

April 27, 2021

## Q4FY21 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,018		1,080	
NII (Rs.)	39,827	51,191	49,877	58,233
% Chng.	(20.1)	(12.1)		
PPoP (Rs.)	42,683	48,689	44,450	45,266
% Chng.	(4.0)	7.6		
EPS (Rs.)	19.4	24.5	21.2	26.0
% Chng.	(8.3)	(5.8)		

### Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Int.Inc. (Rs m)	35,404	38,843	39,827	51,191
Growth (%)	38.0	9.7	2.5	28.5
Op. Profit (Rs m)	36,699	39,623	42,683	48,689
PAT (Rs m)	12,448	9,845	18,267	23,041
EPS (Rs.)	13.3	10.5	19.4	24.5
Gr. (%)	28.3	(21.0)	85.5	26.1
DPS (Rs.)	1.0	-	2.3	3.1
Yield (%)	0.1	-	0.2	0.3
Margin (%)	15.6	14.8	13.0	13.9
RoAE (%)	27.9	16.9	25.7	25.9
RoAA (%)	5.5	3.8	5.9	6.2
PE (x)	69.3	87.8	47.3	37.5
P/BV (x)	16.2	13.7	10.9	8.7
P/ABV (x)	16.7	14.3	11.3	8.9

### Key Data

SBIC.BO | SBICARD IN

52-W High / Low	Rs.1,149 / Rs.495
Sensex / Nifty	48,387 / 14,485
Market Cap	Rs.865bn/ \$ 11,571m
Shares Outstanding	941m
3M Avg. Daily Value	Rs.4997.86m

### Shareholding Pattern (%)

Promoter's	69.40
Foreign	8.62
Domestic Institution	5.97
Public & Others	16.01
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.9)	15.8	64.8
Relative	(1.6)	(3.9)	6.7

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## Risk-reward turns favourable

Quick Pointers:

- Monitorable asset pool: RBI RE: Rs19bn + NPAs Rs13bn

**SBICARD's Q4FY21 earnings stood mixed as business cyclicality dampened spends traction but asset quality held up. Asset quality continues to show signs of improvement in the nature of 1) mere 48bps spike in GNPA's at 4.99% for Q4FY21 as against our expectations of 5.7%. 2) perceivably stressed book declines from 13.8% in Q3FY21 to 12.6% in Q4FY21 3) RBI RE book at Rs19bn (7.6% of overall receivables) stood down 19% QoQ 4) 36% of RBI RE book (Rs6.9bn) carry 80% provision cover and has already slipped into NPA 5) 51% of RBI RE book exhibiting >2 EMI repayments 6) recoveries surged 10% QoQ; write-offs stood up. Business stood sluggish on account of 1) seasonality impacting spends that declined 4.9%QoQ 2) Flattish EMI book dampening yields as Co. chose to stay conservative on certain long tenure products as also spends conversion into EMI at POS come with a lag 3) continued sluggish travel spends. Said that, retail spends at Rs300bn stood stable QoQ.**

**Going forward, with adequate provisioning (77%+ PCR/6%+ECL), incremental customer sourcing from banca channel and pick-up in POS and online spends (52% of total) both supported by digital channels should restrict the impact of second wave. However, Management conservatism and spillover of second wave impact to H1FY22 prompt us to tweak NII lower (20%/12 than previous estimates) and provisions higher (7%/5% vs earlier 4%) over FY22-23. Against this backdrop, we our EPS estimates stand lower by 8%/6% over FY22/23E. Rich return profile remains intact at 6%+RoA/26%RoE. Therefore, at 37xPE FY23E, risk-reward has turned favorable for SBIC, reiterate Accumulate for a price target of Rs 1,018 (earlier Rs1080) at 41.5x PE Mar'23E.**

**Business seasonality dent spends:** NII at Rs9.1bn de-grew 9%QoQ/18%YoY as high yielding revolver/EMI book stood flat. With business normalizing, Management expects reduction in RBI RE portfolio with incremental quality book shifting to higher yielding mix. Spends grew by 11% YoY but declined 5%QoQ on account of 1) Seasonality that led to spends declining 4.9%QoQ in Q4FY21 2) EMI book stood flattish dampening yields as Co. chose to stay conservative on certain long tenure products as also spends conversion into EMI at POS come with a lag 3) continued sluggish travel spends. CIF momentum stood maintained at 12%YoY/3%QoQ growth led by new-to-credit acquisition climbing to 38% (Q4FY21) from 29% (Q4FY20) led by banca channel (52%) and higher retail spends. Going forward, we expect CIF to grow at ~15%/19% YoY and spends at ~19%YoY over FY22-FY23.

