

Shriram Transport Finance

BSE SENSEX

33,627

S&P CNX

10,332



Previous report on SHTF
dated 22 Nov 2017



Stock Info

Bloomberg	SHTF IN
Equity Shares (m)	227
52-Week Range (INR)	1589 / 898
1, 6, 12 Rel. Per (%)	17/45/32
M.Cap. (INR b)	359
M.Cap. (USD b)	5.4
Avg Val, INRM	983.0
Free float (%)	73.9

Financials Snapshot (INR b)

Y/E March	2018E	2019E	2020E
Net Inc.	66.8	79.4	94.3
PPP	53.1	63.8	76.4
PAT	17.6	25.1	30.5
EPS (INR)	77.5	110.6	134.5
EPS Gr. (%)	39.8	42.7	21.7
BV/Sh (INR)	556	651.0	768.2
RoA on AUM (%)	2.6	3.2	3.4
RoE (%)	14.7	18.3	19.0
Payout (%)	17.4	13.9	12.8

Valuations

P/E (x)	20.2	14.1	11.6
P/BV (x)	2.8	2.4	2.0
Div. Yield (%)	0.7	0.8	0.9

Shareholding pattern (%)

As On	Dec-17	Sep-17	Dec-16
Promoter	26.1	26.1	26.1
DII	3.5	4.9	3.5
FII	49.7	48.1	37.3
Others	20.7	20.9	33.1

FII Includes depository receipts

CMP: INR1,562

TP: INR1,925 (+23%)

Buy

Riding the CV wave

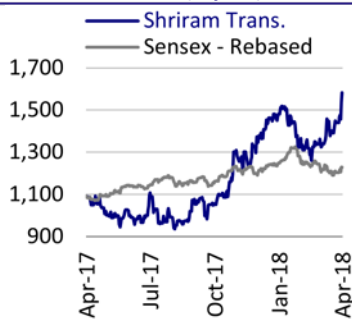
Best-in-class RoE; 30%+ PAT CAGR

- We met the management of Shriram Transport Finance (SHTF) and returned with renewed optimism on its business prospects.
- Over the past few years, while CV volumes have been stagnant, there has been a marked shift in mix towards higher-tonnage vehicles. In addition, price hikes in the past two years have been healthy (18-20% on new vehicles). While the addressable market size for SHTF in terms of volumes will remain largely stable, we believe better pricing and mix will drive disbursement and AUM growth.
- AUM is likely to grow 18-19% in FY18 as compared to the management's earlier guidance of 15% growth. We keep our FY18 AUM growth estimate of 18% unchanged, but modestly increase FY18-20E AUM CAGR to 17%.
- The management believes that used CV pricing will at least remain firm (or might even improve) over the next 3-4 years as a result of pricing increases in new CVs stemming from BS4, and subsequently, BS6 implementation. This is unlike the past few years, when used CV prices were under pressure. This will help SHTF in two ways: (a) AUM growth will remain steady, and (b) ultimate losses from sale of repossessed vehicles will be lower than before.
- After seven years of unchanged profits (INR12b-13b), we expect SHTF to report INR18b PAT in FY18, and subsequently, INR25b/INR31b in FY19/FY20. RoA (on AUM)/RoE should improve from the lows of 1.7%/11.7% in FY17 to 2.7%/19% in FY20. At 2.0x FY20E BV, we believe the stock is attractively priced, given AUM growth of 17-18% and RoE of 18-19%. We increase our FY19-20 EPS estimates by 6-7%. We value the company at 2.5x FY20E BV, and could look to further revise the multiple if performance exceeds our expectation. BUY with a TP of INR1,925 (2.5x FY20E BV).

