

Shriram Transport Finance

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	SHTF IN
Equity Shares (m)	226.9
M.Cap.(INRb)/(USDb)	236.9 / 3.6
52-Week Range (INR)	1325 / 778
1, 6, 12 Rel. Per (%)	-1/-11/-11
Avg Val, INRm	826
Free float (%)	73.9

Financials & Valuations (INR b)

Y/E March	2017	2018E	2019E
Net Inc.	55.2	61.0	69.4
PPP	43.7	47.9	54.6
PAT	12.6	17.3	22.0
Cons.PAT	12.6	17.6	22.4
EPS (INR)	55.4	76.3	96.9
Cons. EPS (INR)	55.6	77.4	98.6
BV/Sh (INR)	498	554	634.0
Cons. BV (INR)	493	556	638.0
RoA on AUM (%)	2.0	2.6	2.9
RoE (%)	11.7	14.5	16.3
Payout (%)	21.2	18.6	17.4
Valuations			
P/Cons. EPS (x)	18.8	13.5	10.6
P/Cons. BV (x)	2.1	1.9	1.6
Div. Yield (%)	1.0	1.2	1.4

CMP: INR1,044
TP: INR1,269 (+22%)
Buy

Performance better than expectation despite migration to 120dpd

- Shriram Transport's (SHTF) 4QFY17 PAT of INR1.5b was in line with our estimate. Better-than-expected margins and controlled opex led to an 8% beat on operating profit (+6% YoY).
- Despite migration to 120dpd (15% of GNPA), management kept its focus on balance sheet strength. PCR declined to just 70% from 75% a quarter ago. Hence, provisioning was higher than estimate and led to in-line PAT.
- Disbursement in old vehicle loans was INR93.5b, in line with the trend witnessed over past 6-7 quarters. Management guided that a complete recovery is 2-3 quarters away and that near-term growth will be driven by improved agri demand. Management guided for 12-15% AUM growth in FY18.
- Reported NIM on AUM contracted 20bp QoQ to 6.97%, driven by lower yields due to interest reversals. However, we are enthused by the reduction in cost of funds over past two quarters (-60bp). SHTF has borne significantly higher cost of funds than peers (refer to Exhibit 2) due to high cost of legacy borrowings. We expect a gradual decline in cost of funds over next 1-2 years as these borrowings are replaced by lower-cost NCDs.
- GNPL ratio increased 160bp QoQ to 8.2% due to the impact of NPA recognition migration. GNPL on 180dpd basis was 4.55% v/s 4.5% in 2QFY17 and 4.3% in 4QFY16 (ignoring QoQ comparison due to demon impact).
- PAT for FY17 was up 7% YoY at INR12.6b, while RoA/RoE was 1.7%/11.7%.

Valuation and view: SHTF's return ratios are at cyclical lows, with decadal high credit cost and NPLs. We believe the worst of asset quality troubles is behind, and SHTF should witness improving return ratios due to lower credit costs. Additionally, we believe margin compression fears are overplayed with the company yet to reap significant benefit on CoF. Delayed pick-up in infra activities is a risk. We cut our FY18-19 estimates by 6%/2% to factor in slower AUM growth and higher PCR. The stock trades at 1.9x/1.6x FY18/19E BV. **BUY** with a TP of INR1,269 (2x FY19E BVPS).

