

# NBFC Preview

## Steady Quarter

In 3QFY24, we expect our NBFC coverage universe to report 28% YoY earnings growth led by 21% YoY NII growth and 23% YoY PPOP growth and lower credit costs being the critical driver for earnings performance. Impact of CoFs on margins to be a key monitorable and we build mild compression across the coverage universe. As indicated earlier, growth is likely to be well rounded across most companies with commentary on unsecured loans (in aftermath of RBI recent changes) to be watched out for. Key driving parameters to watch out for: i) commentary on unsecured pricing/growth for diversified NBFCs, ii) growth outlook for vehicle financiers, and iii) collection efficiencies for NBFC-MFIs. Our preferred plays are BAF, Poonawalla, SHFL, HFFC, Fusion and Five-Star.

- Diversified NBFCs – strong growth trend continues:** Among diversified NBFCs under coverage, BAF and Poonawalla reported a strong sequential AUM growth of 7.1% and 8.1% respectively. LTFH too reported a healthy sequential growth of 7.6% in its retail book supported by 7.4% QoQ disbursements growth. With defocused book cleaned up, overall loan growth of LTFH turned positive at 4.3% QoQ after prolonged muted AUM trajectory. We expect moderation of ~20bps in NIMs for BAF and ABFL on account of increase in cost of funds. However, Poonawalla is expected to see largely steady NIMs (-10bps QoQ) as the cost benefit from housing sub sale which came in previous quarter would continue to offer tailwinds. Asset quality is likely to remain steady and we do not expect any negative surprises in credit costs during the quarter. The new RBI risk-weight revision would affect CRAR of the diversified NBFCs, though no major impact is expected on earnings. We expect earnings growth of ~29% YoY for our diversified financials coverage universe driven by 25% YoY NII growth and 26% YoY PPOP growth.
- Vehicle Financiers – Growth trajectory a key monitorable:** Vehicle financiers are expected to show healthy sequential growth backed by festive demand. We forecast 6% QoQ growth for CIFIC and 5% QoQ growth for SHFL (on account of higher base) while MMFS recorded a growth of 3.3% QoQ in its provisional update. VFs have seen more compression than other NBFCs FYTD, we believe the NIMs compression could be approaching its fag end. Also, repricing of the asset mix upward should offset the CoFs pressure.
- Affordable HFCs momentum to sustain:** Affordable HFCs in our coverage universe would continue to outperform prime HFCs on the back of lower base and robust demand (for INR <2mn ATS). We expect healthy disbursements for AHFCs to result in strong AUM growth of 7.5%/5.0%/6.5% QoQ for HFFC/Aavas/Aptus. We estimate an earnings growth of 29% YoY for AHFCs driven by 25% YoY growth in NII and 30% YoY growth in PPOP. Among prime HFCs, PNBHF is expected to report strong growth of 5% QoQ as the book shifts towards affordable housing loans while ABHFL is also expected to grow 5% QoQ due to lower base. LICHF to continue its moderate growth of 2.5% QoQ as corporate book run-down continues. We expect earnings to grow 95% YoY for prime HFCs led by 21% YoY growth in NII and 30% YoY growth in PPOP.
- NBFC-MFIs – collection efficiencies key watchout:** NBFC-MFIs are expected to continue their solid performance in 3QFY24 on the back of tailwinds from sector growth revival, robust asset quality parameters and healthy operating profitability from strong margins. We believe the robust growth trend would continue during the quarter and estimate ~6% QoQ GLP growth. We expect margins to remain in a narrow band. Asset quality pain seems to be behind with most of the MFIs in our coverage to report stable trends. We expect an earnings growth of 67% YoY for 3QFY24E backed by 44% YoY growth in NII and 52% YoY growth in PPOP.



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NBFC (Covered)	CMP	TP	Upside	Reco
BAF	7,681	10,000	30%	BUY
LTFH	166	180	9%	BUY
ABFL	174	220	27%	BUY
PEL	922	1,250	36%	BUY
POONAWALLA	481	530	10%	BUY
LICHF	568	630	11%	BUY
PNBHF	783	935	19%	BUY
HFFC	943	1,150	22%	BUY
AAVAS	1,569	1,960	25%	BUY
APTUS	325	370	14%	BUY
FIVE-STAR	726	1,010	39%	BUY
SHFL	2,150	2,550	19%	BUY
MMFS	269	330	23%	BUY
CIFIC	1,216	1,450	19%	HOLD
CRE DAG	1,753	2,000	14%	BUY
FUSION	604	800	32%	BUY
SPANDANA	1,218	1,400	15%	BUY
SATIN	272	360	33%	BUY

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.

