

Financials

Moderate earnings, strong deposit growth

INDIA | FINANCIALS | Q2FY25 Results Preview

7 October 2024

- The business update published so far indicates momentum in deposit growth. Deposit growth surpassed credit growth leading to decline in credit to deposit ratio. Private bank registered loan growth of 2% qoq and deposit growth of 4.8% qoq. Ex-HDFCB, private bank performance has been decent with loan growth of 3.3% qoq and deposit growth of 4.4% qoq. Credit to deposit ratio for private bank at 95% (-3% qoq).
- Public bank's sequential loan growth at 3.6% qoq whereas deposit witnessed growth of 2.9% qoq largely driven by term deposit. The credit to deposit ratio increased sequentially by 1% to 78%.
- **Muted NII growth due to margin contraction:** Our banking universe will see 8.4% yoy (1.2% qoq) growth in NII. Sector NIM will decline marginally 2bps qoq /3bps yoy as cost of funds increases. Private banks will see 9.7% yoy (1% qoq) growth in NII and Public bank is expected to witness 6% yoy and (1% qoq) NII growth.
- **PPoP growth aided by moderate opex growth:** Pre-provision profit (PPoP) should increase 12.4% yoy and register a de-growth of -1% qoq. Core-operating profit (excluding treasury impact) is expected to grow by 12.6% yoy and (-1% qoq).
- **PAT impacted by rise in credit cost:** PAT should grow 8.4% yoy (-0.3% qoq). Within which PSBs should report growth of 15.8% yoy and -1.2% qoq. Private peers to witness 4.4% yoy and 0.1% qoq growth in PAT.
- **Credit costs to move towards normalisation, provision buffers robust:** Credit cost should be benign due to continued improvement in asset quality. Credit cost seen at 49bps in Q2FY25 compared to 52bps in Q1 and 41bps in Q2FY24. We expect GNPA/NNPAs at 2.03%/0.50% (-8bps /-1bps qoq).

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Credit growth seeing sequential improvement: Many banks' pre-result updates suggest momentum in deposit mobilisation and sequential improvement in credit growth. Sequential deposit growth has been higher than credit growth based on business updates, leading to decline in credit to deposit ratio. Outlook on credit growth will be important as regulator emphasises on reducing credit – deposit ratio.

NIM to decline marginally qoq: Cost of funds will continue to remain high offsetting any increase in yield. Repricing of deposit and decline in credit to deposit ratio will keep NIMs under pressure. However, we expect deposit rates to have peaked out. Term deposit rate for one year has increased by 175-250bps for various banks and FY24 saw a faster rise in the overall deposit rate, which should start pushing up deposit costs. One-year MCLR of banks increased 165-260bps while the repo rate increased 250bps since March 2022. During the quarter MCLR rates has increased between 5-35bps for few banks.

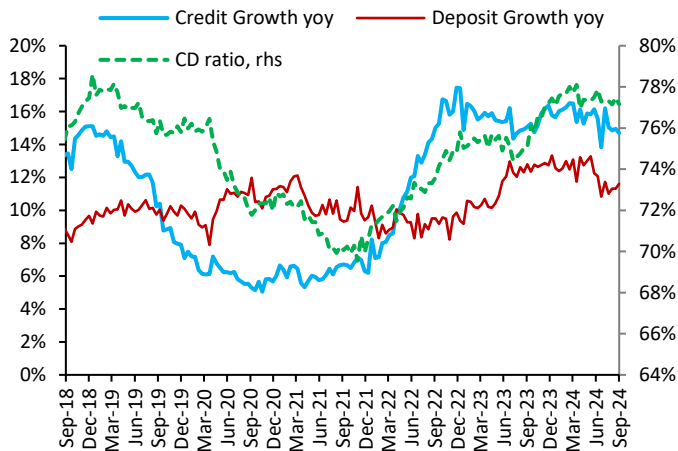
NBFCs – strong growth seen in gold financing, stable NIMs: Seasonal trends and heavy rainfall in some regions could result in a minor deterioration in asset quality for vehicle financiers with high credit costs. Gold financiers are expected to report decent gold loan growth. Housing financiers (except LICHF and Repco) are expected to report healthy loan growth. The increase in MCLR of banks has been mitigated by the decline in the T-Bill rates. This has led to sequentially stable cost of borrowings (CoB) and NIMs for most NBFCs. Fixed-rate lenders like vehicle financiers, which had increased lending rates in the prior quarters, will also benefit from NIM expansion, driven by expected repo rate cuts in 2HFY25.

Power Financier - Strong Sanction: We build gross loan growth of 16%/6% for REC / PFC for the quarter. Stability in cost of fund, to keep spreads in the guided range. Resolution of stress asset to decline headline stage 3 asset and keep credit cost low.

