

Financials - NBFCs

Result Preview



3QFY24 earnings estimate (INR b)

PAT (INR b)	3QFY24	YoY (%)	QoQ (%)
HFC			
LICHF	11.0	128	-8
PNBHF	4.0	48	4
AAVAS	1.3	20	6
HomeFirst	0.8	34	6
CANF	2.0	31	26
REPCO	1.0	26	4
HFC - Total	20.0	75	-1
VEF			
CIFC	8.5	24	12
MMFSL	5.3	-15	126
SFL	18.9	6	8
VEF - Total	33	6	19
GL			
MGFL	5.8	48	4
Muthoot	10.2	13	3
GL - Total	16.0	23	3
MFI			
Credag	3.5	61	0
Fusion	1.4	33	9
Spandana	1.3	86	6
MFI - Total	6.2	59	3
Diversified			
BAF	37.2	25	5
Poonawalla	2.6	73	13
LTHF	6.2	23	5
MASFIN	0.6	26	6
Div - Total	46.7	27	5
Total (Universe)	121.6	27	7

Healthy profitability despite NIM restraint from rising CoF

Mortgages and gold loans yet to fully recover; minor improvement in asset quality

- **Robust credit demand leading to healthy AUM growth:** We expect ~8% YoY growth in AUM for our coverage HFCs, including both affordable and other HFCs. Vehicle Financiers are projected to report ~26% YoY growth in AUM. Gold lenders (including non-gold products) are expected to report a ~25% YoY growth. NBFC-MFIs are forecasted to report a ~35% YoY growth, while diversified lenders are anticipated to deliver a ~24% YoY growth in AUM. For our coverage universe, we estimate a loan growth of ~20% YoY/~5% QoQ in 3QFY24. Lenders acknowledged that they have started calibrating their growth in unsecured personal loans (PL; particularly those sourced through digital partnerships).
- **NIM trajectory remains an important monitorable:** The extent of NIM recovery envisaged earlier in Vehicle Finance (VF) has not happened as yet because of the sustained rise in CoF, which might now peak by Mar/Jun'24. For Housing Financiers, yields have maxed out (except for a change in product mix) and rising CoF would result in a sequential NIM compression.
- **Expect operating cost ratios to remain broadly stable:** NBFCs/HFCs have been investing in either technology/analytics infrastructure or in branch expansions. We expect operating cost ratios to remain sequentially stable with an improvement bias.
- **Asset quality exhibited minor improvement:** We expect a minor improvement in asset quality in Vehicle Finance as well as mortgages. MFI lenders could see some slippages during the quarter, resulting in asset quality remaining more range-bound. We do not expect any higher delinquencies in affordable HFCs. Credit costs likely to remain benign, except for a) provisions for slippages from restructured pool and b) write-offs in the PL portfolio.
- **Healthy profitability despite NIM moderation to result in ~27% YoY PAT growth for the NBFC coverage universe:** We estimate a ~22%/22%/27% YoY growth in NII/PPoP/PAT in 3QFY24 for our coverage universe of NBFC – Lending Financials. We remain constructive on Vehicle Finance and expect mortgages to benefit from a recovery in both supply and demand. We continue to prefer: a) franchises that can manage their liabilities better than others to mitigate the impact on margins and b) companies with strong balance sheets and higher visibility on earnings growth. Our top picks in the sector are SHTF, PNBHF, and Fusion MFI.

Mortgages yet to fully recover; new housing scheme to aid demand

- Demand for mortgages in the affordable housing segment, with ticket sizes below INR3m, has shown limited recovery and remains relatively weak. However, there has been healthy demand observed for low-ticket mortgages within the range of INR1.0-1.5m, particularly for self-construction purposes. CANF (with an incremental ATS of ~INR2.2m in housing loans) could see muted disbursements in the quarter because of a) a delay in demand recovery and b) management bandwidth spent in process improvements.

- We anticipate credit costs for LICHF at ~55bp (vs. ~60bp in 2QFY24) since we do not estimate any further deterioration in asset quality. Margins could fall ~25bp QoQ, led by moderation in yields and a rise in CoF.
- We expect both Aavas and HomeFirst to report a QoQ improvement in disbursements, leading to healthy AUM growth. NIM would moderate for both AHFCs because of a rise in CoB (despite benefits of NHB borrowings). Asset quality is likely to remain stable with benign credit costs.
- We estimate that PNBHF was not adversely impacted as much by weak trends in mortgages and expect it to report ~30% YoY growth in disbursements. We estimate a ~5bp QoQ NIM expansion and improvement in GS3 for PNBHF.

Vehicle Finance – NIM recovery taking longer than earlier anticipated

- MMFS has reported disbursements of ~INR155b in 3QFY24 (up 7% YoY), but growth in business assets was lower at ~3% QoQ because of conversion of pre-festival trade advances into customer retail loans. We expect credit costs for MMFS at ~1.3% in 3QFY24 (vs. 0.8% in 3QFY23). For CIFIC/ SHTF, we estimate disbursements to remain healthy, which should translate into ~39%/20% YoY growth in AUM.
- We estimate NIM improvement of 5-10bp QoQ. Margin recovery is taking longer than initially expected because of a sustained rise in the CoF.
- Expect minor improvement in vehicle finance (VF) asset quality for all the three VFs in our coverage with a sequential moderation in credit costs.

Gold Finance – Loan growth recovery delayed because of festive period in 3Q

- Expect gold loan financiers to deliver a muted gold loan growth in 3QFY24. We estimate tonnage growth to also remain modest because of high gold ornament release requests from customers.
- We expect ~1-3% sequential growth in the gold loan portfolio of MUTH/MGFL. NIM should exhibit QoQ compression because of the rise in CoF but stable yields.

Microfinance – Disbursement acceleration in 2H; NIM moderation likely

- Disbursements have remained healthy for NBFC-MFIs, leading to a healthy GLP growth for all three NBFC-MFIs – CREDAG, Fusion, and Spandana – in our coverage universe.
- While we estimate a ~10bp NIM compression for CREDAG (because of the rise in CoF), we estimate a margin expansion of ~10bp for Fusion, driven by its lower incremental cost of borrowings.
- While there were flows between asset quality buckets, we expect asset quality to remain robust and credit costs to remain benign for NBFC-MFIs as well. We expect higher write-offs for Fusion (leading to lower Stage 3) because of a change in its write-off policy. For Fusion, we estimate 3QFY24 credit costs of ~3% (PQ: 3.4%).