SHTF: Quarterly Performance

Y/E March	FY16				FY17				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17
Interest Income	22,015	22,402	23,677	27,207	24,764	24,626	24,438	24,185	95,300	98,013
Interest expenses	11,972	12,059	12,239	14,474	13,165	13,358	12,825	12,746	50,744	52,094
Net Interest Income	10,043	10,343	11,438	12,733	11,598	11,268	11,613	11,440	44,556	45,919
YoY Growth (%)	39.3	31.3	24.5	34.3	15.5	8.9	1.5	-10.2	32.0	3.1
Securitisation income	1,313	1,586	1,768	1,705	1,876	2,262	2,508	2,647	6,171	9,293
Net Income (Incl. Securitization)	11,356	11,929	13,205	14,438	13,474	13,530	14,121	14,087	50,727	55,212
YoY Growth (%)	17.4	18.4	25.4	33.0	18.6	13.4	6.9	-2.4	23.3	8.8
Fees and Other Income	162	211	191	197	167	169	183	240	762	758
Net Operating Income	11,519	12,140	13,396	14,635	13,641	13,699	14,304	14,327	51,489	55,970
YoY Growth (%)	16.2	18.6	25.5	32.9	18.4	12.8	6.8	-2.1	23.1	8.7
Operating Expenses	2,905	3,001	3,287	3,896	3,341	3,138	2,905	2,903	13,089	12,288
Operating Profit	8,613	9,139	10,110	10,739	10,300	10,561	11,398	11,424	38,400	43,682
YoY Growth (%)	16.4	19.3	26.8	33.9	19.6	15.6	12.7	6.4	23.7	13.8
Provisions	3,823	3,997	4,400	8,567	4,603	4,621	6,105	9,114	20,586	24,443
Profit before Tax	4,790	5,142	5,710	2,172	5,697	5,940	5,293	2,310	17,814	19,239
Tax Provisions	1,579	1,761	1,959	733	1,956	2,063	1,834	813	6,032	6,666
Net Profit	3,211	3,381	3,751	1,439	3,741	3,877	3,460	1,496	11,782	12,573
YoY Growth (%)	4.8	11.9	20.1	-54.6	16.5	14.7	-7.8	4.0	-4.8	6.7
AUM Growth (%)	11.3	13.8	16.6	23.1	23.6	19.1	14.6	8.2	23.1	8.2
Securitization Inc. / Net Inc. (%)	11.4	13.1	13.2	11.7	13.7	16.5	17.5	18.5	12.0	16.6
Cost to Income Ratio (%)	25.2	24.7	24.5	26.6	24.5	22.9	20.3	20.3	25.4	22.0
Tax Rate (%)	33.0	34.3	34.3	33.7	34.3	34.7	34.6	35.2	33.9	34.6

E: MOSL Estimates; * Quarterly nos and full year nos will not tally due to different way of reporting financial nos

Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com); +91 22 6129 1526

Piran Engineer (Piran.Engineer@motilaloswal.com); +91 22 6129 1539

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Exhibit 1: Quarterly performance v/s our estimates and reasons for deviation (INR m)

Y/E March	4QFY17A	4QFY17E	Var (%)	Comments
Net Income	14,087	13,691	3	Better than expected margins
% Change (Y-o-Y)	-10.2	-13.8		
Other Income	240	175	37	
Total Net Income	14,327	13,866	3	
Operating Expenses	2,903	3,241	-10	Lower employee expenses
Operating Profit	11,424	10,625	8	
Provisions	9,114	8,363	9	Higher PCR than expected
Profit before Tax	2,310	2,263	2	
Tax Provisions	813	791	3	
Net Profit	1,496	1,471	2	In-line
% Change (Y-o-Y)	4.0	2.2		

Source: MOSL, Company

AUM grew 3.3% QoQ and
8.2% YoY to INR788b

Disbursements muted; AUM to pick up in FY18

- Old vehicle disbursements declined 13% YoY to INR94b, while new vehicle disbursements declined 39% YoY to INR11.7b.
- Consequently, AUM growth moderated from 15% YoY in 3QFY17 to 8% YoY in the quarter. Growth has been moderate in both, used and new vehicles.
- Passenger vehicles witnessed strong 17% AUM growth, while growth in other segments was sub-10%.
- Management has guided to AUM growth of 12-15% in FY18.

SHTF will reap huge benefits
on cost of funds due to
refinance of high cost
legacy borrowings.

Significant scope to reduce cost of funds

- Reported NIM on AUM declined 20bp QoQ to 6.97% driven by lower yields due to interest reversals. However, we are enthused by the reduction in cost of funds over the past 2 quarters (60bp reduction).
- We believe SHTF is poised to reap significant benefits on cost of funds over the medium term. **SHTF has borne significantly higher cost of funds than peers due to high cost of legacy borrowings.**

Exhibit 2: Trend in cost of borrowings of SHTF v/s peers (%)

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
SHTF	10.8	10.7	10.4	11.8	10.5	10.4	10.0	9.8
MMFS	9.7	9.6	9.5	9.2	9.3	9.1	9.1	8.4
CIFC	9.9	9.9	9.6	9.5	9.4	9.3	9.1	NA

Source: Company, MOSL

- **A quick glance through the 2016 Annual Report suggests that the majority of SHTF's market borrowings are at interest rates in excess of 10% (a sizeable portion in excess of 12% too).** We expect gradual decline in cost of funds over the next 1-2 years with refinancing of maturing borrowings and the company is currently borrowing at ~8-8.25% via NCDs.
- Interestingly, the company raised INR13.5b from Masala Bonds at 8.25% in the quarter.
- Incrementally, the company is able to raise money from the market at ~8% and from banks at ~8.5%. Incremental yields are in the range of 16-17%.

