

January 20, 2021

## Q3FY21 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	5,340		5,491	
NII (Rs.)	2,05,338	2,48,820	2,18,876	2,68,437
% Chng.	(6.2)	(7.3)		
PPoP (Rs.)	1,40,402	1,64,840	1,51,244	1,65,836
% Chng.	(7.2)	(0.6)		
EPS (Rs.)	120.9	154.2	146.4	156.7
% Chng.	(17.4)	(1.6)		

### Key Financials - Consolidated

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Int.Inc. (Rs m)	1,69,006	1,71,609	2,05,338	2,48,820
Growth (%)	42.5	1.5	19.7	21.2
Op. Profit (Rs m)	1,12,516	1,20,267	1,40,402	1,64,840
PAT (Rs m)	52,638	44,370	72,515	92,533
EPS (Rs.)	89.5	74.0	120.9	154.2
Gr. (%)	29.0	(17.3)	63.4	27.6
DPS (Rs.)	4.4	4.6	4.8	5.0
Yield (%)	0.1	0.1	0.1	0.1
Margin (%)	11.7	10.0	10.4	10.4
RoAE (%)	20.2	12.8	18.0	19.2
RoAA (%)	3.6	2.6	3.7	3.9
PE (x)	55.7	67.4	41.2	32.3
P/BV (x)	9.2	8.1	6.8	5.7
P/ABV (x)	9.5	8.5	7.0	5.8

### Key Data

[BJFN.BO](#) | [BAF IN](#)

52-W High / Low	Rs.5,373 / Rs.1,783
Sensex / Nifty	49,792 / 14,645
Market Cap	Rs.3,002bn/ \$ 41,109m
Shares Outstanding	603m
3M Avg. Daily Value	Rs.40542.24m

### Shareholding Pattern (%)

Promoter's	56.40
Foreign	23.89
Domestic Institution	9.07
Public & Others	10.64
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(5.2)	44.8	20.0
Relative	(10.5)	8.8	0.1

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## Business model undergoes litmus test

### Quick Pointers:

- Auto finance recovery still distant; mortgage business face price war

**BAF's Q3FY21 earnings were plagued by asset quality stress, weak PPoP and somber business traction. NPAs at elevated 2.86% (PLe: 2.5%), interest reversals to the tune of Rs4.5bn and slower fee income traction (mere 3% QoQ growth) due to caution on disbursements drove down PPoP with a decline of 3% QoQ and YoY. PAT at Rs11.5bn stood broadly in-line (PLe: Rs11.8bn) growing 19%QoQ led by lower provision (down 21%QoQ) as credit costs on standard assets stood down (190 bps in Q3 v/s 369 bps in Q2) with collection efficiencies reverting to pre-COVID levels in early buckets. Yet, BAF reported write-offs of 1.37% and restructured loans at 1.42% of overall AUMs as certain customer segments; namely, 3-wheeler, B2C, B2B and mortgage (MSME/LAP) exhibited erratic payment behavior. While FY21 remains an aberration clouded by slower growth and elevated credit risks, we prune down our growth estimates to 6% (earlier 8.5%), expect NPA spike to 3.1% (earlier <3%) but maintain credit costs at 3.9% for FY21. Consequently, our NPA/credit costs for FY22 also increases marginally to 2.7%/2.3% (earlier 2.5%/1.8%). This has led to downgrade in our EPS estimates by 9%/17% over FY21/FY22. We confide in Co.'s judicious strategy to curtail disbursements and tighten credit filters in times of uncertainties. Maintain ACCUMULATE (downgraded on 5<sup>th</sup> Jan'21 citing conservatism in business strategy and vulnerable asset quality; [Link of the Report](#)), with a price target of Rs 5,340 valuing at 6.8x PABV MAR'23E (earlier Rs 5,491).**

- Conservatism in business maintained; FY22 to restore growth story:** AUMs grew 4.7%QoQ, but declined 1.1%Y to Rs1436bn with auto finance (9% of AUMs) and mortgages (33% of mix) face risk of delinquencies and pricing war respectively. Moreover, consumer and commercial lending witnessing YoY decline of 6% each. While customer acquisition run-rate is back to pre-COVID levels (2.2mn) so is new loans acquisition (6mn), the existing customers contributing to new loans have been declining since outbreak of COVID-19 (64%). Tightening of customer on-boarding and underwriting standards as suggested by channel checks too is indicative of conservatism in business expansion in the current uncertain fiscal. We prune our growth estimates to 6% (earlier 8.5%), maintaining 21-22% growth over FY22-23 as economy revives.
- Asset quality disappoints as expected; FY22 to be year of revival:** Q3FY21 saw NPAs at elevated 2.86% (PLe: 2.5%), interest reversals to the tune of Rs4.5bn, write-offs of 1.37% and restructured loans at 1.42% of overall AUMs. While certain customer segments; namely, 3-wheeler, B2C, B2B and mortgage (MSME/LAP) exhibited erratic payment behavior, Co. maintains elevated credit costs guidance for FY21 with stark improvement in FY22-23. While we tweak our NPA/credit costs estimates to 3.1%/3.9% for FY21, we believe BAF's improving spreads and cost metrics to offset slightly higher credit costs coupled with growth revival prospects translating into robust 3.9% RoA and 19% rOe over FY22-23.

PAT at Rs11.5bn grew 19%QoQ but declined 29%YoY and stood broadly in-line [PLe: Rs11.8bn]

NII at Rs42.9bn [PLe: Rs43.8bn] growing 3%QoQ but declining 5% YoY stood slightly sluggish on account of higher reversal of interest income at Rs 4.5bn v/s Rs0.83bn in Q3FY20 and higher cost of liquidity surplus at Rs2.13bn v/s Rs 0.83bn in Q3 FY20.

PPoP at Rs29bn [ vs. Ple: Rs32bn] disappoints declining 3% QoQ/YoY on account of weak NII and other income. Fee income for the quarter also stood sluggish growing merely 3% QoQ

Operating expenses at Rs13.9bn [PLe: Rs11.8bn] stood higher increasing 20%QoQ but down 9% YoY

Provisions at Rs 13.5bn stood lower [PLe: Rs 16.3bn] declining 21%QoQ as Co. reduces Std asset provisioning this quarter post frontloading in Q2FY21. However, Co. has done onetime write-off of principal outstanding of Rs19.7bn and interest outstanding of Rs 3.65bn on account of COVID-19 related stress. The Co. holds additional provision of Rs8bn for such stress.

