	28,722	1,09,560	1,07,462
Other operating income	301	385	288	289	223	245	270	500	1,263	1,238
<b>Total Operating income</b>	<b>27,138</b>	<b>28,304</b>	<b>28,682</b>	<b>26,699</b>	<b>25,039</b>	<b>26,550</b>	<b>27,890</b>	<b>29,221</b>	<b>1,10,823</b>	<b>1,08,699</b>
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-6.2	-2.8	9.4	5.0	-1.9
Other income	11	29	36	85	54	43	50	73	161	220
<b>Total Income</b>	<b>27,149</b>	<b>28,333</b>	<b>28,718</b>	<b>26,784</b>	<b>25,093</b>	<b>26,593</b>	<b>27,939</b>	<b>29,294</b>	<b>1,10,984</b>	<b>1,08,919</b>
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-6.1	-2.7	9.4	5.0	-1.9
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,793	10,576	11,424	38,358	41,208
<b>Net Income</b>	<b>17,327</b>	<b>18,539</b>	<b>19,185</b>	<b>17,575</b>	<b>15,677</b>	<b>16,801</b>	<b>17,363</b>	<b>17,870</b>	<b>72,626</b>	<b>67,711</b>
Operating Expenses	3,989	4,397	4,519	5,357	5,435	5,497	5,287	5,158	18,262	21,376
<b>Operating Profit</b>	<b>13,338</b>	<b>14,142</b>	<b>14,666</b>	<b>12,218</b>	<b>10,241</b>	<b>11,304</b>	<b>12,077</b>	<b>12,713</b>	<b>54,364</b>	<b>46,335</b>
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-20.1	-17.7	4.0	6.6	-14.8
Provisions	337	744	889	-700	-577	26	226	577	1,270	253
<b>Profit before Tax</b>	<b>13,001</b>	<b>13,398</b>	<b>13,777</b>	<b>12,918</b>	<b>10,818</b>	<b>11,278</b>	<b>11,850</b>	<b>12,136</b>	<b>53,094</b>	<b>46,082</b>
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,921	3,057	3,113	13,551	11,889
<b>Net Profit</b>	<b>9,712</b>	<b>9,940</b>	<b>10,289</b>	<b>9,603</b>	<b>8,020</b>	<b>8,357</b>	<b>8,793</b>	<b>9,023</b>	<b>39,543</b>	<b>34,193</b>
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-15.9	-14.5	-6.0	6.2	-13.5

**Manappuram Finance****Buy****CMP INR96 | TP: INR125 (+30%)****EPS CHANGE (%): FY23 |24: -0.6|-1.6**

- Expect gold AUM to decline by ~2.5% QoQ and consolidated AUM to remain flat sequentially
- Factored in a margin expansion of ~60bp QoQ and spread expansion of ~50bp in the consolidated loan book.
- Expect credit costs to decline to ~1.3% in 2QFY23 (v/s 1.7% in 1QFY23)
- Watch out for commentaries on demand in gold loans and asset quality in the MFI and Vehicle segments.

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

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	15,216	14,787	14,461	13,933	14,612	15,488	15,953	16,421	58,397	62,474
Interest Expenses	4,931	4,924	5,311	4,948	5,046	5,349	5,723	6,034	20,114	22,152
<b>Net Interest Income</b>	<b>10,285</b>	<b>9,863</b>	<b>9,151</b>	<b>8,985</b>	<b>9,566</b>	<b>10,139</b>	<b>10,230</b>	<b>10,387</b>	<b>38,284</b>	<b>40,322</b>
YoY Growth (%)	13.2	1.0	-11.6	-14.5	-7.0	2.8	11.8	15.6	-3.6	5.3
Other income	521	758	607	980	416	672	690	1,396	2,866	3,173
<b>Total Income</b>	<b>10,806</b>	<b>10,621</b>	<b>9,758</b>	<b>9,965</b>	<b>9,981</b>	<b>10,811</b>	<b>10,920</b>	<b>11,783</b>	<b>41,149</b>	<b>43,495</b>
Operating Expenses	3,720	4,593	5,228	4,912	4,890	5,100	5,289	5,939	18,453	21,219
<b>Operating Profit</b>	<b>7,086</b>	<b>6,028</b>	<b>4,530</b>	<b>5,053</b>	<b>5,091</b>	<b>5,711</b>	<b>5,631</b>	<b>5,843</b>	<b>22,697</b>	<b>22,276</b>
YoY Growth (%)	11.1	-7.6	-38.6	-30.7	-28.2	-5.3	24.3	15.6	-17.6	-1.9
Provisions	1,223	1,078	1,048	1,514	1,283	1,000	563	531	4,862	3,377
<b>Profit before Tax</b>	<b>5,864</b>	<b>4,950</b>	<b>3,482</b>	<b>3,539</b>	<b>3,808</b>	<b>4,711</b>	<b>5,068</b>	<b>5,312</b>	<b>17,835</b>	<b>18,900</b>
Tax Provisions	1,495	1,252	872	930	989	1,201	1,292	1,337	4,548	4,819
<b>Net Profit</b>	<b>4,369</b>	<b>3,699</b>	<b>2,610</b>	<b>2,610</b>	<b>2,819</b>	<b>3,510</b>	<b>3,776</b>	<b>3,975</b>	<b>13,287</b>	<b>14,080</b>
YoY Growth (%)	18.7	-8.8	-46.0	-44.3	-35.5	-5.1	44.7	52.3	-23.0	6.0