**Adequate provisioning to control asset quality ahead:** Asset quality continues to show signs of improvement in the nature of 1) mere 48bps spike in GNPA's at 4.99% for Q4FY21 as against our expectations of 5.7%. 2) stress book declines from 13.8% (Q3FY21) to 12.6% (Q4FY21) 3) worrisome RBI RE book at Rs19bn (7.6% of overall receivables) stood down 19% QoQ 4) 36% of RBI RE book (Rs6.9bn) carry 80% provision cover and has already slipped into NPA 5) 51% of RBI RE book is already exhibiting >2 EMI repayments. 6) recoveries surged 10% QoQ; write-offs stood up. Therefore, we tweak our credit costs estimates higher to more than 7% and maintain NPA forecasts at ~4% over FY22-23E.

PAT at Rs1.75bn missed our estimates [PLe: Rs2.9bn] due to lower NII and marginally higher provisions

NII de-grew 9%QoQ/18%YoY to Rs8.3bn standing below our estimates [PLe of Rs10.9bn] as receivables book stood flat with high yielding revolver and EMI book standing stable QoQ

Said that, new customer addition at 2.9% increase QoQ stood decent, in absolute terms SBICARD added 0.3mn units Q4FY21, marginally lower than our expectations

Receivables book at Rs251bn stood flattish QoQ marring NII momentum but grew 4% YoY.

Other income stood decent at Rs13.9bn although marginally below our estimates [vs PLe: Rs14.5bn] due to sluggishness in spends income (declined 4.9%QoQ)

QoQ opex stood flattish at Rs13.5bn [PLe: Rs15.7bn]

PPoP at Rs8.8bn stood lower [ vs. PLe of Rs9.7bn] de-growing 6%QoQ/8%YoY

Provisions at Rs6.4bn stood marginally higher than our estimates of Rs5.8bn but decline in %age terms (-0.8%QoQ/-23.3%YoY). Credit costs at 10% stood stable QoQ and on expected lines. Total (cumulative) management overlay as on FY21 stood at Rs 2970mn (1.2% of AUM).

NPA at 4.99% stood lower than our estimates [PLe: 5.7%] vs 4.5% in Q3FY21.

**Exhibit 1: Sluggish spends and higher provisions dent PAT**

Y/e March	Q4FY21	Q4FY20	YoY gr.	Q3FY21	QoQ gr.
Interest Income	10,721	13,482	-20.5%	11,681	-8.2%
Interest Expenses	2,437	3,344	-27.1%	2,609	-6.6%
<b>Net Interest Income</b>	<b>8,284</b>	<b>10,138</b>	<b>-18.3%</b>	<b>9,071</b>	<b>-8.7%</b>
Other Income	13,961	11,621	20.1%	13,717	1.8%
Total Income	<b>22,245</b>	<b>21,759</b>	<b>2.2%</b>	<b>22,788</b>	<b>-2.4%</b>
Total Operating Expenses	13,469	12,257	9.9%	13,477	-0.1%
<b>Operating Profit (PPP)</b>	<b>8,776</b>	<b>9,502</b>	<b>-7.6%</b>	<b>9,311</b>	<b>-5.7%</b>
Provisions & Write Offs	6,432	8,382	-23.3%	6,483	-0.8%
<b>PBT</b>	<b>2,344</b>	<b>1,120</b>	<b>109.2%</b>	<b>2,829</b>	<b>-17.1%</b>
Tax Expense	590	285	106.6%	732	-19.4%
<b>Reported Profit</b>	<b>1,754</b>	<b>835</b>	<b>110.1%</b>	<b>2,097</b>	<b>-16.3%</b>
<b>Asset Quality</b>					
Gross NPAs	12,532	4,852	158.3%	11,613	7.9%
Net NPAs	2,888	1,592	81.5%	4,068	-29.0%
Gross NPA (%)	4.99%	2.01%	298	4.51%	48
Net NPA (%)	1.15%	0.7%	49	1.58%	-43
Yields	18.6%	21.3%	-270	21.4%	-280
CoF	6.1%	7.6%	-150	6.6%	-50
NIM %	14.5%	15.5%	-100	17.0%	-250
Cost to Income	59.1%	56.7%	240	49.3%	980
ROE %	3.3%	6.9%	-360	3.4%	-10
ROA %	13.8%	37.7%	-2390	14.1%	-30
Cards Outstanding (Units mn)	11.82	10.55	12.1%	11.49	2.9%
Total spends	359430	324290	10.8%	377970	-4.9%
Gross Loans	251140	241410	4.0%	257490	-2.5%

