

June 29, 2021

Company Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	1,700		1,486	
NII (Rs.)	83,266	98,590	79,402	89,569
% Chng.	4.9	10.1		
PPoP (Rs.)	61,761	70,880	60,254	65,767
% Chng.	2.5	7.8		
EPS (Rs.)	110.4	127.5	109.9	119.8
% Chng.	0.5	6.4		

Key Financials - Standalone

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Int.Inc. (Rs m)	57,735	66,361	83,266	98,590
Growth (%)	27.7	14.9	25.5	18.4
Op. Profit (Rs m)	41,531	51,015	61,761	70,880
PAT (Rs m)	30,183	37,222	44,293	51,148
EPS (Rs.)	75.3	92.8	110.4	127.5
Gr. (%)	52.9	23.3	19.0	15.5
DPS (Rs.)	15.0	20.0	15.0	16.0
Yield (%)	1.0	1.3	1.0	1.1
Margin (%)	14.9	14.0	14.6	14.7
RoAE (%)	28.3	24.4	23.4	21.9
RoAA (%)	6.8	6.5	6.5	6.3
PE (x)	19.8	16.1	13.5	11.7
P/BV (x)	5.2	3.9	3.2	2.6
P/ABV (x)	5.2	4.0	3.3	2.6

Key Data

MUTT.BO | MUTH IN

52-W High / Low	Rs.1,551 / Rs.1,000
Sensex / Nifty	52,736 / 15,815
Market Cap	Rs.598bn / \$ 8,057m
Shares Outstanding	401m
3M Avg. Daily Value	Rs.4139.93m

Shareholding Pattern (%)

Promoter's	73.40
Foreign	15.11
Domestic Institution	6.99
Public & Others	4.50
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	17.7	22.3	36.7
Relative	14.7	9.8	(8.8)

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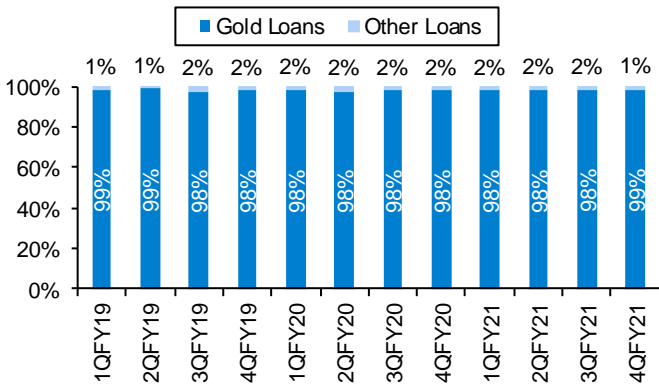
In top gear

We reiterate 'BUY' rating on MUTH and tweak our core book multiple higher to 3x PABV FY23E (earlier 2.7x) arriving at SOTP price target of Rs1,700 (standalone: Rs1,686, subsidiary: Rs14) (earlier Rs1,486). We have revised our estimates higher for NII by 10% and EPS by 6% for FY23. We expect rich return profile (6.3-6.5%:RoA, 22-23%:RoE) over FY22-23 led by; (a) the recent long term ratings upgrade resulting into reduction in cost of funds (we factor 40bps reduction in FY22) (b) healthy 18% AUM CAGR, steady customer accretion (sustainable 5%YoY growth), (d) superior asset quality (<1.5% GNPA, auctions at <0.5%). MUTH remains our top pick in the NBFC space.

