

July 31, 2020

## Q1FY21 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	240		239	
NII (Rs.)	43,019	49,438	45,322	51,612
% Chng.	(5.1)	(4.2)		
PPoP (Rs.)	24,508	29,213	26,812	31,386
% Chng.	(8.6)	(6.9)		
EPS (Rs.)	17.4	21.0	18.9	22.3
% Chng.	(7.9)	(5.9)		

### Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Int.Inc. (Rs m)	40,604	33,813	43,019	49,438
Growth (%)	19.3	(16.7)	27.2	14.9
Op. Profit (Rs m)	24,831	16,868	24,508	29,213
PAT (Rs m)	10,523	5,434	14,719	17,728
EPS (Rs.)	12.8	6.4	17.4	21.0
Gr. (%)	(15.4)	(49.9)	170.9	20.4
DPS (Rs.)	7.5	8.0	8.0	8.0
Yield (%)	3.7	4.0	4.0	4.0
Margin (%)	6.7	5.0	5.8	6.0
RoAE (%)	14.6	6.2	14.9	15.6
RoAA (%)	1.7	0.8	2.0	2.2
PE (x)	15.8	31.5	11.6	9.7
P/BV (x)	2.0	1.9	1.6	1.4
P/ABV (x)	2.4	2.2	1.9	1.6

### Key Data

CHLA.NS | CIFIC IN

52-W High / Low	Rs.349 / Rs.117
Sensex / Nifty	37,607 / 11,073
Market Cap	Rs.166bn/ \$ 2,218m
Shares Outstanding	820m
3M Avg. Daily Value	Rs.5755.53m

### Shareholding Pattern (%)

Promoter's	51.65
Foreign	11.90
Domestic Institution	27.78
Public & Others	8.67
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	6.9	(38.2)	(22.0)
Relative	(0.7)	(33.1)	(22.3)

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## Near term uncertainty prevalent

### Quick Pointers:

- 74% under moratorium in round 2; 50% paid either in part or atleast 1 EMIs

**CIFIC Q1FY21 earnings stood mixed. While we laud enhanced disclosures on morat bucket-wise and market share gains in key businesses (tractor and other high yielding products) coupled with decent PPOp (21%QoQ growth and mere 1% YoY decline), we maintain certain reservations on morat picture. Morat disclosures indicate (a) mere 4% customers' repayments came in full (c) 34% paid either 1 or more EMIs (d) 16% have paid in part. What also stood slightly unjustified is mere Rs0.6bn specific provisions for quarter despite acknowledgement of uncertainty over earnings potential of customers. Said that, Co. did front-load provisions to the tune of Rs2.8bn in anticipation of increased LGDs for stage 3 assets in Q4FY20. While liquidity sufficiency (Rs60bn cash on BS) is expected to maintain ALM positioning over morat period, our apprehensions emerge from elongated asset quality downcycle exasperated by lower utilization levels and tepid demand. While FY21 estimates have been tweaked marginally higher as provisions fall in line, we maintain FY22-23 estimates incorporating weak growth cycle (4-12%), NIM compression (5-6%) and NPA jump (4-5%) over FY21-22E. While FY21 return profile takes a beating (RoE:6%/RoA:~1%), CIFIC's continued focus on right product positioning and conservative strategy place the Co. on revival mode. Resultantly, FY22/23 RoE/RoA bounce back to 15-16%/2-2.2% levels respectively. We, therefore, maintain ACCUMULATE rating on the stock and rollover target multiple to Sep-22 estimates at 2.0x PBV arriving at a price target of Rs240.**

- Higher yielding mix cushions business;** PPOp holding up: Defying challenging times, CIFIC succeeded in clocking market share gains and steady NIMs in VF business with continued focus on high yielding mix that constitutes 40% of VF business (Rs187bn). Resultantly, YoY AUMs grew 13%YoY. As COVID challenges exasperate across most product segments (barring tractors & refinancing; marginally better used CV), growth recovery is expected to be a long-drawn-out process. As expected, LAP/SME business saw sharpest disbursements' decline of 89%YoY as Co. maintains conservatism. Against this backdrop, we maintain 4%-12% growth estimates over FY21-FY23E to be largely driven by used CV, tractors and CE.
- Enhanced morat disclosures do not necessarily warrant recovery:** Stage 3 assets have improved from 3.8% in Mar'20 to 3.3% in Jun'21 but up from 3.0% in Q1FY20. ECL coverage improves to 41.6% as against 36.2% vs a year ago covering COVID provisioning, albeit uncertainty on COVID losses stay as cited by Mngt. While 74% of customers continues to stay under morat, 4% have made full payments, 16% part payments and almost 34% have atleast paid one or more EMIs. Partial payments make morat picture hazy and hence we incorporate elevated NPAs at 5.4% for FY21 (current 3.3%) & 3-4% over FY22-23E.