Volumes muted; higher tonnage and pricing driving growth

SHTF's sweet spot is 5-10 years' vintage vehicles. Around 70% of its book belongs to this segment. We have analyzed M&HCV volume trends over the past two decades. **At any point in time, SHTF's core target market would be the sum of all vehicles sold 5-10 years prior to that point. For example, for FY18, we believe the core addressable market is the pool of vehicles sold over FY08-13. While this pool grew at 11% CAGR over FY11-16, it has remained largely static since then. Yet, over FY16-18, SHTF's disbursements have grown at 11-12% CAGR.** This implies that while volumes have been static, shift in higher-tonnage vehicles combined with supportive pricing has driven disbursement growth. Additionally, the share of HCV financing for SHTF increased from 40% to 47% in the past three years. There could also be a case of market share gains for SHTF. **Given the sales trends of the past five years, we note that the size of target pool of vehicles is likely to remain stagnant in volume terms, but the increase in pricing and change in mix is likely to drive disbursements (Exhibit 2).** We expect 16-17% disbursement and AUM growth over FY18-20.

Stock Performance (1-year)



Investments in branch expansion a key positive

With improved visibility of demand, SHTF opened 203 branches in 9MFY18, taking the total branch count to 1,121 branches. **The number of branches opened in the past three quarters is higher than the number opened in the preceding nine quarters.** Also, given that a significant portion of these branches were opened in rural areas, the impact on opex was not meaningful – opex grew only 14% in 9MFY18 against 18% AUM growth and 20% NII growth. As the branches mature, their productivity should improve.

Spreads to expand in FY19, as impact of interest reversals ceases

While yields compressed 240bp over FY15-17, we believe around half of the yield compression has been due to interest reversals and higher NPLs, while core yields have declined only ~100bp. Once the NPL migration to 90dpd ends in FY18, we expect a relief of at least 25bp on yields in FY19. Also, as the company continues to refinance high-cost NCDs that will mature over FY19 and FY20, we expect cost of funds to decline marginally too. **We estimate 50bp improvement in spreads from 5.25% in FY18 to 5.75% in FY20.** [Click here](#) for our sector report on the impact of rising bond yields on margins for NBFCs.

Decline in credit costs to drive improvement in RoE

The 10-year average credit cost for SHTF over FY06-15 is 1.7%. In FY16 and FY17, credit costs jumped to 3.1-3.2%. However, this was largely due to provisions made to maintain high PCR during NPL migration. **If SHTF were to continue to record GNPL ratio at 180dpd and maintain 80% PCR, credit costs would have been 2.1-2.2% in both FY16 and FY17.** While the management has guided 2.5% credit cost in FY19, we believe there is scope for further reduction as credit costs normalise. We, however, conservatively model 2.5% credit cost in FY19 and thereafter. Sharp reduction in credit costs and improvement in spreads should drive improvement in RoA (on AUM)/RoE from 2.1%/14.7% in FY18 to 2.7%/19% in FY20.

Re-rating to continue; one of our top picks

Over the past 5-6 years, SHTF's PAT has been range-bound at INR12b-13b. Growth slowed down and there were concerns on margin pressure due to migration towards newer vehicle financing. **The share of securitized assets was also higher in the prior cycle compared to this cycle (37% in FY13 v/s 17% currently).** In addition, there were asset quality issues in the erstwhile construction equipment financing subsidiary. This led to loss of investor interest and significant stock de-rating. However, we believe things have turned around. **Growth in the past 6-8 quarters (barring the quarters around demonetization) has been good. The impact of NPL migration on yields as well as credit costs will end soon, and FY19 will be a year of normalized return ratios.** The company is investing for growth by expanding its branch network aggressively. We increase our FY19-20 EPS estimates by 6-7% and expect RoE to improve to 18%+ from FY19 onwards. **This would be at the higher end compared to its NBFC peers. Hence, we believe a valuation of 2.5x BV (compared to our NBFC coverage universe average of 2.4x) is justified. BUY with a target price of INR1,925.**