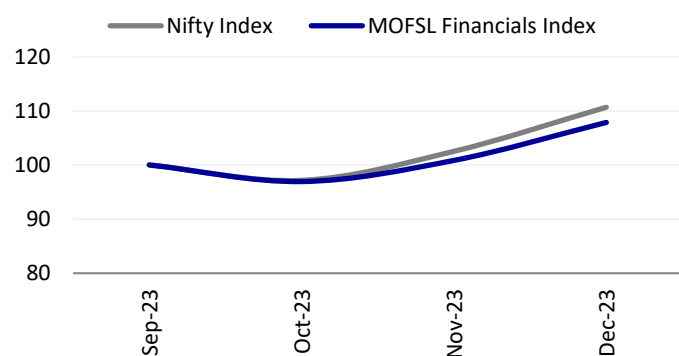
Diversified Financiers: Calibration in personal loans, but profitability robust

- Diversified lenders such as BAF, Poonawalla, LTFH, and non-vehicle segments of SHFL are likely to exhibit calibration in growth within unsecured personal loans. This has been more pronounced after the RBI increased the risk weights on unsecured consumer credit to 125% (from 100% earlier).
- For LTFH, we expect strong growth in retail loans, but since the wholesale segment (such as real estate and infrastructure) will continue to moderate, the consolidated loan book could grow ~3% QoQ in 3QFY24. We estimate credit costs to moderate for LTFH, leading to a sequential improvement in profitability.
- We expect BAF to report a ~34% YoY/7% QoQ growth in its AUM. We estimate a ~20bp contraction in NIM for BAF with credit costs increasing to ~1.7% (vs. ~1.5% in 2QFY24)
- We expect Poonawalla to deliver ~60% YoY growth in standalone AUM, driven by ~10% QoQ growth in disbursements. We estimate this to translate into a ~13% QoQ growth in PAT for the company.

Exhibit 1: Quarterly Performance

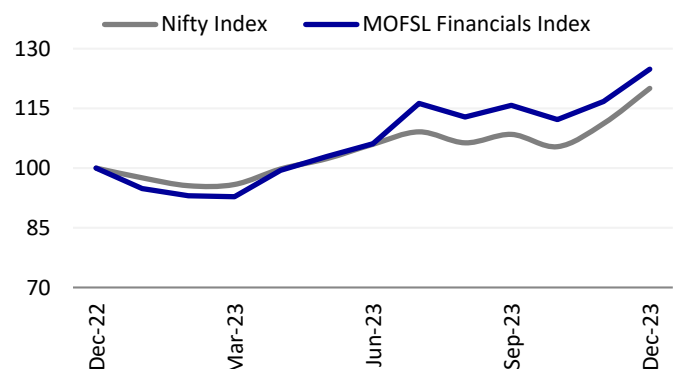
Sector	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Dec-23	Variance YoY (%)	Variance QoQ (%)	Dec-23	Variance YoY (%)	Variance QoQ (%)	Dec-23	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1,559	Neutral	2,288	9.9	2.9	1,675	18.4	2.7	1,290	20.2	6.0
Bajaj Finance	7,298	Buy	76,471	29.1	6.3	61,812	27.4	5.9	37,238	25.3	4.9
Can Fin Homes	777	Neutral	3,274	30.1	3.4	2,767	30.0	2.4	1,985	31.1	25.6
Chola. Inv & Fin.	1,224	Buy	21,971	37.5	9.0	15,112	40.0	6.4	8,516	24.5	11.7
CreditAccess	1,594	Buy	7,869	45.6	3.1	5,634	48.8	0.1	3,480	61.2	0.3
Fusion Micro	586	Buy	3,224	27.8	5.4	2,503	36.2	3.5	1,367	33.4	8.7
Home First Fin.	932	Buy	1,379	24.7	4.4	1,084	32.9	3.8	786	34.1	5.8
L&T Fin. Holdings	164	Buy	18,910	3.8	2.6	12,981	4.0	0.1	6,248	23.0	5.1
LIC Housing Fin	562	Buy	19,657	22.4	-6.7	17,247	27.2	-9.2	10,973	128.5	-7.6
M & M Financial	275	Buy	16,887	8.8	6.4	10,233	2.5	8.5	5,321	-15.4	126.3
Manappuram Finance	171	Buy	14,060	28.8	3.8	8,897	50.3	2.7	5,808	47.6	3.6
MAS Financial	867	Buy	1,624	31.2	6.8	1,082	32.3	4.4	639	26.4	6.4
Muthoot Finance	1,468	Neutral	18,950	11.2	2.0	13,674	8.3	1.9	10,182	12.9	2.7
PNB Housing	785	Buy	6,640	-7.4	2.9	5,784	-14.2	4.8	3,995	48.4	4.3
Poonawalla Fincorp	438	Buy	5,224	73.5	10.1	3,677	136.0	9.6	2,602	73.0	13.1
Repco Home Fin	408	Neutral	1,746	25.9	3.0	1,389	26.2	3.8	1,016	25.8	3.5
Shriram Finance Ltd	2,048	Buy	48,382	15.4	5.3	37,015	12.1	6.3	18,869	6.2	7.8
Spandana Sphoorty	1,129	Buy	3,305	52.3	4.6	2,241	59.3	-13.0	1,331	86.4	6.3
NBFC			2,71,862	21.6	4.3	2,04,806	21.5	3.4	1,21,643	27.4	7.1

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 4: EPS estimate changes for FY24-26

Company	Old Estimates			New Estimates			Change (%)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
AAVAS	63.3	78.4	99.3	62.7	76.4	95.9	-1.0	-2.6	-3.4
BAF	240.1	309.8	393.5	238.0	306.3	389.4	-0.9	-1.1	-1.0
CANF	55.6	63.2	74.5	56.3	62.3	73.9	1.3	-1.4	-0.8
CIFC	42.0	57.0	70.6	41.5	55.4	68.8	-1.2	-2.7	-2.6
CREDAG	93.4	112.7	134.9	92.7	113.3	135.6	-0.8	0.5	0.5
FUSION	54.0	72.1	88.7	54.0	72.1	88.7	-	-	-
HomeFirst	34.4	41.9	54.1	34.3	41.6	53.5	-0.4	-0.8	-1.0
LTFH	9.6	11.7	15.5	9.7	11.7	15.5	1.4	-	-
LICHF	82.2	84.1	92.2	82.2	84.1	92.2	-	-	-
MMFSL	15.3	22.5	28.2	14.6	22.2	27.8	-4.4	-1.4	-1.5
MGFL	26.4	30.1	35.9	26.5	30.1	35.9	0.4	0.1	0.1
MASFIN	45.6	58.2	71.3	45.6	58.2	71.3	-	-	-
Muthoot	101.0	115.0	130.9	101.0	115.0	130.9	-	-	-
PNBHF	58.2	69.4	83.8	58.8	70.7	86.5	1.1	1.9	3.3
PFL	12.9	18.8	26.2	12.9	18.8	26.2	-	-	-
REPCO	60.3	64.3	71.4	61.2	64.8	71.4	1.5	0.7	-0.0
SHFL	195.8	222.8	268.5	195.8	222.8	268.5	-	-	-
SPANDANA	71.1	92.7	113.0	73.5	92.6	110.9	3.4	-0.1	-1.9

Source: MOFSL, Company

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

Aavas Financiers

Neutral

CMP: INR1,559 | TP: INR1,700 (9%)

EPS CHANGE (%): FY24|25|26: -1.0|-2.6|-3.4

- AUM/disbursements likely to grow 23%/18% YoY
- We expect NIM to decline ~10bp QoQ. Upfront assignment income estimated at ~INR470m.
- Opex is likely to remain elevated, owing to investments in technology/distribution and branch additions
- Commentaries on loan growth, margin trajectory, and employee attrition are key monitorables.