**Exhibit 1: Lower provisions aid PAT**

Y/e March (Rs mn)	Q1FY21	Q1FY20	YoY gr.	Q4FY20	QoQ gr.
Interest Income	21,136	20,295	4.1%	21,513	-1.8%
Interest Expenses	11,307	10,870	4.0%	11,359	-0.5%
<b>Net Interest Income</b>	<b>9,830</b>	<b>9,425</b>	<b>4.3%</b>	<b>10,154</b>	<b>-3.2%</b>
Other Income	0.2	0.5	-60.0%	1.2	-83.3%
<b>Total Income</b>	<b>9,830</b>	<b>9,425</b>	<b>4.3%</b>	<b>10,156</b>	<b>-3.2%</b>
Total Operating Expenses	3,458	3,500	-1.2%	4,016	-13.9%
<b>Operating Profit (PPP)</b>	<b>6,372</b>	<b>5,925</b>	<b>7.5%</b>	<b>6,140</b>	<b>3.8%</b>
Provisions & Write Offs	562	1,095	-48.7%	5,567	-89.9%
<b>PBT</b>	<b>5,810</b>	<b>4,830</b>	<b>20.3%</b>	<b>573</b>	<b>913.6%</b>
<b>Reported Profit</b>	<b>4,309</b>	<b>3,142</b>	<b>37.1%</b>	<b>427</b>	<b>910.2%</b>
AUM	7,08,260	5,74,940	23.2%	6,05,490	17.0%
<b>Credit costs</b>	<b>0.35%</b>	<b>0.76%</b>	<b>-0.4%</b>	<b>3.68%</b>	<b>-3.32%</b>
Stage 3 Assets to Total Gross Assets	3.30%	3.00%	0.30%	3.80%	-0.50%
Assets Under Management	6,35,010	5,74,940	10.4%	6,05,490	4.9%
<b>NIM - calc</b>	<b>6.34%</b>	<b>6.75%</b>	<b>-0.4%</b>	<b>6.70%</b>	<b>-0.36%</b>
<b>AUM (Rs mn)</b>					
<b>Vehicle Finance</b>	<b>4,68,280</b>	<b>4,29,770</b>	<b>9.0%</b>	<b>4,42,060</b>	<b>5.9%</b>
Auto/ Utility vehicles	80,130	69,950	14.6%	76,030	5.4%
3W & SCV	28,820	24,980	15.4%	28,440	1.3%
LCV	99,280	92,830	6.9%	94,010	5.6%
HCVs	55,850	70,390	-20.7%	56,030	-0.3%
Tractors	40,970	31,760	29.0%	33,980	20.6%
CE	24,850	21,090	17.8%	22,200	11.9%
Refinance	1,20,140	1,07,390	11.9%	1,15,100	4.4%
TW	18,240	11,380		16,270	
<b>Home Equity</b>	<b>1,33,710</b>	<b>1,22,770</b>	<b>8.9%</b>	<b>1,29,600</b>	<b>3.2%</b>
<b>Others</b>	<b>33,020</b>	<b>22,400</b>	<b>47.4%</b>	<b>33,830</b>	<b>-2.4%</b>
<b>AUM Mix (%)</b>					
Vehicle Finance	73.7%	74.8%	-1.0%	73.0%	0.74%
Home Equity	21.1%	21.4%	-0.3%	21.4%	-0.35%
Others	5.2%	3.9%	1.3%	5.6%	-0.39%

Source: Company, PL

PAT increases by 37.1% YoY to Rs4.3bn [PLe: Rs -598mn] but exponential QoQ increase on account of miniscule provisioning during the quarter to the tune of Rs0.6bn vs PLe:Rs5.8bn leading to PAT beat.

NII growth was marginally better with 4% YoY to Rs9.8bn [PLe of Rs9bn] as reinstated AUM looked better, but NII declined 3%QoQ

PPoP growth at 8% YoY/4%QoQ to Rs6.4bn [PLe of Rs5.bn] supported by lower opex

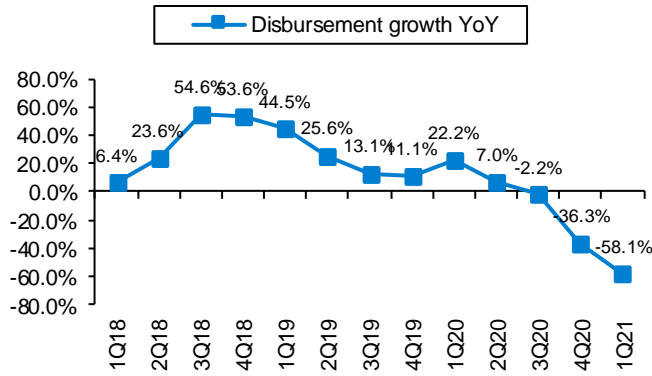
Opex decreased 14%QoQ/1%YoY to Rs3.5bn [ PLe of Rs4.bn]