**PNB Housing Finance****Neutral****CMP INR391 | TP: INR425 (+9%)****EPS CHANGE (%): FY23 | 24: 5.9 | 0.3**

- Rebalancing portfolio towards Retail to moderate AUM growth (-7% YoY).
- Expect provisions to increase to INR567m in 2QFY23 (v/s INR483m in 1QFY23), driven by slippages in wholesale.
- Spreads likely to decline ~10bp sequentially to 1.8%.
- Watch out for commentaries on asset quality of the corporate loan book and disbursement trajectory

**Quarterly performance****(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	16,114	14,999	14,112	12,995	12,987	13,766	15,005	17,344	58,220	59,101
Interest Expenses	11,029	10,348	9,961	9,307	9,303	10,047	10,951	12,654	40,645	42,954
<b>Net Interest Income</b>	<b>5,085</b>	<b>4,651</b>	<b>4,151</b>	<b>3,688</b>	<b>3,684</b>	<b>3,719</b>	<b>4,054</b>	<b>4,690</b>	<b>17,575</b>	<b>16,147</b>
YoY Growth (%)	16.1	-25.1	-18.9	-29.0	-27.6	-20.0	-2.4	27.2	-15.9	-8.1
Other income	815	865	844	1,264	1,133	1,050	1,000	1,043	3,787	4,227
<b>Total Income</b>	<b>5,900</b>	<b>5,516</b>	<b>4,995</b>	<b>4,951</b>	<b>4,817</b>	<b>4,769</b>	<b>5,054</b>	<b>5,733</b>	<b>21,363</b>	<b>20,373</b>
YoY Growth (%)	16.0	-19.1	-23.2	-27.6	-18.4	-13.5	1.2	15.8	-15.4	-4.6
Operating Expenses	1,152	1,186	1,163	1,258	1,214	1,257	1,326	1,435	4,760	5,231
YoY Growth (%)	10.6	11.1	16.7	-13.1	5.4	6.0	14.0	14.0	4.5	9.9
<b>Operating Profits</b>	<b>4,748</b>	<b>4,330</b>	<b>3,832</b>	<b>3,693</b>	<b>3,603</b>	<b>3,512</b>	<b>3,728</b>	<b>4,299</b>	<b>16,603</b>	<b>15,142</b>
YoY Growth (%)	17.3	-24.7	-30.4	-31.4	-24.1	-18.9	-2.7	16.4	-19.7	-8.8
Provisions	1,595	1,418	1,295	1,455	483	567	1,036	1,310	5,764	3,396
<b>Profit before Tax</b>	<b>3,153</b>	<b>2,912</b>	<b>2,537</b>	<b>2,238</b>	<b>3,120</b>	<b>2,945</b>	<b>2,692</b>	<b>2,989</b>	<b>10,840</b>	<b>11,746</b>
Tax Provisions	720	560	653	542	761	663	606	613	2,475	2,643
<b>Profit after tax</b>	<b>2,433</b>	<b>2,352</b>	<b>1,885</b>	<b>1,695</b>	<b>2,359</b>	<b>2,282</b>	<b>2,086</b>	<b>2,376</b>	<b>8,365</b>	<b>9,103</b>
YoY Growth (%)	-5.4	-24.9	-18.9	33.5	-3.0	-3.0	10.7	40.1	-8.0	8.8

**Repco Home Finance****Neutral****CMP INR233 | TP: INR250 (+7%)****EPS CHANGE (%): FY23 | 24: -2.8 | 1.7**

- Expect disbursements to grow 42% YoY.
- Estimate loan book to remain flat sequentially with balance transfers continuing to remain elevated
- Expect spreads to contract ~10bp QoQ, led by higher CoF.
- Watch out for commentary around the asset quality and guidance on disbursements/AUM growth

