## Stock Update

# Power Finance Corporation Ltd.

October 27, 2021


RETAILRESEARCH

| Industry | LTP | Recommendation | Base Case Fair Value | Bull Case Fair Value | Time Horizon |
|---|---|---|---|---|---|
| NBFC | Rs.137.3 | Buy at LTP of Rs.137.3 & add more on dips of Rs.123 | Rs.157 | Rs.167 | 2 quarters |

| | |
|---|---|
| HDFC Scrip Code | POWFINEQNR |
| BSE Code | 532810 |
| NSE Code | PFC |
| Bloomberg | POWF |
| CMP Oct 26, 2021 | 137.3 |
| Equity Capital (Rs Cr) | 2,640 |
| Face Value (Rs) | 10 |
| Equity Share O/S (Cr) | 264 |
| Market Cap (Rs Cr) | 36,248.33 |
| Book Value (Rs) | 169 |
| Avg. 52 Wk Volumes | 8630644 |
| 52 Week High | 153.75 |
| 52 Week Low | 84.40 |

| Share holding Pattern % (Sept, 2021) | |
|---|---|
| Promoters | 55.99 |
| Institutions | 37.97 |
| Non Institutions | 6.04 |
| Total | 100.00 |


* Refer at the end for explanation on Risk Ratings

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**Our Take:**

Power Finance Corporation Limited (PFC) is the largest government-owned (~56% stake) NBFC that provides funding to the Indian power sector. It is also the nodal agency for Ultra Mega Power Projects (UMPPs), Integrated Power Development Scheme (IPDS) and Independent Transmission Projects (ITPs). In Mar-19, PFC had acquired GoI's 52.63% paid-up share capital in Rural Electrification Corporation (REC). The power sector outlook for the long term seems bright (~12% rise in power demand expected in FY22, though on a low base). The large liquidity support, several proposed reforms and Government's aggressive capex plan will keep the sector on a strong growth track. In line with Government's plan for renewable segment, the company has been constantly focusing on developing book size in this segment (46% CAGR over last 5 years). Further, to tap into newer areas of opportunities, the company is looking to fund segments like e-mobility, utility scale energy storage etc. The company has sufficient capital adequacy level and resources profile is also diversified. Indian government has recently accorded "Maharatna" status to PFC which will enable it greater operational and financial autonomy to offer competitive financing for the power sector, which will go a long way in making available affordable and reliable 'Power For All 24x7. This will also help PFC in pushing the government's agenda of funding under the National Infrastructure Pipeline, national commitment of 40% green energy by 2030 and effective monitoring and implementation of the New Revamped Distribution Sector Scheme with an outlay of more than Rs.3 Lakh Cr.

Given the GoI's support, PFC has been able to raise funds at competitive rates. Precedents, wherein it received approval from the GoI to raise tax-free and 54EC low-cost capital gain bonds, provide comfort with respect to its financial flexibility, ability to raise low-cost funds, and maintain a diversified borrowing profile. The management intends to pass on the improved funding cost in coming quarters. PFC is a consistently high dividend paying company, the yield at the current price stands at ~7.3% which makes it one of the highest dividend paying companies in the listed space. For the last five years, the average of dividend payout as a percentage of equity share capital stood above 40% (except for FY19). PFC's high dividend seems sustainable as it has lent to relatively risk-free public sector entities and its capability to distribute dividends remains good even in case a good portion of its private sector lending goes bad. The stock is trading at only 0.5x FY23E P/ABV. We feel that such high dividend yield and low valuations provide a margin of safety for investment in the company at the current level.

Prolonged economic slowdown poses risk to the pace of collections and business growth. Resolutions and haircuts especially from the private sector will be the key thing to watch out for in coming quarters.

We had issued Initiating Report on PFC on 31th December, 2020 and recommended Buy at LTP Rs.114.25 and add on dips to Rs.102-104 band, for base case target of Rs.125 and bull case target of Rs.138 over the next two quarters. The bull case target of Rs.138 was achieved on 4th March 2021, yielding return of 21%.

Link for the Initiating Coverage:
https://www.hdfcsec.com/hsl.research.pdf/PFC%20Ltd.-%20Initiating%20Coverage-%2031122020.pdf

**Valuation & Recommendation:**

Since the past few quarters, the company has been able to deliver strong growth momentum along with considerable improvement in the asset quality. Also the emerging trend in the power sector gives us confidence in the company's ability to keep growing at a fast growth rate. We have envisaged 6% CAGR growth for top line and 8% for bottom line, while loan book is estimated to grow at 7.5% CAGR over FY21-23E. We feel that worst in terms of asset quality deterioration in power finance segment is over. There could be higher recoveries in the next two years than slippages. Further PFC is also holding sufficient provisions. RoAA is estimated at 2.2% for FY23. In the medium term, credit cost normalisation and cost control remains the key drivers for stable RoA and RoE.

