

NBFC

2021 Outlook – Faster, Higher, Stronger

Entering into 2021, we believe NBFCs are well placed for a strong revival driven by, a) significantly improved, diversified and granular liability profile, b) resilient ALMs with highest ever on-BS liquidity, c) continued fall in spreads and rates - AAA 1-yr/AA 1-yr credit spreads are further down by 60/40bps with yields down c.90/70bps since [our last note](#). Cumulatively, since the May'20 SPV announcement [AAA NBFC 1-yr spread is down c.180bps to 77bps vs LTAs of 130bps](#). Similarly, [AA NBFC 1-yr spread is down 145bps to 196bps, a tad higher than LTAs of c.190bps](#). Overall, [1-yr yield at 4.1% for AAA NBFCs and at 5.3% for AA NBFCs is the lowest in nearly a decade](#), and d) fortified BS with COVID19 provs of upto 270bps, high S1&2 coverage and strong capitalisation levels with T1 highest in operating history at 15-23%. Overall theme for 2021 will be "Faster, Higher and Stronger" in our opinion i.e. 1) Faster growth aided by improving liability mix and pickup in overall economic recovery, 2) Higher profitability driven by lower credit costs and 3) Stronger liability profile and fortified balance sheet. We forecast FY22E PAT growth of c.60% YoY for diversified NBFCs, c.60% for vehicle financiers and 15% for HFCs on the back of AUM growth of c.17% YoY for diversified NBFCs, 14% for vehicle financiers and 8% for HFCs. Our preferred picks in the space are Bajaj Finance, HDFC, MMFS and CIFIC. Cyclically, declining AAA rates could help LICHF to rerate from current levels.

- Stronger liability profile with focus on diversified/ sticky sources and reduced reliance on CPs:** NBFCs currently boast stronger liability profiles with a) share of shorter-duration CPs down to 4% on avg. vs 10-20% of borrowings before IL&FS, b) share of stable bank loans has gone up to 33% as of 2QFY21 vs 25% in part aided by measures like TLTRO and decade low benchmark rates, c) rise share of deposits to c.20% of borrowings as of 2QFY21 vs 14% pre-IL&FS as deposit taking NBFCs have increasingly invested in sourcing. We believe improved borrowing profile and reduced risk aversion towards NBFCs sets the foundation for a strong revival 2021 onwards.
- Stronger ALMs with highest ever on-BS liquidity:** ALM profile for NBFCs under our coverage has witnessed an improvement, wherein BAF and HDFC stand out with consistently best-in-class ALM even prior to IL&FS. Further on-BS liquidity for NBFCs has increased from c.7% in 2QFY19 to 11% as of 2QFY21. Going ahead, we believe normalisation of on-BS liquidity and lower funding costs should aid margin expansion.
- Falling spreads resulting in lower incremental borrowing costs:** 1yr AAA/AA credit spreads for NBFCs are down c.180/145bps and 3yr AAA/AA credit spreads are down c.160/120bps since the May'20 SPV announcement reflecting lower risk aversion given GOI/RBI steps and positive commentary around CE for out-of-moratorium borrowers. AAA credit spreads for NBFCs are already below their LTAs at 77bps for 1yr paper (vs 3/5yr avg of 145/130bps) and at 45bps for 3yr paper (vs 3/5yr avg of 120/110bps). AA spreads are at near LTAs (196bps for 1yr paper now vs 3/5yr avg of 210/190bps; 180bps for 3yr paper vs 3/5yr avg of 190/180bps) which we believe should trend down given GOI/RBI measures (incl. ECLGS 2.0) and system liquidity which continues to remain in surplus (c.INR6 trillion). During 2QFY21, most NBFCs under coverage reported meaningful decline in on-BS funding costs - down 30bps QoQ / c.60bps YoY on avg. On an incremental basis, fresh borrowing data for coverage set reveals 1/3/5yr rates to have declined by c.20bps on avg with higher benefit being seen by lower rated peers.
- High COVID19 provisions, improvement in CE and expectation of single-digit restructured portfolio provides comfort:** On asset quality front, NBFCs are now better placed given i) upto 270bps of COVID19 provisions, ii) significant improvement in collection efficiency (refer exhibit 20), and iii) expectation of restructuring staying under control at 3-7% of the book. On capital front, the sector is extremely well capitalised with T1 ratios highest in operating history at 15-23%. Consequently, we expect the phase of further credit downgrades for the sector to have ended. There could be rating upgrades beginning 2021.



Karan Singh
karan.uberai@jmf.com | Tel: (91 22) 66303082

Bunny Babjee
bunny.babjee@jmf.com | Tel: (91 22) 66303263

Anuj Narula
Anuj.Narula@jmf.com | Tel: (91 22) 62241877

Sameer Bhise
sameer.bhise@jmf.com | Tel: (91 22) 66303489

Akshay Jain
akshay.jain@jmf.com | Tel: (91 22) 66303099

Ankit Bihani
ankit.bihani@jmf.com | Tel: (91 22) 62241881

	CMP	Target Multiple (FY22e P/B)	TP	Upside
BAF	4,811	6.80x	5,000	4%
LTFH	73	0.85x	77	5%
SHTF	975	1.00x	1,000	3%
MMFS*	155	1.25x	200	29%
CIFIC	352	2.60x	380	8%
HDFC*	2,333	2.10x	2,600	11%
LICHF	322	0.90x	425	32%
PNBHF	378	0.75x	400	6%

Source: Bloomberg, JM Financial; *Standalone

RoA and RoE

	RoA		RoE	
	FY21E	FY22E	FY21E	FY22E
BAF	2.8%	4.3%	13.5%	20.3%
LTFH	1.1%	1.5%	7.8%	10.4%
SHTF	2.2%	2.8%	13.0%	14.8%
MMFS	1.4%	2.7%	8.1%	13.7%
CIFIC	2.5%	2.9%	19.1%	20.7%
HDFC	1.9%	2.1%	11.1%	12.1%
LICHF	1.3%	1.3%	14.7%	14.4%
PNBHF	1.2%	1.3%	10.0%	9.1%

Source: Bloomberg, JM Financial

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Growth to accelerate in 2021 aided by improving liability mix and pickup in overall economic recovery:** We expect growth to revive from 7% YoY in FY21 to 14% in FY22 aided by improving liability mix and pickup in overall economic recovery. Diversified NBFC like BAF will witness highest growth acceleration from 7% YoY in FY21E to c.30% in FY22E.
- **Profitability to improve driven by lower credit costs:** We forecast FY22E PAT growth of c.60% YoY for diversified NBFCs, c.60% for vehicle financiers and 15% for HFCs on the back of AUM growth of c.17% YoY for diversified NBFCs, 14% for vehicle financiers and 8% for HFCs. Accordingly, ROAs are expected to improve by c.100bps YoY for diversified NBFCs, c.70bps for vehicle financiers and c.10bps for HFCs driven by lower credit costs. Our preferred picks in the space are Bajaj Finance, HDFC, MMFS and CIFC. Cyclically, declining AAA rates could help LICHF to rerate from current levels.
- **Key risks:** 1) COVID19 crisis continues to impact the economy adversely in FY22, 2) RBI changing its stance with respect to liquidity, 3) Any NBFC converting into a bank (IWG report) will be disruptive to return ratios over 2-3 years given investment in bank branches and regulatory requirements such as SLR, CRR and PSL.

Exhibit 1. JMFL coverage universe: Valuations

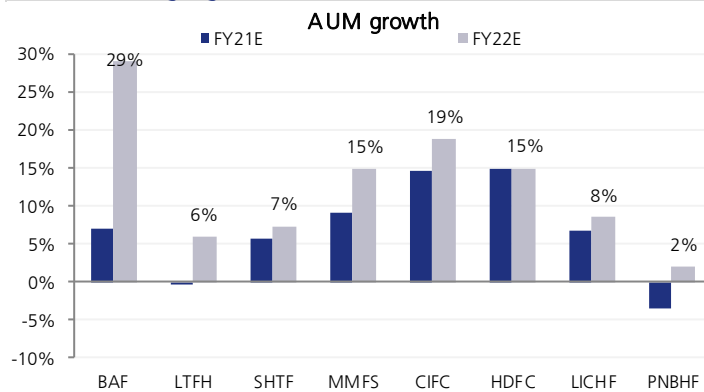
	Mkt Cap (\$ bn)	RoA			RoE			P/B (x)			P/E (x)		
		FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
BAF	39.1	3.6%	2.8%	4.3%	20.2%	13.5%	20.3%	8.9	7.8	6.5	54.8	61.7	35.1
LTFH	2.0	1.6%	1.1%	1.5%	12.1%	7.8%	10.4%	1.0	0.9	0.8	8.7	12.3	8.5
SHTF	3.3	2.3%	2.2%	2.8%	14.8%	13.0%	14.8%	1.2	1.1	1.0	8.8	9.5	7.1
MMFS (Standalone)	2.6	1.3%	1.4%	2.7%	8.2%	8.1%	13.7%	0.8	1.1	1.0	9.7	16.2	7.7
CIFC	3.9	1.7%	2.5%	2.9%	14.7%	19.1%	20.7%	3.5	2.9	2.4	27.4	16.7	12.8
HDFC (Standalone)	54.6	3.6%	1.9%	2.1%	21.7%*	11.1%	12.1%	1.8	1.5	1.4	8.6	14.8	11.8
LICHF	2.2	1.2%	1.3%	1.3%	13.9%	14.7%	14.4%	0.9	0.8	0.7	6.8	5.7	5.1
PNBHF	0.9	0.8%	1.2%	1.3%	8.3%	10.0%	9.1%	0.8	0.8	0.8	9.8	9.3	8.6