Management expects C/I ratio to return to run-rate of 22-23%

Expect credit costs to decline from 3.2% in FY17 to 2.3% in FY19.

Fourth consecutive quarter of operating expense decline

- Employee expense of INR1.27b (v/s our estimate of INR1.7b) surprised us positively. This was despite the addition of almost 3,000 new employees.
- Lower employee cost was driven by lower stipends for new employees. Management has guided to a pick-up in employee expenses and expects the C/I ratio to normalize at 22-23% (20.3% in 4QFY17).
- SHTF plans to hire 1,000-1,500 new employees in FY18.

Asset quality largely stable due to RBI dispensation

- GNPL ratio increased 160bp sequentially to 8.2%. Around 100bp of this increase was attributed to migration to 120dpd.
- Interestingly, around half of the accounts that received the NPA dispensation benefit in 3Q have been upgraded while the rest have slipped into NPA.
- GNPL on 180dpd basis was 4.55% v/s 4.5% in 2QFY17 and 4.3% in 4QFY16 (ignoring QoQ comparison due to demon impact). PCR is robust at 70%.
- We expect asset quality to remain largely stable on an apples-to-apples basis and expect credit costs to decline from 3.2% in FY17 to 2.3% in FY19.

Valuation and view

- SHTF's return ratios are just off cyclical lows with decadal high credit cost and NPLs.
- We believe the worst of asset quality troubles are behind and the company should witness improving return ratios due to lower credit costs. Delayed pick-up in infra activities is a risk.
- Additionally, we believe margin compression fears are overplayed, with the company yet to reap significant benefit on CoF.
- We cut our FY18-19 estimates by 6%/2% to factor in slower AUM growth and higher PCR. The stock trades at 1.9x/1.6x FY18/19E BV. We use RI model with Rf: 7%, CoE: 13.1% and terminal growth rate: 5% to arrive at a TP of INR1,269 (2x FY19E BVPS). **Buy.**

Exhibit 3: Downgrade estimates to factor in higher provisions

INR b	Old Est		New Est.		Change (%)	
	FY18	FY19	FY18	FY19	FY18	FY19
NII (incl. Sec. Inc.)	62.8	69.7	61.0	69.4	-2.9	-0.4
Other Income	0.7	0.8	0.8	0.9		
Total Income	63.5	70.5	61.8	70.3	-2.6	-0.2
Operating Expenses	14.3	16.2	13.9	15.7	-2.7	-3.1
Operating Profits	49.2	54.3	47.9	54.6	-2.6	0.6
Provisions	21.2	20.8	21.5	21.8	1.3	4.7
PBT	28.0	33.5	26.4	32.8	-5.6	-2.0
Tax	9.7	11.0	9.1	10.8	-5.6	-2.0
PAT	18.3	22.4	17.3	22.0	-5.6	-2.0
AUM	888	999	883	1,003	-0.6	0.4
Margins (inc securitisation)	7.41	7.39	7.30	7.36		
Credit Cost	2.47	2.17	2.54	2.27		
RoA	2.7	3.0	2.6	2.9		
RoE	15.5	16.7	14.5	16.3		

Source: MOSL, Company



Conference call highlights

Business Updates

- Expect to maintain NIM at ~7%. However, due to continued reduction in cost of funds, it could expand by 15-20bp
- Expect 12-15% AUM growth in FY18. In 1HFY18, passenger vehicles and tractors will drive growth. M&HCV pickup will happen in 2HFY18.
- GST could be a short-to-medium term disruption.
- Management is bullish on agri demand in FY18. Infra-led demand could resume in 2HFY18.
- The company is not financing vehicles more than 10 years old anymore. Such vehicles account for only ~5-7% of the total loan book.
- Incremental cost of funds – Bonds: 8%, Bank: 8.5%; Incremental yield: 16-17%