Source: Company, PL

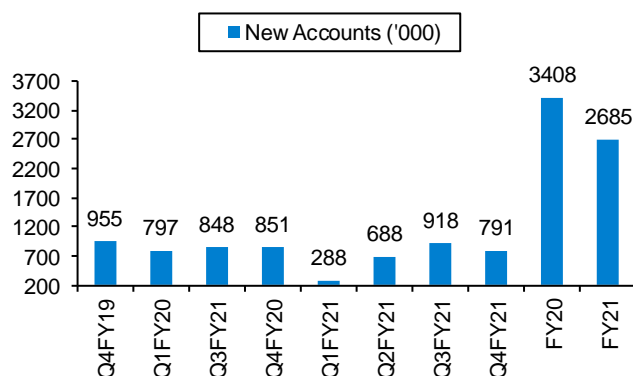
**Conference Highlights**

- RBI RE Book:** Classification: Stage 1 at 51%; Stage 2 at 13% and Stage 3 at 36%. Out of Rs.27bn book, 8bn worth of repayment has been received. Spike in the GNPA this qtr as there was SC standstill in Q3 and majority of slippages from this book. EPP book at Rs. 3bn. Stressed book (RBI RE & GNPA) which was at 13.6% in Q3FY21 has come down to 10.4% in Q4FY21. Co has its infrastructure in terms of digital collection in place specially for RBI RE collection, hence it won't be affected by lockdown.
- Write offs:** have doubled on QoQ basis as in Q3FY21 there was a SC stands still. Hence, Q3FY21 bad debts written off this qtr. There will be certain write offs in April for RBI RE book.
- Provision:** Rs.3bn management overlay is adequate. SC stand still portfolio is 100% provided, RBI RE book is 80% provided.
- Spends:** Decline in spends on QoQ basis due to seasonality every year. There is a seasonality trend from Q3 to Q4 resultantly 30 day activity rate also increases in Q3. 30 day activity rate is generally higher for tier 1 cities. POS spends picked up in Q4FY21 to almost pre COVID level. Q3FY21 witnessed more online spends due to various offers on Amazon, Flipkart. Online spends

at 52% from 44% in FY20. As travel will come back to normalcy, online spends will increase. As there is night curfew and lockdown in certain cities, spends will decline going ahead.

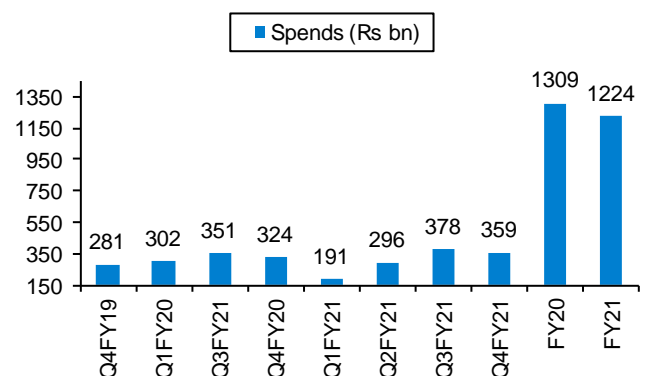
- New acquisition:** Last year as there was high delinquency in self employed portfolio, co has started acquiring new self employed customers from BANCA channel. New acquisition at 10k accounts per day (pre COVID level). New acquisition customer's spends takes 1 year to reach at maturity level.
- Market Share:** lost 300bps market share in last 5 months. Will regain in Mar'21 as there were various offers from other players with Amazon in Q4FY21. Decline in market share due to travel spends as company was conscious on it.
- Yields:** Lower yields due to asset composition and lower spends. Once spends pick up, yields will move up accordingly.
- EMI Book:** Have remain flattish on QoQ basis. There are two components. 1. Spends converted into EMI which has 8-9months tenor and other is encash facility which has higher tenor. Co was conscious on long tenure products
- Contactless transaction volumes:** 1/4th of transactions are from Contactless. Limit has also increased from Rs.5000 to Rs. 6000. Majority of contactless payment from POS and rest from GPAY, PAYTM. However, infrastructure (machines) penetration remains low specially in tier 2 and 3 cities.
- Premium segment:** Focus on premium segment. Co has launched Aurum credit card in Q4FY21 with annual charge of Rs.10,000. Co also launched BPCL Octane and IRCTC premium cards in FY21. For premium segment, co has premium servicing channels.
- EMI debit card was launched 3 years back but it has not been able to scale up due to eligibility questions.