Source: Bloomberg, JM Financial; *Includes capital gains on GRUH sale

CY2021

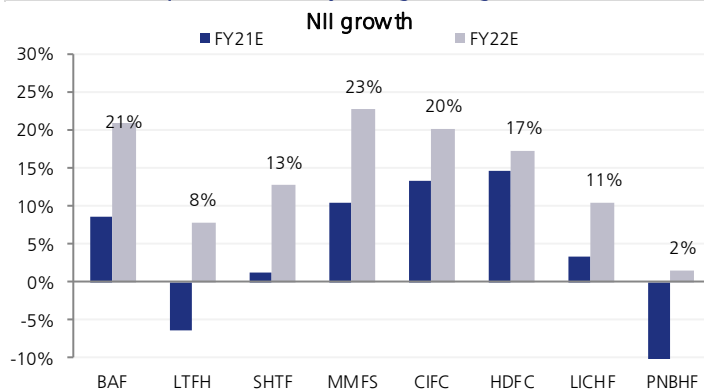
1) Growth revival in FY22

Exhibit 2. Stronger growth in FY22



Source: Company, JM Financial

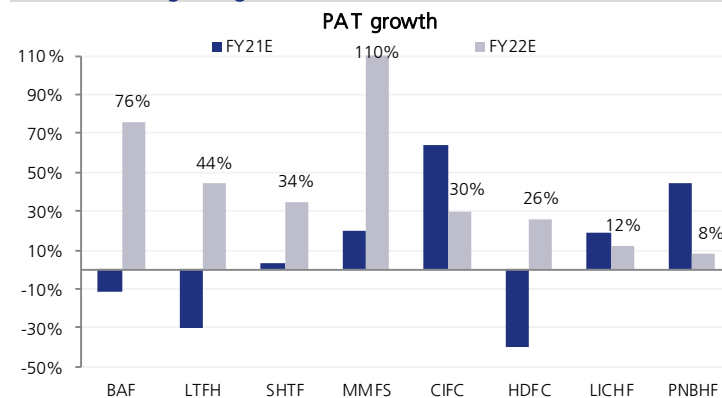
Exhibit 3. Pickup in NII driven by strong AUM growth



Source: Company, JM Financial

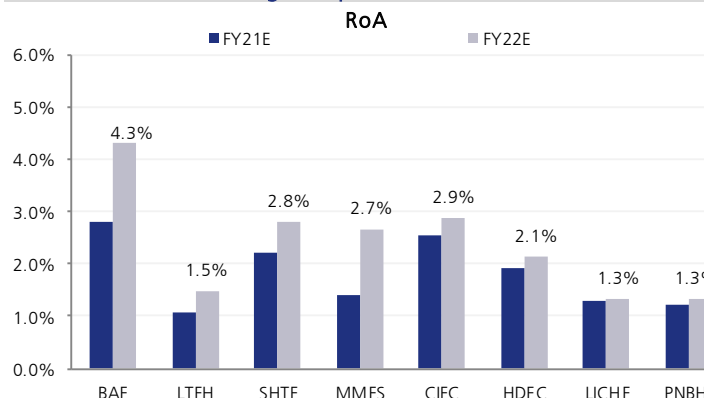
2) Improvement in profitability

Exhibit 4. Strong PAT growth in FY22 for most of the NBFCs...



Source: Company, JM Financial

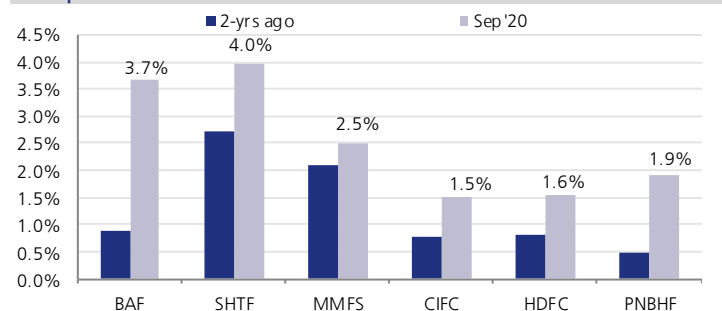
Exhibit 5. ...with meaningful improvement in RoA



Source: Company, JM Financial

3) Fortified balance sheet

Exhibit 6. Significant expansion in Stage 1&2 coverage ratio over past few quarters



Source: Company, JM Financial

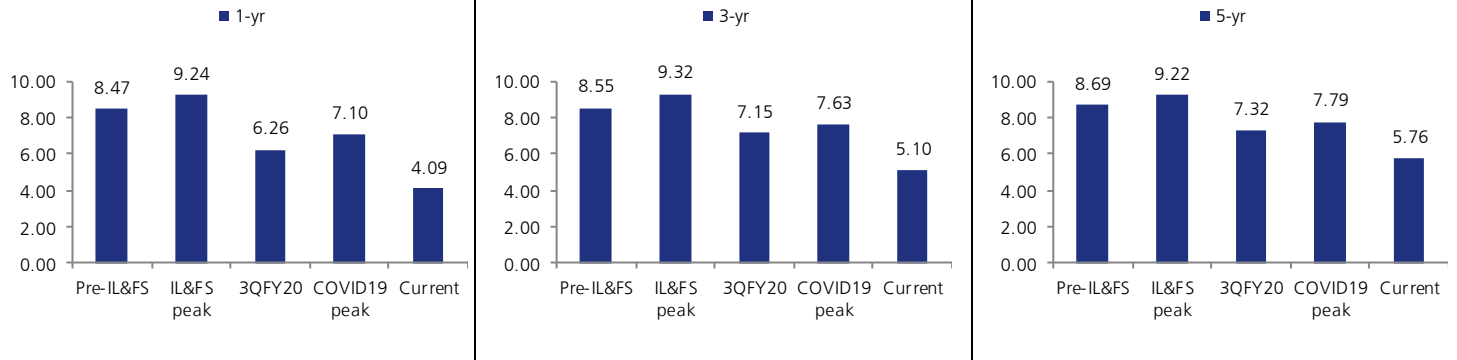
Exhibit 7. Adequately capitalised

	T1 ratio (as of 2QFY21)	T1 ratio (Avg)
BAF	23.0%	17.3%
LTFH	17.3%	13.9%
SHTF	20.1%	15.6%
MMFS	20.8%	15.1%
CIFC	14.9%	13.5%
HDFC	19.5%	15.5%
LICHF	13.0%	12.7%
PNBHF	16.1%	12.9%

Source: Company, JM Financial

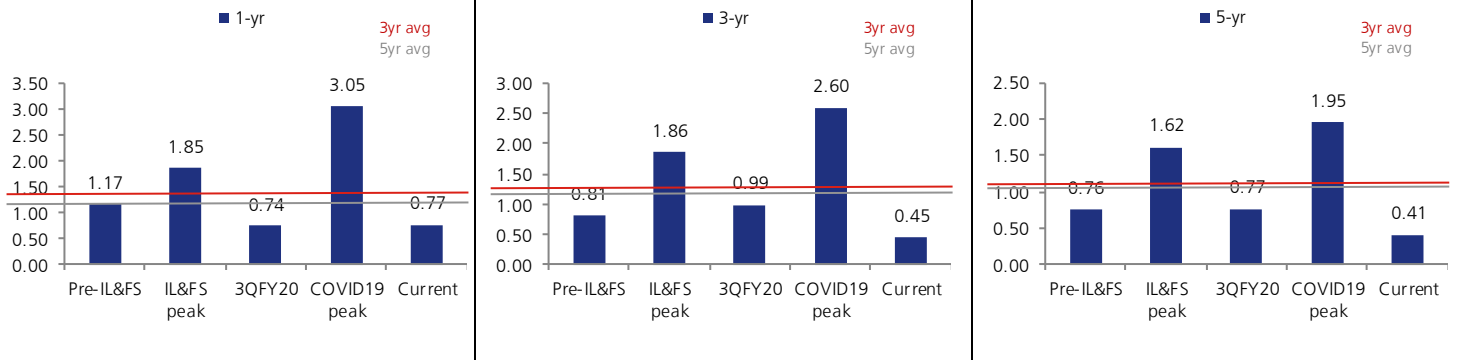
Key charts

Exhibit 8. AAA borrowing cost for NBFCs (%)



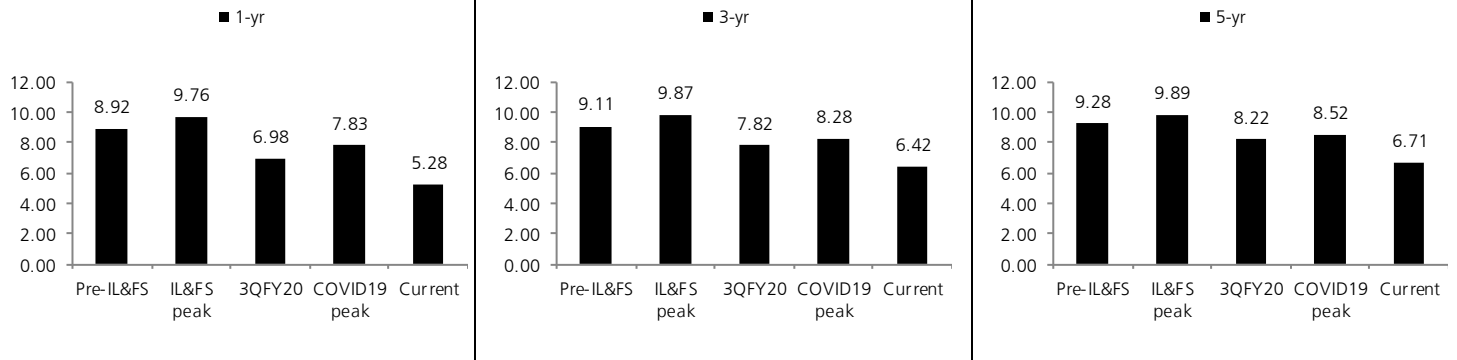
Source: JM Financial, Bloomberg

Exhibit 9. AAA credit spreads for NBFCs (%)



