

## Result Preview



## Company name

Bajaj Finance
Chola Inv. & Fin.
HDFC
ICICI Securities
IIFL Wealth Management
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Shriram City Union
Shriram Transport Finance

## A decisive quarter

Collection efficiency improving, but below pre-COVID levels; all eyes on restructuring numbers

- 3QFY21 is the first quarter post lifting of the moratorium. Across product segments, there is expected to be MoM improvement in collection efficiency (CE). Adjusted for arrear collections, on-time CE is only marginally below pre-COVID levels. In addition, a large portion of customers who had not paid a single EMI during the moratorium period have started making payments in 3Q.
- The festival season was largely healthy across segments. Home loans witnessed a sharp improvement in volumes, with disbursements expected to be up YoY for the large players. In the Vehicle Finance segment, 2W volumes were slightly tepid, while PV and Tractor volumes remained healthy. M&HCV sales, though subdued, continue to improve every quarter. In the Consumer Durables space, BAF regained some lost market share. Gold lenders witnessed a steady quarter on disbursements.
- Given the accommodative stance of RBI, the incremental cost of funds continued to decline in the quarter. AAA-rated players with strong parentage are now able to borrow three-year money at ~5%. While the securitization market was largely shut during the moratorium period, there was some opening up. Sell-down volumes gained traction in 3Q, though not to pre-COVID levels yet. We expect margin expansion across most players in the quarter.
- Capital market players continued to witness strong traction during the quarter. Equity and derivative trading volumes for the industry remained elevated. New margin regulations from 1 December 2020 have not had any major impact on brokers. However, managements are guiding at a larger impact with the gradual tightening in margin funding norms over the next three quarters. Within the wealth management space, inflows remain healthy. However, clients remain risk-averse and continue to invest more in debt as compared to equity.
- Over the past six months, steady improvement across all important parameters has been encouraging. Continued excess liquidity at the system level should be positive for margins going forward. On the asset quality front, we expect companies to make elevated provisions for another 1-2 quarters, post which credit costs should revert to normal. Disclosures on restructuring will be a key monitorable. We continue to favor players with strong balance sheets and least impacted by the COVID-19 lockdown. Our top picks are HDFC, MUTH, ISEC, and IIFLWAM.

## HFCs: Growth momentum picking up; asset quality least disrupted

Contrary to initial expectations, home sales witnessed a sharp recovery in the past few months. Good schemes/discounts by builders, record low interest rates, and stamp duty cuts in certain states were key drivers, in our view. The home loan segment continues to witness heightened competitive intensity, especially from banks. Nevertheless, **HDFC delivered 26% YoY disbursement growth in individual loans in the quarter. We expect it to deliver ~10% YoY AUM growth, while other large HFCs are likely to deliver muted growth.** PNBHOUSI has nearly stopped fresh corporate sanctions and is undertaking primarily retail lending now. At the same time, its priority remains raising equity capital as soon as possible. REPCO is focusing more on collections. Hence, loan growth has taken a back seat and is likely to be in mid-single digits. While companies have not guided at any number, they do not foresee any major asset quality stress in the Retail Lending segment. The Non-Retail segment remains a key monitorable.

**Vehicle financiers – Disbursements divergent; asset quality tail risk remains**

Auto sales remained healthy across most products. Tractors and PVs witnessed a healthy festival season, while the same for 2Ws was a bit tepid compared to expectations. Though M&HCV volumes have seen a recovery QoQ, sales remain much below pre-COVID levels. **Used CV sales remain healthy on the back of unaffordability of new M&HCVs due to the recent price hikes.** Disbursements of vehicle financiers under our coverage are likely to be divergent. **In our opinion, CIFC and SHTF would deliver disbursements close to YoY levels, while that for MMFS would be at ~65% of YoY levels given its cautious approach to growth.** Margins could be a key positive surprise for MMFS and CIFC, given the sharp decline in incremental cost of funds in the quarter. On the asset quality front, CE has been on an improving trend. Also, as per managements, restructuring has been minimal (less than 1-2% of loans).

**Gold financiers shining**

**Our interactions with the managements of gold financiers suggest that disbursements remained healthy, in line with 2Q levels. Both specialized gold financiers continue to focus on increasing share of online gold loans.** There is a negligible impact of the 90% LTV cap norm for banks on the ground. With portfolio LTV ~65%, there is unlikely to be any asset quality risk. In the non-gold portfolio, we expect MGFL to witness a healthy performance on disbursements and asset quality in the Housing Finance segment. However, vehicle Finance and MFI segments still face some collection headwinds, in our opinion.

**Wholesale lending still muted; diversified financiers better off**

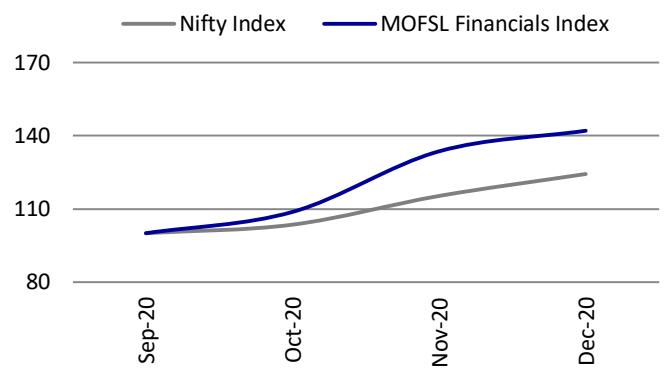
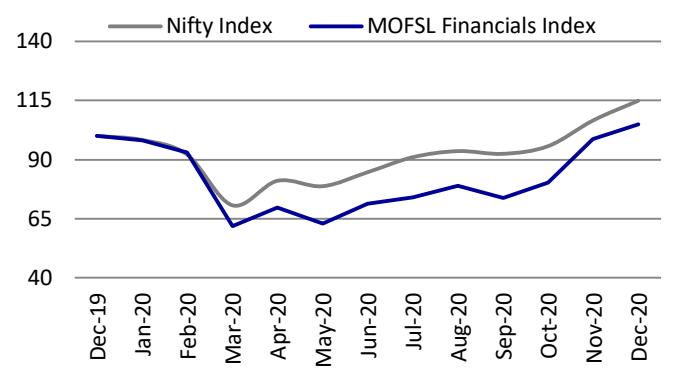
Real Estate activity, in terms of construction and sales, has been picking up. Labor, which was an issue at some projects, has returned to cities with the lifting of lockdown restrictions. However, lenders are disbursing only to existing projects and are not looking much at new projects. Diversified financiers are better off. **BAF witnessed a sharp sequential improvement in disbursement volumes to ~80% of YoY levels. AUM grew 5% QoQ to INR1.44t. We expect it to undertake elevated provisioning in 3Q too.** LTFH and SCUF, too, are likely to have sequentially flattish AUM. We expect LTFH to continue to build up its macro-prudential provision buffer.

**Capital market players on healthy growth trajectory**

3QFY21 remained a healthy quarter in terms of cash and derivatives trading volumes. We expect this to result in strong retail brokerage volumes for ISEC. The impact of the margin funding regulations from 1 December 2020 on industry volumes was minimal. However, with tightening of these regulations over the next three quarters, the impact could be more meaningful. ISEC continues to deliver a steady run-rate in new client acquisition, backed by its open architecture and increasing share of non-ICICIBC channels. IIFL Wealth had a stable quarter in terms of flows, in our view. TBR revenue could be lumpy as it is dependent on deal syndication opportunities. Traction in IIFL One and expense ratio reduction are key monitorables.

