

NBFC



Near term disruption due to demonetisation

Post demonetisation, we expect growth to moderate and credit costs to increase for NBFCs under our coverage. Impact would be much more for portfolios exposed to informal/self-employed segment, businesses with high cash dependence and property. Over the medium term, we expect property prices to correct which coupled with a decline in interest rates, should benefit mid-ticket salaried home loans. For rural India, near term adverse impact is significant due to issues relating to availability of currency, however we believe strong agriculture output, higher MSP and possible increase in government spending on rural infrastructure projects should benefit rural financiers in the medium term. We believe diversified and well managed NBFC like Bajaj Finance is well placed to navigate the slowdown and should continue to outperform its peers. We have cut our earnings estimate by 2-10%/4%-14% for FY17E/18E for NBFC under our coverage. Our top picks would be HDFC, LICHF, Bajaj Finance and MMFS.

- **Demonetisation – near term significant Impact on portfolios exposed to informal/self-employed segment, and businesses with high cash dependence:** Demonetisation will have significant near term impact on portfolios exposed to informal/self-employed segment, and businesses with high cash dependence. We believe businesses with high cash collections – CV/rural/2W and high cash disbursements – gold and MFI financing would be impacted the most in the short term. We also expect property prices to decline driven by crackdown on black money (refer exhibit 2 for segment wise impact). Consequently, we expect moderation in growth and increase in credit costs for NBFCs under our coverage.
- **Housing Finance: High ticket LAP and home loans to be impacted the most while salaried home loans to be impacted the least; prefer HDFC, LICHF:** In the near term we expect demand for housing to remain subdued due to weak consumer sentiment, wealth erosion due to demonetisation and expectation of decline in property prices. Over the medium term, we expect this decline in property prices coupled with lower interest rates and improved transparency in the sector to boost end use demand especially by salaried customers. This will impact salaried customers favorably as: a) affordability will improve, b) lower mortgage rates should boost end use demand, and c) possible increase in tax benefits in Budget 2017 could further reduce the net cost of mortgage loans. Consequently, we expect mid-ticket salaried home loans to witness steady growth over the medium term. LAP portfolios could witness higher stress due to lower property prices and cash flow issues faced by borrowers. We factor higher credit costs and lower growth on LAP book for HFCs. Our top picks in the HFC space are HDFC and LICHF, which have higher proportion of salaried home loans in their portfolios.
- **Cautious on CV space given recovery has been delayed; rural economy to bounce back post-harvest – prefer MMFS:** We are cautious on the CV space, which has been severely impacted due to the cash crunch and high linkages to the informal economy within Infrastructure and construction segment. Additionally, weak economic growth, wealth erosion and pressure on customer's cash flows would impact asset quality adversely. We believe recovery for CV financier like SHTF would be delayed and expect near term credit costs to remain elevated.

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Valuations (%)

	Target Multiple (FY19e P/B)	P/B based value	Subs Value	Target Price
NBFC				
HDFC Ltd	3.0x	865	690	1555
LICHF	2.3x	660	-	660
REPCO	2.5x	610	-	610
BAF	4.5x	1090	-	1090
CIFC	2.7x	1000	-	1000
MMFS	2.1x	305	35	340
SHTF	1.7x	1080	-	1080
SCUF	2.2x	2100	-	2100

Source: Company Data, JM Financial

Change in estimates (%)

NBFC	EPS (%)		BPS (%)	
	FY17e	FY18e	FY17e	FY18e
HDFC Ltd	-3.2%	-4.4%	-0.6%	-1.4%
LICHF	-2.2%	-3.7%	-0.3%	-0.8%
REPCO	-5.9%	-12.4%	-0.9%	-2.6%
BAF	-4.6%	-9.9%	-0.9%	-2.8%
CIFC	-3.2%	-8.2%	-0.5%	-1.6%
MMFS	-9.7%	-9.6%	-0.8%	-1.7%
SHTF	-8.1%	-10.2%	-1.1%	-2.6%
SCUF	-9.3%	-14.0%	-1.2%	-3.1%

Source: Company Data, JM Financial

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters.

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

For rural India, near term adverse impact is significant due to issues relating to availability of currency. However post-harvest season, we expect healthy cash flows for rural India, led by strong agriculture output, higher MSP and possible increase in government spending on rural infrastructure projects. We believe MMFS is well placed to benefit from rural recovery post short term hiccup due to demonetisation.

- **Consumer Finance – Bajaj Finance best positioned to navigate the demonetization impact, outperformance to continue:** Bajaj Finance's Nov growth numbers indicates that it is best positioned to navigate demonetisation impact. Consumer loan volumes were robust and a large part of the slowdown was due to management's conscious strategy to slowdown as highlighted during 2QFY17 result. For example, consumer durable volumes grew 10% YoY in November vs. 34% during 2QFY17- of this 24% slower growth, 18% was due to management decision to scale back. Other segments like digital financing, lifestyle products witnessed healthy growth. Similarly, large part of de-growth in LAP business was due to management's decision to consolidate this portfolio and focus on lower ticket size. We forecast slower loan book growth of 27% over FY16-19E (vs. 43% during FY11-16), we believe Bajaj Finance, with diversified loan book, strong risk management practices and top class management at the helm, is best positioned to deliver sustainable profitable growth ahead.
- **Cut FY17E/18E earnings by 2-10%/4-14% respectively for NBFCs under our coverage:** We cut FY17E/18E earnings by 2-10%/4-14% respectively for NBFCs under our coverage due to lower growth and higher credit costs (refer exhibit 7). For our top picks (HDFC/LICHF/Bajaj Finance/MMFS) we expect earnings CAGR of 11%/17%/27%/22% respectively over FY16-FY19E with healthy ROE of 20%/20%/22%/16% by FY19E.
- **Top picks – Bajaj Finance, MMFS, HDFC and LICHF:** We have cut our target multiples for NBFCs given slower growth and higher credit costs. Our top picks are HDFC and LICHF within the HFC space and Bajaj Finance and MMFS amongst NBFCs ex HFC.

Exhibit 1. NBFC coverage target price

NBFCs	CMP (₹)	Target Multiple (FY19e P/B)	P/B based value	Implied PE	Subs Value	New Target Price	Old P/B multiple	Old Target Price
HDFC	1,261	3.0x	865	15.0x	690	1,555	3.3x	1,650
LICHF	551	2.3x	660	12.5x	-	660	2.3x	650
REPCO	539	2.5x	610	15.5x	-	610	3.4x	715
BAF	850	4.5x	1,090	22.5x	-	1,090	4.7x	1,150
CIFC	825	2.7x	1,000	15.0x	-	1,000	3.0x	950
MMFS	264	2.1x	305	14.0x	35	340	2.4x	380
SHTF	857	1.7x	1,080	11.0x	-	1,080	2.2x	1,400
SCUF	1,791	2.2x	2,100	16.0x	-	2,100	2.8x	2,700

Source: Company, JM Financial, Price as on 14th December 2016

High ticket LAP/Home loans, SME, CV, MFI to be most impacted

- **Demonetisation – near term significant Impact on portfolios exposed to informal/self-employed segment, and businesses with high cash dependence:** Demonetisation will have significant near term impact on portfolios exposed to informal/self-employed segment, and businesses with high cash dependence. We believe businesses with high cash collections – CV/rural/2W and high cash disbursements – gold and MFI financing would be impacted the most in the short term. We also expect property prices to decline driven by crackdown on black money (refer exhibit 2 for segment wise impact). Consequently, we expect moderation in growth and increase in credit costs for NBFCs under our coverage.

Exhibit 2. Sector wise impact of Demonetisation

Impact	Short term (upto 6 months)	Medium Term (6 months to 2 year)	
Segment	Impact	Impact	Rationale
Car Loans	Medium	Low	<ul style="list-style-type: none"> Based on our channel checks, c.80% of cars are financed; therefore demonetisation has a very low impact. Further, loans to low to middle-income and salaried households will be largely unaffected by demonetisation. Growth could be under slight pressure in the near term due to the postponement of purchases.
Discretionary Consumer Finance	High	Medium	<ul style="list-style-type: none"> We expect some slowdown in high ticket discretionary consumer items but see limited impact on low ticket consumption-related items as most of the low to middle-income and salaried households will be largely unaffected by demonetisation. Also, pay commission-related hike would boost demand. We expect normalcy to return over the next few months as disruption in the cash economy will delay purchases.
CV	High	Medium	<ul style="list-style-type: none"> We are cautious on CV space, which has been severely impacted due to cash crunch and high linkages to the informal economy (Infrastructure and construction segment). We expect CV sales to remain sluggish near term given strong capacity addition in last couple of years. Additionally, weak economic growth, wealth erosion and pressure on customer's cash flows would impact asset quality adversely. CV sales could also be impacted due to GST related issues.
Builder Loans	High	Medium	<ul style="list-style-type: none"> Given high amount of cash utilisation and high linkages to the informal economy, this segment could be impacted in the near term. Sale of new launches is expected to slow-down putting pressure on growth.
Salaried home loans	Low	Low	<ul style="list-style-type: none"> We expect property prices to correct over the medium term, which coupled with a decline in interest rates, should benefit mid-ticket salaried home loans.
Self-employed home loans	High	Medium	<ul style="list-style-type: none"> We expect slowdown in luxury homes where there is a wider gap between the circle rate and the market rate thereby impacting the demand. Self-employed could see some stress due to high linkages to the informal economy.
MFI	High	Low	<ul style="list-style-type: none"> In the near term, disbursements will slowdown till currency circulation improves putting pressure on growth. Higher delinquencies due to loss of income for borrowers and political issues in some geographies could prolong the recovery cycle impacting asset quality in the medium term.
SME/LAP	High	Medium	<ul style="list-style-type: none"> We expect small businesses to be impacted in the near term, as the segment operates largely in cash. Most of the NBFCs which were doing surrogate assessments of its SME borrowers could face some challenge to assess customers' earning. Urban, large ticket premium LAP could be most impacted and financiers could face difficulty in liquidating these asset. SME's could be negatively impacted due to introduction of GST.
Tractor	High	Low	<ul style="list-style-type: none"> Based on our channel checks, 85-90% of tractors are financed. However, cash flows for the customers have been impacted due to delay in cash realization of agri products which would impact tractor sales and we expect some short term pain. Post-harvest season, we expect healthy cash flows for rural India, led by strong agriculture output, higher MSP and possible increase in government spending on rural infrastructure projects.
Two wheeler	Medium	Low	<ul style="list-style-type: none"> We see some near-term pain in 2 wheelers since around 40-50% of 2 wheeler sales happen in rural areas where there is severe cash crunch and financing penetration is typically much lower (based on our channel checks, only c.40% of two wheeler are financed overall). However, we expect growth to improve in the medium term as cash circulation increases.