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	3,148	3,287	3,585	3,861	4,128	4,259	4,450	4,695	13,882	17,533
Interest Expenses	1,347	1,410	1,504	1,650	1,866	2,036	2,162	2,265	5,910	8,330
Net Income	1,802	1,877	2,082	2,211	2,262	2,223	2,288	2,430	7,971	9,203
YoY Growth (%)	20	15	32	23	26	18	10	10	22	15
Other income	380	664	534	641	540	716	745	742	2,220	2,743
Total Income	2,182	2,541	2,616	2,852	2,802	2,938	3,033	3,172	10,191	11,945
YoY Growth (%)	37	21	20	18	28	16	16	11	23	17
Operating Expenses	1,026	1,147	1,201	1,203	1,339	1,308	1,358	1,436	4,577	5,441
YoY Growth (%)	53	33	32	14	30	14	13	19	31	19
Operating Profits	1,156	1,394	1,415	1,649	1,464	1,631	1,675	1,735	5,614	6,504
YoY Growth (%)	26	13	12	22	27	17	18	5	17.6	15.9
Provisions	9	16	35	64	57	65	30	32	124	184
Profit before Tax	1,147	1,378	1,380	1,586	1,407	1,565	1,645	1,703	5,490	6,321
Tax Provisions	254	310	307	318	310	348	355	352	1,189	1,365
Profit after tax	892	1,068	1,073	1,268	1,097	1,217	1,290	1,351	4,301	4,955
YoY Growth (%)	49	16	20	10	23	14	20	7	20.5	15.2

Bajaj Finance

Buy

CMP INR7,298 | TP: INR8,900 (+22%)

EPS CHANGE (%): FY24|25|26: -0.9|-1.1|-1.0

- BAF expected to report AUM growth of 34% YoY/ 7% QoQ
- Margins and spreads likely to decline ~25bp/15bp QoQ
- Opex is likely to remain stable with CIR at 34%
- Credit costs expected to rise ~10bp QoQ to ~1.7%

Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	79.2	85.1	92.7	98.5	108.2	117.3	125.8	133.3	355.5	484.6
Interest expenses	26.5	29.7	33.5	35.9	41.0	45.4	49.3	52.9	125.6	188.6
Net Interest Income	52.7	55.4	59.2	62.5	67.2	72.0	76.5	80.3	229.9	296.0
YoY Growth (%)	42.5	29.1	25.3	30.2	27.4	30.0	29.1	28.5	31.2	28.7
Other Operating Income	13.6	14.6	15.1	15.2	16.8	16.5	16.6	16.7	58.6	66.6
Net Income	66.4	70.0	74.3	77.7	84.0	88.4	93.1	97.1	288.5	362.6
YoY Growth (%)	47.8	31.2	23.9	28.1	33.3	26.3	25.2	24.9	31.8	25.7
Operating Expenses	23.8	25.1	25.8	26.5	28.5	30.1	31.2	32.2	101.3	122.1
Operating Profit	42.6	44.9	48.5	51.2	55.4	58.3	61.8	64.8	187.2	240.4
YoY Growth (%)	36.6	35.8	23.8	29.0	37.0	30.0	27.4	26.7	30.8	28.5
Provisions and Cont.	7.5	7.3	8.4	8.6	10.0	10.8	11.6	11.7	31.9	44.1
Profit before Tax	35.0	37.5	40.1	42.6	45.5	47.6	50.2	53.1	155.3	196.4
Tax Provisions	9.1	9.7	10.4	11.0	11.1	12.1	12.9	13.7	40.2	49.9
Net Profit	26.0	27.8	29.7	31.6	34.4	35.5	37.2	39.4	115.1	146.5
YoY Growth (%)	159.0	87.8	39.9	30.5	36.8	27.7	25.3	24.8	63.7	27.3

Can Fin Homes**Neutral****CMP INR777 | TP: INR840 (+8%)****EPS CHANGE (%): FY24|25|26: 1.3|-1.4|-0.8**

- Estimate loan book to grow ~13% YoY
- Margins are expected to improve marginally to ~3.9%
- Spreads expected to improve 10bp sequentially to ~3.3%
- Commentaries on loan growth and expected timelines for recovery in disbursements are key monitorables

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	6,065	6,522	7,046	7,521	8,181	8,652	8,972	9,233	27,154	35,038
Interest Expenses	3,561	4,010	4,529	4,908	5,330	5,484	5,698	5,921	17,009	22,434
Net Interest Income	2,504	2,512	2,517	2,613	2,851	3,168	3,274	3,311	10,146	12,604
YoY Growth (%)	38.2	31.0	22.2	10.1	13.9	26.1	30.1	26.7	24.3	24.2
Other income	51	54	51	122	60	58	71	141	277	330
Total Income	2,555	2,566	2,568	2,735	2,911	3,226	3,345	3,453	10,423	12,934
YoY Growth (%)	39.8	30.2	20.9	12.7	13.9	25.7	30.3	26.2	24.8	24.1
Operating Expenses	405	405	438	517	435	524	577	608	1,765	2,144
YoY Growth (%)	33.8	18.3	8.7	7.3	7.4	29.5	31.7	17.6	15.3	21.5
Operating Profits	2,150	2,161	2,129	2,218	2,476	2,702	2,767	2,845	8,658	10,790
YoY Growth (%)	40.9	32.7	23.8	14.0	15.2	25.0	30.0	28.3	26.9	24.6
Provisions	-37	132	84	238	137	722	155	100	418	1,114
Profit before Tax	2,187	2,028	2,045	1,980	2,339	1,980	2,612	2,745	8,240	9,676
Tax Provisions	565	611	530	322	504	399	627	647	2,028	2,177
Profit after tax	1,622	1,417	1,515	1,658	1,835	1,581	1,985	2,098	6,212	7,499
YoY Growth (%)	49.0	14.6	30.9	34.9	13.1	11.5	31.1	26.6	31.9	20.7

