

November 6, 2020

## Q2FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

|              | Current    |        | Previous   |        |
|--------------|------------|--------|------------|--------|
|              | FY22E      | FY23E  | FY22E      | FY23E  |
| Rating       | ACCUMULATE |        | ACCUMULATE |        |
| Target Price | 196        |        | 197        |        |
| NII (Rs.)    | 42,310     | 51,210 | 40,800     | 49,494 |
| % Chng.      | 3.7        | 3.5    |            |        |
| PPoP (Rs.)   | 24,687     | 30,026 | 24,758     | 31,812 |
| % Chng.      | (0.3)      | (5.6)  |            |        |
| EPS (Rs.)    | 19.2       | 25.0   | 18.7       | 25.1   |
| % Chng.      | 2.2        | (0.1)  |            |        |

### Key Financials - Consolidated

| Y/e Mar             | FY20   | FY21E  | FY22E  | FY23E  |
|---------------------|--------|--------|--------|--------|
| Net Int.Inc. (Rs m) | 36,142 | 37,849 | 42,310 | 51,210 |
| Growth (%)          | 28.4   | 4.7    | 11.8   | 21.0   |
| Op. Profit (Rs m)   | 22,449 | 22,727 | 24,687 | 30,026 |
| PAT (Rs m)          | 14,803 | 13,297 | 16,561 | 21,105 |
| EPS (Rs.)           | 17.4   | 15.4   | 19.2   | 25.0   |
| Gr. (%)             | 55.9   | (11.3) | 24.0   | 30.8   |
| DPS (Rs.)           | 2.9    | 3.0    | 3.3    | 3.5    |
| Yield (%)           | 1.8    | 1.8    | 2.0    | 2.2    |
| Margin (%)          | 16.2   | 13.8   | 13.1   | 13.3   |
| RoAE (%)            | 28.5   | 21.7   | 23.3   | 24.9   |
| RoAA (%)            | 5.9    | 4.0    | 4.1    | 4.4    |
| PE (x)              | 9.3    | 10.5   | 8.5    | 6.5    |
| P/BV (x)            | 2.4    | 2.2    | 1.8    | 1.5    |
| P/ABV (x)           | 2.5    | 2.3    | 1.8    | 1.5    |

### Key Data

MNFL.BO | MGFL IN

|                     |                     |
|---------------------|---------------------|
| 52-W High / Low     | Rs.195 / Rs.74      |
| Sensex / Nifty      | 41,893 / 12,264     |
| Market Cap          | Rs.137bn/ \$ 1,852m |
| Shares Outstanding  | 846m                |
| 3M Avg. Daily Value | Rs.2509.2m          |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 35.04 |
| Foreign                 | 38.37 |
| Domestic Institution    | 9.85  |
| Public & Others         | 16.74 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M    | 12M   |
|----------|-------|-------|-------|
| Absolute | (3.5) | 31.7  | (3.1) |
| Relative | (8.9) | (0.4) | (6.4) |

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## Non-gold asset quality illusory

### Quick Pointers:

- Non-gold share dips 340bps QoQ; online gold accounts 61% of gold AUM

**Healthy gold loan traction (30%YoY) and sustenance of yields (~23.5% since 7 quarters) coupled with lower provisions (26% QoQ decline) aided Q2FY21 earnings. Subsequently, we tweak our loan estimates to 17.7% (earlier 12%) translating into improved NII and 9% uptick in EPS estimates of FY21. While gold loan business maintained superior growth (30%YoY/11%QoQ) and asset quality (1.1% NPA), non-gold performance is still not reassuring. We foresee non-gold (27% of AUMs) business performance to rub-off on overall earnings ahead as (a) write-offs at Rs380mn continues to inch higher QoQ (b) deceleration of PPoP as % of AUM for MFI business (19% of AUMs) since two quarters (156bps dip over Q4FY20-Q2FY21) (c) continued elevated NPAs for HFC (5.7% in Q2FY21 vs 5.1% in Q1FY21 with old book NPA at elevated levels of 16%) and VEF (NPA at 11% stood higher than 10% previous quarter) business. Said that, collection efficiency at 82%/81%/92% for MFI/VEF/HFC is on recovery mode. With lack of clarity on non-gold asset quality looming large we maintain high order NPAs at 1.9% and credit costs at 1.2% from consolidated book of FY21. We, therefore, maintain our cautious stance and reiterate Accumulate rating on the stock valuing the consolidated business at 2.0x PBV Sep'22 estimates implying price target of Rs196.**