Asset Quality

- Equipment financing subsidiary – Loan book: INR8.8b, GNPL: INR7.3b, Provisions: INR6.83b. Collections were INR2.7b in 4Q.
- Around half of the accounts that would have slipped into NPL if not for the BRI dispensation in 3Q have recovered, while the other half has slipped into NPL.
- Writeoffs – 4Q: INR3.45b, 3Q: INR3.05b and FY17: INR11b
- GNPL ratio as of 180dpd is 4.55% (v/s 4.5% in 2QFY17 and 4.3% in FY16). Impact of NPA transition to 120dpd was ~100bp.
- Interest reversal for 4Q is INR400m

Others

- Share of Cash collection has returned to 40-45% compared to the trough of 30% in January, as cash has returned to the system.
- Management is bullish on traction in May and June due to robust rabi crop harvest.
- Strong pre-buying demand witnessed in February.
- Around 15% of the loan book is financing to 8 years+ old vehicles
- Opex was flat sequentially despite higher headcount as new employees receive only a nominal stipend in the first 6 months. Management expects C/I ratio to return to 21-22% levels going forward.

Exhibit 4: Quarterly snapshot

	FY15				FY16				FY17				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Profit and Loss (INR m)														
Net Income	7,209	7,877	9,187	9,478	10,043	10,343	11,438	12,733	11,598	11,268	11,613	11,440	(1)	(10)
Operating Expenses	2,515	2,575	2,702	2,991	2,905	3,001	3,287	3,896	3,341	3,138	2,905	2,903	(0)	(25)
Employee	1,012	1,066	1,069	1,148	1,234	1,311	1,466	1,880	1,519	1,392	1,305	1,266	(3)	(33)
Others	1,502	1,509	1,632	1,843	1,672	1,690	1,821	2,016	1,822	1,746	1,600	1,638	2	(19)
Operating Profits	7,398	7,661	7,973	8,023	8,613	9,139	10,110	10,739	10,300	10,561	11,398	11,424	0	6
Provisions	2,966	3,154	3,269	3,241	3,823	3,997	4,400	8,567	4,603	4,621	6,105	9,114	49	6
NPAs/ Bad debts	2,874	3,070	3,153	3,234	3,768	3,914	4,324	8,282	4,550	4,632	6,090	8,805	45	6
Standard assets	92	84	116	7	56	82	76	285	54	-11	16	309	1,894	8
PBT	4,432	4,506	4,704	4,782	4,790	5,142	5,710	2,172	5,697	5,940	5,293	2,310	(56)	6
Taxes	1,368	1,484	1,580	1,615	1,579	1,761	1,959	733	1,956	2,063	1,834	813	(56)	11