## Conference Call Highlights:

- **Moratorium:** Not availed any moratorium from lenders. AUM under morat as same as it was in phase 1.(75%) .However, 50% of customers under morat paid installments. (34% have paid atleast 1 EMI and 16% paid in part) . Only 4% of the customers have paid all their EMIs.
- **Liquidity:** Rs 116 bn worth of liquidity including undrawn banking lines enough to pay dues till Dec'20. Will carry Rs.80 bn worth of liquidity in Q2FY21. Liquidity to hover around Rs. 60-70 bn in FY21
- **Opex:** Reduction in Opex to AUM because of reduced collection and disbursement costs. However, part of it is also because of reduction in fixed cost due to cost control measures taken by the co.
- **Utilisation:** If the borrower operates with 65% capacity he is more than comfortable to pay his installments. However, in July utilisation level have reduced as compared to June due to extended lockdown in tier 2 & 3 cities. Collection efficiency in July have remained same as June.
- **NIM:** Reduction in overall NIM inspite of no reduction in individual biz NIMs is because of negative carry cost due to excess liquidity and reduced yields on investments.
- **Asset quality:** GNPA in Vehicle Finance at 2.41%, LAP at 6.9% and Home Loan at 3.5%
- **Home loan:** Stable home loan disbursement this qtr because of co's presence in tier 2,3 & 4 cities with 90%of total 167 branches there. Also, co doesn't provide developer loans and middle income group saw a good traction in Tier 3 and 4 cities.
- **Tractor:** Strong disbursement in tractors as high as MMFS. Because of better monsoon , high MSP and increased in crop yield, co decided to focus on tractors. Tie up with one mfg lthis qtr for the same. Specific team for tractor biz to study market conditions.
- **Market share:** YoY increase in the MS from 1.7% to 4% in overall Vehicle financing, 13% to 23% in CV, 3% to 19% in 3W, 1% to 2% in 2W, 6% to 11% in tractor and 8% to 21% in construction equipment.
- No top up loan disbursed this quarter.
- Zero assignment done this qtr