Beginning of the upcycle

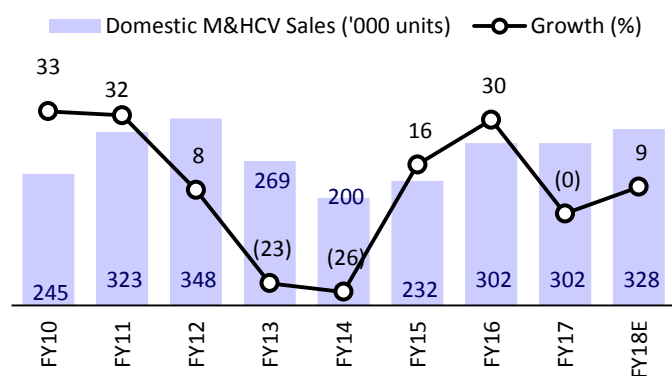
Sharp improvement in return ratios to drive 30%+ PAT growth over FY18-20

Over the past 3-4 years, the CV industry has been driven by migration towards higher-tonnage vehicles

Industry sales volumes tepid, but pricing and mix supportive

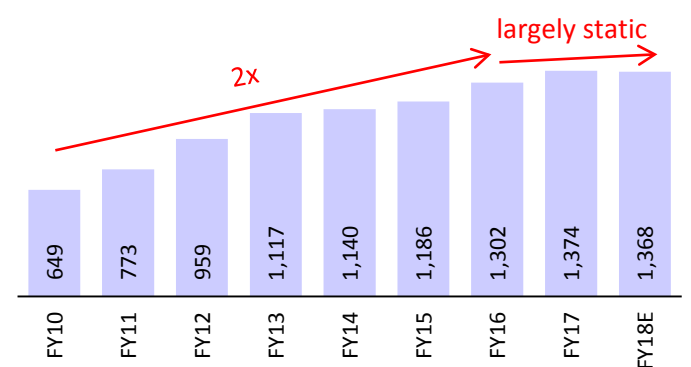
- Industry M&HCV domestic sales declined sharply from a peak of 348,000 units in FY12 to 200,000 units in FY14 due to various factors including the mining ban. While sales have recovered since then, FY18E sales are still 6% below the FY12 peak.
- As a result, the pool of 'vehicles sold in the past five years' has been largely static in the past three years (refer Exhibit 1). **The pool of vehicles is calculated as the cumulative sale of M&HCV vehicles over the prior 5-10 years. For example, the pool for FY18 is the sum of vehicles sold during FY08-13.**
- While this has been a cause of concern for investors, we note that despite the pool being largely static over FY16-18E, disbursements have grown at 11-12% CAGR over the same time period. This is due to continued shift towards higher tonnage vehicles as well as price increases over time.

Exhibit 1: Industry sales trend



Source: MOSL, Company

Exhibit 2: How the target segment pool has grown over time ('000 units)

