

Refer to important disclosures at the end of this report

Q1FY22 Preview: Credit growth to see disruption but less painful

- **Credit growth disrupted due to new Covid-19 wave, but hopes abound with unlocking in progress:** We estimate credit growth of 6% yoy (down 1% qoq) in Q1FY22 for banks, largely in line with systemic credit growth and reflecting underlying disruption in retail/SME sectors. However, our channel checks and discussions with bankers point to a stronger rebound in retail credit in the absence of Covid 3.0 and easing of lockdowns. We estimate overall credit growth of ~9% for FY22 with a reasonable pick-up in retail credit in H2FY22 and back-end working capital demand from corporates.
- **Moderate NPA formation partly offset by restructuring/ECGLS:** Considering less stringent lockdowns this time unlike last year, we expect overall NPA formation to remain moderate (also reflected in the lower bounce rate of 30% vs. a peak of 38% last year), and will be partly offset by restructuring/ECGLS. Within retail, stress remains elevated, mainly in CV, PL, LAP, TW and MFI, which should lead to higher stress formation for banks with higher exposure to these segments (e.g., HDFCB, IIB, RBL, Bandhan, AU SFB and Ujjivan). NPA formation in Cards could be limited as banks/customers explore the EMI option. SME stress could largely be suppressed via ECLGS/restructuring. Within large corporates, SREI Group could remain standard due to the NCLT order, while restructuring of Shapoorji Pallonji and sale proceeds of UB Group toward dues of Kingfisher could be positive for select banks.
- **Earnings to moderate, partly cushioned by provision buffers:** We expect overall PPOP growth to be soft due to: 1) subdued growth/continued softness in NIMs accentuated by NPA recognition, 2) moderate treasury support, and 3) lack of large one-off gains such as recovery from Bhushan Power in Q4 (though partly offset by recovery from KFA). Overall credit cost too could be elevated due to upfront stress recognition, partly offset by some contingent provision buffer usage by select banks. Among large banks, we expect ICICI to report healthy profitability, led by better NIMs/moderate credit cost, while Axis may have the option to claw back provisions to boost profitability. HDFCB's growth trajectory remains moderate, but it should be able to deliver ~20% yoy profit growth. IIB/RBL should report slightly weaker numbers. IIB, in particular, may look to strengthen provisioning buffers, leading to elevated credit cost. Bandhan should continue to reel under MFI pain. PSBs, in general, may report moderate PPOP due to soft treasury performance, but limited credit cost and lower tax incidence for select banks (Indian, Union) should boost profits. SBI and Indian will be outliers.
- **NBFCs/Insurance – recovery disrupted:** After early signs of a pick-up (albeit on a lower base), we expect moderate growth in AUM of our NBFC coverage due to the lockdowns. Asset-quality pain in commercial retail could be partly suppressed via restructuring. We expect HDFC to report healthy growth amid better mortgage demand. We also see better growth for rural-facing NBFCs like CIBC/SHTF. Our insurance coverage universe is expected to report a decline in NBP on a sequential basis due to seasonal weakness and lockdowns in Apr-May'21. We expect VNB margins for our insurance coverage to marginally decline compared to Q4FY21 due to the revival of ULIPs. We expect tepid growth for all insurance companies under our coverage, i.e., HDFC Life, IPru Life, SBI Life and Max Life.
- **Q1 disrupted but unlocking raises hope for swift & strong recovery:** We believe growth should gradually recover as the unlocking process accelerates, and meaningful asset-quality normalization could be seen in H2. We retain a positive stance on financials but recommend a bottom-up approach. Among banks, we prefer high-quality players like ICICI, HDFCB, SBI and Axis in large-caps. IIB is for investors with a long-term horizon. Among NBFCs, we prefer HDFC, Chola and SHTF. In insurance, we prefer SBI Life, HDFC Life and Max Life.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(Page 25\)](#), [NBFCs \(Page 26\)](#) & [Insurance \(Page 27\)](#)

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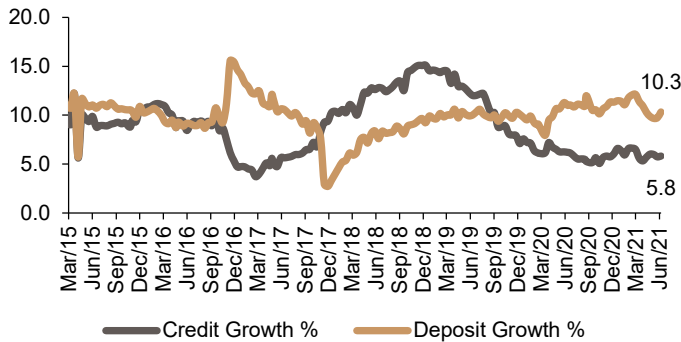
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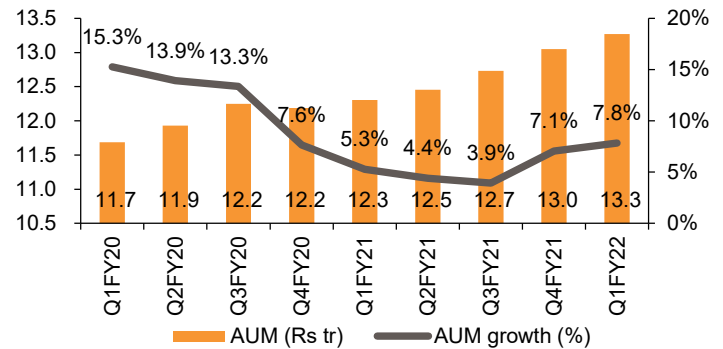
Story in Charts

Exhibit 1: Credit recovery interrupted due to Covid-induced partial lockdowns in otherwise seasonally weak Q1



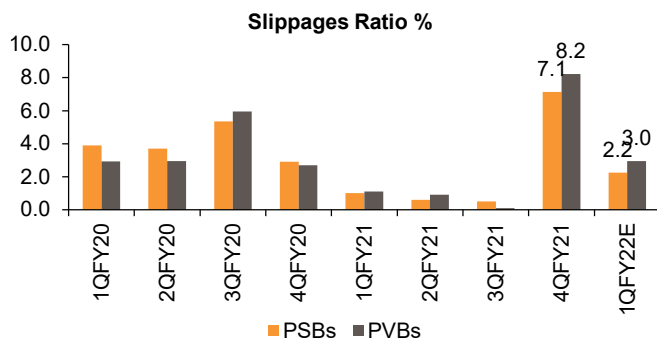
Source: RBI, Emkay Research

Exhibit 2: Moderate disbursements, lower repayment to drive up AUM



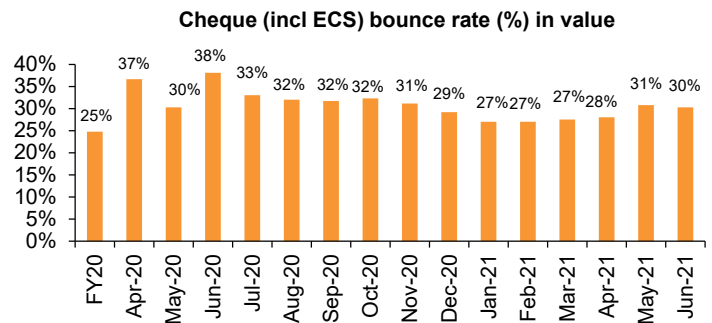
Source: Emkay Research

Exhibit 3: Fresh NPA formation to be moderate, partly offset by restructuring/ECGLS in commercial retail/SME



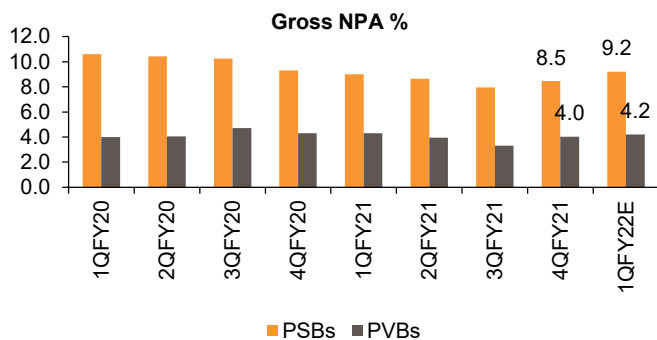
Source: Emkay Research

Exhibit 4: Bounce rates inch up, but are still below the peaks seen last year



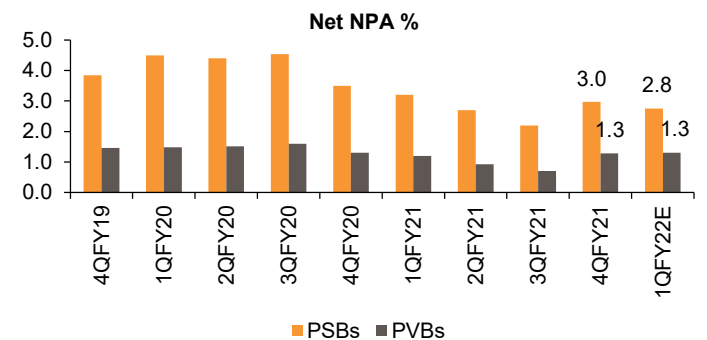
Source: NPCI, Emkay Research

Exhibit 5: NPA ratio may inch up in the near term, but should trend by year-end led by recoveries/w-offs and lumpy resolutions



Source: Emkay Research

Exhibit 6: Expect banks to upfront credit cost during the quarter, thus keeping NNPA ratio in check



Source: Emkay Research

Exhibit 7: Valuation summary for Banks, NBFCs and Insurance companies under our coverage