- Customer accretion & branch productivity to drive 18% loan CAGR:** We expect MUTH to clock 18% loan CAGR over FY21-23 led by healthy customer accretion and branch productivity defying gold price and tonnage movement volatility. Continued customer addition buoyed by fresh loans to dormant (315bps YoY increase in FY21) and existing customers (31bps increase YoY) aided healthy growth in gold business for FY21 (27% YoY). MUTH maintains superior productivity v/s MGFL with AUM/branch at Rs104mn v/s Rs61mn for MGFL and AUM/employee at Rs15mn v/s Rs10mn for MGFL as at FY21-end. Barring certain aberrations in Q1FY22 due to stringent lockdowns, MUTH's business visibility remains intact with emphasis on aggressive marketing/sales initiatives for new and dormant customer acquisition.
- Ratings upgrade to prove margin accretive:** Co.'s recent ratings upgrade to AA+ from CRISIL/ICRA should bode well in abatement of high legacy funding costs. Given high on B/S liquidity (11% of total assets), robust Tier I (26%) and impeccable asset quality (1-2% NPAs, 0.02% write-offs), Co. stands eligible for much superior credit rating. Therefore, funding costs improvement stands imminent; we factor 40bps decline in CoF in FY22.
- Best-in-class asset quality with zilch losses on delinquent assets:** MUTH's rich asset quality can be attributed to (a) 90% collateralized gold loan focused business, (b) 60%-65% of gold loan repayments within 6 months, (c) 25-30% margin of safety on gold loans and therefore (d) lower auctions (0.3% of loans) and higher recoverability (e) 94% realized auction value. Defying pandemic challenges, Q4FY21 saw 0.9% GNPA's (down from 2% a year ago), steady-state 1.2% ECL provisions besides Rs3bn excess provisioning in books and write-offs at mere 0.02%. While non-gold share forms mere 10% of the overall business, the do not stand overtly worried on asset quality. Against this backdrop, we prune down our NPA estimates to 1.5%/1.2%/1.1% (earlier 2.1%/2.0%) over FY22/FY23/FY24E.
- Valuation multiple re-rating imminent; MUTH remains our top pick:** MUTH's ability to maintain growth (18% CAGR) despite underlying asset price fluctuations, anticipated margin accretion (56bps addition in FY22) plus industry's lowest credit costs (0.45%/0.4%/0.3%) should augur well for its return profile (6.3%-6.5% RoA/22%-23% RoE) over FY22-23. **Given high on B/S liquidity (11% of total assets), robust Tier I (26%) and impeccable asset quality (1-2% NPAs, 0.02% write-offs), MUTH remains our top pick.**

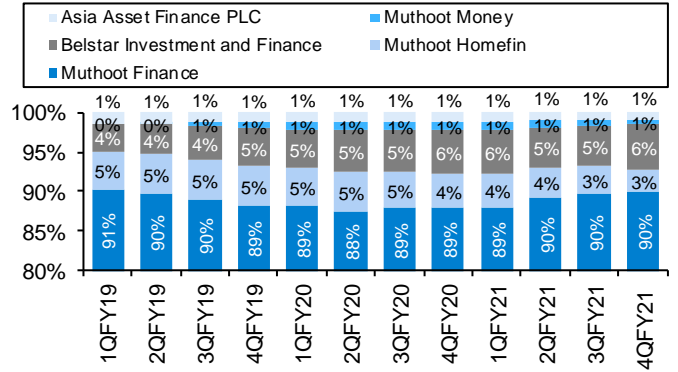
MUTH'S Quarterly trends in nutshell

Exhibit 1: Stable AUM Mix...