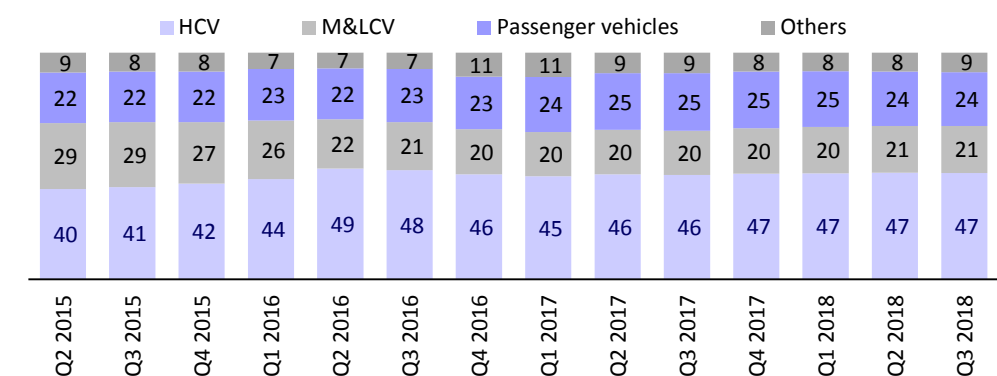


Source: MOSL, Company

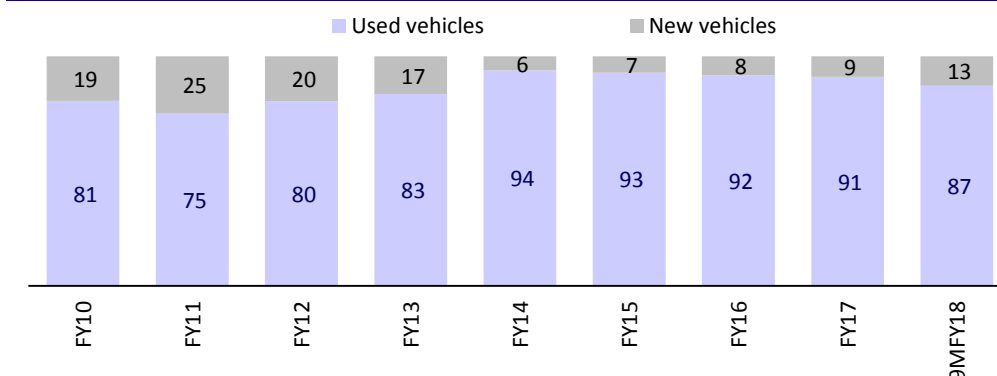
SHTF has moved towards larger CV financing over the past three years

Increase in share of HCV financing over the past three years

- Over the past three years, SHTF has increased its share of HCV financing from 40% to 47%.
- In terms of used v/s new CV disbursements, the mix has shifted in favor of new CV financing in FY18, primarily due to strong vehicle sales. While the share of new vehicles may remain elevated in FY19 too, we expect the mix to normalize over the medium term.

Exhibit 3: Share of HCV financing increased over the past three years

Source: MOSL, Company

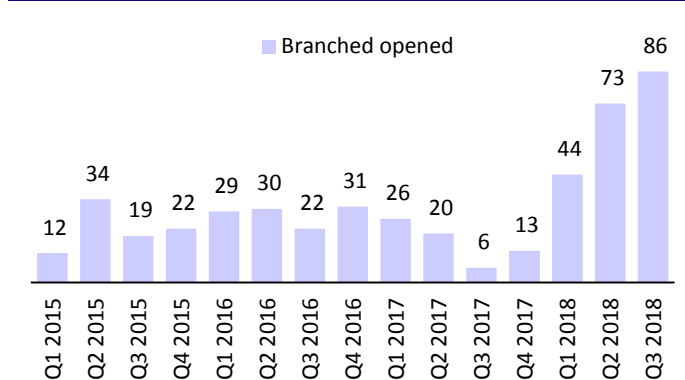
Exhibit 4: Share of new CV disbursements spiked in FY18 due to strong industry sales

Source: MOSL, Company

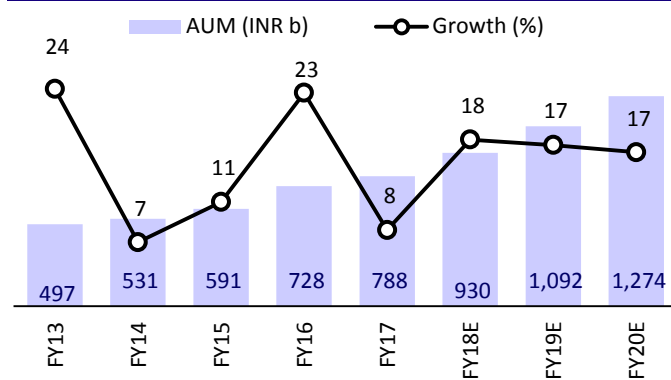
Branch openings in the past three quarters are higher than those in the preceding nine quarters

Investments in branch network to support growth

- With improved visibility of demand, SHTF opened 203 branches in 9MFY18, taking the total branch count to 1,121 branches. **The number of branches opened in the past three quarters is higher than the number opened in the preceding nine quarters.**
- Given all above-mentioned factors (CV tonnage migration, price hikes, branch network expansion), we believe SHTF can sustain 17% AUM CAGR over FY18-20.