Cholamandalam Inv. & Fin.**Buy****CMP INR1,224 | TP: INR1,450 (+18%)****EPS CHANGE (%): FY24|25|26: -1.2|-2.7|-2.6**

- Estimate business AUM to grow ~39% YoY
- Credit costs are projected to decline ~20bp QoQ to ~1.1%
- Margins are likely to expand ~10bp QoQ to 6.8%
- Guidance on margins, loan growth, and asset quality of new businesses to be closely monitored

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	26,123	28,293	31,416	34,991	38,492	42,205	45,919	49,614	1,20,822	1,76,230
Interest Expenses	11,309	13,404	15,433	17,342	20,071	22,052	23,948	25,647	57,488	91,718
Net Interest Income	14,814	14,888	15,983	17,649	18,421	20,153	21,971	23,967	63,334	84,512
YoY Growth (%)	16.9	17.3	17.2	29.0	24.3	35.4	37.5	35.8	20.2	33.4
Other Income	1,587	2,085	2,334	2,952	2,845	3,514	3,077	3,006	8,958	12,442
Total Income	16,401	16,974	18,317	20,601	21,265	23,667	25,048	26,973	72,292	96,953
YoY Growth (%)	20.3	21.9	23.4	32.0	29.7	39.4	36.7	30.9	23.8	34.1
Operating Expenses	5,797	6,611	7,520	7,870	7,867	9,461	9,936	10,199	27,799	37,463
Operating Profit	10,604	10,363	10,797	12,731	13,399	14,206	15,112	16,774	44,494	59,490
YoY Growth (%)	6.8	18.4	13.4	39.6	26.4	37.1	40.0	31.8	18.0	33.7
Provisions & Loan Losses	2,986	2,782	1,589	1,140	3,723	3,998	3,650	1,157	8,497	12,529
Profit before Tax	7,617	7,581	9,208	11,591	9,675	10,208	11,462	15,617	35,997	46,962
Tax Provisions	1,961	1,947	2,365	3,063	2,415	2,583	2,946	4,220	9,335	12,163
Net Profit	5,657	5,634	6,843	8,528	7,260	7,625	8,516	11,397	26,662	34,798
YoY Growth (%)	73.1	-7.1	30.6	23.7	28.3	35.3	24.5	33.6	24.2	30.5

CreditAccess Grameen Ltd.**Buy****CMP INR1,594 | | TP: INR1,845 (+16%)****EPS CHANGE (%): FY24|25|26: -0.8|0.5|0.5**

- Estimate GLP growth of ~33% YoY
- Margins are likely to decline ~10bp on a sequential basis

- Credit costs are projected to be stable QoQ at ~1.7%
- Guidance on NIM and cost-income ratio to be closely monitored

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	7,363	7,713	8,548	9,648	11,052	11,874	12,510	13,379	33,271	48,815
Interest Expenses	2,798	2,732	3,142	3,456	3,849	4,239	4,641	5,098	12,129	17,827
Net Interest Income	4,565	4,981	5,406	6,192	7,203	7,635	7,869	8,281	21,143	30,988
YoY Growth (%)	35.1	35.1	31.2	34.2	57.8	53.3	45.6	33.8	33.5	46.6
Other Income	233	434	540	1,015	656	602	499	1,340	2,237	3,096
Total Income	4,798	5,415	5,946	7,206	7,858	8,237	8,368	9,621	23,379	34,084
YoY Growth (%)	30.4	38.9	32.0	29.3	63.8	52.1	40.7	33.5	32.4	45.8
Operating Expenses	1,909	2,067	2,160	2,177	2,420	2,611	2,733	2,882	8,315	10,646
Operating Profit	2,889	3,348	3,785	5,029	5,438	5,626	5,634	6,739	15,064	23,437
YoY Growth (%)	33.5	53.2	38.4	36.4	88.3	68.1	48.8	34.0	39.8	55.6
Provisions & Loan Losses	1,009	1,054	894	1,053	764	959	963	986	4,010	3,671
Profit before Tax	1,880	2,294	2,891	3,976	4,674	4,668	4,671	5,754	11,054	19,766
Tax Provisions	493	529	733	1,010	1,189	1,197	1,191	1,463	2,794	5,040
Net Profit	1,387	1,766	2,158	2,966	3,485	3,470	3,480	4,291	8,261	14,726
YoY Growth (%)	583.6	196.5	84.5	85.3	151.3	96.6	61.2	44.7	131.5	78.3

Fusion Microfinance**Buy****CMP INR586 | | TP: INR720 (+23%)****EPS CHANGE (%): FY24|25|26: 0.0|0.0|0.0**

- Estimate AUM to grow ~23% YoY
- Margins are likely to expand ~10bp on sequential basis

- Annualized credit costs are projected at ~3% in 3QFY24
- Guidance on credit costs, margins, and disbursement trajectory to be closely monitored

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	3,294	3,998	4,202	4,507	4,790	4,968	5,206	5,589	16,001	20,553
Interest Expenses	1,432	1,573	1,680	1,742	1,835	1,910	1,983	2,121	6,428	7,849
Net Interest Income	1,862	2,424	2,522	2,765	2,955	3,058	3,224	3,468	9,573	12,705
YoY Growth (%)	47.1	115.4	59.0	62.0	58.7	26.1	27.8	25.4	68.4	32.7
Other Income	311	526	463	700	738	745	720	653	1,999	2,855
Total Income	2,173	2,950	2,985	3,465	3,693	3,803	3,943	4,120	11,572	15,559
YoY Growth (%)	53.5	97.4	67.3	46.8	70.0	28.9	32.1	18.9	64.1	34.5
Operating Expenses	971	1,077	1,147	1,253	1,339	1,385	1,440	1,504	4,448	5,668
Operating Profit	1,202	1,873	1,838	2,211	2,354	2,418	2,503	2,616	7,124	9,891
YoY Growth (%)	61.1	156.3	91.8	47.8	95.8	29.1	36.2	18.3	81.2	38.9
Provisions & Loan Losses	201	612	499	692	759	762	693	495	2,004	2,709
Profit before Tax	1,001	1,261	1,339	1,519	1,595	1,656	1,810	2,121	5,120	7,182
Tax Provisions	249	310	314	374	390	399	443	527	1,248	1,760
Net Profit	752	951	1,025	1,145	1,205	1,257	1,367	1,594	3,871	5,422
YoY Growth (%)	1,605	2,860	10,835	768	60	32	33	39	1,680	40

Home First Finance Company

Buy

CMP INR932 | TP: INR1100 (+18%)

EPS CHANGE (%): FY24|25|26: -0.4|-0.8|-1.0

- Estimate robust AUM growth of ~34% YoY/8% QoQ
- Margins are projected to decline ~20bp in 3QFY24