Source: Company, JM Financial

- **HFCs with high exposure to LAP /high ticket size home loans and self-employed segment to be impacted the most:** We believe HFCs with high exposure to LAP and self-employed segment could be most impacted while HFCs with high exposure to salaried customers would be least impacted.

Exhibit 3. HFCs – Loan book exposure

NBFC	Housing Finance book (₹ bn)	% of total book	LTV	Avg. Ticket Size (₹ mn)	% Self employed in housing finance book
HDFC	3,113	100%			
Home loans	2,294	74%	64%	2.57	20.0%
Developer loans	383	12%			
LAP	156	5%			
Other	280	9%			
LICHF	1,311	100%			
Home loans	1,147	88%	47%	1.90	16.0%
LAP	127	10%	25-26%	1.25	Largely salaried
Developer loans	37	3%			
REPCO	85	100%		1.30	59.7%
Home loans	67	79%	62%	1.52	
LAP	18	21%	52%	1.86	Largely self-employed

Source: Company, JM Financial

- **Businesses with high cash collections (CV/rural/2W) will be impacted the most in the short term:** We believe businesses with high cash collections (CV/rural/2W) and high cash disbursements (gold and MFI financing) would be impacted the most in short term.

Exhibit 4. Cash collections and disbursements

HFC	Cash Collection (%)	Cash Disbursements (%)
HDFC	10%	nil
LICHF	Na	nil
REPCO	15-20%	nil
NBFCs (ex HFCs)	Cash Collection (%)	Cash Disbursements (%)
BAF	2W/3W: 66% for delinquent customers Consumer business (ex-2W/3W): 50% for delinquent customers	0% except in gold loans where option is given to the customer to receive disbursement in cash
CIFC	LAP: nil Vehicle: 40-50%	nil
MMFS	65%	nil
SHTF	65-70%	nil
SCUF	Gold: 100% 2 W: 35% SME: nil	Gold: 100% SME: nil

Source: Company, JM Financial

Exhibit 5. Company wise impact - HFCs

HFCs	Housing loans (Management feedback)	LAP / Builder loans (Management feedback)	Short term Impact	Medium Term Impact
HDFC	<p>- Retail Housing: With 80% of salaried customers, HDFC does not expect any stress on asset quality.</p> <p>- As per management, type of properties, which would be impacted most, includes: i) premium properties where there is a wider gap between the circle rate and the market rate ii) resale properties; iii) land; iv) properties in business dominated areas such as Surat/Indore, where cash transactions are higher.</p> <p>- Disbursements have remained flat YoY in November, while prepayments were below normal.</p> <p>- Property prices: do not expect significant correction in prices.</p>	<p>- Builder loans: Most builders pay its vendors through cash; therefore, cost is likely to go up, if payment is made through cheques.</p>	<p>- Disbursement growth is likely to slow down in near term in builder loans finance (12% of its book) due to slow project offtake (especially in the premium segment).</p> <p>- Home loans (74% of its book) could be impacted in near term due to postponement of purchase as sentiment would remain downbeat.</p>	<p>- Retail Housing: Any correction in the property prices and lower interest will benefit retail focused HFCs such as HDFC.</p> <p>- Possible increase in tax benefits in Budget 2017 could further reduce net cost of mortgage loan.</p>
LICHF	<p>- Disbursements: Near term postponement of demand driven by weak sentiments which would impact disbursements.</p> <p>- Collections: There has been no impact on collections</p>	<p>- LAP: With lower LTV (25%) and ticket size of 1.25mn, the company does not expect much pressure on LAP. It does not intend to increase the proportion of LAP.</p>	<p>- Disbursement growth is likely to slow down in near term as sentiments would remain downbeat</p> <p>- Asset quality: Its LAP book has very low risk with average ticket size of INR1.2m and LTV of 25–26%. Furthermore, 84% of its customers are salaried class which should not be impacted due to demonetisation.</p>	<p>- Retail Housing: Any correction in property prices and lower interest will benefit retail focused HFCs.</p> <p>- Asset quality trend for LICHF will remain healthy, given comfortable LTV at 50–55% and higher concentration of salaried customers (84%).</p>
REPCO	<p>-The average monthly income of its affordable housing customers is about ₹40-50k for the self employed segment (c.45% of customers). This income profile is not high enough to have significant taxation-driven impact on business economics.</p>	<p>- LAP: Repco has only 200 accounts with an average ticket size of more than ₹10mn. However, these are all self-sourced non-metro loans done at LTV of c.40%.</p>	<p>- Self-employed: Given 60% of its customers are self-employed which are more linked to informal economy; pressure on customer's cash flow will lead to some pressure on Home Loans/LAP growth.</p>	<p>- Retail Housing: Any correction in property prices and lower interest will benefit Repco (80% in individual retail housing). Additionally, government focus on affordable housing would increase growth opportunity.</p>

Source: Company, JM Financial

Exhibit 6. Impact on NBFC (ex-HFCs)

NBFC	Vehicle/Rural Finance (Management feedback)	SME/LAP (Management feedback)	Other (Management feedback)	Short-Term Impact	Medium-Term Impact
BAF	<p>- 2W & 3W finance business has seen significant deterioration in current bucket portfolio owing to high dependency on cash collections.</p> <p>- Gold loan business has virtually stopped.</p>	<p>- LAP: BAF expects velocity in the premium property market to slow down dramatically. The company has been consolidating its LAP book and targeting only existing clients for residential and commercial properties. It has reduced its LAP ticket size from ₹23mn to ₹11mn in last 2 years.</p>	<p>- Consumer Finance: BAF has cut 18% business in consumer finance and 35% in digital product finance in Q3 FY17, while there's a meaningful slowdown in the lifestyle product finance business.</p> <p>- Personal and professional loans: No impact</p>	<p>- Nov growth numbers indicates that it is best positioned to navigate demonetisation impact. Consumer loan volumes were robust and a large part of the slowdown was due to management's conscious strategy to slowdown as highlighted during 2QFY17 result. For example, consumer durable volumes grew 10% YoY in November vs. 34% during 2QFY17- of this 24% slower growth, 18% was due to management decision to scale back. Similarly, large part of de-growth in LAP business was due to management's decision to consolidate this portfolio and focus on lower ticket size.</p>	<p>- Consumer finance: With c.70% of consumer finance loans given to salaried customers, we do not expect much pressure in this segment and expect the consumer business to bounce back.</p> <p>- Business loans/LAP: Improving transparency in business loans (as the white component increases and more payments are made through cheques) would help mitigate asset quality risks.</p>
CIFC	<p>- Collection: Due to short supply of currency, collection officers are assisting customers to deposit the cash in the company's bank account.</p> <p>- CV disbursements have not been impacted much and are down 15% MoM</p>	<p>- LAP: CIFC expects demand for LAP to pick up again after the dust is settled and it will tighten its lending standards. It expects risk from customers who have also take financing from banks. – Company may do higher repossession, if customer's working capital gets stretched.</p>	<p>- SME: Limited exposure to SME mortgage side (under 1bn).</p>	<p>- LAP: Pressure on customer's cash flows will lead to some pressure in near term</p> <p>- Vehicle Finance: Slower economic growth would also have a cascading impact on vehicle utilisation, which would impact customer's cash flow.</p>	<p>- Growth: We expect some pressure in growth momentum due to demonetisation. However, risks to asset quality would be limited, given 89%/95% of LAP book is against self-occupied / residential property.</p> <p>- Financial penetration: Increase in financial penetration would result in lower collections costs.</p>
MMFS	<p>- Rural economy: Cash flow of its customers to be temporarily impacted as the business growth slowdown and realisations are delayed until the currency situation stabilises.</p> <p>- Collections: With 65% of its collections in the form of cash, there could be some impact on collections in the short term; however, MMFS is not looking to reschedule the contract and is focusing on higher repossession in overdue contracts. Collection efficiency is down c.10–15% YoY for November.</p>	na	<p>- In the short term, infra-related work could witness some slowdown, which would have a cascading effect on use of equipment and labourers. Additionally, payments to labourers would be impacted due to lesser supply of small denomination currency.</p>	<p>- Rural economy: The rural segment is insulated to black money, as farmers do not come under tax bucket. Therefore, there is no significant wealth erosion due to demonetisation. Further, tractor demand is driven by farm output, which is better this year. However, downbeat sentiments could lead to postponement of sales.</p> <p>- Collection costs: Expect higher operating costs due to increased collection costs.</p> <p>- Repossession stocks: There could be some challenges in liquidating repossessed stocks due to weaker demand.</p>	<p>- Rural economy: Post-harvest season, we expect healthy cash flows for rural India, led by strong agriculture output, higher MSP and possible increase in government spending on rural infrastructure projects.</p> <p>- Unorganised financing: Benefits of demonetisation outweigh the costs as contraction in unorganised financing could create more growth opportunities.</p>
SHTF	<p>- Collections have not been impacted much. It was down by few percentage points in November. However, December would be the key month to look at.</p> <p>- Disbursements: The company has become cautious on disbursements and intends to wait for the economic situation to stabilise.</p>	na	<p>- In Construction equipment, SHTF was expecting ₹3–4bn recovery to happen in the next 6 months, but because of the demonetisation; CE recovery could extend by another 6 months.</p> <p>- Migration to 90DPD: The company's loss given default is 40% and even if it has to bring down coverage ratio to 50% due to migration to 90DPD, it can cover its losses.</p>	<p>- CV: Slow economic growth will lead to some impact in the near term as utilisation levels will take some time to improve.</p> <p>- Infra-related work could witness some slowdown, which would have a cascading effect on vehicle usage.</p> <p>- CE: Recovery in construction equipment could be delayed as economic growth is likely to remain subdued in the near term.</p>	<p>- Growth will be driven by infra spending and economic growth in the medium term. It is likely to improve given the government's focus on infra.</p>
SCUF	<p>- Disbursements: There has been no impact on 2W disbursements. SCUF financed 1,27,000 in November vs. 1,00,000 in October.</p>	<p>- Disbursements are down 10% MoM, up YoY.</p> <p>- Collections are down 20% MoM.</p>	<p>- Gold loans has been impacted most and are down 35–40% YoY.</p> <p>- Asset quality: Management is reasonably confident that GNPL will be c.7% (120DPD) by Mar'17.</p>	<p>- Gold loans could be impacted due to its inability to disburse in cash. However asset quality risk will be limited as gold will easy to liquidate.</p> <p>- 2W: Wealth erosion and downbeat sentiments will lead to postponement of discretionary purchases like 2W.</p>	<p>- SME: Low ticket size in SME financing means that SCUF does not have any concentration risk. These are small traders who will resume their work as cash supply improves. Therefore, we expect SME growth to rebound.</p>

Source: Company, JM Financial

Valuations

- **Cut FY17E/18E earnings by 2-10%/4-14% respectively for NBFCs under our coverage:** We cut FY17E/18E earnings by 2-10%/4-14% respectively for NBFCs under our coverage due to lower growth and higher credit costs (refer exhibit 7). For our top picks (HDFC/LICHF/Bajaj Finance/MMFS) we expect earnings CAGR of 11%/17%/27%/22% respectively over FY16-FY19E.