**Quarterly performance****(INR m)**

	FY22				FY23E				FY22	FY23E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,205	3,304	3,211	3,084	2,980	3,129	3,301	3,493	12,804	12,903
Interest Expenses	1,757	1,744	1,719	1,680	1,653	1,762	1,877	2,047	6,899	7,339
<b>Net Income</b>	<b>1,448</b>	<b>1,560</b>	<b>1,492</b>	<b>1,405</b>	<b>1,327</b>	<b>1,367</b>	<b>1,424</b>	<b>1,447</b>	<b>5,905</b>	<b>5,564</b>
YoY Growth (%)	13.1	11.7	-3.4	-2.6	-8.4	-12.4	-4.5	3.0	8.4	-5.8
Other income	19	42	44	158	90	84	84	160	262	419
<b>Total Income</b>	<b>1,467</b>	<b>1,602</b>	<b>1,536</b>	<b>1,563</b>	<b>1,417</b>	<b>1,451</b>	<b>1,509</b>	<b>1,607</b>	<b>6,166</b>	<b>5,983</b>
YoY Growth (%)	11.5	13.4	-2.4	0.9	-3.4	-9.4	-1.8	2.8	5.4	-3.0
Operating Expenses	246	283	344	368	339	344	349	363	1,241	1,395
YoY Growth (%)	4.5	10.2	17.9	2.0	37.8	21.3	1.6	-1.3	8.4	12.4
<b>Operating Profits</b>	<b>1,221</b>	<b>1,318</b>	<b>1,192</b>	<b>1,195</b>	<b>1,078</b>	<b>1,108</b>	<b>1,159</b>	<b>1,244</b>	<b>4,926</b>	<b>4,588</b>
YoY Growth (%)	13.0	14.1	-7.0	0.6	-11.7	-16.0	-2.8	4.1	4.7	-6.8
Provisions	783	169	765	613	237	299	250	183	2,331	970
<b>Profit before Tax</b>	<b>437</b>	<b>1,149</b>	<b>427</b>	<b>582</b>	<b>841</b>	<b>808</b>	<b>909</b>	<b>1,060</b>	<b>2,595</b>	<b>3,619</b>
Tax Provisions	116	290	112	161	220	212	236	279	680	948
<b>Profit after tax</b>	<b>321</b>	<b>859</b>	<b>315</b>	<b>420</b>	<b>621</b>	<b>596</b>	<b>673</b>	<b>781</b>	<b>1,915</b>	<b>2,671</b>
YoY Growth (%)	-49.8	6.3	-60.5	-33.5	93.2	-30.6	113.8	85.8	-33.4	39.4

**Shriram City Union Finance****Buy****CMP INR1,688 | TP: INR2,220 (+32%)****EPS CHANGE (%): FY23|24: 0.5|1.2**

- Estimate disbursements of ~INR79b, leading to AUM of ~INR356b (up 23% YoY/ ~3% QoQ).
- Spreads and NIMs likely to decline ~20bp QoQ.
- Credit costs expected to decline to 2.5% (v/s 2.7% in 1QFY23).
- Watch out for commentaries on growth and asset quality in the MSME, 2W, and PL segments. Outcome of pilots done from merger perspective will be interesting.