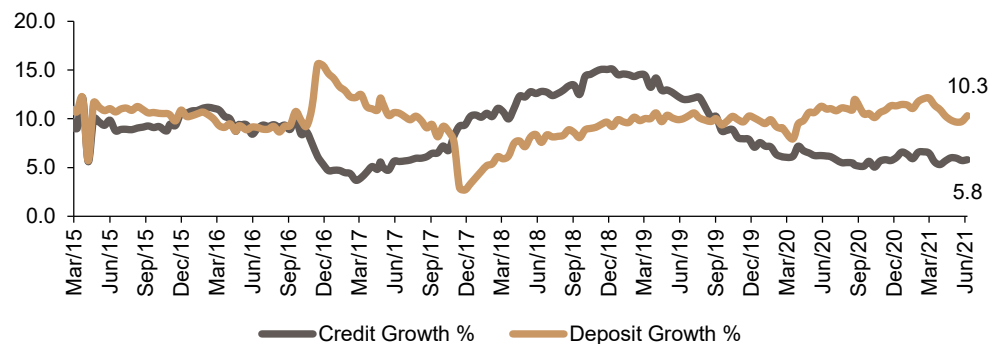
Companies	Reco	Market Cap		RoA %			RoE %			P/ABVx		
		Rs bn	USD bn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Large PVBs												
AXIS	Buy	2,154	29.4	1.3	1.5	1.6	7.1	12.3	14.5	1.8	1.6	1.3
HDFCB	Buy	7,708	105.1	2.0	2.0	2.0	16.6	17.0	17.5	3.5	3.0	2.6
ICICI	Buy	4,181	57.0	1.6	1.7	1.8	12.6	13.8	15.2	2.3	2.0	1.8
INDUSIND	Buy	730	10.0	1.4	1.7	1.9	7.6	11.8	14.5	1.7	1.6	1.4
KOTAK	Hold	3,458	47.2	1.9	2.0	2.0	12.5	11.8	12.8	3.7	3.3	3.0
YES	Sell	331	4.5	-0.4	0.5	0.8	-12.6	-3.3	4.3	1.4	1.2	1.1
Small-Mid PVBs												
CUB	Buy	123	1.7	1.4	1.6	1.6	10.6	12.4	14.5	2.1	1.9	1.6
DCB	Sell	32	0.4	0.8	0.9	0.9	10.0	9.2	9.8	1.0	0.9	0.8
FB	Buy	163	2.2	0.9	1.0	1.1	10.4	11.2	12.9	1.0	0.9	0.8
KVB	Hold	43	0.6	0.6	0.8	0.9	5.3	7.1	9.6	0.6	0.5	0.5
RBL	Buy	112	1.5	1.0	1.3	1.4	4.4	8.1	11.3	1.1	1.0	0.9
New Age PVBs/SFBs												
AU SFB	Hold	300	4.1	1.8	2.1	2.1	22.0	15.6	19.4	5.3	4.5	3.8
BANDHAN	Buy	469	6.4	2.5	3.0	3.4	13.5	17.0	21.4	2.8	2.2	1.7
EQUITAS	Buy	64	0.9	1.9	1.9	2.0	12.6	14.0	15.4	2.1	1.8	1.5
UJJIVAN	Sell	51	0.7	1.3	1.3	1.7	0.3	9.4	11.8	1.8	1.6	1.4
PSBs												
BOB	Buy	384	5.2	0.2	0.6	0.7	1.1	5.6	9.6	0.7	0.6	0.6
CANARA	Buy	247	3.4	0.3	0.4	0.5	6.3	6.3	9.5	0.7	0.6	0.5
INDIAN	Hold	141	1.9	0.5	0.7	0.8	10.1	13.0	13.3	0.5	0.5	0.4
PNB	Sell	376	5.1	0.3	0.5	0.6	2.8	4.4	7.5	0.7	0.7	0.6
SBI	Buy	3,249	44.3	0.7	0.8	0.9	9.3	13.4	14.7	0.9	0.8	0.7
UBI	Sell	227	3.1	0.4	0.4	0.5	6.5	6.4	7.6	0.6	0.5	0.5
NBFCs	Reco	Market Cap		RoA %			RoE %			P/ABVx		
		Rs bn	USD bn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
HDFC	Buy	4,567	62.1	2.3	2.3	2.3	12.4	13.4	14.2	2.0	1.9	1.7
BAF	Hold	3,741	50.9	4.0	4.6	4.8	19.6	23.8	25.4	9.1	7.4	6.0
CIFC	Buy	426	5.8	2.8	3.1	3.5	21.5	22.3	23.5	3.9	3.0	2.4
SHTF	Buy	386	5.2	2.6	3.2	3.2	14.6	17.0	16.8	1.7	1.4	1.2
LICHF	Hold	234	3.2	1.3	1.3	1.4	14.4	13.8	14.8	1.3	1.1	1.0
LTFH	Hold	231	3.1	1.7	1.9	2.1	10.2	11.1	13.4	1.3	1.2	1.1
MMFS	Hold	199	2.7	1.8	2.2	2.5	9.6	11.5	13.5	1.4	1.2	1.1
MGMA	Buy	121	1.7	3.3	3.4	3.5	12.2	10.8	13.6	2.1	1.9	1.7
SCUF	Buy	114	1.6	3.3	3.7	3.9	12.7	13.9	15.0	1.4	1.2	1.1
Insurance	Reco	Market Cap		RoEV %			RoE %			P/EVx		
		Rs bn	USD bn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
HDFC Life	Buy	1,386	18.9	17.5	16.9	16.8	19.1	18.5	18.8	4.3	3.7	3.1
SBI Life	Buy	1,015	13.8	15.7	15.9	16.2	22.4	22.3	24.1	2.6	2.3	2.0
ICICI Pru	Hold	902	12.3	13.6	13.3	13.7	15.8	14.7	8.8	2.7	2.4	2.2
Max Financial	Buy	363	4.9	21.5	21.8	22.3	24.3	25.2	26.4	2.6	2.1	1.8

Source: Emkay Research

Credit growth disrupted due to new Covid-19 wave, but hopes abound with unlocking in progress

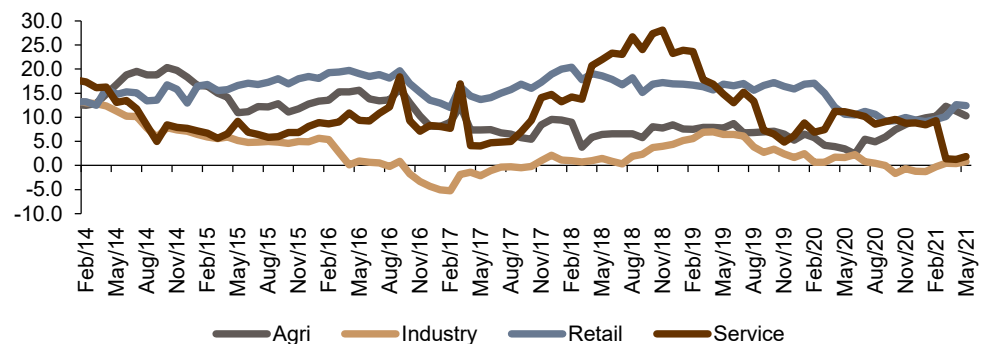
We estimate credit growth of 6% yoy (down 1% qoq) in Q1FY22 for banks, largely in line with systemic credit growth and reflecting underlying disruption in retail/SME sectors. Our channel checks and discussions with the managements suggest strong underlying appetite in mortgage and car segments, which should manifest into strong growth once lockdowns are lifted. Auto segment – mainly CV sales – surprised positively even in Q1 with the bulk of volumes in the lag end of Jun'21, once again indicating that the economic undercurrent remains strong. Corporate credit growth is likely to remain muted seasonally but should pick up mainly in the working capital segment due to rising inflation and benign rate environment. Corporate capex cycle could possibly see meaningful traction in late FY22 or early FY23 once the pandemic is largely behind and capacity utilization breach threshold levels. Deposit growth has slowed down a bit to 10% yoy from 11-12% levels, but CASA momentum continues given bankers focus. These trends are reflecting in recent business updates from banks – namely HDFCB, IIB, Federal, etc. We estimate overall credit growth of ~9% for FY22 with a reasonable pick-up in retail credit in H2FY22 and back-end working capital demand from corporate.

Exhibit 8: Credit recovery interrupted due to Covid-induced partial lockdowns in otherwise seasonally weak Q1



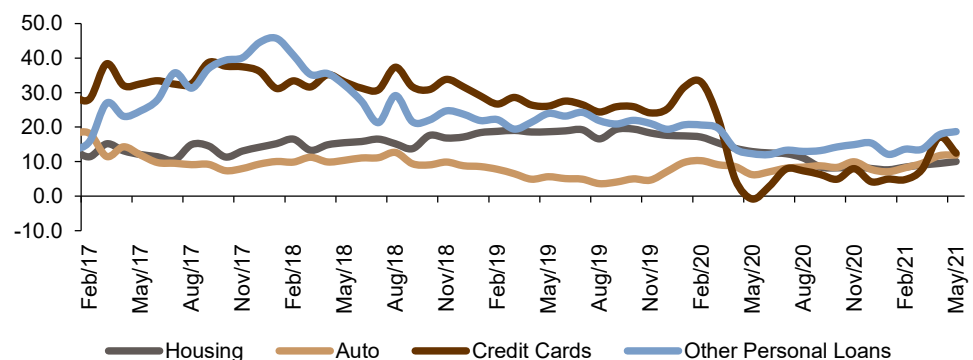
Source: RBI, Emkay Research

Exhibit 9: Corporate credit growth remains seasonally weak; retail too moderating



Source: RBI, Emkay Research

Exhibit 10: Amid partial lockdowns, impact on retail book is relatively moderate unlike last year