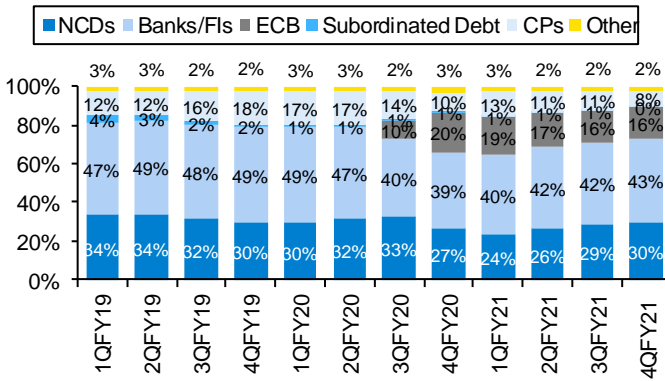
Source: Company, PL

Exhibit 2: ...Tilting towards high yielding, collateralized gold



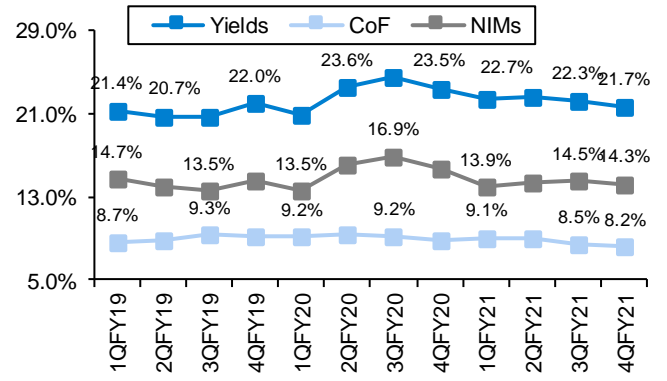
Source: Company, PL

Exhibit 3: Borrowings tilting towards long term money



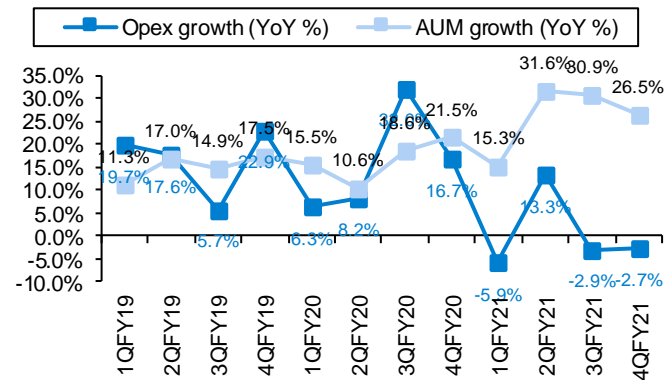
Source: Company, PL

Exhibit 4: Improvement in NIMs QoQ continues



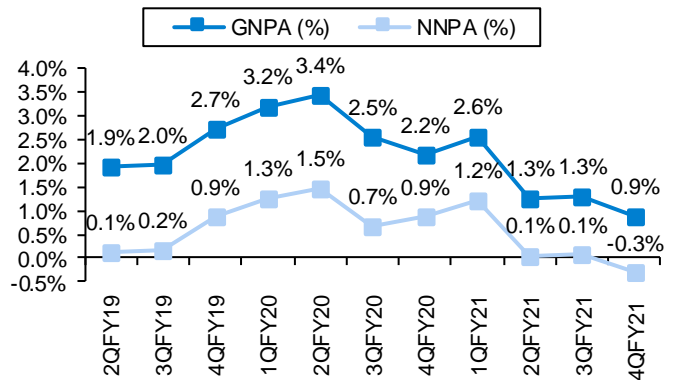
Source: Company, PL

Exhibit 5: Operating leverage at play

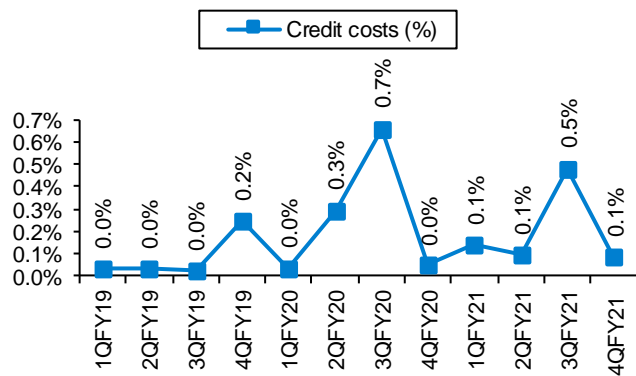


Source: Company, PL

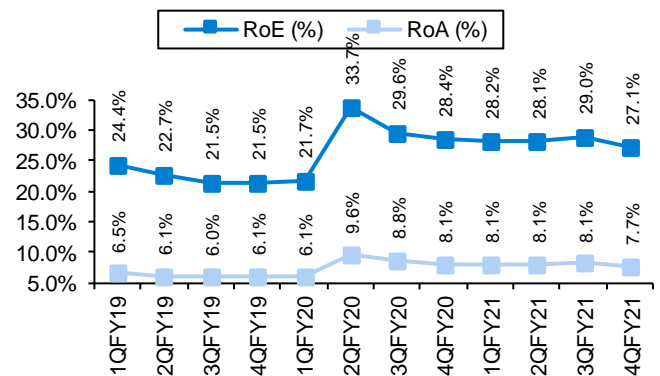
Exhibit 6: Sharp improvement in asset quality in Q4FY21



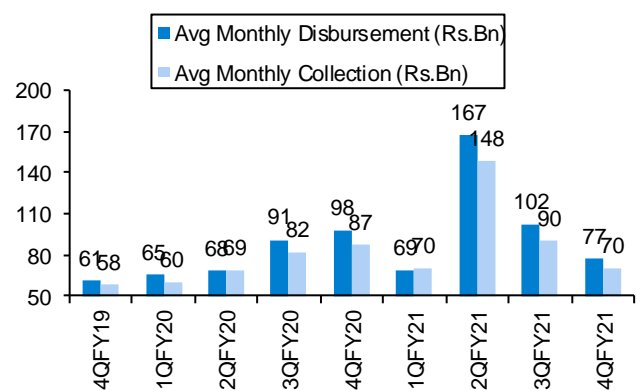
Source: Company, PL

Exhibit 7: Credit costs have been trending lower


Source: Company, PL

Exhibit 8: Rich return profile


Source: Company, PL

Exhibit 9: Disbursements, collections slightly weaker


Source: Company, PL

Exhibit 10: Steady Customer traction over past 2 years

	No. of active customers	QoQ (%)
4QFY19	4,721,243	
Q1FY20	4,851,024	2.7%
Q2FY20	4,857,129	0.1%
Q3FY20	4,895,029	0.8%
Q4FY20	4,933,886	0.8%
Q1FY21	4,745,491	-3.8%
Q2FY21	4,828,505	1.7%
Q3FY21	5,015,666	4.0%
Q4FY21	5,190,220	4.0%