Exclusive of SC order GNPA's have climbed to 2.86% during Q3FY21 as against our expectation of 2.5%

On business front, BAF had reported 5% loan growth QoQ and 1% de-growth YoY at Rs. 1436bn. In-line with Co's conservative policy, new loans booked stood 21% down QoQ at 6mn.

**Exhibit 1: Q3FY21 – Higher interest reversals, lower fees impact PPoP**

Y/e March (Rs mn)	Q3FY21	Q3FY20	YoY gr.	Q2FY21	QoQ gr.
Interest Income	66,561	70,194	-5.2%	65,166	2.1%
Interest Expenses	23,627	24,890	-5.1%	23,581	0.2%
<b>Net Interest Income</b>	<b>42,934</b>	<b>45,304</b>	<b>-5.2%</b>	<b>41,584</b>	<b>3.2%</b>
Other Income	24	44	-46.2%	67	-65.1%
Total Income	<b>42,958</b>	<b>45,347</b>	<b>-5.3%</b>	<b>41,652</b>	<b>3.1%</b>
Total Operating Expenses	13,896	15,339	-9.4%	11,593	19.9%
<b>Operating Profit (PPP)</b>	<b>29,062</b>	<b>30,008</b>	<b>-3.2%</b>	<b>30,059</b>	<b>-3.3%</b>
Provisions & Write Offs	13,517	8,308	62.7%	17,004	-20.5%
<b>PBT</b>	<b>15,545</b>	<b>21,701</b>	<b>-28.4%</b>	<b>13,055</b>	<b>19.1%</b>
Tax Expense	4,085	5,560	-26.5%	3,406	19.9%
<b>Reported Profit</b>	<b>11,460</b>	<b>16,141</b>	<b>-29.0%</b>	<b>9,649</b>	<b>18.8%</b>
<b>Asset Quality</b>					
Gross NPAs (Rs mn)	41,055	23,360	75.8%	14,120	190.8%
Net NPAs (Rs mn)	17,513	10,156	72.4%	5,072	245.3%
Gross NPA (%)	2.86%	1.61%	1.3%	1.03%	1.8%
Net NPA (%)	1.22%	0.70%	0.5%	0.37%	0.9%
NIM %	12.24%	12.92%	-0.7%	12.09%	0.1%
ROE %	13.20%	23.60%	-10.4%	11.60%	1.6%
ROA %	3.60%	4.80%	-1.2%	2.80%	0.8%
<b>AUM (Rs mn)</b>					
Consumer Lending	5,42,719	5,87,266	-7.6%	5,11,665	6.1%
SME Lending	5,86,263	5,62,654	4.2%	5,73,437	2.2%
Commercial Lending	1,72,598	1,74,331	-1.0%	1,64,809	4.7%
Rural Lending	1,33,920	1,26,650	5.7%	1,20,990	10.7%
<b>Total</b>	<b>14,35,500</b>	<b>14,50,900</b>	<b>-1.1%</b>	<b>13,70,900</b>	<b>4.7%</b>
<b>AUM mix (%)</b>					
Consumer Lending	38%	40%	-3%	37%	0.5%
SME Lending	41%	39%	2.1%	42%	-1.0%
Commercial Lending	12%	12%	0.0%	12%	0.0%
Rural Lending	9%	9%	0.6%	9%	0.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>0.0%</b>	<b>100%</b>	<b>0.0%</b>