- Shift of focus to gold lending over non-gold:** Gold Loan AUM climbed 30%YoY/11%QoQ in Q2FY21 as incremental focus shifts to gold loan business in light of non-gold vulnerability to pandemic challenges. Non-gold share to overall AUMs dropped to 27% levels in Q2FY21 from 33% a year ago. While vehicle finance AUM (Rs10.6bn) decline stood steepest at 16.4% QoQ, Asirvad AUM at (Rs 49.71bn) declined 1.3%QoQ followed by HFC AUM (Rs6.2bn) by 1.1% during Q2FY21. Strong gold loan traction for Q2FY21 and anticipated higher share of gold lending in the business in near term, we tweak our loan growth estimates to 17.7% (earlier 12%) for FY21 and maintain 18-20% growth estimates over FY22-23.
- Q2 non-gold asset quality picture illusory; caution ahead:** NPA at 1.1% for standalone business (gold + VEF) stands lower than our expectations of 1.8%. However, MFI business reported slight deterioration in NPA to 2.53% in Q2FY21 from 2.1% in Q1FY21, HFC NPAs inched higher to 5.7% in Q2FY21 vs 5.1% in Q1FY21 (old book reported 16% NPA), VEF NPA at 11% stood higher than 10% previous quarter. While collection efficiency at 82%/81%/92% for MFI/VEF/HFC is on recovery mode, 32% MFI book standing under moratorium, 16% NPAs in legacy HFC book and volatile month-on-month collections over Sep-Oct'20 do not portray a confident picture. Moreover, continued higher write-offs at Rs380mn (Q2FY21) and weakening PPoP (1.6% of AUM) and increasing provisioning (3.9% of AUM) of major MFI subsidiary would dent overall earnings for the Co. ahead. With lack of clarity on non-gold asset quality looming large we maintain high order NPAs at 1.9% and credit costs at 1.2% for consolidated book of FY21.

**Exhibit 1: Better NII and lower provisions aided PAT**

| Rs mn                          | Q2FY21       | Q2FY20       | YoY gr.      | Q1FY21       | QoQ gr.      |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Income from Operations         | 15,473       | 12,795       | 20.9%        | 14,758       | 4.8%         |
| Interest Expenses              | 5,710        | 4,480        | 27.5%        | 5,668        | 0.7%         |
| <b>Net Interest Income</b>     | <b>9,763</b> | <b>8,316</b> | <b>17.4%</b> | <b>9,089</b> | <b>7.4%</b>  |
| Other Income                   | 307          | 1,106        | -72.3%       | 407          | -24.7%       |
| Total Income                   | 10,070       | 9,422        | 6.9%         | 9,496        | 6.0%         |
| Total Operating Expenses       | 3,545        | 3,647        | -2.8%        | 3,121        | 13.6%        |
| <b>Operating Profit (PPP)</b>  | <b>6,524</b> | <b>5,775</b> | <b>13.0%</b> | <b>6,376</b> | <b>2.3%</b>  |
| Provisions & Write Offs        | 1,080        | 292          | 270.1%       | 1,453        | -25.6%       |
| <b>PBT</b>                     | <b>5,444</b> | <b>5,483</b> | <b>-0.7%</b> | <b>4,923</b> | <b>10.6%</b> |
| Tax                            | 1,390        | 1,153        | 20.5%        | 1,243        | 11.8%        |
| <b>Reported Profit</b>         | <b>4,054</b> | <b>4,330</b> | <b>-6.4%</b> | <b>3,680</b> | <b>10.2%</b> |
| <b>Balance sheet Details</b>   |              |              |              |              |              |
| Borrowings                     | 2,01,638     | 1,55,746     | 29.5%        | 1,88,800     | 6.8%         |
| AUM                            | 2,69,027     | 2,26,769     | 18.6%        | 2,53,458     | 6.1%         |
| <b>Asset Quality</b>           |              |              |              |              |              |
| Gross NPAs                     | 2,986        | 1,247        | 139.4%       | 3,168        | -5.7%        |
| Net NPAs                       | 1,883        | 680          | 176.8%       | 1,774        | 6.1%         |
| Gross NPA (%)                  | 1.1%         | 0.6%         | 0.6%         | 1.3%         | -0.1%        |
| Net NPA (%)                    | 0.7%         | 0.3%         | 0.4%         | 0.7%         | 0.0%         |
| Coverage (%)                   | 63.1%        | 54.5%        | 8.5%         | 56.0%        | 7.1%         |
| <b>NIM - calc</b>              | <b>14.4%</b> | <b>0.0%</b>  | <b>14.4%</b> | <b>14.5%</b> | <b>-0.1%</b> |
| <b>AUM (Rs mn)</b>             |              |              |              |              |              |
| Gold Loan                      | 1,97,360     | 1,51,683     | 30.1%        | 1,77,368     | 11.3%        |
| Micro finance                  | 49,710       | 47,243       | 5.2%         | 50,383       | -1.3%        |
| Commercial Vehicle             | 10,623       | 13,178       | -19.4%       | 12,703       | -16.4%       |
| Home Loan                      | 6,206        | 5,679        | 9.3%         | 6,273        | -1.1%        |
| Other Loan (Hypo, Against NCD) | 5,128        | 8,987        | -42.9%       | 6,731        | -23.8%       |
| <b>AUM Mix (%)</b>             |              |              |              |              |              |
| Gold Loan                      | 73.4%        | 66.9%        | 6.5%         | 70.0%        | 3.4%         |
| Micro finance                  | 18.5%        | 20.8%        | -2.4%        | 19.9%        | -1.4%        |
| Commercial Vehicle             | 3.9%         | 5.8%         | -1.9%        | 5.0%         | -1.1%        |
| Home Loan                      | 2.3%         | 2.5%         | -0.2%        | 2.5%         | -0.2%        |
| Other Loan (Hypo, Against NCD) | 1.9%         | 4.0%         | -2.1%        | 2.7%         | -0.7%        |