Source: Company, PL

Exhibit 11: Increase in loans to inactive customers

Fresh Loans	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Customers (mn)	1.5	1.6	1.5	1.6	1.4	0.7	1.4	1.5	1.5
Fresh Loan to Inactive Customers									
No. of customers	0.4	0.4	0.4	0.4	0.4	0.2	0.4	0.4	0.4
% of customers	8%	9%	8%	8%	7%	4%	8%	9%	9%
Fresh Loan to New Customers									
No. of customers	0.4	0.4	0.3	0.4	0.3	0.2	0.4	0.4	0.4
% of customers	8%	8%	7%	8%	7%	3%	8%	8%	8%
Fresh loan With new collateral to existing customers									
No. of customers	0.8	0.8	0.8	0.8	0.7	0.4	0.6	0.7	0.7
% of customers	17%	17%	16%	16%	14%	8%	13%	14%	14%
Customer mix(%)									
Fresh Loan to Inactive Customers	25.0%	25.2%	24.3%	25.4%	25.1%	26.1%	27.3%	28.3%	28.3%
Fresh Loan to New Customers	23.7%	23.5%	23.0%	23.8%	24.7%	22.5%	28.2%	25.1%	25.0%
Fresh loan With new collateral to existing customers	51.3%	51.3%	52.8%	50.8%	50.1%	51.4%	44.5%	46.6%	46.5%

Source: Company, PL

Exhibit 12: Industry lowest NPA profile; write-offs too stand lower

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Stage 3 Assets	9,769	8,992	10,553	5,920	6,568	4,641
Stage 3 Assets (%)	2.5%	2.2%	2.6%	1.3%	1.3%	0.9%
ECL Provision on Gross Loan Assets	7,178	5,427	5,538	5,636	6,208	6,257
ECL Provision as % of Gross Loan Assets	1.9%	1.3%	1.3%	1.2%	1.2%	1.2%
Excess Provision outstanding in books	1,199	2,954	2,954	2,954	2,954	2,954
Bad Debts Written Off	329	131	28	10	27	53
As a % of Gross loan assets	0.09%	0.00%	0.01%	0.00%	0.01%	0.01%

Source: Company, PL

Exhibit 13: Improved credit rating bodes well for funding costs ahead

Long term Credit Rating	Q1FY20		Q2FY20		Q3FY20		Q4FY20		Q1FY21		Q2FY21		Q3FY21		Q4FY21	
	CRISIL	ICRA	CRISIL	ICRA	CRISIL	ICRA	CRISIL	ICRA	CRISIL	ICRA	CRISIL	ICRA	CRISIL	ICRA	CRISIL	ICRA
Subordinated Debt	AA/ Positive	AA (Stable)	AA (Stable)	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA+ (Stable)	AA+ (Stable)
Non Convertible Debenture	AA/ Positive	AA (Stable)	AA (Stable)	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA/ Positive	AA (Stable)	AA+ (Stable)	AA+ (Stable)
Bank Loans	-	AA (Stable)		AA (Stable)		AA (Stable)		AA (Stable)		AA (Stable)		AA (Stable)		AA (Stable)		AA+ (Stable)

Source: Company, PL

Exhibit 14: Auction trends continue to decline

Auction Details	FY17	FY18	FY19	FY20
Loan Accounts ('000)	255852	540858	367087	202230
<i>Y-O-Y Growth</i>		111%	-32%	-45%
O/s dues (Rs mn)	12994	27168	15185	9132
<i>Y-O-Y Growth</i>		109%	-44%	-40%
Amt realised on auction of gold (Rs mn)	11847	25177	14000	8548
<i>Y-O-Y Growth</i>		113%	-44%	-39%

Source: Company, PL

Exhibit 15: Target Price revised to Rs. 1,700 (earlier: Rs1,486); Reiterate BUY

SoTP metrics	% share in overall business	Multiple Mar'23 (x)	Per share (Rs)
MUTHOOT FINANCE	90%	3.0	1686
HOME FINANCE	3%	0.3	3
BELSTAR MICRO	5%	0.7	15
MUTHOOT MONEY	1%	0.1	0
ASIA ASSET (SRILANKA)	1%	0.1	0
Total value of ventures			18
Less: 20% holding discount			3.59
Value of Key ventures			14
Target price (Rs)			1,700
CMP (Rs)			1,485
<i>Upside (%)</i>			24.6%