- Cost ratios are expected to remain stable at ~35%
- Outlook on loan growth, margins, and delinquencies are key monitorables

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	1,547	1,727	1,902	2,047	2,313	2,491	2,641	2,778	7,222	10,222
Interest expenses	607	712	796	929	1,068	1,170	1,261	1,347	3,043	4,846
Net Interest Income	940	1,016	1,106	1,118	1,246	1,321	1,379	1,430	4,179	5,376
YoY Growth (%)	50.8	58.2	54.2	31.4	32.6	30.1	24.7	28.0	41.2	28.6
Other Income	147	167	152	266	285	289	292	345	734	1,210
Net Income	1,086	1,182	1,258	1,384	1,530	1,610	1,671	1,776	4,913	6,586
YoY Growth (%)	22.3	31.8	30.5	35.4	40.9	36.1	32.8	28.3	29.3	34.1
Operating Expenses	387	441	443	475	553	565	587	628	1,746	2,334
Operating Profit	699	741	816	910	977	1,044	1,084	1,147	3,167	4,253
YoY Growth (%)	15.3	24.3	25.3	38.1	39.8	40.9	32.9	26.1	24.8	34.3
Provisions and Cont.	36	50	60	70	77	80	70	100	215	326
Profit before Tax	663	692	756	840	900	964	1,014	1,047	2,952	3,926
Tax Provisions	151	149	170	200	209	221	228	233	669	891
Net Profit	512	543	586	640	691	743	786	815	2,283	3,035
YoY Growth (%)	46.0	20.9	27.6	6.4	34.9	36.9	34.1	27.3	21.1	32.9

L&T Finance Holdings

Buy

CMP INR164 | TP: INR195 (+19%)

EPS CHANGE (%): FY24|25|26: 1.4|0.0|0.0

- Expect the loan book to grow ~3% QoQ with strong retail growth, but moderation in wholesale segments
- Anticipate credit costs to decline to ~2.3% (annualized) in 3QFY24 (vs. 2.5% in 2QFY24)

- NIMs are expected to improve ~10bp on a sequential basis
- Opex will remain elevated with cost-to-income ratio at ~41%

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	29,466	30,862	33,216	32,107	31,165	31,685	32,478	33,414	1,25,651	1,28,742
Interest Expenses	14,132	14,385	15,007	14,449	13,638	13,249	13,567	13,758	57,972	54,212
Net Interest Income	15,334	16,477	18,209	17,658	17,527	18,436	18,910	19,656	67,679	74,530
Change YoY (%)	2.3	12.8	24.1	15.7	14.3	11.9	3.8	11.3	13.7	10.1
Other Operating Income	1,318	1,090	1,109	53	1,068	453	450	811	3,569	2,782
Net Operating Income	16,652	17,567	19,318	17,711	18,596	18,889	19,360	20,468	71,248	77,312
Change YoY (%)	2.1	9.1	16.1	7.0	11.7	7.5	0.2	15.6	8.6	8.5
Other income	1,474	1,193	585	2,016	1,535	2,682	2,521	2,216	5,268	8,955
Total Income	18,126	18,760	19,903	19,726	20,130	21,572	21,882	22,684	76,515	86,267
Change YoY (%)	7.1	10.8	11.0	11.1	11.1	15.0	9.9	15.0	10.0	12.7
Operating Expenses	6,577	6,868	7,417	7,870	7,782	8,598	8,901	9,359	28,732	34,639
Change YoY (%)	19.9	16.3	20.3	23.2	18.3	25.2	20.0	18.9	20.0	20.6
Operating Profits	11,549	11,891	12,486	12,698	12,348	12,974	12,981	13,325	48,624	51,628
Change YoY (%)	0.9	7.9	6.2	11.8	6.9	9.1	4.0	4.9	6.7	6.2
Provisions	7,989	5,765	6,417	5,232	5,212	5,000	4,595	4,504	25,404	19,311
Profit before Tax	3,560	6,126	6,069	7,466	7,136	7,974	8,387	8,821	23,220	32,317
Tax Provisions	948	2,070	990	2,455	1,831	2,032	2,139	2,240	6,464	8,241
Profit after tax	2,612	4,056	4,538	5,011	5,305	5,942	6,248	6,581	16,216	24,076
Change YoY (%)	46.8	81.0	39.2	46.4	103.1	46.5	37.7	31.3	51.5	48.5

LIC Housing Finance

Buy

CMP INR562 | TP: INR660 (+17%)

EPS CHANGE (%): FY24|25|26: 0.0|0.0|0.0

- Expect loan growth of ~6% YoY with a largely stable mix
- Estimate annualized credit costs of ~55bp in 3QFY24 vs. ~60bp in 2QFY24
- Yields are expected to decline on a sequential basis, leading to ~25bp compression in NIM
- Commentaries on slippages from restructured pool, mortgage demand, and guidance on margins are key monitorables

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	52,502	50,493	58,387	63,780	67,037	67,066	67,268	68,187	2,25,162	2,69,558
Interest Expenses	36,400	38,864	42,328	43,877	44,942	46,000	47,610	50,223	1,61,860	1,88,775
Net Interest Income	16,102	11,629	16,059	19,903	22,094	21,066	19,657	17,965	63,303	80,783
YoY Growth (%)	26.3	-0.4	10.4	21.5	37.2	81.2	22.4	-9.7	14.4	27.6
Fees and other income	407	427	374	371	429	521	522	490	1,580	1,962
Net Income	16,509	12,056	16,432	20,274	22,523	21,587	20,180	18,455	64,882	82,745
YoY Growth (%)	26.1	-0.3	7.8	15.4	36.4	79.1	22.8	-9.0	11.9	27.5
Operating Expenses	2,029	2,610	2,876	2,759	2,425	2,595	2,933	4,120	9,883	12,073
Operating Profit	14,481	9,447	13,557	17,515	20,098	18,993	17,247	14,335	55,000	70,672
YoY Growth (%)	40.9	-0.4	2.9	16.2	38.8	101.1	27.2	-18.2	14.6	28.5
Provisions and Cont.	3,077	5,658	7,627	3,068	3,608	4,192	3,750	3,293	19,430	14,843
Profit before Tax	11,404	3,789	5,930	14,448	16,490	14,801	13,497	11,042	35,570	55,829
Tax Provisions	2,149	739	1,127	2,645	3,253	2,920	2,524	1,910	6,660	10,608
Net Profit	9,255	3,050	4,803	11,803	13,237	11,881	10,973	9,131	28,910	45,222
YoY Growth (%)	503.2	23.0	-37.4	5.5	43.0	289.6	128.5	-22.6	26.4	56.4

Mahindra Financial Services

Buy

CMP INR275 | TP: INR330 (+20%)