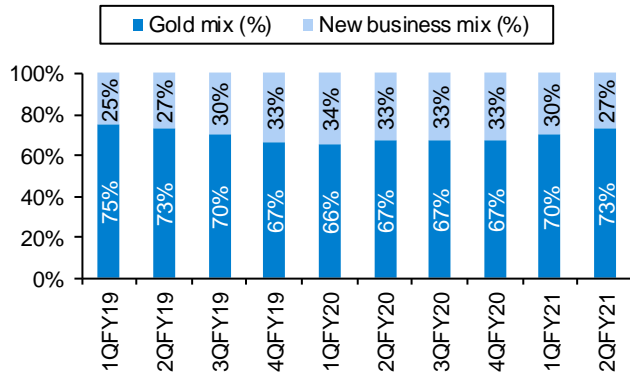
Source: Company, PL

PAT at Rs 4.0bn stood marginally higher than our estimates (PLe: Rs3.7bn) growing 10% QoQ but decline 6% YoY on account of marginally better NII and lower opex.

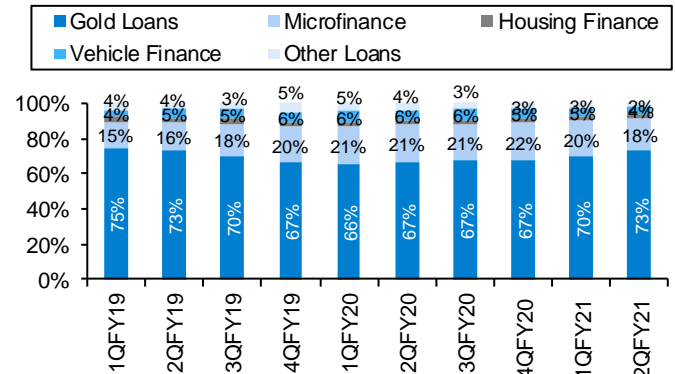
NII at Rs 9.7bn broadly in line with PLe at Rs 9.5bn grew 17% YoY/7% QoQ. Strong gold loan traction (30%YoY/11%QoQ) drove such healthy NII momentum

Opex at Rs 3.5bn stood lower than PLe at Rs 4.2bn, inching higher by 14% QoQ but declining 3% QoQ.