**We feel that investors can buy PFC at the LTP of Rs.137.3 (0.5xFY23E ABV+ REC value after holding company discount) and add on dips to Rs.123 (0.43xFY23E ABV+ REC value after holding company discount) band. We expect the Base case fair value of Rs.157 (0.6xFY23E ABV+ REC value after holding company discount) and the Bull case fair value of Rs.167 (0.65xFY23E ABV+ REC value after holding company discount) over the next 2 quarters.**

**Change in Estimates**

| | FY22E | | | FY23E | |
|---|---|---|---|---|---|
| | Old | New | % Change | New | YoY Growth |
| Advances | 406476 | 385334 | -5.2 | 416160 | 8.0 |
| NII | 12535 | 13898 | 10.9 | 14578 | 4.9 |
| PPOP | 12891 | 13883 | 7.7 | 14232 | 2.5 |
| Net Profit | 8538 | 9294 | 8.9 | 9772 | 5.1 |
| EPS | 32.3 | 35 | 9.0 | 37 | 5.1 |

We have revised FY22E estimates and built projections for FY23 in this report.

## Financial Summary (Standalone)

| Particulars (Rs Cr) | Q1 FY22 | Q1 FY21 | YoY (%) | Q4 FY21 | QoQ (%) | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|---|---|---|---|---|
| NII | 3524.7 | 3072.8 | 14.7 | 3072.2 | 14.7 | 10097.2 | 12951.3 | 13898.1 | 14577.5 |
| PPOP | 3210.0 | 2479.4 | 29.5 | 3586.8 | -10.5 | 9183.1 | 13703.7 | 13882.9 | 14231.6 |
| PAT | 2273.5 | 1699.6 | 33.8 | 2326.6 | -2.3 | 5654.9 | 8444.0 | 9294.0 | 9772.1 |
| EPS (Rs) | | | | | | 21.4 | 32.0 | 35.2 | 37.0 |
| ABV (Rs) | | | | | | 121.5 | 169.2 | 196.6 | 221.7 |
| P/E (x) | | | | | | 6.4 | 4.3 | 3.9 | 3.7 |
| P/ABV (x) | | | | | | 1.1 | 0.8 | 0.7 | 0.6 |
| RoAA (%) | | | | | | 1.6 | 2.2 | 2.3 | 2.2 |

(Source: Company, HDFC sec)

## Recent Developments

### Q1FY22 Result Update

The company has reported weak growth figures for the Q1FY22; however the asset quality numbers have improved. Net Interest Income for the quarter stood at Rs.3,525 Cr, up 14.7% for both YoY and QoQ. NIM for the quarter was at 3.7% - up 40 bps QoQ backed by higher lending yields. Management intends to pass on the fall in funding cost in coming quarters. Operating profit grew by 29.5% YoY, while sequentially it was down by 10.5%. Other income was down by 92% QoQ, this has resulted in 2% sequential de-growth in Net profit.

Total AUM of Rs. 369983 Cr grew by 7.3%/1.4% YoY/ QoQ. Disbursement during the quarter was weak, due to overall weak demand from the sector. It was down by 45% YoY and 18% QoQ. Under Atamnirbhar Discom Scheme the company has so far sanctioned Rs.67,699 cr and disbursed Rs. 38,501 cr. The Company has also declared an interim dividend of Rs. 2.25/- per equity share of Rs. 10/- each for FY22.

**Asset Quality**

The asset quality during the quarter continued its downward trend. GNPA stood at 5.7% vs 7.5% last year same quarter, while NNPA improved to 2% vs 2.1% QoQ and 3.4% YoY. Provision coverage ratio now stands at 65% (Highest Provisioning resulting in Lowest Net NPA in last 3 years). The management expects fast resolution going ahead led by growth in power demand as the economy gradually opens up. As of Q1FY22, Rs.15,820 cr of bad assets are in NCLT (16 projects) for which the company has provided for 69%. Bad assets worth Rs.5,334 cr are under resolution outside NCLT (10 projects) for which the company has provided for 54%. Haircut percentage and resolution progress will be the key thing to watch out. There could be Rs.4000-4500 Cr of recovery in next two years, which is estimated to be more than the total assets that could slip into bad category.

## Sector tailwinds

### 1) Constant Government Push for power sector

GoI is actively committed to give uninterrupted and reliable supply of electricity access to each household. It has continued giving push to the power sector and built reformist agenda to provide support to the sector. Several schemes have been launched in past many years and REC & PFC have actively taken part in many of them.