EPS CHANGE (%): FY24|25|26: -4.4|-1.4|-1.5

- MMFS reported 3QFY24 disbursement growth of ~7% YoY/16% QoQ
- We expect ~5bp QoQ expansion in margins
- Estimate credit costs at ~1.3% in 3QFY24 (vs. ~2.8% QoQ)
- Commentaries on margins, credit costs, and loan growth are key monitorables

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest income	24,372	25,163	27,947	29,344	30,349	31,535	33,648	35,836	1,06,826	1,31,367
Interest Expenses	9,320	10,688	12,419	13,340	14,505	15,665	16,761	17,747	45,767	64,677
NII	15,052	14,475	15,528	16,004	15,844	15,870	16,887	18,089	61,059	66,690
YoY Growth (%)	34.2	0.3	1.1	11.1	5.3	9.6	8.8	13.0	9.9	9.2
Other income	614	930	969	1,223	905	870	1,073	1,720	3,735	4,569
Net Total Income	15,666	15,405	16,496	17,227	16,750	16,740	17,960	19,809	64,794	71,259
YoY Growth (%)	34.0	2.2	3.6	13.7	6.9	8.7	8.9	15.0	11.7	10.0
Operating Expenses	6,208	6,768	6,513	7,786	6,750	7,312	7,727	8,795	27,276	30,584
Operating Profit	9,458	8,637	9,983	9,441	10,000	9,428	10,233	11,014	37,518	40,674
YoY Growth (%)	26.3	-15.0	-6.0	5.1	5.7	9.2	2.5	16.7	0.7	8.4
Provisions	6,453	1,985	1,551	4	5,264	6,266	3,091	1,881	9,992	16,501
Profit before Tax	3,005	6,652	8,431	9,437	4,735	3,163	7,142	9,133	27,526	24,173
Tax Provisions	776	1,624	2,142	2,596	1,209	811	1,821	2,323	7,138	6,164
Net Profit	2,229	4,483	6,290	6,841	3,527	2,352	5,321	6,810	19,843	18,009
YoY Growth (%)	-114.6	-56.2	-29.6	13.9	58.2	-47.5	-15.4	-0.5	100.7	-9.2

Manappuram Finance**Buy****CMP INR171 | TP: INR205 (+20%)****EPS CHANGE (%): FY24|25|26: 0.4|0.1|0.1**

- Expect gold AUM/consolidated AUM to grow ~1.0%/5% on sequential basis
- Expect credit costs to decline ~20bp QoQ to ~1.1%
- Factored in a margin decline of ~20bp QoQ and a spread decline of ~5bp in the consolidated loan book
- Commentaries on gold loan growth and asset quality in the MFI and Vehicle segments are key monitorables

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

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	14,612	16,078	16,574	17,141	19,363	20,438	21,644	23,075	64,404	84,519
Interest Expenses	5,046	5,284	5,657	5,891	6,484	6,894	7,584	8,155	21,878	29,117
Net Interest Income	9,566	10,795	10,917	11,250	12,879	13,543	14,060	14,920	42,526	55,402
YoY Growth (%)	-7.0	9.4	19.3	25.2	34.6	25.5	28.8	32.6	11.1	30.3
Other income	416	1,063	772	845	1,209	1,303	1,183	948	3,095	4,643
Net Income	9,981	11,858	11,688	12,095	14,088	14,846	15,243	15,869	45,622	60,045
Operating Expenses	4,890	5,525	5,769	5,955	6,068	6,182	6,346	6,903	22,140	25,498
Operating Profits	5,091	6,333	5,919	6,139	8,020	8,664	8,897	8,965	23,482	34,547
YoY Growth (%)	-28.2	5.1	30.7	21.5	57.5	36.8	50.3	46.0	3.5	47.1
Provisions	1,283	805	509	474	1,212	1,197	1,048	721	3,071	4,178
PBT	3,808	5,527	5,410	5,666	6,808	7,467	7,849	8,244	20,410	30,368
Tax Provisions	989	1,433	1,475	1,513	1,828	1,861	2,041	2,227	5,409	7,956
PAT	2,819	4,095	3,935	4,153	4,980	5,607	5,808	6,017	15,002	22,412
YoY Growth (%)	-35.5	10.7	50.8	59.1	76.7	36.9	47.6	44.9	12.9	49.4

MAS Financial**Buy****CMP INR867 | TP: INR1,100 (+27%)****EPS CHANGE (%): FY24|25|26: 0.0|0.0|0.0**

- Standalone AUM is expected to grow ~6% QoQ/~26% YoY
- Margins are likely to remain stable at ~7%
- We expect credit costs to improve ~10bp QoQ to ~1% in 3QFY24
- Commentary on branch expansions and increase in the direct business are key monitorables

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Revenue from Operations	1,983	2,300	2,515	2,703	2,801	2,982	3,231	3,479	9,491	12,493
Interest Income	1,677	1,941	2,183	2,325	2,362	2,490	2,715	2,956	8,066	10,523
Gain on assignments	157	178	158	198	242	272	280	281	680	1,075
Other operating Income	150	182	173	180	196	219	237	242	745	895
Interest expenses	928	1,108	1,276	1,435	1,428	1,461	1,607	1,780	4,748	6,277
Total income	1,055	1,192	1,238	1,268	1,373	1,520	1,624	1,698	4,743	6,216
Growth Y-o-Y (%)	34.3	47.5	39.7	36.1	30.2	27.6	31.2	34.0	40.5	31.1
Operating Expenses	348	416	421	381	427	484	542	606	1,566	2,060
Operating Profits	707	775	818	887	946	1,036	1,082	1,092	3,177	4,156
Growth Y-o-Y (%)	11.1	28.2	34.8	39.0	33.8	33.6	32.3	23.2	29.5	30.8
Provisions	85	121	142	182	188	236	230	168	530	822
Profit before tax	623	654	676	704	758	800	852	924	2,647	3,334
Growth Y-o-Y (%)	25.7	27.0	25.4	17.4	21.8	22.3	26.0	31.3	25.3	26.0
Tax Provisions	157	164	170	149	186	200	213	242	637	840
Net Profit	465	491	506	556	573	600	639	683	2,010	2,494
Growth Y-o-Y (%)	26.3	28.0	26.0	23.4	23.1	22.3	26.4	22.9	27.6	24.1

Muthoot Finance**Neutral****CMP INR 1,468 | TP: INR1,350 (-8%)****EPS CHANGE (%): FY24|25|26: 0.0|0.0|0.0**

- Estimate gold AUM growth of ~3% QoQ in a seasonally weak quarter
- We estimate ~5bp sequential contraction in margins
- CIR to remain stable at ~30% QoQ
- Commentaries on gold loan growth and margin guidance are key monitorables