Source: Company, PL

**Exhibit 2: Core business trends slow**

AUM (Rs mn)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Consumer B2B -Auto Finance Business</b>	<b>73,770</b>	<b>90,340</b>	<b>97,260</b>	<b>109,080</b>	<b>118,670</b>	<b>131,760</b>	<b>1,30,850</b>	<b>1,28,020</b>	<b>1,26,870</b>	<b>1,27,070</b>
YoY gr.	37%	49%	55%	62%	61%	51%	35%	17%	7%	-4%
QoQ gr.	9%	22%	8%	12%	9%	11%	-1%	-2%	-1%	0%
AUM % mix	8%	8%	8%	8%	9%	9%	9%	9%	9%	9%
<b>Consumer B2B - Sales Finance Businesses</b>	<b>115,070</b>	<b>141,500</b>	<b>122,610</b>	<b>140,860</b>	<b>136,760</b>	<b>139,600</b>	<b>1,26,570</b>	<b>92,310</b>	<b>79,180</b>	<b>1,01,860</b>
YoY gr.	20%	35%	33%	24%	19%	7%	3%	-34%	-42%	-27%
QoQ gr.	1%	23%	-13%	15%	-3%	2%	-9%	-27%	-14%	29%
AUM % mix	12%	13%	11%	11%	10%	10%	9%	7%	6%	7%
<b>Consumer B2C Businesses</b>	<b>185,090</b>	<b>210,000</b>	<b>230,020</b>	<b>248,890</b>	<b>270,060</b>	<b>293,810</b>	<b>3,12,550</b>	<b>2,92,190</b>	<b>2,82,620</b>	<b>2,90,420</b>
YoY gr.	43%	47%	49%	47%	46%	43%	36%	17%	5%	-1%
QoQ gr.	10%	13%	10%	8%	9%	9%	6%	-7%	-3%	3%
AUM % mix	19%	19%	20%	19%	20%	20%	21%	21%	21%	20%
<b>Rural B2B Business</b>	<b>16,640</b>	<b>24,200</b>	<b>21,420</b>	<b>23,830</b>	<b>22,400</b>	<b>27,080</b>	<b>26,690</b>	<b>20,890</b>	<b>18,080</b>	<b>24,320</b>
YoY gr.		76%	67%	48%	35%	21%	25%	-12%	-19%	-10%
QoQ gr.	3%	45%	-11%	11%	-6%	21%	-1%	-22%	-13%	35%
AUM % mix	2%	2%	2%	2%	2%	2%	2%	2%	1%	2%
<b>Rural B2C Business</b>	<b>55,260</b>	<b>64,210</b>	<b>71,010</b>	<b>79,610</b>	<b>89,290</b>	<b>99,570</b>	<b>1,06,590</b>	<b>1,02,810</b>	<b>1,02,910</b>	<b>1,09,540</b>
YoY gr.	27%	72%	70%	65%	62%	58%	50%	29%	15%	10%
QoQ gr.	14%	16%	11%	12%	12%	12%	7%	-4%	0%	6%
AUM % mix	6%	6%	6%	6%	7%	7%	7%	7%	8%	8%
<b>SME Business</b>	<b>133,240</b>	<b>141,430</b>	<b>157,590</b>	<b>163,340</b>	<b>179,080</b>	<b>187,030</b>	<b>1,94,290</b>	<b>1,82,770</b>	<b>1,82,530</b>	<b>1,88,800</b>
YoY gr.	33%	39%	38%	36%	34%	32%	23%	12%	2%	1%
QoQ gr.	11%	6%	11%	4%	10%	4%	4%	-6%	0%	3%
AUM % mix	14%	13%	14%	13%	13%	13%	13%	13%	13%	13%
<b>Securities Lending Business</b>	<b>64,710</b>	<b>61,920</b>	<b>63,590</b>	<b>90,850</b>	<b>71,860</b>	<b>65,130</b>	<b>48,220</b>	<b>39,570</b>	<b>53,270</b>	<b>50,740</b>
YoY gr.	15%	6%	-6%	30%	11%	5%	-24%	-56%	-26%	-22%
QoQ gr.	-8%	-4%	3%	43%	-21%	-9%	-26%	-18%	35%	-5%
AUM % mix	7%	6%	5%	7%	5%	4%	3%	3%	4%	4%
<b>Commercial Lending Business</b>	<b>52,730</b>	<b>56,840</b>	<b>56,670</b>	<b>58,780</b>	<b>62,290</b>	<b>65,030</b>	<b>64,110</b>	<b>60,750</b>	<b>65,550</b>	<b>75,100</b>
YoY gr.	81%	65%	37%	18%	18%	15%	13%	3%	5%	15%
QoQ gr.	6%	8%	0%	4%	6%	4%	-1%	-5%	8%	15%
AUM % mix	5%	5%	5%	5%	5%	4%	4%	4%	5%	5%
<b>Mortgages</b>	<b>283,620</b>	<b>308,860</b>	<b>338,710</b>	<b>373,740</b>	<b>404,920</b>	<b>441,910</b>	<b>4,61,660</b>	<b>4,61,240</b>	<b>4,59,890</b>	<b>4,67,580</b>
YoY gr.	30%	37%	43%	45%	43%	44%	36%	23%	14%	6%
QoQ gr.	10%	9%	10%	10%	8%	9%	4%	0%	0%	2%
AUM % mix	29%	28%	29%	29%	30%	30%	31%	33%	34%	33%
<b>Overall AUMs</b>	<b>980,130</b>	<b>1,099,300</b>	<b>1,158,880</b>	<b>1,288,980</b>	<b>1,355,330</b>	<b>1,450,920</b>	<b>14,71,530</b>	<b>13,80,550</b>	<b>13,70,900</b>	<b>14,35,430</b>
YoY gr.	35%	41%	41%	41%	38%	35%	27%	7%	1%	-1%
QoQ gr.	7%	12%	5%	11%	5%	7%	1%	-6%	-1%	5%

Source: Company, PL

**Exhibit 3: New Customers improved sequentially but has not returned to Pre-COVID Levels**

Key Data Metrics	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Total Customer Franchise</b>	<b>30.05</b>	<b>32.57</b>	<b>34.48</b>	<b>36.94</b>	<b>38.70</b>	<b>40.38</b>	<b>42.6</b>	<b>42.60</b>	<b>44.11</b>	<b>46.31</b>
YoY gr.	31%	31%	32%	31%	29%	24%	24%	15%	14%	15%
QoQ gr.	6%	8%	6%	7%	5%	4%	5%	0%	4%	5%
<b>Total Cross sell Franchise</b>	<b>17.82</b>	<b>19.69</b>	<b>20.67</b>	<b>21.85</b>	<b>22.78</b>	<b>23.48</b>	<b>24.13</b>	<b>24.13</b>	<b>23.87</b>	<b>25.25</b>
YoY gr.	35%	37%	34%	32%	28%	19%	17%	10%	5%	8%
QoQ gr.	8%	10%	5%	6%	4%	3%	3%	0%	-1%	6%
<b>New to BAF Customers (Nos)</b>	<b>1,769,841</b>	<b>2,514,930</b>	<b>1,917,490</b>	<b>2,455,827</b>	<b>1,921,238</b>	<b>2,461,473</b>	<b>19,00,989</b>	<b>5,32,441</b>	<b>12,18,724</b>	<b>21,92,461</b>
YoY gr.	34%	39%	36%	19%	9%	-2%	-1%	-78%	-37%	-11%
QoQ gr.	-15%	42%	-24%	28%	-22%	28%	-23%	-72%	129%	80%
<b>Credit Card - CIF</b>	<b>663,000</b>	<b>845,000</b>	<b>1,053,000</b>	<b>1,285,000</b>	<b>1,496,000</b>	<b>1,660,000</b>	<b>18,39,000</b>	<b>17,98,000</b>	<b>18,70,000</b>	<b>19,00,000</b>
YoY gr.	391%	231%	176%	153%	126%	96%	75%	40%	25%	14%
QoQ gr.	31%	27%	25%	22%	16%	11%	11%	-2%	4%	2%
<b>EMI Card - CIF in Mn</b>	<b>15.4</b>	<b>16.5</b>	<b>18.7</b>	<b>19.8</b>	<b>20</b>	<b>20.5</b>	<b>21.98</b>	<b>21.5</b>	<b>20.6</b>	<b>23.5</b>
YoY gr.	51%	45%	45%	39%	30%	24%	18%	9%	3%	15%
QoQ gr.	8%	7%	13%	6%	1%	2%	7%	-2%	-4%	14%
<b>Wallets</b>	<b>3.3</b>	<b>6.5</b>	<b>8.3</b>	<b>10</b>	<b>11.8</b>	<b>13.5</b>	<b>15.2</b>	<b>15.7</b>	<b>16.8</b>	<b>18.3</b>
YoY gr.		1283%	538%	355%	258%	108%	83%	57%	42%	36%
QoQ gr.	50%	97%	28%	20%	18%	14%	13%	3%	7%	9%