Top results picks: Banks: Axis Bank, Kotak, ICICI Bank and SBI NBFCs: Bajaj Finance, Muthoot Finance, Shriram Finance. **Power Financier:** PFC, REC

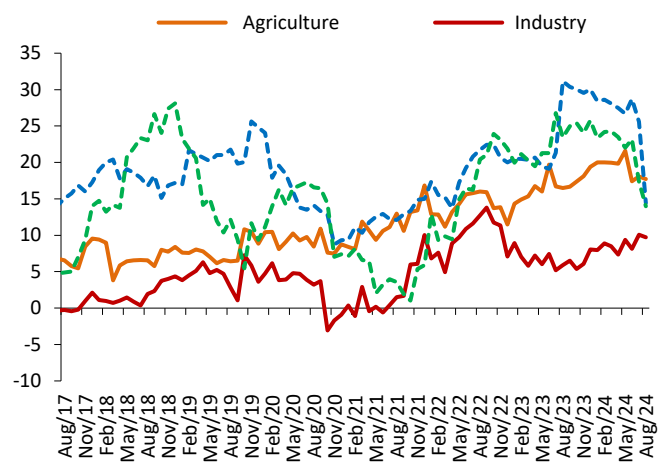
Sector Trends

Credit and deposit growth

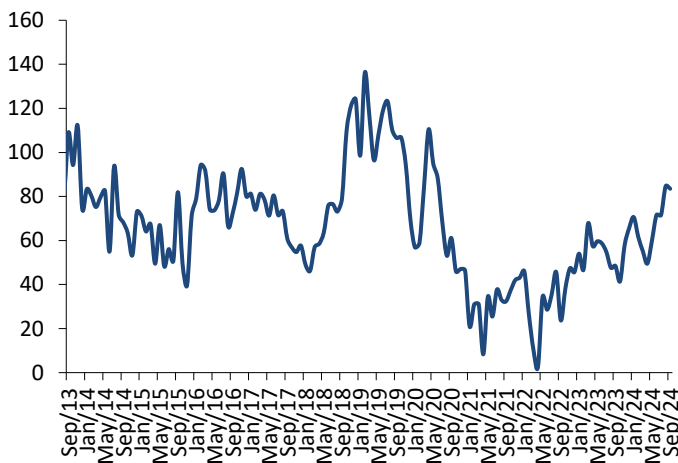


Source: RBI, PhillipCapital India Research

Credit growth breakup

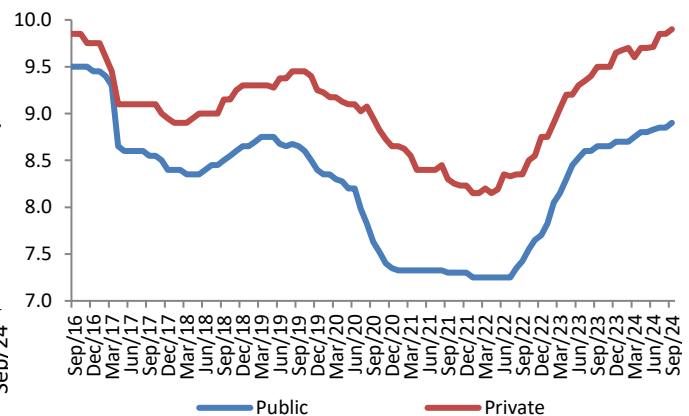


Spread between five-year G.Sec and five-year corp (AAA) in bps

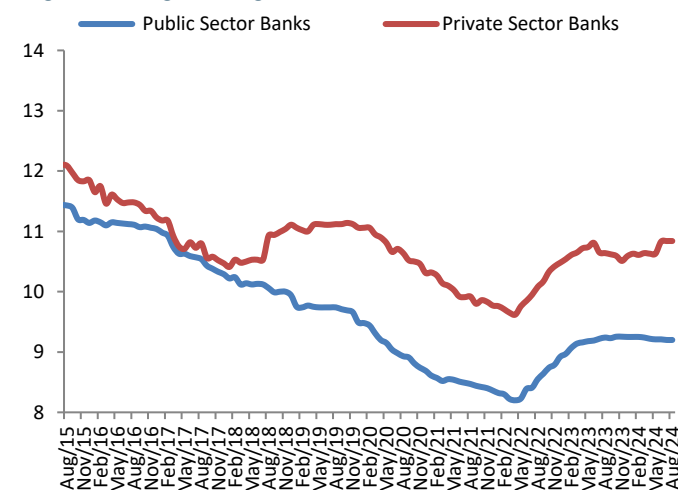


Source: RBI, PhillipCapital India Research

Median MCLR (%)