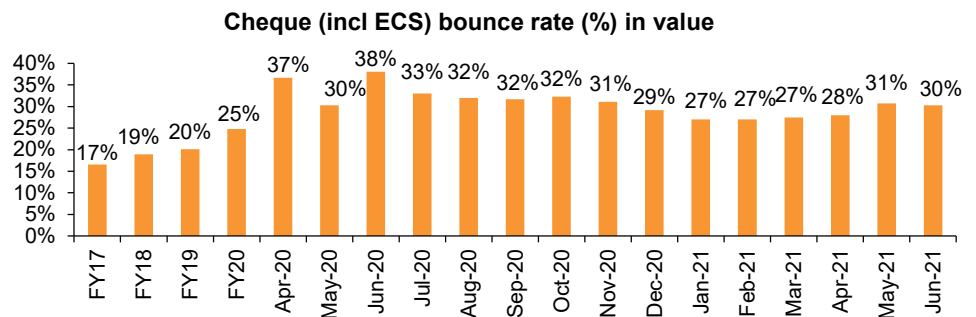


Source: RBI, Emkay Research

Moderate NPA formation partly offset by restructuring/ECGLS

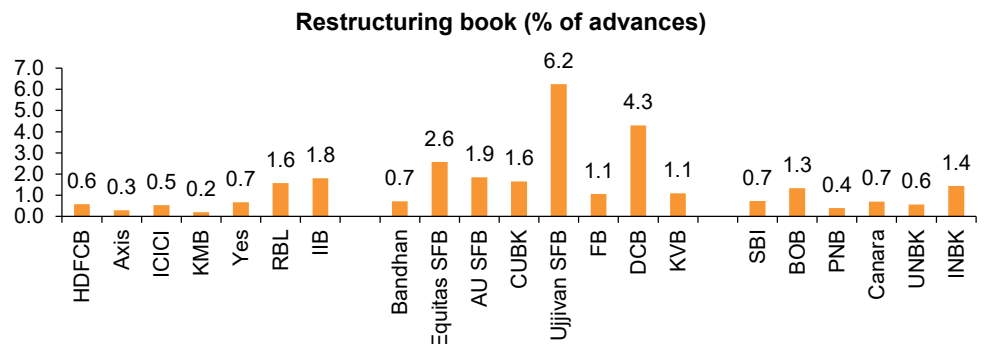
Recent data on cheque/EMI bounces points to stress building, but the situation is still better than last year, possibly due to less stringent localized lockdowns and corporate salaried segment being relatively less impacted. Accordingly, we expect overall NPA formation to remain moderate and will be partly offset by restructuring/ECGLS. Within retail stress remains elevated mainly in CV, PL and MFI, which should lead to higher NPA formation for banks with sizeable exposure to these segments (e.g. HDFCB, IIB, RBL, Bandhan, AU SFB, Ujjivan). NPA formation in card could be limited with banks/customers exploring the EMI option. SME stress could largely be suppressed via ECLGS/restructuring. Within large corporates, SREI Group could remain standard due to the NCLT order, while restructuring of Shapoorji Pallonji and sale proceeds of UB group towards dues of Kingfisher could be positive for select banks (Federal, SBI, PNB).

Exhibit 11: Bounce rates inch up, but are still below the peaks seen last year



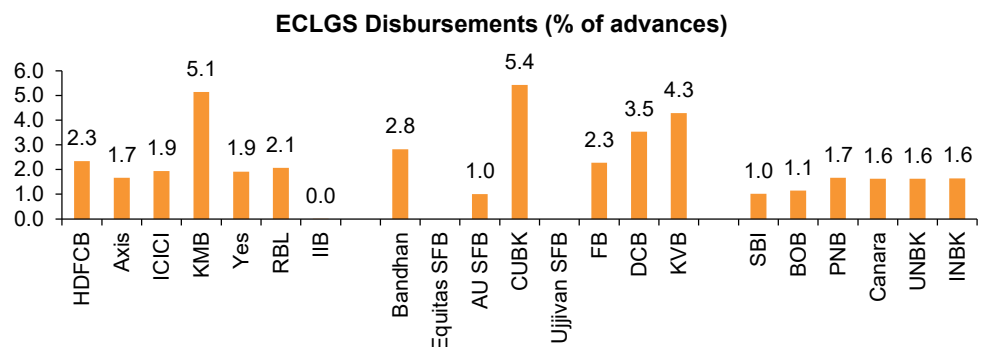
Source: NPCI, Emkay Research

Exhibit 12: Except for some banks, restructuring pool has been relatively lower than expected by the industry, which we expect should inch up in Q1/Q2



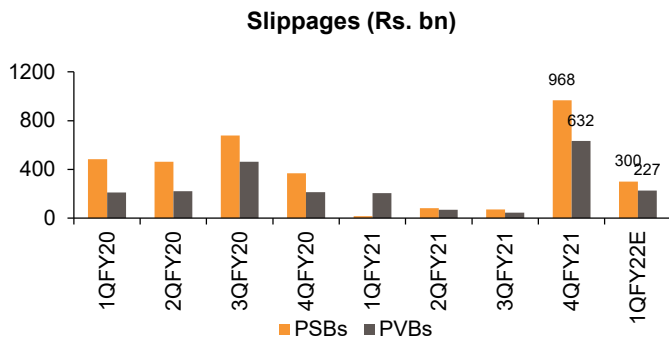
Source: Company, Emkay Research

Exhibit 13: ECGLS has picked up well with disbursements amounting to Rs2.7trn as of Jun'21



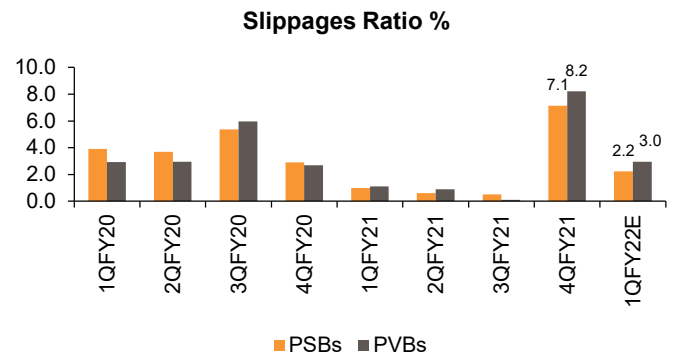
Source: Company, Emkay Research

Exhibit 14: Fresh slippages are expected to be limited despite a second Covid wave, suppressed by ECLGS/ Restructuring...



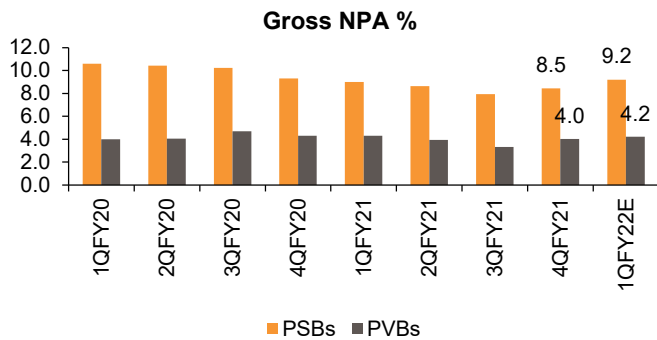
Source: Emkay Research

Exhibit 15: ...leading to a more or less normalized slippage ratio



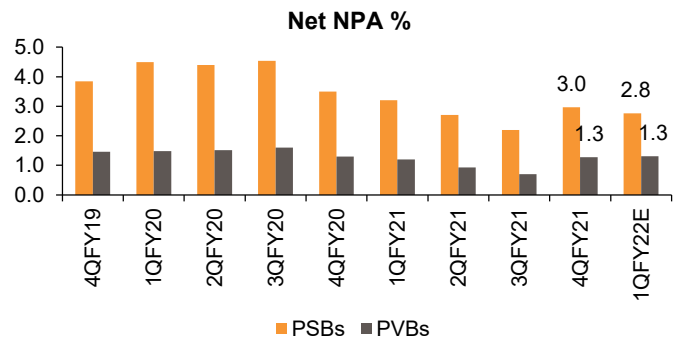
Source: Emkay Research

Exhibit 16: NPA formation to inch up in interim, but recoveries/w-offs and lumpy corporate resolutions to drive-down NPAs by year-end