Source: Company, PL

**Exhibit 4: Robust distribution network**

Distribution network	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Overall BAF presence</b>	<b>1,613</b>	<b>1,736</b>	<b>1,830</b>	<b>1,895</b>	<b>1,997</b>	<b>2,179</b>	<b>2,392</b>	<b>2,408</b>	<b>2,641</b>	<b>2,814</b>
YoY gr.	56%	55%	37%	28%	24%	26%	31%	27%	32%	29%
QoQ gr.	9%	8%	5%	4%	5%	9%	10%	1%	10%	7%
<b>Urban</b>	<b>862</b>	<b>867</b>	<b>927</b>	<b>944</b>	<b>956</b>	<b>986</b>	<b>1,035</b>	<b>1,049</b>	<b>1,134</b>	<b>1,210</b>
YoY gr.	83%	64%	27%	19%	11%	14%	12%	11%	19%	23%
QoQ gr.	9%	1%	7%	2%	1%	3%	5%	1%	8%	7%
% total	53%	50%	51%	50%	48%	45%	43%	44%	43%	43%
<b>Rural</b>	<b>751</b>	<b>869</b>	<b>903</b>	<b>951</b>	<b>1,041</b>	<b>1,193</b>	<b>1,357</b>	<b>1,359</b>	<b>1,507</b>	<b>1,604</b>
YoY gr.	34%	48%	50%	37%	39%	37%	50%	43%	45%	34%
QoQ gr.	8%	16%	4%	5%	9%	15%	14%	0%	11%	6%
% total	47%	50%	49%	50%	52%	55%	57%	56%	57%	57%

Source: Company, PL

**Exhibit 5: Healthy liability management with increase in deposit share**

Liability profile	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Overall Borrowings (rs mn)</b>	<b>738,220</b>	<b>808,620</b>	<b>863,520</b>	<b>944,620</b>	<b>975,970</b>	<b>1,120,500</b>	<b>12,98,060</b>	<b>1,21,120</b>	<b>12,49,000</b>	<b>12,41,620</b>
YoY gr.	39.6%	39.7%	40.3%	40.1%	32.2%	38.6%	50.3%	-87.2%	28.0%	10.8%
QoQ gr.	9.5%	9.5%	6.8%	9.4%	3.3%	14.8%	15.8%	-90.7%	3.1%	-0.6%
<b>Borrowings mix (%)</b>										
Banks	33.7%	32.3%	34.2%	33.4%	35.0%	32.0%	30.0%	31.0%	28.0%	26.0%
NCDs	35.3%	36.1%	37.9%	35.0%	35.0%	37.0%	38.0%	35.0%	35.0%	35.0%
Tier 2 Debt	5.3%	5.0%	4.8%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
FD	14.9%	14.2%	15.3%	16.0%	18.0%	21.0%	21.0%	21.0%	22.0%	24.0%
CP	8.8%	11.5%	7.4%	10.2%	8.0%	2.0%	3.0%	3.0%	6.0%	5.0%
CBLO	1.9%	0.9%	0.5%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, PL

**Exhibit 6: Opex to Nil inched up sequentially but better on YoY basis**

BAF CONSOLIDATED Key Metrics/Ratio Analysis	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Total Opex to Net Interest Income</b>	<b>35.4%</b>	<b>34.9%</b>	<b>34.6%</b>	<b>35.0%</b>	<b>34.6%</b>	<b>33.9%</b>	<b>31.0%</b>	<b>27.9%</b>	<b>27.8%</b>	<b>32.3%</b>
YoY increase in bps	-5.2%	-4.0%	-4.9%	-2.0%	-0.8%	-1.0%	-340	-710	-680	-150
QoQ increase in bps	-1.6%	-0.5%	-0.3%	0.4%	-0.4%	-0.7%	-290	-310	-10	450
<b>Loan loss to AUM*</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.3%</b>	<b>1.0%</b>
YoY increase in bps	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	101	77	83	39
QoQ increase in bps	0.0%	0.1%	-0.1%	0.1%	0.0%	0.2%	78	-16	6	-29
<b>Return on Average Assets</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.4%</b>	<b>4.0%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.6%</b>
YoY increase in bps	0.4%	0.0%	0.4%	0.0%	0.8%	0.8%	-160	-120	-200	-120
QoQ increase in bps	0.0%	0.0%	0.4%	-0.4%	0.8%	0.0%	-200	0	0	80
<b>Return on Average Equity</b>	<b>21.6%</b>	<b>23.6%</b>	<b>24.8%</b>	<b>23.6%</b>	<b>28.0%</b>	<b>23.6%</b>	<b>11.6%</b>	<b>11.6%</b>	<b>11.6%</b>	<b>13.2%</b>
YoY increase in bps	160	480	560	320	640	0	-1320	-1200	-1640	-1040
QoQ increase in bps	120	200	120	-120	440	-440	-1200	0	0	160