**Exhibit 1: Quarterly performance**

Sector	CMP (INR)	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
			Dec-20	Variance YoY (%)	Variance QoQ (%)	Dec-20	Variance YoY (%)	Variance QoQ (%)	Dec-20	Variance YoY (%)	Variance QoQ (%)
Bajaj Finance	5280	Neutral	39,586	9.5	16.3	34,070	13.5	13.3	14,074	-12.8	45.9
Chola. Inv & Fin.	412	Buy	12,752	17.8	1.9	8,950	36.0	-0.5	4,115	5.9	-4.7
HDFC	2570	Buy	38,102	18.6	5.8	35,795	16.6	3.0	25,512	14.5	-5.3
ICICI Securities	466	Buy	5,871	38.9	-13.7	2,842	53.6	-23.7	2,111	53.8	-24.1
IIFL Wealth Mgt	1029	Buy	2,234	1.1	5.9	958	26.0	22.8	796	8.8	-8.9
L&T Fin.Holdings	97	Buy	15,799	-9.2	4.0	11,618	-11.6	0.0	3,212	-45.7	29.7
LIC Housing Fin	378	Buy	12,772	4.0	3.2	11,671	2.1	4.2	7,034	17.7	-11.1
M & M Financial	179	Buy	14,874	8.4	6.9	10,366	16.7	0.5	2,297	-37.1	-24.3
Manappuram Finance	167	Buy	10,064	10.6	3.1	6,757	13.9	3.6	4,289	6.6	5.8
MAS Financial	928	Buy	893	-22.3	7.3	733	-20.8	4.1	399	-27.6	16.6
Muthoot Finance	1214	Buy	16,672	6.1	5.4	12,599	8.9	4.1	8,963	9.9	0.2
PNB Housing	368	Neutral	4,839	12.7	-22.0	4,892	2.1	-14.9	2,060	-13.1	-34.2
Repco Home Fin	241	Buy	1,373	4.2	-1.6	1,158	10.5	0.3	738	5.8	-8.7
Shriram City Union	1081	Buy	8,440	-4.9	-0.8	5,577	-2.6	-0.7	1,928	-35.0	-25.0
Shriram Transport Fin.	1070	Buy	20,922	3.9	2.7	16,170	-0.8	2.6	7,939	-9.7	16.0
<b>NBFC</b>			<b>2,05,195</b>	<b>8.3</b>	<b>4.7</b>	<b>1,64,156</b>	<b>9.7</b>	<b>3.2</b>	<b>85,466</b>	<b>-2.3</b>	<b>0.9</b>

**Exhibit 2: Relative performance — three months (%)****Exhibit 3: Relative performance — one-year (%)****Exhibit 4: EPS estimates largely unchanged for FY21-22E**

Company	Old estimates (INR )		New estimates (INR )		Change (%)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
<b>BAF</b>	72.1	132.0	73.9	140.1	9.3	7.5
<b>CIFC</b>	19.9	23.2	20.3	24.3	1.8	4.6
<b>HDFC</b>	55.0	61.7	55.0	61.7	-0.8	4.8
<b>ISEC</b>	27.8	27.7	27.8	27.7	-	-
<b>IIFL Wealth</b>	39.1	49.9	39.1	49.9	-	-
<b>LICHF</b>	59.6	59.6	59.6	64.8	-0.0	8.8
<b>MMFS</b>	8.0	9.1	7.3	9.3	-8.7	2.5
<b>MASFIN</b>	28.6	34.4	28.6	34.4	-	-
<b>MUTH</b>	87.3	102.2	88.4	104.7	1.2	2.5
<b>MGFL</b>	19.6	23.8	19.4	23.9	-0.7	0.5
<b>PNBHOUSI</b>	56.9	66.6	56.9	66.6	-	-0.0
<b>SCUF</b>	130.2	147.1	129.1	166.6	-0.9	13.2
<b>SHTF</b>	99.7	115.2	101.4	123.2	1.7	6.2
<b>REPCO</b>	48.0	50.8	46.6	49.4	-3.0	2.8

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.

## Bajaj Finance

**Neutral**

**CMP INR5,280 | TP: INR4,900 (-7%)**

**EPS CHANGE (%): FY21 | 22: 9.3 | 7.5**

- Client acquisition/disbursement volumes at ~90%/80% of YoY levels
- Expect INR15b in provisions in 3QFY21E.
- AUM grew 5% QoQ to INR1.44t.
- Incremental cost of funds sub-6%

### BAF: Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	51,010	54,635	61,037	63,023	57,932	57,631	62,810	64,136	229,704	242,508
Interest expenses	21,134	23,234	24,890	25,474	24,976	23,581	23,224	23,010	94,732	94,792
<b>Net Interest Income</b>	<b>29,876</b>	<b>31,400</b>	<b>36,147</b>	<b>37,549</b>	<b>32,956</b>	<b>34,050</b>	<b>39,586</b>	<b>41,125</b>	<b>134,972</b>	<b>147,716</b>
YoY Growth (%)	38.9	40.8	38.9	36.9	10.3	8.4	9.5	9.5	38.8	9.4
Other Operating Income	7,068	8,596	9,201	9,286	8,565	7,602	7,611	7,840	34,152	31,619
<b>Net Income</b>	<b>36,944</b>	<b>39,997</b>	<b>45,347</b>	<b>46,834</b>	<b>41,521</b>	<b>41,652</b>	<b>47,197</b>	<b>48,965</b>	<b>169,124</b>	<b>179,335</b>
YoY Growth (%)	43.3	47.7	41.4	38.4	12.4	4.1	4.1	4.5	42.4	6.0
Operating Expenses	12,922	13,830	15,339	14,515	11,567	11,593	13,127	15,112	56,608	51,399
<b>Operating Profit</b>	<b>24,022</b>	<b>26,167</b>	<b>30,008</b>	<b>32,320</b>	<b>29,954</b>	<b>30,059</b>	<b>34,070</b>	<b>33,853</b>	<b>112,516</b>	<b>127,936</b>
YoY Growth (%)	47.9	49.6	43.8	45.5	24.7	14.9	13.5	4.7	46.5	13.7
Provisions and Cont.	5,507	5,942	8,308	19,538	16,857	17,004	15,000	14,987	39,295	63,848
<b>Profit before Tax</b>	<b>18,514</b>	<b>20,224</b>	<b>21,701</b>	<b>12,782</b>	<b>13,097</b>	<b>13,055</b>	<b>19,070</b>	<b>18,866</b>	<b>73,221</b>	<b>64,088</b>
Tax Provisions	6,562	5,161	5,560	3,301	3,474	3,406	4,996	4,947	20,584	16,823
<b>Net Profit</b>	<b>11,953</b>	<b>15,063</b>	<b>16,141</b>	<b>9,481</b>	<b>9,623</b>	<b>9,649</b>	<b>14,074</b>	<b>13,919</b>	<b>52,638</b>	<b>47,265</b>
YoY Growth (%)	43.0	63.1	52.3	-19.4	-19.5	-35.9	-12.8	46.8	31.8	-10.2
<b>Key Operating Parameters (%)</b>										
Credit Cost	1.85	1.86	2.46	5.56	4.93	5.15	4.39	4.09	3.06	
Cost to Income Ratio	35.0	34.6	33.8	31.0	27.9	27.8	27.8	30.9	33.5	
Tax Rate	35.4	25.5	25.6	25.8	26.5	26.1	26.2	26.2	28.1	

## Cholamandalam Inv. & Fin.

**Buy**

**CMP: INR412 | TP: INR475 (+15%)**

**EPS CHANGE (%): FY21 | 22: 1.8 | 4.6**

- Disbursements back to prior year levels.
- Lower yields with stable CoF to impact margin marginally.
- Collection efficiency continues to improve MoM.
- Expect to continue to build the COVID provision buffer.