Exhibit 5: Record branch openings in 9MFY18

Source: MOSL, Company

Exhibit 6: Expect 17% AUM CAGR going forward

Source: MOSL, Company

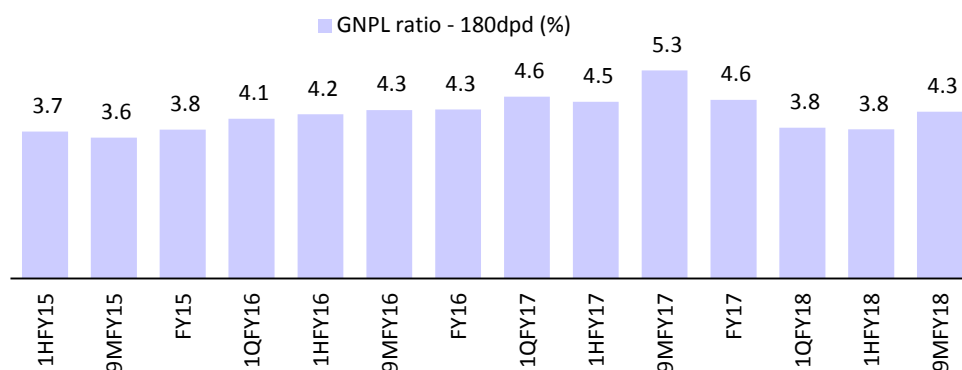
Credit costs would have been ~100bp lower in FY16/17 if not for NPL migration

Asset quality stable; credit costs to drop sharply

- While the GNPL ratio has jumped to 8% in the past two years, this has been only due to the impact of NPL migration. On 180-dpd basis, the GNPL ratio still stands at ~4%, implying that asset quality has been stable on an apples-to-apples basis.
- During the period of NPL migration, SHTF chose to be conservative and shored up its provision buffer. We appreciate the management's conservatism. Against the earlier guidance of dropping PCR to 50% at the end of the migration, it is now likely to drop the PCR to 60-65% by end-FY18.
- **The 10-year average credit cost for SHTF over FY06-15 is 1.7%.** In FY16 and FY17, credit costs jumped to 3.1-3.2%. However, this is largely due to provisions made to maintain high PCR during NPL migration. **If SHTF were to continue to record GNPL ratio at 180dpd and maintain 80% PCR, that credit costs would have been 2.1-2.2% in both FY16 and FY17.**

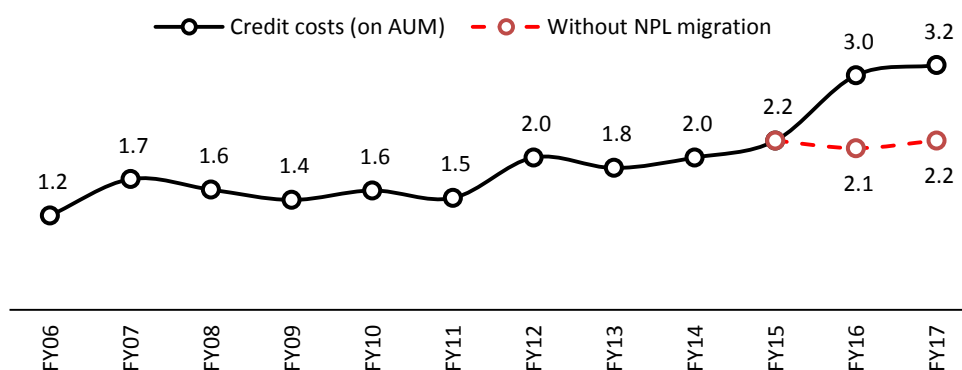
GNPL ratio has remained largely stable on a 180dpd basis

Exhibit 7: Asset quality has been stable



Source: MOSL, Company; Note: 9MFY17 number is MOSL estimate and is an outlier due to demonetization