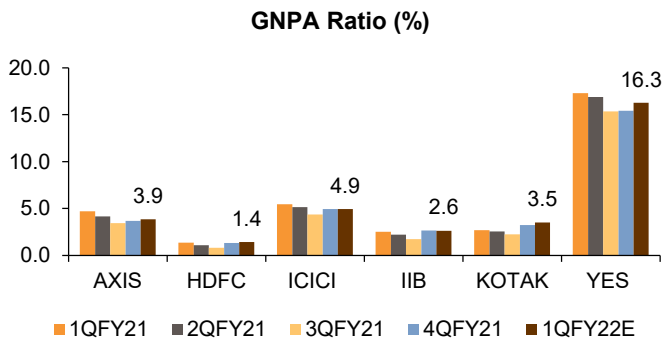
Source: Emkay Research

Exhibit 17: Up-fronted credit costs to keep Net NPA ratio in check



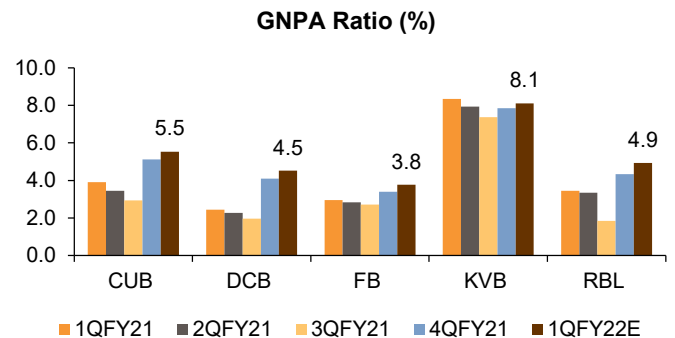
Source: Emkay Research

Exhibit 18: Slight uptick in NPAs expected during Q1



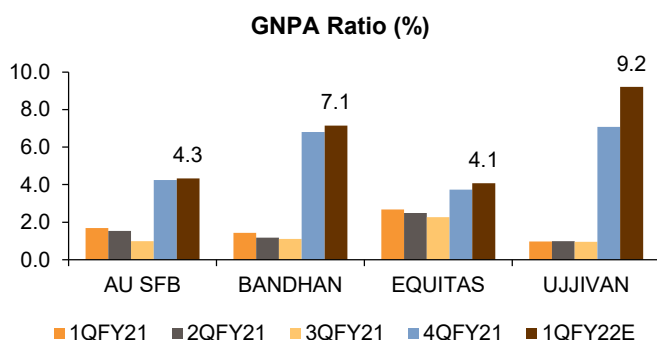
Source: Emkay Research

Exhibit 19: NPA formation to be elevated vs. large peers



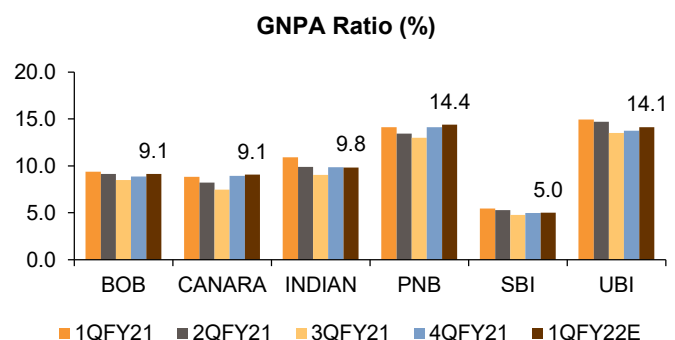
Source: Emkay Research

Exhibit 20: Ujjivan to see far higher NPA formation



Source: Emkay Research

Exhibit 21: Absence of lumpy resolution to lead to slight rise in NPAs for PSBs



Source: Emkay Research

Earnings to moderate, partly cushioned by provisioning buffers

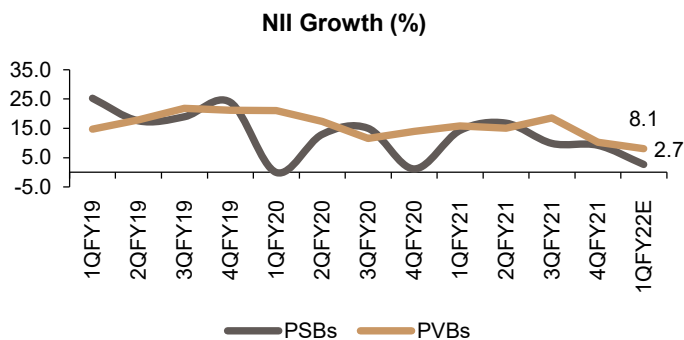
We expect overall PPOP growth to be soft due to 1) subdued growth/continued softness in NIMs accentuated by NPA recognition, 2) moderate treasury support, and 3) lack of large one-off gains like recovery from Bhushan Power in Q4 (though partly offset by recovery from KFA). Overall credit cost too could be elevated due to upfront stress recognition, partly offset by some contingent provision buffer usage by select banks. Among large banks, we expect ICICI to report healthy profitability, led by better NIMs/moderate credit cost, while Axis may have the option to claw back provisions to boost profitability. HDFCB's growth trajectory remains moderate, but it should be able to deliver ~20% yoy profit growth. IIB/RBL should report slightly weaker numbers and IIB in specific may look to strengthen provisioning buffers, leading to elevated credit cost. Bandhan should continue to reel under MFI pain. PSBs, in general, may report moderate PPOP due to soft treasury performance, but limited credit cost and lower tax incidence for select banks (Indian, Union) should boost profits. SBI, Indian Bank will be outliers.

Exhibit 22: Overall PPOP growth to remain weak due to lower treasury gain and softness in NIMs, but limited credit costs supported by existing buffers to support earnings across the board

(Rs bn)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22E	YoY %	QoQ %
NII	1,043	1,096	1,128	1,058	1,097	5.2	3.7
Non-interest Income	382	404	469	597	391	2.3	-34.5
Total Net Income	1,425	1,500	1,597	1,655	1,488	4.4	-10.1
PPOP	799	819	876	877	791	-1.1	-9.8
LLP	553	454	507	515	424	-23.4	-17.8
PAT	187	269	281	255	278	NA	9.0
PAT - PVBs	139	187	194	155	171	22.8	10.5
PAT - PSBs	47	82	87	100	107	126.0	6.7

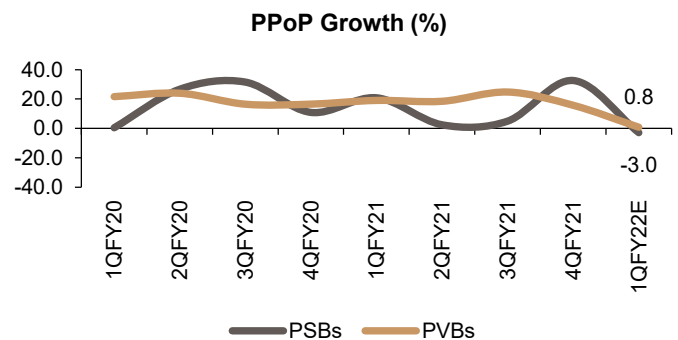
Source: Emkay Research

Exhibit 23: Expect moderation in NII due to continued pressure on margins accentuated by NPA recognition...



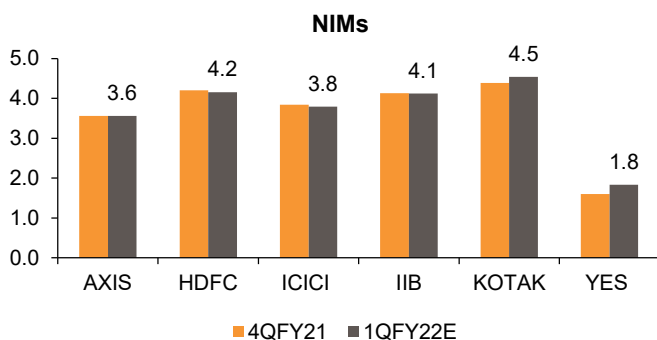
Source: Emkay Research

Exhibit 24: ...further impacting PPOP growth in addition to lower treasury gain and recoveries



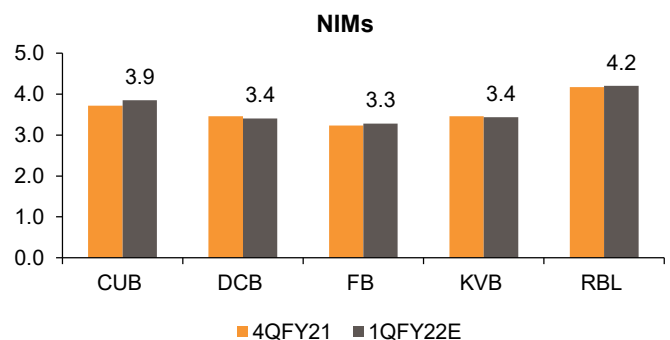
Source: Emkay Research

Exhibit 25: Margins in general to remain stable for the large banks...



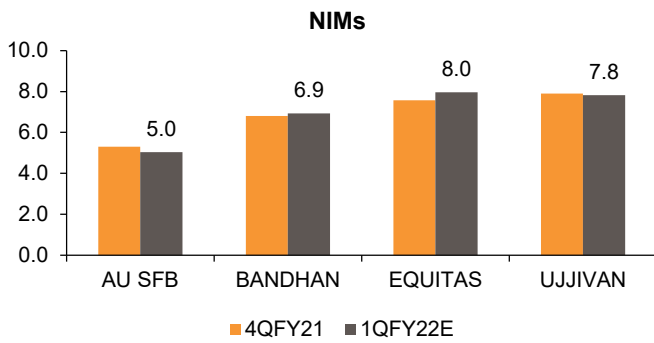
Source: Emkay Research

Exhibit 26: ...and so also for mid-size banks



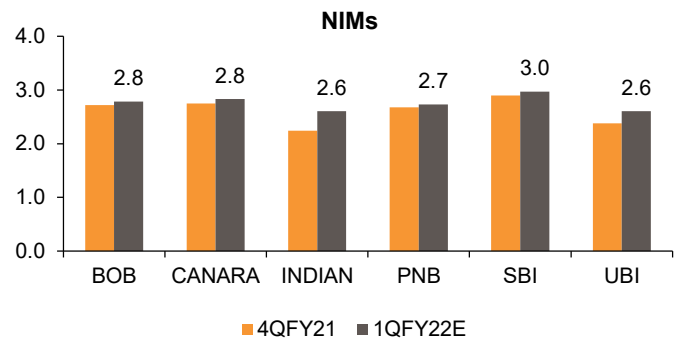
Source: Emkay Research

Exhibit 27: AU and Ujjivan to witness moderation in NIMs



Source: Emkay Research

Exhibit 28: Barring PNB, other PSBs to witness a slight improvement in margin



Source: Emkay Research

Exhibit 29: Summary of financial estimates – Q1FY22E

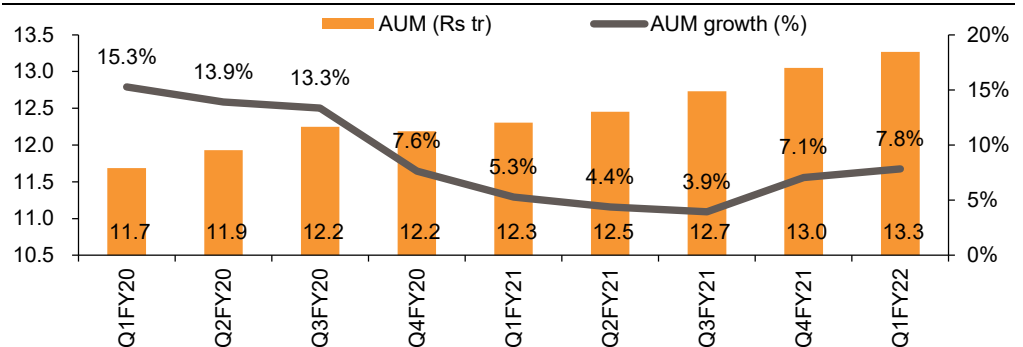
Banks	NII			PPoP			PAT		
	1QFY22E	YoY %	QoQ %	1QFY22E	YoY %	QoQ %	1QFY22E	YoY %	QoQ %
Large Private									
Axis	77,753	11.3	2.9	62,356	6.7	-9.2	21,958	97.4	-18.0
HDFC	175,585	12.1	2.6	144,381	12.5	-7.0	79,700	19.7	-2.6
ICICI	104,705	12.8	0.4	95,103	-11.7	11.4	48,179	85.4	9.4
IIB	36,135	9.2	2.2	31,865	8.8	1.8	10,093	97.8	9.0
Kotak	39,005	4.7	1.5	27,314	4.1	-19.8	13,689	10.0	-18.6
Yes	11,374	-40.4	15.3	4,651	-59.4	151.8	-14,701	NA	NA
Small-Mid Private									
City Union	4,476	2.4	4.5	3,516	-1.3	23.5	1,319	-14.4	18.6
DCB	3,127	2.0	0.5	1,913	0.1	-6.8	676	-14.8	-13.4
Federal	14,514	12.0	2.2	10,401	11.6	17.5	4,572	14.1	-4.3
Karur Vysya	6,158	9.6	0.5	4,066	-14.2	62.8	987	-6.4	-5.4
RBL	9,248	-11.2	2.1	6,205	-10.0	-29.2	855	-39.5	14.2
New Age/SFBs									
AU SFB	6,509	26.2	-0.7	4,565	2.4	22.1	2,357	17.3	39.4
Bandhan	18,888	4.3	7.5	15,935	0.6	-7.9	825	-85.0	-19.9
Equitas	4,724	16.9	5.3	2,018	38.2	-19.2	852	42.0	-24.5
Ujjivan	3,432	-25.1	-6.8	898	-58.2	-43.4	-517	-194.5	-137.9
PSBs									
BOB	75,688	11.1	6.5	43,833	1.5	-30.0	8,578	NA	NA
Canara	56,243	-7.7	0.6	36,248	-15.4	-36.4	7,015	72.7	-30.6
Indian	37,649	-2.8	12.9	27,402	-0.5	7.5	8,968	142.9	-47.5
PNB	70,740	4.8	2.0	53,098	0.6	-5.8	8,368	171.4	42.7
SBI	280,592	5.3	3.7	181,916	0.7	-7.7	68,406	63.3	6.0
UBI	60,305	-5.8	11.6	33,367	-17.3	-35.6	5,808	74.6	-56.3