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	24,816	24,746	26,184	27,940	29,577	30,147	31,323	33,043	1,03,686	1,24,090
Other operating income	223	231	414	594	410	450	472	496	1,462	1,828
Total Operating income	25,039	24,977	26,598	28,534	29,987	30,597	31,795	33,539	1,05,148	1,25,918
YoY Growth (%)	-7.7	-11.8	-7.3	6.9	19.8	22.5	19.5	17.5	-5.1	19.8
Other income	54	58	73	104	276	139	174	210	289	800
Total Income	25,093	25,036	26,671	28,638	30,263	30,736	31,969	33,749	1,05,437	1,26,718
YoY Growth (%)	-7.6	-11.6	-7.1	6.9	20.6	22.8	19.9	17.8	-5.0	20.2
Interest Expenses	9,416	9,027	9,141	9,407	10,638	11,563	12,372	12,969	36,991	47,542
Net Income	15,677	16,009	17,530	19,231	19,625	19,173	19,597	20,781	68,446	79,176
Operating Expenses	5,435	4,522	4,905	6,314	5,620	5,751	5,923	6,629	21,177	23,923
Operating Profit	10,241	11,487	12,624	12,917	14,006	13,422	13,674	14,152	47,270	55,253
YoY Growth (%)	-23.2	-18.8	-13.9	5.7	36.8	16.9	8.3	9.6	-13.0	16.9
Provisions	-577	-127	557	753	860	120	-30	-159	605	791
Profit before Tax	10,818	11,614	12,068	12,164	13,145	13,302	13,704	14,311	46,664	54,462
Tax Provisions	2,798	2,942	3,051	3,138	3,394	3,392	3,522	3,614	11,929	13,922
Net Profit	8,020	8,672	9,017	9,027	9,751	9,910	10,182	10,697	34,735	40,540
YoY Growth (%)	-17.4	-12.8	-12.4	-6.0	21.6	14.3	12.9	18.5	-12.2	16.7

PNB Housing Finance**BUY****CMP INR785 | TP: INR960 (22%)****EPS CHANGE (%): FY24|25|: 1.1|1.9|3.3**

- Total AUM growth is expected to be ~5% YoY
- Expect credit costs to increase ~10bp QoQ to ~40bp in 3QFY24
- Cost ratios are expected to moderate despite investments in distribution capabilities
- Commentaries on the asset quality of the retail loan book, NIM, and disbursement trajectory are key monitorables

Quarterly Performance**(INR m)**

	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	12,987	15,975	17,136	15,892	16,669	17,029	17,488	18,396	61,991	69,582
Interest Expenses	9,303	9,639	9,963	10,081	10,475	10,573	10,848	11,441	38,985	43,337
Net Interest Income	3,684	6,337	7,173	5,812	6,194	6,456	6,640	6,955	23,006	26,245
YoY Growth (%)	-27.6	36.2	72.8	57.6	68.1	1.9	-7.4	19.7	30.9	14.1
Other income	1,124	868	829	485	408	765	794	933	3,306	2,900
Total Income	4,808	7,205	8,002	6,297	6,602	7,221	7,435	7,887	26,311	29,145
YoY Growth (%)	-18.5	30.6	60.2	27.2	37.3	0.2	-7.1	25.3	23.2	10.8
Operating Expenses	1,214	1,368	1,262	1,468	1,530	1,702	1,651	1,725	5,313	6,607
YoY Growth (%)	5.4	15.4	8.5	16.7	26.0	24.4	30.8	17.5	11.6	24.4
Operating Profits	3,594	5,837	6,740	4,828	5,072	5,519	5,784	6,162	20,998	22,538
YoY Growth (%)	-24.3	34.8	75.9	30.7	41.1	-5.4	-14.2	27.6	26.5	7.3
Provisions	483	2,432	3,071	1,403	606	448	630	1,276	7,389	2,960
Profit before Tax	3,111	3,404	3,669	3,425	4,467	5,071	5,154	4,886	13,609	19,578
Tax Provisions	761	778	978	632	994	1,241	1,160	913	3,149	4,307
Profit after tax	2,350	2,626	2,691	2,793	3,473	3,830	3,995	3,973	10,460	15,271
YoY Growth (%)	-3.4	11.7	42.8	64.7	47.8	45.8	48.4	42.3	25.0	46.0

Poonawalla Fincorp**Buy****CMP INR438 | TP: INR510 (+17%)****EPS CHANGE (%): FY24|25|26: 0.0|0.0|0.0**

- Standalone AUM expected to grow ~60% YoY
- Expect margins to decline ~35bp QoQ
- Expect cost ratios and credit cost to remain stable on a sequential basis
- Commentaries on growth in personal loans, margins, and asset quality/credit costs are key monitorables

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

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	3,857	4,179	4,605	5,529	6,560	6,901	7,487	8,413	18,265	29,361
Interest Expenses	1,187	1,441	1,593	1,732	2,348	2,155	2,263	2,637	5,953	9,403
Net Interest Income	2,670	2,738	3,012	3,798	4,212	4,746	5,224	5,776	12,312	19,958
YoY Growth (%)	26.3	12.0	23.6	52.0	77.8	73.3	73.5	52.1	29.7	62.1
Other Income	434	627	588	282	563	539	574	733	1,931	2,410
Total Income	3,103	3,365	3,600	4,080	4,775	5,285	5,799	6,509	14,243	22,368
YoY Growth (%)	34.6	25.1	33.2	41.7	70.3	57.1	61.1	59.5	34.6	57.0
Operating Expenses	1,926	2,107	2,043	2,064	1,834	1,929	2,122	2,317	8,139	8,202
Operating Profit	1,178	1,257	1,558	2,016	2,941	3,356	3,677	4,192	6,104	14,166
YoY Growth (%)	16.8	2.8	35.6	75.0	185.0	167.0	136.0	107.9	34.7	132.1
Provisions & Loan Losses	-164	-482	-452	-347	266	281	298	333	-1,445	1,177
Profit before Tax	1,550	1,740	2,010	2,367	2,676	3,075	3,379	3,859	7,761	12,989
Exceptional items						12,212				12,212
Tax Provisions	313	438	506	560	674	2,698	777	853	1,816	3,078
PAT (excl. exceptional)	1,237	1,302	1,504	1,807	2,002	2,300	2,602	3,006	5,945	9,911
PAT (incl. exceptional)	1,237	1,302	1,504	1,807	2,002	12,589	2,602	3,006	5,945	20,200
YoY Growth (%)	148.2	75.8	87.5	102.7	86.0	76.7	73.0	66.4	102.8	66.7

Repco Home Finance**Neutral****CMP INR408 | TP: INR460 (13%)****EPS CHANGE (%): FY24|25|26: 1.5|0.7|0.0**