**Exhibit 2: New accounts remains subdued in Q4FY21**

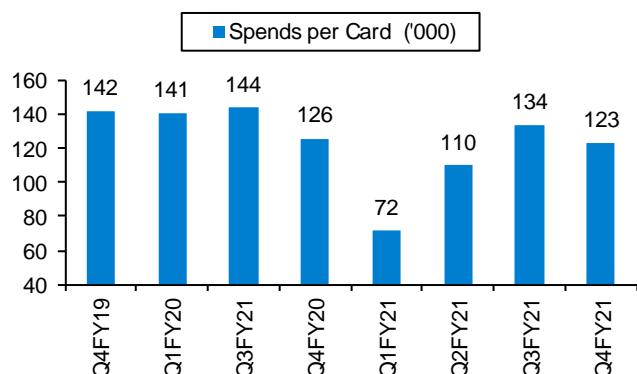


Source: Company, PL

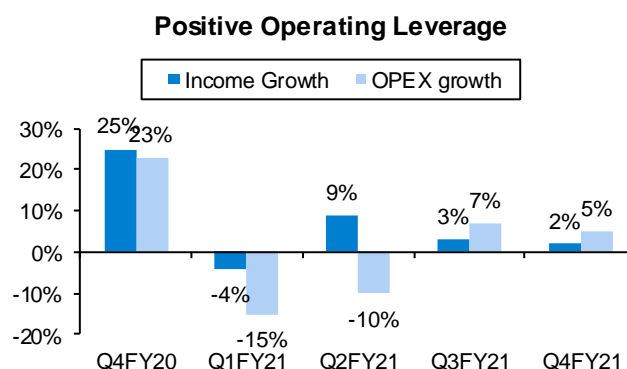
**Exhibit 3: Spends de-grew QoQ**



Source: Company, PL

**Exhibit 4: Spends per cards have reduced**


Source: Company, PL

**Exhibit 5: Higher growth in opex vs income growth**


Source: Company, PL

**Exhibit 6: Meaningful decline in CoF**

Revenue (Rs mn)	Q4FY21	Q4FY20	YoY gr.	FY20	FY21	YoY gr.
<b>Revenue from Operations</b>	<b>23,090</b>	<b>24,330</b>	<b>-5%</b>	<b>92,760</b>	<b>92,770</b>	<b>0%</b>
Other Income	1,590	770	107%	4,760	4,360	-8%
Total Income	24,680	25,100	-2%	97,520	97,140	0%
Finance Costs	2,440	3,340	-27%	13,010	10,430	-20%
<b>Net Revenue</b>	<b>22,240</b>	<b>21,760</b>	<b>2%</b>	<b>84,510</b>	<b>86,700</b>	<b>3%</b>
<b>Interest Income Yield</b>	<b>17.1%</b>	<b>22.20%</b>	<b>-507bps</b>	<b>21.70%</b>	<b>20.10%</b>	<b>-152bps</b>
Cost of Funds	5.5%	7.40%	-198bps	7.80%	6.10%	-172bps
<i>Net Interest Margin</i>	<i>13.2%</i>	<i>16.70%</i>	<i>-346bps</i>	<i>15.80%</i>	<i>15.90%</i>	<i>3bps</i>