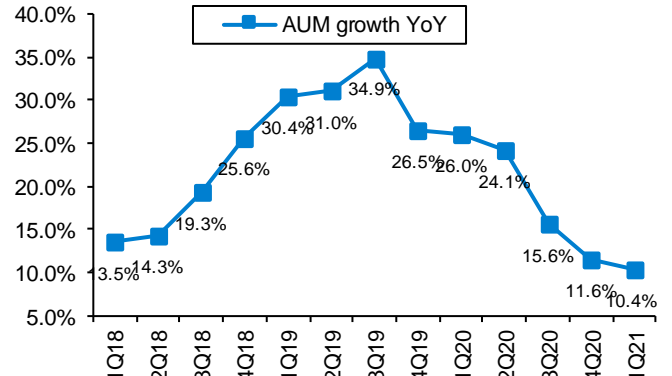


Exhibit 2: Disbursements decline sharply



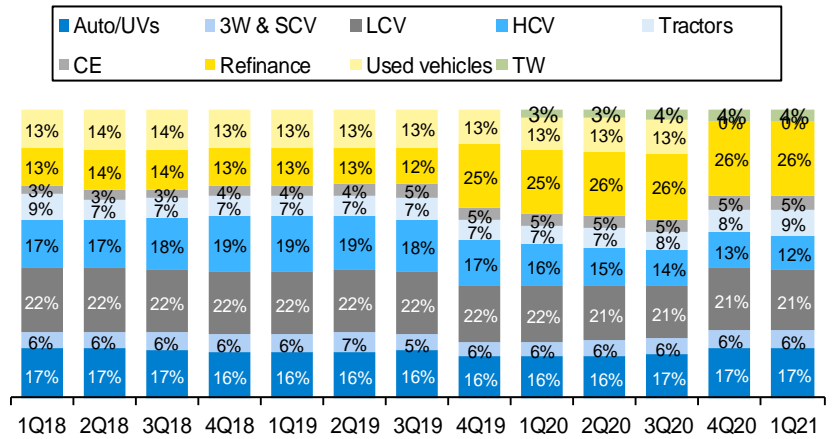
Source: Company, PL

Exhibit 3: Decent AUM growth rate



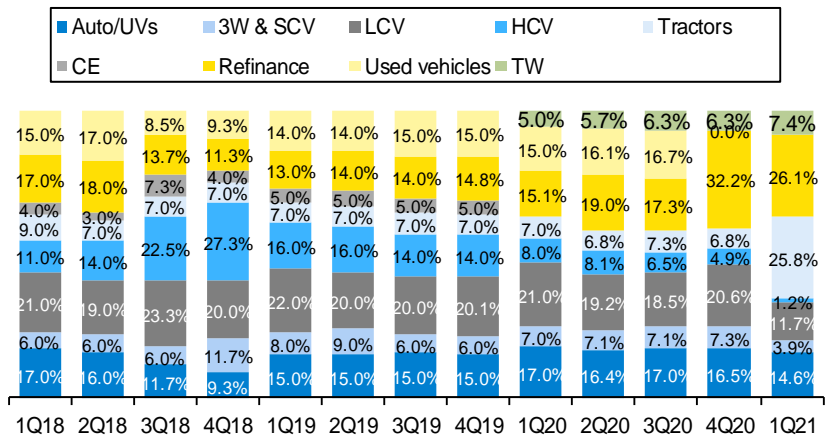
Source: Company, PL

Exhibit 4: Higher yielding businesses continued to support disbursements



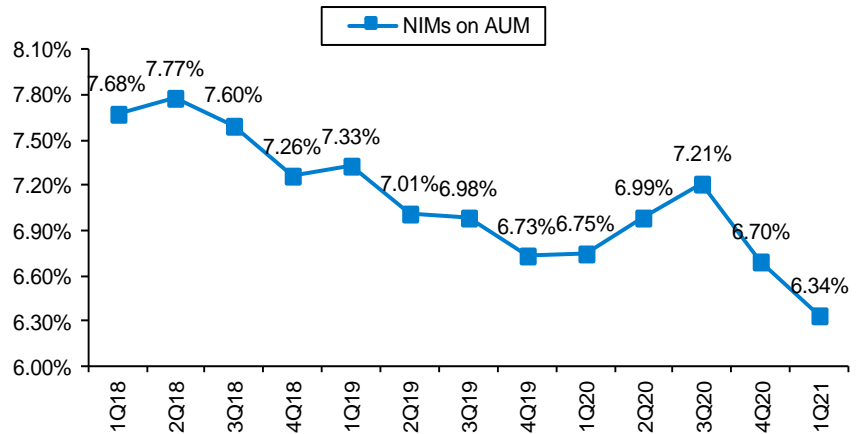
Source: Company, PL

Exhibit 5: 40% of the book stand higher yielding



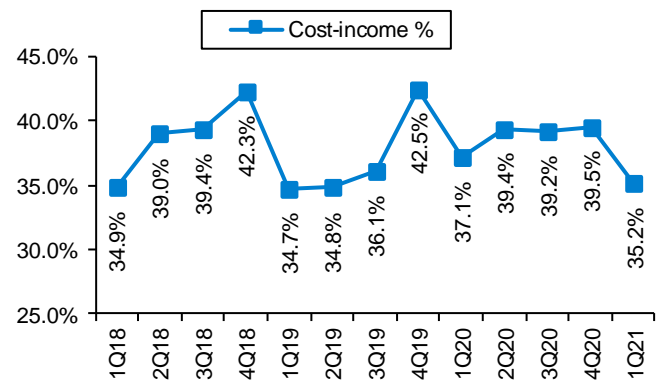
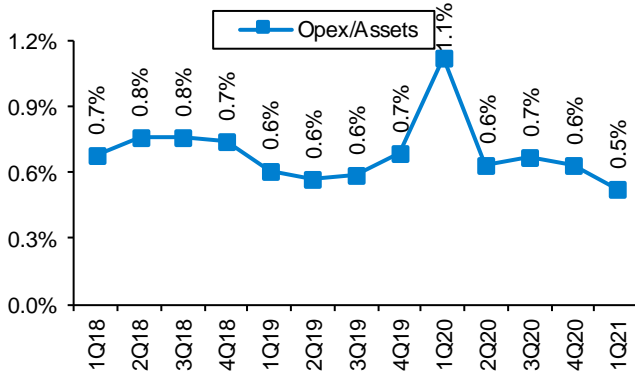
Source: Company, PL