As a part of its Covid-19 relief package, the GoI had announced liquidity injection into the State Discoms in the form of State Govt. guaranteed loans through REC and PFC to clear the outstanding dues of Power Generation and Transmission Companies. As on 30th Sep 2021, the Company and its subsidiary REC has sanctioned and disbursed an amount of Rs.65,619 cr and Rs.38,501 cr respectively to the discoms as part of this liquidity package. This has helped the company in past few quarters in fetching higher loan growth.

In June-21, the government has approved a package of more than Rs. 3 lakh Cr to recharge distribution reform, solarise farm feeders and smarten up networks with intelligent control system in the cities with more than 2.75 lakh population to accommodate rising renewable energy and improve the reliability of services. The scheme aims to bring down average aggregate technical and commercial loss from 21% to 12-15%, and gradually narrow the deficit between the cost of electricity and the price at which it is supplied to 'zero' by 2024-25. REC and PFC will act as the nodal agencies and fund the reforms.

### 2) Power Companies strong outlook

**COVID impact:** The power sector in the country witnessed limited disruption due to COVID-19, as power comes under essential services category. However, demand for power fell steeply on account of drop in the commercial and industrial activity. Power distribution was impacted the most, with fall in revenue collections affecting the financial and liquidity position of players. As the lockdown eased out, power demand started to recover. Further, the Government announced liquidity infusion into the power sector, granting relief from the sudden cash crunch. We expect power demand to post a 12% rise in FY22, led by improved economic activity in the country.

The Government's focus on attaining '24x7 Power for All' has accelerated the capacity additions in the country. The Central government's liquidity package under the Atmanirbhar scheme has significantly improved liquidity for discoms (power-distribution companies). Furthermore, with CCEA (Cabinet Committee on Economic Affairs) approving the Rs 3.03 lakh cr reform-linked package, we can expect improved infrastructure capital expenditure by discoms over the next 3-4 years. This would, in our view, promote private participation in the discom space. Funds under the scheme would be released in proportion to the discoms' achievements against mutually agreed targets in the action plan. These reforms could turn the sector around if executed successfully and enable sub-sectors like gencos (power-generation companies), transcos (power-transmission companies) and discoms to improve their operational efficiencies and become self-sufficient.

It is also expected that the proposed reforms like the Draft Electricity Amendment Bill could act as the silver lining and can lead to the revival of the power sector in the country. However, the key would be the successful implementation of these reforms.

In the wake of the economic repercussions of the COVID-19 pandemic, many companies across the world are now considering diversifying their supply chain and relocate to India. Persistent economic and agricultural growth is also likely to drive the electricity demand further in the coming years. Power sector could witness a paradigm shift due to these changes. To meet these challenges and harness emerging opportunities, PFC is well placed in the short-term as well as long-term.

National Infrastructure pipeline has outlined Rs.25trn capex for the period FY20-25 for power sector. This is a 41% jump from the Rs17.7trn capex done in the sector between FY13-FY19. All these represents the kind of opportunity power sector in India has. This in turn provides the long term loan growth visibility for PFC.

**3) Renewable segment could provide next leg of growth**

The Indian renewable energy sector is the fourth most attractive renewable energy market in the world. With the increased support of the Government and improved economics, the sector has become attractive from investors’ perspective.

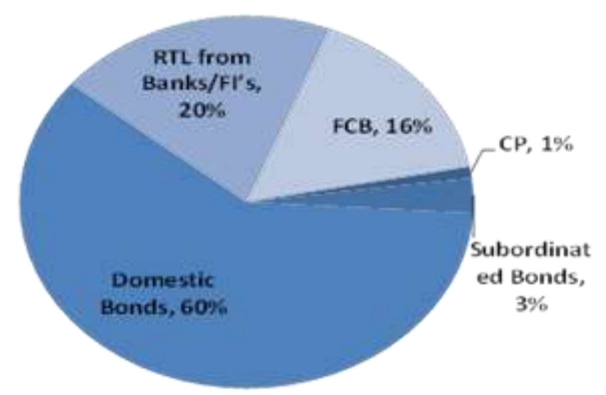
PFC is a major player in Renewable Energy segment and in creation of India’s Green Energy Corridor. Its renewable energy segment book has grown by 46% CAGR over last five years. Still the renewable energy segment is only 10% of total loans outstanding (including large Hydro) because the overall renewable share in the energy generation mix is low. However, since last many quarters the share is improving. The GoI has set ambitious targets for renewable energy for the short to medium term. By year 2022, the country aims to have 175 gigawatts (GW) of installed renewable energy capacity. Against the target of 175GW by 2022, total renewable capacity at the end of June 2021 reached just 97GW of which solar was 42GW, wind 39GW, and the rest was bio-mass, small hydro, etc. The National Electricity Plan 2018 further raises the ambition to achieve 275 GW of renewables by year 2027, which would increase the share of renewable energy to 44% of the installed capacity and 24% in electricity generation. There is tremendous opportunity for PFC, REC companies to take advantage of this push for renewable energy.