PAT	3,064	3,022	3,124	3,167	3,211	3,381	3,751	1,439	3,741	3,877	3,460	1,496	(57)	4
Asset Quality														
GNPA	15,466	16,745	17,797	18,941	21,304	23,296	25,357	38,702	41,259	42,420	43,062	54,084	26	40
NNPA	3,135	3,492	3,561	3,791	4,579	5,029	5,023	11,437	12,202	12,518	10,577	16,590	57	45
Gross NPAs (%)	3.7	3.7	3.6	3.8	4.1	4.2	4.3	6.2	6.4	6.6	6.6	8.2		
Net NPAs (%)	0.8	0.8	0.7	0.8	0.9	0.9	0.9	1.9	2.0	2.0	1.7	2.7		
PCR (Calculated, %)	79.7	79.1	80.0	80.0	78.5	78.4	80.2	70.4	70.4	70.5	75.4	69.3		
Ratios (%)														
Cost to Income	26.0	25.6	25.7	27.6	25.6	25.2	24.9	27.0	24.8	23.2	20.6	20.6		
Provision to operating profit	40.1	41.2	41.0	40.4	44.4	43.7	43.5	79.8	44.7	43.8	53.6	79.8		
Tax Rate	30.9	32.9	33.6	33.8	33.0	34.3	34.3	33.7	34.3	34.7	34.6	35.2		
Total CAR	22.9	22.0	21.1	20.5	20.1	19.2	18.5	17.6	17.4	17.4	17.6	16.9		
Business Details (INR b)														
AUM	544	556	571	591	605	633	665	728	748	753	763	788	3	8
On book Loans	405	441	490	492	518	551	584	619	640	637	643	655	2	6
Off book (Securitization)	139	114	81	99	88	82	81	109	108	116	120	133	11	22
Total Borrowings	364	407	438	443	444	460	480	498	510	518	511	531	4	7
AUM Mix (%)														
New CV Loans	10	9	8	8	8	8	8	10	11	10	10	10		
Used CV loans	90	89	90	92	92	92	92	90	89	90	90	90		
Disbursements Details (INR B)														
Total	74.1	81.6	90.0	91.3	92.3	95.1	104.8	127.1	106.6	98.0	81.2	105.2	30	(17)
New CV Loans	4.1	5.4	6.3	8.1	7.8	9.7	13.0	19.2	12.6	5.0	5.7	11.7	107	(39)
Used CV loans	70.0	76.2	83.7	83.2	84.6	85.4	91.8	107.9	94.0	93.0	75.6	93.5	24	(13)
Securitisation Details														
Done during quarter (INR B)	1.7	5.3	0.0	37.8	8.3	15.6	19.8	46.2	21.6	29.0	26.0	35.6		
Securitization inc as a % to net inc	25.5	21.8	12.7	12.7	11.6	13.3	13.4	11.8	13.9	16.7	17.8	18.8		
Total Borrowing Mix (%)														
Banks / FIs	79.9	81.0	81.6	80.4	79.8	80.0	80.2	80.6	80.8	81.2	80.8	81.5		
Retail	20.1	19.0	18.4	19.6	20.2	20.0	19.8	19.4	19.2	18.8	19.2	18.5		
Other Details														
Branches	666	700	719	741	770	800	822	853	879	899	905	918		
Employees	17,075	16,410	16,290	16,160	16,061	16,608	17,398	19,170	19,125	17,162	15,993	18,885		