Exhibit 6: NIM compression stood stark due to negative carry



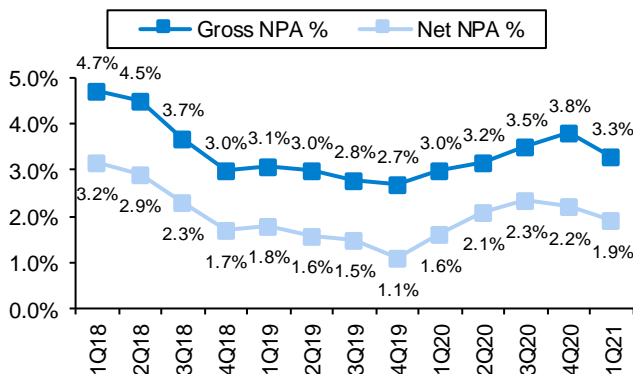
Source: Company, PL

Exhibit 7: Cost efficiencies in place



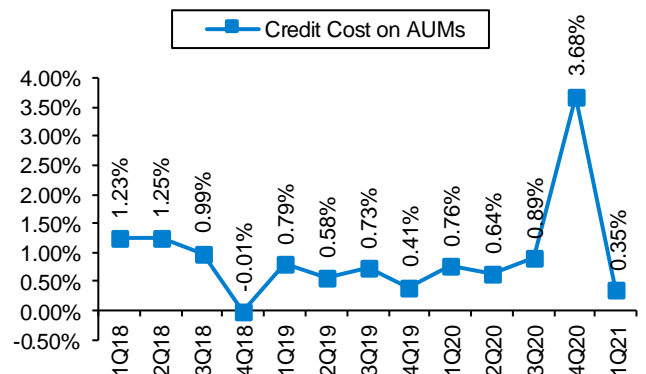
Source: Company, PL

Exhibit 8: NPA improved due to 90dpd freeze



Source: Company, PL

Exhibit 9: Elevated credit costs due to COVID challenges



Source: Company, PL



Exhibit 10: Stage 3 provisions sufficiently cover till date COVID-led challenges

Particular (Rs mn)	Stagewise assets and provisions								% to GA							
	FY18 Normal	FY19 Normal	FY20 Normal	Addn	FY20 Total	Q1FY21 Normal	Addn	Q1FY21 Total	FY18 Normal	FY19 Normal	FY20 Normal	Addn	FY20 Total	Q1FY21 Normal	Addn	Q1FY21 Total
<b>Gross</b>	<b>430790</b>	<b>535540</b>	<b>569260</b>		<b>569260</b>	<b>597730</b>		<b>597730</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>		<b>100.00%</b>	<b>100.00%</b>		<b>100.00%</b>
Stage 1	396390	500380	527420		527420	561480		561480	92.01%	93.43%	92.65%		92.65%	93.90%		93.90%
Stage 2	19640	20770	20210		20210	16290		16290	4.56%	3.88%	3.55%		3.55%	2.70%		2.70%
Stage 3	14760	14390	21630		21630	19960		19960	3.43%	2.69%	3.80%		3.80%	3.30%		3.30%
<b>Provision</b>	<b>8620</b>	<b>9300</b>	<b>9880</b>	<b>5340</b>	<b>15230</b>	<b>8870</b>	<b>5510</b>	<b>14370</b>	<b>2.00%</b>	<b>1.74%</b>	<b>1.74%</b>	<b>0.94%</b>	<b>2.68%</b>	<b>1.50%</b>	<b>0.90%</b>	<b>2.40%</b>
Stage 1	1700	1870	1500	2410	3910	1630	2500	4130	0.43%	0.37%	0.28%	0.46%	0.74%	0.30%	0.40%	0.70%
Stage 2	1850	1970	1650	680	2330	1320	610	1940	9.42%	9.50%	8.19%	3.36%	11.55%	8.10%	3.80%	11.90%
Stage 3	5070	5460	6730	2250	8980	5910	2400	8310	34.34%	37.98%	31.12%	10.40%	41.52%	29.60%	12.00%	41.60%
<b>Net</b>	<b>422160</b>	<b>526220</b>	<b>559370</b>		<b>554030</b>	<b>588870</b>		<b>588870</b>	<b>98.00%</b>	<b>98.26%</b>	<b>98.26%</b>		<b>97.32%</b>	<b>98.50%</b>		<b>97.60%</b>
Stage 1	394680	498510	525920		523510	559850		559850	91.62%	93.09%	92.39%		91.96%	93.70%		93.20%
Stage 2	17790	18790	18550		17870	14970		14970	4.13%	3.51%	3.26%		3.14%	2.50%		2.40%
Stage 3	9690	8920	14900		12650	14050		14050	2.25%	1.67%	2.62%		2.22%	2.40%		1.90%