**Capitalization and resource profile**

As of Q1FY22, the Capital Adequacy Ratio (CAR) stood at 21.16% with Tier – I capital ratio at 17.56%. Being a Government owned entity, PFC has highest domestic credit rating of “AAA” and international ratings stood at “BBB-“. PFC has a well-diversified resource profile with 63% money raised from bonds, 20% via loans from various entities, 1% from commercial papers (CP) and 16% via foreign currency loans. Further, ~86% of the foreign currency exposure with 5 years residual maturity is hedged. Recently, Power Minister R K Singh has asked

PFC and REC to explore cheaper options for raising funds, including offshore sources, with an overall objective of ensuring that the power sector value chain gets access to cheaper funds.

**Liability Mix%**




**Renewable segment should grow at a faster pace**

As discussed above, the government has outlined an ambitious target for the growth of renewable energy in India. The company along with its subsidiary REC is also putting efforts in the same direction. During the last 5 years, PFC's renewable energy loan book has grown at a remarkable pace, registering a CAGR of 46%.

During the last fiscal, the company has implemented various policy measures introduced to boost renewable projects, including higher lending limits for solar and wind projects, introduction of Letter of Undertaking, a non-fund based product that can be used in lieu of bank guarantee by renewable developers during tariff based bidding, project specific funding to renewable energy equipment manufacturers and special rebate for solar projects with higher domestic content. Going forward, the company also intends to continue its focus on funding renewables and expects to play a key role in realising the country's renewable energy capacity addition targets. PFC has also funded a solar-wind hybrid pumped storage project in Andhra Pradesh, which will be one of the largest such integrated projects in the world. Recently, it has also sanctioned financial assistance for 600 MW Kholongchu Hydro Electric Project in Bhutan, which will be jointly implemented by SJVN & Druk Green Power Corporation of Bhutan. This will also help the company diversifying assets geographically.

Further, to tap into newer areas of opportunities, the company looking to fund segments like e-mobility, utility scale energy storage etc. It has also amended its Memorandum and Articles of Association, enabling funding of energy storage projects, electric vehicles, charging infrastructure and large infrastructure projects with power sector linkages. PFC has recently sanctioned financial assistance for deployment of 700 electric buses in various Districts of Uttar Pradesh under Fame II scheme.

## Risks & Concerns

- A higher-than-expected deterioration in the asset quality could result in the erosion of the Tier I capital. Fresh formation of bad loans could keep provisioning high and return ratios compressed for a longer time. Further, any delay in the recovery, higher than expected haircuts or sharp rise in the slippage could impact the profitability and business growth prospects. This could also impact its ability to payout large dividends.
- About 16% of the borrowings are in foreign currency out of which ~86% has been hedged as of June 2021. In case of depreciation in the value of Rupee, PFC may have to provide for the difference on the balance exposure.
- Banks' exposure to infrastructure finance companies is fixed at 10% of their capital funds. This may restrict PFC's ability to borrow from Banks in future.
- PFC has exposure only in power which has large ticket size of loans. Also high concentration of exposure towards financially weak state power utilities and the vulnerability of its exposure to private sector borrowers increase the portfolio vulnerability.
- PFC portfolio remains impacted by concerns regarding fuel availability, disputed and competitive power sale tariffs, absence of power purchase agreements (PPAs), environmental clearance and land acquisition issues at its borrowers' end
- The borrowers are from power sector and the credit risk profile of them is weak because of their poor financials. PSUs, especially discoms, are an inherently weak asset class and even the private sector power players have increasingly become more vulnerable to asset quality risks owing to issues such as lack of fuel availability, inability to pass on fuel price increases, and absence of long-term power purchase agreements for assured power offtake.
- Due to the lockdown, there has been a general fall in the demand for electricity in the country and the revenue realization of the distribution utilities has been adversely impacted. As a result, the credit worthiness of the borrowers has deteriorated. This might lead to fresh slippages in the future.
- In the absence of any major capex plans in the thermal power segment, the company needs to find new avenues of growth to maintain existing leverage/AUM.
- PFC currently has yields of 10.4% on loans advanced to its borrowers. This will fall going ahead. This could impact the spread/NIM and RoA. However despite the fall, these will still be quite healthy.
- PFC can face competition from Banks (though normally they don't fund such long duration projects) attracted by the high spreads/NIMs.