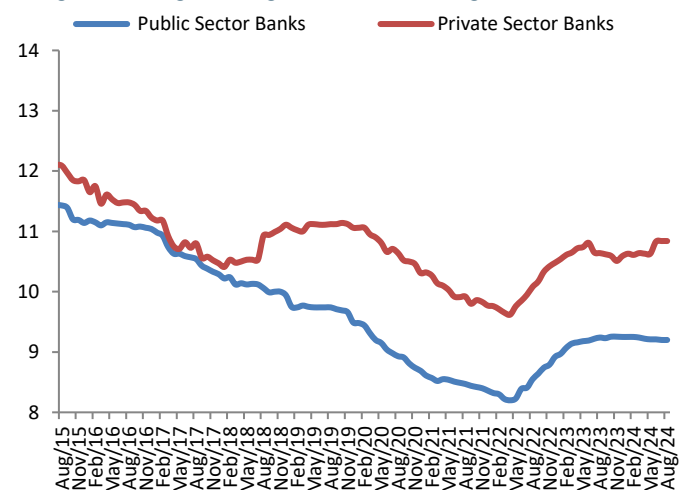


Weighted average lending rate on fresh loans

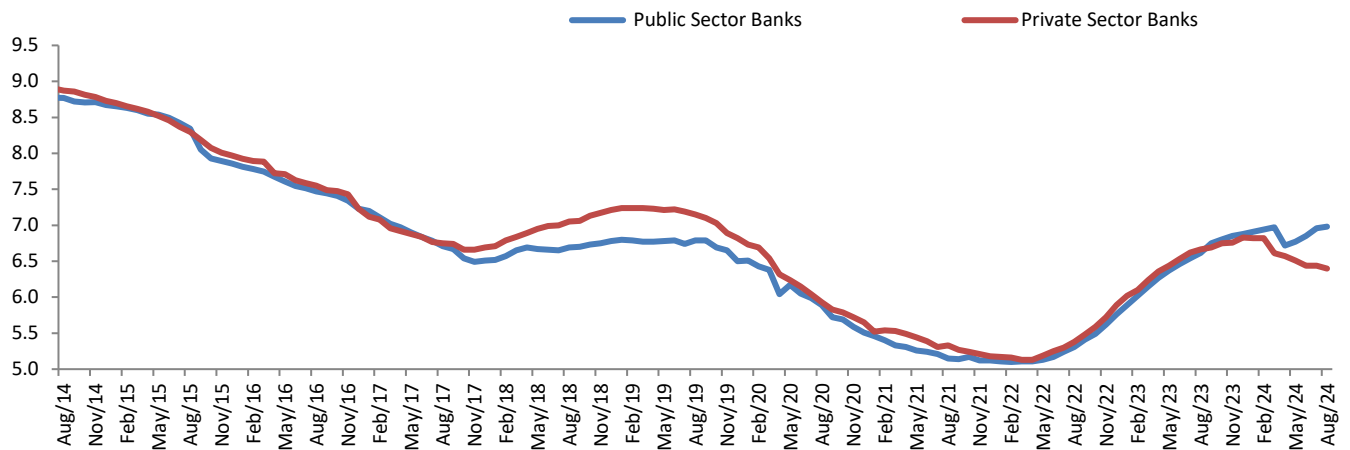


Source: RBI, PhillipCapital India Research

Weighted average lending rate on outstanding loans

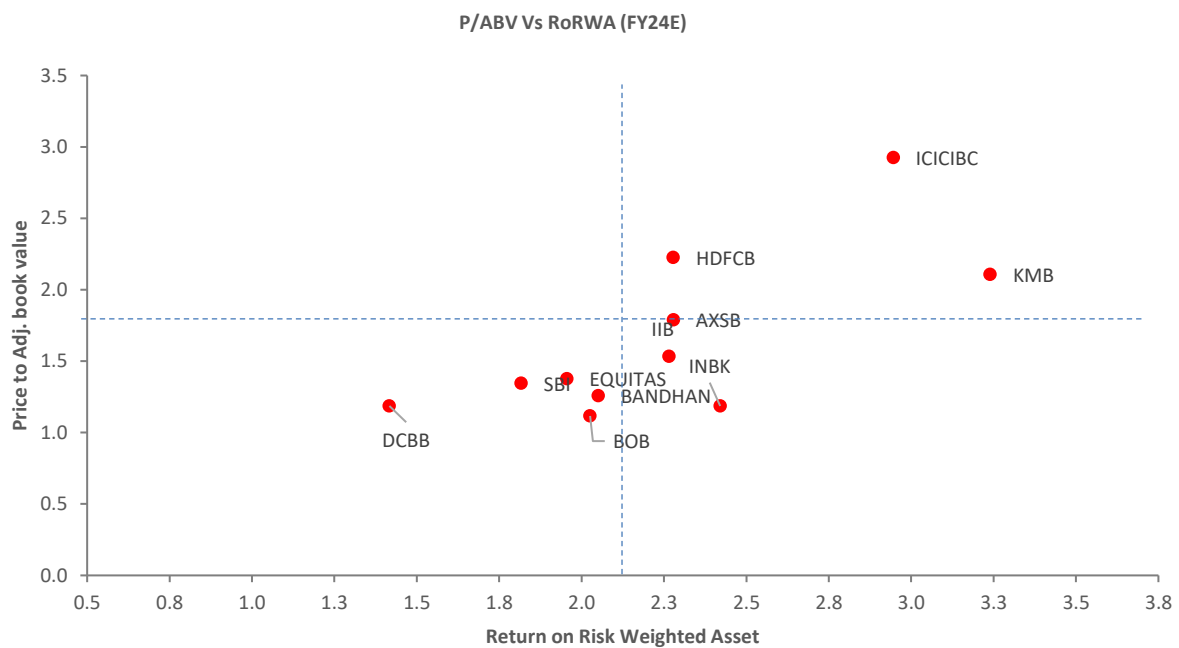


Weighted average term-deposit rate



Source: RBI, PhillipCapital India Research

Bank valuation (P/adj BV vs. RORWA-FY26)



Source: Company, PhillipCapital India Research

Business update (In Rs bn)