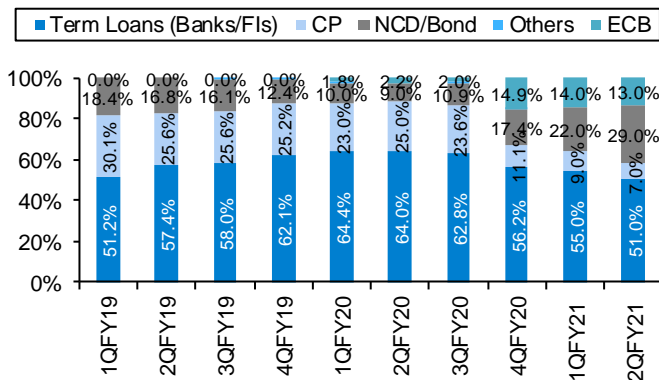
Operating profit stood healthy at Rs 6.5bn exceeding PLe of Rs5.8bn growing 13%YoY/2%QoQ led by better NII, lower opex Higher provisions mar earnings, operating leverage aids

**Exhibit 2: New business mix declines QoQ**


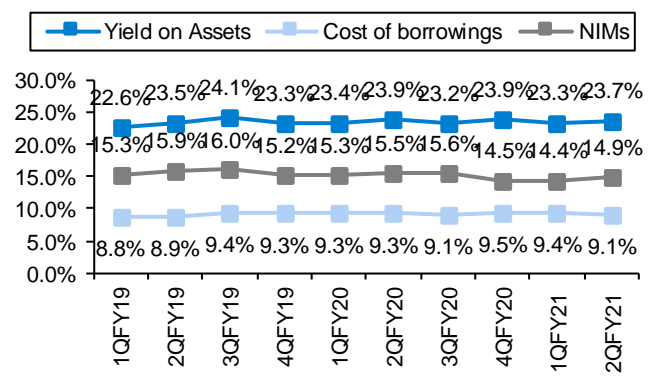
Source: Company, PL

**Exhibit 3: Overall AUM mix tilting towards gold**


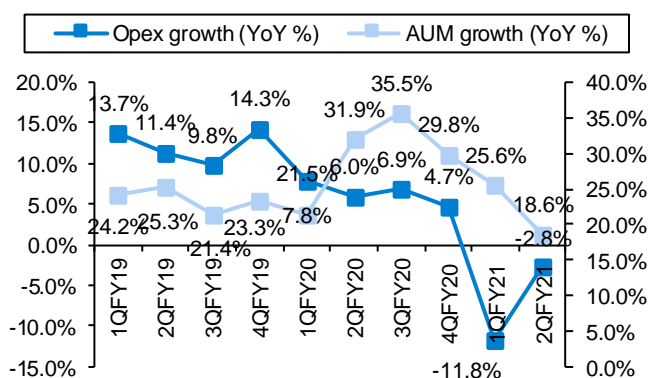
Source: Company, PL

**Exhibit 4: CP share reduced to 7%**


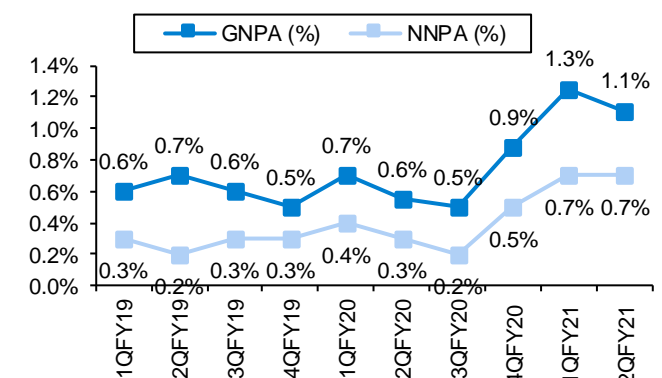
Source: Company, PL

**Exhibit 5: Improvement in the NIMs QoQ**


Source: Company, PL

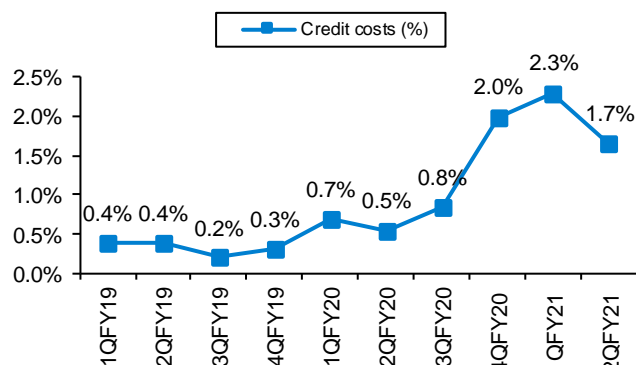
**Exhibit 6: Cost rationalization aids opex**