Source: Company, PL

**Exhibit 7: Credit cost saw sequential decline**

Asset Quality (Rs mn)	Q4FY21	Q4FY20	YoY gr.	Q3FY21	QoQ gr.
Impairment and losses	7,050	8,380	-15.9%	6,480	8.8%
Gross Loss on Loans	7,050	8,380	-15.9%	6,480	8.8%
Gross write off	11,780	3,510	235.6%	6,480	81.8%
Provision	(4,720)	(30)	15633.3%	(3,560)	32.6%
COVID provisions	0	4890	NA	-3560	NA
Recoveries	(1,380)	(730)	89.0%	(1,250)	10.4%
Net Credit Costs	5,670	7,650	-25.9%	5,230	8.4%
Gross Credit Cost %	11.1%	13.7%	-261bps	10.4%	70 bps
Net Credit Cost %	8.9%	12.5%	-359bps	8.4%	50 bps
ECL (%)	6.6%	5.5%	108bps	8.0%	140 Bps

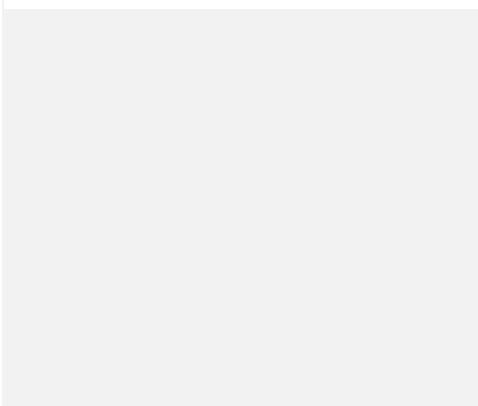
Source: Company, PL



**Exhibit 8: Quarterly Business Parameters for SBICARD**

Biz Parameters	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Cards In Force (unit mn)	8.3	8.8	9.5	10	10.5	10.6	11	11.5	11.82
<i>Growth YoY</i>					26.5%	20.5%	15.8%	9.5%	11.5%
<i>Growth QoQ</i>		6.0%	8.0%	5.3%	5.0%	1.0%	3.8%	4.5%	2.8%
<b>Receivable Mix (%)</b>									
Transactor	71%	31%	32%	30%	27%	25%	30%	33%	35%
Revolver		38%	39%	38%	40%	45%	34%	29%	28%
EMI	29%	31%	30%	32%	32%	30%	27%	29%	29%
RBI RE							9%	9%	8%
30 day activity rate	55%	55%	55%	55%	54%	40%	47%	51%	49%
Loans per Card (Rs)	22398	24072	24355	24696	22888	22005	21781	22409	21244
<i>Growth YoY</i>					2.2%	-8.6%	-10.6%	-2.1%	-3.5%
<i>Growth QoQ</i>		7.5%	1.2%	1.4%	-7.3%	-3.9%	-1.0%	2.9%	-5.2%
Spend per Cards (Rs)	142	141	145	144	126	72	110	134	123
<i>Growth YoY</i>					-11.3%	-48.9%	-24.1%	6.3%	70.8%
<i>Growth QoQ</i>		-0.7%	2.8%	-0.7%	-12.5%	-42.9%	52.8%	21.8%	-8.2%
New Accounts Sourcing ('000)	955	797	912	848	851	288	688	918	791
<i>Growth YoY</i>					-10.9%	-63.9%	-24.6%	7.9%	174.7%
<i>Growth QoQ</i>		-16.5%	14.4%	-7.0%	0.4%	-66.2%	138.9%	33.4%	-13.8%
<b>New Accounts Sourcing by Channel</b>									
SBI Sourcing	55%	42%	48%	49%	54%	55%	58%	52%	54%
OM Sourcing	45%	58%	52%	51%	46%	45%	42%	48%	46%
<b>Sourcing by City Tier (%)</b>									
Tier 1						38%	40%	42%	38%
Tier 2						33%	32%	31%	31%
Tier 3						11%	11%	12%	10%
Others						17%	16%	15%	21%
Retail Spends (Rs mn)					263730	166080	248630	310790	298630
<i>Growth QoQ</i>						-37.0%	49.7%	25.0%	-3.9%
Corporate Spends (Rs mn)					60560	24770	47280	67180	60800
<i>Growth QoQ</i>						-59.1%	90.9%	42.1%	-9.5%
New to Credit New Acquisition			18.6%	18.7%	29.2%		23.4%	26.0%	37.9%
Online Spend						56.10%	54.60%	53.40%	51.90%
Yields	21.2%	21.2%	20.8%	21.3%	22.1%	23.9%	21.4%	18.6%	17.1%
Cost of Funds	8.3%	8.2%	7.6%	7.6%	7.5%	6.6%	6.6%	6.1%	5.5%
Cost to Income	59.2%	53.6%	59.6%	56.1%	56.3%	47.2%	49.3%	59.1%	57.8%
Gross NPA	2.4%	2.7%	2.3%	2.5%	2.0%	1.4%	4.3%	4.5%	5.0%
ROAA	5.1%	6.5%	6.5%	0.8%	1.3%	6.3%	3.4%	3.3%	2.6%
ROAE	27.8%	36.1%	36.3%	6.9%	6.5%	28.3%	14.1%	13.8%	11.2%
ECL %	3.3%	3.6%	3.3%	3.4%	5.5%	6.0%	8.6%	8.0%	6.6%

