

Opportunities in Financials

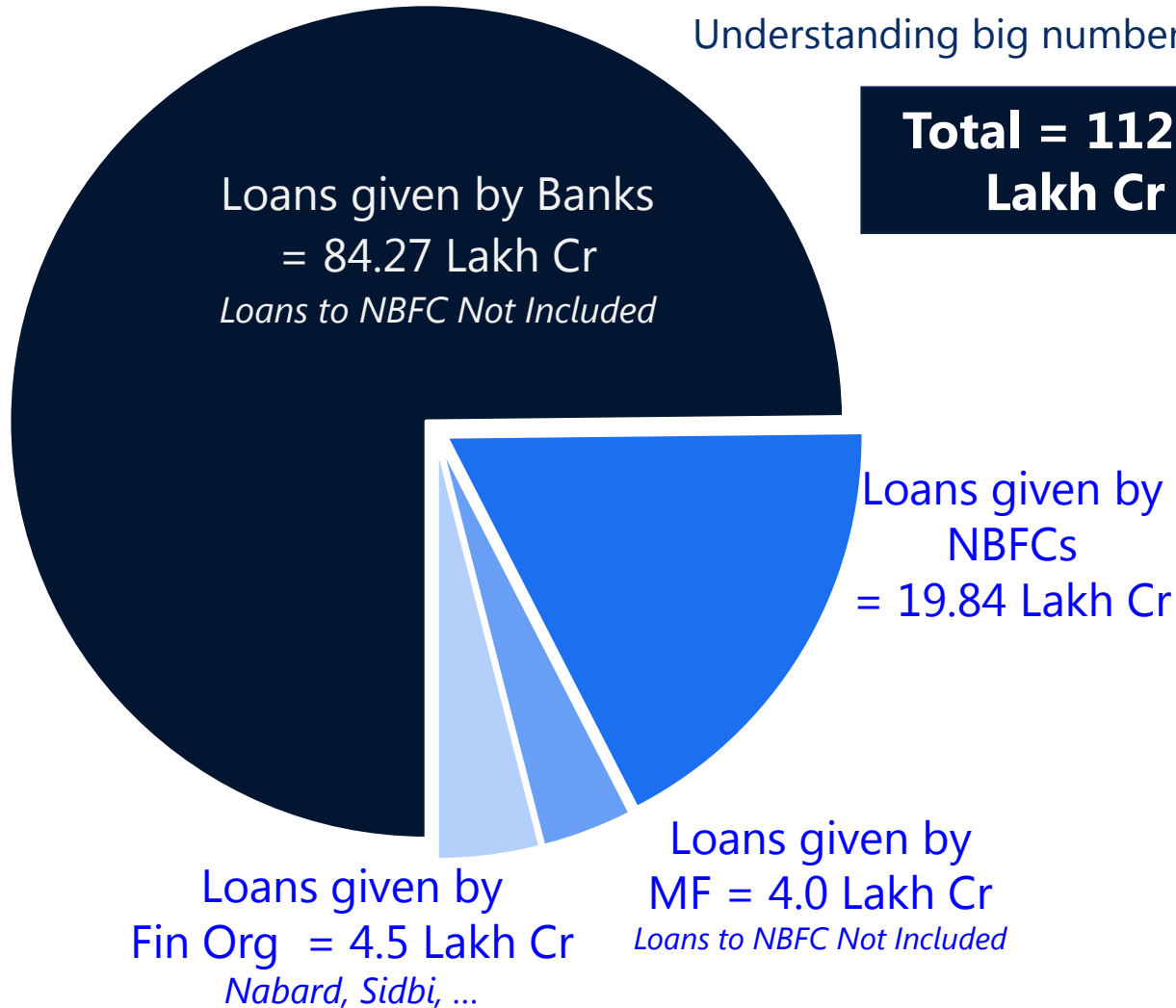
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Disclaimer: This is not a stock recommendation.
This presentation is only from a purpose of understanding
For more details, you can also visit, prosperotree.com

Credit Market – Big Numbers

Understanding big numbers can help in think clearly



Who Lends?

Banks

NBFCs

Financial Institutions

Debt Mutual Funds

Insurers & Pension Sch.