Source: Emkay Research

NBFCs – Growth set to pick up as unlocking accelerates; liquidity rundown to be positive for NIMs

After early signs of a pick-up (albeit on lower base), we expect moderate growth in AUM for our NBFC coverage due to lockdowns and seasonal weakness. However, we expect growth momentum to improve as unlocking accelerates. Similar to BAF, we believe most NBFCs should report weak sequential growth in AUM, possibly due to the slowdown caused by the lockdown in Apr-May'21. We expect asset quality pain to largely remain suppressed on account of restructured loans, which is a key monitorable. The expectation of unsecured loans to make a comeback from Q1FY22 may get delayed by a couple of quarters as we believe lenders will turn a tad cautious with respect to maintaining liquidity/growth, given the impact on collections in Q1. We expect HDFC Ltd (Buy, TP Rs3,140) to report healthy disbursement growth on consistent mortgage demand on the back of favorable economic environment. We expect relatively better growth from agri/rural facing NBFCs like CIBC (Buy, TP Rs650) and SHTF (Buy, TP Rs1,630) on the back of their deep rural penetration and strong liability franchise.

Exhibit 30: Moderate disbursements and lower repayment to drive up AUM for the quarter



Source: Company, Emkay Research

Exhibit 31: Summary of financial estimates for NBFCs under coverage – Q1FY22E (Rs mn)

NBFCs	NII			PPP			PAT		
	Q1FY22E	YoY %	QoQ %	Q1FY22E	YoY %	QoQ %	Q1FY22E	YoY %	QoQ %
Bajaj Finance	48,629	17.1	4.4	33,372	11.4	9.3	18,521	92.5	37.5
Chola	13,564	38.0	1.1	9,464	48.5	14.3	4,406	2.2	81.2
HDFC	38,796	30.5	0.0	47,175	32.3	1.6	32,235	5.6	1.4
L&T Finance Holdings	16,971	20.5	-6.0	11,977	19.5	-12.6	3,599	142.6	34.9
LIC Housing Fin	15,054	23.3	0.0	13,327	23.8	-0.3	8,160	-0.2	104.6
Magma Fincorp	3,086	14.1	-4.3	1,635	20.7	-12.6	754	100.0	nm
Mahindra Finance	14,155	2.9	-6.3	10,032	-4.0	-5.1	2,437	56.4	62.5
Shriram City Union	8,985	2.8	-3.2	5,626	-0.7	1.8	2,412	25.4	-14.5
Shriram Transport Finance	21,781	18.6	-0.1	16,663	11.4	0.3	6,321	97.5	-16.3

Source: Emkay Research

Insurance – NBP and VNB margins to weaken marginally

We expect our insurance universe to report a decline in NBP on a sequential basis due to seasonally weak Q1 as well as lockdowns. Also, we expect VNB margins for our insurance coverage to marginally decline compared to Q4FY21 due to the revival of ULIPs. However, we expect NBP and VNB margins will improve on a yoy basis on a low base of last year. We expect tepid growth for all insurance companies under our coverage i.e. HDFC Life, IPru Life, SBI Life and Max Life.

Exhibit 32: Financial summary of Insurance companies- Q1FY22E

Insurance	GWP			APE			VNB Margin			PAT		
	Q1FY22E	YoY %	QoQ %	Q1FY22E	YoY %	QoQ %	Q1FY22E	YoY (bps)	QoQ (bps)	Q1FY22E	YoY %	QoQ %
HDFC Life	80,755	37.7	-37.4	15,638	32.3	-44.3	26.50%	221bps	-47bps	3,693	-18.1	16.2
ICICI Pru Life	81,608	42.0	-32.6	12,192	68.1	-48.0	23.20%	-122bps	-36bps	2,284	-20.4	258.2
Max Life	35,144	27.7	-50.5	8,472	30.5	-56.7	23.30%	620bps	-43bps	1,875	9.6	77.5
SBI Life	85,609	12.0	-45.3	15,977	24.5	-59.2	21.80%	310bps	-37bps	3,531	-9.7	-33.7

Source: Company, Emkay Research

Exhibit 33: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
Axis Bank								
CMP(Rs)	763	NII (Rs mn)	77,753	75,549	69,853	11.3%	2.9%	
Mkt Cap (Rs bn)	2,338	Op. Profit (Rs mn)	62,356	68,646	58,444	6.7%	-9.2%	Moderate growth and lower fees could keep PPOp in check. Bank may try to upfront NPA recognition/provisioning and preserve contingent buffer for the rest of the year. Slippages could remain elevated led by retail/SME book and one-odd corporate NPA.
Reco	Buy	NIM (%)	3.6	3.6	3.4	16bps	0bps	
		PAT (Rs mn)	21,958	26,771	11,122	97.4%	-18.0%	
		EPS (Rs)	7.2	8.7	3.6	97.4%	-18.0%	
HDFC Bank								
CMP(Rs)	1540	NII (Rs mn)	175,585	171,202	156,654	12.1%	2.6%	
Mkt Cap (Rs bn)	8,508	Op. Profit (Rs mn)	144,381	155,328	128,293	12.5%	-7.0%	Subdued growth/NIMs and fees should weigh on PPOp, but contained provisions should lead to reasonable profitability. Fresh slippages to remain elevated given higher stress in CV, TW, PL card and SME portfolio
Reco	BUY	NIM (%)	4.2	4.2	4.3	-14bps	-4bps	
		PAT (Rs mn)	79,700	81,865	66,586	19.7%	-2.6%	
		EPS (Rs)	14.4	14.8	12.0	19.7%	-2.6%	
ICICI Bank								
CMP(Rs)	654	NII (Rs mn)	104,705	104,311	92,797	12.8%	0.4%	
Mkt Cap (Rs bn)	4,529	Op. Profit (Rs mn)	95,103	85,398	107,764	-11.7%	11.4%	Better NIM trajectory and contained credit cost should lead to healthy profitability. Slippages to remain elevated, but still lower qoq ex of proforma NPAs
Reco	BUY	NIM (%)	3.8	3.8	3.7	10bps	-5bps	
		PAT (Rs mn)	48,179	44,026	25,991	85.4%	9.4%	
		EPS (Rs)	7.0	6.4	3.8	85.4%	9.4%	

Source: Company, Emkay Research

Exhibit 34: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
IndusInd Bank								
CMP(Rs)	1045	NII (Rs mn)	36,135	35,346	33,092	9.2%	2.2%	Sub-par growth and flat margins should keep PPOP in check; credit cost to remain elevated due to higher fresh NPA/restructuring and bank's stance to create additional provision buffer. Slippages and restructuring may remain elevated due to stress in CV, LAP and business banking/SME segments.
Mkt Cap (Rs bn)	809	Op. Profit (Rs mn)	31,865	31,287	29,277	8.8%	1.8%	
Reco	Buy	NIM (%)	4.1	4.1	4.3	-16bps	-1bps	
		PAT (Rs mn)	10,093	9,261	5,103	97.8%	9.0%	
		EPS (Rs)	13.0	12.0	6.6	97.8%	9.0%	
Kotak Bank								
CMP(Rs)	1762	NII (Rs mn)	39,005	38,428	37,238	4.7%	1.5%	We expect loan book to contract, but contained credit should aid profitability. Elevated slippages due to stress in VF and unsecured book
Mkt Cap (Rs bn)	3,493	Op. Profit (Rs mn)	27,314	34,075	26,236	4.1%	-19.8%	
Reco	Hold	NIM (%)	4.5	4.4	4.4	14bps	15bps	
		PAT (Rs mn)	13,689	16,824	12,444	10.0%	-18.6%	
		EPS (Rs)	6.9	8.5	6.3	10.0%	-18.6%	
Yes Bank								
CMP(Rs)	13	NII (Rs mn)	11,374	9,866	19,081	-40.4%	15.3%	Sub-par growth and elevated provisions should lead to continued loss. NPAs to remain elevated due to stress in SME and mid corporate portfolios
Mkt Cap (Rs bn)	334	Op. Profit (Rs mn)	4,651	1,848	11,469	-59.4%	151.8%	
Reco	Sell	NIM (%)	1.8	1.6	3.0	-117bps	23bps	
		PAT (Rs mn)	-14,701	-37,879	454	NA	NA	
		EPS (Rs)	(0.6)	(1.5)	0.0	NA	NA	