### CIFC: Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Income from Operations	20,295	21,970	22,749	21,513	21,136	24,364	24,722	25,223	86,529	95,446
Interest Expense	10,870	11,769	11,924	11,359	11,307	11,852	11,970	12,463	45,922	47,592
<b>Net Interest Income</b>	<b>9,425</b>	<b>10,200</b>	<b>10,825</b>	<b>10,154</b>	<b>9,830</b>	<b>12,512</b>	<b>12,752</b>	<b>12,760</b>	<b>40,607</b>	<b>47,854</b>
YoY Growth (%)	16.3	24.6	23.7	13.0	4.3	22.7	17.8	25.7	19.3	17.8
<b>Total Income</b>	<b>9,425</b>	<b>10,201</b>	<b>10,825</b>	<b>10,156</b>	<b>9,830</b>	<b>12,546</b>	<b>12,753</b>	<b>12,760</b>	<b>40,609</b>	<b>47,889</b>
YoY Growth (%)	16.2	24.6	23.7	13.0	4.3	23.0	17.8	25.6	19.3	17.9
Operating Expenses	3,500	4,016	4,244	4,016	3,458	3,551	3,803	4,368	15,776	15,180
<b>Operating Profit</b>	<b>5,925</b>	<b>6,185</b>	<b>6,581</b>	<b>6,140</b>	<b>6,372</b>	<b>8,996</b>	<b>8,950</b>	<b>8,392</b>	<b>24,833</b>	<b>32,709</b>
YoY Growth (%)	11.9	17.0	17.6	18.8	7.5	45.5	36.0	36.7	16.3	31.7
Provisions & Loan Losses	1,095	952	1,360	5,567	562	3,176	3,500	3,228	8,973	10,465
<b>Profit before Tax</b>	<b>4,830</b>	<b>5,233</b>	<b>5,221</b>	<b>573</b>	<b>5,810</b>	<b>5,820</b>	<b>5,450</b>	<b>5,164</b>	<b>15,860</b>	<b>22,244</b>
Tax Provisions	1,688	2,163	1,336	147	1,501	1,501	1,335	1,269	5,334	5,605
<b>Net Profit</b>	<b>3,142</b>	<b>3,070</b>	<b>3,885</b>	<b>427</b>	<b>4,309</b>	<b>4,319</b>	<b>4,115</b>	<b>3,895</b>	<b>10,526</b>	<b>16,638</b>
YoY Growth (%)	10.2	0.8	27.6	-85.4	37.1	40.7	5.9	813.1	-11.3	58.1
<b>Key Parameters (Calc., %)</b>										
Yield on loans	14.2	14.7	15.0	14.6	14.6	15.7	15.2	15.0	14.5	15.3
Cost of funds	8.2	8.5	8.6	8.3	8.0	8.0	7.9	8.0	8.7	8.1
Spread	6.0	6.2	6.4	6.4	7.7	7.7	7.4	7.0	5.8	7.3
NIM	6.1	6.2	6.6	6.5	6.6	7.8	7.5	7.2	6.0	7.4
C/I ratio	37.1	39.4	39.2	39.5	35.2	28.3	29.8	34.2	38.9	31.7
Credit cost	0.8	0.7	0.9	3.7	0.4	1.9	2.1	1.9	1.6	1.6
Tax rate	34.9	41.3	25.6	25.6	25.8	25.0	24.5	24.6	33.6	25.2

**HDFC****Buy****CMP INR2,570 | TP: INR2,960 (+15%)****EPS CHANGE (%): FY21|22: -0.8|4.8**

- 26% YoY growth in individual disbursements in the quarter
- Margin to expand due to lower CoF and capital raise in 2Q.
- Expect ~12% YoY retail AUM growth in FY21E.
- ESOP expense of INR1.5b in 2QFY21

**HDFC: Quarterly Performance****(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	1,07,811	1,07,809	1,09,827	1,12,046	1,11,524	1,10,020	1,10,984	1,12,063	4,37,493	4,44,590
Interest Expense	77,393	78,307	77,696	76,618	78,171	73,991	73,621	73,336	3,10,014	2,99,118
<b>Net Interest Income</b>	<b>30,418</b>	<b>29,502</b>	<b>32,132</b>	<b>35,428</b>	<b>33,353</b>	<b>36,028</b>	<b>37,362</b>	<b>38,727</b>	<b>1,27,480</b>	<b>1,45,471</b>
YoY Change (%)	10.9	12.7	11.0	12.1	9.7	22.1	16.3	9.3	11.4	14.1
Assignment Income	2,962	2,639	1,703	2,376	1,834	1,590	2,000	2,415	9,679	7,840
<b>NII (including assignment income)</b>	<b>33,380</b>	<b>32,141</b>	<b>33,834</b>	<b>37,803</b>	<b>35,188</b>	<b>37,619</b>	<b>39,362</b>	<b>41,142</b>	<b>1,37,158</b>	<b>1,53,311</b>
YoY Change (%)	15.7	6.6	7.4	17.1	5.4	17.0	16.3	8.8	11.5	11.8
Other Operating Income	628	641	699	1,014	484	780	838	943	2,983	3,046
<b>Core Income</b>	<b>34,008</b>	<b>32,782</b>	<b>34,534</b>	<b>38,818</b>	<b>35,672</b>	<b>38,399</b>	<b>40,200</b>	<b>42,086</b>	<b>1,40,141</b>	<b>1,56,357</b>
YoY Change (%)	15.4	6.1	7.7	15.1	4.9	17.1	16.4	8.4	11.1	11.6
Operating Expenses	3,817	3,789	3,839	3,534	3,964	3,658	4,995	5,347	14,980	17,964
YoY Change (%)	-25.1	17.7	13.2	11.9	3.8	-3.5	30.1	51.3	0.8	19.9
<b>Core Operating profits</b>	<b>30,191</b>	<b>28,992</b>	<b>30,695</b>	<b>35,284</b>	<b>31,708</b>	<b>34,741</b>	<b>35,205</b>	<b>36,738</b>	<b>1,25,161</b>	<b>1,38,392</b>
YoY Change (%)	23.9	4.7	7.1	15.4	5.0	19.8	14.7	4.1	12.5	10.6
Provisions	3,200	2,541	2,950	7,240	2,990	4,360	4,000	4,187	15,931	15,537
<b>Core PBT</b>	<b>26,991</b>	<b>26,451</b>	<b>27,745</b>	<b>28,044</b>	<b>28,718</b>	<b>30,381</b>	<b>31,205</b>	<b>32,551</b>	<b>1,09,230</b>	<b>1,22,855</b>
YoY Change (%)	11.6	0.3	0.9	0.0	6.4	14.9	12.5	16.1	2.9	12.5
Profit on Sale of Inv./MTM on Inv.	18,492	13,048	90,588	4,300	13,352	1,660	2,500	2,498	1,26,428	20,010
Dividend income	11	10,738	38	21	2,982	3,230	3,000	2,946	10,807	12,158
One off expense/Prov	-5,700	-5,000	-27,000	-5,500	-9,000				-43,200	-9,000
Other Income	58	67	60	59	16	47	75	106	244	244
<b>PBT</b>	<b>39,851</b>	<b>45,304</b>	<b>91,430</b>	<b>26,924</b>	<b>36,068</b>	<b>35,318</b>	<b>36,780</b>	<b>38,100</b>	<b>2,03,509</b>	<b>1,46,267</b>
YoY Change (%)	29.8	29.8	218.7	-27.1	-9.5	-22.0	-59.8	41.5	55.1	-28.1
Provision for Tax	7,820	5,689	7,705	4,599	5,553	6,617	7,356	7,534	25,813	27,059
<b>PAT</b>	<b>32,031</b>	<b>39,615</b>	<b>83,725</b>	<b>22,325</b>	<b>30,515</b>	<b>28,701</b>	<b>29,424</b>	<b>30,567</b>	<b>1,77,697</b>	<b>1,19,207</b>
YoY Change (%)	46.3	60.6	296.1	-22.0	-4.7	-27.6	-64.9	36.9	84.5	-32.9

**ICICI Securities****Buy****CMP INR466 | TP: INR625 (+34%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Industry volumes healthy; ISEC to gain market share.
- Opex to remain elevated given the revenue sharing agreement with ICICIBC.
- Pick-up in non-ICICIBC customer acquisition to drive market share gains.
- Distribution income to witness a sequential pick-up.