Exhibit 7. Estimates revision

% Change HFC	Earlier PAT		Revised PAT		Change in EPS (%)		Change in BPS (%)	
	FY17e	FY18e	FY17e	FY18e	FY17e	FY18e	FY17e	FY18e
HDFC	77,489	86,897	75,162	83,258	-3.2%	-4.4%	-0.6%	-1.4%
LICHF	19,054	23,290	18,635	22,421	-2.2%	-3.7%	-0.3%	-0.8%
REPCO	1,852	2,252	1,743	1,973	-5.9%	-12.4%	-0.9%	-2.6%
NBFCs (ex HFCs)								
BAF	17,628	23,368	16,812	21,053	-4.6%	-9.9%	-0.9%	-2.8%
CIFC	7,287	8,832	7,055	8,109	-3.2%	-8.2%	-0.5%	-1.6%
MMFS	8,100	11,348	7,316	10,257	-9.7%	-9.6%	-0.8%	-1.7%
SHTF	16,229	19,850	14,921	17,818	-8.1%	-10.2%	-1.1%	-2.6%
SCUF	6,752	8,307	6,126	7,143	-9.3%	-14.0%	-1.2%	-3.1%

Source: Company, JM Financial

- **Top picks - Bajaj Finance, MMFS, HDFC and LICHF:** We have cut our target multiples for NBFCs given slower growth and higher credit costs. Our top picks are HDFC and LICHF within the HFC space and Bajaj Finance and MMFS amongst NBFCs ex HFC.

Exhibit 8. NBFC coverage target price

NBFCs	CMP (₹)	Target Multiple (FY19e P/B)	P/B based value	Implied PE	Subs Value	New Target Price	Old P/B multiple	Old Target Price
HDFC	1,261	3.0x	865	15.0x	690	1,555	3.3x	1,650
LICHF	551	2.3x	660	12.5x	-	660	2.3x	650
REPCO	539	2.5x	610	15.5x	-	610	3.4x	715
BAF	850	4.5x	1,090	22.5x	-	1,090	4.7x	1,150
CIFC	825	2.7x	1,000	15.0x	-	1,000	3.0x	950
MMFS	264	2.1x	305	14.0x	35	340	2.4x	380
SHTF	857	1.7x	1,080	11.0x	-	1,080	2.2x	1,400
SCUF	1,791	2.2x	2,100	16.0x	-	2,100	2.8x	2,700

Source: Company, JM Financial, Price as on 14th December 2016

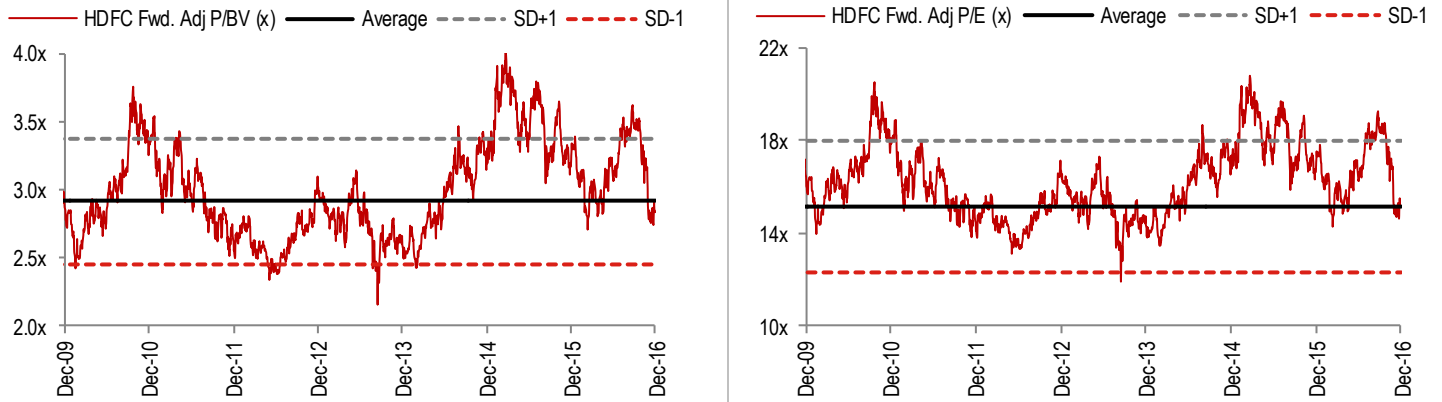
Exhibit 9. NBFC coverage valuations

% Change HFC	ROA (%)				ROE (%)				P/B				P/E			
	FY16	FY17e	FY18e	FY19e	FY16	FY17e	FY18e	FY19e	FY16	FY17e	FY18e	FY19e	FY16	FY17e	FY18e	FY19e
HDFC	2.4%	2.3%	2.2%	2.3%	20.4%	19.7%	19.8%	20.2%	5.8x	5.3x	4.7x	4.2x	30.1x	28.3x	25.3x	21.9x
LICHF	1.4%	1.3%	1.4%	1.4%	19.6%	18.8%	19.4%	19.8%	3.0x	2.6x	2.2x	1.9x	16.7x	14.9x	12.4x	10.4x
REPCO	2.2%	2.0%	1.9%	2.0%	17.0%	16.9%	16.4%	17.8%	3.5x	3.0x	2.6x	2.2x	22.5x	19.3x	17.1x	13.5x
BAF	3.2%	3.2%	3.2%	3.2%	20.9%	20.3%	20.9%	21.9%	6.1x	5.0x	4.2x	3.5x	35.6x	27.5x	22.0x	17.6x
CIFC	2.2%	2.4%	2.3%	2.5%	18.0%	17.8%	17.6%	19.1%	3.5x	3.0x	2.6x	2.2x	22.7x	18.3x	15.9x	12.5x
MMFS	1.8%	1.8%	2.3%	2.4%	11.5%	11.6%	14.8%	15.9%	2.5x	2.3x	2.0x	1.8x	22.1x	20.3x	14.5x	12.2x
SHTF	1.9%	2.0%	2.1%	2.3%	12.2%	13.9%	14.8%	16.6%	1.9x	1.7x	1.5x	1.3x	16.5x	13.0x	10.9x	8.6x
SCUF	2.7%	2.7%	2.7%	2.7%	12.3%	12.9%	13.6%	14.6%	2.6x	2.4x	2.1x	1.9x	22.3x	19.3x	16.5x	13.8x

Source: Company, JM Financial, Valuations as on 14th December 2016

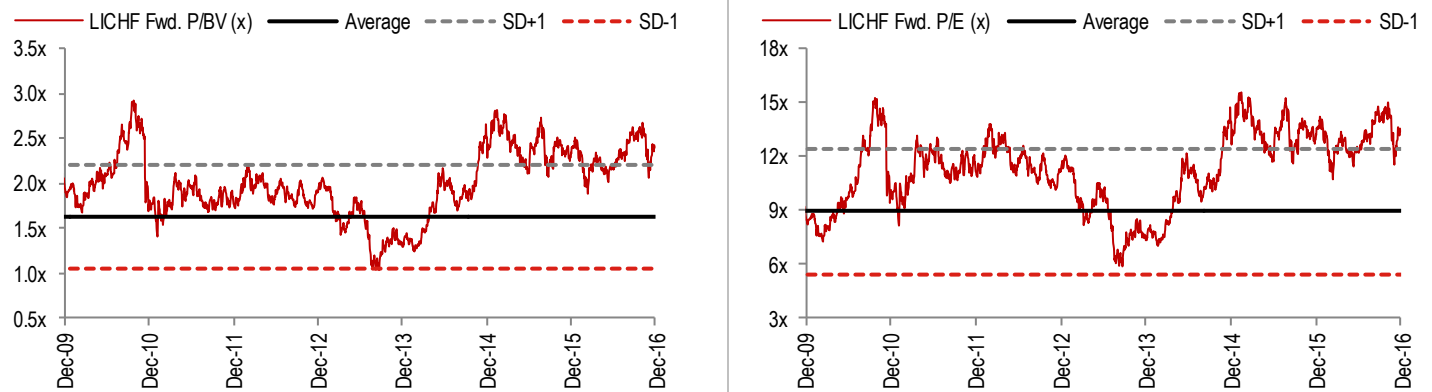
Valuation Charts

Exhibit 10. HDFC Ltd (Adj for subs price): One-year forward P/BV (x) and one-year forward P/E (x)



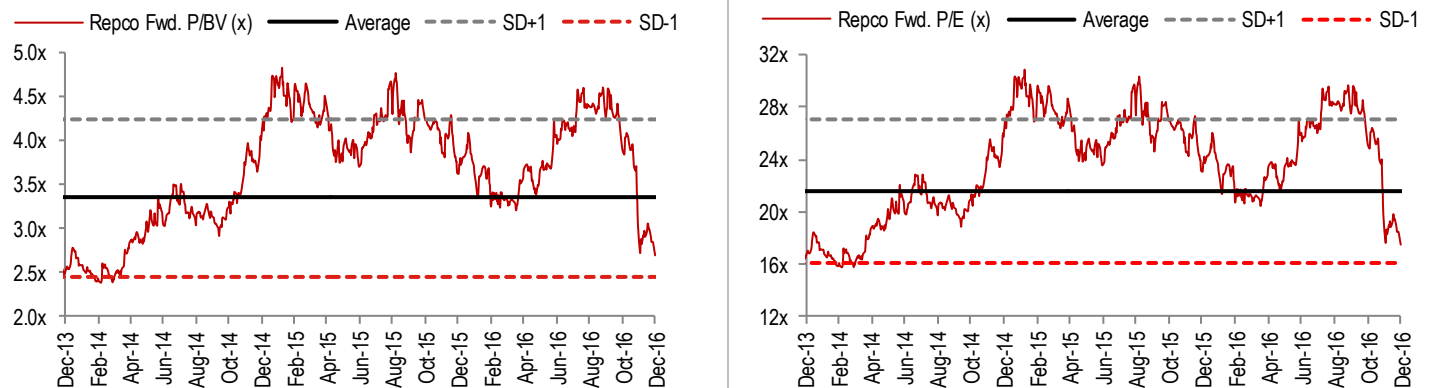
Source: Bloomberg, JM Financial

Exhibit 11. LIC Housing Finance: One-year forward P/BV (x) and one-year forward P/E (x)