Source: Company, Emkay Research

Exhibit 35: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
City Union Bank								
CMP(Rs)	165	NII (Rs mn)	4,476	4,284	4,370	2.4%	4.5%	Subdued margins and higher LLP should weigh on profitability. Slippages as well as restructuring to remain high due to stress in SME book
Mkt Cap (Rs bn)	122	Op. Profit (Rs mn)	3,516	2,847	3,560	-1.3%	23.5%	
Reco	Buy	NIM (%)	3.9	3.7	4.0	-13bps	13bps	
		PAT (Rs mn)	1,319	1,112	1,540	-14.4%	18.6%	
		EPS (Rs)	1.8	1.5	2.1	-14.4%	18.6%	
DCB Bank								
CMP(Rs)	104	NII (Rs mn)	3,127	3,112	3,067	2.0%	0.5%	Subdued growth and higher LLP should depress earnings. Higher stress in LAP, SME and CV should reflect in elevated NPA formation.
Mkt Cap (Rs bn)	32	Op. Profit (Rs mn)	1,913	2,053	1,910	0.1%	-6.8%	
Reco	Sell	NIM (%)	3.4	3.5	3.4	-1bps	-5bps	
		PAT (Rs mn)	676	781	793	-14.8%	-13.4%	
		EPS (Rs)	2.2	2.5	2.6	-14.8%	-13.4%	
Federal Bank								
CMP(Rs)	86	NII (Rs mn)	14,514	14,203	12,965	12.0%	2.2%	Growth remains subdued, but reasonable NIMs, recovery from UB group stake sale should support profits. Stress to remain elevated from SME pool
Mkt Cap (Rs bn)	172	Op. Profit (Rs mn)	10,401	8,851	9,324	11.6%	17.5%	
Reco	Buy	NIM (%)	3.3	3.2	3.1	21bps	5bps	
		PAT (Rs mn)	4,572	4,778	4,008	14.1%	-4.3%	
		EPS (Rs)	2.3	2.4	2.0	14.1%	-4.3%	

Source: Company, Emkay Research

Exhibit 36: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
Karur Vysya Bank								
CMP(Rs)	52	NII (Rs mn)	6,158	6,126	5,618	9.6%	0.5%	
Mkt Cap (Rs bn)	41	Op. Profit (Rs mn)	4,066	2,498	4,738	-14.2%	62.8%	Elevated credit cost could depress earnings. Slippages could remain moderate mainly originating from SME pool.
Reco	Hold	NIM (%)	3.4	3.5	3.4	8bps	-2bps	
		PAT (Rs mn)	987	1,044	1,055	-6.4%	-5.4%	
		EPS (Rs)	1.2	1.3	1.3	-6.4%	-5.4%	
RBL Bank								
CMP(Rs)	223	NII (Rs mn)	9,248	9,060	10,413	-11.2%	2.1%	
Mkt Cap (Rs bn)	134	Op. Profit (Rs mn)	6,205	8,765	6,897	-10.0%	-29.2%	Profitability to remain subdued due to slower growth and elevated provisions; Elevated stress in cards and LAP should reflect in higher NPA formation.
Reco	Buy	NIM (%)	4.2	4.2	4.9	-65bps	3bps	
		PAT (Rs mn)	855	748	1,412	-39.5%	14.2%	
		EPS (Rs)	1.4	1.3	2.4	-39.5%	14.2%	

Source: Company, Emkay Research

Exhibit 37: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
AU SFB								
CMP(Rs)	1125	NII (Rs mn)	6,509	6,558	5,158	26.2%	-0.7%	Margins and PSLC fees should be subdued, but lower staff cost could lead to reasonable PPoP. Elevated slippages from VF pool and slower recoveries should lead to higher NPAs.
Mkt Cap (Rs bn)	352	Op. Profit (Rs mn)	4,565	3,739	4,456	2.4%	22.1%	
Reco	Hold	NIM (%)	5.0	5.3	5.0	4bps	-26bps	
		PAT (Rs mn)	2,357	1,690	2,009	17.3%	39.4%	
		EPS (Rs)	7.5	5.4	6.4	17.3%	39.4%	
Bandhan Bank								
CMP(Rs)	321	NII (Rs mn)	18,888	17,570	18,115	4.3%	7.5%	Higher w-offs/elevated provisions should keep profits in check. Slippages could remain elevated due to lockdowns, mainly in Assam and WB.
Mkt Cap (Rs bn)	516	Op. Profit (Rs mn)	15,935	17,294	15,842	0.6%	-7.9%	
Reco	Buy	NIM (%)	6.9	6.8	8.2	-122bps	13bps	
		PAT (Rs mn)	825	1,030	5,498	-85.0%	-19.9%	
		EPS (Rs)	0.5	0.6	3.4	-85.0%	-19.9%	
Equitas SFB								
CMP(Rs)	111	NII (Rs mn)	4,724	4,486	4,040	16.9%	5.3%	Lower PSLC fees and higher provisions should lead to some moderation in profits. Elevated stress, mainly in VF, LAP, MFI book, could keep slippages elevated.
Mkt Cap (Rs bn)	38	Op. Profit (Rs mn)	2,018	2,498	1,460	38.2%	-19.2%	
Reco	Buy	NIM (%)	8.0	7.6	8.6	-66bps	40bps	
		PAT (Rs mn)	852	1,129	600	42.0%	-24.5%	
		EPS (Rs)	0.7	1.0	0.5	42.0%	-24.5%	

Source: Company, Emkay Research

Exhibit 38: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
Ujjivan Small Finance								
CMP(Rs)	206	NII (Rs mn)	3,432	3,681	4,580	-25.1%	-6.8%	Subdued margins, lower PSLC fees and elevated credit cost could lead to a loss for the bank. Stress to remain elevated in MFI and SBL book
Mkt Cap (Rs bn)	25	Op. Profit (Rs mn)	898	1,586	2,147	-58.2%	-43.4%	
Reco	Sell	NIM (%)	7.8	7.9	10.2	-238bps	-8bps	
		PAT (Rs mn)	-517	1,364	547	NA	NA	
		EPS (Rs)	(4.2)	11.2	4.5	NA	NA	

Source: Company, Emkay Research

Exhibit 39: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
Bank of Baroda								
CMP(Rs)	86	NII (Rs mn)	75,688	71,066	68,155	11.1%	6.5%	Bank will continue to report healthy growth in retail, but corporate remains sluggish. Contained credit cost could lead to reasonable profits. Slippages in SME/Retail and Mid corporate book could remain high.
Mkt Cap (Rs bn)	445	Op. Profit (Rs mn)	43,833	62,656	43,195	1.5%	-30.0%	
Reco	Buy	NIM (%)	2.8	2.7	2.5	26bps	6bps	
		PAT (Rs mn)	8,578	-10,465	-8,642	NA	NA	
		EPS (Rs)	1.7	(2.0)	(1.7)	NA	NA	
Canara Bank								
CMP(Rs)	155	NII (Rs mn)	56,243	55,892	60,956	-7.7%	0.6%	Slower growth, lower treasury gains and moderate credit cost could weigh on earnings. Slippages could remain elevated due to stress in SME portfolio.
Mkt Cap (Rs bn)	255	Op. Profit (Rs mn)	36,248	57,026	42,855	-15.4%	-36.4%	
Reco	Buy	NIM (%)	2.8	2.8	2.8	-1bps	8bps	
		PAT (Rs mn)	7,015	10,109	4,062	72.7%	-30.6%	
		EPS (Rs)	4.3	6.1	2.5	72.7%	-30.6%	
Indian Bank								
CMP(Rs)	139	NII (Rs mn)	37,649	33,343	38,743	-2.8%	12.9%	Lower tax rate and contained credit cost could lead to healthy profits. Slippages could remain elevated, but a recovery in lumpy a/c should help in containing NPAs.
Mkt Cap (Rs bn)	173	Op. Profit (Rs mn)	27,402	25,484	27,533	-0.5%	7.5%	
Reco	Hold	NIM (%)	2.6	2.2	2.8	-22bps	37bps	
		PAT (Rs mn)	8,968	17,088	3,693	142.9%	-47.5%	
		EPS (Rs)	7.2	13.7	3.0	142.9%	-47.5%	

Source: Company, Emkay Research

Exhibit 40: 1QFY22E BFSI – Banks Result Preview

Name			Q1FY22E	Q4FY21	Q1FY21	% Chg YoY	% Chg QoQ	Comments
Punjab National bank								
CMP(Rs)	42	NII (Rs mn)	70,740	69,375	67,483	4.8%	2.0%	
Mkt Cap (Rs bn)	459	Op. Profit (Rs mn)	53,098	56,343	52,799	0.6%	-5.8%	Subdued growth, lower margins and lower treasury gains could hurt PPOp, but recovery from KFA could support earnings. Bank has sizeable exposure to Bhushan Power and thus should help keep NPA ratios contained.
Reco	Sell	NIM (%)	2.7	2.7	1.7	101bps	5bps	
		PAT (Rs mn)	8,368	5,864	3,083	171.4%	42.7%	
		EPS (Rs)	0.8	0.5	0.3	171.4%	42.7%	
State Bank of India								
CMP(Rs)	433	NII (Rs mn)	280,592	270,670	266,416	5.3%	3.7%	
Mkt Cap (Rs bn)	3,863	Op. Profit (Rs mn)	181,916	197,002	180,611	0.7%	-7.7%	Healthy NIMs due to absence of interest waiver, recovery from UB group stake sale and contained credit cost should lead to strong profitability. Slippages to remain moderate with limited NPAs in retail; stress in SME could be taken out via restructuring.
Reco	Buy	NIM (%)	3.0	2.9	3.0	-4bps	7bps	
		PAT (Rs mn)	68,406	64,507	41,894	63.3%	6.0%	
		EPS (Rs)	7.7	7.2	4.7	63.3%	6.0%	
Union Bank of India								
CMP(Rs)	38	NII (Rs mn)	60,305	54,029	64,031	-5.8%	11.6%	
Mkt Cap (Rs bn)	259	Op. Profit (Rs mn)	33,367	51,799	40,340	-17.3%	-35.6%	Sub-par growth and lower treasury gains could weigh on earnings, partly offset by lower tax incidence. Slippages/restructuring may remain elevated due to higher exposure to stressed SME pool.
Reco	Sell	NIM (%)	2.6	2.4	2.6	2bps	23bps	
		PAT (Rs mn)	5,808	13,298	3,327	74.6%	-56.3%	
		EPS (Rs)	0.8	1.9	0.5	74.6%	-56.3%	