## Exhibit 1. JMF estimates for 3QFY24E for NBFCs under coverage

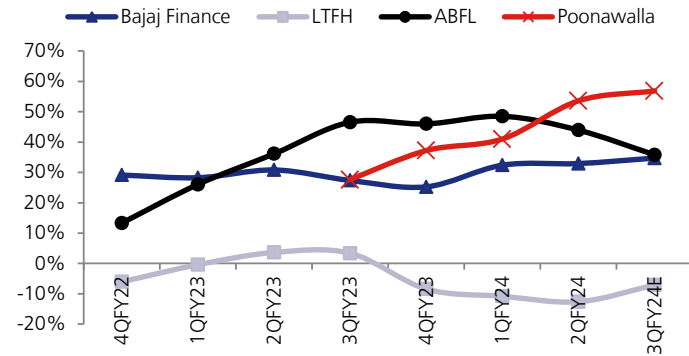
INR mn	Nil	%YoY	%QoQ	PPoP	%YoY	%QoQ	PAT	%YoY	%QoQ	AUM	%YoY	%QoQ
BAF	75,859	28.1%	5.4%	61,555	26.8%	5.5%	37,711	26.8%	6.2%	3,110,000	34.7%	7.1%
LTFH	17,596	3.9%	1.8%	12,637	1.7%	-3.9%	6,274	17.7%	5.4%	821,429	-7.1%	4.3%
POONAWALLA	5,206	72.8%	9.7%	3,669	135.5%	9.1%	2,469	64.1%	555.1%	218,500	56.9%	8.1%
ABFL	16,135	30.8%	19.7%	11,325	35.0%	4.6%	5,875	44.3%	7.1%	991,333	35.8%	6.0%
LICHF	20,758	29.9%	-1.5%	18,493	36.5%	-2.3%	11,275	134.7%	-5.1%	2,849,367	6.1%	2.5%
PNBHF	6,565	-8.5%	1.7%	5,535	-11.0%	0.3%	3,787	40.7%	-1.1%	707,858	7.7%	5.0%
HFFC	1,410	27.5%	6.8%	1,114	36.3%	6.7%	791	34.6%	6.5%	89,928	33.2%	7.5%
AAVAS	2,807	15.0%	4.4%	1,689	19.4%	3.6%	1,263	17.8%	3.8%	160,855	22.9%	5.0%
APTUS	2,434	21.6%	6.5%	2,080	18.0%	6.6%	1,515	20.7%	2.4%	80,983	28.4%	6.5%
FIVE-STAR	4,255	33.1%	6.9%	2,983	44.6%	7.5%	2,157	42.8%	8.2%	88,425	41.7%	7.0%
SHFL	50,109	13.2%	4.0%	36,108	9.4%	3.7%	18,365	3.4%	4.9%	2,127,730	19.9%	5.0%
MMFS	16,354	5.3%	3.0%	9,589	-3.9%	1.7%	3,240	-48.5%	37.8%	968,500	25.2%	3.3%
CIFC	21,596	35.1%	7.2%	15,494	43.5%	9.1%	10,379	51.7%	36.1%	1,317,008	38.0%	6.0%
CREDAG	7,952	47.1%	4.2%	5,791	52.6%	2.9%	3,727	72.7%	7.4%	239,497	34.7%	6.5%
FUSION	3,589	29.1%	7.0%	2,539	38.2%	5.0%	1,298	26.6%	3.2%	107,784	24.6%	7.5%
SPANDANA	3,742	75.2%	5.2%	2,503	87.4%	3.4%	1,361	96.4%	17.0%	101,754	48.5%	4.0%
SATIN	3,032	24.9%	2.6%	1,794	33.1%	3.3%	1,085	84.8%	1.6%	108,070	36.0%	7.0%

Source: Company, JM Financial

## Diversified Financiers – Trends

**Exhibit 2. Robust growth barring LTFH on account of defocused book rundown across the year**

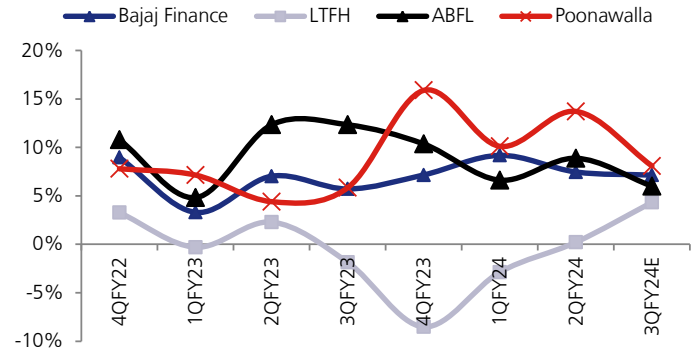
Diversified AUM Growth - YoY



Source: Company, JM Financial, Poonawalla 2Q22 to 2Q23 are not comparable due to housing divestment

**Exhibit 3. Healthy sequential loan growth**

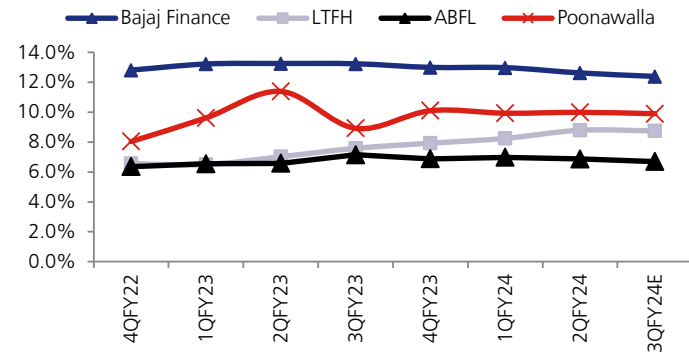
Diversified AUM Growth - QoQ



Source: Company, JM Financial, Poonawalla 2Q22 and 3Q22 are not comparable due to housing divestment