**Quarterly Performance****(INR m)**

Y/E MARCH	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	14,539	15,147	15,891	16,566	17,504	18,204	18,750	19,015	62,142	73,473
Interest expenses	5,746	6,158	6,486	6,936	6,810	7,354	7,869	8,207	25,325	30,239
<b>Net Interest Income</b>	<b>8,793</b>	<b>8,989</b>	<b>9,406</b>	<b>9,630</b>	<b>10,694</b>	<b>10,850</b>	<b>10,881</b>	<b>10,808</b>	<b>36,817</b>	<b>43,234</b>
Y-o-Y Growth (%)	3.1	5.6	7.3	12.2	21.6	20.7	15.7	12.2	7.1	17.4
Fees and Other Income	417	696	1,124	942	923	800	1,237	1,151	3,162	4,110
<b>Net Operating Income</b>	<b>9,210</b>	<b>9,685</b>	<b>10,530</b>	<b>10,571</b>	<b>11,617</b>	<b>11,650</b>	<b>12,118</b>	<b>11,959</b>	<b>39,979</b>	<b>47,344</b>
Y-o-Y Growth (%)	5.0	10.0	14.7	13.7	26.1	20.3	15.1	13.1	10.9	18.4
Operating Expenses	3,517	3,890	4,472	4,628	5,028	5,097	5,168	5,069	16,507	20,363
<b>Operating Profit</b>	<b>5,693</b>	<b>5,795</b>	<b>6,058</b>	<b>5,944</b>	<b>6,589</b>	<b>6,553</b>	<b>6,950</b>	<b>6,890</b>	<b>23,472</b>	<b>26,981</b>
Y-o-Y Growth (%)	0.5	3.1	8.1	7.8	15.7	13.1	14.7	15.9	4.8	15.0
Provisions	2,901	2,029	2,184	1,762	2,276	2,185	2,272	2,629	8,876	9,361
<b>Profit before Tax</b>	<b>2,792</b>	<b>3,766</b>	<b>3,873</b>	<b>4,182</b>	<b>4,313</b>	<b>4,368</b>	<b>4,678</b>	<b>4,261</b>	<b>14,596</b>	<b>17,620</b>
Tax Provisions	712	943	948	1,148	1,085	1,136	1,216	1,090	3,751	4,527
<b>Net Profit</b>	<b>2,080</b>	<b>2,823</b>	<b>2,925</b>	<b>3,034</b>	<b>3,228</b>	<b>3,232</b>	<b>3,462</b>	<b>3,170</b>	<b>10,845</b>	<b>13,092</b>
Y-o-Y Growth (%)	8.2	9.9	4.6	7.6	55.2	14.5	18.3	4.5	7.3	20.7

**Shriram Transport Finance****Buy****CMP INR1,170 | TP: INR1,570 (+34%)****EPS CHANGE (%): FY23|24: 0.1|3.5**

- Expect sequentially stable disbursements and AUM growth of ~10% YoY and ~3% QoQ
- Estimate decline in credit costs to ~2.3% (v/s 2.5% in 1QFY23).
- Estimate margins to decline by ~10bp sequentially
- Watch out for commentaries on AUM growth, margins, asset quality and progress on the announced merger.

**Quarterly Performance****(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	44,793	45,784	46,607	49,282	50,197	51,703	52,737	52,630	1,86,463	2,07,266
Interest expenses	24,981	24,352	23,973	24,037	24,579	25,808	27,099	29,999	97,343	1,07,486
<b>Net Interest Income</b>	<b>19,812</b>	<b>21,432</b>	<b>22,634</b>	<b>25,244</b>	<b>25,618</b>	<b>25,895</b>	<b>25,638</b>	<b>22,630</b>	<b>89,120</b>	<b>99,781</b>
Change YoY (%)	7.9	5.2	5.5	19.3	29.3	20.8	13.3	-10.4	10.4	12.0
Other Operating Income	1,688	1,194	1,672	1,535	1,251	1,314	1,577	2,069	6,089	6,211
Other Income	34	50	45	60	45	54	49	65	191	213
<b>Net Income</b>	<b>21,534</b>	<b>22,676</b>	<b>24,351</b>	<b>26,839</b>	<b>26,913</b>	<b>27,263</b>	<b>27,264</b>	<b>24,765</b>	<b>95,399</b>	<b>1,06,205</b>
Change YoY (%)	14.7	8.6	10.3	21.4	25.0	20.2	12.0	-7.7	13.8	11.3
Operating Expenses	4,791	5,507	5,275	5,725	5,793	5,935	6,072	6,270	21,298	24,070
<b>Operating Profit</b>	<b>16,743</b>	<b>17,169</b>	<b>19,076</b>	<b>21,114</b>	<b>21,120</b>	<b>21,328</b>	<b>21,192</b>	<b>18,495</b>	<b>74,101</b>	<b>82,135</b>
Change YoY (%)	12.0	8.9	14.7	27.1	26.1	24.2	11.1	-12.4	15.8	10.8
Provisions	14,396	6,762	9,843	7,608	8,052	7,488	6,964	4,500	38,609	27,004
<b>Profit before Tax</b>	<b>2,347</b>	<b>10,407</b>	<b>9,233</b>	<b>13,506</b>	<b>13,069</b>	<b>13,840</b>	<b>14,228</b>	<b>13,995</b>	<b>35,493</b>	<b>55,131</b>
Tax Provisions	648	2,694	2,427	2,645	3,416	3,529	3,628	3,540	8,413	14,114
<b>Net Profit</b>	<b>1,699</b>	<b>7,712</b>	<b>6,806</b>	<b>10,861</b>	<b>9,653</b>	<b>10,310</b>	<b>10,600</b>	<b>10,455</b>	<b>27,079</b>	<b>41,018</b>
Change YoY (%)	-46.9	12.7	-6.5	43.9	468.0	33.7	55.7	-3.7	8.9	51.5

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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