Source: Company, Emkay Research

Exhibit 41: 1QFY22E BFSI – NBFCs Result Preview

Name			Jun'21E	Mar'21	Jun'20	% Chg YoY	% Chg QoQ	Comments
Bajaj Finance								
CMP(Rs)	6,199	NII (Rs mn)	48,629	46,594	41,521	17.12	4.37	Bajaj Finance reported AUM growth of ~15.2% yoy and ~4% qoq despite lockdowns in Apr-May'21. However, bifurcation of AUM would be key monitorable as the durable segment seems to have been affected by lockdowns. New loans stood at ~4.6mn in Q1FY22, up from ~1.8mn last year but down from ~5.5mn last quarter, indicating the continued cautious stance of the company. BAF sits on a high liquidity buffer of Rs109bn. We expect asset quality pressure is inevitable amid recent lockdowns. We also await commentary on company's digital journey, including the launch of Bajaj Pay.
Mkt Cap (Rs bn)	3,741	Op. profit (Rs mn)	33,372	30,534	29,954	11.41	9.30	
Reco	Hold	NIM (%)	12.47%	12.57%	11.65%	82bps	-10bps	
		PAT (Rs mn)	18,521	13,466	9,623	92.46	37.53	
		EPS (Rs)	30.8	22.4	16.0	91.93	37.53	
Cholamandalam Finance								
CMP(Rs)	519	NII (Rs mn)	13,564	13,415	9,830	38.0	1.1	We expect disbursements to be lower by 27.6% sequentially (+62.8% yoy) on account of lockdowns in Apr-May'21. Margin profile to remain stable on sequential basis; however, we do remain concerned about the asset quality profile during the quarter. We expect a rise in Stage 3 along with a surge in stage 2 and restructured portfolio.
Mkt Cap (Rs bn)	426	Op. profit (Rs mn)	9,464	8,279	6,372	48.5	14.3	
Reco	Buy	NIM (%)	7.68%	7.74%	6.34%	134bps	-6bps	
		PAT (Rs mn)	4,406	2,432	4,309	2.2	81.2	
		EPS (Rs)	5.4	3.0	5.3	2.2	81.2	
HDFC Limited								
CMP(Rs)	2,529	NII (Rs mn)	38,796	38,801	29,736	30.47	-0.01	With retail loan disbursements gaining momentum on the back of improving housing demand, we expect HDFC's AUM growth to be at ~9.1% yoy in Q1FY21. Impact of lockdown on commercial real estate portfolio may continue. We await management commentary on restructuring of loans and NIMs; however, overall we expect company to deliver healthy performance. .
Mkt Cap (Rs bn)	4,567	Op. profit (Rs mn)	47,175	46,429	35,646	32.34	1.61	
Reco	Buy	NIM (%)	3.44%	3.50%	3.40%	4bps	-6bps	
		PAT (Rs mn)	32,235	31,798	30,515	5.63	1.37	
		EPS (Rs)	16.1	17.7	17.6	-8.63	-8.78	

Source: Company, Emkay Research

Exhibit 42: 1QFY22E BFSI – NBFCs Result Preview

Name			Jun'21E	Mar'21	Jun'20	% Chg YoY	% Chg QoQ	Comments
LIC Housing Finance								
CMP(Rs)	465	NII (Rs mn)	15,054	15,049	12,206	23.34	0.03	We expect LICHF to report loan book growth of 12.8% yoy as demand has improved for residential real estate on the back of availability of cheaper loans. We expect the margin profile to remain stable sequentially; however, asset quality profile and restructured loans remain key monitorables.
Mkt Cap (Rs bn)	234	Op. profit (Rs mn)	13,327	13,368	10,763	23.82	-0.31	
Reco	Hold	NIM (%)	2.57%	2.66%	2.32%	25bps	-9bps	
		PAT (Rs mn)	8,160	3,989	8,175	-0.18	104.56	
		EPS (Rs)	16.2	7.9	15.3	5.68	104.56	
Mahindra Finance								
CMP(Rs)	161	NII (Rs mn)	14,155	15,114	13,759	2.88	-6.34	We expect AUM to remain flat on a yoy basis with regularization of repayments (including for moratorium accounts). Maintaining liquidity/capital buffer takes priority on account of slowdown due to the lockdowns and dipping tractor volumes due to its seasonality and pain in the cab aggregator portfolio segment may weigh on heavily. PAT may see recovery with lower provisions compared to previous quarter.
Mkt Cap (Rs bn)	199	Op. profit (Rs mn)	10,032	10,573	10,447	-3.98	-5.12	
Reco	Hold	NIM (%)	6.92%	7.40%	6.94%	-2bps	-48bps	
		PAT (Rs mn)	2,437	1,500	1,558	56.40	62.53	
		EPS (Rs)	2.0	1.2	2.5	-21.86	62.53	
Shriram City Union Finance								
CMP(Rs)	1,735	NII (Rs mn)	8,985	9,283	8,742	2.78	-3.21	We expect a decline in AUM growth by 1.1% yoy on the back of higher repayments. NIMs are expected to marginally decline due to falling yields. We await management commentary on gold loans and vehicle loans. Asset quality and restructured portfolio will be key monitorables.
Mkt Cap (Rs bn)	114	Op. profit (Rs mn)	5,626	5,525	5,666	-0.71	1.83	
Reco	Buy	NIM (%)	12.46%	12.78%	12.16%	30bps	-32bps	
		PAT (Rs mn)	2,412	2,821	1,923	25.43	-14.50	
		EPS (Rs)	36.5	42.7	29.1	25.36	-14.50	

Source: Company, Emkay Research

Exhibit 43: 1QFY22E BFSI – NBFCs Result Preview

Name			Jun'21E	Mar'21	Jun'20	% Chg YoY	% Chg QoQ	Comments
L&T Finance								
CMP(Rs)	93	NII (Rs mn)	16,971	19,781	14,193	19.57	-14.20	We expect AUM growth of 2.3% sequentially on account of improvement in rural portfolio with recovery in collections and loan disbursals. Continued leadership in tractor book and loan restructuring should be monitored. Changing business model toward retaliation remains interesting to watch out for along with the downsizing of de-focused book.
Mkt Cap (Rs bn)	231	Op. profit (Rs mn)	11,977	13,703	10,019	19.55	-12.60	
Reco	Hold	NIM (%)	0.0%	8.2%	5.8%	-578bps	-817bps	
		PAT (Rs mn)	3,599	2,669	1,483	142.65	34.86	
		EPS (Rs)	1.46	1.08	0.74	97.00	34.86	
Shriram Transport Finance								
CMP(Rs)	1,444	NII (Rs mn)	21,781	21,799	18,361	18.63	-0.08	We expect momentum to pick up Q2 onwards on the back of a turning CV cycle, scrappage policy and collection efficiency. We expect cost of funds to improve after the recent capital infusion, which will help deliver stable margins. We await management commentary on utilization of capital, restructuring of loans and growth triggers going forward.
Mkt Cap (Rs bn)	386	Op. profit (Rs mn)	16,663	16,617	14,952	11.44	0.28	
Reco	Buy	NIM (%)	7.5%	7.5%	6.6%	85bps	-3bps	
		PAT (Rs mn)	6,321	7,549	3,201	97.48	-16.27	
		EPS (Rs)	23.52	29.84	14.11	66.66	-21.19	
Magma Fincorp								
CMP(Rs)	159	NII (Rs mn)	3,086	3,223	2,705	14.09	-4.26	We expect AUM growth by 1.5% sequentially, supported by a diversified product suite. We expect a gradual improvement in margins, backed by improving cost of funds. Heavy provisioning of last quarter should support incremental deterioration in asset quality. Rundown in used CV/CE and tractors portfolios will be a key monitorable.
Mkt Cap (Rs bn)	121	Op. profit (Rs mn)	1,635	1,870	1,354	20.74	-12.57	
Reco	Buy	NIM (%)	8.61%	8.82%	6.75%	186bps	-21bps	
		PAT (Rs mn)	754	-6,477	377	100.00	nm	
		EPS (Rs)	1.0	-24.0	1.4	-29.43	nm	

Source: Company, Emkay Research

Exhibit 44: 1QFY22E BFSI – NBFCs Result Preview

Name			Jun'21E	Mar'21	Jun'20	% Chg YoY	% Chg QoQ	Comments
NAM India								
CMP(Rs)	371	Rev. from operations (Rs mn)	2,823	3,019	3,251	-13.16	-6.49	Revenue yields should remain under pressure due to rising share of ETFs over equity. We await management commentary on cost rationalization to drive growth. We remain watchful of changes in the product mix.
Mkt Cap (Rs bn)	136	PBT (Rs mn)	2,139	2,179	1,997	7.13	-1.82	
Reco	Hold	PBT (%)	76%	72%	61%	1435bps	360bps	
		PAT (Rs mn)	1,589	1,665	1,561	1.80	-4.55	
		EPS (Rs)	2.58	2.71	2.55	1.22	-4.58	

Source: Company, Emkay Research

Exhibit 45: 1QFY22E BFSI – Insurance Result Preview

Name			Jun'21E	Mar'21	Jun'20	% Chg YoY	% Chg QoQ	Comments
ICICI Prudential Life								
CMP(Rs)	628	GWP (Rs mn)	81,608	121,006	57,467	42.0	-32.6	We expect IPRU to witness GWP decline of 32.6% qoq (up 42% yoy) due to lockdowns in Apr-May'21 but supported by recovery in Jun'21. The recovery in demand for the low-ticket, high-margin protection segment, and pick-up in Par product sales remain key monitorables. The VNB margin is likely to decline sequentially to 23.2% due to a revival in ULIPs.
Mkt Cap (Rs bn)	902	APE (Rs mn)	12,192	23,452	7,255	68.1	-48.0	
Reco	Hold	VNB Margin (%)	23.2%	23.6%	24.4%	-122bps	-36bps	
		PAT (Rs mn)	2,284	638	2,869	-20.4	258.2	
		EPS (Rs)	1.59	0.44	2.00	-20.4	258.2	
HDFC Life								
CMP(Rs)	685	GWP (Rs mn)	80,755	129,102	58,626	37.7	-37.4	We believe that HDFCL's margin will decline sequentially to 26.5%, scaling traction for individual and group businesses. We expect to see gradual growth in share of protection products. The company plans to maintain a balanced product mix.
Mkt Cap (Rs bn)	1,386	APE (Rs mn)	15,638	28,063	11,820	32.3	-44.3	
Reco	Buy	VNB Margin (%)	26.5%	27.0%	24.3%	221bps	-47bps	
		PAT (Rs mn)	3,693	3,179	4,511	-18.1	16.2	
		EPS (Rs)	1.83	1.57	2.20	-16.9	16.4	
SBI Life								
CMP(Rs)	1,014	GWP (Rs mn)	85,609	156,417	76,434	12.0	-45.3	We expect SBIL to report a decline of 45% qoq (up 12% yoy) in GWP due to weak momentum in group policies. We expect the VNB margin to decline sequentially to 21.8% with shift in product profile.
Mkt Cap (Rs bn)	1,015	APE (Rs mn)	15,977	39,130	12,830	24.5	-59.2	
Reco	Buy	VNB Margin (%)	21.8%	22.2%	18.7%	310bps	-37bps	
		PAT (Rs mn)	3,531	5,324	3,909	-9.7	-33.7	
		EPS (Rs)	3.53	5.32	3.91	-9.7	-33.6	