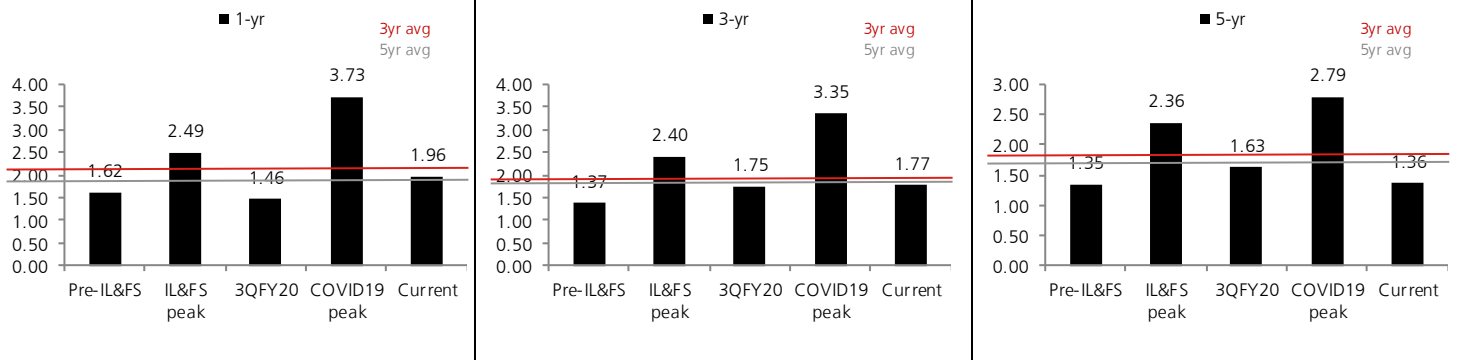
Source: JM Financial, Bloomberg

Exhibit 10. AA borrowing cost for NBFCs (%)



Source: JM Financial, Bloomberg

Exhibit 11. AA credit spreads for NBFCs (%)

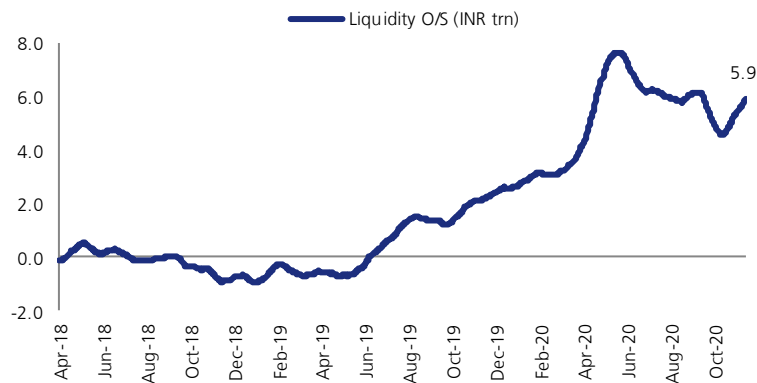


Source: JM Financial, Bloomberg

Exhibit 12. MCLR declined materially across the banks

MCLR	Current		Jul'19		Change (in bps)		Pre-ILFS		Change (in bps)	
	6 month	1 year	6 month	1 year	6 month	1 year	6 month	1 year	6 month	1 year
SBIN	6.95%	7.00%	8.25%	8.40%	-130	-140	8.10%	8.25%	-115	-125
HDFCB	7.10%	7.25%	8.50%	8.70%	-140	-145	8.25%	8.40%	-115	-115
ICICIBC	7.30%	7.35%	8.60%	8.65%	-130	-130	8.35%	8.40%	-105	-105
BOB	7.30%	7.45%	8.55%	8.60%	-125	-115	8.35%	8.50%	-105	-105
AXSB	7.40%	7.45%	8.65%	8.70%	-125	-125	8.50%	8.60%	-110	-115
Kotak	7.35%	7.35%	8.80%	8.90%	-145	-155	8.65%	8.95%	-130	-160
IIB	8.65%	8.75%	9.70%	9.75%	-105	-100	9.50%	9.55%	-85	-80

Source: Company, JM Financial

Exhibit 13. System in liquidity surplus since Jun'19

Source: JM Financial, Bloomberg

Exhibit 14. ALM profiles – under 1-yr bucket mismatch (% of borrowings)

	FY18	FY19	FY20
BAF	26%	21%	18%
LTFH	na	22%	26%
SHTF	2%	5%	2%
MMFS	13%	18%	16%
CIFC	-13%	-5%	-7%
HDFC	3%	5%	2%

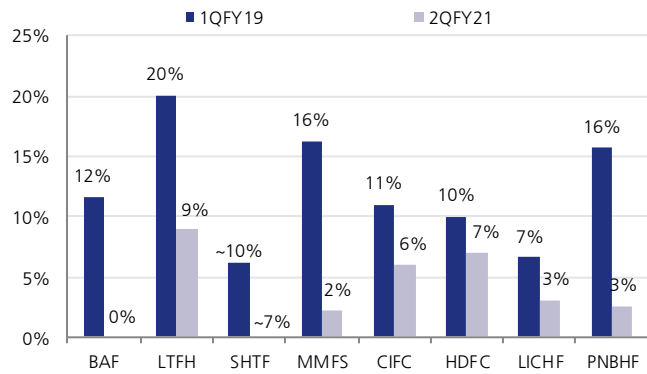
Source: Company, JM Financial

Exhibit 15. On-BS liquidity at all time high (% of total assets)

	FY16	FY17	FY18	FY19	FY20	2HFY21
BAF	5.1%	7.0%	4.1%	7.2%	11.5%	15.8%
LTFH	6.2%	9.1%	7.3%	9.9%	12.6%	11.3%
HDFC	7.2%	8.1%	8.1%	10.4%	13.0%	11.3%
SHTF	3.6%	3.6%	3.9%	5.0%	5.5%	10.3%
MMFS	5.3%	5.4%	6.0%	7.1%	9.9%	15.6%
CIFC	3.5%	4.0%	2.2%	6.5%	11.0%	9.8%
HDFC	7.2%	8.1%	8.1%	10.4%	13.0%	11.3%
LICHF	3.2%	3.6%	2.4%	3.3%	3.4%	3.3%
PNBHF	6.3%	8.0%	8.3%	10.2%	13.4%	12.4%

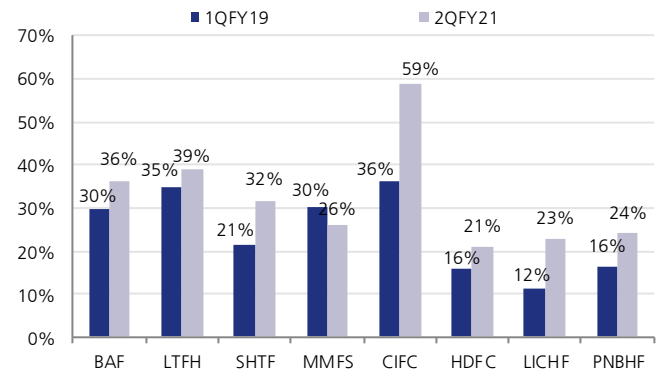
Source: Company, JM Financial; Liquidity includes cash, bank balances and investments

Exhibit 16. Dependence on CP borrowings reduced sharply



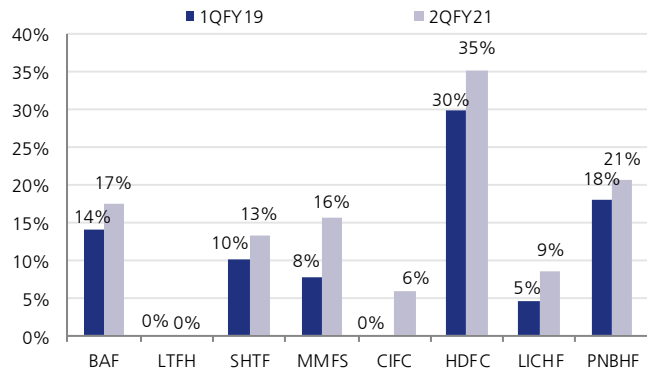
Source: Company, JM Financial

Exhibit 17. Bank/ term loans share expanded for most NBFCs



Source: Company, JM Financial

Exhibit 18. Deposit share up from pre IL&FS



Source: Company, JM Financial

Exhibit 19. Incremental COF down especially for non AAA NBFCs

	Current	Fresh issuances		
	COF	1-2yr	3yr	5yr
BAF	7.67%	na	5.7%	7.30%
HDFC	6.94%	6.22%	5.40%	6.43%
SHTF	9.63%	9.15%	9.00%	na
MMFS	9.14%	5.39%	5.72%	7.45%
CIFC	6.90%	6.74%	7.50%	7.92%
HDFC	6.94%	6.22%	5.40%	6.43%
LIC HF	7.61%	6.57%	5.45%	7.33%
PNBHF	8.01%	7.25%	na	na