**Exhibit 4. NIMs moderation expected for BAF and ABFL**

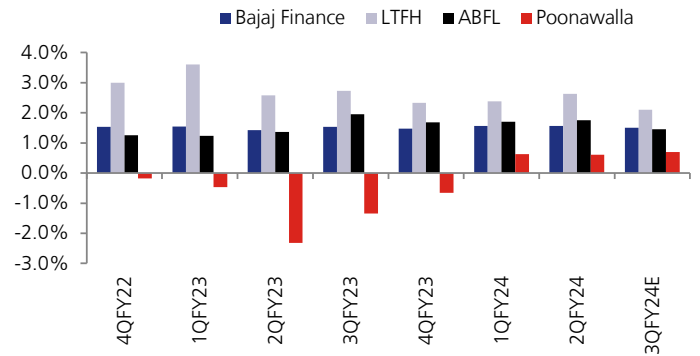
NIMs (Cal.) Trend



Source: Company, JM Financial

**Exhibit 5. Credit costs to remain benign**

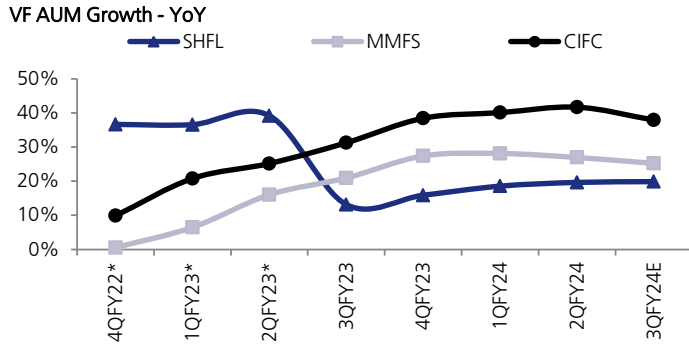
Credit costs %



Source: Company, JM Financial

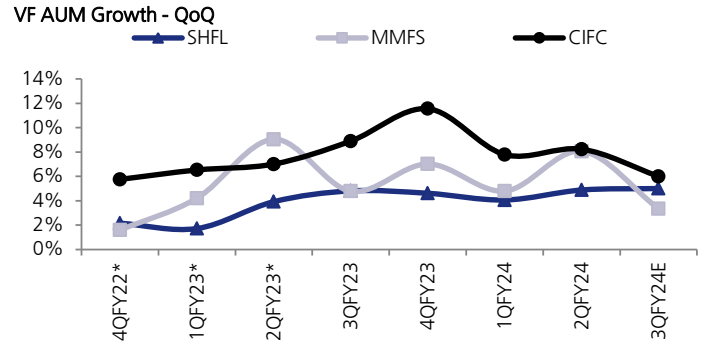
## Vehicle Financiers – Trends

**Exhibit 6. Robust growth trend to follow**



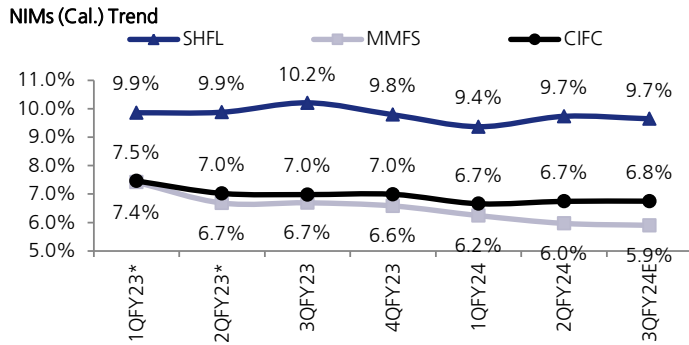
Source: Company, JM Financial, \*unmerged entity SHTF

**Exhibit 7. Sequential loan growth to remain healthy**



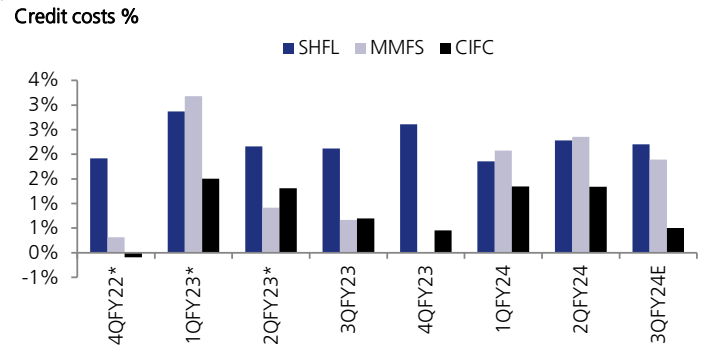
Source: Company, JM Financial, \*unmerged entity SHTF