Source: Company, PL

**Exhibit 7: Improvement in the asset quality sequentially**


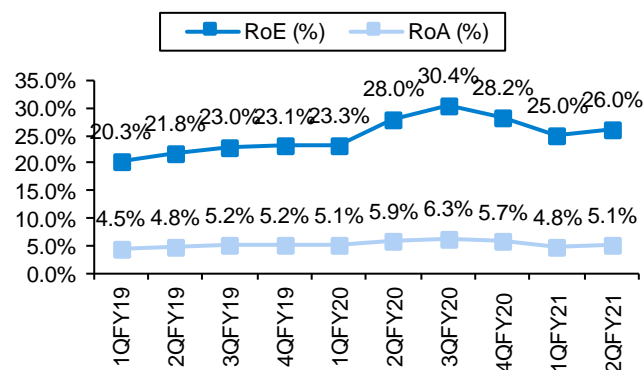
Source: Company, PL

Exhibit 8: Credit costs remains on a higher side



Source: Company, PL

Exhibit 9: Return ratios normalising



Source: Company, PL

Exhibit 10: Collection at almost pre COVID level

|                       | April | May | June | July | August | September | October |
|-----------------------|-------|-----|------|------|--------|-----------|---------|
| MFI                   | 2%    | 17% | 55%  | 69%  | 75%    | 90%       | 90%     |
| Vehicle Loans         | 43%   | 59% | 75%  | 86%  | 89%    | 93%       | 106%    |
| Affordable Home Loans | 49%   | 60% | 76%  | 85%  | 91%    | 95%       | 92%     |

Source: Company, PL

Exhibit 11: FY21 EPS estimates tweaked higher due to higher gold lending focus

| (Rs mn)             | Old Estimates |        |        | New Estimates |        |        | % Change |       |       |
|---------------------|---------------|--------|--------|---------------|--------|--------|----------|-------|-------|
|                     | FY21E         | FY22E  | FY23E  | FY21E         | FY22E  | FY23E  | FY21E    | FY22E | FY23E |
| Net Interest Income | 35,663        | 40,800 | 49,494 | 37,849        | 42,310 | 51,210 | 6%       | 4%    | 3%    |
| Operating Profit    | 21,175        | 24,758 | 31,812 | 22,727        | 24,687 | 30,026 | 7%       | 0%    | -6%   |
| Net Profit          | 11,903        | 15,792 | 21,132 | 13,017        | 16,141 | 21,105 | 9%       | 2%    | 0%    |
| EPS (Rs)            | 14.1          | 18.7   | 25.1   | 15.4          | 19.2   | 25.0   | 9%       | 2%    | 0%    |
| Price Target (Rs)   | 197           |        |        | 196           |        |        | -0.3%    |       |       |
| Reco                | ACCUMULATE    |        |        | ACCUMULATE    |        |        |          |       |       |

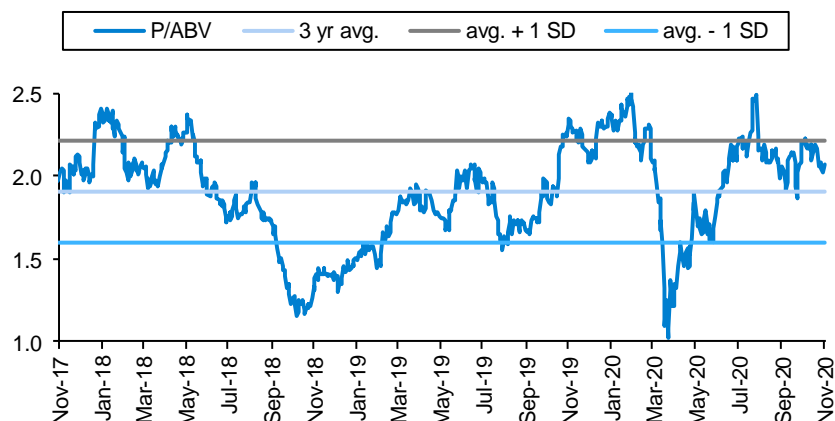
Source: Company, PL

Exhibit 12: Target multiple maintained at 2x, TP stands unchanged at Rs196

| PT calculation and upside |        |
|---------------------------|--------|
| Fair price - EVA          | 120    |
| Fair price - P/ABV        | 272    |
| Average of the two        | 196    |
| Target P/ABV              | 2.0    |
| Target P/E                | 10.5   |
| Current price, Rs         | 162    |
| Upside (%)                | 21%    |
| Dividend yield (%)        | 150.0% |
| Total return (%)          | 171%   |

Source: PL

**Exhibit 13: Gold price traction supporting growth and valuations; non-gold an overhang**



Source: Company, Bloomberg, PL

## Key Concall Highlights

- **Liabilities:** Raised funding through several schemes such as TLTRO. Raised Rs.29bn by Term loans, NCDs during the qtr. Liquidity at Rs.43bn and undrawn lines of Rs. 11bn as on Sept end. Share of CP reduced to 7% against 25% YoY.
- Loan to NBFCs at Rs.3.2bn and Rs. 1.9bn to SMEs
- Rs. 380mn written off during the qtr vs Rs. 500 mn in Q1FY21.