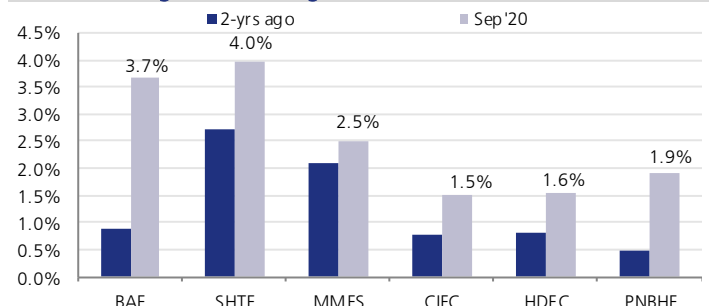
Source: Company, Bloomberg

Exhibit 20. Collection efficiency

	Sep'20
LTFH	95% (2Q21)
SHTF	95%
MMFS	82%
CIFC	87%
HDFC	96% (indiv cust.)
LIC HF	96%
PNBHF	95% (retail)

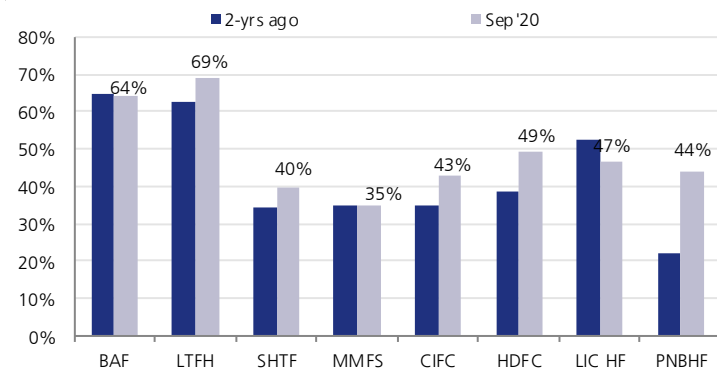
Source: Company, JM Financial

Exhibit 21. Stage 1&2 coverage trend



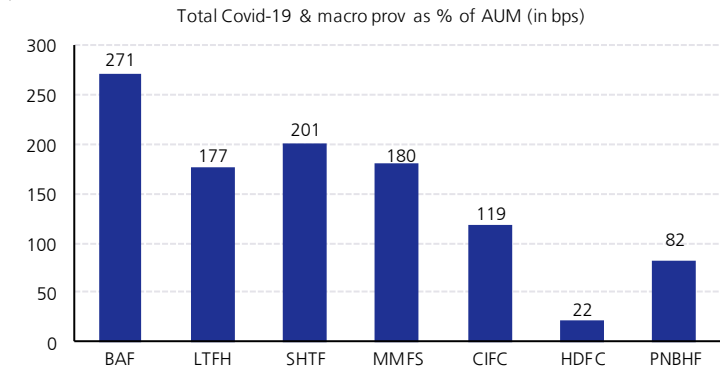
Source: Company, JM Financial

Exhibit 22. Stage 3 coverage ratio trend



Source: Company, JM Financial

Exhibit 23. Cumulative COVID19 and macro provisions as of Sep'20



Source: Company, JM Financial

Bajaj Finance

Income Statement		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Net Interest Income (NII)	68,894	96,261	133,627	145,215	175,458	
Non Interest Income	11,713	21,514	34,152	31,823	41,662	
Total Income	80,607	117,775	167,780	177,038	217,120	
Operating Expenses	31,875	40,969	55,264	50,210	62,040	
Pre-provisioning Profits	48,732	76,806	112,516	126,828	155,080	
Loan-Loss Provisions	632	5,270	16,668	64,274	45,217	
Others Provisions	9,428	9,654	22,480	0	0	
Total Provisions	10,305	15,014	39,295	64,274	45,217	
PBT	38,427	61,792	73,221	62,554	109,863	
Tax	13,471	21,842	20,584	15,745	27,652	
PAT (Pre-Extra ordinaries)	24,956	39,951	52,638	46,809	82,210	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
Reported Profits	24,956	39,951	52,638	46,809	82,210	
Dividend	2,374	4,195	7,254	2,340	8,221	
Retained Profits	22,582	35,756	45,384	44,469	73,989	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Equity Capital	1,150	1,154	1,200	1,200	1,200	
Reserves & Surplus	157,328	195,817	322,076	366,545	440,534	
Stock option outstanding	0	0	0	0	0	
Borrowed Funds	665,572	1,015,879	1,298,064	1,298,064	1,661,522	
Deferred tax liabilities	0	0	0	0	0	
Preference Shares	0	0	0	0	0	
Current Liabilities & Provisions	23,932	29,476	22,574	23,193	29,283	
Total Liabilities	847,983	1,242,325	1,643,914	1,689,002	2,132,539	
Net Advances	791,025	1,125,128	1,413,761	1,440,586	1,867,637	
Investments	31,394	85,990	175,439	190,157	197,970	
Cash & Bank Balances	3,397	3,487	13,827	15,846	16,809	
Loans and Advances	6,389	8,087	9,525	10,084	13,073	
Other Current Assets	3,401	5,994	9,651	10,927	11,683	
Fixed Assets	4,703	6,948	13,210	13,511	16,471	
Miscellaneous Expenditure	0	0	0	0	0	
Deferred Tax Assets	7,675	6,690	8,501	7,890	8,896	
Total Assets	847,983	1,242,325	1,643,914	1,689,002	2,132,539	

Source: Company, JM Financial

Key Ratios		FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)						
Borrowed funds		35.1%	52.6%	27.8%	0.0%	28.0%
Advances		39.2%	42.2%	25.7%	1.9%	29.6%
Total Assets		33.1%	46.5%	32.3%	2.7%	26.3%
NII		31.4%	39.7%	38.8%	8.7%	20.8%
Non-interest Income		24.1%	83.7%	58.7%	-6.8%	30.9%
Operating Expenses		24.3%	28.5%	34.9%	-9.1%	23.6%
Operating Profits		34.5%	57.6%	46.5%	12.7%	22.3%
Core Operating profit		34.6%	58.5%	45.1%	13.4%	22.8%
Provisions		27.9%	45.7%	161.7%	63.6%	-29.6%
Reported PAT		35.9%	60.1%	31.8%	-11.1%	75.6%
Yields / Margins (%)						
Interest Spread		7.87%	7.92%	7.90%	7.25%	7.74%
NIM		9.50%	9.37%	9.43%	8.88%	9.35%
Profitability (%)						
ROA		3.36%	3.82%	3.65%	2.81%	4.30%
ROE		19.6%	22.5%	20.2%	13.5%	20.3%
Cost to Income		39.5%	34.8%	32.9%	28.4%	28.6%
Asset quality (%)						
Gross NPA		1.50%	1.60%	1.65%	4.35%	3.82%
LLP		1.93%	1.47%	4.43%	4.62%	3.16%
Capital Adequacy (%)						
Tier I		18.44%	16.28%	21.27%	23.91%	23.17%
CAR		23.98%	20.66%	25.01%	28.28%	27.31%

Source: Company, JM Financial

Dupont Analysis		FY18A	FY19A	FY20A	FY21E	FY22E
NII / Assets		9.28%	9.21%	9.26%	8.71%	9.18%
Other Income / Assets		1.58%	2.06%	2.37%	1.91%	2.18%
Total Income / Assets		10.85%	11.27%	11.63%	10.62%	11.36%
Cost / Assets		4.29%	3.92%	3.83%	3.01%	3.25%
PPP / Assets		6.56%	7.35%	7.80%	7.61%	8.12%
Provisions / Assets		1.39%	1.44%	2.72%	3.86%	2.37%
PBT / Assets		5.17%	5.91%	5.07%	3.75%	5.75%
Tax rate		35.1%	35.3%	28.1%	25.2%	25.2%
ROA		3.36%	3.82%	3.65%	2.81%	4.30%
Leverage		5.4	6.3	5.1	4.6	4.8
ROE		19.6%	22.5%	20.2%	13.5%	20.3%

Source: Company, JM Financial

Valuations		FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue		575.2	576.9	600.0	600.0	600.0
EPS (INR)		43.4	69.3	87.7	78.0	137.0
EPS (YoY) (%)		29.2%	59.6%	26.7%	-11.1%	75.6%
P/E (x)		74.5	46.7	36.8	41.4	23.6
BV (INR)		276	341	539	613	736
BV (YoY) (%)		57.0%	23.9%	57.8%	13.8%	20.1%
P/BV (x)		11.73	9.47	6.00	5.27	4.39
DPS (INR)		4.1	7.3	12.1	3.9	13.7
Div. yield (%)		0.1%	0.2%	0.4%	0.1%	0.4%

Source: Company, JM Financial

LTFH (Consolidated)

Income Statement						Balance Sheet					
(INR mn)						(INR mn)					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Net Interest Income (NII)	34,115	47,556	56,925	53,271	57,461	Equity Capital	19,957	19,988	20,048	20,048	20,048
Non Interest Income	13,604	12,805	11,959	18,210	14,562	Reserves & Surplus	94,111	114,498	126,876	138,359	153,879
Total Income	47,719	60,361	68,884	71,481	72,023	Stock option outstanding	0	0	0	0	0
Operating Expenses	13,782	18,992	19,399	19,534	19,362	Borrowed Funds	752,483	915,070	938,945	904,988	942,560
Pre-provisioning Profits	33,937	41,369	49,485	51,947	52,662	Deferred tax liabilities	46	52	0	0	0
Loan-Loss Provisions	2,552	7,009	16,802	0	0	Preference Shares	0	0	0	0	0
Others Provisions	16,928	3,840	5,882	41,799	32,736	Current Liabilities & Provisions	11,174	10,943	9,421	64,966	69,175
Total Provisions	19,479	10,849	22,684	41,799	32,736	Total Liabilities	877,770	1,060,551	1,095,290	1,128,362	1,185,663
PBT	14,458	30,520	26,801	10,149	19,926	Net Advances	770,883	913,246	914,625	913,518	967,875
Tax	1,682	8,200	5,064	436	2,681	Investments	53,015	86,408	59,793	80,720	92,828
PAT (Pre-Extra ordinaries)	12,775	22,320	21,736	9,713	17,244	Cash & Bank Balances	11,085	18,742	78,044	93,653	84,288
Extra ordinaries (Net of Tax)	0	0	-4,734	2,256	0	Loans and Advances	1,298	1,170	841	883	927
Reported Profits	12,775	22,320	17,003	11,969	17,244	Other Current Assets	11,325	11,554	16,177	16,589	19,097
Dividend	2,225	2,704	1,804	486	1,724	Fixed Assets	4,922	4,354	3,589	3,769	3,957
Retained Profits	10,551	19,617	15,198	11,484	15,520	Miscellaneous Expenditure	6,778	7,306	7,692	6,154	4,923
						Deferred Tax Assets	18,464	17,772	14,530	13,077	11,769
						Total Assets	877,770	1,060,551	1,095,290	1,128,362	1,185,663