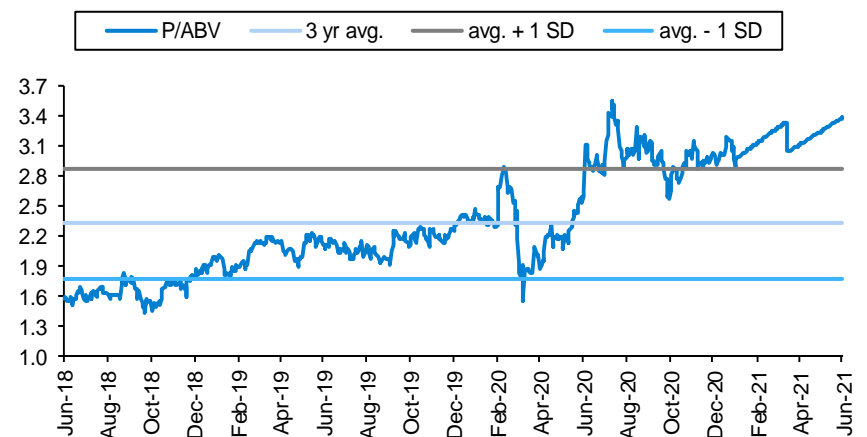
Source: Company, PL

Exhibit 16: Marginal upward revision in estimates factoring better NIMs, lower NPA

Rs mn	Old			Revised			Change in Estimates		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Interest Income	67,078	79,402	89,569	66,361	83,266	98,590	-1.1%	4.9%	10.1%
Operating Profit	51,431	60,254	65,767	51,015	61,761	70,880	-0.8%	2.5%	7.8%
Net Profit	37,689	44,056	48,041	37,222	44,293	51,148	-1.2%	0.5%	6.5%
EPS (Rs)	94.0	109.9	119.8	92.8	110.4	127.5	-1.3%	0.5%	6.4%
Price Target (Rs)		1,486			1,700			14%	
Reco		BUY			BUY				

Source: Company, PL

Exhibit 17: Further valuation multiple re-rating imminent



Source: Company, PL

MUTH'S superiority over competition

Exhibit 18: AUM traction remains healthier for MUTH irrespective of gold price and tonnage volatility

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Gold Price per grm (Rs)	862	1,100	1,232	1,550	1,858	2,492	2,908	2,637	2,483	2,437	2,705	2,708	3,050	4,332	4,401	3,967	3,808
YoY Growth		27.5%	12.0%	25.9%	19.9%	34.1%	16.7%	-9.3%	-5.8%	-1.9%	11.0%	0.1%	12.6%	42.0%	1.6%	-2.0%	-4.0%
MUTH																	
Gold AUM (Rs bn)	14	22	33	73	157	244	260	216	233	243	272	288	336	408	519	584	722
YoY Growth		53.4%	51.5%	122.5%	114.2%	55.2%	6.5%	-16.9%	8.0%	4.2%	11.9%	6.0%	16.4%	21.4%	27.4%	12.5%	23.6%
Gold Holdings (in tonnes)	23	30	39	65	112	137	134	118	131	142	149	155	169	176	171	201	197
YoY Growth		30.4%	30.0%	66.7%	72.3%	22.3%	-2.2%	-11.9%	11.0%	8.4%	4.9%	4.0%	9.0%	4.1%	-2.8%	17.6%	-1.9%
MGFL																	
Gold AUM (Rs bn)	4	6	10	26	64	96	99	82	92	101	111	117	130	170	191	219	259
YoY Growth		51.6%	70.6%	165.3%	143.3%	51.0%	3.4%	-18.0%	13.0%	9.4%	10.4%	5.5%	10.4%	30.9%	12.4%	15.0%	18.0%
Gold Holdings (in tonnes)					53	66	51	46	53	60	61	64	68	72	65	73	NA
YoY Growth						23.8%	-21.5%	-11.4%	16.5%	12.2%	2.5%	4.7%	5.5%	7.3%	-9.8%	11.5%	NA