## SOTP Valuation:

| | Base Case | Bull Case | Rationale |
|---|---|---|---|
| PFC–Standalone | 121.3 | 131.4 | 0.6x / 0.65 Mar-22E ABV (Ex REC Div Recd) Rs 202.14 |
| REC Value | 35.8 | 35.8 | 40% Holding Co. Discount to current Mcap |
| **Total SOTP Value** | **157.1** | **167.2** | |

## Loan Book Mix (%)

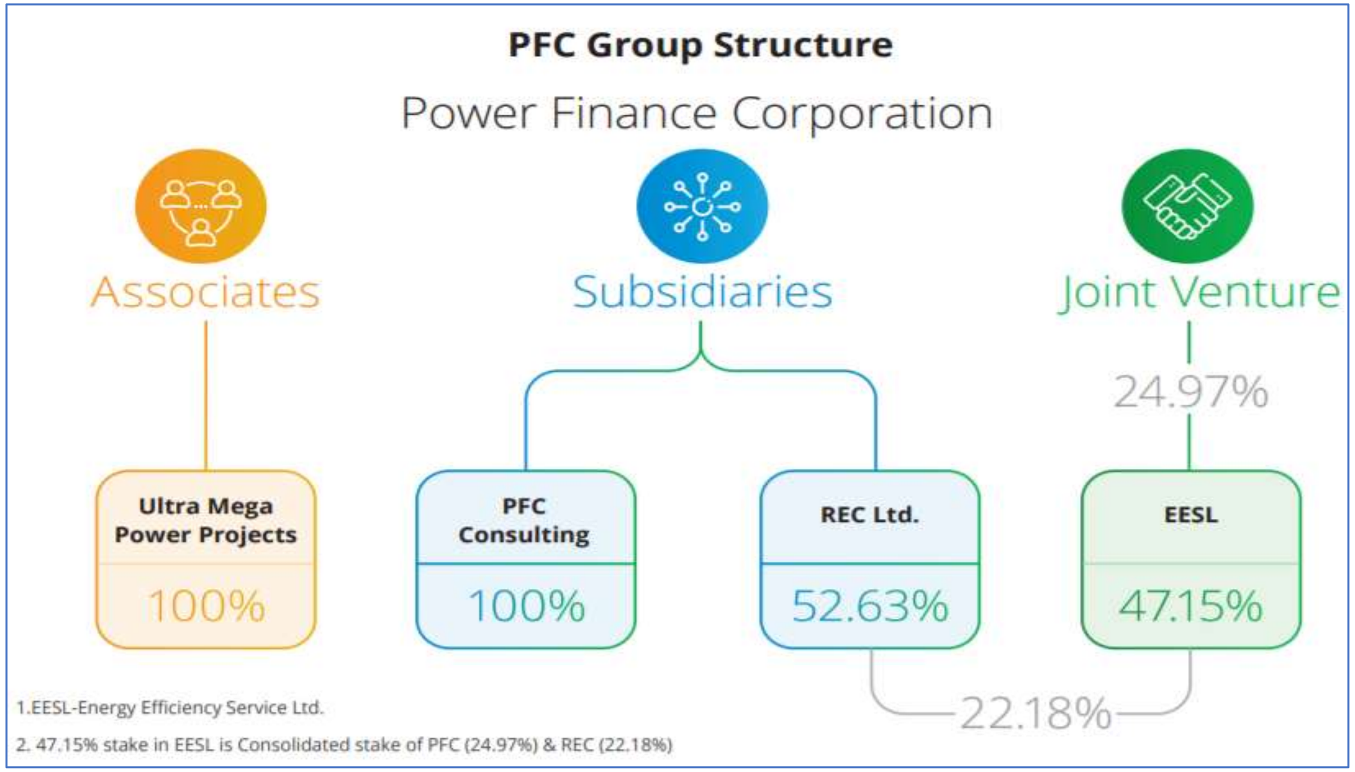
| | FY20 | FY21 | Q1FY22 |
|---|---|---|---|
| Generation | 68.8% | 61.2% | 61.1% |
| - Conventional | 58.0% | 51.1% | 50.8% |
| -Renewable | 10.7% | 10.1% | 10.3% |
| Transmission | 8.5% | 7.9% | 7.7% |
| Distribution | 22.0% | 30.3% | 30.6% |
| Others | 0.8% | 0.6% | 0.6% |
| Total | 100.0% | 100.0% | 100.0% |
| Sector Wise | | | |
| Government Sector | 83.4% | 84.4% | 83.5% |
| Private Sector | 16.6% | 15.6% | 16.5% |
| Total | 100.0% | 100.0% | 100.0% |