Source: Company, JM Financial

Source: Company, JM Financial

Key Ratios						Dupont Analysis					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)	0	0	0	0	0	NII / Assets	4.26%	4.91%	5.28%	4.79%	4.97%
Borrowed funds	25.8%	21.6%	2.6%	-3.6%	4.2%	Other Income / Assets	1.70%	1.32%	1.11%	1.64%	1.26%
Advances	25.0%	18.5%	0.2%	-0.1%	6.0%	Total Income / Assets	5.95%	6.23%	6.39%	6.43%	6.22%
Total Assets	21.0%	20.8%	3.3%	3.0%	5.1%	Cost / Assets	1.72%	1.96%	1.80%	1.76%	1.67%
NII	12.4%	39.4%	19.7%	-6.4%	7.9%	PPP / Assets	4.23%	4.27%	4.59%	4.67%	4.55%
Non-interest Income	49.3%	-5.9%	-6.6%	52.3%	-20.0%	Provisions / Assets	2.43%	1.12%	2.10%	3.76%	2.83%
Operating Expenses	8.0%	37.8%	2.1%	0.7%	-0.9%	PBT / Assets	1.80%	3.15%	2.49%	0.91%	1.72%
Operating Profits	27.2%	21.9%	19.6%	5.0%	1.4%	Tax rate	11.6%	26.9%	18.9%	24.0%	25.0%
Core Operating profit	21.0%	26.5%	14.1%	3.8%	0.8%	ROA	1.59%	2.30%	1.58%	1.08%	1.49%
Provisions	22.5%	-44.3%	109.1%	84.3%	-21.7%	Leverage	7.7	7.9	7.5	7.1	6.8
Reported PAT	22.5%	74.7%	-23.8%	-29.6%	44.1%	ROE	13.2%	18.0%	12.1%	7.8%	10.4%
Yields / Margins (%)	0	0	0	0	0						
Interest Spread	3.54%	4.29%	4.63%	3.82%	3.84%						
NIM	4.47%	5.13%	5.49%	4.97%	5.14%						
Profitability (%)	0	0	0	0	0						
ROA	1.59%	2.30%	1.58%	1.08%	1.49%						
ROE	13.2%	18.0%	12.1%	7.8%	10.4%						
Cost to Income	28.9%	31.5%	28.2%	27.3%	26.9%						
Asset quality (%)	0	0	0	0	0						
Gross NPA	9.28%	6.59%	6.36%	4.56%	4.99%						
LLP	6.17%	0.88%	1.87%	3.76%	2.83%						
Capital Adequacy (%)	0	0	0	0	0						
Tier I	13.68%	14.56%	17.70%	18.38%	19.03%						
CAR	16.49%	17.86%	21.60%	22.73%	23.79%						

Source: Company, JM Financial

Source: Company, JM Financial

Valuations					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue	1,995.7	1,998.8	2,004.8	2,004.8	2,004.8
EPS (INR)	6.4	11.2	8.5	6.0	8.6
EPS (YoY) (%)	7.8%	74.4%	-24.1%	-29.6%	44.1%
P/E (x)	10.2	5.8	7.7	10.9	7.6
BV (INR)	57	67	73	79	87
BV (YoY) (%)	27.2%	17.7%	8.9%	7.8%	9.8%
P/BV (x)	1.14	0.97	0.89	0.82	0.75
DPS (INR)	1.1	1.4	0.9	0.2	0.9
Div. yield (%)	1.7%	2.1%	1.4%	0.4%	1.3%

Source: Company, JM Financial

Shriram Transport

Income Statement		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Net Interest Income (NII)	67,887	77,074	78,919	79,984	90,159	
Non Interest Income	1,506	2,184	3,084	2,680	3,186	
Total Income	69,393	79,258	82,003	82,664	93,345	
Operating Expenses	15,373	17,653	19,668	18,280	20,376	
Pre-provisioning Profits	54,020	61,605	62,336	64,384	72,969	
Loan-Loss Provisions	17,163	24,505	27,911	29,777	26,459	
Others Provisions	60	-682	38	0	0	
Total Provisions	17,223	23,822	27,949	29,777	26,459	
PBT	36,797	37,783	34,387	34,606	46,510	
Tax	12,832	13,241	9,368	8,721	11,721	
PAT (Pre-Extra ordinaries)	23,965	24,542	25,018	25,886	34,790	
Extra ordinaries (Net of Tax)	1,075	1,098	0	0	0	
Reported Profits	25,040	25,641	25,018	25,886	34,790	
Dividend	2,979	3,009	1,368	1,518	2,531	
Retained Profits	22,060	22,632	23,651	24,367	32,259	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Equity Capital	2,269	2,269	2,269	2,531	2,531	
Reserves & Surplus	133,486	156,094	177,783	216,810	249,069	
Stock option outstanding	0	0	0	0	0	
Borrowed Funds	821,308	879,144	943,718	964,479	1,007,881	
Deferred tax liabilities	0	0	0	0	0	
Preference Shares	15,387	15,418	17,517	18,453	19,633	
Current Liabilities & Provisions	0	0	0	0	0	
Total Liabilities	972,450	1,052,925	1,141,286	1,202,273	1,279,113	
Net Advances	907,456	967,515	1,022,316	1,078,120	1,150,840	
Investments	23,414	39,991	27,985	30,187	31,073	
Cash & Bank Balances	14,781	12,402	34,637	36,656	37,978	
Loans and Advances	175	284	161	170	182	
Other Current Assets	2,918	3,088	12,226	12,448	12,810	
Fixed Assets	1,221	1,475	4,824	5,082	5,407	
Miscellaneous Expenditure	0	0	0	0	0	
Deferred Tax Assets	522	757	625	658	700	
Total Assets	972,450	1,052,925	1,141,286	1,202,273	1,279,113	

Source: Company, JM Financial

Key Ratios		FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)						
Borrowed funds		54.6%	7.0%	7.3%	2.2%	4.5%
Advances		38.6%	6.6%	5.7%	5.5%	6.7%
Total Assets		30.7%	8.3%	8.4%	5.3%	6.4%
NII		21.6%	13.5%	2.4%	1.3%	12.7%
Non-interest Income		84.0%	45.0%	41.2%	-13.1%	18.9%
Operating Expenses		18.7%	14.8%	11.4%	-7.1%	11.5%
Operating Profits		23.7%	14.0%	1.2%	3.3%	13.3%
Core Operating profit		24.2%	13.1%	1.6%	3.3%	13.4%
Provisions		-29.5%	38.3%	17.3%	6.5%	-11.1%
Reported PAT		99.1%	2.4%	-2.4%	3.5%	34.4%
Yields / Margins (%)						
Interest Spread		5.99%	6.25%	5.80%	5.31%	5.66%
NIM		7.96%	7.65%	7.27%	6.93%	7.38%
Profitability (%)						
ROA		2.92%	2.53%	2.28%	2.21%	2.80%
ROE		20.1%	17.4%	14.8%	13.0%	14.8%
Cost to Income		22.2%	22.3%	24.0%	22.1%	21.8%
Asset quality (%)						
Gross NPA		9.52%	8.64%	8.71%	9.06%	9.75%
LLP		2.97%	1.94%	2.19%	3.00%	2.59%
Capital Adequacy (%)						
Tier I		14.47%	15.62%	18.13%	20.84%	22.39%
CAR		17.38%	20.27%	21.99%	25.24%	27.35%

Source: Company, JM Financial

Dupont Analysis		FY18A	FY19A	FY20A	FY21E	FY22E
NII / Assets		7.91%	7.61%	7.19%	6.83%	7.27%
Other Income / Assets		0.18%	0.22%	0.28%	0.23%	0.26%
Total Income / Assets		8.09%	7.83%	7.47%	7.05%	7.52%
Cost / Assets		1.79%	1.74%	1.79%	1.56%	1.64%
PPP / Assets		6.29%	6.08%	5.68%	5.49%	5.88%
Provisions / Assets		2.01%	2.35%	2.55%	2.54%	2.13%
PBT / Assets		4.29%	3.73%	3.13%	2.95%	3.75%
Tax rate		34.9%	35.0%	27.2%	25.2%	25.2%
ROA		2.92%	2.53%	2.28%	2.21%	2.80%
Leverage		7.2	6.6	6.3	5.5	5.1
ROE		20.1%	17.4%	14.8%	13.0%	14.8%

Source: Company, JM Financial

Valuations		FY18A	FY19A	FY20A	FY21E	FY22E
Y/E March						
Shares in Issue		226.9	226.9	226.9	253.1	253.1
EPS (INR)		110.4	113.0	110.3	102.3	137.5
EPS (YoY) (%)		99.1%	2.4%	-2.4%	-7.2%	34.4%
P/E (x)		6.3	6.2	6.3	6.8	5.1
BV (INR)		598	698	794	867	994
BV (YoY) (%)		20.1%	16.7%	13.7%	9.2%	14.7%
P/BV (x)		1.17	1.00	0.88	0.81	0.70
DPS (INR)		13.1	13.3	6.0	6.0	10.0
Div. yield (%)		1.9%	1.9%	0.9%	0.9%	1.4%