Source: Company, PL

**Exhibit 7: Absolute GNPA increases 80% on YoY basis**

BAF CONSOLIDATED ASSET QUALITY PROFILE	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>GNPA (Rs mn)</b>										
<b>Auto Finance Business</b>	<b>4,570</b>	<b>5,060</b>	<b>5,290</b>	<b>6,020</b>	<b>7,040</b>	<b>7,980</b>	<b>9,120</b>	<b>8,220</b>	<b>6,310</b>	<b>16,170</b>
YoY gr.	-38%	-36%	-34%	11%	54%	58%	72%	37%	-10%	103%
QoQ gr.	-16%	11%	5%	14%	17%	13%	14%	-10%	-23%	156%
<b>Sale Finance Business</b>	<b>1,470</b>	<b>1,330</b>	<b>1,580</b>	<b>1,960</b>	<b>1,910</b>	<b>1,560</b>	<b>1,910</b>	<b>1,090</b>	<b>310</b>	<b>2,650</b>
YoY gr.					30%	17%	21%	-44%	-84%	70%
QoQ gr.		-10%	19%	24%	-3%	-18%	22%	-43%	-72%	755%
<b>Consumer B2C Business</b>	<b>3,200</b>	<b>3,160</b>	<b>3,300</b>	<b>4,200</b>	<b>4,150</b>	<b>4,070</b>	<b>5,220</b>	<b>3,810</b>	<b>2,410</b>	<b>9,820</b>
YoY gr.				40%	30%	29%	58%	-9%	-42%	141%
QoQ gr.	7%	-1%	4%	27%	-1%	-2%	28%	-27%	-37%	307%
<b>Rural B2B Business</b>		<b>150</b>	<b>220</b>	<b>250</b>	<b>280</b>	<b>170</b>	<b>150</b>	<b>80</b>	<b>30</b>	<b>520</b>
YoY gr.						13%	-32%	-68%	-89%	206%
QoQ gr.			47%	14%	12%	-39%	-12%	-47%	-63%	1633%
<b>Rural B2C Business</b>	<b>940</b>	<b>910</b>	<b>1,120</b>	<b>1,340</b>	<b>1,300</b>	<b>1,370</b>	<b>1,680</b>	<b>1,380</b>	<b>950</b>	<b>4,160</b>
YoY gr.	141%	52%	60%	47%	38%	51%	50%	3%	-27%	204%
QoQ gr.	3%	-3%	23%	20%	-3%	5%	23%	-18%	-31%	338%
<b>SME Business</b>	<b>2,560</b>	<b>2,510</b>	<b>2,370</b>	<b>2,760</b>	<b>2,740</b>	<b>2,710</b>	<b>3,370</b>	<b>2,790</b>	<b>2,070</b>	<b>4,520</b>
YoY gr.	-37%	-37%	-60%	19%	7%	8%	42%	1%	-24%	67%
QoQ gr.	10%	-2%	-6%	16%	-1%	-1%	24%	-17%	-26%	118%
<b>Securities Lending Business</b>										
YoY gr.										
QoQ gr.										
<b>Commercial Lending Business</b>	<b>-</b>	<b>-</b>	<b>360</b>	<b>360</b>	<b>360</b>	<b>390</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>-</b>
YoY gr.			1700%						-97%	-100%
QoQ gr.	-	-	-	0%	0%	8%	-95%	0%	-50%	-100%
<b>Mortgages</b>	<b>1,970</b>	<b>3,790</b>	<b>3,800</b>	<b>4,050</b>	<b>4,350</b>	<b>5,290</b>	<b>2,170</b>	<b>1,990</b>	<b>2,300</b>	<b>4,100</b>
YoY gr.				252%	121%	40%	-43%	-51%	-47%	-22%
QoQ gr.	71%	92%	0%	7%	7%	22%	-59%	-8%	16%	78%
<b>Overall GNPA</b>	<b>14,710</b>	<b>16,910</b>	<b>18,040</b>	<b>20,940</b>	<b>22,130</b>	<b>23,540</b>	<b>23,640</b>	<b>19,380</b>	<b>14,390</b>	<b>41,940</b>
YoY gr.	24%	35%	23%	64%	50%	39%	31%	-7%	-35%	78%
QoQ gr.	15%	15%	7%	16%	6%	6%	0%	-18%	-26%	191%

Source: Company, PL

**Exhibit 8: BHFL performance metrics – closely monitored for asset quality stress**

BHFL Key Metrics/Ratio Analysis	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>NII (Rs mn)</b>	<b>1,620</b>	<b>1,980</b>	<b>2,640</b>	<b>2,850</b>	<b>2,830</b>	<b>2,430</b>	<b>2,480</b>	<b>3,920</b>
YoY gr.	406%	157%	159%	118%	75%	23%	-6%	38%
QoQ gr.	23%	22%	33%	8%	-1%	-14%	2%	58%
<b>PAT (Rs mn)</b>	<b>620</b>	<b>700</b>	<b>1,300</b>	<b>1,310</b>	<b>910</b>	<b>920</b>	<b>830</b>	<b>1,990</b>
YoY gr.	1450%	3400%	1344%	-61%	47%	31%	-36%	52%
QoQ gr.	72%	13%	86%	1%	-31%	1%	-10%	140%
<b>Total Opex to Net Interest Income</b>	<b>42%</b>	<b>41%</b>	<b>33%</b>	<b>34%</b>	<b>25%</b>	<b>31%</b>	<b>28%</b>	<b>26%</b>
YoY increase in bps	-36%	-50%	-50%	-23%	-1660	-1090	-510	-730
QoQ increase in bps	-16%	-1%	-8%	1%	-860	510	-230	-180
<b>Loan loss to AUM</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.4%</b>
YoY increase in bps	-0.4%	-0.4%	0.0%	0.0%	33	16	17	30
QoQ increase in bps	0.0%	0.0%	0.1%	0.0%	27	-17	7	13
<b>RoE</b>	<b>1.6%</b>	<b>1.6%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>0.3%</b>	<b>0.3%</b>
YoY increase in bps	1%	2%	1%	0%	-40	-40	-30	-20
QoQ increase in bps	0%	0%	-1%	0%	70	0	-90	0
<b>RoA</b>	<b>8.0%</b>	<b>7.6%</b>	<b>3.4%</b>	<b>3.3%</b>	<b>7.6%</b>	<b>6.4%</b>	<b>1.5%</b>	<b>1.7%</b>
YoY increase in bps	6%	7%	3%	2%	-40	-120	-190	-160
QoQ increase in bps	2%	0%	-4%	0%	430	-120	-490	20

Source: Company, PL

**Exhibit 9: Spike in stage 3 assets for BHFL in Q3FY21**

BHFL ASSET QUALITY	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Gross Stage 1 &amp; 2 assets</b>	<b>206,010</b>	<b>234,810</b>	<b>265,320</b>	<b>2,81,990</b>	<b>2,87,390</b>	<b>2,96,010</b>	<b>3,13,560</b>
YoY gr.	184%	119%	89%	62%	40%	26%	18%
QoQ gr.	18%	14%	13%	6%	2%	3%	6%
<b>Gross Stage 1 &amp; 2 assets % AUM</b>	<b>99.94%</b>	<b>99.94%</b>	<b>99.93%</b>	<b>99.92%</b>	<b>99.92%</b>	<b>99.91%</b>	<b>99.70%</b>
YoY increase in bps	-0.06%	-0.04%	-0.04%	-0.03%	-0.02%	-0.03%	-0.23%
QoQ increase in bps	-0.01%	0.00%	-0.01%	-0.01%	0.00%	-0.01%	-0.21%
<b>Gross Stage 3 assets</b>	<b>131</b>	<b>133</b>	<b>199</b>	<b>237</b>	<b>241</b>	<b>269</b>	<b>1,102</b>
YoY gr.	5140%	478%	342%	149%	84%	102%	454%
QoQ gr.	38%	2%	50%	19%	2%	12%	310%
<b>Gross Stage 3 assets % AUM</b>	<b>0.06%</b>	<b>0.06%</b>	<b>0.07%</b>	<b>0.08%</b>	<b>0.08%</b>	<b>0.09%</b>	<b>0.29%</b>
YoY increase in bps	0.06%	0.04%	0.04%	0.03%	0.02%	0.03%	0.22%
QoQ increase in bps	0.01%	0.00%	0.01%	0.01%	0.00%	0.01%	0.20%
<b>Coverage Ratio % Stage 3 assets</b>	<b>32.30%</b>	<b>45.40%</b>	<b>32.00%</b>	<b>38.00%</b>	<b>38.00%</b>	<b>38.00%</b>	<b>38.00%</b>
YoY increase in bps	-0.70%	22.30%	8.90%	2.60%	5.70%	-7.40%	6.00%
QoQ increase in bps	-3.10%	13.10%	-13.40%	6.00%	0.00%	0.00%	0.00%
<b>ECL/Total Assets</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.19%</b>	<b>0.43%</b>	<b>0.58%</b>	<b>0.78%</b>	<b>1.06%</b>
YoY increase in bps	0.04%	0.04%	0.04%	0.26%	0.40%	0.60%	0.87%
QoQ increase in bps	0.01%	0.00%	0.01%	0.24%	0.15%	0.20%	0.28%