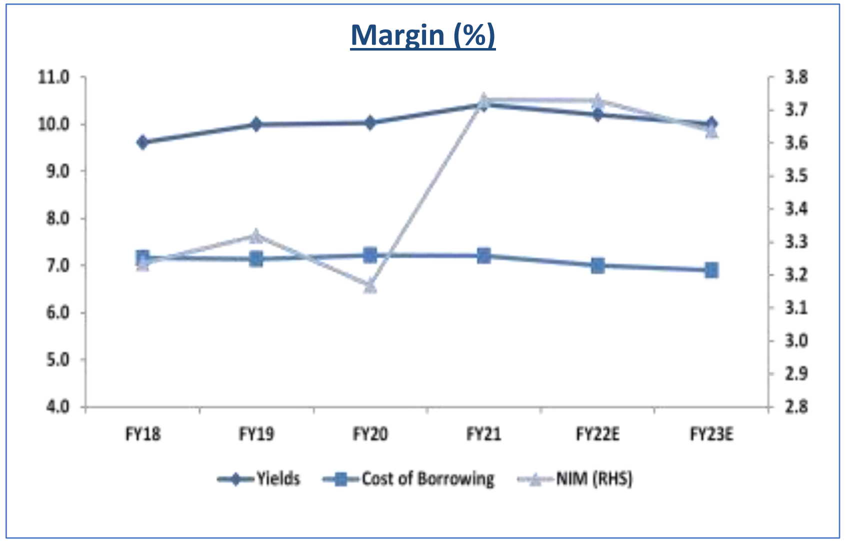
## Company Background:

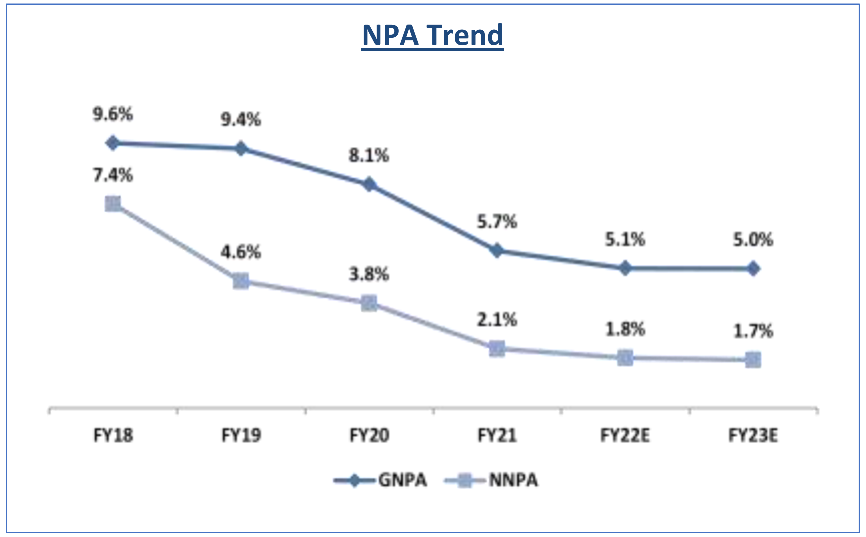
Power Finance Corporation Limited (PFC) is the largest government-owned (~56% stake) NBFC that provides funding to the Indian power sector. It is also the nodal agency for Ultra Mega Power Projects (UMPPs), Integrated Power Development Scheme (IPDS) and Independent Transmission Projects (ITPs). The company's project financing activities are primarily focused on the thermal and hydro-energy generation areas. In addition, it finances renovation and modernisation of power projects, projects related to transmission and distribution of power, and shunt capacitor projects. It has also initiated financing of projects based on renewable energy sources such as bio mass and wind power generation.

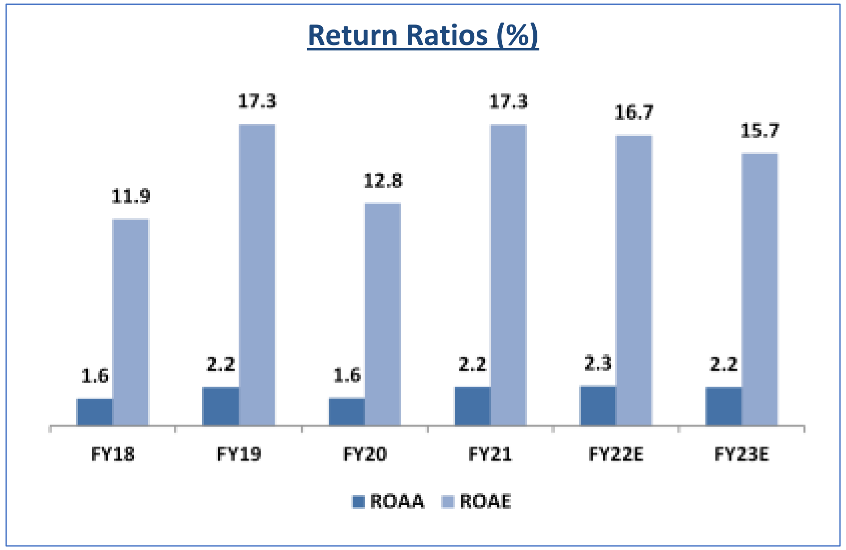
The product portfolio of PFC includes financial products and services like rupee term loan, short-term loan, equipment lease financing and transitional financing services, etc, for various power projects in generation, transmission and distribution sector. PFC's clients mainly include central power utilities, state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers.