Source: Company, JM Financial

MMFS (Standalone)

Profit & Loss					(INR mn)
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Net Interest Income	35,025	46,700	51,130	56,510	69,338
Profit on Investments	2	68	262	262	282
Exchange Income	0	0	0	0	0
Fee & Other Income	1,009	1,884	2,773	1,977	2,296
Non-Interest Income	1,010	1,953	3,034	2,239	2,578
Total Income	36,036	48,653	54,164	58,749	71,916
Operating Expenses	14,336	18,476	20,182	16,628	19,852
Pre-provisioning Profits	21,700	30,177	33,982	42,121	52,064
Loan-Loss Provisions	5,681	6,352	20,545	27,654	21,522
Provisions on Investments	0	0	0	0	0
Others Provisions	0	0	0	0	0
Total Provisions	5,681	6,352	20,545	27,654	21,522
PBT	16,018	23,824	13,438	14,467	30,542
Tax	5,907	8,254	4,374	3,646	7,697
PAT (Pre-Extraordinaries)	10,111	15,571	9,064	10,821	22,845
Extra ordinaries (Net of Tax)	650	0	0	61	0
Reported Profits	10,761	15,571	9,064	10,882	22,845
Dividend paid	2,938	4,779	0	0	0
Retained Profits	7,823	10,792	9,064	10,882	22,845

Source: Company, JM Financial

Key Ratios					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)					
Deposits	0.0%	0.0%	0.0%	0.0%	0.0%
Advances	14.2%	26.2%	6.1%	8.3%	15.3%
Total Assets	14.8%	27.1%	10.4%	8.1%	14.0%
Nil	13.5%	33.3%	9.5%	10.5%	22.7%
Non-interest Income	-65.6%	93.2%	55.4%	-26.2%	15.1%
Operating Expenses	-1.2%	28.9%	9.2%	-17.6%	19.4%
Operating Profits	12.5%	39.1%	12.6%	23.9%	23.6%
Core Operating profit	168.7%	39.7%	-47.0%	-16.6%	111.1%
Provisions	-56.6%	11.8%	223.4%	34.6%	-22.2%
Reported PAT	168.9%	44.7%	-41.8%	20.1%	109.9%
Yields / Margins (%)					
Interest Spread	5.38%	6.15%	5.77%	5.76%	6.45%
NIM	7.24%	7.93%	7.39%	7.50%	8.27%
Profitability (%)					
Non-IR to Income	2.8%	4.0%	5.6%	3.8%	3.6%
Cost to Income	39.8%	38.0%	37.3%	28.3%	27.6%
ROA	2.18%	2.60%	1.28%	1.41%	2.67%
ROE	13.4%	15.2%	8.2%	8.1%	13.7%
Assets Quality (%)					
Slippages	3.96%	4.34%	5.63%	6.00%	4.00%
Gross NPA	10.00%	6.56%	8.61%	10.84%	10.19%
Net NPAs	6.82%	5.37%	6.10%	6.91%	6.57%
Provision Coverage	34.1%	19.2%	31.0%	39.0%	38.0%
Specific LLP	0.34%	1.51%	2.91%	4.08%	2.84%
Net NPAs / Networth	34.5%	30.3%	35.1%	31.4%	30.0%
Capital Adequacy (%)					
Tier I	17.01%	15.52%	15.41%	17.96%	18.37%
CAR	22.68%	20.29%	19.64%	21.92%	22.36%

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Equity Capital	1,229	1,230	1,231	2,466	2,466
Reserves & Surplus	94,777	107,512	111,922	152,458	175,303
Deposits	0	0	0	0	0
Borrowings	400,932	528,469	594,623	610,083	694,275
Other Liabilities	30,777	33,230	32,451	35,073	39,978
Total Liabilities	527,927	670,780	740,712	800,577	912,528
Investments	27,341	37,917	59,110	63,369	64,936
Net Advances	485,470	612,496	649,935	704,099	811,694
Cash & Equivalents	4,111	9,585	14,258	15,490	16,234
Fixed Assets	1,197	1,631	3,635	3,913	4,446
Other Assets	0	0	0	0	0
Total Assets	527,927	670,780	740,712	800,577	912,528

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Nil / Assets	7.09%	7.79%	7.24%	7.33%	8.10%
Other Income / Assets	0.20%	0.33%	0.43%	0.29%	0.30%
Total Income / Assets	7.30%	8.12%	7.67%	7.62%	8.40%
Cost / Assets	2.90%	3.08%	2.86%	2.16%	2.32%
PBP / Assets	4.39%	5.03%	4.82%	5.47%	6.08%
Provisions / Assets	1.15%	1.06%	2.91%	3.59%	2.51%
PBT / Assets	3.24%	3.98%	1.90%	1.88%	3.57%
Tax rate	36.9%	34.6%	32.5%	25.2%	25.2%
ROA	2.18%	2.60%	1.28%	1.41%	2.67%
RoRWAs	2.15%	2.69%	1.43%	1.56%	2.78%
Leverage	5.5	6.2	6.5	5.2	5.1
ROE	13.4%	15.2%	8.2%	8.1%	13.7%

Source: Company, JM Financial

Valuations					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue	614.5	614.9	615.3	1,233.1	1,233.1
EPS (INR)	17.5	25.3	14.7	8.8	18.5
EPS (YoY) (%)	147.2%	44.6%	-41.8%	-40.1%	109.9%
PER (x)	7.5	5.2	8.9	14.8	7.1
BV (INR)	156	177	184	126	144
BV (YoY) (%)	36.8%	13.2%	4.0%	-31.7%	14.7%
ABV (INR)	134	177	184	126	144
ABV (YoY) (%)	-14.2%	31.9%	4.0%	-31.7%	14.7%
P/BV (x)	0.84	0.74	0.71	1.04	0.91
P/ABV (x)	0.98	0.74	0.71	1.04	0.91
DPS (INR)	4.8	7.8	0.0	0.0	0.0
Div. yield (%)	3.6%	5.9%	0.0%	0.0%	0.0%

Source: Company, JM Financial

Cholamandam Investment and Finance Co.

Income Statement						Balance Sheet					
						(INR mn)					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Net Interest Income (NII)	25,765	30,735	37,792	42,835	51,461	Equity Capital	1,564	1,564	1,640	1,640	1,640
Non Interest Income	2,439	3,304	2,815	2,439	2,804	Reserves & Surplus	49,417	60,193	80,079	97,374	117,202
Total Income	28,203	34,039	40,607	45,275	54,265	Stock option outstanding	0	0	0	0	0
Operating Expenses	11,153	12,696	15,776	15,303	17,707	Borrowed Funds	383,303	505,667	550,054	591,308	688,874
Pre-provisioning Profits	17,051	21,344	24,831	29,972	36,557	Deferred tax liabilities	0	0	0	0	0
Loan-Loss Provisions	366	688	891	4,349	5,084	Preference Shares	6,613	6,838	8,158	28,763	33,655
Others Provisions	2,671	2,425	8,083	2,500	1,350	Current Liabilities & Provisions	0	0	0	0	0
Total Provisions	3,037	3,112	8,973	6,849	6,434	Total Liabilities	440,897	574,263	639,930	719,086	841,371
PBT	14,014	18,232	15,857	23,123	30,123	Net Advances	422,532	526,223	554,027	631,894	750,072
Tax	4,831	6,370	5,334	5,827	7,591	Investments	729	729	729	885	1,050
PAT (Pre-Extra ordinary)	9,183	11,862	10,524	17,296	22,532	Cash & Bank Balances	8,880	36,749	69,591	69,508	71,257
Extra ordinary (Net of Tax)	0	0	0	0	0	Loans and Advances	940	435	587	632	750
Reported Profits	9,183	11,862	10,524	17,296	22,532	Other Current Assets	2,554	3,841	6,950	7,126	7,664
Dividend	1,223	1,225	2,003	0	2,704	Fixed Assets	1,646	1,757	2,837	3,188	3,730
Retained Profits	7,960	10,636	8,521	17,296	19,828	Miscellaneous Expenditure	0	0	0	0	0
						Deferred Tax Assets	3,617	4,530	5,208	5,853	6,848
						Total Assets	440,897	574,263	639,930	719,086	841,371