	Loan					Deposit				
	Sep-24	Jun-24	Sep-23	qoq	yoy	Sep-24	Jun-24	Sep-23	qoq	yoy
AUSFB	960	907	650	5.9%	47.7%	1097	973	757	12.7%	44.8%
Bandhan bank	1307	1256	1076	4.0%	21.4%	1425	1332	1121	7.0%	27.2%
Bank of Baroda	11433	10716	10245	6.7%	11.6%	13635	13058	12496	4.4%	9.1%
Bank of India	6214	6001	5431	3.6%	14.4%	7752	7598	7038	2.0%	10.1%
CSB Bank	269	251	225	7.1%	19.6%	318	299	254	6.4%	25.2%
Dhanlaxmi Bank	110	106	103	3.5%	6.8%	146	144	138	1.3%	6.1%
Equitas SFB	361	349	312	3.4%	15.4%	399	375	308	6.2%	29.2%
Federal Bank	2338	2241	1960	4.3%	19.3%	2691	2661	2329	1.1%	15.6%
HDFC Bank	25190	24870	23547	1.3%	7.0%	25000	23790	21730	5.1%	15.0%
Indian Bank	5510	5390	4923	2.2%	11.9%	6930	6810	6408	1.8%	8.1%
IndusInd Bank	3570	3479	3155	2.6%	13.2%	4127	3986	3598	3.5%	14.7%
Karur Vysya Bank	803	777	704	3.3%	14.0%	958	923	831	3.8%	15.4%
PNB	10644	10336	9417	3.0%	13.0%	14594	14083	13099	3.6%	11.4%
RBL Bank	898	884	782	1.5%	14.9%	1080	1014	898	6.6%	20.3%
South Indian Bank	847	825	749	2.7%	13.1%	1055	1035	971	1.9%	8.6%
Suryoday SFB	94	90	69	3.6%	35.2%	89	81	64	8.8%	38.6%
UCO Bank	1980	1930	1677	2.6%	18.0%	2760	2680	2494	3.0%	10.7%
Ujjivan SFB	303	301	266	0.9%	14.2%	340	325	291	4.8%	16.9%
Union Bank of India	9288	9122	8472	1.8%	9.6%	12419	12242	11376	1.5%	9.2%
Utkarsh SFB	191	188	149	1.6%	28.2%	195	182	140	7.3%	39.6%
Yes Bank	2365	2296	2091	3.0%	13.1%	2772	2651	2344	4.6%	18.3%

	CD Ratio					CASA ratio				
	Sep-24	Jun-24	Sep-23	qoq	yoy	Sep-24	Jun-24	Sep-23	qoq	yoy
AUSFB	88%	93%	86%	-5.7%	1.7%	32%	33%	34%	-0.5%	-1.5%
Bandhan bank	92%	94%	96%	-2.6%	-4.4%	33%	33%	39%	-0.2%	-5.4%
Bank of Baroda	84%	82%	82%	1.8%	1.9%	na	34%	34%	na	na
Bank of India	80%	79%	77%	1.2%	3.0%	na	36%	37%	na	na
CSB Bank	84%	84%	88%	0.5%	-3.9%	24%	25%	29%	-0.8%	-5.2%
Dhanlaxmi Bank	75%	74%	75%	1.6%	0.5%	32%	31%	31%	0.5%	0.5%
Equitas SFB	90%	93%	101%	-2.5%	-10.8%	31%	31%	34%	-0.7%	-3.0%
Federal Bank	87%	84%	84%	2.7%	2.7%	30%	29%	31%	0.8%	-1.1%
HDFC Bank	101%	105%	108%	-3.8%	-7.6%	35%	36%	38%	-1.0%	-2.3%
Indian Bank	80%	79%	77%	0.4%	2.7%	na	39%	40%	na	na
IndusInd Bank	86%	87%	88%	-0.8%	-1.2%	36%	37%	39%	-0.8%	-3.5%
Karur Vysya Bank	84%	84%	85%	-0.4%	-1.0%	29%	30%	32%	-0.9%	-2.8%
PNB	73%	73%	72%	-0.5%	1.0%	na	39%	41%	na	na
RBL Bank	83%	87%	87%	-4.2%	-4.0%	34%	33%	36%	1.0%	-2.2%
South Indian Bank	80%	80%	77%	0.7%	3.2%	32%	32%	32%	0.0%	-0.2%
Suryoday SFB	106%	111%	108%	-5.3%	-2.6%	18%	18%	16%	0.2%	1.9%
UCO Bank	72%	72%	67%	-0.3%	4.5%	36%	37%	37%	-0.3%	-1.2%
Ujjivan SFB	89%	93%	91%	-3.4%	-2.1%	26%	26%	24%	0.3%	1.9%
Union Bank of India	75%	75%	74%	0.3%	0.3%	32%	33%	34%	-0.7%	-2.2%
Utkarsh SFB	98%	103%	107%	-5.5%	-8.7%	20%	19%	20%	0.6%	-0.4%
Yes Bank	85%	87%	89%	-1.3%	-3.9%	32%	31%	29%	1.2%	2.5%

Source: Company, PhillipCapital India Research Estimates

Earnings estimates

Sector snapshot based on coverage universe

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)
BANKS					
NII	1,396,448	1,382,950	1.0%	1,291,158	8.2%
NIM %	3.63	3.65	(1.9)	3.67	(3.3)
Pre-provision Profit	988,080	998,137	-1.0%	879,163	12.4%
PAT	638,583	640,815	-0.3%	589,364	8.4%
NNPA %	0.50	0.51	(0.9)	0.55	(5.0)
NBFCs					
NII	2,26,081	2,13,166	6.1%	1,82,146	24.1%
Pre-provision Profit	1,68,033	1,61,280	4.2%	1,36,164	23.4%
PAT	95,004	88,670	7.1%	77,102	23.2%
HFCs					
NII	30,411	29,740	2.3%	29,423	3.4%
Pre-provision Profit	25,774	25,496	1.1%	25,281	2.0%
PAT	16,578	18,887	-12.2%	17,372	-4.6%