Source: Company, PL

**Exhibit 10: BAF Consolidated ECL Summary: PCR stands stable sequentially**

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Stage 1 & 2 (represents standard assets)	98.39%	98.39%	98.60%	98.66%	97.14%
Stage 3 (classified as NPA)	1.61%	1.61%	1.40%	1.03%	0.55%
Stage 3 (not classified as NPA)	-	-	-	0.31%	2.32%
<b>Assets and impairment allowance</b>					
Gross Stage 1 & 2 assets	1435340	1441990	1364610	1380350	1422870
ECL Provision Stage 1 & 2	14,430	22,990	37,290	50,990	27,080
Net Stage 1 & 2 assets	1420910	1419000	1327320	1329360	1395790
ECL Provision % Stage 1 & 2 assets	1.01%	1.59%	2.73%	3.69%	1.90%
Gross Stage 3 assets	23,540	23,630	19,380	18,730	41,940
ECL Provision Stage 3	13,350	14,250	12,570	11,020	24,330
Net Stage 3 assets	10,190	9380	6810	7710	17,610
Coverage Ratio % Stage 3 assets	57%	60%	65%	59%	58%
Overall coverage ratio	1.90%	2.54%	3.60%	4.43%	3.51%

Source: Company, PL

### Key Business Highlights

- AUM growth is back across all businesses except auto finance. AUM growth was granular across all lines. Co. did highlight the previous quarter of possibility of higher share of auto finance to be restructured
- Mortgages disbursement was at 90% of Q3 FY20 level. However, AUM growth for the quarter was Rs7.7bn as against Rs37bn in Q3FY20 due to significant portfolio attrition caused by pricing pressures. The Co. has taken pricing actions to revert to pre-COVID growth levels by Q4 /Q1. BAF did highlight previous quarter that even greater share of mortgage book could possibly fall under restructured category
- LAS business AUM de-grew by 22%.
- Customer acquisition runrate is back to pre-COVID levels. The Co. acquired 2.19mn new customers in the current quarter v/s 2.46mn in Q3FY20
- Existing customers contributed to 64% of new loans booked during Q3 FY21 vs 68% in Q3FY20 vs 66% in Q2FY21, this no. is observed to be declining since COVID outbreak
- Given stable market conditions, the Company has brought down its liquidity buffer to 11.6% of its total borrowing as of 31 Dec 2020 from 21.9% as of 20 Oct 2020. The company will go back to its pre-COVID liquidity buffer of 7-8%. This will ensure that the cost of excess liquidity normalizes to pre-COVID levels in Q4. The same should cushion spreads ahead; fact that CoF has also declined to 7.78% and expected to decrease further to 7.5% in Q4FY21, spreads should improve
- Operating expenses for Q3FY21 were Rs 13.89bn lower by 9% YoY despite Rs 0.58bn increase in recovery costs. This was due to lower biz volumes, however, Co. is confident of improving cost efficiencies (had guided below 30% C/I earlier) as cost rationalization remains structural and not one-time

- FY22 onwards, the Co. expects loan losses and provisions to revert to pre-COVID-19 levels of 160-170 bps of average assets. Our estimate for now remains at ~220-250bps for FY22.
- Collection efficiencies in bucket 0 was back to pre-COVID levels and in early buckets (1 and 2), it was significantly better than pre-COVID levels. This explains the decline in provisioning for Stage1/2 assets during Q3FY21. Provisioning coverage on stage 1/2 stood at 190 bps as of 31 Dec 2020 v/s 369 bps as of 30 Sept 2020 . This was 90-100 bps during pre-pandemic situation
- Co.'s an overall credit cost estimate of Rs59.25 bn for FY21 stands lower than earlier estimate of Rs60-63bn. Our expectation remains at Rs60bn for FY22
- Stage 1 receivables under resolution plan were Rs20.4bn (Mortgages - Rs9.3bn , unsecured - Rs5.2bn, B2B incl. retailer account - Rs4.07bn and AF - Rs1.79bn) as of 31 Dec 2020 against which the Company is holding a provision of Rs3.97bn
- Adjusted GNPA at 2.86% have seen increase, B2B (urban & rural) saw NNPA increase of 7bps, SME by 48 bps, B2C (urban and rural) by 89 bps and auto finance business by 348. Co. did highlight previous quarter of stress in B2B, auto finance portfolios. Said that, The Co. expects to revert to pre-COVID NNPA by H1 FY22 except auto finance business which may take longer due to underlying collateral value.
- BHFL: During the quarter, BHFL has further increased its provision on stage 1 and 2 assets by Rs0.72bn taking the overall contingency provision to Rs2.92bn as of 31 Dec 2020
- AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 36%: 9%: 13%: 9%: 33% as of 31 Dec 2020

### Conference Call Highlights

- **Loan book:** Core book grew by Rs 80bn during the qtr. Book to grow by Rs. 95 bn in Q4FY21. New loans 6mn vs 7.5 last year same qtr. Co has added medical equipment financing biz this qtr. Tie up with B2B to disburse Rs. 150-180mn per month.
- **Post pandemic:** Urban at 86% and rural above 105% Pre-COVID levels in Q3FY21 in terms of volumes. New origination 20% lower than pre COVID levels.
- **NIM:** Lower on YoY basis on account of higher interest reversal. Q4FY21 to continue similar trends. Improvement is expected from Q1FY22.
- **Liquidity:** has come down from 22% in Q1FY21 to 11.6% in Q2FY21 and it will go down to 7-8% from Q4FY21 (At pre COVID levels).
- **Structural changes:** Co to undergo structural changes by taking it's process from offline to online which will require much less head counts. Co. to build single app eco system. Recd DRA certification. This transition to be completed by Sept'21.