### Gold loans:

- **Competition:** Avg tenor is 2 months with ATS of Rs. 20,000. Such customers doesn't approach banks. Only high ticket size and higher duration loan customers approach bank.
- 26 lac live customers vs 24 lac in FY19.
- Auction done during the qtr worth Rs. 32.2mn
- LTV at 61% as on Q2FY20. Avg loan per gram at Rs.2869.
- Disbursement at Rs. 930bn vs Rs. 500bn

### Asirvad Microfinance:

- Collection Efficiency at 90% September and avg at 75% in Q2FY20 (Pre-COVID at 97%-99%). Facing challenges from West Bengal and Karnataka in terms of collection due to uneven lockdown strategy and due to some local issue respectively. 2% of customers not paid 50% of EMI
- Disbursement done during the qtr of Rs. 5.6bn.
- 32% of the AUM was under morat in August.
- Provided Rs.1960mn (3.9% of AUM) provision for COVID. Have not provided sufficient provisions and there will be additional provision in the H2FY21.

**Vehicle Finance:**

- Higher focus on collection and recoveries. Collection Efficiency at 91%/93% 106% in Aug/Sept/Oct.
- Rs. 780mn provisions provided in the qtr. No separate provision for COVID.

**Home Loan:**

- Collection efficiency at 95% and 92% in Sept and Oct. Pre-COVID collection were at 95%.

**Income Statement (Rs. m)**

| Y/e Mar                    | FY20          | FY21E         | FY22E         | FY23E         |
|----------------------------|---------------|---------------|---------------|---------------|
| Int. Inc. / Opt. Inc.      | 54,465        | 62,039        | 71,885        | 85,648        |
| Interest Expenses          | 18,322        | 24,190        | 29,575        | 34,439        |
| <b>Net interest income</b> | <b>36,142</b> | <b>37,849</b> | <b>42,310</b> | <b>51,210</b> |
| Growth(%)                  | 28.4          | 4.7           | 11.8          | 21.0          |
| Non-interest income        | 1,047         | 1,191         | 1,447         | 1,666         |
| Growth(%)                  | 26.8          | 13.8          | 21.5          | 15.1          |
| Net operating income       | 37,190        | 39,041        | 43,757        | 52,876        |
| <b>Expenditures</b>        |               |               |               |               |
| Employees                  | 8,301         | 8,441         | 10,012        | 12,295        |
| Other Expenses             | 4,797         | 6,146         | 7,223         | 8,634         |
| Depreciation               | 1,642         | 1,727         | 1,836         | 1,922         |
| Operating Expenses         | 13,099        | 14,586        | 17,235        | 20,928        |
| <b>PPP</b>                 | <b>22,449</b> | <b>22,727</b> | <b>24,687</b> | <b>30,026</b> |
| Growth(%)                  | 48.5          | 1.2           | 8.6           | 21.6          |
| Provisions                 | 2,376         | 4,970         | 2,570         | 1,840         |
| <b>Profit Before Tax</b>   | <b>20,073</b> | <b>17,757</b> | <b>22,117</b> | <b>28,186</b> |
| Tax                        | 5,270         | 4,461         | 5,556         | 7,080         |
| Effective Tax rate(%)      | 26.3          | 25.1          | 25.1          | 25.1          |
| <b>PAT</b>                 | <b>14,803</b> | <b>13,297</b> | <b>16,561</b> | <b>21,105</b> |
| Growth(%)                  | 56.1          | (10.2)        | 24.6          | 27.4          |