Source: Company, PhillipCapital India Research Estimates

Earnings estimates - banks

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)	Highlights
Axis Bank						
Revenues (NII)	1,35,501	1,34,482	0.8%	1,23,146	10.0%	<ul style="list-style-type: none"> Look growth expected at 13% yoy NIM to witness marginal contraction Provision to increase qoq
EBITDA	1,00,929	1,01,062	-0.1%	86,319	16.9%	
PBT	82,865	80,670	2.7%	78,173	6.0%	
PAT	62,149	60,346	3.0%	58,636	6.0%	
NIM (%)	4.03	4.05	-1.9	4.11	(7.9)	
EPS (Rs)	20.1	19.5	2.8%	19.0	5.5%	
GNPA%	1.5	1.5	-1.8	1.7	-20.8	
NNPA%	0.3	0.3	-0.7	0.4	-2.7	
Slippages	45,000	47,930	-6.1%	32,540	38.3%	
GNPA Rs	1,66,613	1,62,113	2.8%	1,67,567	-0.6%	
NNPA Rs	36,030	35,530	1.4%	34,413	4.7%	
Advances Rs	1,01,43,947	98,00,915	3.5%	89,73,470	13.0%	
Bank of Baroda						
Revenues (NII)	1,17,102	1,16,001	0.9%	1,08,307	8.1%	<ul style="list-style-type: none"> Loan growth at 11.6% yoy & deposit growth of 9.11% yoy Corporate loan to gain momentum Asset quality to remain stable Opex growth to moderate
EBITDA	69,702	71,553	-2.6%	80,197	-13.1%	
PBT	57,702	61,446	-6.1%	58,592	-1.5%	
PAT	42,700	44,521	-4.1%	42,529	0.4%	
NIM (%)	3.15	3.18	-3.1	3.07	7.9	
EPS (Rs)	8.25	8.60	-4.1%	8.21	0.4%	
GNPA%	2.65	2.88	-23.2	3.32	-67.2	
NNPA%	0.65	0.69	-3.6	0.76	-10.6	
Slippages	32,000	30,180	6.0%	47,510	-32.6%	
GNPA Rs	3,02,727	3,08,731	-1.9%	3,39,685	-10.9%	
NNPA Rs	73,311	72,315	1.4%	75,967	-3.5%	
Advances Rs	1,12,03,814	1,04,79,487	6.9%	99,79,948	12.3%	
Bandhan Bank						
Revenues (NII)	29,974	30,050	-0.3%	24,434	22.7%	<ul style="list-style-type: none"> AUM growth of 4% sequentially Rising cost of fund will impact NIM Strong Deposit growth of 7% qoq Collection efficiency declined qoq in micro finance
EBITDA	18,135	19,409	-6.6%	15,834	14.5%	
PBT	11,832	14,179	-16.6%	9,472	24.9%	
PAT	8,874	10,635	-16.6%	7,212	23.1%	
NIM (%)	7.56	7.60	-4.0	7.20	36.0	
EPS (Rs)	5.51	6.60	-16.6%	4.48	23.0%	
GNPA%	4.65	4.23	41.9	7.32	-267.1	
NNPA%	1.25	1.15	9.9	2.32	-107.1	
Slippages	11,800	8,910	32.4%	13,200	-10.6%	
GNPA Rs	60,746	53,044	14.5%	78,738	-22.9%	
NNPA Rs	15,794	13,964	13.1%	23,652	-33.2%	
Advances Rs	13,06,520	12,56,200	4.0%	10,76,300	21.4%	