Source: Company, JM Financial

Source: Company, JM Financial

Key Ratios					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)	0	0	0	0	0
Borrowed funds	58.3%	31.9%	8.8%	7.5%	16.5%
Advances	48.7%	24.5%	5.3%	14.1%	18.7%
Total Assets	43.5%	30.2%	11.4%	12.4%	17.0%
NII	7.2%	19.3%	23.0%	13.3%	20.1%
Non-interest Income	829.3%	35.5%	-14.8%	-13.3%	14.9%
Operating Expenses	10.1%	13.8%	24.3%	-3.0%	15.7%
Operating Profits	20.4%	25.2%	16.3%	20.7%	22.0%
Core Operating profit	20.8%	22.2%	19.1%	20.8%	22.0%
Provisions	-2.2%	2.5%	188.3%	-23.7%	-6.1%
Reported PAT	27.8%	29.2%	-11.3%	64.4%	30.3%
Yields / Margins (%)	0	0	0	0	0
Interest Spread	5.82%	5.29%	5.38%	5.29%	5.47%
NIM	7.05%	6.16%	6.36%	6.45%	6.74%
Profitability (%)	0	0	0	0	0
ROA	2.45%	2.34%	1.73%	2.55%	2.89%
ROE	19.5%	21.0%	14.7%	19.1%	20.7%
Cost to Income	39.5%	37.3%	38.9%	33.8%	32.6%
Asset quality (%)	0	0	0	0	0
Gross NPA	3.45%	2.71%	3.84%	4.04%	4.16%
LLP	1.41%	0.50%	1.25%	0.89%	0.93%
Capital Adequacy (%)	0	0	0	0	0
Tier I	13.13%	12.45%	15.28%	16.39%	16.85%
CAR	18.24%	17.37%	20.68%	21.65%	21.79%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
NII / Assets	6.89%	6.06%	6.23%	6.30%	6.60%
Other Income / Assets	0.65%	0.65%	0.46%	0.36%	0.36%
Total Income / Assets	7.54%	6.71%	6.69%	6.66%	6.95%
Cost / Assets	1.44%	1.16%	1.08%	0.98%	0.97%
PPP / Assets	4.56%	4.20%	4.09%	4.41%	4.69%
Provisions / Assets	0.81%	0.61%	1.48%	1.01%	0.82%
PBT / Assets	3.75%	3.59%	2.61%	3.40%	3.86%
Tax rate	34.5%	34.9%	33.6%	25.2%	25.2%
ROA	2.45%	2.34%	1.73%	2.55%	2.89%
Leverage	8.6	9.3	7.8	7.3	7.1
ROE	19.5%	21.0%	14.7%	19.1%	20.7%

Source: Company, JM Financial

Valuations					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue	782.0	782.2	819.9	819.9	819.9
EPS (INR)	11.7	15.2	12.8	21.1	27.5
EPS (YoY) (%)	27.7%	29.1%	-15.4%	64.4%	30.3%
P/E (x)	21.3	16.5	19.5	11.9	9.1
BV (INR)	65	79	100	121	145
BV (YoY) (%)	18.2%	21.1%	26.2%	21.2%	20.0%
P/BV (x)	3.83	3.17	2.51	2.07	1.72
DPS (INR)	1.6	1.6	2.4	0.0	3.3
Div. yield (%)	0.6%	0.6%	1.0%	0.0%	1.3%

Source: Company, JM Financial

HDFC Ltd

Income Statement						Balance Sheet					
						(INR mn)					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Net Interest Income (NII)	96,351	114,026	127,639	146,403	171,761	Equity Capital	3,352	3,443	3,464	3,578	3,578
Non Interest Income	20,523	29,278	150,140	39,432	38,320	Reserves & Surplus	649,297	770,112	858,117	1,049,832	1,157,272
Total Income	116,874	143,304	277,779	185,835	210,081	Stock option outstanding	0	0	0	0	0
Operating Expenses	19,049	14,866	15,139	15,773	17,280	Borrowed Funds	3,197,157	3,652,657	4,191,016	4,693,938	5,398,029
Pre-provisioning Profits	97,825	128,438	262,640	170,063	192,802	Deferred tax liabilities	0	0	0	0	0
Loan-Loss Provisions	4,619	9,203	59,077	38,400	24,960	Preference Shares	139,290	161,564	188,339	127,751	150,755
Others Provisions	0	0	0	0	0	Current Liabilities & Provisions	0	0	0	0	0
Total Provisions	4,600	9,350	59,131	38,400	24,960	Total Liabilities	3,989,096	4,587,776	5,240,936	5,875,099	6,709,634
PBT	93,225	119,088	203,509	131,663	167,842	Net Advances	3,573,809	4,007,596	4,399,433	4,927,365	5,666,469
Tax	22,303	31,354	25,813	25,016	33,568	Investments	307,167	462,404	649,444	717,765	791,239
PAT (Pre-Extra ordinaries)	70,922	87,734	177,697	106,647	134,274	Cash & Bank Balances	14,851	15,963	34,257	36,955	39,665
Extra ordinaries (Net of Tax)	38,603	8,591	0	0	0	Loans and Advances	28,875	40,812	29,721	33,287	38,280
Reported Profits	109,526	96,325	177,697	106,647	134,274	Other Current Assets	45,202	46,250	102,541	133,303	146,634
Dividend	34,545	39,645	36,006	17,889	26,833	Fixed Assets	6,397	6,442	9,861	9,960	10,059
Retained Profits	74,981	56,679	141,690	88,758	107,440	Miscellaneous Expenditure	0	0	0	0	0
						Deferred Tax Assets	12,795	8,309	15,679	16,463	17,287
						Total Assets	3,989,096	4,587,776	5,240,936	5,875,099	6,709,634

Source: Company, JM Financial

Source: Company, JM Financial

Key Ratios						Dupont Analysis					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)	0	0	0	0	0	NII / Assets	2.62%	2.66%	2.60%	2.63%	2.73%
Borrowed funds	14.3%	14.2%	14.4%	12.0%	15.0%	Other Income / Assets	0.56%	0.68%	3.06%	0.71%	0.61%
Advances	20.5%	12.1%	9.8%	12.0%	15.0%	Total Income / Assets	3.18%	3.34%	5.65%	3.34%	3.34%
Total Assets	18.6%	15.0%	14.2%	12.1%	14.2%	Cost / Assets	0.52%	0.35%	0.31%	0.28%	0.27%
NII	4.7%	18.3%	11.9%	14.7%	17.3%	PPP / Assets	2.66%	2.99%	5.34%	3.06%	3.06%
Non-interest Income	-11.1%	42.7%	412.8%	-73.7%	-2.8%	Provisions / Assets	0.13%	0.22%	1.20%	0.69%	0.40%
Operating Expenses	127.6%	-22.0%	1.8%	4.2%	9.6%	PBT / Assets	2.54%	2.78%	4.14%	2.37%	2.67%
Operating Profits	-8.4%	31.3%	104.5%	-35.2%	13.4%	Tax rate	23.9%	26.3%	12.7%	19.0%	20.0%
Core Operating profit	-0.9%	27.5%	11.2%	13.4%	16.8%	ROA	2.98%	2.25%	3.62%	1.92%	2.13%
Provisions	-34.3%	103.3%	532.4%	-35.1%	-35.0%	Leverage	6.1	5.9	6.1	5.6	5.8
Reported PAT	47.2%	-12.1%	84.5%	-40.0%	25.9%	ROE	20.9%	13.5%	21.7%	11.1%	12.1%
Yields / Margins (%)	0	0	0	0	0						
Interest Spread	1.45%	1.35%	1.47%	1.62%	1.74%						
NIM	2.60%	2.65%	2.61%	2.67%	2.76%						
Profitability (%)	0	0	0	0	0						
ROA	2.98%	2.25%	3.62%	1.92%	2.13%						
ROE	20.9%	13.5%	21.7%	11.1%	12.1%						
Cost to Income	16.3%	10.4%	5.5%	8.5%	8.2%						
Asset quality (%)	0	0	0	0	0						
Gross NPA	1.31%	1.42%	2.30%	2.58%	1.97%						
LLP	0.14%	0.25%	1.41%	0.82%	0.47%						
Capital Adequacy (%)	0	0	0	0	0						
Tier I	17.30%	17.50%	16.50%	19.07%	18.84%						
CAR	19.20%	19.10%	17.60%	20.05%	19.70%						

Source: Company, JM Financial

Source: Company, JM Financial

Valuations					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue	1,675.9	1,721.5	1,732.1	1,788.9	1,788.9
EPS (INR)	65.4	56.0	102.6	59.6	75.1
EPS (YoY) (%)	50.1%	-14.4%	83.3%	-41.9%	25.9%
P/E (x)	31.2	36.5	19.9	34.2	27.2
BV (INR)	389	449	497	589	649
BV (YoY) (%)	56.7%	15.4%	10.7%	18.4%	10.2%
P/BV (x)	5.24	4.54	4.10	3.47	3.15
DPS (INR)	20.6	23.0	20.8	10.0	15.0
Div. yield (%)	1.0%	1.1%	1.0%	0.5%	0.7%

Source: Company, JM Financial

LIC Housing Finance

Income Statement					
	(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Net Interest Income (NII)	35,859	43,646	48,215	49,761	55,007
Non Interest Income	1,109	1,036	526	613	717
Total Income	36,968	44,681	48,741	50,374	55,724
Operating Expenses	4,396	4,726	6,167	6,741	7,527
Pre-provisioning Profits	32,572	39,956	42,574	43,633	48,197
Loan-Loss Provisions	4,582	3,504	9,527	7,999	7,659
Others Provisions	233	2,657	357	-500	0
Total Provisions	4,917	6,160	9,884	7,499	7,659
PBT	27,655	33,796	32,690	36,134	40,538
Tax	7,630	9,486	8,672	7,588	8,513
PAT (Pre-Extra ordinaries)	20,025	24,310	24,018	28,546	32,025
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	20,025	24,310	24,018	28,546	32,025
Dividend	3,434	4,619	4,040	2,855	3,843
Retained Profits	16,591	19,691	19,979	25,691	28,182

Source: Company, JM Financial

Balance Sheet					
	(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Equity Capital	1,010	1,010	1,010	1,010	1,010
Reserves & Surplus	141,402	161,583	180,921	206,612	234,794
Stock option outstanding	0	0	0	0	0
Borrowed Funds	1,453,099	1,706,670	1,913,317	2,024,289	2,178,135
Deferred tax liabilities	0	0	0	0	0
Preference Shares	115,387	136,572	72,808	78,556	84,963
Current Liabilities & Provisions	0	0	0	0	0
Total Liabilities	1,710,898	2,005,835	2,168,056	2,310,467	2,498,902
Net Advances	1,661,623	1,929,927	2,079,880	2,219,499	2,407,073
Investments	19,722	35,951	54,964	54,378	52,233
Cash & Bank Balances	20,964	29,949	19,790	22,195	24,071
Loans and Advances	0	0	0	0	0
Other Current Assets	3,195	3,115	5,679	6,605	7,099
Fixed Assets	971	1,359	2,544	2,711	2,932
Miscellaneous Expenditure	0	0	0	0	0
Deferred Tax Assets	4,423	5,534	5,200	5,080	5,494
Total Assets	1,710,898	2,005,835	2,168,056	2,310,467	2,498,902