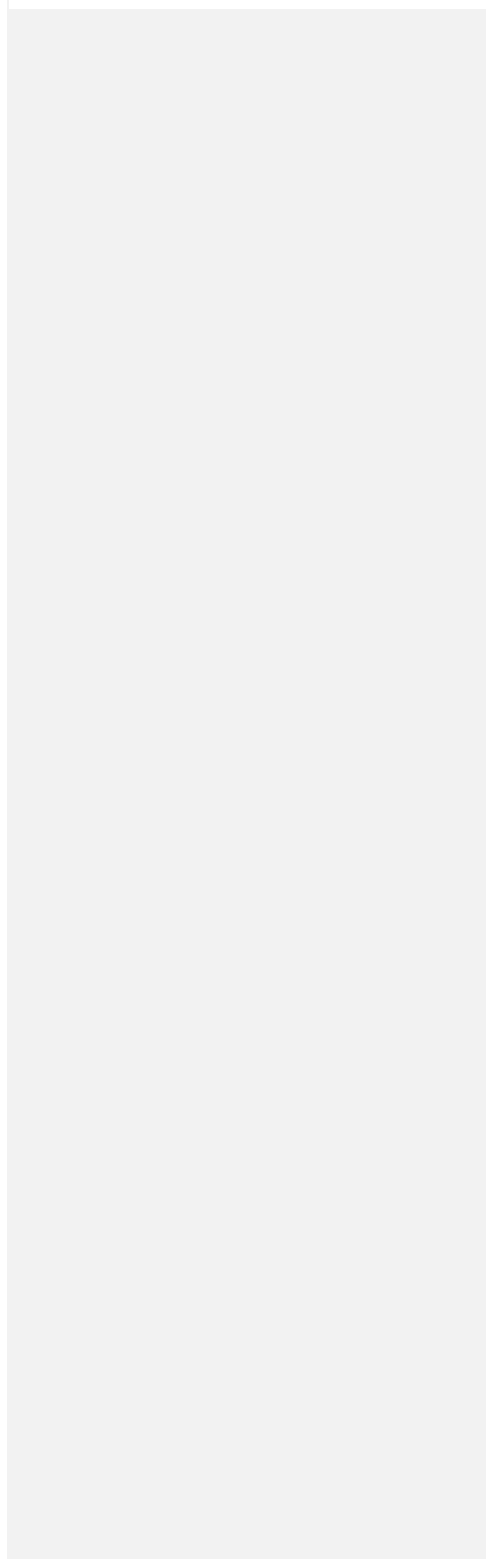
Source: Company, PL



**Exhibit 9: Change in Estimates – Provisions estimates tweaked higher**

Rs mn	Old			Revised			Change in Estimates		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Interest Income	41,472	49,877	58,233	38,843	39,827	51,191	-6%	-20%	-12%
Operating Profit	40,544	44,450	45,266	39,623	42,683	48,689	-2%	-4%	8%
Net Profit	11,056	19,898	24,436	9,845	18,267	23,041	-11%	-8%	-6%
EPS (Rs)	11.8	21.2	26.0	10.5	19.4	24.5	-11%	-8%	-6%
<b>Price Target (Rs)</b>	<b>1,080</b>			<b>1,018</b>			<b>-5.8%</b>		
<b>Reco</b>	<b>Accumulate</b>			<b>Accumulate</b>					