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)	Highlights
DCB Bank						
Revenues (NII)	4,982	4,966	0.3%	4,757	4.7%	<ul style="list-style-type: none">• Loan growth to improve on sequential basis• NIM to see some moderation due to rise in cost of deposit for the bank• Performance of restructured portfolio would be key to watch out for
EBITDA	2,062	2,054	0.4%	2,105	-2.0%	
PBT	1,762	1,770	-0.4%	1,708	3.2%	
PAT	1,322	1,314	0.6%	1,268	4.2%	
NIM (%)	3.3	3.4	-8.9	3.7	(38.9)	
EPS (Rs)	4.2	4.2	0.6%	4.1	3.8%	
GNPA%	3.4	3.3	3.9	3.4	0.9	
NNPA%	1.3	1.2	8.6	1.3	-1.4	
Slippages	4,500	3,730	20.6%	3,950	13.9%	
GNPA Rs	15,030	14,346	4.8%	12,813	17.3%	
NNPA Rs	5,527	4,992	10.7%	4,764	16.0%	
Advances Rs	4,36,573	4,21,810	3.5%	3,72,760	17.1%	
HDFC Bank						
Revenues (NII)	296,521	298,371	-0.6%	273,852	8.3%	<ul style="list-style-type: none">• Gross credit growth 1.3% qoq, as bank sold loan worth Rs 196bn.• Deposit growth 5.1% qoq• NIMs to remain stable qoq at 3.47%• CASA proportion declined due to rising interest in TD
EBITDA	238,555	238,846	-0.1%	226,939	5.1%	
PBT	209,471	212,826	-1.6%	197,901	5.8%	
PAT	159,198	161,748	-1.6%	159,761	-0.4%	
NIM (%)	3.45	3.47	(2.3)	3.40	4.7	
EPS (Rs)	21	21	-1.7%	21	-0.9%	
GNPA%	1.35	1.33	1.7	1.34	0.7	
NNPA%	0.39	0.39	(0.1)	0.35	3.9	
Slippages	80,000	79,000	1.3%	78,000	2.6%	
GNPA Rs	339,257	330,257	2.7%	315,779	7.4%	
NNPA Rs	97,000	95,084	2.0%	80,728	20.2%	
Advances Rs	24,947,743	24,635,208	1.3%	23,312,329	7.0%	
ICICI Bank						
Revenues (NII)	2,01,979	1,95,529	3.3%	1,83,076	10.3%	<ul style="list-style-type: none">• Momentum in loan book is expected to continue• NIM to contract marginally due to rise in cost of deposit• PPoP Growth to moderate• Total vulnerable loan (restructured+GNPA+Below investment grade) net of provision to decline QoQ
EBITDA	1,67,223	1,60,248	4.4%	1,42,291	17.5%	
PBT	1,52,223	1,46,937	3.6%	1,36,464	11.5%	
PAT	1,14,167	1,10,601	3.2%	1,02,608	11.3%	
NIM (%)	4.35	4.36	-1.2	4.53	-18.2	
EPS (Rs)	16.2	15.7	3.2%	14.6	10.7%	
GNPA%	2.1	2.2	-7.6	2.5	-40.6	
NNPA%	0.4	0.4	1.3	0.4	1.3	
Slippages	56,920	59,130	-3.7%	46,870	21.4%	
GNPA Rs	2,88,106	2,87,186	0.3%	2,98,369	-3.4%	
NNPA Rs	60,541	56,848	6.5%	50,465	20.0%	
Advances Rs	1,27,20,804	1,22,31,543	4.0%	1,11,05,421	14.5%	
IndusInd Bank						
Revenues (NII)	54,781	54,076	1.3%	50,767	7.9%	<ul style="list-style-type: none">• Credit growth at 2.6% qoq & deposit growth at 3.5% qoq• NIM to decline qoq• Performance of restructured portfolio key to watch• Slippage to increase qoq due to stress in MFI• Retail deposit at 44.1% (0.4% qoq)
EBITDA	39,676	39,518	0.4%	39,087	1.5%	
PBT	28,676	29,020	-1.2%	29,349	-2.3%	
PAT	21,507	21,707	-0.9%	22,021	-2.3%	
NIM (%)	4.15	4.25	-10.3	4.29	(14.3)	
EPS (Rs)	27.6	27.9	-0.9%	28.3	-2.5%	
GNPA%	2.1	2.0	4.5	1.9	13.5	
NNPA%	0.6	0.6	2.9	0.6	5.9	
Slippages	16,500	15,360	7.4%	14,650	12.6%	
GNPA Rs	74780	71268	4.9%	61642	21.3%	
NNPA Rs	22467	20955	7.2%	18138	23.9%	
Advances Rs	35,69,800	34,78,980	2.6%	31,54,541	13.2%	

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)	Highlights
Indian Bank						
Revenues (NII)	62,479	61,781	1.1%	57,197	9.2%	
EBITDA	45,917	45,016	2.0%	42,823	7.2%	• Loan growth 15% yoy & deposit growth 13% yoy
PBT	32,917	32,432	1.5%	27,316	20.5%	• Performance of restructured portfolio key to watch
PAT	24,359	24,134	0.9%	18,139	34.3%	
NIM (%)	3.52	3.53	-0.6	3.52	0.4	
EPS (Rs)	18.1	17.9	0.9%	14.6	24.2%	
GNPA%	3.5	3.8	-23.1	5.0	-143.1	
NNPA%	0.4	0.4	-1.5	0.6	-22.5	
Slippages	20,000	19,560	2.2%	19,820	0.9%	
GNPA Rs	195020	203022	-3.9%	244875	-20.4%	
NNPA Rs	20000	20266	-1.3%	28259	-29.2%	
Advances Rs	5334980	5208470	2.4%	4706266	13.4%	
Kotak Mahindra Bank						
Revenues (NII)	69,642	68,424	1.8%	62,966	10.6%	• Loan growth should be decent driven by corporate
EBITDA	52,002	52,541	-1.0%	46,101	12.8%	• credit cost should move towards normalization
PBT	45,396	46,756	-2.9%	42,436	7.0%	• Rising cost of fund to put pressure on margin
PAT	34,047	35,200	-3.3%	31,910	6.7%	
NIM (%)	5.00	5.02	-1.7	5.22	(21.7)	
EPS (Rs)	17.13	31.44	3.7%	16.06	6.7%	
GNPA%	1.43	1.39	4.4	1.72	(28.6)	
NNPA%	0.41	0.35	6.3	0.37	4.3	
Slippages	15,000	13,580	10.5%	13,140	14.2%	
GNPA Rs	58,770	54,770	7.3%	60,872	-3.5%	
NNPA Rs	16,760	13,760	21.8%	12,748	31.5%	
Advances Rs	40,55,009	38,99,570	4.0%	34,82,841	16.4%	
State Bank of India						
Revenues (NII)	4,15,290	4,11,255	1.0%	3,95,000	5.1%	• Loan growth better than industry average
EBITDA	2,50,498	2,64,486	-5.3%	1,94,166	29.0%	• NIM to remain stable sequentially
PBT	2,25,498	2,29,992	-2.0%	1,93,013	16.8%	• slippage to moderate as Q1 had impact of agri NPA
PAT	1,69,124	1,70,352	-0.7%	1,43,300	18.0%	
NIM (%)	3.21	3.22	-1.3	3.29	(8.3)	
EPS (Rs)	19.0	19.1	-0.7%	16.1	18.0%	
GNPA%	2.1	2.2	-14.9	2.6	-48.9	
NNPA%	0.5	0.6	-3.0	0.6	-10.0	
Slippages	55,000	87,070	-36.8%	40,810	34.8%	
GNPA Rs	812237	842260	-3.6%	869741	-6.6%	
NNPA Rs	209449	215547	-2.8%	213524	-1.9%	
Advances Rs	38803588	37491389	3.5%	33451673	16.0%	
Equitas SFB						
Revenues (NII)	8,196	8,015	2.3%	7,656	7.1%	• AUM growth 3.38% qoq & 15.4% qoq
EBITDA	3,380	3,404	-0.7%	3,302	2.4%	• Deposit growth 6.22% qoq
PBT	1,517	358	324.3%	2,670	-43.2%	• Cost to fund increased to 7.50% (4bps qoq)
PAT	1,138	258	341.8%	1,981	-42.6%	• NIM to decline qoq
NIM (%)	7.85	7.97	-11.8	8.43	-57.8	
EPS (Rs)	1.0	0.2	341.8%	1.8	-43.3%	
GNPA%	2.8	2.7	9.5	2.3	55.5	
NNPA%	0.9	0.8	3.5	1.0	-10.5	
Slippages	4,000	3,854	3.8%	2,568	55.8%	
GNPA Rs	9790	8890	10.1%	6605	48.2%	
NNPA Rs	2937	2640	11.3%	2793	5.2%	
Advances Rs	339687	319260	6.4%	287679	18.1%	

