

Corporate Bond Valuation - Navi FinServ Limited

About the Issuer

Navi Finserv Ltd. is a pan-India financial service company and provides a range of financial services by developing various kinds of products in the digital lending consumer fintech space. The Issuer provides personal and housing loans to borrowers with a CIBIL score that exceeds 650. The Issuer runs a detailed scorecard and a robust in-house risk engine (69% of the borrowers are salaried employees and 31% are self-employed).

In Oct '20, Navi entered the lending space through the acquisition of Chaitanya Rural Intermediation Development Services Pvt Ltd (CRIDS) and later renamed it to Navi Finserv Ltd.

Source – Grip Invest

Financial Snapshot

in Crores (Rs)

Particulars	Mar-20	Mar-21	Mar-22	Mar-23
Total Income	75.2	336.7	459.2	1377
PAT	9.7	97	(67)	171.9
Debt TO Equity Ratio	0.66	1.28	2.39	2.54
Capital Adequacy Ratio	20.8	38	30.7	28.4
Gross NPA	5.01%	4.96%	0.87%	1.7%
Net NPA	3.15%	0.45%	0.04%	0.3%

Source – Grip Invest

Issuer at Glance



Source – Grip Invest

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Valuation Calculation

Assumption

Yield to Maturity (YTM):	11.50%
Time to Maturity:	14 Months
Market Price:	Rs 985 per unit
Coupon Payment Frequency:	Quarterly
Credit Rating:	A+ by Crisil

Source – Grip Invest

Output

Annual Coupon Rate / YTM	11.50%
Monthly Coupon Rate	2.875%
Monthly Coupon Payment	28.75
Number of Coupon Payments	14
Present Value of Coupon Payments	
PV(Coupon 1)	27.95
PV(Coupon 2)	27.17
PV(Coupon 3)	26.41
PV(Coupon 4)	25.67
PV(Coupon 5)	24.95
PV(Coupon 6)	24.25
PV(Coupon 7)	23.58
PV(Coupon 8)	22.92
PV(Coupon 9)	22.28
PV(Coupon 10)	21.65
PV(Coupon 11)	21.05
PV(Coupon 12)	20.46
PV(Coupon 13)	19.89
PV(Coupon 14)	19.33
PV	843.61
Total PV	1171.16

Source – Ebitdad Rajat

The intrinsic value of the bond has been determined to be Rs 1171, while the current market price (CMP) is Rs 985. This indicates that the bond is trading at a discount to its intrinsic value.

It would suggest that the bond is 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.

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