Story in charts

Exhibit 5: Disbursements declined 17% YoY

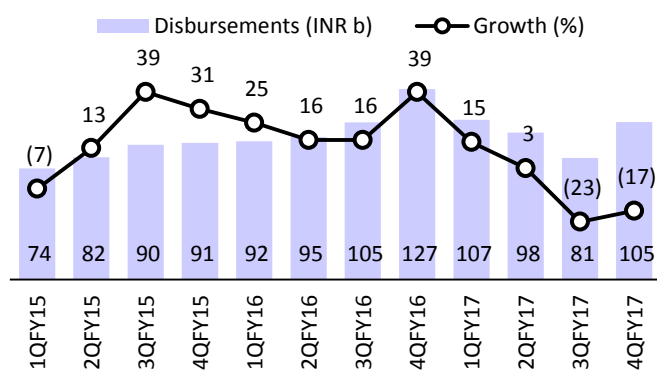


Exhibit 6: Proportion of off-book assets stable (%)

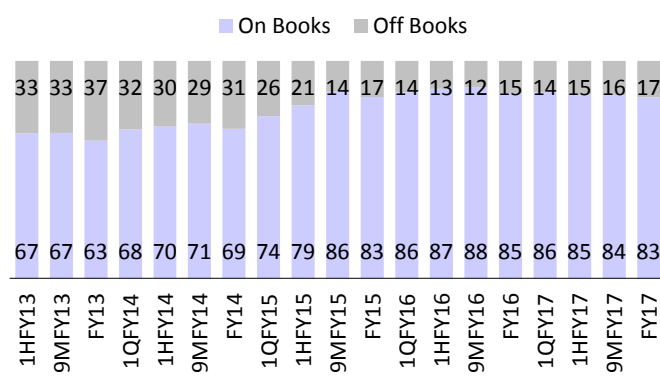


Exhibit 7: AUM mix largely stable

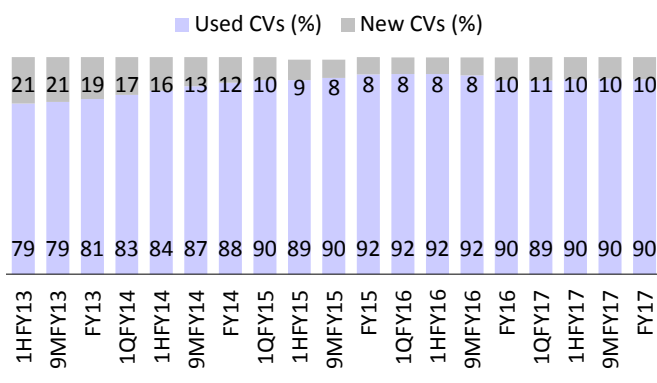


Exhibit 8: Securitization during 4Q stood at INR36b

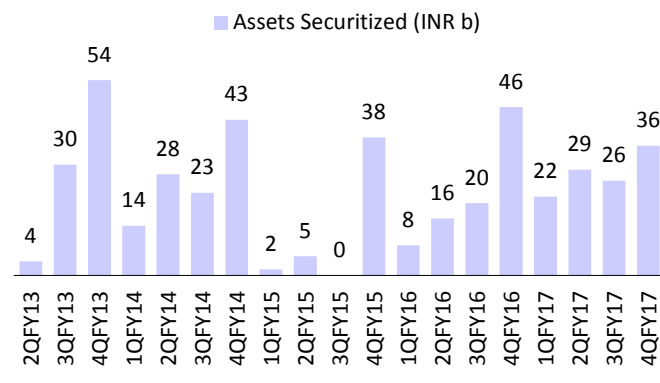


Exhibit 9: NIM (% on AUM) declined 20bp sequentially

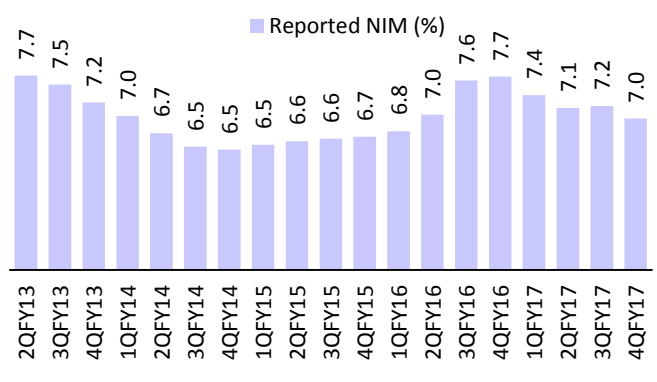
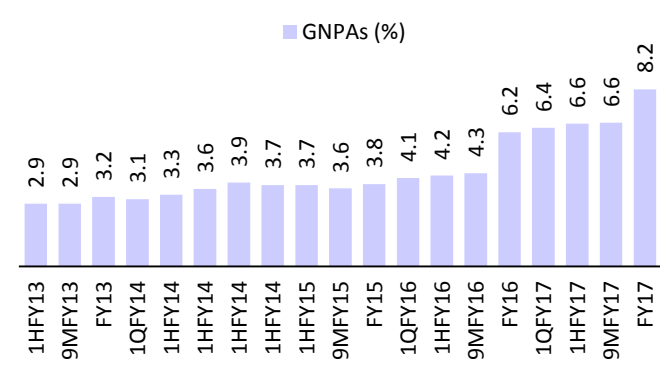