**Balance Sheet (Rs. m)**

| Y/e Mar                     | FY20            | FY21E           | FY22E           | FY23E           |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Source of funds</b>      |                 |                 |                 |                 |
| Equity                      | 1,690           | 1,686           | 1,686           | 1,686           |
| Reserves and Surplus        | 55,771          | 60,787          | 74,158          | 92,323          |
| Networth                    | 57,461          | 62,473          | 75,843          | 94,009          |
| Growth (%)                  | 26.4            | 8.7             | 21.4            | 24.0            |
| Loan funds                  | 2,18,167        | 2,84,744        | 3,33,326        | 4,05,702        |
| Growth (%)                  | 42.6            | 30.5            | 17.1            | 21.7            |
| Deferred Tax Liability      | -               | -               | -               | -               |
| Other Current Liabilities   | 5,162           | 4,711           | 8,878           | 13,718          |
| Other Liabilities           | 8,137           | 6,444           | 8,832           | 9,358           |
| <b>Total Liabilities</b>    | <b>2,89,510</b> | <b>3,59,234</b> | <b>4,28,161</b> | <b>5,24,070</b> |
| <b>Application of funds</b> |                 |                 |                 |                 |
| Net fixed assets            | 390             | 1,551           | 607             | (695)           |
| Advances                    | 2,31,892        | 2,97,092        | 3,50,371        | 4,20,873        |
| Growth (%)                  | 29.8            | 28.1            | 17.9            | 20.1            |
| Investments                 | 901             | 1,790           | 2,068           | 2,371           |
| Current Assets              | 40,637          | 43,362          | 52,675          | 67,516          |
| <b>Net current assets</b>   | <b>35,475</b>   | <b>38,651</b>   | <b>43,797</b>   | <b>53,799</b>   |
| Other Assets                | 8,019           | 8,852           | 14,753          | 24,778          |
| <b>Total Assets</b>         | <b>2,89,510</b> | <b>3,59,234</b> | <b>4,28,161</b> | <b>5,24,070</b> |
| Growth (%)                  | 41.6            | 24.1            | 19.2            | 22.4            |
| <b>Business Mix</b>         |                 |                 |                 |                 |
| AUM                         | 2,52,252        | 2,96,791        | 3,50,054        | 4,20,540        |
| Growth (%)                  | 29.8            | 17.7            | 17.9            | 20.1            |
| On Balance Sheet            | -               | -               | -               | -               |
| % of AUM                    | -               | -               | -               | -               |
| Off Balance Sheet           | -               | -               | -               | -               |
| % of AUM                    | -               | -               | -               | -               |

**Profitability & Capital (%)**

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|---------|------|-------|-------|-------|
| NIM     | 16.2 | 13.8  | 13.1  | 13.3  |
| ROAA    | 5.9  | 4.0   | 4.1   | 4.4   |
| ROAE    | 28.5 | 21.7  | 23.3  | 24.9  |

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

| Y/e Mar                          | Q3FY20       | Q4FY20        | Q1FY21       | Q2FY21        |
|----------------------------------|--------------|---------------|--------------|---------------|
| Int. Inc. / Operating Inc.       | 13,567       | 14,719        | 14,758       | 15,473        |
| Income from securitization       | -            | -             | -            | -             |
| Interest Expenses                | 4,465        | 5,808         | 5,668        | 5,710         |
| <b>Net Interest Income</b>       | <b>9,102</b> | <b>8,911</b>  | <b>9,089</b> | <b>9,763</b>  |
| Growth (%)                       | 29.8         | 26.1          | 20.3         | 17.4          |
| Non-Interest Income              | 576          | 1,462         | 407          | 307           |
| <b>Net Operating Income</b>      | <b>9,677</b> | <b>10,374</b> | <b>9,496</b> | <b>10,070</b> |
| Growth (%)                       | 29.6         | 31.8          | 19.5         | 6.9           |
| Operating expenditure            | 3,742        | 3,807         | 3,121        | 3,545         |
| <b>PPP</b>                       | <b>5,935</b> | <b>6,567</b>  | <b>6,376</b> | <b>6,524</b>  |
| Growth (%)                       | -            | -             | -            | -             |
| Provision                        | 491          | 1,226         | 1,453        | 1,080         |
| Exchange Gain / (Loss)           | -            | -             | -            | -             |
| Profit before tax                | 5,444        | 5,341         | 4,923        | 5,444         |
| Tax                              | 1,421        | 1,359         | 1,243        | 1,390         |
| Prov. for deferred tax liability | -            | -             | -            | -             |
| Effective Tax Rate               | 26.1         | 25.4          | 25.3         | 25.5          |
| <b>PAT</b>                       | <b>4,022</b> | <b>3,982</b>  | <b>3,680</b> | <b>4,054</b>  |
| Growth                           | 63           | 44            | 38           | (6)           |
| AUM                              | 2,40,999     | 2,52,252      | 2,53,458     | 2,69,027      |
| YoY growth (%)                   | 35.5         | 29.8          | 25.6         | 18.6          |
| Borrowing                        | 1,97,813     | 2,24,076      | 2,39,803     | 2,01,638      |
| YoY growth (%)                   | 38.7         | 46.5          | 48.3         | 9.9           |