Source: Company, PL



Exhibit 11: Higher provisions in early buckets

Particulars	Moratorium	FY20							Q1FY21				
		Asset	Normal Provisions	Additional For COVID	Macro	Total additional Provisions	Total Provisions	Total	Asset	Normal Provisions	Total additional Provisions	Total Provisions	Total
	Status	(Rs mn)	(Rs mn)	(Rs mn)	(Rs mn)	(Rs mn)	(Rs mn)	PCR (%)	(Rs mn)	(Rs mn)	(Rs mn)	(Rs mn)	PCR (%)
DPD Freeze	Status												
Stage 1	Non Moratorium	111940	280	0	0	0	280	0.25%	120750	320	-	320	0.26%
Stage 1 (0 overdues)	Moratorium	378670	1080	0	0	0	1080	0.29%	408920	1200	-	1200	0.29%
Stage 1 (No past history of flows)	Moratorium	24,460	90	1150	0	1150	1240	5.07%	19700	70	1240	1310	6.66%
Stage 1 (Past history of flow to Stage 2)	Moratorium	12,060	50	1130	40	1170	1220	10.04%	11780	40	1140	1190	10.07%
Stage 1 (Past history of flow to Stage 3)	Moratorium	290	0	90	10	100	100	34.47%	330	0	110	110	34.53%
<b>Total Stage 1</b>		<b>527420</b>	<b>1500</b>	<b>2360</b>	<b>50</b>	<b>2410</b>	<b>3910</b>	<b>0.74%</b>	<b>561480</b>	<b>1630</b>	<b>2500</b>	<b>4130</b>	<b>0.74%</b>
Stage 2	Non Moratorium	1400	120	0	0	0	120	8.72%	1270	100	0	110	8.31%
Stage 2 (No past history of flows)	Moratorium	17,350	1420	220	110	330	1750	10.08%	13910	1130	340	1470	10.55%
Stage 2 (Past history of flow to Stage 3)	Moratorium	1460	120	260	80	340	460	31.81%	1110	90	270	360	32.81%
<b>Total Stage 2</b>		<b>20,210</b>	<b>1650</b>	<b>480</b>	<b>200</b>	<b>680</b>	<b>2330</b>	<b>11.55%</b>	<b>16290</b>	<b>1320</b>	<b>610</b>	<b>1940</b>	<b>11.89%</b>
Stage 3	Non Moratorium	16,210	3760	0	1900	1900	5660	34.88%	14420	3120	2040	5170	35.84%
Stage 3	Moratorium	2680	590	0	350	350	940	35.14%	3090	680	350	1030	33.46%
Stage 3 - Legal	Non Moratorium	2740	2390	0	0	0	2390	87.05%	2460	2110	-	2110	85.80%
<b>Total Stage 3</b>		<b>21,630</b>	<b>6730</b>	<b>0</b>	<b>2250</b>	<b>2250</b>	<b>8980</b>	<b>41.52%</b>	<b>19960</b>	<b>5910</b>	<b>2400</b>	<b>8310</b>	<b>41.62%</b>
<b>Total</b>		<b>5,69,260</b>	<b>9880</b>	<b>2840</b>	<b>2500</b>	<b>5340</b>	<b>15220</b>	<b>2.68%</b>	<b>597730</b>	<b>8870</b>	<b>5510</b>	<b>14370</b>	<b>2.40%</b>

Source: Company, PL

**Exhibit 12: Marginal Change in Estimates**

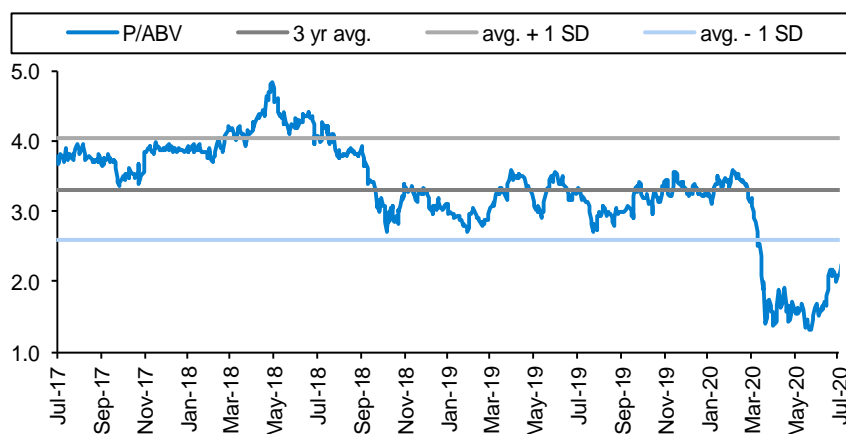
Rs mn	Old			Revised			% Change		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Interest Income	35,887	45,322		33,813	43,019	49,438	-5.8%	-5.1%	
Operating Profit	18,943	26,812		16,868	24,508	29,213	-11.0%	-8.6%	
Net Profit	4,872	15,986	18,841	5,434	14,719	17,728	11.5%	-7.9%	-5.9%
EPS (Rs)	5.8	18.9	22.3	6.5	17.4	21.0	13.2%	-7.9%	-5.9%
ABVPS (Rs)	90.8	108.2	130.5	91.5	107.4	128.4	0.7%	-0.7%	-1.6%
<b>Price Target (Rs)</b>	<b>239</b>			<b>240</b>			<b>0.4%</b>		
<b>Reco</b>	<b>Accumulate</b>			<b>Accumulate</b>					