Source: Company, PL

Exhibit 19: MUTH garners 3x of higher gold business of MGFL's

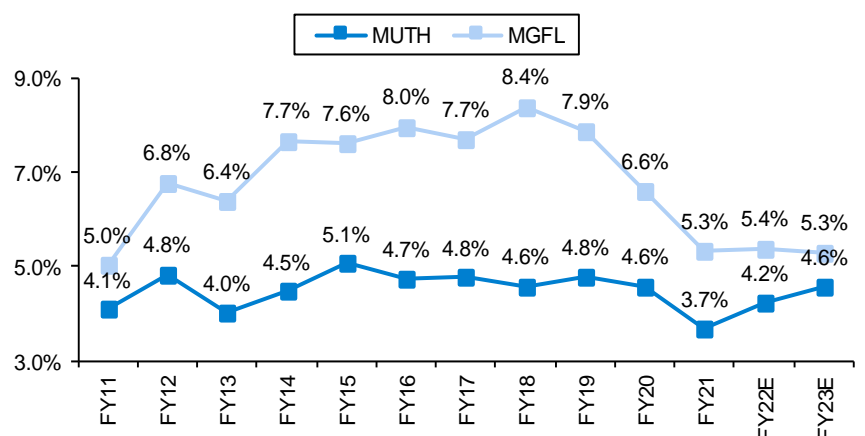
MUTH	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Branch (Units)	2,733	3,678	4,082	4,270	4,245	4,275	4,307	4,325	4,480	4,567	4,632	4,857	4,872
YoY Growth		34.6%	11.0%	4.6%	-0.6%	0.7%	0.7%	0.4%	3.6%	1.9%	1.4%	4.9%	0.3%
Gold Holding/Branch (Kg)	41	37	33	28	31	33	35	36	38	39	37	41	41
YoY Growth		-9.1%	-11.9%	-15.8%	11.7%	7.6%	4.1%	3.6%	5.3%	2.2%	-4.2%	12.1%	-2.2%
Gold AUM per Branch (Rs mn)	58	64	64	51	55	57	63	67	75	89	88	107	120
YoY Growth		10.7%	0.0%	-20.5%	8.7%	3.5%	11.0%	5.5%	12.4%	19.1%	-1.4%	21.5%	12.1%

Source: Company, PL

Exhibit 20: MUTH maintains core book focus vs peer ensuring limited asset quality worries

Loan Mix	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
MUTH													
Gold	99.1%	99.0%	98.5%	98.9%	99.7%	99.8%	99.8%	90.4%	87.7%	87.0%	88.1%	88.0%	87.9%
Non Gold	0.9%	1.0%	1.5%	1.1%	0.3%	0.2%	0.2%	9.6%	12.3%	13.0%	11.9%	12.0%	12.1%
MGFL													
Gold	84.3%	82.7%	99.9%	99.9%	96.6%	88.2%	81.5%	74.4%	66.7%	67.3%	70.1%	70.9%	71.1%
Non Gold	15.7%	17.3%	0.1%	0.1%	3.4%	11.8%	18.5%	25.6%	33.3%	32.7%	29.9%	29.1%	28.9%

Source: Company, PL

Exhibit 21: MUTH exhibits lower opex-assets vs peer


Source: Company, PL

Exhibit 22: Branch/employee productivity stands superior for MUTH vs MGFL

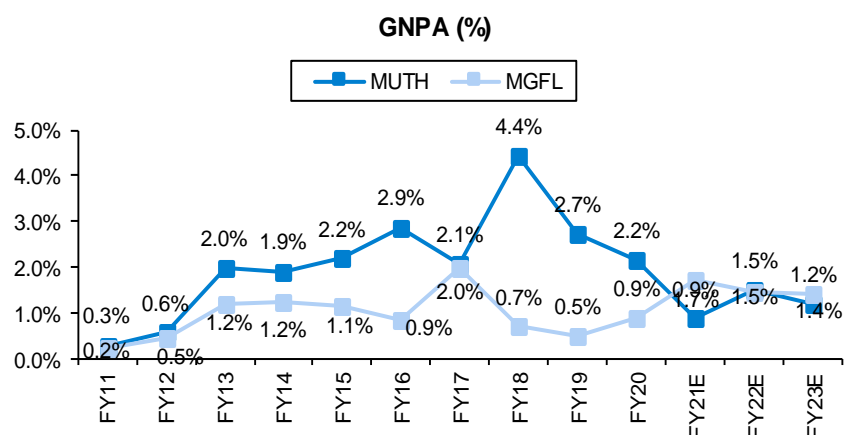
MUTH	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Employees / Branch	6.1	6.9	6.1	5.9	5.4	5.3	5.6	5.4	5.4	5.6	5.7	5.6	5.7
Average AUM / Branch (Rs Mn)	43.2	45.2	58.8	56.8	53.6	56.2	60.9	66.4	71.9	84.9	104.3	117.6	137.9
Average AUM / Employee (Rs Mn)	7.1	6.6	9.6	9.7	10.0	10.5	10.8	12.3	13.3	15.2	18.3	21.0	24.2
Average Salary / Employee (Rs Mn)	0.13	0.16	0.22	0.24	0.28	0.28	0.32	0.33	0.37	0.40	0.39	0.37	0.47
MGFL	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Employees / Branch	8.1	7.5	5.5	5.1	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Average AUM / Branch (Rs Mn)	36.6	33.0	32.8	27.5	25.8	28.6	30.2	35.1	40.5	47.9	57.4	65.2	71.9
Average AUM / Employee (Rs Mn)	4.5	4.4	5.9	5.4	5.6	6.3	6.6	5.9	6.9	10.1	14.8	11.7	15.2
Average Salary / Employee (Rs Mn)	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.5	0.4	0.5