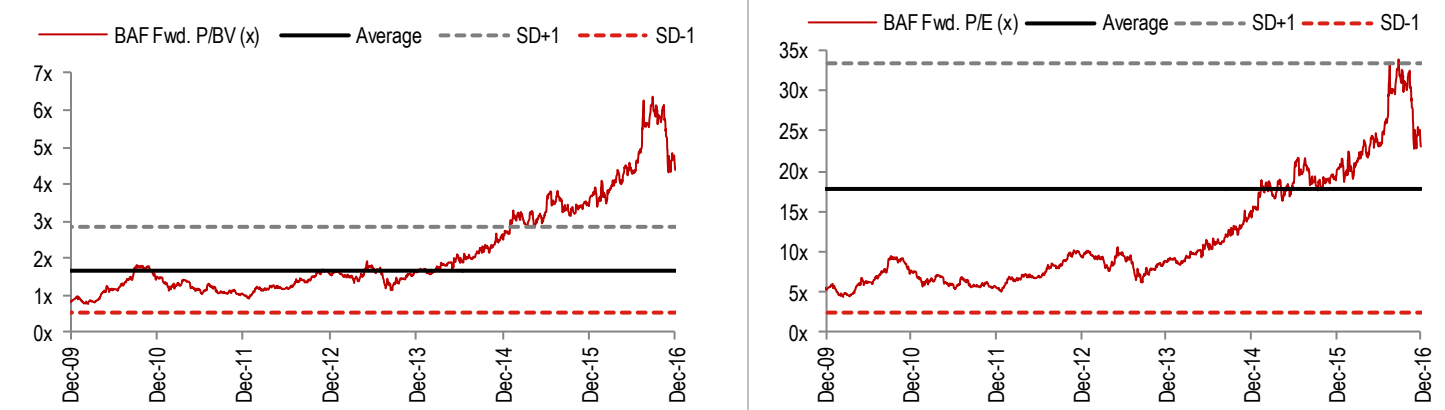


Source: Bloomberg, JM Financial

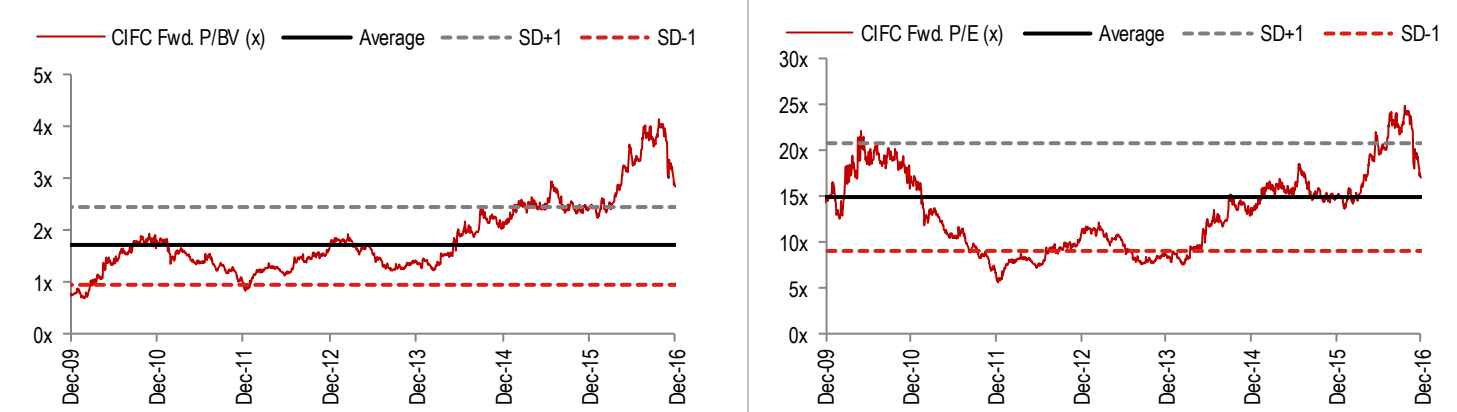
Exhibit 12. Repco Housing Finance: One-year forward P/BV (x) and one-year forward P/E (x)



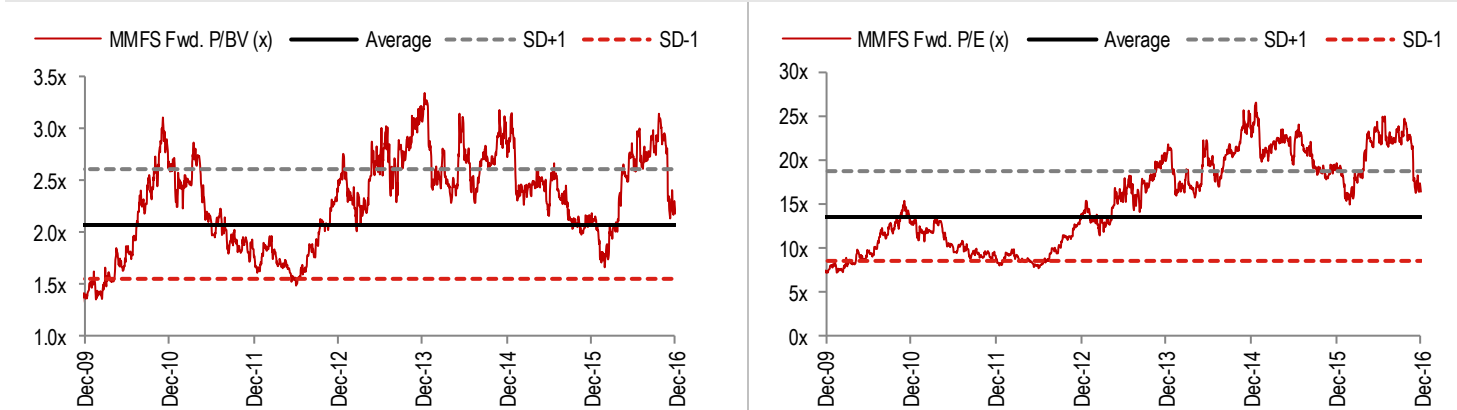
Source: Bloomberg, JM Financial

Exhibit 13. Bajaj Finance: One-year forward P/BV (x) and one-year forward P/E (x)

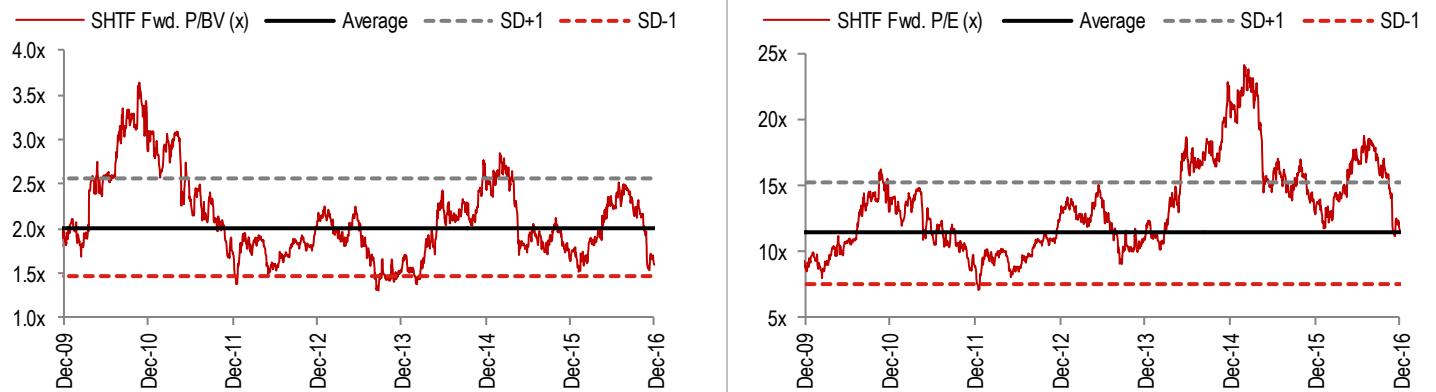
Source: Bloomberg, JM Financial

Exhibit 14. CIFC: One-year forward P/BV (x) and one-year forward P/E (x)

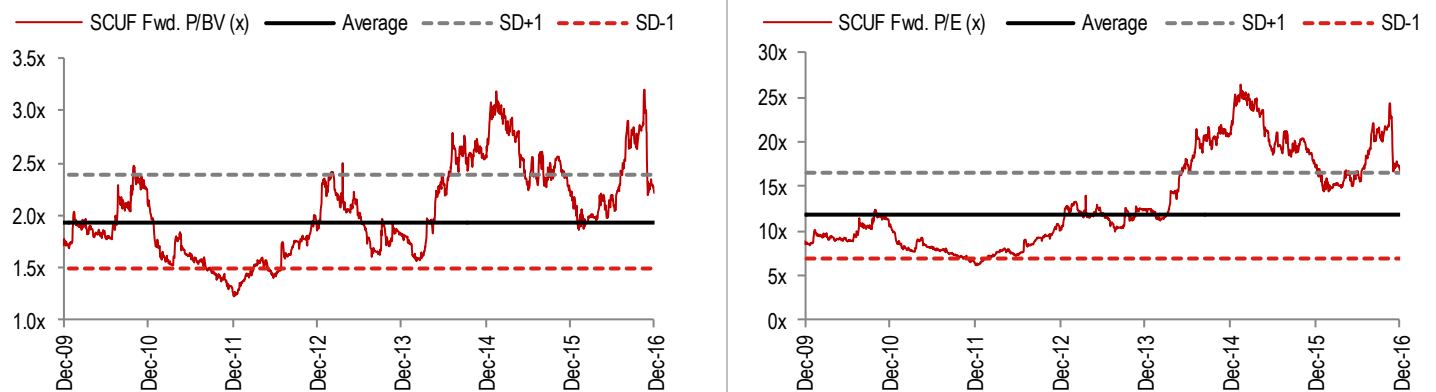
Source: Bloomberg, JM Financial

Exhibit 15. Mahindra Finance: One-year forward P/BV (x) and one-year forward P/E (x)

Source: Bloomberg, JM Financial

Exhibit 16. Shriram Transport Finance: One-year forward P/BV (x) and one-year forward P/E (x)

Source: Bloomberg, JM Financial

Exhibit 17. Shriram City Union Finance: One-year forward P/BV (x) and one-year forward P/E (x)

Source: Bloomberg, JM Financial

Financial Tables – HDFC Ltd (standalone)

Profit & Loss					
(₹ mn)					
Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	73,663	79,784	86,978	102,018	117,753
Profit on Investments	4,413	16,478	11,250	3,500	3,500
Dividends	6,883	8,069	9,071	10,085	11,047
Fee & Other Income	3,710	4,320	4,614	5,302	6,096
Non-Interest Income	15,005	28,867	24,936	18,887	20,644
Total Income	88,668	108,651	111,914	120,905	138,397
Operating Expenses	7,066	7,590	8,319	9,123	9,995
Pre-provisioning Profits	81,602	101,061	103,595	111,783	128,401
Total Provisions	1,650	7,150	6,198	3,473	3,665
PBT	79,952	93,911	97,398	108,310	124,736
Tax	24,203	27,672	26,890	29,552	33,614
Adj. PAT	55,749	66,240	70,508	78,758	91,123
Adj. for ZCD cost*	4,151	4,683	4,654	4,501	4,338
Reported Profits	59,900	70,922	75,162	83,258	95,461
Dividend	27,828	31,380	27,726	29,575	33,272
Retained Profits	27,921	34,860	42,782	49,183	57,851

Source: Company, JM Financial * adjustment for interest Cost of Zero coupon NCD which is charged directly to securities premium account.