- **Restructuring:** Haven't restructured any loan post 15th Dec'20 and doesn't expect any restructuring going forward.
- **Write off:** Rs.20 bn written off during the qtr. If the probability of repayment is less than 10% or customer hasn't paid any EMI in last 6 months, written off such loans. Auto and 3W saw higher write offs.
- **Asset quality:** Collections from 0,1 and 2 buckets have returned to Pre-Covid levels. Rs. 12bn worth of assets moved from stage 2 to stage 1 during the qtr.
- Bounce rates still remain on a higher side than Pre-Covid levels.
- **Credit card:** Has recd approval from RBI for issuing credit cards partnering with DBS Bank.
- **POS:** Decline in Digital and retail POS due to closing down of retail stores. Will return to normal levels due to Bajaj Pay launch.
- **Bajaj PAY:** PPI for merchant & customers which includes universal QR, Credit card, EMICARD, etc in a single interface.
- Incremental cost of deposits at 6.6%

**Exhibit 11: Slowing growth and elevated credit costs lead to pruning down of FY21/FY22 estimates**

(Rs mn)	Old			Revised			Change in Estimates		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Interest Income	1,76,044	2,18,876	268,437.27	1,71,609	2,05,338	2,48,820	-3%	-6%	-7%
Operating Profit	1,29,337	1,51,244	1,65,836	1,20,267	1,40,402	1,64,840	-7%	-7%	-1%
PAT	48,884	87,814	94,025	44,370	72,515	92,533	-9%	-17%	-2%
EPS (Rs)	81.5	146.4	156.7	74	121	154	-9%	-17%	-2%
<b>Price Target (Rs)</b>		<b>5,491</b>			<b>5,340</b>			<b>=2.8%</b>	
<b>Reco</b>		<b>Accumulate</b>			<b>Accumulate</b>				

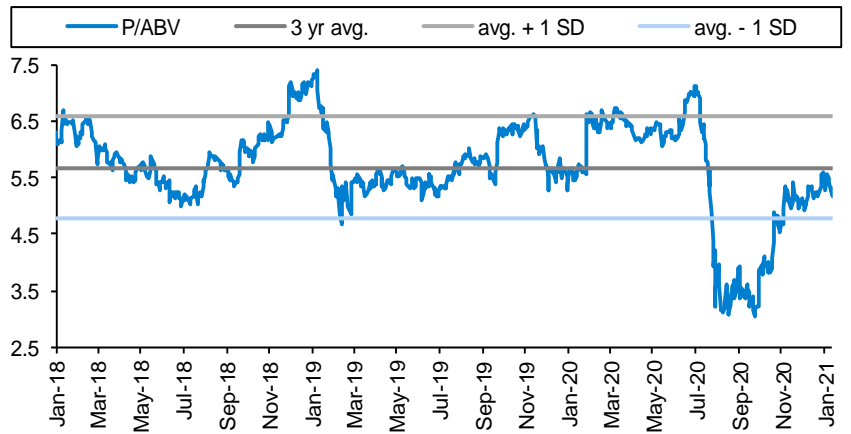
Source: PL

**Exhibit 12: Target price revised marginally shift downwards to 5,340**
**PT calculation and upside**

Fair price - EVA	6,177
Fair price - P/ABV	4,502
<b>Average of the two</b>	<b>5,340</b>
<b>Target P/ABV</b>	<b>6.8</b>
<b>Target P/E</b>	<b>54.8</b>
Current price, Rs	4982
<b>Upside (%)</b>	<b>7%</b>
Dividend yield (%)	1%
<b>Total return (%)</b>	<b>8%</b>

Source: PL

Exhibit 13: BAF should witness slight multiple de-rating in short term



Source: Company, Bloomberg, PL

**Income Statement (Rs. m)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Inc. / Opt. Inc.	2,63,738	2,68,206	3,27,180	3,98,738
Interest Expenses	94,732	96,596	1,21,842	1,49,918
<b>Net interest income</b>	<b>1,69,006</b>	<b>1,71,609</b>	<b>2,05,338</b>	<b>2,48,820</b>
Growth(%)	42.5	1.5	19.7	21.2
Non-interest income	118	(18)	1,372	2,945
Growth(%)	(9.3)	(115.4)	(7,645.7)	114.6
Net operating income	1,69,124	1,71,591	2,06,710	2,51,765
<b>Expenditures</b>				
Employees	25,491	24,223	32,089	42,516
Other Expenses	28,171	23,840	29,948	39,000
Depreciation	2,946	3,260	4,272	5,409
Operating Expenses	56,608	51,324	66,308	86,925
<b>PPP</b>	<b>1,12,516</b>	<b>1,20,267</b>	<b>1,40,402</b>	<b>1,64,840</b>
Growth(%)	46.5	6.9	16.7	17.4
Provisions	39,295	60,357	43,560	41,265
<b>Profit Before Tax</b>	<b>73,221</b>	<b>59,911</b>	<b>96,842</b>	<b>1,23,575</b>
Tax	20,584	15,540	24,327	31,042
Effective Tax rate(%)	28.1	25.9	25.1	25.1
<b>PAT</b>	<b>52,638</b>	<b>44,370</b>	<b>72,515</b>	<b>92,533</b>
Growth(%)	31.8	(15.7)	63.4	27.6