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

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from Operations	3,865	4,170	4,222	4,804	5,460	6,807	5,866	5,920	17,062	24,053
Other Income	156	12	4	15	4	-2	5	14	187	20
<b>Total Income</b>	<b>4,021</b>	<b>4,182</b>	<b>4,227</b>	<b>4,819</b>	<b>5,464</b>	<b>6,805</b>	<b>5,871</b>	<b>5,934</b>	<b>17,249</b>	<b>24,073</b>
Change YoY (%)	-7.7	-8.7	4.4	12.5	35.9	62.7	38.9	23.1	-0.1	39.6
Operating Expenses	2,261	2,341	2,376	2,742	2,870	3,082	3,029	3,051	9,720	12,032
Change YoY (%)	-3.1	-6.5	-3.7	14.5	26.9	31.6	27.5	11.3	0.2	23.8
<b>PBT</b>	<b>1,760</b>	<b>1,841</b>	<b>1,851</b>	<b>2,077</b>	<b>2,594</b>	<b>3,723</b>	<b>2,842</b>	<b>2,882</b>	<b>7,529</b>	<b>12,042</b>
Change YoY (%)	-13.1	-11.4	17.1	10.0	47.4	102.2	53.6	38.8	-0.6	59.9
Tax Provisions	622	490	479	519	663	942	731	735	2,109	3,071
<b>Net Profit</b>	<b>1,138</b>	<b>1,351</b>	<b>1,372</b>	<b>1,559</b>	<b>1,931</b>	<b>2,782</b>	<b>2,111</b>	<b>2,147</b>	<b>5,420</b>	<b>8,971</b>
Change YoY (%)	-15.0	0.7	35.6	28.3	69.7	105.9	53.8	37.8	10.4	65.5
<b>Key Operating Parameters (%)</b>										
Cost to Income Ratio	56.2	56.0	56.2	56.9	52.5	45.3	51.6	51.4	56.4	50.0
PBT Margin	43.8	44.0	43.8	43.1	47.5	54.7	48.4	48.6	43.6	50.0
Tax Rate	35.4	26.6	25.9	25.0	25.6	25.3	25.7	25.5	28.0	25.5
PAT Margin	28.3	32.3	32.5	32.3	35.3	40.9	36.0	36.2	31.4	37.3

**IIFL Wealth Management****Buy****CMP INR1,029 | TP: INR1,240 (+21%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- 3% QoQ growth in net AUM to INR1.71t.
- Expect a pick-up in ARR.

- ESOP provisioning to keep employee cost elevated.
- Commentary on trend in new flows and margin important.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Revenue</b>	<b>2,108</b>	<b>2,316</b>	<b>2,210</b>	<b>2,570</b>	<b>1,990</b>	<b>2,110</b>	<b>2,234</b>	<b>2,412</b>	<b>9,204</b>	<b>8,746</b>
Change (%)	-27.5	-13.7	1.0	5.0	-5.6	-8.9	1.1	-6.2	-10.0	-5.0
ARR Assets Income	1,286	1,249	1,390	1,420	1,280	1,390	1,490	1,643	5,345	5,803
TBR Assets Income	823	1,067	820	1,150	710	720	744	769	3,860	2,943
<b>Operating Expenses</b>	<b>1,269</b>	<b>1,304</b>	<b>1,450</b>	<b>1,630</b>	<b>1,300</b>	<b>1,330</b>	<b>1,276</b>	<b>1,282</b>	<b>5,650</b>	<b>5,188</b>
Change (%)	-11.0	-7.2	12.4	38.6	2.4	2.0	-12.0	-21.4	6.7	-8.2
Cost-to-Income Ratio (%)	60.2	56.3	65.6	63.4	65.3	63.0	57.1	53.1	61.4	59.3
<b>Operating Profit</b>	<b>839</b>	<b>1,011</b>	<b>760</b>	<b>940</b>	<b>690</b>	<b>780</b>	<b>958</b>	<b>1,130</b>	<b>3,554</b>	<b>3,558</b>
Change (%)	-43.4	-20.9	-15.4	-26.1	-17.8	-22.9	26.0	20.2	-28.0	0.1
Other Income	62	-191	230	-790	400	350	125	125	-690	1,000
<b>Profit Before Tax</b>	<b>901</b>	<b>820</b>	<b>990</b>	<b>150</b>	<b>1,090</b>	<b>1,130</b>	<b>1,083</b>	<b>1,255</b>	<b>2,865</b>	<b>4,558</b>
Change (%)	-40.3	-47.1	-4.1	-88.3	20.9	37.8	9.4	736.9	-46.7	59.1
Tax	287	136	258	171	271	257	287	334	853	1,149
Tax Rate (%)	31.8	16.6	26.1	114.2	24.8	22.7	26.5	26.6	29.8	25.2
<b>PAT</b>	<b>615</b>	<b>684</b>	<b>732</b>	<b>-21</b>	<b>819</b>	<b>873</b>	<b>796</b>	<b>921</b>	<b>2,012</b>	<b>3,409</b>
Change (%)	-43.8	-31.9	-8.6	-102.5	33.3	27.6	8.8	NM	-46.1	69.4
PAT Margin (%)	29.2	29.5	33.1	-0.8	41.2	41.4	35.6	38.2	21.9	39.0
<b>Key Operating Parameters (%)</b>										
<b>AUM (INR B)</b>	<b>1,423</b>	<b>1,439</b>	<b>1,508</b>	<b>1,388</b>	<b>1,583</b>	<b>1,671</b>	<b>1,713</b>	<b>1,882</b>	<b>1,388</b>	<b>1,583</b>
Change (%)	24.3	19.7	15.9	1.6	11.2	16.2	13.6	35.6	1.6	14.0