Balance Sheet					
(₹ mn)					
Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Equity Capital	3,149	3,160	3,160	3,160	3,160
Reserves & Surplus	306,550	338,051	369,842	419,025	476,876
Borrowed Funds	2,085,990	2,376,392	2,766,120	3,203,167	3,709,267
Current Liabilities	143,827	169,926	134,498	126,924	148,798
Total Liabilities	2,539,517	2,887,528	3,273,620	3,752,276	4,338,102
Investments	142,943	153,454	159,983	170,890	183,199
Net Advances	2,277,001	2,586,582	2,940,944	3,382,086	3,923,220
Cash & Bank Bal.	52,282	53,687	70,583	82,861	98,080
Loans & Advances	56,925	58,198	66,171	76,097	88,272
Other Current Assets	3,595	28,961	28,961	33,016	37,638
Fixed Assets	6,770	6,645	6,978	7,326	7,693
Deferred Tax Asset	0	0	0	0	0
Total Assets	2,539,517	2,887,528	3,273,620	3,752,276	4,338,102

Source: Company, JM Financial.

Key ratios					
(%)					
Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	13.4%	13.9%	16.4%	15.8%	15.8%
Advances	15.8%	13.6%	13.7%	15.0%	16.0%
Total Assets	12.7%	13.7%	13.4%	14.6%	15.6%
NII	14.0%	8.3%	9.0%	17.3%	15.4%
Non-Interest Income	28.8%	92.4%	-13.6%	-24.3%	9.3%
Operating Expenses	12.5%	7.4%	9.6%	9.7%	9.6%
Operating Profits	16.6%	23.8%	2.5%	7.9%	14.9%
Core Operating Profits	14.4%	9.6%	9.2%	17.3%	15.3%
Provisions	65.0%	333.3%	-13.3%	-44.0%	5.5%
PAT (Pre-Extraordinaries)	9.7%	18.8%	6.4%	11.7%	15.7%
Adj. PAT	9.7%	18.8%	6.4%	11.7%	15.7%
Reported PAT	10.1%	18.4%	6.0%	10.8%	14.7%
Yields / Margins (%)					
Interest Spread (%)	1.86%	1.81%	1.86%	2.12%	2.13%
NIM (%)	3.22%	3.08%	2.95%	3.02%	3.02%
Profitability (%)					
ROA (%)	2.33%	2.44%	2.29%	2.24%	2.25%
ROE (%)	18.9%	20.4%	19.7%	19.8%	20.2%
Cost to Income (%)	8.0%	7.0%	7.4%	7.5%	7.2%
Assets Quality (%)					
Gross NPAs (%)	0.68%	0.71%	0.72%	0.72%	0.72%
Capital Adequacy (%)					
Tier I (%)	12.47%	13.20%	12.99%	13.14%	13.21%
CAR (%)	16.11%	16.60%	15.99%	15.76%	15.47%

Source: Company, JM Financial.

DuPont Analysis					
(%)					
Y/E March	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	3.07%	2.94%	2.82%	2.90%	2.91%
Other income / Assets (%)	0.63%	1.06%	0.81%	0.54%	0.51%
Total Income / Assets (%)	3.70%	4.00%	3.63%	3.44%	3.42%
Cost to Assets (%)	0.29%	0.28%	0.27%	0.26%	0.25%
PPP / Assets (%)	3.40%	3.72%	3.36%	3.18%	3.17%
Provisions / Assets (%)	0.07%	0.26%	0.20%	0.10%	0.09%
ROA (%)	2.33%	2.44%	2.29%	2.24%	2.25%

Source: Company, JM Financial.

Valuations					
Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	1,574.7	1,579.9	1,579.9	1,579.9	1,579.9
Adj. EPS (₹.)	35.4	41.9	44.6	49.9	57.7
Adj. EPS (YoY) (%)	8.7%	18.4%	6.4%	11.7%	15.7%
PE (x)	21.5	18.1	17.0	15.2	13.2
BV (₹.)	197	216	236	267	304
P/BV (x)	3.86	3.52	3.22	2.84	2.50
DPS (₹.)	17.7	19.9	17.6	18.7	21.1
Div. yield (%)	2.3%	2.6%	2.3%	2.5%	2.8%

Source: Company, JM Financial.

Financial Tables – LIC Housing Finance

Income Statement (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	22,658	29,724	34,407	40,124	47,778
Non-Interest Income	2,226	2,063	2,375	2,840	3,365
Total Income	24,884	31,787	36,781	42,964	51,143
Operating Expenses	3,792	4,687	5,906	6,787	7,944
Pre-provisioning Profits	21,092	27,100	30,875	36,177	43,199
Loan Loss Provisions	171	1,506	1,450	700	800
Other Provisions	-99	-42	756	982	1,260
Total Provisions	73	1,465	2,206	1,682	2,060
PBT	21,019	25,636	28,669	34,495	41,138
Tax	7,158	9,028	10,034	12,073	14,398
PAT (Pre-Extra ordinaries)	13,862	16,608	18,635	22,421	26,740
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	13,862	16,608	18,635	22,421	26,740
Dividend	3,028	3,333	3,727	4,484	5,348
Retained Profits	10,834	13,275	14,908	17,937	21,392

Source: Company, JM Financial

Balance Sheet (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Capital	1,010	1,010	1,010	1,010	1,010
Reserves & Surplus	77,174	90,450	105,358	123,295	144,687
Shareholders' Equity	78,184	91,460	106,368	124,305	145,697
Borrowed Funds	965,319	1,109,312	1,286,802	1,486,899	1,739,672
Deferred Tax Liabilities	6,690	8,109	9,325	10,724	12,333
Current Liabilities	75,258	96,097	94,298	109,052	127,594
Total Liabilities	1,125,451	1,304,978	1,496,792	1,730,980	2,025,295
Loans	1,083,607	1,251,732	1,437,507	1,667,876	1,951,470
Investments	21,408	27,748	4,313	5,004	5,854
Cash & Bank Balances - CA	10,294	14,289	43,125	45,033	52,690
Other Current Assets - CA	7,835	8,807	9,089	9,872	11,541
Fixed Assets	797	920	1,055	1,221	1,428
Deferred Tax Asset	0	0	0	0	0
Total Assets	1,125,451	1,304,978	1,496,792	1,730,980	2,025,295

Source: Company, JM Financial

Key Ratios (%)	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	17.7%	14.9%	16.0%	15.6%	17.0%
Advances	18.6%	15.5%	14.8%	16.0%	17.0%
Total Assets	17.5%	16.0%	14.7%	15.6%	17.0%
NII	18.3%	31.2%	15.8%	16.6%	19.1%
Non-Interest Income	-8.9%	-7.3%	15.1%	19.6%	18.5%
Operating Expenses	21.1%	23.6%	26.0%	14.9%	17.0%
Operating Profits	14.2%	28.5%	13.9%	17.2%	19.4%
Core Operating Profits	14.2%	28.5%	13.9%	17.2%	19.4%
Provisions	-66.2%	1920.0%	50.6%	-23.7%	22.5%
Reported PAT	5.2%	19.8%	12.2%	20.3%	19.3%
Yields / Margins (%)					
Interest Spread (%)	0.94%	1.21%	1.26%	1.35%	1.42%
NIM (%)	2.20%	2.46%	2.47%	2.50%	2.56%
Profitability (%)					
ROA (%)	1.33%	1.37%	1.33%	1.39%	1.42%
ROE (%)	18.1%	19.6%	18.8%	19.4%	19.8%
Cost to Income (%)	15.2%	14.7%	16.1%	15.8%	15.5%
Assets Quality (%)					
Gross NPAs (%)	0.46%	0.45%	0.53%	0.58%	0.61%
LLP (%)	0.01%	0.12%	0.16%	0.11%	0.11%
Capital Adequacy (%)					
Tier I (%)	11.82%	12.46%	12.43%	12.36%	12.18%
CAR (%)	15.30%	15.50%	15.62%	15.57%	15.30%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	2.18%	2.45%	2.46%	2.49%	2.54%
Other income / Assets (%)	0.21%	0.17%	0.17%	0.18%	0.18%
Total Income / Assets (%)	2.39%	2.62%	2.63%	2.66%	2.72%
Cost to Assets (%)	0.36%	0.39%	0.42%	0.42%	0.42%
PPP / Assets (%)	2.02%	2.23%	2.20%	2.24%	2.30%
Provisions / Assets (%)	0.01%	0.12%	0.16%	0.10%	0.11%
PBT / Assets (%)	2.02%	2.11%	2.05%	2.14%	2.19%
Tax Rate (%)	34.05%	35.22%	35.00%	35.00%	35.00%
ROA (%)	1.33%	1.37%	1.33%	1.39%	1.42%
Leverage (%)	13.6	14.3	14.2	14.0	13.9
ROE (%)	18.06%	19.58%	18.84%	19.44%	19.81%

Source: Company, JM Financial.

Valuation Matrix	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	505.0	505.0	505.0	505.0	505.0
EPS (Rs.)	27.5	32.9	36.9	44.4	53.0
EPS (YoY) (%)	5.2%	19.8%	12.2%	20.3%	19.3%
PE (x)	20.6	17.2	15.3	12.7	10.7
BV (Rs.)	155	181	211	246	289
BV (YoY) (%)	4%	17%	16%	17%	17%
P/BV (x)	3.65	3.12	2.68	2.30	1.96
DPS (Rs.)	6.0	6.6	7.4	8.9	10.6
Div. yield (%)	1.1%	1.2%	1.3%	1.6%	1.9%

Source: Company, JM Financial.