**Balance Sheet (Rs. m)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Source of funds</b>				
Equity	1,200	1,200	1,200	1,200
Reserves and Surplus	3,22,077	3,66,447	4,35,641	5,24,707
Networth	3,23,277	3,67,647	4,36,841	5,25,907
Growth (%)	64.1	13.7	18.8	20.4
Loan funds	12,98,064	13,11,251	16,09,013	19,27,959
Growth (%)	27.8	1.0	22.7	19.8
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	22,574	1,12,976	1,19,787	1,71,656
<b>Total Liabilities</b>	<b>16,43,914</b>	<b>17,91,874</b>	<b>21,65,641</b>	<b>26,25,522</b>
<b>Application of funds</b>				
Net fixed assets	13,210	13,910	15,041	16,534
Advances	14,13,761	15,55,091	18,86,961	23,03,036
Growth (%)	25.7	10.0	21.3	22.0
Investments	1,75,439	74,765	92,108	89,880
Current Assets	13,827	90,620	1,10,848	1,27,604
<b>Net current assets</b>	<b>13,827</b>	<b>90,620</b>	<b>1,10,848</b>	<b>1,27,604</b>
Other Assets	27,677	57,489	60,682	88,469
<b>Total Assets</b>	<b>16,43,914</b>	<b>17,91,874</b>	<b>21,65,641</b>	<b>26,25,522</b>
Growth (%)	32.3	9.0	20.9	21.2
<b>Business Mix</b>				
AUM	14,71,530	15,55,091	18,86,961	23,03,036
Growth (%)	27.0	5.7	21.3	22.0
On Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

**Profitability & Capital (%)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	11.7	10.0	10.4	10.4
ROAA	3.6	2.6	3.7	3.9
ROAE	20.2	12.8	18.0	19.2

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Int. Inc. / Operating Inc.	63,023	57,932	57,631	57,225
Income from securitization	9,243	8,550	7,535	9,337
Interest Expenses	25,474	24,976	23,581	23,627
<b>Net Interest Income</b>	<b>46,792</b>	<b>41,506</b>	<b>41,584</b>	<b>42,934</b>
Growth (%)	38.4	12.5	4.0	(5.2)
Non-Interest Income	43	15	67	24
<b>Net Operating Income</b>	<b>46,834</b>	<b>41,521</b>	<b>41,652</b>	<b>42,958</b>
Growth (%)	38.4	12.4	4.2	(5.3)
Operating expenditure	13,662	10,725	10,878	13,100
<b>PPP</b>	<b>32,320</b>	<b>29,954</b>	<b>30,059</b>	<b>29,062</b>
Growth (%)	109.0	33.7	1.1	5.3
Provision	19,538	16,857	17,004	13,517
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	12,782	13,097	13,055	15,545
Tax	3,301	3,474	3,406	4,085
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.8	26.5	26.1	26.3
<b>PAT</b>	<b>9,481</b>	<b>9,623</b>	<b>9,649</b>	<b>11,460</b>
Growth	(19)	(19)	(36)	(29)
AUM	14,71,530	13,80,550	13,70,900	14,35,500
	0	0	0	0
YoY growth (%)	27.0	7.1	1.1	(1.1)
Borrowing	12,98,060	12,11,200	12,49,000	12,41,620
	0	0	0	0
YoY growth (%)	27.8	8.0	4.2	1.7

**Key Ratios**

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	4,982	4,982	4,982	4,982
EPS (Rs)	89.5	74.0	120.9	154.2
Book value (Rs)	538.8	612.8	728.1	876.6
Adj. BV(Rs)	523.5	587.4	708.1	856.0
P/E(x)	55.7	67.4	41.2	32.3
P/BV(x)	9.2	8.1	6.8	5.7
P/ABV(x)	9.5	8.5	7.0	5.8
DPS (Rs)	4.4	4.6	4.8	5.0
Dividend Payout Ratio(%)	0.0	0.0	0.0	0.0
Dividend Yield(%)	0.1	0.1	0.1	0.1

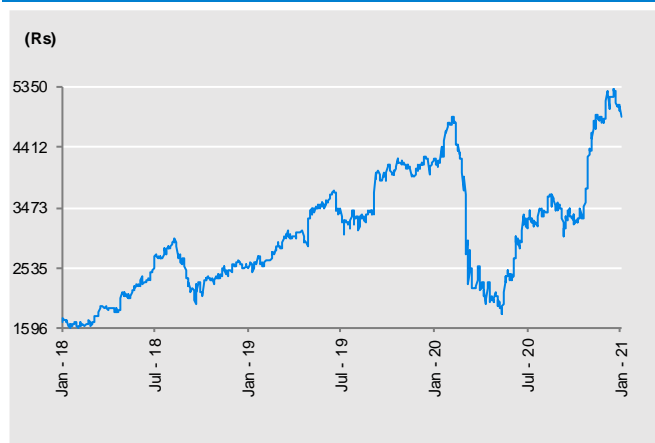
**Asset Quality**

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs(Rs m)	22,762	47,741	50,948	55,273
Net NPA(Rs m)	9,189	15,240	17,926	18,424
Gross NPAs to Gross Adv.(%)	1.6	3.1	2.7	2.4
Net NPAs to net Adv.(%)	0.7	1.0	1.0	0.8
NPA coverage(%)	59.6	68.1	64.8	66.7

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

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	11.7	10.0	10.4	10.4
NII INCl. Securitization	11.7	10.0	10.4	10.4
Total income	11.7	10.0	10.4	10.5
Operating Expenses	3.9	3.0	3.4	3.6
PPOP	7.8	7.0	7.1	6.9
Total Provisions	2.7	3.5	2.2	1.7
RoAA	3.6	2.6	3.7	3.9
Avg. Assets/Avg. net worth	5.5	5.0	4.9	5.0
RoAE	20.2	12.8	18.0	19.2

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	Accumulate	5,491	5,081
2	05-Jan-21	Accumulate	5,491	5,217
3	22-Oct-20	BUY	3,805	3,233
4	12-Oct-20	BUY	3,813	3,317
5	21-Jul-20	BUY	3,815	3,292
6	13-Jul-20	BUY	3,806	3,314
7	20-May-20	BUY	3,000	1,965
8	17-Apr-20	BUY	3,582	2,308
9	29-Jan-20	BUY	5,000	4,419

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Accumulate	5,491	5,081
2	Cholamandalam Investment and Finance Company	BUY	492	431
3	HDFC	Accumulate	2,895	2,653
4	L&T Finance Holdings	Reduce	97	105
5	LIC Housing Finance	Hold	455	442
6	Mahindra & Mahindra Financial Services	Reduce	181	190
7	Manappuram Finance	Accumulate	196	174
8	Muthoot Finance	BUY	1,471	1,283
9	SBI Cards and Payment Services	Accumulate	1,081	964
10	Shriram Transport Finance	Accumulate	1,387	1,300

**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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