Source: PL





## Income Statement (Rs. m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Int. Inc. / Opt. Inc.	48,413	49,277	56,694	72,513
Interest Expenses	13,009	10,434	16,867	21,322
<b>Net interest income</b>	<b>35,404</b>	<b>38,843</b>	<b>39,827</b>	<b>51,191</b>
Growth(%)	38.0	9.7	2.5	28.5
Non-interest income	49,110	47,859	59,573	66,818
Growth(%)	32.3	(2.5)	24.5	12.2
Net operating income	84,514	86,702	99,400	1,18,009
<b>Expenditures</b>				
Employees	4,684	4,916	5,344	6,225
Other Expenses	42,093	40,931	49,834	61,265
Depreciation	1,038	1,233	1,540	1,831
Operating Expenses	47,815	47,079	56,717	69,321
<b>PPP</b>	<b>36,699</b>	<b>39,623</b>	<b>42,683</b>	<b>48,689</b>
Growth(%)	47.8	8.0	7.7	14.1
Provisions	19,402	26,386	18,272	17,897
<b>Profit Before Tax</b>	<b>17,296</b>	<b>13,237</b>	<b>24,411</b>	<b>30,791</b>
Tax	4,848	3,392	6,144	7,750
Effective Tax rate(%)	28.0	25.6	25.2	25.2
<b>PAT</b>	<b>12,448</b>	<b>9,845</b>	<b>18,267</b>	<b>23,041</b>
Growth(%)	43.9	(20.9)	85.5	26.1

## Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Source of funds</b>				
Equity	-	-	-	-
Reserves and Surplus	44,023	53,615	69,615	89,659
Networth	53,412	63,020	79,021	99,064
Growth (%)	48.9	18.0	25.4	25.4
Loan funds	1,75,728	1,80,680	2,31,785	2,82,778
Growth (%)	29.7	2.8	28.3	22.0
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	19,254	19,400	25,045	35,462
Other Liabilities	4,674	7,028	8,083	-
<b>Total Liabilities</b>	<b>2,53,067</b>	<b>2,70,129</b>	<b>3,43,933</b>	<b>4,17,304</b>
<b>Application of funds</b>				
Net fixed assets	3,346	3,182	5,734	6,533
Advances	2,28,116	2,34,591	3,02,355	3,60,564
Growth (%)	27.4	2.8	28.9	19.3
Investments	15	9,576	9,576	9,576
Current Assets	6,774	7,181	7,699	22,888
<b>Net current assets</b>	<b>(12,480)</b>	<b>(12,219)</b>	<b>(17,346)</b>	<b>(12,574)</b>
Other Assets	14,817	15,598	18,569	17,744
<b>Total Assets</b>	<b>2,53,067</b>	<b>2,70,128</b>	<b>3,43,933</b>	<b>4,17,304</b>
Growth (%)	25.6	6.7	27.3	21.3
<b>Business Mix</b>				
AUM	2,28,116	2,34,591	3,02,355	3,60,564
Growth (%)	27.4	2.8	28.9	19.3
On Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

## Profitability & Capital (%)

Y/e Mar	FY20	FY21	FY22E	FY23E
NIM	15.6	14.8	13.0	13.9
ROAA	5.5	3.8	5.9	6.2
ROAE	27.9	16.9	25.7	25.9

Source: Company Data, PL Research

## Quarterly Financials (Rs. m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Int. Inc. / Operating Inc.	14,121	12,754	11,681	10,721
Income from securitization	7,401	11,380	12,351	12,366
Interest Expenses	2,746	2,642	2,609	2,437
<b>Net Interest Income</b>	<b>18,776</b>	<b>21,492</b>	<b>21,423</b>	<b>20,650</b>
Growth (%)	6.3	8.7	0.4	(1.6)
Non-Interest Income	407	993	1,366	1,595
<b>Net Operating Income</b>	<b>19,183</b>	<b>22,486</b>	<b>22,788</b>	<b>22,245</b>
Growth (%)	(4.2)	9.3	2.7	2.2
Operating expenditure	8,768	10,786	13,165	13,127
<b>PPP</b>	<b>10,136</b>	<b>11,399</b>	<b>9,311</b>	<b>8,776</b>
Growth (%)	(4.8)	56.1	17.5	19.0
Provision	4,853	8,617	6,483	6,432
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	5,282	2,782	2,829	2,344
Tax	1,350	720	732	590
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.6	25.9	25.9	25.2
<b>PAT</b>	<b>3,933</b>	<b>2,061</b>	<b>2,097</b>	<b>1,754</b>
Growth	14	(46)	(52)	110
AUM	2,33,300	2,39,780	2,57,490	2,51,140
YoY growth (%)	9.9	4.1	5.2	4.0
Borrowing	1,60,760	1,56,966	1,81,480	1,80,680
YoY growth (%)	-	(9.9)	(2.3)	2.8