Financial Tables – Repco Finance

Profit & Loss (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	2,377	3,043	3,569	4,178	5,054
Non-Interest Income	235	293	347	394	462
Total Income	2,612	3,336	3,915	4,572	5,516
Operating Expenses	547	643	705	825	952
Pre-provisioning Profits	2,065	2,693	3,211	3,747	4,564
Loan Loss Provisions	142	296	580	682	690
Provision for Investments	0	1	0	0	0
Other Provisions	62	96	30	75	90
Total Provisions	203	392	610	757	780
PBT	1,861	2,301	2,601	2,990	3,784
Tax	631	800	858	1,017	1,287
PAT (Pre-Extra ordinaries)	1,230	1,501	1,743	1,973	2,498
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	1,230	1,501	1,743	1,973	2,498
Dividend	113	135	174	197	250
Retained Profits	1,117	1,365	1,568	1,776	2,248

Source: Company, JM Financial

Balance Sheet (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Capital	624	625	625	625	625
Reserves & Surplus	7,497	8,923	10,491	12,267	14,515
Shareholders' Equity	8,121	9,548	11,117	12,893	15,140
Preference Shares	0	0	0	0	0
Borrowed Funds	51,044	65,379	82,901	99,688	119,606
Current Liabilities	1,592	2,705	1,919	2,298	2,750
Total Liabilities	60,757	77,632	95,936	114,878	137,496
Loans	60,229	77,049	95,199	114,014	136,459
Investments	124	124	153	183	220
Cash & Bank Balances	175	200	286	342	409
Loans & Advances - CA	0	0	0	0	0
Other Current Assets	139	166	184	202	244
Fixed Assets	89	93	114	137	164
Deferred Tax Asset	0	0	0	0	0
Total Assets	60,757	77,632	95,936	114,878	137,496

Source: Company, JM Financial

Key Ratios (%)	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	30.8%	28.1%	26.8%	20.3%	20.0%
Advances	29.0%	27.9%	23.6%	19.8%	19.7%
Total Assets	28.2%	27.8%	23.6%	19.7%	19.7%
NII	24.1%	28.0%	17.3%	17.1%	21.0%
Non-Interest Income	23.9%	24.7%	18.3%	13.5%	17.3%
Operating Expenses	41.1%	17.5%	9.6%	17.1%	15.4%
Operating Profits	20.2%	30.4%	19.2%	16.7%	21.8%
Core Operating Profits	20.2%	30.4%	19.2%	16.7%	21.8%
Provisions	-10.3%	92.7%	55.6%	24.2%	2.9%
Reported PAT	11.8%	22.0%	16.1%	13.2%	26.6%
Yields / Margins (%)					
Interest Spread (%)	2.86%	2.95%	2.81%	2.79%	2.87%
NIM (%)	4.42%	4.41%	4.13%	3.98%	4.02%
Profitability (%)					
ROA (%)	2.28%	2.17%	2.01%	1.87%	1.98%
ROE (%)	15.85%	16.99%	16.87%	16.44%	17.82%
Cost to Income (%)	21.0%	19.3%	18.0%	18.0%	17.3%
Assets Quality (%)					
Gross NPLs (%)	1.30%	1.30%	1.85%	2.31%	2.55%
LLP (%)	0.38%	0.57%	0.71%	0.72%	0.62%
Capital Adequacy (%)					
Tier I (%)	20.3%	20.8%	18.6%	17.7%	17.1%
CAR (%)	20.3%	20.8%	18.6%	17.7%	17.1%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	4.40%	4.40%	4.11%	3.96%	4.01%
Other income / Assets (%)	0.43%	0.42%	0.40%	0.37%	0.37%
Total Income / Assets (%)	4.83%	4.82%	4.51%	4.34%	4.37%
Cost to Assets (%)	1.01%	0.93%	0.81%	0.78%	0.75%
PPP / Assets (%)	3.82%	3.89%	3.70%	3.55%	3.62%
Provisions / Assets (%)	0.38%	0.57%	0.70%	0.72%	0.62%
PBT / Assets (%)	3.44%	3.33%	3.00%	2.84%	3.00%
Tax Rate (%)	33.89%	34.77%	33.00%	34.00%	34.00%
ROA (%)	2.28%	2.17%	2.01%	1.87%	1.98%
Leverage (%)	7.0	7.8	8.4	8.8	9.0
ROE (%)	15.85%	16.99%	16.87%	16.44%	17.82%

Source: Company, JM Financial.

Valuations	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	62.4	62.5	62.5	62.5	62.5
EPS (Rs.)	19.7	24.0	27.9	31.6	39.9
EPS (YoY) (%)	11.4%	21.6%	16.1%	13.2%	26.6%
PE (x)	26.9	22.1	19.1	16.8	13.3
BV (Rs.)	130	153	178	206	242
BV (YoY) (%)	9.2%	17.2%	16.4%	16.0%	17.4%
P/BV (x)	4.08	3.48	2.99	2.58	2.19
DPS (Rs.)	1.8	2.2	2.8	3.2	4.0
Div. yield (%)	0.3%	0.4%	0.5%	0.6%	0.8%

Source: Company, JM Financial.

Financial Tables – Bajaj Finance

Profit & Loss (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	28,132	38,423	52,825	68,347	84,983
Non-Interest Income	3,488	5,826	5,934	6,711	8,182
Total Income	31,620	44,249	58,759	75,059	93,165
Operating Expenses	14,285	19,492	26,635	33,289	40,882
Pre-provisioning Profits	17,335	24,757	32,124	41,770	52,283
Total Provisions	3,766	5,111	6,651	9,872	12,360
PBT	13,570	19,646	25,473	31,898	39,924
Tax	4,591	6,861	8,661	10,845	13,574
PAT (Pre-Extra ordinaries)	8,979	12,785	16,812	21,053	26,350
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	8,979	12,785	16,812	21,053	26,350
Dividend	1,087	1,693	2,451	3,269	4,358
Retained Profits	7,892	11,093	14,361	17,784	21,992

Source: Company, JM Financial

Balance Sheet (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Capital	500	536	1,090	1,090	1,090
Reserves and Surplus	47,497	72,711	90,599	108,383	130,374
Warrant Application Money	0	1,020	0	0	0
Share holders equity	47,997	74,266	91,688	109,472	131,464
Preference Share Capital	0	0	0	0	0
Borrowed Funds	266,907	370,247	469,288	605,382	766,716
Deferred tax liabilities	0	0	0	0	0
Current Liabilities	13,210	20,052	20,346	25,927	32,576
Total Liabilities	328,113	464,565	581,322	740,781	930,756
Loans & Advances	311,995	427,560	547,260	698,656	878,969
Investments	3,263	10,341	13,236	16,768	21,095
Loans & Advances - CA	4,339	5,587	6,567	8,384	10,548
Cash & Bank Balances	2,211	13,292	5,473	6,987	8,790
Other Current Assets	1,659	2,116	2,273	2,427	2,786
Fixed Assets	2,492	2,870	3,301	3,836	4,354
Deferred Tax Asset	2,123	2,800	3,214	3,725	4,214
Total Assets	328,113	464,565	581,322	740,781	930,756

Source: Company, JM Financial

Key Ratios (%)	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	35.1%	38.7%	26.8%	29.0%	26.7%
Advances	35.8%	37.0%	28.0%	27.7%	25.8%
Total Assets	33.3%	41.6%	25.1%	27.4%	25.6%
NII	29.4%	36.6%	37.5%	29.4%	24.3%
Non-Interest Income	15.8%	67.0%	1.9%	13.1%	21.9%
Operating Expenses	24.1%	36.5%	36.6%	25.0%	22.8%
Operating Profits	30.9%	42.8%	29.8%	30.0%	25.2%
Core Operating Profits	34.0%	41.9%	29.8%	31.6%	25.5%
Provisions	61.4%	35.7%	30.1%	48.4%	25.2%
Reported PAT	24.9%	42.4%	31.5%	25.2%	25.2%
Yields / Margins (%)					
Interest Spread (%)	8.28%	8.20%	8.67%	9.06%	8.93%
NIM (%)	9.98%	9.87%	10.26%	10.49%	10.30%
Profitability (%)					
ROA (%)	3.13%	3.23%	3.21%	3.18%	3.15%
ROE (%)	20.4%	20.9%	20.3%	20.9%	21.9%
Cost to Income (%)	45.2%	44.1%	45.3%	44.4%	43.9%
Assets Quality (%)					
Gross NPAs (%)	1.54%	1.25%	1.48%	1.86%	1.92%
LLP (%)	1.12%	1.17%	1.36%	1.58%	1.57%
Capital Adequacy (%)					
Tier I (%)	14.16%	16.06%	15.36%	14.41%	13.78%
CAR (%)	17.98%	19.50%	18.55%	17.42%	16.66%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	9.80%	9.69%	10.10%	10.34%	10.17%
Other income / Assets (%)	1.21%	1.47%	1.13%	1.02%	0.98%
Total Income / Assets (%)	11.01%	11.16%	11.24%	11.35%	11.15%
Cost to Assets (%)	4.97%	4.92%	5.09%	5.04%	4.89%
PPP / Assets (%)	6.04%	6.25%	6.14%	6.32%	6.26%
Provisions / Assets (%)	1.31%	1.29%	1.27%	1.49%	1.48%
PBT / Assets (%)	4.73%	4.96%	4.87%	4.83%	4.78%
Tax Rate (%)	33.83%	34.92%	34.00%	34.00%	34.00%
ROA (%)	3.13%	3.23%	3.21%	3.18%	3.15%
Leverage (%)	6.5	6.5	6.3	6.6	6.9
ROE (%)	20.43%	20.91%	20.26%	20.93%	21.87%

Source: Company, JM Financial

Valuations	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	500.0	535.5	544.8	544.8	544.8
EPS (Rs.)	18.0	23.9	30.9	38.6	48.4
EPS (YoY) (%)	24.3%	33.0%	29.3%	25.2%	25.2%
PE (x)	47.3	35.6	27.5	22.0	17.6
BV (Rs.)	96	139	168	201	241
BV (YoY) (%)	20%	44%	21%	19%	20%
P/BV (x)	8.85	6.13	5.05	4.23	3.52
DPS (Rs.)	2.2	3.2	4.5	6.0	8.0
Div. yield (%)	0.3%	0.4%	0.5%	0.7%	0.9%

Source: Company, JM Financial

Financial Tables – Cholamandalam Investment and Finance

Profit & Loss (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	17,039	21,267	24,852	28,557	33,996
Non-Interest Income	269	163	262	271	281
Total Income	17,308	21,429	25,114	28,828	34,277
Operating Expenses	7,489	8,449	9,188	10,683	12,415
Pre-provisioning Profits	9,819	12,980	15,926	18,145	21,862
Total Provisions	3,247	4,272	5,154	5,858	6,282
PBT	6,572	8,708	10,771	12,287	15,579
Tax	2,221	3,023	3,716	4,178	5,297
PAT (Pre-Extra ordinaries)	4,352	5,685	7,055	8,109	10,282
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	4,352	5,685	7,055	8,109	10,282
Dividend	589	850	1,058	1,216	1,542
Retained Profits	3,763	4,835	5,997	6,893	8,740