External Borrowings

Bond Market (non Bank)

Informal Market

Source: a) Banks data – RBI Dec18 Amt Outstanding,
b) NBFC data – RBI Sep18 G Adv, c) MF data - approx, d) Fin Org – RBI Sep18

Credit Market - Big Numbers



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Dec14 to Dec18 Growth
in Outstanding Loans @ 45%

Loan Outstanding
Private : Public @ 35 : 65

Highest Growth:
Retail personal loans including
Housing, LAP, Vehicle, Education & Cards

Lowest Growth:
Industries

Banking sector reported GNPA
10.36 lakh crores @ 11.2%

Loans Outstanding In Lakh Crores	CY14	CY15	CY16	CY17	CY18
Agriculture	7.2	8.1	8.7	9.9	11.2
Industries (18 types)	27.3	29.0	29.2	29.5	31.2
Transport Operators	1.3	1.5	1.5	1.8	2.1
Prof + Oth Services	4.7	5.4	5.7	6.1	6.9
Personal Loans	10.8	12.5	14.5	17.3	20.5
Trade	6.1	6.5	7.0	7.8	8.9
Finance	4.8	5.3	5.1	6.2	8.5
All Others	1.3	1.3	1.7	2.0	2.8
TOTAL	63.5	69.7	73.4	80.6	92.1

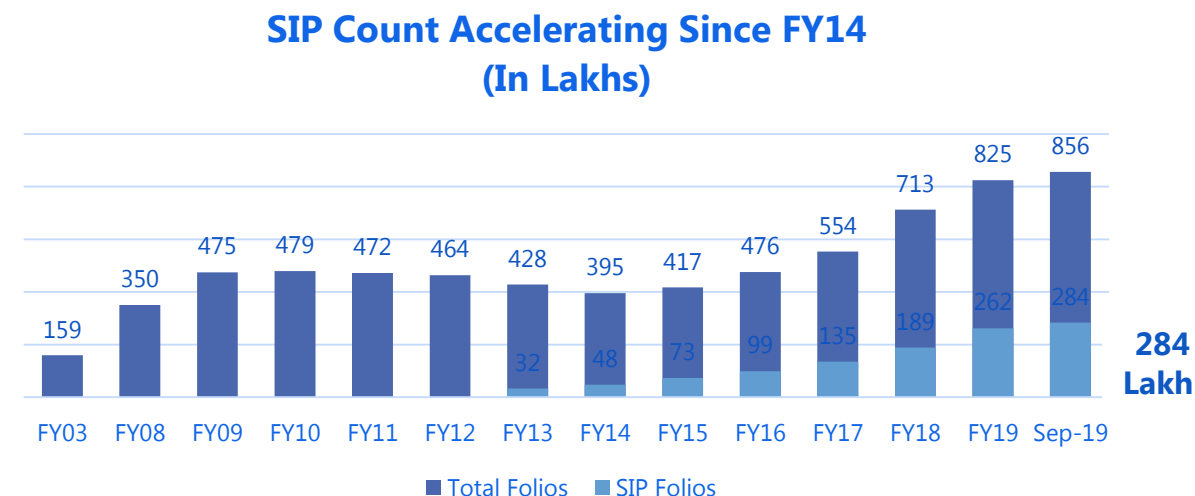
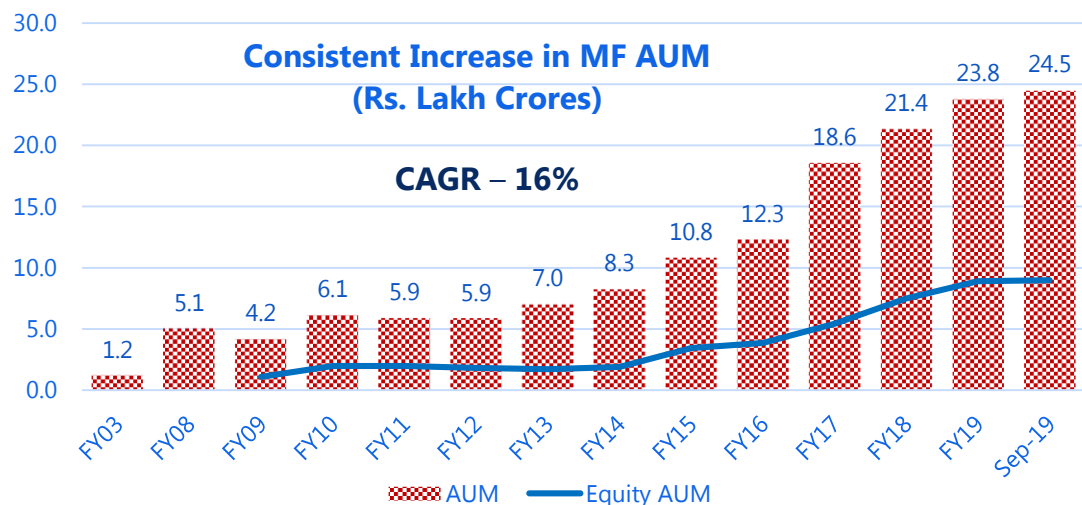
Loan Outstanding In Lakh Crores	CY14	CY15	CY16	CY17	CY18	Growth
Personal Loans	10.8	12.5	14.5	17.3	20.5	90%
1. Housing	6	7	7.9	9.2	10.5	75%
2. Vehicles	1.1	1.3	1.6	2	2.4	118%
3. Education	0.6	0.7	0.7	0.7	0.8	33%
4. Per Credit Card	0.4	0.5	0.6	0.7	1	150%
5. Others	2.7	3.1	3.8	4.7	5.9	119%