Exhibit 8: Credit costs would have been stable without NPL migration and at constant PCR



Source: MOSL, Company

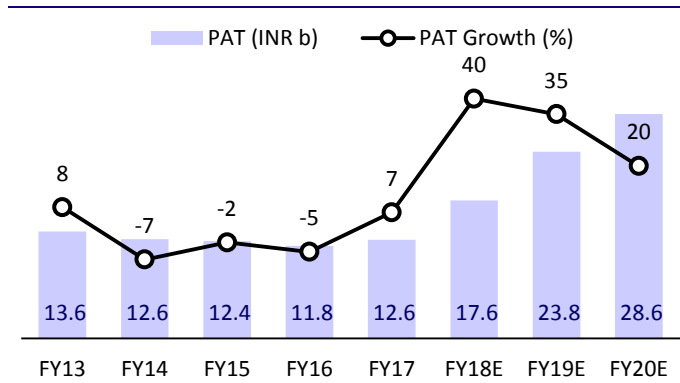
30%+ PAT CAGR over FY18-20E

Reiterate as one of our top picks

- Given the favorable tailwinds over the next two years, we expect SHTF to deliver 30%+ PAT CAGR over FY18-20. This translates into 2.7%/19% RoA (on AUM)/RoE by FY20.
- **Despite the sharp run-up in the stock, it trades at 2.0x FY20E BV, a discount to our NBFC coverage (ex-GRUH Finance) average of 2.4x. Even on a PE multiple basis, the stock looks more attractive at 12.5x FY20E EPS, a discount to the 14x multiple for our NBFC coverage.**

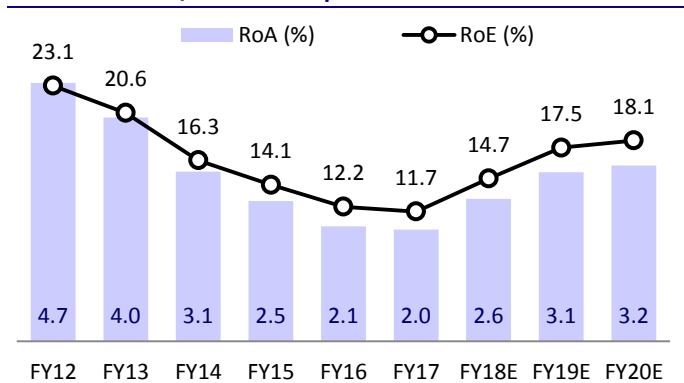
- While we acknowledge the cyclical nature of the business, we believe that we are at the beginning of an upturn and growth/return ratios should expand hereon. **We increase our target multiple to 2.5x FY20E BV to arrive at a TP of INR1,925. BUY.**

Exhibit 9: Trend in PAT



Source: MOSL, Company

Exhibit 10: RoA/RoE on an uptrend



Source: MOSL, Company

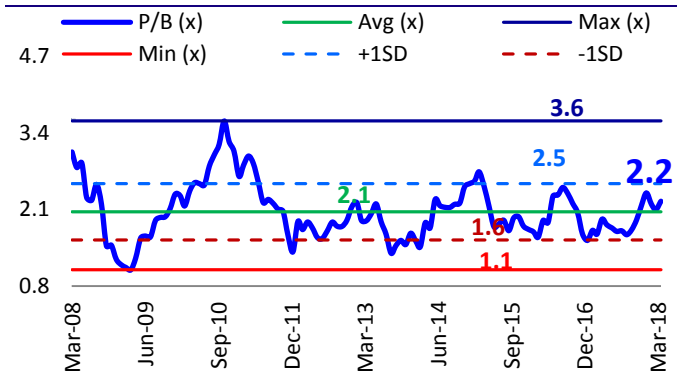
Exhibit 11: Upgrading FY19-20 EPS estimates by 6-7%