Source: Company, PL

Exhibit 23: Lowering auctions and auction losses contained delinquencies

Auction Details	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Accounts Auctioned (units in mn)	0.71	0.65	0.91	0.26	0.54	0.37	0.20
<i>YoY Growth</i>		-9%	40%	-72%	111%	-32%	-45%
O/S Dues of these accounts (Rs bn)	37.35	32.04	46.91	12.99	27.17	15.18	9.13
<i>YoY Growth</i>		-14%	46%	-72%	109%	-44%	-40%
Amt Realised (Rs bn)	34.29	27.88	38.80	11.85	25.18	14.00	8.55
<i>YoY Growth</i>		-19%	39%	-69%	113%	-44%	-39%
Auction Losses (Rs bn)	3.05	4.16	8.11	1.15	1.99	1.18	0.58
<i>YoY Growth</i>		36%	95%	-86%	74%	-41%	-51%
Auction losses per account (Rs)	4.3	6.42	8.96	4.48	3.68	3.23	2.89
<i>YoY Growth</i>		50%	39%	-50%	-18%	-12%	-10%

Source: Company, PL

Exhibit 24: Historically asset quality trends stand better for MUTH than MGFL


Source: Company,

Income Statement (Rs. m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Int. Inc. / Opt. Inc.	85,644	103,285	124,532	147,117
Interest Expenses	27,909	36,924	41,266	48,527
Net interest income	57,735	66,361	83,266	98,590
Growth(%)	27.7	14.9	25.5	18.4
Non-interest income	1,584	2,458	2,704	2,975
Growth(%)	28.1	55.2	10.0	10.0
Net operating income	59,319	68,819	85,970	101,564
Expenditures				
Employees	10,290	10,063	13,081	15,698
Other Expenses	7,067	7,235	10,418	14,064
Depreciation	431	507	710	923
Operating Expenses	17,356	17,297	23,499	29,762
PPP	41,531	51,015	61,761	70,880
Growth(%)	33.8	22.8	21.1	14.8
Provisions	957	950	2,569	2,527
Profit Before Tax	40,574	50,065	59,192	68,353
Tax	10,391	12,843	14,899	17,204
Effective Tax rate(%)	25.6	25.7	25.2	25.2
PAT	30,183	37,222	44,293	51,148
Growth(%)	53.0	23.3	19.0	15.5

Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Source of funds				
Equity	4,010	4,012	4,012	4,012
Reserves and Surplus	111,708	148,377	185,653	229,317
Networth	115,718	152,389	189,665	233,329
Growth (%)	18.2	31.7	24.5	23.0
Loan funds	371,300	459,463	511,499	630,317
Growth (%)	38.4	23.7	11.3	23.2
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	7,342	10,662	12,455	15,327
Other Liabilities	10,236	12,135	19,469	20,406
Total Liabilities	504,597	634,649	733,088	899,379
Application of funds				
Net fixed assets	2,565	2,854	3,855	3,924
Advances	426,042	540,634	601,863	741,672
Growth (%)	22.0	26.9	11.3	23.2
Investments	14,383	15,903	18,129	26,287
Current Assets	61,606	74,972	109,242	127,496
Net current assets	54,264	64,309	96,787	112,168
Other Assets	-	286	-	-
Total Assets	504,596	634,649	733,088	899,379
Growth (%)	32.5	25.8	15.5	22.7
Business Mix				
AUM	416,106	528,486	594,572	734,712
Growth (%)	21.5	27.0	12.5	23.6
On Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

Profitability & Capital (%)

