

Corporate Bond Valuation - InCred

About the Issuer

Founded in 2017 and headquartered in Mumbai, InCred Financial Services Ltd is a privately held NBFC that leverages technology and data science to provide lending services to individuals and SMEs

Loans Type

- **Consumer Loans:** Offers personal loans of up to INR 10 Lakh to salaried customers with a maximum tenor of 7 years and at an average yield of 24%
- **Education Loans:** Offers student loans of up to INR 1 Cr to Indian students going abroad for international study. Maximum tenor is 180 months at an average yield of 12.6%
- **MSME Loans:** Offers secured and unsecured anchor-backed loans of up to INR 10 Cr with an average yield of 15.6%. The Company also lends to RBI-regulated NBFCs with a high proportion of liquid investments

Source – Grip Invest

Financial Snapshot

in Crores (Rs)

Particulars	Mar-20	Mar-21	Mar-22	Mar-23
AUM	2101	2644	3843	-
Net Worth	-	1070	1063	1924
Total Revenue	332	392	524	580
Capital Adequacy Ratio	36.50%	37.20%	28.01%	33.70%
PBT	5	2	30	70
Gross NPA	3.20%	3.90%	2.80%	2.64%
Net NPA	1.50%	1.90%	1.40%	1.27%

Source – Grip Invest

Issuer at Glance



Source – Grip Invest

Ebitdad Rajat

Corporate Bond Valuation - InCred

Valuation Calculation

Inputs

Yield to Maturity (YTM):	9.90%
Time to Maturity:	19 Months
Market Price:	Rs 998.02 per unit
Coupon Payment Frequency:	Quarterly
Credit Rating:	A+ by Crisil
Pre-tax Yield:	9.90%

Source – Grip Invest

Output

Annual Coupon Rate / YTM	9.90%
Quarterly Coupon Rate	2.475%
Quarterly Coupon Payment	24.75
Number of Coupon Payments	6
Present Value of Coupon Payments	
PV(Coupon 1)	24
PV(Coupon 2)	23
PV(Coupon 3)	23
PV(Coupon 4)	22
PV(Coupon 5)	21
PV(Coupon 6)	21
PV	863.56
Total PV	1000.00

Source – Ebitdad Rajat

Conclusion

The intrinsic value of the bond has been determined to be Rs 1,000, while the current market price (CMP) is Rs 998. This indicates that the bond is trading at a slight discount to its intrinsic value.

While the discount is relatively small, it would suggest that the bond may be undervalued in the current market. However, it's important to consider other factors, such as the issuer's creditworthiness, prevailing market conditions, and individual investment objectives, before making any investment decisions.

Additionally, fluctuations in market prices are common, and the CMP may change over time as market conditions evolve. Therefore, investors should monitor the bond's price and conduct regular assessments to ensure it aligns with their investment goals and risk tolerance.

Corporate Bond Valuation - InCred

Disclaimer

The following analysis on InCred is provided for educational purposes only and should not be considered as investment advice. The information presented herein is based on publicly available data and sources believed to be reliable. However, no representation or warranty, expressed or implied, is made as to its accuracy, completeness, or reliability.

This equity research on InCred does not constitute a recommendation or solicitation to buy, sell, or hold any securities or financial instruments. It is essential to understand that investing in securities involves risks, and past performance is not indicative of future results.

Before making any investment decisions, it is strongly recommended to seek the guidance of a SEBI registered financial advisor or qualified professional who can assess your specific financial situation, risk tolerance, and investment objectives. They can provide personalized advice based on your individual circumstances.

The analysis provided herein is subject to change without notice and may not be updated regularly. The future performance of InCred or any other securities mentioned in this research may differ from the information presented due to various factors, including market conditions, economic trends, and company-specific developments.

The author of this report (Rajat Kulshrestha) do not assume any liability for any direct or indirect losses or damages that may arise from the use of this research or reliance on the information provided herein. Investors are solely responsible for their investment decisions and should conduct their own research and analysis before making any financial commitments.

The use of any trademarks, logos, or brand names in this research is for illustrative purposes only and does not imply endorsement or affiliation with the respective owners.

By accessing and reading this research, you automatically acknowledge and agree to the terms of this disclaimer. If you do not agree with these terms, please refrain from using this research.