**LIC Housing Finance****Buy****CMP INR378 | TP: INR460 (+22%)****EPS CHANGE (%): FY21|22: 0.0|8.8**

- Expect loan growth at 7% YoY with largely stable mix.
- Estimate provisions of INR2.8b v/s INR1.1b QoQ.
- Lower CoF to offset yield pressure; spreads stable at 1.5%.
- Watch out for commentary on restructuring.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	47,565	49,100	49,432	48,474	49,342	49,382	49,219	48,895	1,94,620	1,96,837
Interest Expense	36,026	37,018	37,152	37,642	37,645	37,002	36,447	35,827	1,47,839	1,46,920
<b>Net Interest Income</b>	<b>11,539</b>	<b>12,082</b>	<b>12,279</b>	<b>10,832</b>	<b>11,697</b>	<b>12,380</b>	<b>12,772</b>	<b>13,068</b>	<b>46,781</b>	<b>49,917</b>
YoY Growth (%)	17.8	15.3	17.8	-9.8	1.4	2.5	4.0	20.6	9.5	6.7
Fees and other income	507	691	533	396	433	437	585	680	2,078	2,136
<b>Net Income</b>	<b>12,046</b>	<b>12,773</b>	<b>12,812</b>	<b>11,227</b>	<b>12,130</b>	<b>12,817</b>	<b>13,357</b>	<b>13,748</b>	<b>48,859</b>	<b>52,053</b>
YoY Growth (%)	16.5	19.4	15.5	-10.9	0.7	0.3	4.3	22.5	9.2	6.5
Operating Expenses	1,064	1,432	1,383	2,288	1,367	1,615	1,687	1,852	6,167	6,521
<b>Operating Profit</b>	<b>10,982</b>	<b>11,341</b>	<b>11,430</b>	<b>8,940</b>	<b>10,763</b>	<b>11,202</b>	<b>11,671</b>	<b>11,896</b>	<b>42,692</b>	<b>45,532</b>
YoY Growth (%)	15.7	17.6	15.2	-18.1	-2.0	-1.2	2.1	33.1	6.8	6.7
Provisions and Cont.	2,573	2,780	3,977	672	587	1,109	2,800	3,079	10,002	7,575
<b>Profit before Tax</b>	<b>8,409</b>	<b>8,561</b>	<b>7,453</b>	<b>8,267</b>	<b>10,177</b>	<b>10,093</b>	<b>8,871</b>	<b>8,817</b>	<b>32,690</b>	<b>37,957</b>
Tax Provisions	2,302	839	1,478	4,053	2,002	2,184	1,836	1,835	8,672	7,857
<b>Net Profit</b>	<b>6,107</b>	<b>7,722</b>	<b>5,975</b>	<b>4,214</b>	<b>8,175</b>	<b>7,909</b>	<b>7,034</b>	<b>6,981</b>	<b>24,018</b>	<b>30,100</b>
YoY Growth (%)	7.5	34.7	0.2	-39.2	33.9	2.4	17.7	65.7	-1.2	25.3
<b>Key Operating Parameters (%)</b>										
Yield on loans (Cal)	9.70	9.80	9.68	9.32	9.39	9.34	9.10	8.76	9.71	9.09
Cost of funds (Cal)	8.39	8.42	8.17	8.01	7.94	7.82	7.57	7.15	8.17	7.40
Spreads (Cal)	1.31	1.38	1.51	1.31	1.45	1.52	1.53	1.60	1.54	1.69
Margin (Cal)	2.35	2.41	2.40	2.08	2.23	2.34	2.36	2.34	2.25	2.22
Credit Cost (Cal)	0.52	0.55	0.78	0.13	0.11	0.21	0.52	0.55	0.50	0.35
Cost-to-Income Ratio	8.8	11.2	10.8	20.4	11.3	12.6	12.6	13.5	12.6	12.5
Tax Rate	27.4	9.8	19.8	49.0	19.7	21.6	20.7	20.8	26.5	20.7

**Mahindra Financial Services****Buy****CMP INR179 | TP: INR210 (+18%)****EPS CHANGE (%): FY21|22: -8.7|2.5**

- Disbursements likely to be ~65% of YoY levels.
- Expect provisioning at INR7.3b v/s INR6.2b QoQ.

- Expect a sequential uptick in opex.
- Less than 1% of the book has opted for restructuring.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Operating Income	23,940	24,864	25,806	26,369	26,405	26,129	26,967	27,619	1,00,979	1,07,120
Other Income	185	545	354	389	144	366	375	366	1,473	1,252
<b>Total income</b>	<b>24,125</b>	<b>25,409</b>	<b>26,160</b>	<b>26,758</b>	<b>26,549</b>	<b>26,495</b>	<b>27,342</b>	<b>27,986</b>	<b>1,02,451</b>	<b>1,08,372</b>
YoY Growth (%)	24.4	18.4	16.5	7.9	10.0	4.3	4.5	4.6	16.3	5.8
Interest Expense	11,282	12,022	12,089	12,895	12,646	12,216	12,094	12,202	48,287	49,158
<b>Net Income</b>	<b>12,843</b>	<b>13,387</b>	<b>14,072</b>	<b>13,863</b>	<b>13,903</b>	<b>14,279</b>	<b>15,249</b>	<b>15,783</b>	<b>54,164</b>	<b>59,215</b>
YoY Growth (%)	17.7	10.2	14.8	3.8	8.3	6.7	8.4	13.9	11.3	9.3
Operating Expenses	5,600	5,196	5,189	4,197	3,457	3,968	4,882	5,408	20,182	17,715
<b>Operating Profit</b>	<b>7,243</b>	<b>8,190</b>	<b>8,883</b>	<b>9,666</b>	<b>10,447</b>	<b>10,311</b>	<b>10,366</b>	<b>10,376</b>	<b>33,982</b>	<b>41,500</b>
YoY Growth (%)	2.6	4.1	19.3	23.9	44.2	25.9	16.7	7.3	12.6	22.1
Provisions	6,196	3,606	4,001	6,741	8,427	6,194	7,250	7,503	20,545	29,374
<b>Profit before Tax</b>	<b>1,047</b>	<b>4,584</b>	<b>4,882</b>	<b>2,925</b>	<b>2,020</b>	<b>4,117</b>	<b>3,116</b>	<b>2,872</b>	<b>13,438</b>	<b>12,126</b>
Tax Provisions	363	2,066	1,229	716	523	1,082	820	753	4,374	3,177
<b>Net Profit</b>	<b>684</b>	<b>2,518</b>	<b>3,653</b>	<b>2,209</b>	<b>1,497</b>	<b>3,035</b>	<b>2,297</b>	<b>2,120</b>	<b>9,064</b>	<b>8,949</b>
YoY Growth (%)	-74.6	-34.0	14.6	-62.4	118.7	20.6	-37.1	-4.0	-41.8	-1.3
<b>Key Operating Parameters (%)</b>										
Yield on loans (Cal)	15.3	15.5	15.7	15.9	16.2	16.1	16.3	16.2	15.8	15.8
Cost of funds (Cal)	8.4	8.6	8.4	8.7	8.2	7.9	8.1	8.2	8.6	8.3
Spreads (Cal)	6.9	6.8	7.3	7.2	8.0	8.2	8.2	7.9	7.2	7.5
Credit Cost (Cal)	4.0	2.3	2.5	4.1	5.2	3.9	4.5	4.5	3.3	4.4
Cost-to-Income Ratio	43.6	38.8	36.9	30.3	24.9	27.8	32.0	34.3	37.3	29.9
Tax Rate	34.6	45.1	25.2	24.5	25.9	26.3	26.3	26.2	32.5	26.2

**MAS Financial****Buy****CMP INR928 | TP: INR1,040 (+12%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect AUM to grow 4% QoQ.
- Gain on assignments to pick-up marginally.

- With an improvement in NIM, net income should grow 7% YoY.
- Provisions to be lower than prior quarters by ~INR200m.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Revenue from Operations</b>	<b>1,592</b>	<b>1,675</b>	<b>1,836</b>	<b>1,729</b>	<b>1,604</b>	<b>1,530</b>	<b>1,605</b>	<b>1,731</b>	<b>7,224</b>	<b>6,469</b>
Interest Income	1,357	1,394	1,447	1,393	1,412	1,206	1,267	1,348	5,969	5,233
Gain on assignments	200	242	344	289	157	245	275	306	1,093	984
Other operating Income	35	38	45	46	34	79	63	76	162	252
Interest expense	640	718	686	690	694	697	711	733	2,961	2,834
<b>Total income</b>	<b>953</b>	<b>957</b>	<b>1,150</b>	<b>1,039</b>	<b>910</b>	<b>833</b>	<b>893</b>	<b>998</b>	<b>4,263</b>	<b>3,635</b>
Growth YoY (%)	21.1	11.5	11.8	5.3	-4.4	-13.0	-22.3	-3.9	16.5	-14.7
Operating Expenses	196	231	225	232	122	129	161	185	988	597
<b>Operating Profit</b>	<b>756</b>	<b>725</b>	<b>925</b>	<b>807</b>	<b>788</b>	<b>704</b>	<b>733</b>	<b>813</b>	<b>3,275</b>	<b>3,038</b>
Growth YoY (%)	25.5	10.4	12.1	0.8	4.2	-3.0	-20.8	0.8	13.6	-7.3
Provisions	130	226	186	327	299	248	200	202	889	948
<b>Profit before tax</b>	<b>627</b>	<b>500</b>	<b>739</b>	<b>479</b>	<b>489</b>	<b>456</b>	<b>533</b>	<b>611</b>	<b>2,386</b>	<b>2,089</b>
Growth YoY (%)	33.8	-6.8	6.6	-25.1	-21.9	-8.7	-28.0	27.5	2.0	-12.4
Tax Provisions	219	98	188	123	123	114	134	153	573	524
<b>Net Profit</b>	<b>407</b>	<b>402</b>	<b>551</b>	<b>357</b>	<b>366</b>	<b>342</b>	<b>399</b>	<b>458</b>	<b>1,813</b>	<b>1,565</b>
Growth YoY (%)	33.7	16.2	21.3	-14.2	-10.2	-14.9	-27.6	28.4	19.2	-13.7