Source: Company, JM Financial

Balance Sheet (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Capital	1,437	1,562	1,562	1,562	1,562
Reserves and Surplus	25,289	35,012	41,009	47,902	56,642
Optionally Convertible Warrants	0	0	0	0	0
Share holders equity	26,727	36,574	42,571	49,464	58,204
Preference Share Capital	5,000	0	0	0	0
Stock Option Outstanding	0	0	0	0	0
Borrowed Funds	194,752	225,762	264,142	310,367	372,440
Deferred tax liabilities	0	0	0	0	0
Current Liabilities	12,253	16,547	12,780	14,993	17,943
Total Liabilities	238,732	278,883	319,492	374,823	448,587
Loans	221,835	259,101	301,046	353,499	423,967
Investments	675	666	813	954	1,145
Cash & Bank Balances - CA	8,610	9,003	5,720	6,716	8,055
Loans & Advances - CA	823	1,045	1,054	1,237	1,484
Other Current Assets - CA	4,270	5,140	6,679	7,886	8,963
Fixed Assets	683	1,113	1,275	1,496	1,791
Miscellaneous expenditure	0	0	0	0	0
Deferred Tax Asset	1,836	2,815	2,905	3,034	3,182
Total Assets	238,732	278,883	319,492	374,823	448,587

Source: Company, JM Financial

Key Ratios (%)	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	7.6%	15.9%	17.0%	17.5%	20.0%
Advances	14.2%	16.8%	16.2%	17.4%	19.9%
Total Assets	10.8%	16.8%	14.6%	17.3%	19.7%
NII	16.7%	24.8%	16.9%	14.9%	19.0%
Non-Interest Income	-13.8%	-39.5%	61.2%	3.3%	3.5%
Operating Expenses	13.8%	12.8%	8.7%	16.3%	16.2%
Operating Profits	17.8%	32.2%	22.7%	13.9%	20.5%
Core Operating Profits	18.9%	34.4%	22.1%	14.1%	20.7%
Provisions	14.6%	31.6%	20.6%	13.7%	7.2%
Reported PAT	19.5%	30.6%	24.1%	14.9%	26.8%
Yields / Margins (%)					
Interest Spread (%)	6.18%	6.90%	7.14%	7.17%	7.20%
NIM (%)	7.73%	8.48%	8.59%	8.51%	8.53%
Profitability (%)					
ROA (%)	1.92%	2.20%	2.36%	2.34%	2.50%
ROE (%)	17.5%	18.0%	17.8%	17.6%	19.1%
Cost to Income (%)	43.3%	39.4%	36.6%	37.1%	36.2%
Assets Quality (%)					
Gross NPAs (%)	3.57%	3.88%	3.94%	3.91%	3.72%
LLP (%)	0.61%	2.17%	1.84%	1.79%	1.62%
Capital Adequacy (%)					
Tier I (%)	13.02%	13.26%	13.71%	13.62%	13.43%
CAR (%)	21.24%	19.68%	19.96%	19.48%	18.82%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	7.50%	8.22%	8.31%	8.23%	8.26%
Other income / Assets (%)	0.12%	0.06%	0.09%	0.08%	0.07%
Total Income / Assets (%)	7.62%	8.28%	8.39%	8.30%	8.33%
Cost to Assets (%)	3.30%	3.26%	3.07%	3.08%	3.02%
PPP / Assets (%)	4.32%	5.02%	5.32%	5.23%	5.31%
Provisions / Assets (%)	1.43%	1.65%	1.72%	1.69%	1.53%
PBT / Assets (%)	2.89%	3.36%	3.60%	3.54%	3.78%
Tax Rate (%)	33.79%	34.72%	34.50%	34.00%	34.00%
ROA (%)	1.92%	2.20%	2.36%	2.34%	2.50%
Leverage (%)	9.1	8.2	7.6	7.5	7.6
ROE (%)	17.5%	18.0%	17.8%	17.6%	19.1%

Source: Company, JM Financial

Valuations	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	143.7	156.2	156.2	156.2	156.2
EPS (Rs.)	30.3	36.4	45.2	51.9	65.8
EPS (YoY) (%)	19.1%	20.2%	24.1%	14.9%	26.8%
PE (x)	27.2	22.7	18.3	15.9	12.5
BV (Rs.)	186	234	273	317	373
BV (YoY) (%)	16%	26%	16%	16%	18%
P/BV (x)	4.44	3.52	3.03	2.61	2.21
DPS (Rs.)	4.1	5.4	6.8	7.8	9.9
Div. yield (%)	0.5%	0.7%	0.8%	0.9%	1.2%

Source: Company, JM Financial

Financial Tables - MMFS

Profit & Loss (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	30,477	32,246	36,126	40,585	46,259
Non-Interest Income	403	412	492	558	634
Total Income	30,879	32,658	36,618	41,143	46,893
Operating Expenses	10,068	11,781	14,084	16,260	18,711
Pre-provisioning Profits	20,811	20,877	22,534	24,883	28,182
Loan Loss Provisions	8,169	10,360	11,265	9,174	9,503
Other Provisions	106	135	184	169	227
Total Provisions	8,275	10,495	11,449	9,343	9,730
PBT	12,536	10,382	11,086	15,541	18,453
Tax	4,219	3,656	3,769	5,284	6,274
PAT (Pre-Extra ordinaries)	8,317	6,726	7,316	10,257	12,179
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	8,317	6,726	7,316	10,257	12,179
Dividend	2,717	2,713	2,341	3,282	3,897
Retained Profits	5,600	4,013	4,975	6,975	8,281

Source: Company, JM Financial

Balance Sheet (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Capital	1,128	1,129	1,129	1,129	1,129
Reserves & Surplus	55,402	59,508	64,483	71,458	79,739
Stock Option Outstanding	164	244	256	269	283
Shareholders' Equity	56,694	60,881	65,868	72,856	81,151
Preference Share Capital	0	0	0	0	0
Borrowed Funds	262,633	294,523	319,263	352,466	398,816
Deferred tax liabilities	0	0	0	0	0
Current Liabilities	31,414	40,391	43,769	48,337	54,547
Total Liabilities	350,741	395,795	428,901	473,659	534,513
Loans & Advances	329,298	366,578	396,925	439,059	495,739
Investments	8,537	14,833	16,274	17,562	19,830
Intangible Assets	0	0	0	0	0
Cash & Bank Balances	7,038	6,221	6,748	7,244	8,180
Other Current Assets - CA	616	1,174	1,382	1,668	1,863
Fixed Assets	1,101	1,135	1,230	1,358	1,533
Miscellaneous expenditure	0	0	0	0	0
Deferred Tax Asset	4,153	5,853	6,342	6,767	7,370
Total Assets	350,741	395,795	428,901	473,659	534,513

Source: Company, JM Financial

Key Ratios (%)	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	9.7%	12.1%	8.4%	10.4%	13.2%
Advances	11.2%	11.3%	8.3%	10.6%	12.9%
Total Assets	10.8%	12.8%	8.4%	10.4%	12.8%
NII	11.3%	5.8%	12.0%	12.3%	14.0%
Non-Interest Income	50.2%	2.5%	19.3%	13.5%	13.7%
Operating Expenses	10.2%	17.0%	19.5%	15.5%	15.1%
Operating Profits	12.4%	0.3%	7.9%	10.4%	13.3%
Core Operating Profits	12.1%	0.5%	7.8%	10.4%	13.3%
Provisions	63.6%	26.8%	9.1%	-18.4%	4.1%
Reported PAT	-6.3%	-19.1%	8.8%	40.2%	18.7%
Yields / Margins (%)					
Interest Spread (%)	6.94%	6.54%	6.73%	7.00%	7.22%
NIM (Incl. securitization) (%)	9.28%	8.80%	8.95%	9.18%	9.37%
Profitability (%)					
ROA (%)	2.49%	1.80%	1.77%	2.27%	2.42%
ROE (%)	15.5%	11.5%	11.6%	14.8%	15.9%
Cost to Income (%)	32.6%	36.1%	38.5%	39.5%	39.9%
Assets Quality (%)					
Gross NPAs (%)	6.14%	8.34%	10.65%	10.85%	10.39%
LLP (%)	3.02%	3.54%	3.00%	2.24%	2.08%
Capital Adequacy (%)					
Tier I (%)	15.50%	14.59%	14.82%	14.89%	14.75%
CAR (%)	18.30%	17.29%	17.73%	17.92%	17.83%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	9.13%	8.64%	8.76%	8.99%	9.18%
Other income / Assets (%)	0.12%	0.11%	0.12%	0.12%	0.13%
Total Income / Assets (%)	9.25%	8.75%	8.88%	9.12%	9.30%
Cost to Assets (%)	3.02%	3.16%	3.42%	3.60%	3.71%
PPP / Assets (%)	6.24%	5.59%	5.46%	5.51%	5.59%
Provisions / Assets (%)	2.48%	2.81%	2.78%	2.07%	1.93%
PBT / Assets (%)	3.76%	2.78%	2.69%	3.44%	3.66%
Tax Rate (%)	33.65%	35.21%	34.00%	34.00%	34.00%
ROA (%)	2.49%	1.80%	1.77%	2.27%	2.42%
Leverage (%)	6.2	6.4	6.5	6.5	6.6
ROE (%)	15.49%	11.48%	11.59%	14.84%	15.87%

Source: Company, JM Financial

Valuations	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	564.1	564.6	564.6	564.6	564.6
EPS (Rs.)	14.7	11.9	13.0	18.2	21.6
EPS (YoY) (%)	-6.4%	-19.2%	8.8%	40.2%	18.7%
PE (x)	18.0	22.2	20.4	14.6	12.3
BV (Rs.)	100	107	116	129	143
BV (YoY) (%)	11%	7%	8%	11%	11%
P/BV (x)	2.64	2.47	2.28	2.06	1.85
DPS (Rs.)	4.8	4.8	4.1	5.8	6.9
Div. yield (%)	1.8%	1.8%	1.6%	2.2%	2.6%

Source: Company, JM Financial

Financial Tables – Shriram Transport Finance

Income Statement (₹ mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	36,610	48,461	56,841	65,134	75,216
Non-Interest Income	4,064	1,839	2,112	2,494	2,641
Total Income	40,674	50,301	58,953	67,628	77,857
Operating Expenses	11,793	13,479	15,736	17,676	19,928
Pre-provisioning Profits	28,881	36,822	43,217	49,952	57,929
Loan Loss Provisions	12,593	20,087	20,041	22,782	22,419
Other Provisions	-2,137	-1,079	603	214	1,146
Total Provisions	10,457	19,008	20,643	22,996	23,565
PBT	18,424	17,814	22,574	26,956	34,364
Tax	6,046	6,032	7,652	9,138	11,684
PAT (Pre-Extra ordinaries)	12,378	11,782	14,921	17,818	22,680
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	12,378	11,782	14,921	17,818	22,680
Dividend	2,151	2,731	3,177	3,857	4,538
Retained Profits	10,227	9,051	11,744	13,961	18,142