Source: PL

**Exhibit 13: Maintain ACCUMULATE, fair value multiple now 2.0x on Sep'22**
**PT calculation and upside**

Fair price – EVA	240
Fair price - P/ABV	239
<b>Average of the two</b>	<b>240</b>
<b>Target P/ABV</b>	<b>2.0</b>
<b>Target P/E</b>	<b>24.4</b>
Current price, Rs	216
<b>Upside (%)</b>	<b>11%</b>
Dividend yield (%)	3.7%
<b>Total return (%)</b>	<b>15%</b>

Source: Company, PL

**Exhibit 14: Near term multiple under pressure**


Source: Company, PL





**Income Statement (Rs. m)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Inc. / Opt. Inc.	86,526	88,435	1,00,344	1,12,350
Interest Expenses	45,922	54,623	57,325	62,912
<b>Net interest income</b>	<b>40,604</b>	<b>33,813</b>	<b>43,019</b>	<b>49,438</b>
Growth(%)	19.3	(16.7)	27.2	14.9
Non-interest income	3	5	8	15
Growth(%)	(61.2)	75.0	80.0	80.0
Net operating income	40,607	33,817	43,027	49,453
<b>Expenditures</b>				
Employees	6,550	6,878	7,428	8,022
Other Expenses	8,151	8,803	9,771	10,846
Depreciation	1,075	1,269	1,320	1,373
Operating Expenses	14,701	15,680	17,199	18,868
<b>PPP</b>	<b>24,831</b>	<b>16,868</b>	<b>24,508</b>	<b>29,213</b>
Growth(%)	16.3	(32.1)	45.3	19.2
Provisions	8,973	9,613	4,838	5,521
<b>Profit Before Tax</b>	<b>15,857</b>	<b>7,256</b>	<b>19,671</b>	<b>23,691</b>
Tax	5,334	1,821	4,951	5,963
Effective Tax rate(%)	33.6	25.1	25.2	25.2
<b>PAT</b>	<b>10,523</b>	<b>5,434</b>	<b>14,719</b>	<b>17,728</b>
Growth(%)	(11.3)	(48.4)	170.9	20.4

**Balance Sheet (Rs. m)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Source of funds</b>				
Equity	1,640	1,690	1,690	1,690
Reserves and Surplus	80,079	90,510	1,03,607	1,19,713
Networth	81,718	92,200	1,05,297	1,21,403
Growth (%)	32.3	12.8	14.2	15.3
Loan funds	5,50,054	5,96,809	6,47,538	7,02,578
Growth (%)	8.8	8.5	8.5	8.5
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	8,158	10,841	24,126	38,348
<b>Total Liabilities</b>	<b>6,39,930</b>	<b>6,99,849</b>	<b>7,76,960</b>	<b>8,62,330</b>
<b>Application of funds</b>				
Net fixed assets	2,839	3,039	3,799	4,748
Advances	5,54,027	5,76,188	6,45,331	7,22,771
Growth (%)	5.3	4.0	12.0	12.0
Investments	729	744	855	984
Current Assets	74,311	76,540	80,107	83,840
<b>Net current assets</b>	<b>74,311</b>	<b>76,540</b>	<b>80,107</b>	<b>83,840</b>
Other Assets	8,024	2,946	3,964	4,974
<b>Total Assets</b>	<b>6,39,931</b>	<b>6,99,849</b>	<b>7,76,961</b>	<b>8,62,330</b>
Growth (%)	11.4	9.4	11.0	11.0
<b>Business Mix</b>				
AUM	6,05,490	6,59,984	7,65,582	8,88,075
Growth (%)	11.6	9.0	16.0	16.0
On Balance Sheet	5,60,690	5,49,143	6,37,471	7,40,000
% of AUM	92.60	83.21	83.27	83.33
Off Balance Sheet	44,810	1,10,841	1,28,111	1,48,075
% of AUM	7.40	16.79	16.73	16.67

**Profitability & Capital (%)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	6.7	5.0	5.8	6.0
ROAA	1.7	0.8	2.0	2.2
ROAE	14.6	6.2	14.9	15.6