Source: Company, JM Financial

Key Ratios					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)					
Borrowed funds	15.0%	17.5%	12.1%	5.8%	7.6%
Advances	15.0%	16.1%	7.8%	6.7%	8.5%
Total Assets	13.4%	17.2%	8.1%	6.6%	8.2%
NII	-2.7%	21.7%	10.5%	3.2%	10.5%
Non-interest Income	-31.8%	-6.6%	-49.2%	16.6%	16.8%
Operating Expenses	-28.1%	7.5%	30.5%	9.3%	11.7%
Operating Profits	0.6%	22.7%	6.6%	2.5%	10.5%
Core Operating profit	0.0%	22.8%	7.1%	2.5%	10.5%
Provisions	74.8%	25.3%	60.5%	-24.1%	2.1%
Reported PAT	3.7%	21.4%	-1.2%	18.9%	12.2%
Yields / Margins (%)					
Interest Spread	0.99%	1.17%	1.28%	1.34%	1.40%
NIM	2.24%	2.36%	2.32%	2.24%	2.30%
Profitability (%)					
ROA	1.24%	1.31%	1.15%	1.27%	1.33%
ROE	15.3%	15.9%	13.9%	14.7%	14.4%
Cost to Income	11.9%	10.6%	12.7%	13.4%	13.5%
Asset quality (%)					
Gross NPA	0.77%	1.52%	3.00%	3.16%	3.52%
LLP	0.29%	0.20%	0.48%	0.54%	0.39%
Capital Adequacy (%)					
Tier I	13.06%	12.30%	12.19%	13.57%	14.18%
CAR	15.49%	14.36%	13.89%	16.01%	16.74%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
NII / Assets	2.23%	2.35%	2.31%	2.22%	2.29%
Other Income / Assets	0.07%	0.06%	0.03%	0.03%	0.03%
Total Income / Assets	2.30%	2.40%	2.34%	2.25%	2.32%
Cost / Assets	0.27%	0.25%	0.30%	0.30%	0.31%
PPP / Assets	2.02%	2.15%	2.04%	1.95%	2.00%
Provisions / Assets	0.31%	0.33%	0.47%	0.33%	0.32%
PBT / Assets	1.72%	1.82%	1.57%	1.61%	1.69%
Tax rate	27.6%	28.1%	26.5%	21.0%	21.0%
ROA	1.24%	1.31%	1.15%	1.27%	1.33%
Leverage	12.0	12.3	11.9	11.1	10.6
ROE	15.3%	15.9%	13.9%	14.7%	14.4%

Source: Company, JM Financial

Valuations					
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue	505.0	505.0	505.0	505.0	505.0
EPS (INR)	39.7	48.1	47.6	56.5	63.4
EPS (YoY) (%)	3.7%	21.4%	-1.2%	18.9%	12.2%
P/E (x)	8.2	6.7	6.8	5.7	5.1
BV (INR)	282	322	360	411	467
BV (YoY) (%)	18.7%	14.2%	11.9%	14.1%	13.6%
P/BV (x)	1.15	1.01	0.90	0.79	0.69
DPS (INR)	6.8	9.1	8.0	5.7	7.6
Div. yield (%)	2.1%	2.8%	2.5%	1.7%	2.3%

Source: Company, JM Financial

PNB Housing Finance (Standalone)

Income Statement		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Net Interest Income (NII)	16,259	19,338	21,489	19,160	19,464	
Non Interest Income	3,264	5,823	4,652	2,982	3,575	
Total Income	19,523	25,160	26,141	22,142	23,039	
Operating Expenses	4,412	5,927	5,517	4,691	5,322	
Pre-provisioning Profits	15,112	19,233	20,624	17,452	17,717	
Loan-Loss Provisions	1,127	56	7,022	5,617	3,789	
Others Provisions	183	268	782	0	1,162	
Total Provisions	2,766	1,890	12,514	5,617	4,951	
PBT	12,346	17,344	8,110	11,835	12,766	
Tax	3,934	5,429	1,648	2,485	2,681	
PAT (Pre-Extra ordinaries)	8,412	11,915	6,462	9,350	10,085	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
Reported Profits	8,412	11,915	6,462	9,350	10,085	
Dividend	1,203	1,817	1,824	935	1,009	
Retained Profits	7,209	10,098	4,639	8,415	9,077	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Equity Capital	1,666	1,675	1,682	2,303	2,303	
Reserves & Surplus	64,008	73,764	78,296	104,090	113,167	
Stock option outstanding	0	0	0	0	0	
Borrowed Funds	537,767	718,588	677,351	610,971	612,193	
Deferred tax liabilities	0	0	0	0	0	
Preference Shares	0	0	0	0	0	
Current Liabilities & Provisions	26,704	44,663	31,969	26,789	27,174	
Total Liabilities	630,145	838,690	789,297	744,152	754,836	
Net Advances	571,648	742,879	666,280	644,114	665,105	
Investments	24,130	45,607	20,757	38,647	39,906	
Cash & Bank Balances	28,170	40,340	85,143	45,088	33,255	
Loans and Advances	2,411	5,519	7,466	6,441	6,651	
Other Current Assets	2,473	2,653	4,240	4,799	4,819	
Fixed Assets	858	1,083	2,551	2,368	2,365	
Miscellaneous Expenditure	0	0	0	0	0	
Deferred Tax Assets	455	610	2,859	2,696	2,735	
Total Assets	630,145	838,690	789,297	744,152	754,836	

Source: Company, JM Financial

Key Ratios		FY18A	FY19A	FY20A	FY21E	FY22E
Growth (YoY) (%)						
Borrowed funds		51.5%	33.6%	-5.7%	-9.8%	0.2%
Advances		48.4%	30.0%	-10.3%	-3.3%	3.3%
Total Assets		46.7%	33.1%	-5.9%	-5.7%	1.4%
NII		63.2%	18.9%	11.1%	-10.8%	1.6%
Non-interest Income		21.9%	78.4%	-20.1%	-35.9%	19.9%
Operating Expenses		23.5%	34.3%	-6.9%	-15.0%	13.5%
Operating Profits		66.6%	27.3%	7.2%	-15.4%	1.5%
Core Operating profit		70.1%	21.4%	6.1%	-14.2%	1.3%
Provisions		168.7%	-31.7%	562.3%	-55.1%	-11.9%
Reported PAT		60.6%	41.7%	-45.8%	44.7%	7.9%
Yields / Margins (%)						
Interest Spread		2.58%	2.34%	2.68%	2.48%	2.10%
NIM		3.10%	2.65%	2.66%	2.53%	2.63%
Profitability (%)						
ROA		1.59%	1.62%	0.79%	1.22%	1.35%
ROE		13.9%	16.9%	8.3%	10.0%	9.1%
Cost to Income		22.6%	23.6%	21.1%	21.2%	23.1%
Asset quality (%)						
Gross NPA		0.33%	0.48%	2.77%	3.56%	4.33%
LLP		0.32%	0.21%	2.03%	0.80%	0.61%
Capital Adequacy (%)						
Tier I		12.75%	11.00%	15.18%	22.62%	24.31%
CAR		16.67%	13.98%	17.98%	26.60%	29.11%

Source: Company, JM Financial

Dupont Analysis		FY18A	FY19A	FY20A	FY21E	FY22E
NII / Assets		3.07%	2.63%	2.64%	2.50%	2.60%
Other Income / Assets		0.62%	0.79%	0.57%	0.39%	0.48%
Total Income / Assets		3.68%	3.43%	3.21%	2.89%	3.07%
Cost / Assets		0.83%	0.81%	0.68%	0.61%	0.71%
PPP / Assets		2.85%	2.62%	2.53%	2.28%	2.36%
Provisions / Assets		0.52%	0.26%	1.54%	0.73%	0.66%
PBT / Assets		2.33%	2.36%	1.00%	1.54%	1.70%
Tax rate		31.9%	31.3%	20.3%	21.0%	21.0%
ROA		1.59%	1.62%	0.79%	1.22%	1.35%
Leverage		9.6	11.1	9.9	7.0	6.5
ROE		13.9%	16.9%	8.3%	10.0%	9.1%

Source: Company, JM Financial

Valuations		FY18A	FY19A	FY20A	FY21E	FY22E
Shares in Issue		166.6	167.5	168.2	230.3	230.3
EPS (INR)		50.5	71.1	38.4	40.6	43.8
EPS (YoY) (%)		59.7%	40.9%	-46.0%	5.7%	7.9%
P/E (x)		7.0	4.9	9.1	8.6	8.0
BV (INR)		394	450	476	462	501
BV (YoY) (%)		17.1%	14.3%	5.6%	-2.8%	8.5%
P/BV (x)		0.89	0.78	0.74	0.76	0.70
DPS (INR)		7.2	10.8	10.8	4.1	4.4
Div. yield (%)		2.1%	3.1%	3.1%	1.2%	1.2%

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst – INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +9122 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sunny Shah | Tel: +91 22 6630 3383 | Email: sunny.shah@jmfl.com

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* Large-cap stocks refer to securities with market capitalisation in excess of INR200bn. REIT refers to Real Estate Investment Trusts.

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