Source: Company, JM Financial

Balance Sheet (₹ mn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Capital	2,269	2,269	2,269	2,269	2,269
Reserves & Surplus	90,111	99,272	111,017	124,977	143,119
Stock option outstanding	0	0	0	0	0
Borrowed Funds	442,762	497,907	598,235	698,858	821,858
Deferred tax liabilities	0	0	0	0	0
Current Liabilities	58,130	80,185	70,370	81,703	95,662
Total Liabilities	593,272	679,633	781,891	907,807	1,062,908
Net Advances	492,271	618,784	711,882	826,120	967,812
Investments	33,272	13,562	16,444	19,579	22,260
Cash & Bank Balances	34,870	11,035	14,238	16,522	19,356
FD pledged for Sec.	12,364	12,604	12,563	14,579	17,079
Loans & Advances	15,367	18,917	21,356	24,784	29,034
Other Current Assets	1,556	645	851	1,024	1,385
Fixed Assets	1,007	1,011	1,095	1,271	1,488
Miscellaneous expenditure	0	0	0	0	0
Deferred tax asset	2,565	3,077	3,462	3,929	4,493
Total Assets	593,272	679,633	781,891	907,807	1,062,908

Source: Company, JM Financial

Key Ratios	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	23.2%	12.5%	20.2%	16.8%	17.6%
Advances	35.0%	25.7%	15.0%	16.0%	17.2%
Total Assets	20.5%	14.6%	15.0%	16.1%	17.1%
NII	0.7%	32.4%	17.3%	14.6%	15.5%
Non-Interest Income	17.8%	-54.7%	14.8%	18.1%	5.9%
Operating Expenses	5.6%	14.3%	16.7%	12.3%	12.7%
Operating Profits	0.9%	27.5%	17.4%	15.6%	16.0%
Core Operating Profits	-0.6%	40.2%	17.5%	15.5%	16.5%
Provisions	1.1%	81.8%	8.6%	11.4%	2.5%
Reported PAT	-2.1%	-4.8%	26.6%	19.4%	27.3%
Yields / Margins (%)					
Interest Spread (%)	4.06%	4.93%	5.30%	5.48%	5.46%
NIM (Incl. securitization) (%)	6.81%	7.67%	7.83%	7.76%	7.69%
Profitability (%)					
ROA (%)	2.28%	1.85%	2.04%	2.11%	2.30%
ROE (%)	14.1%	12.2%	13.9%	14.8%	16.6%
Cost to Income (%)	29.0%	26.8%	26.7%	26.1%	25.6%
Assets Quality (%)					
Gross NPAs (%)	3.73%	5.99%	7.25%	7.39%	7.46%
LLP (%)	2.44%	3.42%	3.10%	3.09%	0.00%
Capital Adequacy (%)					
Tier I (%)	16.40%	14.71%	14.65%	14.32%	14.13%
CAR (%)	20.52%	17.56%	17.66%	17.44%	17.33%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	6.75%	7.61%	7.78%	7.71%	7.63%
Other income / Assets (%)	0.75%	0.29%	0.29%	0.30%	0.27%
Total Income / Assets (%)	7.49%	7.90%	8.07%	8.00%	7.90%
Cost to Assets (%)	2.17%	2.12%	2.15%	2.09%	2.02%
PPP / Assets (%)	5.32%	5.79%	5.91%	5.91%	5.88%
Provisions / Assets (%)	1.93%	2.99%	2.82%	2.72%	2.39%
PBT / Assets (%)	3.39%	2.80%	3.09%	3.19%	3.49%
Tax Rate (%)	32.8%	33.9%	33.9%	33.9%	34.0%
ROA (%)	2.28%	1.85%	2.04%	2.11%	2.30%
Leverage (%)	6.2	6.6	6.8	7.0	7.2
ROE (%)	14.14%	12.15%	13.89%	14.82%	16.64%

Source: Company, JM Financial

Valuations	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	226.9	226.9	226.9	226.9	226.9
EPS (Rs.)	54.6	51.9	65.8	78.5	100.0
EPS (YoY) (%)	-2.1%	-4.8%	26.6%	19.4%	27.3%
PE (x)	15.7	16.5	13.0	10.9	8.6
BV (Rs.)	407	448	499	561	641
BV (YoY) (%)	11.7%	9.9%	11.6%	12.3%	14.3%
P/BV (x)	2.10	1.92	1.72	1.53	1.34
DPS (Rs.)	9.5	12.0	14.0	17.0	20.0
Div. yield (%)	1.1%	1.4%	1.6%	2.0%	2.3%

Source: Company, JM Financial

Financial tables – Shriram City Union Finance

Profit & Loss (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Net Interest Income (NII)	21,431	24,080	28,646	33,200	37,932
Non-Interest Income	970	682	754	832	810
Total Income	22,401	24,762	29,401	34,032	38,742
Operating Expenses	9,452	10,685	12,142	13,955	16,005
Pre-provisioning Profits	12,949	14,077	17,259	20,078	22,737
Total Provisions	4,538	6,008	7,978	9,173	9,664
PBT	8,411	8,068	9,282	10,905	13,073
Tax	2,830	2,771	3,156	3,762	4,510
PAT (Pre-Extra ordinaries)	5,581	5,298	6,126	7,143	8,563
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	5,581	5,298	6,126	7,143	8,563
Dividend	1,235	1,194	1,516	1,780	1,780
Retained Profits	4,346	4,104	4,609	5,363	6,783

Source: Company, JM Financial

Balance Sheet (₹ Mn)	FY15	FY16	FY17E	FY18E	FY19E
Capital	659	659	659	659	659
Reserves and Surplus	40,327	44,437	49,046	54,409	61,192
Optionally Convertible Warrants	0	0	0	0	0
Share holders equity	40,986	45,096	49,706	55,068	61,851
Preference Share Capital	0	0	0	0	0
Stock Option Outstanding	25	20	23	27	31
Borrowed Funds	124,021	144,084	176,791	209,851	255,808
Deferred tax liabilities	0	0	0	0	0
Current Liabilities and Provisions	15,347	19,344	17,050	19,942	23,912
Total Liabilities	180,380	208,544	243,569	284,888	341,602
Loans	157,229	190,236	222,995	260,865	312,904
Investments	9,817	7,923	8,920	10,695	12,829
Cash & Bank Balances - CA	8,714	6,539	7,582	8,609	10,326
Loans & Advances - CA	1,674	1,170	892	1,043	1,252
Other Current Assets - CA	1,814	1,455	1,755	2,007	2,292
Fixed Assets	823	849	991	1,159	1,390
Miscellaneous expenditure	0	0	0	0	0
Deferred Tax Asset	310	372	435	508	609
Total Assets	180,380	208,544	243,569	284,888	341,602

Source: Company, JM Financial

Key Ratios (%)	FY15	FY16	FY17E	FY18E	FY19E
Growth (YoY) (%)					
Borrowed Funds	2.9%	16.2%	22.7%	18.7%	21.9%
Advances	23.5%	21.0%	17.2%	17.0%	19.9%
Total Assets	10.1%	15.6%	16.8%	17.0%	19.9%
NII	14.4%	12.4%	19.0%	15.9%	14.3%
Non-Interest Income	11.9%	-29.7%	10.6%	10.3%	-2.7%
Operating Expenses	18.8%	13.0%	13.6%	14.9%	14.7%
Operating Profits	11.2%	8.7%	22.6%	16.3%	13.2%
Core Operating Profits	11.7%	11.9%	22.3%	16.3%	13.2%
Provisions	18.1%	32.4%	32.8%	15.0%	5.4%
Reported PAT	7.1%	-5.1%	15.6%	16.6%	19.9%
Yields / Margins (%)					
Interest Spread (%)	9.87%	9.51%	10.11%	10.28%	9.93%
NIM (%)	12.75%	12.56%	12.84%	12.73%	12.27%
Profitability (%)					
ROA (%)	3.24%	2.72%	2.71%	2.70%	2.73%
ROE (%)	16.0%	12.3%	12.9%	13.6%	14.6%
Cost to Income (%)	42.2%	43.2%	41.3%	41.0%	41.3%
Assets Quality (%)					
Gross NPAs (%)	3.05%	4.97%	7.08%	8.22%	7.46%
LLP (%)	3.19%	3.54%	3.86%	3.79%	3.37%
Capital Adequacy (%)					
Tier I (%)	24.80%	23.36%	21.15%	20.07%	18.82%
CAR (%)	29.03%	26.14%	23.78%	22.64%	21.30%

Source: Company, JM Financial

Du-pont Analysis (%)	FY15	FY16	FY17E	FY18E	FY19E
NII / Assets (%)	12.45%	12.38%	12.67%	12.56%	12.11%
Other income / Assets (%)	0.56%	0.35%	0.33%	0.31%	0.26%
Total Income / Assets (%)	13.02%	12.73%	13.01%	12.88%	12.37%
Cost to Assets (%)	5.49%	5.49%	5.37%	5.28%	5.11%
PPP / Assets (%)	7.52%	7.24%	7.63%	7.60%	7.26%
Provisions / Assets (%)	2.64%	3.09%	3.53%	3.47%	3.09%
PBT / Assets (%)	4.89%	4.15%	4.11%	4.13%	4.17%
Tax Rate (%)	33.65%	34.34%	34.00%	34.50%	34.50%
ROA (%)	3.24%	2.72%	2.71%	2.70%	2.73%
Leverage (%)	4.9	4.5	4.8	5.0	5.4
ROE (%)	16.0%	12.3%	12.9%	13.6%	14.6%

Source: Company, JM Financial

Valuations	FY15	FY16	FY17E	FY18E	FY19E
Shares in issue (mn)	65.9	65.9	65.9	65.9	65.9
EPS (Rs.)	84.7	80.4	92.9	108.3	129.9
EPS (YoY) (%)	-3.7%	-5.1%	15.6%	16.6%	19.9%
PE (x)	21.2	22.3	19.3	16.6	13.8
BV (Rs.)	622	684	754	835	938
BV (YoY) (%)	27%	10%	10%	11%	12%
P/BV (x)	2.89	2.62	2.38	2.15	1.91
DPS (Rs.)	18.7	18.1	23.0	27.0	27.0
Div. yield (%)	1.0%	1.0%	1.3%	1.5%	1.5%

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U65192MH1995PLC092522

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

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Hold	Price expected to move in the range of 10% downside to 15% upside from the current market price.
Sell	Price expected to move downwards by more than 10%

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