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Int. Inc. / Operating Inc.	21,970	22,749	21,513	21,136
Income from securitization	-	-	-	-
Interest Expenses	11,769	11,924	11,359	11,307
<b>Net Interest Income</b>	<b>10,200</b>	<b>10,825</b>	<b>10,154</b>	<b>9,830</b>
Growth (%)	24.6	23.7	13.0	4.3
Non-Interest Income	1	-	1	-
<b>Net Operating Income</b>	<b>10,201</b>	<b>10,825</b>	<b>10,156</b>	<b>9,830</b>
Growth (%)	24.6	23.7	13.0	4.3
Operating expenditure	4,016	4,244	4,016	3,458
<b>PPP</b>	<b>6,185</b>	<b>6,581</b>	<b>6,140</b>	<b>6,372</b>
Growth (%)	105.6	108.2	77.7	6.3
Provision	952	1,360	5,567	562
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	5,233	5,221	573	5,810
Tax	2,163	1,336	147	1,501
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	41.3	25.6	25.6	25.8
<b>PAT</b>	<b>3,070</b>	<b>3,885</b>	<b>427</b>	<b>4,309</b>
Growth	1	28	(85)	37
AUM	5,92,920	6,07,780	6,05,490	6,35,010
YoY growth (%)	24.1	15.6	11.6	10.4
Borrowing	5,59,030	5,49,410	5,50,054	5,85,130
YoY growth (%)	18.0	16.3	8.8	6.2

**Key Ratios**

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	203	203	203	203
EPS (Rs)	12.8	6.4	17.4	21.0
Book value (Rs)	99.7	109.1	124.6	143.7
Adj. BV(Rs)	84.2	91.5	107.4	128.4
P/E(x)	15.8	31.5	11.6	9.7
P/BV(x)	2.0	1.9	1.6	1.4
P/ABV(x)	2.4	2.2	1.9	1.6
DPS (Rs)	7.5	8.0	8.0	8.0
Dividend Payout Ratio(%)	14.0	29.9	11.0	9.2
Dividend Yield(%)	3.7	4.0	4.0	4.0

**Asset Quality**

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs(Rs m)	21,630	35,534	29,105	25,860
Net NPA(Rs m)	12,650	14,924	14,552	12,930
Gross NPAs to Gross Adv.(%)	3.8	5.4	3.8	2.9
Net NPAs to net Adv.(%)	2.2	2.7	2.3	1.7
NPA coverage(%)	41.5	58.0	50.0	50.0

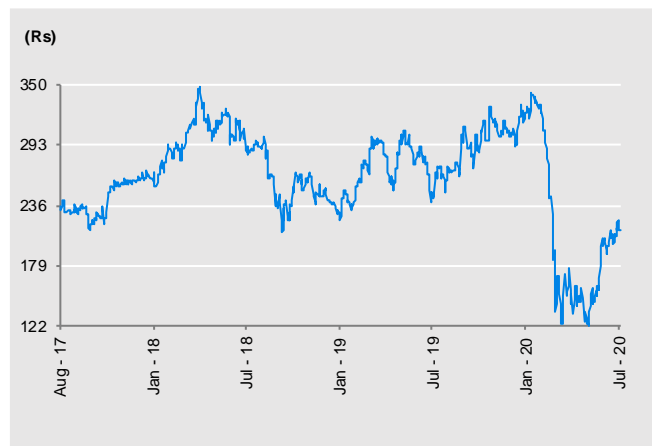
**Du-Pont as a % of AUM**

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	6.7	5.1	5.6	5.6
NII INCL. Securitization	6.8	5.3	5.9	5.9
Total income	6.8	5.3	5.9	5.9
Operating Expenses	2.6	2.6	2.4	2.3
PPOP	4.2	2.7	3.4	3.6
Total Provisions	1.5	1.5	0.6	0.6
RoAA	1.7	0.8	2.0	2.2
Avg. Assets/Avg. net worth	11.8	13.2	12.9	12.8
RoAE	14.6	6.2	14.9	15.6

Source: Company Data, PL Research



## Price Chart



## Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	13-Jul-20	Accumulate	239	208
2	04-Jun-20	Accumulate	189	143
3	17-Apr-20	BUY	229	177
4	23-Jan-20	BUY	353	324
5	03-Jan-20	BUY	354	303
6	06-Nov-19	BUY	354	317
7	03-Oct-19	BUY	356	287

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	BUY	3,815	3,292
2	Cholamandalam Investment and Finance Company	Accumulate	239	208
3	HDFC	Accumulate	2,093	1,805
4	L&T Finance Holdings	Sell	52	62
5	LIC Housing Finance	Reduce	260	276
6	Mahindra & Mahindra Financial Services	Reduce	179	208
7	Manappuram Finance	Accumulate	197	179
8	SBI Cards and Payment Services	BUY	974	766
9	Shriram Transport Finance	Accumulate	793	699

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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