**Exhibit 8. Margins to remain sticky**



Source: Company, JM Financial

**Exhibit 9. Credit costs to remain stable**

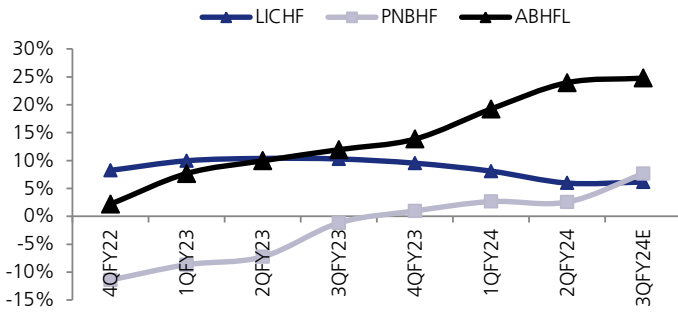


Source: Company, JM Financial

## Housing Finance Companies – Trends

**Exhibit 10. Stable AUM Growth**

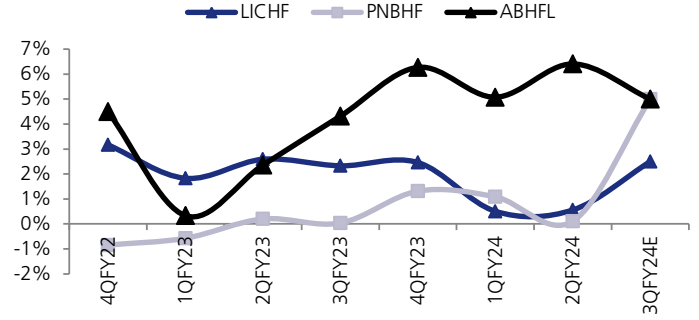
HFCs AUM Growth - YoY



Source: Company, JM Financial

**Exhibit 11. Pure individual loan growth to remain healthy**

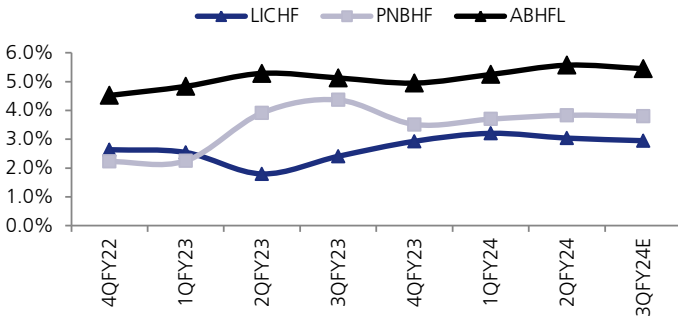
HFCs AUM Growth - QoQ



Source: Company, JM Financial

**Exhibit 12. Steady margins**

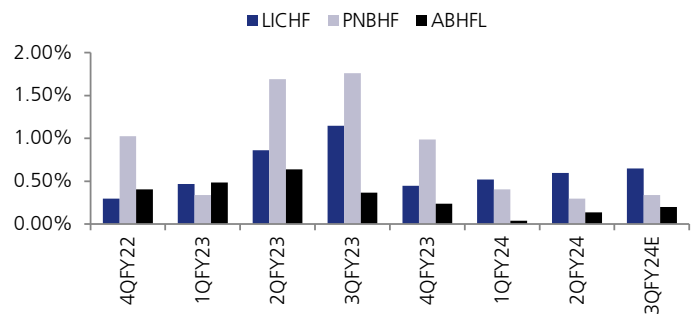
NIMs (Cal.) Trend



Source: Company, JM Financial

**Exhibit 13. Favourable credit costs**

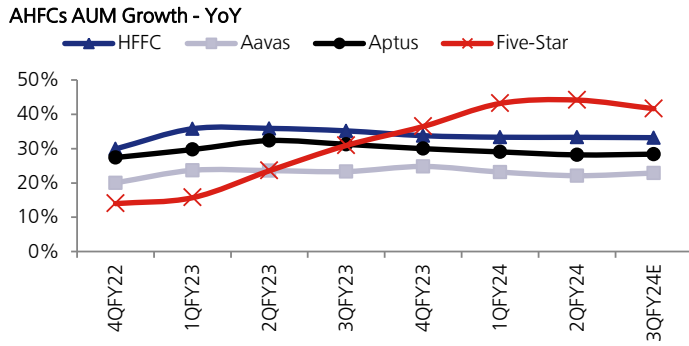
Credit costs %



Source: Company, JM Financial

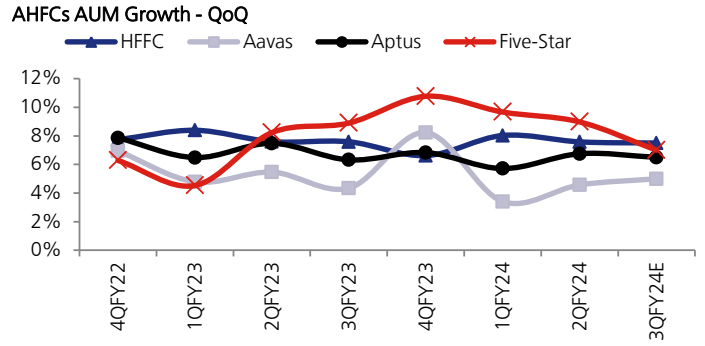
# Affordable Housing Finance Companies – Trends