Y/e Mar	FY20	FY21	FY22E	FY23E
NIM	14.9	14.0	14.6	14.7
ROAA	6.8	6.5	6.5	6.3
ROAE	28.3	24.4	23.4	21.9

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Int. Inc. / Operating Inc.	23,160	25,066	27,168	27,891
Income from securitization	-	-	-	-
Interest Expenses	8,715	9,241	9,455	9,513
Net Interest Income	14,445	15,825	17,713	18,378
Growth (%)	21.8	10.2	12.7	16.3
Non-Interest Income	694	779	596	390
Net Operating Income	15,139	16,603	18,309	18,768
Growth (%)	24.4	12.9	13.6	15.0
Operating expenditure	3,738	4,496	4,410	5,160
PPP	11,401	12,107	13,900	13,608
Growth (%)	-	-	-	-
Provision	146	107	585	111
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	11,255	12,000	13,314	13,496
Tax	2,847	3,056	3,401	3,540
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.3	25.5	25.5	26.2
PAT	8,408	8,944	9,914	9,957
Growth	59	4	22	22
AUM	412,957	470,163	503,907	526,223
YoY growth (%)	15.3	31.6	30.9	26.5
Borrowing	387,839	421,571	464,732	459,462
YoY growth (%)	38.2	48.4	43.0	23.7

Key Ratios

Y/e Mar	FY20	FY21	FY22E	FY23E
CMP (Rs)	1,490	1,490	1,490	1,490
EPS (Rs)	75.3	92.8	110.4	127.5
Book value (Rs)	288.5	379.8	472.7	581.6
Adj. BV(Rs)	286.2	370.6	455.3	564.3
P/E(x)	19.8	16.1	13.5	11.7
P/BV(x)	5.2	3.9	3.2	2.6
P/ABV(x)	5.2	4.0	3.3	2.6
DPS (Rs)	15.0	20.0	15.0	16.0
Dividend Payout Ratio(%)	-	-	-	-
Dividend Yield(%)	1.0	1.3	1.0	1.1

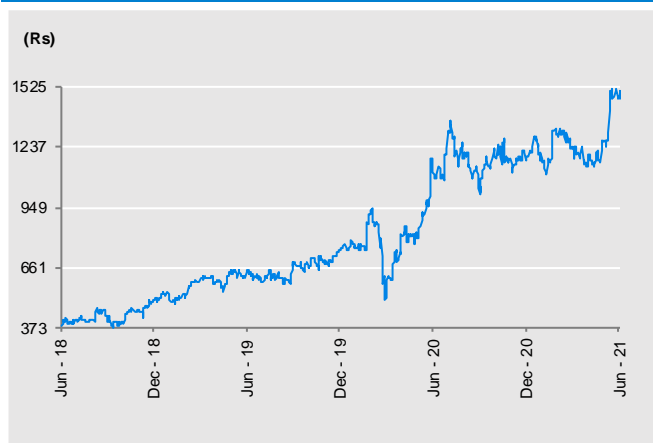
Asset Quality

Y/e Mar	FY20	FY21	FY22E	FY23E
Gross NPAs(Rs m)	8,992	4,641	8,760	8,664
Net NPA(Rs m)	8,036	3,691	7,008	6,931
Gross NPAs to Gross Adv.(%)	2.2	0.9	1.5	1.2
Net NPAs to net Adv.(%)	1.9	0.7	1.2	0.9
NPA coverage(%)	10.6	20.5	20.0	20.0

Du-Pont as a % of AUM

Y/e Mar	FY20	FY21	FY22E	FY23E
NII	13.9	12.6	14.0	13.4
NII INCI. Securitization	13.9	12.6	14.0	13.4
Total income	14.3	13.0	14.5	13.8
Operating Expenses	4.2	3.3	4.0	4.1
PPOP	10.1	9.8	10.5	9.8
Total Provisions	0.2	0.2	0.4	0.3
RoAA	6.8	6.5	6.5	6.3
Avg. Assets/Avg. net worth	4.4	4.2	3.9	3.9
RoAE	28.3	24.4	23.4	21.9

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	6-Apr-21	BUY	1,486	1,184
2	9-Feb-21	BUY	1,479	1,187
3	11-Jan-21	BUY	1,471	1,283
4	1-Dec-20	BUY	1,364	1,152

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Accumulate	5,315	4,865
2	Cholamandalam Investment and Finance Company	BUY	619	554
3	HDFC	BUY	3,094	2,497
4	L&T Finance Holdings	Reduce	88	87
5	LIC Housing Finance	Hold	471	495
6	Mahindra & Mahindra Financial Services	Sell	153	179
7	Manappuram Finance	Accumulate	187	161
8	Muthoot Finance	BUY	1,486	1,184
9	SBI Cards and Payment Services	Accumulate	1,018	919
10	Shriram Transport Finance	Accumulate	1,473	1,345

PL's Recommendation Nomenclature (Absolute Performance)

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

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