Exhibit 10: GNPL increased due to NPL migration



Financials and valuations

Income Statement						(INR Million)		
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Financing Income	45,028	62,664	77,779	95,300	98,013	104,806	116,800	131,565
Financing charges	28,439	38,982	44,029	50,744	52,094	53,462	57,324	63,079
Net Financing income	16,588	23,683	33,750	44,556	45,919	51,344	59,476	68,487
Change (%)	36.1	42.8	42.5	32.0	3.1	11.8	15.8	15.1
Income from securitisation	18,057	12,796	7,379	6,171	9,293	9,669	9,882	11,119
Net Income (Incl Secur)	34,645	36,479	41,129	50,727	55,212	61,013	69,358	79,606
Change (%)	7.4	5.3	12.7	23.3	8.8	10.5	13.7	14.8
Other Income	1,885	1,655	707	762	758	834	918	1,009
Net Income	36,530	38,134	41,836	51,489	55,970	61,847	70,276	80,615
Change (%)	8.9	4.4	9.7	23.1	8.7	10.5	13.6	14.7
Employee Cost	3,848	4,089	4,296	5,891	5,482	6,305	7,187	8,194
Brokerage & Commission	948	1,227	609	587	645	723	810	907
Other Operating Exp.	3,065	4,245	5,878	6,611	6,160	6,876	7,676	8,568
Operating Profit	28,670	28,573	31,054	38,400	43,682	47,943	54,603	62,947
Change (%)	8.5	-0.3	8.7	23.7	13.8	9.8	13.9	15.3
Total Provisions	8,508	10,293	12,630	20,586	24,443	21,506	21,794	24,316
% to operating income	29.7	36.0	40.7	53.6	56.0	44.9	39.9	38.6
PBT	20,162	18,280	18,424	17,814	19,239	26,437	32,809	38,631
Tax	6,556	5,638	6,046	6,032	6,666	9,121	10,827	12,748
Tax Rate (%)	32.5	30.8	32.8	33.9	34.6	34.5	33.0	33.0
PAT	13,606	12,642	12,378	11,782	12,573	17,316	21,982	25,883
Change (%)	8.2	-7.1	-2.1	-4.8	6.7	37.7	26.9	17.7
Proposed Dividend	1,590	1,588	1,815	2,269	2,301	2,771	3,297	3,882

Balance Sheet								
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Capital	2,269	2,269	2,269	2,269	2,269	2,269	2,269	2,269
Reserves & Surplus	69,679	80,463	90,111	99,272	110,753	123,466	141,590	162,931
Net Worth	71,947	82,732	92,380	101,541	113,022	125,735	143,860	165,200
Borrowings	310,025	359,200	442,800	497,907	531,110	582,679	656,753	744,997
Change (%)	34.1	15.9	23.3	12.4	6.7	9.7	12.7	13.4
Other Liabilities	22	22	0	0	0	0	0	0
Total Liabilities	381,995	441,955	535,180	599,448	644,132	708,414	800,613	910,197
Investments	35,689	27,253	33,272	13,562	15,494	17,818	20,490	23,564
Change (%)	-10.0	-23.6	22.1	-59.2	14.2	15.0	15.0	15.0
Loans	311,227	364,878	492,271	637,701	678,402	757,996	864,009	988,314
Change (%)	41.1	17.2	34.9	29.5	6.4	11.7	14.0	14.4
Net Fixed Assets	601	1,007	1,007	1,011	838	1,062	1,113	1,139
Net Current Assets	34,478	48,818	8,629	-52,825	-50,601	-68,461	-84,999	-102,820
Total Assets	381,995	441,955	535,180	599,448	644,132	708,414	800,613	910,197

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Spreads Analysis (%)								
Avg. Yield - on Financing portfolio	16.3	17.3	17.0	16.3	14.4	14.1	13.9	13.7
Avg Cost of funds	10.5	11.6	11.0	10.8	10.1	9.6	9.3	9.0
Int Spread on Financing portfolio	5.8	5.6	6.0	5.6	4.3	4.5	4.7	4.7
NIM (incl Securitisation)	7.7	7.1	7.3	7.7	7.3	7.3	7.4	7.4
NIM (Excl Securitisation)	6.2	7.0	7.9	7.9	7.0	7.1	7.3	7.4

Profitability Ratios (%)

RoE	20.6	16.3	14.1	12.2	11.7	14.5	16.3	16.7
RoA	4.0	3.1	2.5	2.1	2.0	2.6	2.9	2.6
Int. Expended/Int.Earned	63.2	62.2	56.6	53.2	53.2	51.0	49.1	47.9
Other Inc./Net Income	54.6	37.9	19.3	13.5	18.0	17.0	15.4	15.0

Efficiency Ratios (%)

Op. Exps./Net Income	21.5	25.1	25.8	25.4	22.0	22.5	22.3	21.9
Empl. Cost/Op. Exps.	49.0	42.8	39.8	45.0	44.6	45.3	45.9	46.4

Asset-Liability Profile (%)

Loans/Borrowings Ratio	100.4	101.6	111.2	128.1	127.7	130.1	131.6	132.7
Net NPAs to Adv.	0.8	0.8	0.8	1.9	2.7	3.5	3.4	3.5
Leverage	5.3	5.3	5.8	5.9	5.7	5.6	5.6	5.5
Average leverage	5.1	5.3	5.6	5.9	5.8	5.7	5.6	5.5