**Exhibit 14. Affordable HFCs continued strong growth**



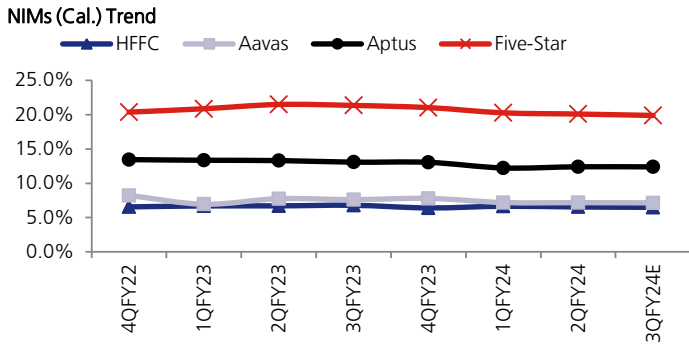
Source: Company, JM Financial

**Exhibit 15. Growth momentum to continue**



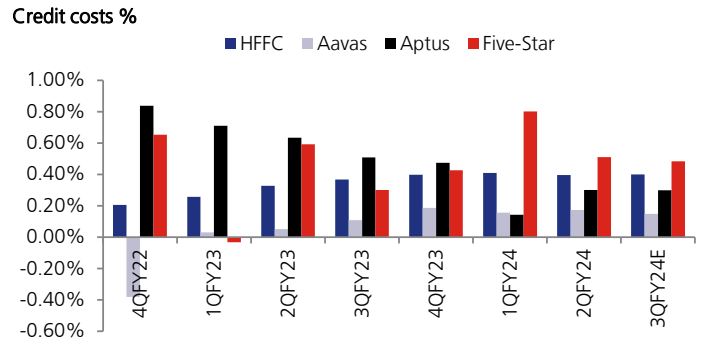
Source: Company, JM Financial

**Exhibit 16. NIMs to remain stable**



Source: Company, JM Financial

**Exhibit 17. Credit costs to remain stable**

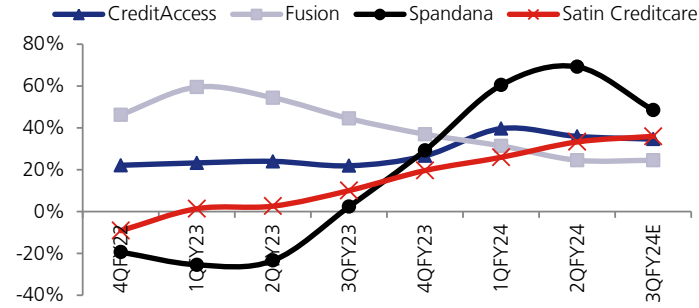


Source: Company, JM Financial

## NBFC-MFI – Trends

Exhibit 18. Strong growth trends

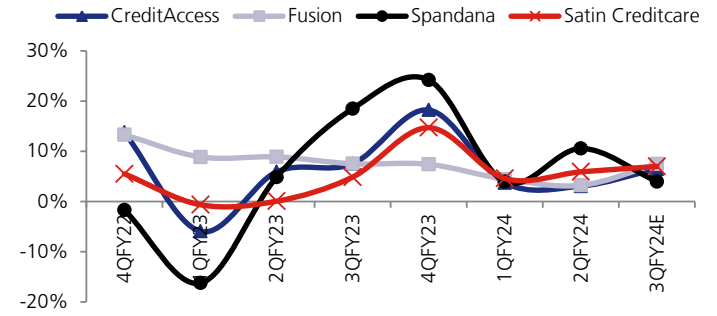
NBFC-MFI AUM Growth - YoY



Source: Company, JM Financial

Exhibit 19. Healthy loan growth to continue

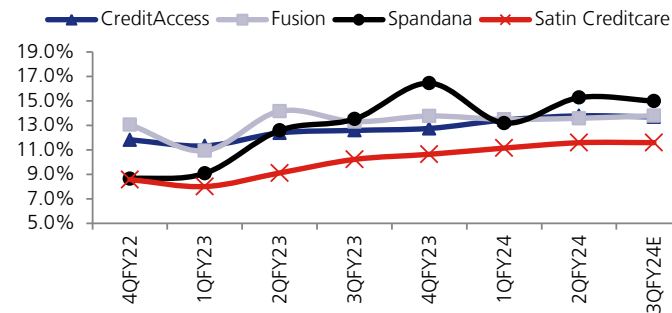
NBFC-MFI AUM Growth - QoQ



Source: Company, JM Financial

Exhibit 20. Margin expansion to continue

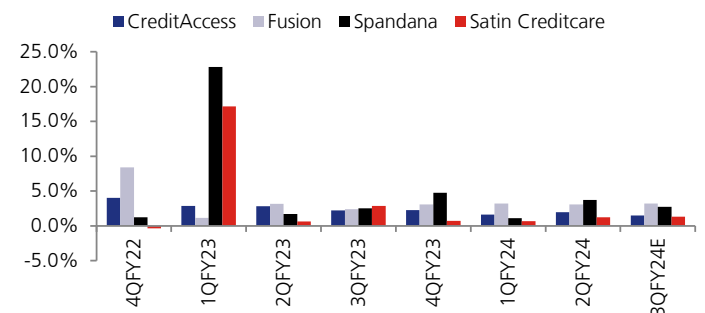
NIMs (Cal.) Trend



Source: Company, JM Financial

Exhibit 21. Credit costs to remain benign

Credit costs %



Source: Company, JM Financial

## Exhibit 22. Dupont: HFCs

Dupont Analysis	LICHF				PNBHF				ABHFL			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	2.4%	2.6%	2.6%	2.6%	3.5%	3.6%	3.7%	3.8%	4.6%	5.0%	4.9%	4.8%
Core other income / Assets (%)	0.1%	0.0%	0.0%	0.0%	0.4%	0.4%	0.4%	0.4%	0.2%	0.2%	0.2%	0.3%
Other income / Assets (%)	0.1%	0.1%	0.0%	0.0%	0.5%	0.6%	0.6%	0.6%	0.2%	0.2%	0.3%	0.3%
Total Income / Assets (%)	2.4%	2.7%	2.6%	2.6%	4.0%	4.1%	4.2%	4.4%	4.8%	5.2%	5.2%	5.1%
Employee Cost to Assets (%)	0.2%	0.2%	0.2%	0.2%	0.4%	0.4%	0.5%	0.5%	1.3%	2.0%	2.1%	2.1%
Other Cost to Assets (%)	0.2%	0.2%	0.2%	0.2%	0.5%	0.5%	0.5%	0.5%	0.7%	0.7%	0.6%	0.5%
Cost to Assets (%)	0.4%	0.4%	0.4%	0.4%	0.9%	1.0%	1.0%	1.0%	2.1%	2.6%	2.7%	2.6%
PPP / Assets (%)	2.1%	2.3%	2.2%	2.2%	3.1%	3.2%	3.2%	3.4%	2.7%	2.6%	2.5%	2.5%
Provisions / Assets (%)	0.7%	0.6%	0.4%	0.4%	1.0%	0.4%	0.4%	0.4%	0.4%	0.1%	0.2%	0.2%
PBT / Assets (%)	1.3%	1.7%	1.8%	1.8%	2.1%	2.7%	2.9%	3.0%	2.3%	2.4%	2.3%	2.2%
Tax rate	18.7%	19.0%	22.0%	22.0%	23.1%	22.5%	22.5%	23.0%	21.9%	22.0%	22.0%	22.0%
ROA	1.1%	1.4%	1.4%	1.4%	1.6%	2.1%	2.2%	2.3%	1.8%	1.9%	1.8%	1.7%
RoRWAs	2.0%	2.5%	2.6%	2.6%	2.5%	3.4%	3.6%	3.8%	2.8%	2.9%	2.8%	2.7%
Leverage (x)	9.9x	9.7x	9.4x	9.3x	5.3x	4.6x	4.8x	4.9x	7.2x	6.7x	6.7x	7.4x
ROE	11.2%	14.0%	14.1%	13.9%	10.0%	11.9%	12.0%	13.0%	13.1%	12.7%	12.0%	12.8%