**Manappuram Finance****Buy****CMP INR167 | TP: INR205 (+23%)****EPS CHANGE (%): FY21|22: -0.7|0.5**

- Expect 4% QoQ/16% YoY growth in AUM.
- Credit costs to remain elevated at INR1b due to higher provisioning for non-gold loan business.

- Lower incremental yields; margin expected ~15%.
- Expect minimal restructuring in the non-gold loan book.

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

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	11,613	12,445	13,567	14,719	14,758	15,473	15,859	16,229	52,171	62,319
Interest Expense	4,058	4,249	4,465	5,808	5,668	5,710	5,795	5,886	18,322	23,059
<b>Net Interest Income</b>	<b>7,555</b>	<b>8,196</b>	<b>9,102</b>	<b>8,911</b>	<b>9,089</b>	<b>9,763</b>	<b>10,064</b>	<b>10,343</b>	<b>33,848</b>	<b>39,260</b>
YoY Growth (%)	22.0	21.6	29.8	26.1	20.3	19.1	10.6	16.1	25.3	16.0
Other income	395	896	576	1,462	407	307	380	431	3,341	1,525
<b>Total Income</b>	<b>7,950</b>	<b>9,092</b>	<b>9,677</b>	<b>10,374</b>	<b>9,496</b>	<b>10,070</b>	<b>10,444</b>	<b>10,774</b>	<b>37,190</b>	<b>40,785</b>
Operating Expenses	3,537	3,654	3,742	3,807	3,121	3,545	3,687	3,816	14,741	14,169
<b>Operating Profit</b>	<b>4,413</b>	<b>5,438</b>	<b>5,935</b>	<b>6,567</b>	<b>6,376</b>	<b>6,524</b>	<b>6,757</b>	<b>6,959</b>	<b>22,449</b>	<b>26,615</b>
YoY Growth (%)	35.8	48.5	49.7	55.0	44.5	20.0	13.9	6.0	48.5	18.6
Provisions	341	293	491	1,226	1,453	1,080	1,000	1,046	2,376	4,579
<b>Profit before Tax</b>	<b>4,071</b>	<b>5,144</b>	<b>5,444</b>	<b>5,341</b>	<b>4,923</b>	<b>5,444</b>	<b>5,757</b>	<b>5,913</b>	<b>20,073</b>	<b>22,037</b>
Tax Provisions	1,404	1,068	1,421	1,359	1,249	1,390	1,468	1,513	5,270	5,619
<b>Net Profit</b>	<b>2,668</b>	<b>4,077</b>	<b>4,022</b>	<b>3,982</b>	<b>3,674</b>	<b>4,054</b>	<b>4,289</b>	<b>4,400</b>	<b>14,803</b>	<b>16,418</b>
YoY Growth (%)	33.4	82.0	62.8	43.6	37.7	-0.5	6.6	10.5	56.1	10.9

**Muthoot Finance****Buy****CMP INR 1,214 | TP: INR1,500 (+24%)****EPS CHANGE (%): FY21|22: 1.2|2.5**

- Expect provisions of INR600m v/s INR107m QoQ.
- Lower incremental yields; spreads expected ~13%.

- Expect 5% QoQ/28% YoY growth in AUM to INR491b.
- New client acquisition key to growth given stable gold prices.

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

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Income from operations	18,274	21,057	22,806	23,506	23,160	25,066	26,006	26,995	85,644	1,01,228
Other operating income	294	312	399	497	691	768	625	696	1,502	2,779
<b>Total Operating income</b>	<b>18,568</b>	<b>21,369</b>	<b>23,206</b>	<b>24,004</b>	<b>23,851</b>	<b>25,834</b>	<b>26,631</b>	<b>27,691</b>	<b>87,146</b>	<b>1,04,007</b>
YoY Growth (%)	13.8	29.5	35.2	27.7	28.4	20.9	14.8	15.4	26.7	19.3
<b>Total Income</b>	<b>18,587</b>	<b>21,405</b>	<b>23,209</b>	<b>24,026</b>	<b>23,854</b>	<b>25,845</b>	<b>26,656</b>	<b>27,728</b>	<b>87,228</b>	<b>1,04,082</b>
YoY Growth (%)	13.8	29.7	35.2	27.8	28.3	20.7	14.9	15.4	26.8	19.3
Interest Expense	6,416	6,699	7,094	7,700	8,715	9,241	9,334	9,319	27,909	36,609
<b>Net Income</b>	<b>12,171</b>	<b>14,707</b>	<b>16,115</b>	<b>16,326</b>	<b>15,139</b>	<b>16,603</b>	<b>17,322</b>	<b>18,409</b>	<b>59,319</b>	<b>67,473</b>
Operating Expenses	3,972	3,969	4,542	5,304	3,738	4,496	4,724	5,436	17,787	18,394
<b>Operating Profit</b>	<b>8,199</b>	<b>10,738</b>	<b>11,573</b>	<b>11,021</b>	<b>11,400</b>	<b>12,107</b>	<b>12,599</b>	<b>12,972</b>	<b>41,531</b>	<b>49,079</b>
YoY Growth (%)	8.2	43.6	47.6	35.3	39.0	12.8	8.9	17.7	33.8	18.2
Provisions	33	265	612	48	146	107	600	787	957	1,640
<b>Profit before Tax</b>	<b>8,166</b>	<b>10,473</b>	<b>10,961</b>	<b>10,974</b>	<b>11,255</b>	<b>12,000</b>	<b>11,999</b>	<b>12,185</b>	<b>40,574</b>	<b>47,438</b>
Tax Provisions	2,866	1,894	2,809	2,822	2,847	3,056	3,036	3,063	10,391	12,002
<b>Net Profit</b>	<b>5,300</b>	<b>8,579</b>	<b>8,152</b>	<b>8,151</b>	<b>8,408</b>	<b>8,944</b>	<b>8,963</b>	<b>9,122</b>	<b>30,183</b>	<b>35,436</b>
YoY Growth (%)	7.8	77.3	68.0	59.4	58.6	4.3	9.9	11.9	53.0	17.4
<b>Key Operating Parameters (%)</b>										
Yield on loans (Cal)	21.2	23.9	25.0	24.0	23.0	23.4	22.2	22.1	22.1	21.6
Cost of funds (Cal)	9.3	9.5	9.3	8.8	9.2	9.1			8.7	9.5
Spreads (Cal)	11.9	14.4	15.7	15.1	13.9	14.3			13.4	12.1
NIMs (Cal)	13.9	16.4	17.4	16.3	14.6	15.0	14.4	14.7	14.9	13.8
Credit Cost	0.0	0.3	0.7	0.0	0.1	0.1	0.5	0.6	0.2	0.4
Cost-to-Income Ratio	32.6	27.0	28.2	32.5	24.7	27.1	27.3	29.5	30.0	27.3
Tax Rate	35.1	18.1	25.6	25.7	25.3	25.5	25.3	25.1	25.6	25.3

**PNB Housing Finance****Neutral****CMP INR368 | TP: INR390 (+6%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect disbursements of INR39b; AUM to be flat QoQ.
- Expect provisions at INR2.3b v/s INR1.8b QoQ.