Source: Company, Emkay Research

Exhibit 46: 1QFY22E BFSI – Insurance Result Preview

Name			Jun'21E	Mar'21	Jun'20	% Chg YoY	% Chg QoQ	Comments
Max Life								
CMP(Rs)	1,051	GWP (Rs mn)	35,144	71,059	27,512	27.7	-50.5	We expect MAXL to report a decline in GWP growth by 50.5% qoq (up 27.7% yoy) and expect the VNB margin to decline sequentially to 23.3% attributed to a shift from high-margin segments of the product mix to ULIPs.
Mkt Cap (Rs bn)	363	APE (Rs mn)	8,472	19,560	6,493	30.5	-56.7	
Reco	Buy	VNB Margin (%)	23.3%	23.7%	17.1%	620bps	-43bps	
		PAT (Rs mn)	1,875	1,056	1,711	9.6	77.5	
		EPS (Rs)	0.98	0.55	0.89	9.6	77.5	

Source: Company, Emkay Research

Emkay Alpha Portfolio – BFSI-Banks



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Sector

Banks

Analyst bio

Anand Dama is a CA, CPM (ICFAI) with total 13 years of research experience, in addition to 3 years in the finance/rating industry. His team currently covers 21 banks and 15 stocks in the NBFC/Insurance space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
BFSI-Banks	20.42	20.42	0.0%	0	100.00
Axis Bank	2.21	2.31	5%	10	11.31
AU Small Finance Bank	0.27	0.19	-29%	-8	0.94
Bandhan Bank	0.25	0.25	-1%	0	1.23
Bank of Baroda	0.17	0.15	-13%	-2	0.73
Canara Bank	0.09	0.00	-100%	-9	0.00
City Union Bank	0.13	0.13	0%	0	0.65
DCB Bank	0.00	0.00	NA	0	0.00
Equitas Small Finance Bank	0.00	0.02	NA	2	0.11
Federal Bank	0.19	0.19	0%	0	0.94
HDFC Bank	6.89	6.98	1%	10	34.18
ICICI Bank	4.93	5.12	4%	19	25.04
Indian Bank	0.00	0.04	NA	4	0.20
Indusind Bank	0.67	0.80	19%	12	3.91
Karur Vysya Bank	0.00	0.00	NA	0	0.00
Kotak Mahindra Bank	2.52	2.17	-14%	-35	10.63
Punjab National Bank	0.14	0.00	-100%	-14	0.00
RBL Bank	0.12	0.09	-27%	-3	0.43
State Bank of India	1.81	1.98	10%	17	9.71
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00
Union Bank of India	0.05	0.00	-100%	-5	0.00
Yes Bank	0.00	0.00	NA	0	0.00
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	9-Jul-20	7-Jan-21	8-Apr-21	8-Jun-21	8-Jul-21
EAP - BFSI-Banks	100.0	79.2	109.1	112.0	119.9	120.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	78.2	107.3	110.0	117.4	117.9

*Performance measurement base date 1st April 2019

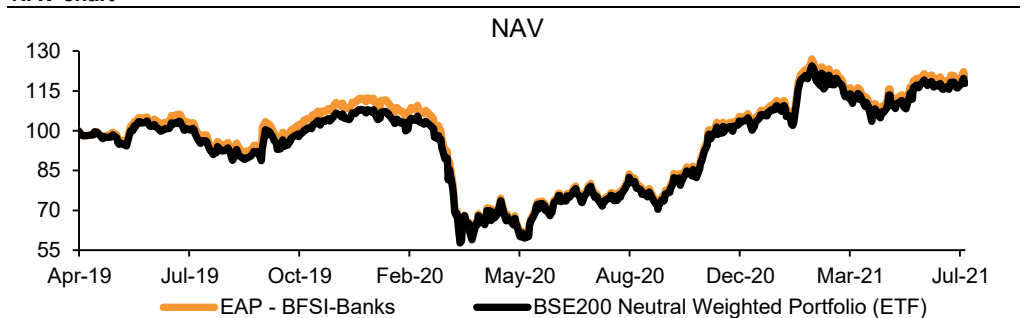
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Banks	0.5%	7.5%	10.4%	52.0%
BSE200 Neutral Weighted Portfolio (ETF)	0.4%	7.2%	9.8%	50.7%

Source: Emkay Research

NAV chart



Source: Emkay Research

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Emkay Alpha Portfolio – BFSI-NBFCs



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Sector

NBFCs/AFCs

Analyst bio

Jignesh Shial is a CA and has total 13 years of research experience. His team currently covers 11 NBFCs/AFCs.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
BFSI-NBFCs	7.78	7.78	0%	0	100.00
Bajaj Finance	1.80	1.80	0%	0	23.13
Cholamandalam Investment	0.22	0.23	1%	0	2.92
Edelweiss Financial Services	0.00	0.00	NA	0	0.00
HDFC	5.03	5.09	1%	6	65.40
L&T Finance Holdings	0.08	0.08	1%	0	1.05
LIC Housing Finance	0.15	0.15	0%	0	1.99
Magma Fincorp	0.00	0.02	NA	2	0.32
Mahindra Finance	0.11	0.00	-100%	-11	0.00
Nippon Life	0.06	0.06	1%	0	0.81
Shriram City Union Finance	0.00	0.02	NA	2	0.28
Shriram Transport Finance	0.32	0.32	0%	0	4.11
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	9-Jul-20	7-Jan-21	8-Apr-21	8-Jun-21	8-Jul-21
EAP - BFSI-NBFCs	100.0	97.7	139.2	135.1	142.3	141.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	91.8	130.9	127.0	133.5	132.7

*Performance measurement base date 1st April 2019

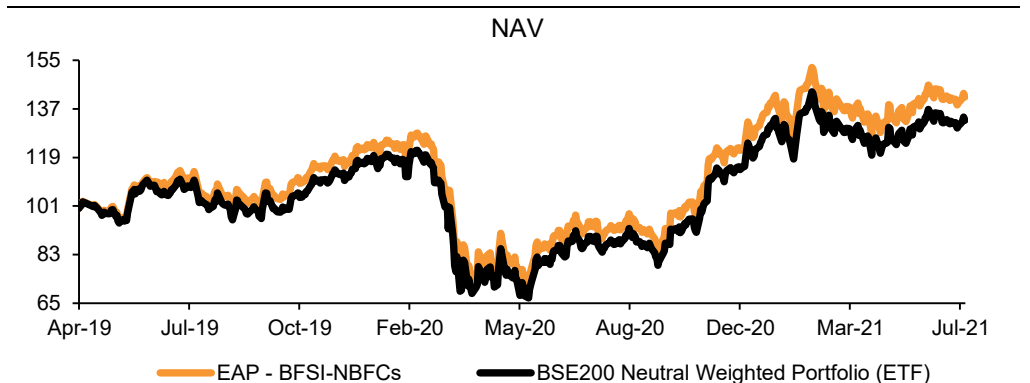
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-NBFCs	-0.6%	4.7%	1.6%	44.8%
BSE200 Neutral Weighted Portfolio (ETF)	-0.6%	4.5%	1.4%	44.5%

Source: Emkay Research

NAV chart



Source: Emkay Research

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Emkay Alpha Portfolio – BFSI-Insurance



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Sector

NBFCs/AFCs

Analyst bio

Jignesh Shial is a CA and has total 13 years of research experience. His team currently covers 11 NBFCs/AFCs.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
BFSI-Insurance	1.57	1.57	0%	0	100.00
HDFC Life	0.60	0.60	0%	0	38.03
ICICI Pru Life	0.27	0.27	1%	0	17.17
Max Financial	0.26	0.26	0%	0	16.66
SBI Life	0.44	0.44	0%	0	28.15
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	9-Jul-20	7-Jan-21	8-Apr-21	8-Jun-21	8-Jul-21
EAP - BFSI-Insurance	100.0	134.2	157.8	158.8	169.8	174.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	134.9	158.7	159.3	170.7	175.3

*Performance measurement base date 1st April 2019

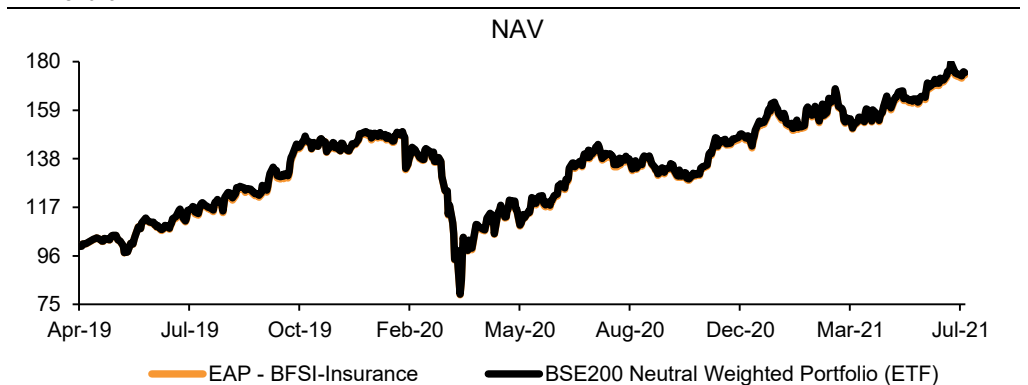
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Insurance	2.6%	9.8%	10.4%	29.8%
BSE200 Neutral Weighted Portfolio (ETF)	2.7%	10.0%	10.5%	29.9%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

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