Source: Company, JM Financial

## Exhibit 23. Dupont: Affordable HFCs

Dupont Analysis	HFFC				Aavas			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	7.1%	7.0%	6.8%	6.6%	7.7%	7.5%	7.6%	7.7%
Core other income / Assets (%)	0.6%	0.6%	0.5%	0.4%	0.4%	0.5%	0.5%	0.5%
Other income / Assets (%)	1.2%	1.3%	1.2%	0.4%	0.6%	0.6%	0.6%	0.6%
Total Income / Assets (%)	8.3%	8.3%	7.9%	7.0%	8.3%	8.2%	8.2%	8.3%
Employee Cost to Assets (%)	1.8%	1.8%	1.7%	1.6%	2.5%	2.5%	2.4%	2.3%
Other Cost to Assets (%)	1.2%	1.1%	1.1%	1.0%	1.2%	1.2%	1.2%	1.2%
Cost to Assets (%)	3.0%	2.9%	2.8%	2.5%	3.7%	3.7%	3.7%	3.5%
PPP / Assets (%)	5.3%	5.4%	5.1%	4.5%	4.6%	4.4%	4.5%	4.8%
Provisions / Assets (%)	0.4%	0.4%	0.4%	0.3%	0.1%	0.2%	0.1%	0.1%
PBT / Assets (%)	5.0%	5.0%	4.7%	4.2%	4.5%	4.3%	4.4%	4.6%
Tax rate	22.7%	22.5%	22.5%	21.0%	21.7%	22.5%	22.5%	22.5%
ROA	3.9%	3.9%	3.7%	3.3%	3.5%	3.3%	3.4%	3.6%
RoRWAs	7.1%	7.1%	6.7%	6.0%	6.9%	6.4%	6.7%	7.1%
Leverage (x)	3.3x	3.8x	4.3x	4.9x	3.5x	3.7x	3.9x	4.1x
ROE	13.5%	15.7%	17.1%	17.6%	14.2%	13.9%	15.1%	16.8%

Source: Company, JM Financial



## Exhibit 24. Dupont: Affordable HFCs

Dupont Analysis	Aptus				Five-Star			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	12.2%	11.6%	11.4%	11.0%	16.4%	16.7%	16.8%	16.6%
Core other income / Assets (%)	1.0%	1.0%	0.8%	0.7%	0.3%	0.3%	0.3%	0.2%
Other income / Assets (%)	1.1%	1.0%	0.8%	0.7%	0.4%	0.7%	0.6%	0.5%
Total Income / Assets (%)	13.3%	12.5%	12.2%	11.7%	16.8%	17.4%	17.4%	17.1%
Employee Cost to Assets (%)	1.9%	1.9%	2.0%	1.9%	4.6%	4.6%	4.4%	4.2%
Other Cost to Assets (%)	0.7%	0.7%	0.6%	0.6%	1.2%	1.3%	1.3%	1.2%
Cost to Assets (%)	2.6%	2.6%	2.6%	2.5%	5.8%	5.9%	5.7%	5.4%
PPP / Assets (%)	10.7%	9.9%	9.6%	9.2%	11.0%	11.5%	11.6%	11.7%
Provisions / Assets (%)	0.5%	0.2%	0.3%	0.3%	0.3%	0.5%	0.5%	0.5%
PBT / Assets (%)	10.2%	9.7%	9.3%	9.0%	10.7%	11.0%	11.1%	11.2%
Tax rate	23.1%	25.0%	25.0%	20.0%	25.2%	25.2%	25.2%	25.2%
ROA	7.8%	7.3%	7.0%	7.2%	8.0%	8.2%	8.3%	8.4%
RoRWAs	14.3%	13.3%	12.6%	12.7%	11.7%	12.3%	12.4%	12.5%
Leverage (x)	2.0x	2.2x	2.5x	2.8x	1.6x	1.8x	2.0x	2.2x
ROE	16.1%	16.6%	17.8%	20.2%	15.0%	17.3%	19.2%	21.3%

Source: Company, JM Financial

## Exhibit 25. Dupont: VFs

Dupont Analysis	SHFL				MMFS				CIFC			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	8.3%	8.9%	8.8%	8.8%	7.1%	6.4%	6.6%	6.7%	6.5%	6.4%	6.7%	6.7%
Core other income / Assets (%)	0.3%	0.1%	0.1%	0.1%	0.3%	0.3%	0.2%	0.1%	0.8%	0.9%	0.9%	0.9%
Other income / Assets (%)	0.6%	0.1%	0.1%	0.1%	0.4%	0.4%	0.3%	0.2%	0.9%	0.9%	0.9%	1.0%
Total Income / Assets (%)	8.9%	9.0%	9.0%	8.9%	7.6%	6.8%	7.0%	6.9%	7.4%	7.4%	7.6%	7.6%
Employee Cost to Assets (%)	1.3%	1.3%	1.2%	1.2%	1.8%	1.7%	1.7%	1.6%	1.3%	1.2%	1.1%	1.0%
Other Cost to Assets (%)	1.2%	1.3%	1.4%	1.4%	1.3%	1.2%	1.2%	1.1%	1.5%	1.5%	1.5%	1.5%
Cost to Assets (%)	2.5%	2.6%	2.6%	2.6%	3.2%	3.0%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%
PPP / Assets (%)	6.4%	6.4%	6.3%	6.3%	4.4%	3.8%	4.1%	4.2%	4.5%	4.6%	5.0%	5.2%
Provisions / Assets (%)	2.2%	1.8%	1.9%	2.1%	1.2%	1.6%	1.5%	1.1%	0.9%	0.8%	1.1%	1.1%
PBT / Assets (%)	4.2%	4.6%	4.4%	4.1%	3.2%	2.2%	2.7%	3.1%	3.7%	3.8%	3.9%	4.1%
Tax rate	26.9%	26.5%	26.5%	25.2%	25.9%	25.2%	25.2%	25.2%	25.9%	25.5%	25.5%	25.5%
ROA	3.1%	3.4%	3.2%	3.1%	2.3%	1.6%	2.0%	2.3%	2.7%	2.8%	2.9%	3.0%
RoRWAs	3.8%	3.9%	3.6%	3.4%	3.0%	1.8%	2.1%	2.4%	3.2%	3.4%	3.5%	3.7%
Leverage (x)	4.0x	4.0x	4.1x	4.2x	4.6x	5.7x	6.4x	6.9x	7.3x	6.7x	6.9x	6.5x
ROE	15.4%	15.9%	15.6%	15.1%	12.1%	10.1%	14.1%	17.9%	20.5%	21.6%	22.0%	22.5%