- Spreads (calc.) to witness some pressure ~2.9%.
- Commentary on equity capital raise important.

**PNBHF: Quarterly performance****(INR m)**

	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	19,794	20,159	18,904	18,026	18,015	19,603	18,035	17,407	76,882	73,061
Interest Expense	15,127	15,213	14,610	13,800	13,635	13,397	13,196	12,877	58,750	53,105
<b>Net Interest Income</b>	<b>4,667</b>	<b>4,946</b>	<b>4,293</b>	<b>4,226</b>	<b>4,380</b>	<b>6,206</b>	<b>4,839</b>	<b>4,530</b>	<b>18,133</b>	<b>19,956</b>
YoY Growth (%)	10.1	29.1	21.3	-9.2	-6.2	25.5	12.7	7.2	11.5	10.1
Other income	2,532	2,145	1,844	1,493	708	612	1,265	1,811	8,013	4,396
<b>Total Income</b>	<b>7,199</b>	<b>7,091</b>	<b>6,138</b>	<b>5,719</b>	<b>5,088</b>	<b>6,818</b>	<b>6,104</b>	<b>6,342</b>	<b>26,146</b>	<b>24,352</b>
YoY Growth (%)	31.2	22.4	-8.1	-20.6	-29.3	-3.8	-0.5	10.9	3.9	-6.9
Operating Expenses	1,417	1,315	1,347	1,443	1,042	1,067	1,212	1,520	5,522	4,842
YoY Growth (%)	9.6	-7.5	-13.9	-12.8	-26.4	-18.9	-10.0	5.4	-7.0	-12.3
<b>Operating Profit</b>	<b>5,782</b>	<b>5,776</b>	<b>4,790</b>	<b>4,276</b>	<b>4,046</b>	<b>5,751</b>	<b>4,892</b>	<b>4,822</b>	<b>20,624</b>	<b>19,510</b>
YoY Growth (%)	37.9	32.1	-6.4	-23.0	-30.0	-0.4	2.1	12.8	7.2	-5.4
Provisions	1,642	1,516	1,808	7,548	751	1,796	2,250	2,445	12,514	7,241
<b>Profit before Tax</b>	<b>4,140</b>	<b>4,260</b>	<b>2,983</b>	<b>-3,272</b>	<b>3,295</b>	<b>3,956</b>	<b>2,642</b>	<b>2,377</b>	<b>8,110</b>	<b>12,269</b>
Tax Provisions	1,296	592	612	-852	723	823	581	572	1,648	2,699
<b>Profit after tax</b>	<b>2,845</b>	<b>3,668</b>	<b>2,370</b>	<b>-2,421</b>	<b>2,572</b>	<b>3,133</b>	<b>2,060</b>	<b>1,805</b>	<b>6,462</b>	<b>9,570</b>
YoY Growth (%)	11.2	45.0	-21.8	-163.7	-9.6	-14.6	-13.1	-174.6	-45.8	48.1

**Repco Home Finance****Buy****CMP INR241 | TP: INR340 (+41%)****EPS CHANGE (%): FY21|22: -3.0|-2.8**

- Disbursements ~INR6b (near YoY levels).
- CE key monitorable; expect credit costs of INR175m.
- NIMs on loans to stabilize QoQ at 4.7%.
- Expect minimal restructuring of loans.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	3,286	3,322	3,406	3,441	3,384	3,486	3,469	3,456	13,174	13,795
Interest Expense	2,015	2,085	2,088	2,062	2,104	2,090	2,095	2,100	8,250	8,389
<b>Net Income</b>	<b>1,271</b>	<b>1,237</b>	<b>1,318</b>	<b>1,379</b>	<b>1,280</b>	<b>1,396</b>	<b>1,373</b>	<b>1,356</b>	<b>4,924</b>	<b>5,406</b>
YoY Growth (%)	11.2	3.4	10.8	18.5	0.7	12.9	4.2	-1.6	4.9	9.8
Other income	-2	33	4	20	35	16	60	91	337	202
<b>Total Income</b>	<b>1,270</b>	<b>1,270</b>	<b>1,322</b>	<b>1,399</b>	<b>1,315</b>	<b>1,412</b>	<b>1,433</b>	<b>1,447</b>	<b>5,261</b>	<b>5,608</b>
YoY Growth (%)	6.8	5.4	11.0	19.9	3.6	11.2	8.4	3.4	10.7	6.6
Operating Expenses	235	249	274	307	235	257	275	301	1,065	1,068
YoY Growth (%)	7.3	5.7	8.5	10.8	0.1	3.2	0.3	-1.9	8.2	0.3
<b>Operating Profit</b>	<b>1,035</b>	<b>1,021</b>	<b>1,048</b>	<b>1,093</b>	<b>1,080</b>	<b>1,155</b>	<b>1,158</b>	<b>1,147</b>	<b>4,196</b>	<b>4,540</b>
YoY Growth (%)	6.7	5.3	11.6	22.7	4.4	13.1	10.5	5.0	11.4	8.2
Provisions	75	1	115	403	221	72	175	178	594	647
<b>Profit before Tax</b>	<b>960</b>	<b>1,020</b>	<b>933</b>	<b>690</b>	<b>859</b>	<b>1,083</b>	<b>983</b>	<b>969</b>	<b>3,602</b>	<b>3,894</b>
Tax Provisions	336	14	236	213	219	275	246	242	798	981
<b>Profit after tax</b>	<b>624</b>	<b>1,006</b>	<b>697</b>	<b>477</b>	<b>640</b>	<b>808</b>	<b>738</b>	<b>727</b>	<b>2,804</b>	<b>2,913</b>
YoY Growth (%)	2.4	51.1	25.3	-7.4	2.6	-19.7	5.8	52.4	19.5	3.9
Loan growth (%)	12.6	10.7	9.0	7.2	5.6	5.2	4.9	4.9	6.9	7.0
Cost-to-Income Ratio (%)	18.5	19.6	20.7	21.9	17.9	18.2	19.2	20.8	20.2	19.0
Tax Rate (%)	35.0	1.3	25.3	30.8	25.5	25.4	25.0	24.9	22.2	25.2
<b>Key Parameters (%)</b>										
Yield on loans (Cal)	11.7	11.6	11.8	11.7	11.4	11.6	11.4	11.2	11.7	
Cost of funds (Cal)	8.6	8.5	8.4	8.3	8.3	8.2	8.1	8.0	8.5	
Spreads (Cal)	3.2	3.1	3.4	3.4	3.0	3.4	3.3	3.2	3.2	
NIMs (Reported)	4.5	4.3	4.6	4.7	4.3	4.6			4.4	
Credit Cost	0.3	0.0	0.4	1.4	0.7	0.2	0.6	0.6		
Cost-to-Income Ratio	18.5	19.6	20.7	21.9	17.9	18.2	19.2	20.8		
Tax Rate	35.0	1.3	25.3	30.8	25.5	25.4	25.0	24.9		

## Shriram City Union Finance

Buy

CMP INR1,081 | TP: INR1,250 (+16%)

EPS CHANGE (%): FY21|22: -0.9|13.2

- Disbursements of ~INR57b driven by 2W and gold finance.
- Expect ~INR3b in credit costs in 3QFY21E.
- Expect flat AUM sequentially (down 7% YoY).
- Raised long-term borrowings of INR45b in 3QFY21.