Earnings estimates – Housing Finance Companies

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)	Highlights
LIC Housing Finance						
Revenue (NII)	20,090	19,891	1.0%	21,066	-4.6%	• We expect disbursement to increase 8%+ YoY
Pre-provision Profit	17,611	17,715	-0.6%	18,993	-7.3%	• NIM to dip mildly YoY due to CoF increase
PBT	13,361	16,284	-18.0%	14,801	-9.7%	• Commentary on credit cost is important
PAT	10,689	13,002	-17.8%	11,881	-10.0%	
NIM (%)	2.76	2.76	0bps	3.04	-28bps	
EPS	19.4	23.6	-17.8%	21.6	-10.0%	
Repco Home Finance						
Revenue (NII)	1,758	1,749	0.5%	1,727	1.8%	• We expect disbursement to increase 18%+ YoY basis, albeit on a low base
Pre-provision Profit	1,334	1,380	-3.4%	1,338	-0.3%	
PBT	1,284	1,366	-6.0%	1,322	-2.9%	• NIM to dip mildly YoY due to CoF increase
PAT	963	1,054	-8.7%	981	-1.9%	
NIM (%)	5.19	5.39	-19bps	5.52	-32bps	
EPS	15.4	16.9	-8.7%	15.7	-1.9%	
Bajaj Housing Finance						
Revenue (NII)	8,564	8,100	5.7%	6,630	29.2%	• We expect AUM to increase 25%+ YoY basis
Pre-provision Profit	6,830	6,400	6.7%	4,950	38.0%	• NIM to remain stable both YoY and QoQ
PBT	6,728	6,300	6.8%	4,770	41.0%	• Credit cost to remain benign
PAT	4,927	4,830	2.0%	4,510	9.2%	
NIM (%)	3.43	3.44	-1bps	3.41	2bps	
EPS	2.3	2.2	2.0%	2.1	9.2%	

Earnings estimates – Power Financier

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)	Highlights
Power Finance Corp						
Revenues (NII)	43,504	43,280	0.5%	37,289	16.7%	• Loan book seen at single digit
EBITDA	53,294	46,013	15.8%	46,863	13.7%	• Dividend from subsidiary
PBT	55,244	45,393	21.7%	47,852	15.4%	• Disbursement is expected to de-grow yoy
PAT	44,747	37,179	20.4%	38,474	16.3%	• Asset quality to improve due to recovery
NIM (%)	3.61	3.55	5.7	3.37	23.7	
EPS (Rs)	13.6	11.3	20.4%	11.7	16.3%	
Rural Electrification Corp						
Revenues (NII)	48,924	46,692	4.8%	40,430	21.0%	• Loan book to witness mid teen growth
EBITDA	48,734	47,984	1.6%	40,463	20.4%	• Disbursement at Rs 473bn (13.7% yoy)
PBT	46,734	43,258	8.0%	48,072	-2.8%	• Margin to remain stable sequentially
PAT	36,920	34,425	7.2%	37,734	-2.2%	• Asset quality to improve due to recovery
NIM (%)	3.65	3.64	1.0	3.45	20.0	
EPS (Rs)	14.0	13.1	7.2%	14.3	-2.2%	
IREDA						
Revenues (NII)	5,218	5,078	2.7%	3,598	45.0%	• loan growth 2% qoq
EBITDA	4,848	4,453	8.9%	3,623	33.8%	• Disbursement Rs 45bn (-16% qoq)
PBT	5,198	4,753	9.4%	3,793	37.0%	• Factoring provision reversal
PAT	4,098	3,833	6.9%	2,841	44.2%	
NIM (%)	3.21	3.27	-5.2	2.95	25.9	
EPS (Rs)	1.5	1.4	6.9%	1.2	22.6%	