Source: Company, JM Financial

## Exhibit 26. Dupont: Diversified NBFCs

Dupont Analysis	Bajaj Finance				LTFH			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	9.4%	9.3%	9.3%	9.5%	6.3%	6.4%	7.0%	7.5%
Core other income / Assets (%)	2.3%	2.2%	2.0%	1.8%	0.6%	1.3%	1.6%	1.7%
Other income / Assets (%)	2.4%	2.3%	2.2%	1.9%	0.1%	1.5%	1.7%	1.8%
Total Income / Assets (%)	11.8%	11.6%	11.5%	11.4%	6.5%	7.9%	8.7%	9.3%
Employee Cost to Assets (%)	2.1%	2.0%	1.8%	1.8%	1.3%	1.6%	1.6%	1.6%
Other Cost to Assets (%)	2.0%	1.9%	1.8%	1.7%	1.3%	1.7%	2.0%	2.1%
Cost to Assets (%)	4.1%	3.9%	3.6%	3.5%	2.7%	3.2%	3.5%	3.7%
PPP / Assets (%)	7.7%	7.7%	7.9%	7.9%	3.8%	4.7%	5.2%	5.6%
Provisions / Assets (%)	1.3%	1.3%	1.3%	1.4%	1.8%	1.7%	1.7%	2.0%
PBT / Assets (%)	6.4%	6.3%	6.6%	6.5%	2.0%	3.0%	3.5%	3.7%
Tax rate	25.9%	26.0%	26.0%	25.2%	30.3%	25.2%	25.2%	25.2%
ROA	4.7%	4.7%	4.8%	4.8%	1.5%	2.2%	2.6%	2.9%
RoRWAs	6.5%	6.5%	6.7%	6.7%	1.6%	2.2%	2.6%	2.9%
Leverage (x)	4.5x	4.2x	4.4x	4.5x	3.5x	3.3x	3.5x	3.8x
ROE	23.5%	22.9%	23.4%	24.0%	7.8%	10.4%	11.6%	13.4%

Source: Company, JM Financial

## Exhibit 27. Dupont: Diversified NBFCs

Dupont Analysis	ABFL				Poonawalla			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	5.6%	6.2%	6.1%	6.0%	6.2%	8.0%	9.8%	9.9%
Core other income / Assets (%)	0.6%	0.2%	0.2%	0.2%	0.8%	0.9%	1.0%	0.9%
Other income / Assets (%)	0.7%	0.3%	0.3%	0.3%	0.8%	0.9%	1.0%	0.9%
Total Income / Assets (%)	6.2%	6.4%	6.3%	6.3%	7.1%	8.9%	10.8%	10.7%
Employee Cost to Assets (%)	1.0%	1.1%	1.0%	0.9%	2.6%	1.9%	2.5%	2.3%
Other Cost to Assets (%)	1.0%	0.9%	0.9%	0.9%	1.5%	1.5%	1.4%	1.3%
Cost to Assets (%)	2.0%	2.0%	1.9%	1.9%	4.0%	3.4%	3.9%	3.6%
PPP / Assets (%)	4.2%	4.4%	4.4%	4.4%	3.0%	5.5%	6.9%	7.1%
Provisions / Assets (%)	1.3%	1.3%	1.1%	1.1%	-0.7%	0.5%	0.6%	0.7%
PBT / Assets (%)	3.0%	3.2%	3.3%	3.3%	3.7%	4.9%	6.3%	4.8%
Tax rate	25.7%	25.0%	25.0%	25.0%	24.4%	40.0%	25.0%	25.0%
ROA	2.2%	2.4%	2.5%	2.5%	3.5%	3.0%	4.7%	4.8%
RoRWAs	2.3%	2.5%	2.6%	2.6%	4.7%	10.6%	6.3%	6.4%
Leverage (x)	6.6x	7.1x	7.3x	7.8x	2.2x	2.4x	3.1x	3.6x
ROE	14.6%	16.9%	17.9%	19.5%	10.6%	9.5%	15.1%	17.2%

Source: Company, JM Financial

## Exhibit 28. Dupont: NBFC-MFIs

Dupont Analysis	CreditAccess				Fusion			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	10.7%	12.2%	12.1%	12.1%	12.7%	13.6%	14.0%	13.9%
Core other income / Assets (%)	0.4%	0.4%	0.3%	0.3%	0.7%	0.8%	0.9%	0.9%
Other income / Assets (%)	1.1%	1.0%	0.9%	0.8%	1.2%	1.5%	1.5%	1.5%
Total Income / Assets (%)	11.9%	13.2%	13.0%	12.9%	13.9%	15.1%	15.4%	15.3%
Employee Cost to Assets (%)	2.6%	2.5%	2.3%	2.2%	3.9%	4.2%	4.3%	4.2%
Other Cost to Assets (%)	1.6%	1.6%	1.5%	1.4%	1.4%	1.4%	1.5%	1.5%
Cost to Assets (%)	4.2%	4.0%	3.8%	3.6%	5.3%	5.6%	5.8%	5.7%
PPP / Assets (%)	7.7%	9.2%	9.2%	9.3%	8.6%	9.5%	9.6%	9.7%
Provisions / Assets (%)	2.0%	1.3%	1.3%	1.3%	2.4%	3.0%	2.5%	2.6%
PBT / Assets (%)	5.6%	7.9%	8.0%	8.0%	6.1%	6.5%	7.1%	7.1%
Tax rate	25.3%	25.3%	25.3%	25.3%	24.4%	25.5%	25.5%	25.5%
ROA	4.2%	5.9%	5.9%	6.0%	4.6%	4.9%	5.3%	5.3%
RoRWAs	5.2%	7.0%	7.4%	7.5%	5.3%	5.5%	5.9%	5.9%
Leverage (x)	3.7x	3.8x	3.8x	3.9x	3.5x	3.7x	3.9x	4.0x
ROE	17.8%	25.3%	25.6%	26.4%	21.2%	20.2%	23.1%	23.7%