- Disbursements/AUM expected to grow ~10%/8% YoY
- Spreads and margins are likely to expand ~5bp/10bp QoQ
- Estimate credit costs to remain benign at 0.1% (stable QoQ)
- Commentaries around asset quality and guidance on disbursements/AUM growth are key monitorables

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	2,980	3,064	3,197	3,330	3,572	3,770	3,887	3,837	12,570	15,066
Interest Expenses	1,653	1,692	1,810	1,856	2,026	2,075	2,141	2,195	7,011	8,437
Net Income	1,327	1,372	1,387	1,474	1,546	1,695	1,746	1,642	5,560	6,629
YoY Growth (%)	-8.4	-12.1	-7.0	4.9	16.5	23.6	25.9	11.4	-5.8	19.2
Other income	90	112	111	108	93	69	90	232	421	484
Total Income	1,417	1,484	1,499	1,581	1,639	1,765	1,836	1,874	5,981	7,114
YoY Growth (%)	-3.4	-7.3	-2.4	1.2	15.7	18.9	22.5	18.5	-3.0	18.9
Operating Expenses	339	343	398	378	392	426	448	422	1,458	1,687
YoY Growth (%)	37.8	21.1	15.8	2.8	15.7	24.4	12.5	11.5	17.5	15.8
Operating Profits	1,078	1,141	1,101	1,203	1,247	1,338	1,389	1,453	4,523	5,426
YoY Growth (%)	-11.7	-13.4	-7.7	0.7	15.7	17.3	26.2	20.7	-8.2	20.0
Provisions	237	188	12	79	50	16	20	157	516	242
Profit before Tax	841	954	1,089	1,124	1,198	1,322	1,369	1,296	4,008	5,184
Tax Provisions	220	242	282	303	307	341	353	353	1,047	1,354
Profit after tax	621	712	808	821	891	981	1,016	942	2,961	3,830
YoY Growth (%)	93.2	-17.2	156.6	95.3	43.5	37.9	25.8	14.8	54.6	29.4

Shriram Finance Ltd**Buy****CMP INR2,048 | TP: INR2,400 (+17%)****EPS CHANGE (%): FY24|25|26: 0.0|0.0|0.0**

- Estimate disbursements of ~INR370b, leading to an AUM of ~INR2.1t (up 20% YoY/ ~5% QoQ)
- Margins expected to remain stable on a sequential basis
- Credit costs are likely to be stable around 2.3% in 3QFY24
- Commentaries on loan growth in CV and on asset quality in 2W and PL segments are key monitorables

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24		
Interest Income	67,796	70,024	73,099	74,232	76,880	82,166	86,520	90,645	2,86,074	3,36,211
Interest Expenses	29,516	32,249	31,178	32,422	34,875	36,219	38,138	40,625	1,25,458	1,49,857
Net Interest Income	38,280	37,775	41,921	41,810	42,004	45,947	48,382	50,020	1,60,616	1,86,354
YoY Growth (%)	33.8	24.2	30.8	19.9	20.0	21.6	15.4	19.6	27.5	16.0
Other Income	2,237	4,162	3,022	3,460	3,167	3,479	3,550	3,869	11,955	14,064
Total Income	40,517	41,937	44,944	45,270	45,171	49,426	51,932	53,889	1,72,571	2,00,418
YoY Growth (%)	31.8	29.6	28.9	21.1	22.0	17.9	15.5	19.0	27.5	16.1
Operating Expenses	10,841	11,999	11,928	14,459	13,908	14,618	14,917	15,838	49,131	59,280
Operating Profit	29,676	29,938	33,016	30,810	31,262	34,808	37,015	38,052	1,23,441	1,41,137
YoY Growth (%)	32.3	30.4	31.4	13.9	17.3	16.3	12.1	23.5	26.5	14.3
Provisions & Loan Losses	11,597	8,976	9,173	11,846	8,786	11,286	11,688	10,979	41,592	42,739
Profit before Tax	18,079	20,962	23,844	18,964	22,476	23,523	25,327	27,072	81,849	98,399
Tax Provisions	4,690	5,411	6,074	5,881	5,722	6,014	6,458	6,897	22,056	25,092
Net Profit	13,390	15,551	17,770	13,083	16,754	17,508	18,869	20,175	59,793	73,307
YoY Growth (%)	254.3	47.6	82.6	-5.8	30.8	12.6	6.2	54.2	57.7	22.6

Spandana Spoorthy**Buy****CMP INR1,129 | TP: INR1,320 (+17%)****EPS CHANGE (%): FY24|25|26: 3.4|-0.1|-1.9**

- Estimate disbursements of ~INR29.9b, leading to AUM of ~INR108b (~AUM growth of 57% YoY/ ~10% QoQ)
- Margins expected to decline ~60bp QoQ to ~14.2% because of higher leverage
- Annualized credit costs are likely to be around ~1.9% in 3QFY24 (vs. 4.2% in 2QFY24)
- Guidance on credit costs, margins, and AUM growth to be closely monitored

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,440	2,765	3,377	4,193	4,929	5,436	5,969	6,583	12,775	22,917
Interest Expenses	968	914	1,207	1,490	1,995	2,277	2,665	3,062	4,579	10,000
Net Interest Income	1,472	1,851	2,170	2,703	2,934	3,159	3,305	3,520	8,196	12,917
YoY Growth (%)	-41.9	-7.7	14.5	76.8	99.3	70.6	52.3	30.2	2.9	57.6
Other Income	149	337	373	1,137	344	966	626	704	1,995	2,639
Total Income	1,621	2,188	2,543	3,840	3,277	4,125	3,931	4,224	10,192	15,557
YoY Growth (%)	-44.4	-11.2	20.6	100.9	102.2	88.5	54.6	10.0	8.4	52.6
Operating Expenses	1,114	1,088	1,136	1,232	1,386	1,549	1,690	1,839	4,570	6,464
Operating Profit	506	1,100	1,406	2,608	1,891	2,576	2,241	2,385	5,621	9,093
YoY Growth (%)	-77.6	-35.2	13.6	351.3	273.5	134.1	59.3	-8.6	-2.6	61.8
Provisions & Loan Losses	3,517	258	446	1,222	286	901	450	430	5,443	2,067
Profit before Tax	-3,011	843	960	1,386	1,605	1,675	1,791	1,955	178	7,026
Tax Provisions	-814	291	247	330	411	423	460	512	54	1,806
Net Profit	-2,197	552	714	1,055	1,195	1,252	1,331	1,443	124	5,221
YoY Growth (%)	-501.0	-194.1	58.3	269.0	-154.4	126.9	86.4	36.8	-82.3	4,112.1

Investment in securities market is subject to market risks. Read all the related documents carefully before investing

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.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp grievances@motilaloswal.com.