## Key Ratios

Y/e Mar	FY20	FY21	FY22E	FY23E
CMP (Rs)	919	919	919	919
EPS (Rs)	13.3	10.5	19.4	24.5
Book value (Rs)	56.9	67.0	84.0	105.3
Adj. BV(Rs)	55.2	64.1	81.4	103.0
P/E(x)	69.3	87.8	47.3	37.5
P/BV(x)	16.2	13.7	10.9	8.7
P/ABV(x)	16.7	14.3	11.3	8.9
DPS (Rs)	1.0	-	2.3	3.1
Dividend Payout Ratio(%)	7.5	-	11.8	12.5
Dividend Yield(%)	0.1	-	0.2	0.3

## Asset Quality

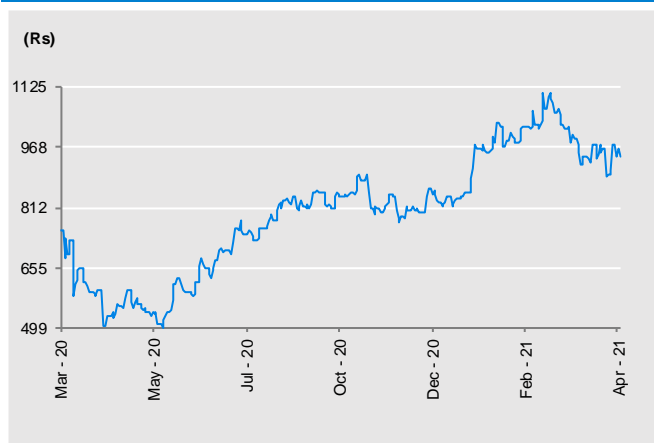
Y/e Mar	FY20	FY21	FY22E	FY23E
Gross NPAs(Rs m)	4,844	11,706	12,699	13,341
Net NPA(Rs m)	1,589	2,698	2,419	2,163
Gross NPAs to Gross Adv.(%)	2.0	5.0	4.2	3.7
Net NPAs to net Adv.(%)	0.7	1.2	0.8	0.6
NPA coverage(%)	67.2	77.0	81.0	83.8

## Du-Pont as a % of AUM

Y/e Mar	FY20	FY21	FY22E	FY23E
NII	15.6	14.8	13.0	13.9
NII INCL. Securitization	35.1	31.5	30.1	29.8
Total income	37.2	33.1	32.4	32.0
Operating Expenses	19.1	19.9	19.3	16.3
PPOP	16.1	15.1	13.9	13.2
Total Provisions	8.5	10.1	6.0	4.8
RoAA	5.5	3.8	5.9	6.2
Avg. Assets/Avg. net worth	19.6	24.8	23.5	24.7
RoAE	27.9	16.9	25.7	25.9

Source: Company Data, PL Research



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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	19-Apr-21	Accumulate	1,080	943
2	06-Apr-21	Accumulate	1,080	943
3	22-Jan-21	Accumulate	1,081	979
4	11-Jan-21	Accumulate	1,081	964
5	23-Oct-20	Accumulate	895	852
6	12-Oct-20	BUY	973	851
7	21-Jul-20	BUY	974	766
8	13-Jul-20	BUY	782	703
9	02-Jun-20	BUY	643	570
10	09-May-20	BUY	643	562

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Accumulate	5,340	4,964
2	Cholamandalam Investment and Finance Company	BUY	619	541
3	HDFC	BUY	3,093	2,446
4	L&T Finance Holdings	Reduce	97	95
5	LIC Housing Finance	Hold	420	418
6	Mahindra & Mahindra Financial Services	Sell	153	179
7	Manappuram Finance	Accumulate	193	155
8	Muthoot Finance	BUY	1,486	1,184
9	SBI Cards and Payment Services	Accumulate	1,080	943
10	Shriram Transport Finance	Accumulate	1,488	1,378

**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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