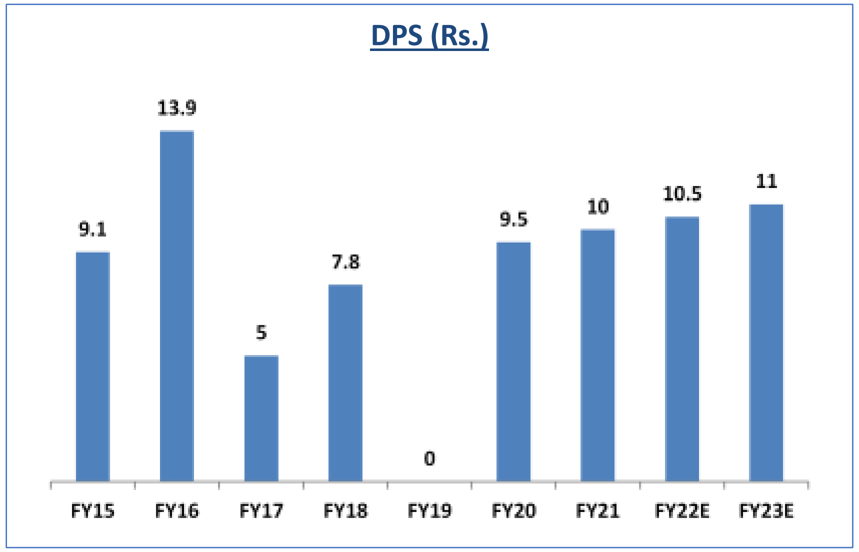
In March 2019, Power Finance Corporation announced the acquisition of the GoI's 52.63% paid-up share capital in Rural Electrification Corporation (REC) at acquisition cost of about Rs. 14,500 Cr @Rs.139.50 per share.




Margin (%)
11.0
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.8
3.7
3.6
3.5
3.4
3.3
3.2
3.1
3.0
2.9
2.8
FY18
FY19
FY20
FY21
FY22E
FY23E
Yields
Cost of Borrowing
NIM (RHS)


NPA Trend
9.6%
9.4%
8.1%
5.7%
5.1%
5.0%
7.4%
4.6%
3.8%
2.1%
1.8%
1.7%
FY18
FY19
FY20
FY21
FY22E
FY23E
GNPA
NNPA


Return Ratios (%)
1.6
11.9
2.2
17.3
1.6
12.8
2.2
17.3
2.3
16.7
2.2
15.7
FY18
FY19
FY20
FY21
FY22E
FY23E
ROAA
ROAE


DPS (Rs.)
9.1
13.9
5
7.8
0
9.5
10
10.5
11
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22E
FY23E

## Financials

### Income Statement (Standalone)

| (Rs Cr) | FY19 | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|---|
| Interest Income | 28433 | 31950 | 36146 | 38018 | 40075 |
| Interest Expenses | 18988 | 21853 | 23194 | 24120 | 25497 |
| **Net Interest Income** | **9445** | **10097** | **12951** | **13898** | **14578** |
| Non interest income | 333 | 1420 | 1621 | 1044 | 842 |
| **Operating Income** | **9778** | **11517** | **14572** | **14942** | **15419** |
| Operating Expenses | 834 | 2334 | 868 | 1059 | 1187 |
| PPP | 8943 | 9183 | 13704 | 13883 | 14232 |
| Prov & Cont | -871 | 991 | 3496 | 1491 | 1202 |
| Profit Before Tax | 9815 | 8192 | 10207 | 12392 | 13029 |
| Tax | 2862 | 2537 | 1763 | 3098 | 3257 |
| **PAT** | **6953** | **5655** | **8444** | **9294** | **9772** |