Valuations

Standalone BV (INR)	317	365	407	447	498	554	634	728
BV Growth (%)	19.8	15.0	11.7	9.9	11.3	11.2	14.4	14.8
Price-BV (x)	3.3	2.9	2.6	2.3	2.1	1.9	1.6	1.4
Consolidated BV (INR)	323	375	408	450	493	556	638	732
Price-BV (x)	3.2	2.8	2.6	2.3	2.1	1.9	1.6	1.4
Standalone EPS (INR)	60.0	55.7	54.6	51.9	55.4	76.3	96.9	114.1
Growth (%)	7.9	-7.1	-2.1	-4.8	6.7	37.7	26.9	17.7
Price-Earnings (x)	17.4	18.7	19.1	20.1	18.8	13.7	10.8	9.2
Consolidated EPS (INR)	64.5	59.9	45.3	53.3	55.6	77.4	98.6	114.3
EPS Growth (%)	11.6	-7.2	-24.3	17.6	4.2	39.3	27.3	16.0
Price-Earnings (x)	16.2	17.4	23.0	19.6	18.8	13.5	10.6	9.1
Dividend	7.0	7.0	10.0	10.0	10.0	12.2	14.5	17.1
Dividend Yield (%)	0.7	0.7	1.0	1.0	1.0	1.2	1.4	1.6

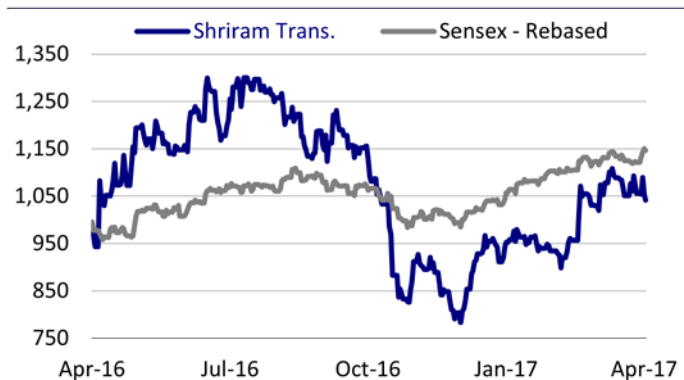
E: MOSL Estimates

Corporate profile

Company description

Shriram Transport Finance (SHTF) established in 1979, is one of the largest asset financing NBFCs in India with asset under management of INR788b as of March 2017. SHTF's primary focus is on financing pre-owned commercial vehicles. It is among the leading financing institutions in the organized sector for the commercial vehicle industry for first time users ("FTUs"), and small road transport operators ("SRTOS"). It also provides financing for passenger commercial vehicles, multi-utility vehicles, etc.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-17	Dec-16	Mar-16
Promoter	26.1	26.1	26.1
DII	2.2	3.5	2.2
FII	47.4	37.3	24.0
Others	24.4	33.1	47.8

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
PIRAMAL ENTERPRISES LIMITED	10.0
SANLAM LIFE INSURANCE LIMITED	3.0
ABU DHABI INVESTMENT AUTHORITY - (Under sub accounts)	2.3
CENTAURA INVESTMENTS (MAURITIUS) PTE LTD	1.9
NEW WORLD FUND INC	1.9

Source: Capitaline

Exhibit 4: Top management

Name	Designation
S Lakshminarayanan	Chairman
Jasmeet Singh Gujral	Managing Director & CEO
Vivek M Achwal	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Amitabh Chaudhry	Gerrit Van Heerde
Kishori Udeshi	Sumatiprasad M Bafna
Puneet Bhatia	D V Ravi
Ramakrishnan Subramanian	S Sridhar

*Independent

Exhibit 6: Auditors

Name	Type
G D Apte & Co	Statutory
S R Batliboi & Co LLP	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	55.6	61.5	-9.5
FY18	77.4	82.0	-5.7
FY19	98.6	100.6	-1.9

Source: Bloomberg

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In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar
Varun.kumar@motilaloswal.com
Contact : (+65) 68189232
Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931

Kadambari Balachandran
kadambari.balachandran@motilaloswal.com
(+65) 68189233 / 65249115



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com