### Quarterly performance

(INR m)

Y/E MARCH	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	14,449	14,361	14,174	13,988	13,899	13,698	13,630	13,746	56,972	54,973
Interest expense	5,316	5,359	5,296	5,497	5,375	5,190	5,190	5,247	21,402	21,002
<b>Net Interest Income</b>	<b>9,134</b>	<b>9,002</b>	<b>8,877</b>	<b>8,490</b>	<b>8,525</b>	<b>8,508</b>	<b>8,440</b>	<b>8,499</b>	<b>35,570</b>	<b>33,972</b>
YoY Growth (%)	-1.3	-7.8	-0.6	-5.3	-6.7	-5.5	-4.9	0.1	-3.6	-4.5
Fees and Other Income	423	541	525	514	246	293	450	532	1,901	1,521
<b>Net Operating Income</b>	<b>9,557</b>	<b>9,543</b>	<b>9,402</b>	<b>9,004</b>	<b>8,771</b>	<b>8,801</b>	<b>8,890</b>	<b>9,031</b>	<b>37,471</b>	<b>35,493</b>
YoY Growth (%)	2.1	-6.5	1.7	-3.9	-8.2	-7.8	-5.5	0.3	-1.9	-5.3
Operating Expenses	3,783	3,799	3,675	3,861	3,105	3,182	3,313	3,456	15,084	13,056
<b>Operating Profit</b>	<b>5,774</b>	<b>5,744</b>	<b>5,727</b>	<b>5,143</b>	<b>5,666</b>	<b>5,619</b>	<b>5,577</b>	<b>5,574</b>	<b>22,387</b>	<b>22,437</b>
YoY Growth (%)	1.6	-8.0	2.3	-10.4	-1.9	-2.2	-2.6	8.4	-3.8	0.2
Provisions	1,933	1,969	1,822	3,114	3,102	2,015	3,000	2,933	8,837	11,049
<b>Profit before Tax</b>	<b>3,841</b>	<b>3,775</b>	<b>3,905</b>	<b>2,029</b>	<b>2,564</b>	<b>3,604</b>	<b>2,577</b>	<b>2,641</b>	<b>13,550</b>	<b>11,387</b>
Tax Provisions	1,309	800	937	498	642	1,035	649	543	3,545	2,870
<b>Net Profit</b>	<b>2,532</b>	<b>2,975</b>	<b>2,968</b>	<b>1,531</b>	<b>1,923</b>	<b>2,569</b>	<b>1,928</b>	<b>2,098</b>	<b>10,005</b>	<b>8,518</b>
YoY Growth (%)	10.3	19.3	14.7	-39.1	-24.1	-13.7	-35.0	37.1	1.2	-14.9
<b>Key Operating Parameters (%)</b>										
Yield on loans (calc., %)	19.3	19.1	19.1	19.1	19.3	19.6	19.8	20.0	19.7	19.7
Cost of funds (calc., %)	9.5	9.8	9.8	9.7	9.6	9.6	9.4	9.4	9.4	9.2
Spreads (%)	9.8	9.3	9.4	9.4	9.7	10.0	10.4	10.6	10.4	10.5
Cost-to-Income Ratio (%)	39.6	39.8	39.1	42.9	35.4	36.2	37.3	38.3	40.3	36.8
Credit cost (calc., %)	2.6	2.6	2.5	4.2	4.3	2.9	0.0	0.0	3.0	3.9
Tax Rate (%)	34.1	21.2	24.0	24.6	25.0	28.7	25.2	20.6	26.2	25.2

## Shriram Transport Finance

Buy

CMP INR1,062 | TP: INR1,325 (+25%)

EPS CHANGE (%): FY21|22: 1.7|6.2

- Expect disbursements of INR115b (at YoY levels).
- CE improving; bake in provisions of INR6b (flattish QoQ).
- Expect NIMs on loans to stabilize QoQ at 8%.
- Watch out for commentary around restructuring of loans.

### Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	39,721	41,099	41,337	40,922	41,026	42,997	43,212	44,329	1,62,675	1,71,564
Interest expense	20,112	21,134	21,193	21,589	22,672	22,629	22,290	22,991	82,703	90,583
<b>Net Interest Income</b>	<b>19,609</b>	<b>19,965</b>	<b>20,144</b>	<b>19,333</b>	<b>18,354</b>	<b>20,368</b>	<b>20,922</b>	<b>21,338</b>	<b>79,972</b>	<b>80,981</b>
Change YoY (%)	6.1	-3.3	-0.8	0.1	-6.4	2.0	3.9	10.4	1.6	1.3
Other Operating Income	502	1,077	1,524	762	383	480	500	553	2,949	1,445
Other Income	89	23	22	46	38	35	55	75	203	2,120
<b>Net Income</b>	<b>20,200</b>	<b>21,064</b>	<b>21,689</b>	<b>20,142</b>	<b>18,775</b>	<b>20,883</b>	<b>21,477</b>	<b>21,966</b>	<b>83,124</b>	<b>84,546</b>
Change YoY (%)	7.6	0.4	4.5	1.1	-7.1	-0.9	-1.0	9.1	3.5	1.7
Operating Expenses	4,772	5,189	5,382	5,416	3,823	5,125	5,307	5,559	20,788	19,814
<b>Operating Profit</b>	<b>15,428</b>	<b>15,875</b>	<b>16,307</b>	<b>14,726</b>	<b>14,952</b>	<b>15,759</b>	<b>16,170</b>	<b>16,406</b>	<b>62,336</b>	<b>64,732</b>
Change YoY (%)	9.8	-2.2	0.7	-2.6	-3.1	-0.7	-0.8	11.4	1.2	3.8
Provisions	5,612	6,607	4,444	11,287	10,646	6,555	5,500	6,101	27,949	28,801
<b>Profit before Tax</b>	<b>9,816</b>	<b>9,269</b>	<b>11,863</b>	<b>3,439</b>	<b>4,306</b>	<b>9,204</b>	<b>10,670</b>	<b>10,306</b>	<b>34,387</b>	<b>35,931</b>
Tax Provisions	3,473	1,618	3,072	1,205	1,105	2,359	2,732	2,633	9,360	8,828
<b>Net Profit</b>	<b>6,343</b>	<b>7,651</b>	<b>8,792</b>	<b>2,234</b>	<b>3,201</b>	<b>6,846</b>	<b>7,939</b>	<b>7,673</b>	<b>25,027</b>	<b>27,103</b>
Change YoY (%)	10.7	25.5	38.4	-70.1	-49.5	-10.5	-9.7	243.5	-2.4	8.3
<b>Key Operating Parameters (%)</b>										
Yield on loans (Cal)	16.2	16.5	16.3	16.0	16.0	16.6	16.4	16.6	16.0	16.0
Cost of funds (Cal)	9.0	9.3	9.3	9.3	9.6	9.5	9.2	9.4	9.1	9.4
Spreads (Cal)	7.2	7.1	7.0	6.8	6.4	7.1	7.1	7.2	6.9	6.6
NIMs (Reported)	7.2	7.2	7.1	6.8	6.4	6.7				
Credit Cost	2.1	2.5	1.6	4.1	3.8	2.3	1.9	2.1	2.8	2.7
Cost-to-Income Ratio	23.6	24.6	24.8	26.9	20.4	24.5	24.7	25.3	25.0	23.4
Tax Rate	35.4	17.5	25.9	35.0	25.7	25.6	25.6	25.5	27.2	24.6

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

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