### Balance Sheet

| (Rs Cr) | FY19 | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|---|
| Share Capital | 2640 | 2640 | 2640 | 2640 | 2640 |
| Reserves & Surplus | 40648 | 42524 | 49753 | 56275 | 63143 |
| **Shareholder funds** | **43288** | **45164** | **52393** | **58915** | **65783** |
| Borrowings | 295239 | 310275 | 333453 | 355698 | 383350 |
| Other Liab & Prov. | 6199 | 6348 | 6238 | 6350 | 6464 |
| **SOURCES OF FUNDS** | **344726** | **361787** | **392084** | **420963** | **455597** |
| Fixed Assets | 28 | 68 | 73 | 78 | 78 |
| Investment | 16586 | 16473 | 15974 | 19267 | 21640 |
| Cash & Bank Balance | 14201 | 199 | 4762 | 4725 | 5234 |
| Advances | 303210 | 334113 | 360125 | 385334 | 416160 |
| Other Assets | 10700 | 10935 | 11151 | 11560 | 12485 |
| **TOTAL ASSETS** | **344726** | **361787** | **392084** | **420963** | **455597** |

(Source: Company, HDFC sec)

# Power Finance Corporation Ltd.

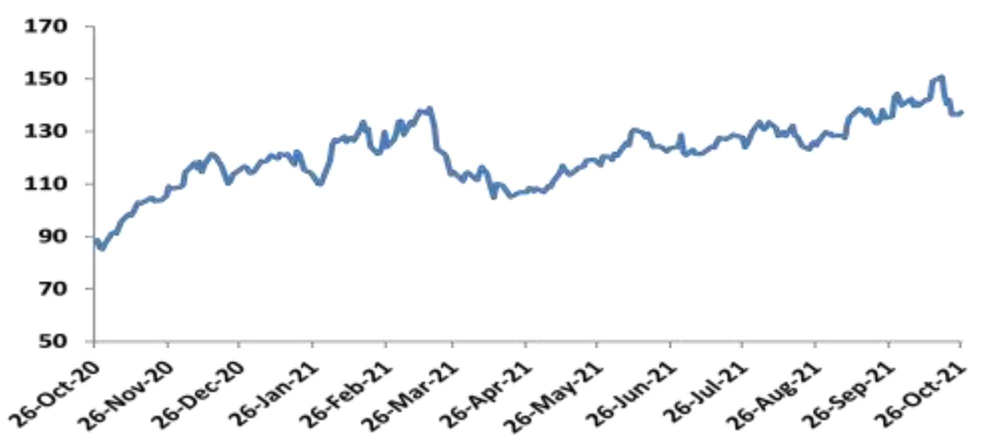
**Key Ratio**

| | FY19 | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|---|
| **Return Ratios** | | | | | |
| Calc. Yield on adv | 10.0% | 10.0% | 10.4% | 10.2% | 10.0% |
| Calc. Cost of borr | 7.1% | 7.2% | 7.2% | 7.0% | 6.9% |
| NIM | 3.3% | 3.2% | 3.7% | 3.7% | 3.6% |
| RoAE | 17.3% | 12.8% | 17.3% | 16.7% | 15.7% |
| RoAA | 2.2% | 1.6% | 2.2% | 2.3% | 2.2% |
| **Asset Quality Ratios** | | | | | |
| GNPA | 9.4% | 8.1% | 5.7% | 5.1% | 5.0% |
| NNPA | 4.6% | 3.8% | 2.1% | 1.8% | 1.7% |
| PCR | 51% | 53% | 63% | 64% | 65% |
| **Growth Ratios** | | | | | |
| Advances | 14.0% | 10.2% | 7.8% | 7.0% | 8.0% |
| Borrowings | 24.7% | 5.1% | 7.5% | 6.7% | 7.8% |
| NII | 9.7% | 6.9% | 28.3% | 7.3% | 4.9% |
| PPP | 8.6% | 2.7% | 49.2% | 1.3% | 2.5% |
| PAT | 58.5% | -18.7% | 49.3% | 10.1% | 5.1% |

**Key Ratios**

| | FY19 | FY20 | FY21 | FY22E | FY23E |
|---|---|---|---|---|---|
| **Valuation Ratios** | | | | | |
| EPS | 26.3 | 21.4 | 32.0 | 35.2 | 37.0 |
| P/E | 5.2 | 6.4 | 4.3 | 3.9 | 3.7 |
| Adj. BVPS | 109.7 | 121.5 | 169.2 | 196.6 | 221.7 |
| P/ABV | 1.2 | 1.1 | 0.8 | 0.7 | 0.6 |
| DPS | 0.0 | 9.5 | 10.0 | 10.5 | 11.0 |
| Div. Yield | 0.0 | 6.9 | 7.3 | 7.7 | 8.0 |
| **Other Ratios** | | | | | |
| Cost-Income | 8.5 | 20.3 | 6.0 | 7.1 | 7.7 |
| Leverage | 7.0 | 7.4 | 6.9 | 6.5 | 6.3 |

**One Year Price Chart**



## HDFC Sec Retail Research Rating description

### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.



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