**Key Ratios**

| Y/e Mar                  | FY20 | FY21E | FY22E | FY23E |
|--------------------------|------|-------|-------|-------|
| CMP (Rs)                 | 162  | 162   | 162   | 162   |
| EPS (Rs)                 | 17.4 | 15.4  | 19.2  | 25.0  |
| Book value (Rs)          | 68.2 | 74.1  | 90.0  | 111.5 |
| Adj. BV(Rs)              | 66.3 | 72.0  | 88.1  | 109.5 |
| P/E(x)                   | 9.3  | 10.5  | 8.5   | 6.5   |
| P/BV(x)                  | 2.4  | 2.2   | 1.8   | 1.5   |
| P/ABV(x)                 | 2.5  | 2.3   | 1.8   | 1.5   |
| DPS (Rs)                 | 2.9  | 3.0   | 3.3   | 3.5   |
| Dividend Payout Ratio(%) | -    | -     | -     | -     |
| Dividend Yield(%)        | 1.8  | 1.8   | 2.0   | 2.2   |

**Asset Quality**

| Y/e Mar                     | FY20  | FY21E | FY22E | FY23E |
|-----------------------------|-------|-------|-------|-------|
| Gross NPAs(Rs m)            | 3,618 | 5,508 | 5,369 | 6,331 |
| Net NPA(Rs m)               | 1,625 | 1,820 | 1,573 | 1,759 |
| Gross NPAs to Gross Adv.(%) | 0.9   | 1.9   | 1.5   | 1.5   |
| Net NPAs to net Adv.(%)     | 0.5   | 0.6   | 0.4   | 0.4   |
| NPA coverage(%)             | 55.1  | 67.0  | 70.7  | 72.2  |

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

| Y/e Mar                    | FY20 | FY21E | FY22E | FY23E |
|----------------------------|------|-------|-------|-------|
| NII                        | 14.3 | 12.8  | 12.1  | 12.2  |
| NII INCI. Securitization   | 14.3 | 12.8  | 12.1  | 12.2  |
| Total income               | 14.7 | 13.2  | 12.5  | 12.6  |
| Operating Expenses         | 5.2  | 4.9   | 4.9   | 5.0   |
| PPOP                       | 9.6  | 8.2   | 7.6   | 7.6   |
| Total Provisions           | 0.9  | 1.7   | 0.7   | 0.4   |
| RoAA                       | 5.9  | 4.0   | 4.1   | 4.4   |
| Avg. Assets/Avg. net worth | 4.8  | 5.4   | 5.7   | 5.6   |
| RoAE                       | 28.5 | 21.7  | 23.3  | 24.9  |

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 12-Oct-20 | Accumulate | 197      | 166               |
| 2   | 29-Jul-20 | Accumulate | 197      | 179               |
| 3   | 13-Jul-20 | Accumulate | 182      | 160               |
| 4   | 15-May-20 | Accumulate | 142      | 123               |
| 5   | 17-Apr-20 | Accumulate | 130      | 108               |
| 6   | 29-Jan-20 | Accumulate | 202      | 189               |
| 7   | 03-Jan-20 | Accumulate | 195      | 177               |
| 8   | 30-Dec-19 | Accumulate | 195      | 176               |

**Analyst Coverage Universe**

| Sr. No. | Company Name                                 | Rating     | TP (Rs) | Share Price (Rs) |
|---------|--|------------|---------|------------------|
| 1       | Bajaj Finance                                | BUY        | 3,805   | 3,233            |
| 2       | Cholamandalam Investment and Finance Company | BUY        | 310     | 273              |
| 3       | HDFC   | Accumulate | 2,185   | 2,041            |
| 4       | L&T Finance Holdings                         | Sell       | 52      | 65               |
| 5       | LIC Housing Finance                          | Reduce     | 282     | 306              |
| 6       | Mahindra & Mahindra Financial Services       | Reduce     | 124     | 131              |
| 7       | Manappuram Finance                           | Accumulate | 197     | 166              |
| 8       | SBI Cards and Payment Services               | Accumulate | 895     | 852              |
| 9       | Shriram Transport Finance                    | Accumulate | 809     | 693              |

**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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