Earnings estimates – NBFCs

(Rs mn)	Sep-24E	Jun-24	qoq (%)	Sep-23	yoy (%)	Highlights
Shriram Finance						
Revenues (NII)	53,056	52,339	1.4%	45,947	15.5%	• Strong used CV demand to lead to strong loan growth
PPoP	39,149	38,541	1.6%	34,808	12.5%	• CoF increase to weigh on NIMs sequentially
PBT	27,649	26,666	3.7%	23,523	17.5%	• Synergy related costs could be a negative surprise to our estimates
PAT	20,543	19,806	3.7%	17,508	17.3%	• Better collections to be a tailwind for asset quality
NIM (%)	9.36	9.57	-20bps	9.99	-62bps	
EPS (Rs)	54.6	52.7	3.7%	46.7	17.1%	
Cholamandalam Finance						
Revenues	27,025	25,738	5.0%	20,153	34.1%	• Loan book expected at 30%+ YoY though there will be some degree of slowdown in CV finance
PPoP	19,068	18,499	3.1%	14,206	34.2%	
PBT	14,818	12,685	16.8%	10,208	45.2%	• Expect increase in cost of funds due to repricing of liabilities
PAT	11,010	9,422	16.8%	7,625	44.4%	• Asset quality to be stable
NIM (%)	7.24	7.61	-37bps	7.46	-23bps	
EPS (Rs)	13.1	11.2	16.8%	9.1	44.4%	
Mah & Mah Finance						
Revenues	18,731	17,839	5.0%	15,870	18.0%	• Secular tailwinds to prop up loan growth to 20%+ YoY
PPoP	11,992	11,345	5.7%	9,428	27.2%	• Stable CoF sequentially and better pricing to lead to expansion of NIM QoQ
PBT	7,287	6,864	6.2%	3,163	130.4%	• Asset quality to be stable
PAT	5,421	5,130	5.7%	2,352	130.5%	
NIM (%)	7.76	7.65	11bps	7.73	2bps	
EPS (Rs)	4.4	4.2	5.5%	1.9	129.7%	
Manappuram Finance						
Revenues	11,051	10,548	4.8%	9,622	14.9%	• Loan growth expected to be in single digits QoQ as we expect breakout in loan growth despite high competitive intensity from banks
PPoP	6,391	6,266	2.0%	5,952	7.4%	
PBT	6,141	5,733	7.1%	5,644	8.8%	• Stable CoF sequentially and better pricing to lead to expansion of NIM YoY
PAT	4,581	4,406	4.0%	4,199	9.1%	• Opex to be elevated in order to garner high loan volumes against stiff competition
NIM (%)	19.46	19.49	-3bps	19.34	12bps	
EPS (Rs)	5.4	5.2	3.9%	5.0	9.1%	• We can expect tonnage decline due to high gold prices
Muthoot Finance						
Revenues	24,344	23,049	5.6%	18,584	31.0%	• Loan growth likely to see a breakout to double digits despite high competitive intensity
PPoP	18,220	17,153	6.2%	13,422	35.7%	
PBT	17,720	14,917	18.8%	13,302	33.2%	• Focus on low ticket sizes to prop up yields
PAT	13,148	10,787	21.9%	9,910	32.7%	• Stable CoF sequentially and better pricing to lead to expansion of NIM YoY
NIM (%)	11.70	11.78	-8bps	11.23	48bps	• We can expect tonnage decline due to high gold prices
EPS (Rs)	32.8	26.9	21.9%	24.7	32.6%	
Bajaj Finance						
Revenues	91,873	83,653	9.8%	71,970	27.7%	• Loan book growth at 29% YoY
PPoP	73,213	69,475	5.4%	58,347	25.5%	• Stable CoF sequentially and better pricing to lead to expansion of NIM QoQ
PBT	54,213	52,628	3.0%	47,576	13.9%	• Asset quality to remain stable
PAT	40,300	39,120	3.0%	35,508	13.5%	
NIM (%)	9.55	9.05	50bps	9.76	-21bps	
EPS (Rs)	65.1	63.3	2.9%	58.7	11.0%	

Source: Company, PhillipCapital India Research Estimates

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We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year. We have different threshold for large market capitalisation stock and Mid/small market capitalisation stock. The categorisation of stock based on market capitalisation is as per the SEBI requirement.

Large cap stocks

Rating	Criteria	Definition
BUY	$\geq +10\%$	Target price is equal to or more than 10% of current market price
NEUTRAL	$-10\% > \text{to} < +10\%$	Target price is less than +10% but more than -10%
SELL	$\leq -10\%$	Target price is less than or equal to -10%.

Mid cap and Small cap stocks

Rating	Criteria	Definition
BUY	$\geq +15\%$	Target price is equal to or more than 15% of current market price
NEUTRAL	$-15\% > \text{to} < +15\%$	Target price is less than +15% but more than -15%
SELL	$\leq -15\%$	Target price is less than or equal to -15%.

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