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Financial Savings Opportunity

SOLID TREND ESTABLISHED IN FAVOR OF FINANCIAL SAVINGS



THE MACRO TREND SUPPORTED BY

-  **FOCUSSED MARKETING AND INCREASED AWARENESS**
-  **SHARPLY DECREASING INTEREST RATES**
-  **IMPROVING EASE OF INVESTMENT**
-  **BETTER GOVERNANCE & REPORTING IN FINANCIAL MARKETS**
-  **GOLD & REAL ESTATE UNATTRACTIVE AS INVESTMENTS**

Mapping Behaviour to Opportunity Basket

1. Everyone wants
 - Large opportunity size
 - Impeccable management
 - Consistent quarterly growth history and consistent quarterly future growth
 - Valuations? Not all will be comfortable
2. “If not large, means risky” attitude has left multiple opportunities around
3. Financials is a very large basket having multiple sensitivities; It may make sense to have multiple investments within

Worthy of Attention



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HDFC Bank: (CMP: 1283 / MCAP: 7Lakh Cr.)

ICICI Bank: (CMP: 498 / MCAP: 3Lakh Cr.)

Bajaj Finance: (CMP: 4123 / MCAP: 2.5Lakh Cr.)

Serial Growth; Confluence of

- Use of digital to control costs & expand market
- Lowers Cost of borrowing
- Financialization of savings / Product synergy
- Valuations tricky

JM Financials (CMP: 93 / MCAP: 7800 Cr.)

- Diversified Mix: IWS, Lending, ARC, AMC
- Good Promoter; Conservative
- Valuations: Cheap to Good

Ujjivan SFB (IPO Price:35 / MCAP: <6500 Cr.)

- Growth @ 25%+
- Space of Small Loans
- Post issue market cap = 6500 crores
- Post issue Networth = 3200 crores

BSE (CMP: 500 / MCAP: 2250Cr.)

- Behind in Equity. But there are other legs developing
- Currency, BSE Star MF, Energy Exch, Gift City
- Protection of dividend yield

CDSL (CMP: 234 / MCAP: 2400Cr.)

- Accounts 2x in 4.5 years;
- Retail focus; More activity; More revenues
- Large opportunity size

Motilal Oswal (CMP: 745 / MCAP: 1100Cr.)

- Best broker in non-discount category
- Differentiated positioning: Equity Oriented
- AMC: 40000 crores (20+20)

ICICI Securities (CMP: 300 / MCAP: 9700Cr.)

- Biggest beneficiary of fear psychosis in market
- Leveraging Banking network & Digital (Tech)
- Showing agility, focus on increasing clients and cross selling all type of products

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Thank You
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