Source: Company, JM Financial

## Exhibit 29. Dupont: NBFC-MFIs

Dupont Analysis	Spandana				Satin Creditcare			
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
NII / Assets (%)	10.5%	13.0%	12.4%	12.1%	10.9%	12.9%	12.7%	12.7%
Core other income / Assets (%)	0.8%	0.8%	0.7%	0.6%	1.0%	1.0%	0.9%	0.8%
Other income / Assets (%)	1.3%	1.1%	0.9%	0.8%	1.2%	1.4%	1.2%	1.1%
Total Income / Assets (%)	11.8%	14.1%	13.3%	12.9%	12.2%	14.4%	13.9%	13.8%
Employee Cost to Assets (%)	3.7%	3.9%	3.9%	3.8%	5.0%	4.7%	4.2%	3.9%
Other Cost to Assets (%)	1.7%	1.7%	1.6%	1.6%	1.8%	1.8%	1.7%	1.5%
Cost to Assets (%)	5.4%	5.6%	5.5%	5.3%	6.8%	6.5%	5.9%	5.5%
PPP / Assets (%)	6.5%	8.6%	7.9%	7.6%	5.3%	7.8%	8.0%	8.3%
Provisions / Assets (%)	6.2%	2.3%	1.8%	1.7%	5.3%	1.5%	1.5%	1.4%
PBT / Assets (%)	0.2%	6.3%	6.1%	5.9%	0.1%	6.3%	6.5%	6.8%
Tax rate	32.4%	25.5%	25.5%	25.5%	8.2%	25.2%	25.2%	25.2%
ROA	0.2%	4.7%	4.5%	4.4%	0.1%	4.7%	4.9%	5.1%
RoRWAs	0.2%	6.2%	6.0%	5.8%	0.1%	5.9%	6.1%	6.4%
Leverage (x)	2.5x	2.8x	3.1x	3.4x	4.0x	3.4x	3.5x	3.5x
ROE	0.4%	15.4%	16.9%	18.1%	0.3%	21.5%	21.2%	22.6%

Source: Company, JM Financial

## Exhibit 30. Valuation Comps

NBFC (Covered)	CMP	P/B				P/E				ROA				ROE				AUM-CAGR (FY23-26E)	EPS-CAGR (FY23-26E)
		FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E		
BAF	7,681	8.5	6.2	5.1	4.1	40.3	31.7	23.9	19.0	4.7%	4.7%	4.8%	4.8%	23.5%	22.9%	23.4%	24.0%	29.1%	28.6%
LTFH	166	1.9	1.7	1.6	1.4	25.3	17.4	14.2	11.0	1.5%	2.2%	2.6%	2.9%	7.8%	10.4%	11.6%	13.4%	14.1%	32.1%
ABFL	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.2%	2.4%	2.5%	2.5%	14.6%	16.9%	17.9%	19.5%	29.4%	37.7%
PEL	922	0.7	0.7	0.7	0.6	2.2	15.2	16.3	14.7	NM	1.6%	1.3%	1.3%	NM	4.4%	4.1%	4.4%	12.9%	NM
POONAWALLA	481	5.4	4.2	3.7	3.2	54.0	18.9	26.2	19.9	3.5%	3.0%	4.7%	4.8%	10.6%	9.5%	15.1%	17.2%	43.1%	39.5%
LICHF	568	1.2	1.0	0.9	0.8	10.8	7.7	6.8	6.2	1.1%	1.4%	1.4%	1.4%	11.2%	14.0%	14.1%	13.9%	9.1%	20.5%
PNBHF	783	1.2	1.4	1.2	1.1	12.6	13.2	10.8	8.9	1.6%	2.1%	2.2%	2.3%	10.0%	11.9%	12.0%	13.0%	13.6%	12.4%
HFFC	943	4.6	4.0	3.4	2.9	36.3	27.1	21.4	17.9	3.9%	3.9%	3.7%	3.3%	13.5%	15.7%	17.1%	17.6%	33.0%	26.6%
AAVAS	1,569	3.8	3.3	2.8	2.4	28.8	25.3	20.2	15.5	3.5%	3.3%	3.4%	3.6%	14.2%	13.9%	15.1%	16.8%	23.4%	23.1%
APTUS	325	4.8	4.2	3.6	3.1	32.2	27.3	22.0	16.5	7.8%	7.3%	7.0%	7.2%	16.1%	16.6%	17.8%	20.2%	30.0%	24.9%
FIVE-STAR	726	4.9	4.1	3.5	2.9	35.0	25.7	19.5	14.7	8.0%	8.2%	8.3%	8.4%	15.0%	17.3%	19.2%	21.3%	34.1%	33.5%
SHFL	2,150	1.9	1.6	1.4	1.2	13.5	10.9	9.7	8.8	3.1%	3.4%	3.2%	3.1%	15.4%	15.9%	15.6%	15.1%	17.6%	15.4%
MMFS	269	1.9	1.8	1.6	1.4	16.7	18.5	12.0	8.3	2.3%	1.6%	2.0%	2.3%	12.1%	10.1%	14.1%	17.9%	26.8%	26.3%
CIFC	1,216	7.0	5.2	4.3	3.3	37.5	27.9	21.5	16.9	2.7%	2.8%	2.9%	3.0%	20.5%	21.6%	22.0%	22.5%	26.6%	30.5%
CRETAG	1,753	5.5	4.2	3.3	2.6	33.7	18.8	14.4	11.1	4.2%	5.9%	5.9%	6.0%	17.8%	25.3%	25.6%	26.4%	29.6%	44.9%
FUSION	604	2.6	2.2	1.8	1.5	15.7	11.8	8.6	6.8	4.6%	4.9%	5.3%	5.3%	21.2%	20.2%	23.1%	23.7%	27.7%	31.8%
SPANDANA	1,218	2.8	2.4	2.1	1.8	700.9	17.0	13.3	10.6	0.2%	4.7%	4.5%	4.4%	0.4%	15.4%	16.9%	18.1%	32.0%	304.6%
SATIN	272	1.4	1.2	1.0	0.8	478.3	7.0	5.3	4.0	0.1%	4.7%	4.9%	5.1%	0.3%	21.5%	21.2%	22.6%	27.0%	394.6%

Source: Company, JM Financial

## APPENDIX I

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion 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.
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