INR b	Old Est		New Est.		Change (%)	
	FY19	FY20	FY19	FY20	FY19	FY20
NII (incl. Sec. Inc.)	76.4	88.1	79.4	94.3	4.0	7.0
Other Income	1.2	1.4	1.2	1.4		
Total Income	77.5	89.5	80.6	95.7	4.0	6.9
Operating Expenses	16.8	19.3	16.8	19.3	0.0	0.0
Operating Profits	60.7	70.3	63.8	76.4	5.1	8.8
Provisions	24.7	27.0	25.8	30.2	4.4	11.9
PBT	36.0	43.3	38.0	46.2	5.5	6.8
Tax	12.3	14.7	12.9	15.7	5.5	6.8
PAT	23.8	28.6	25.1	30.5	5.5	6.8
AUM	1,087	1,260	1,092	1,274	0.5	1.1
Margins (inc sec.)	7.6	7.5	7.9	8.0		
Credit Cost	2.4	2.3	2.5	2.5		
RoA	3.1	3.2	3.2	3.4		
RoE	17.5	18.1	18.3	19.0		

Source: MOSL, Company

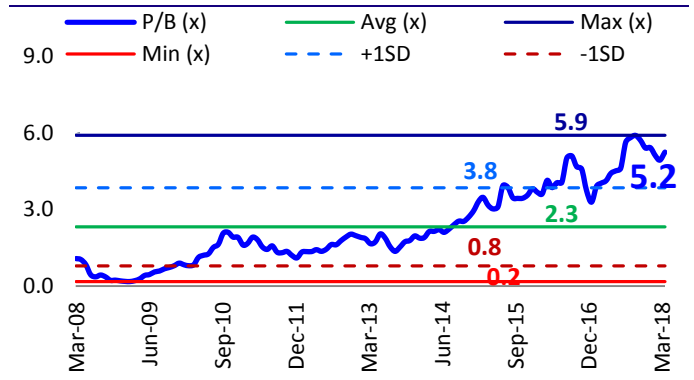
Valuation charts

Exhibit 12: SHTF PB – 1 year forward



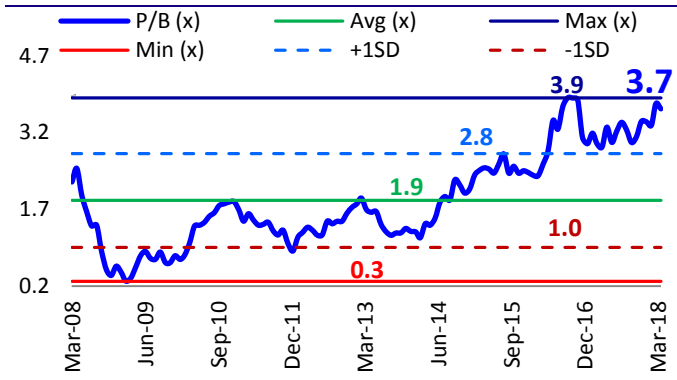
Source: MOSL, Company

Exhibit 13: BAF PB – 1 year forward



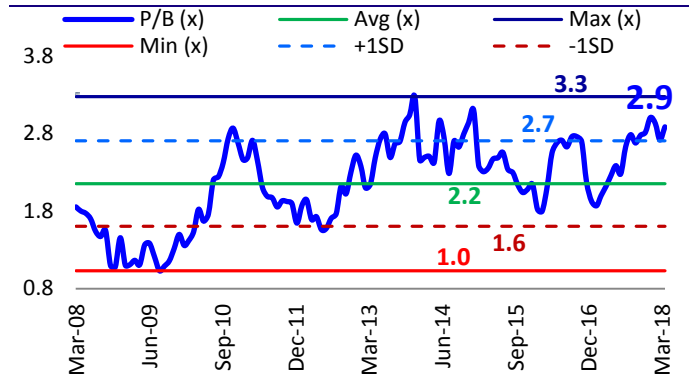
Source: MOSL, Company

Exhibit 14: CFC PB – 1 year forward



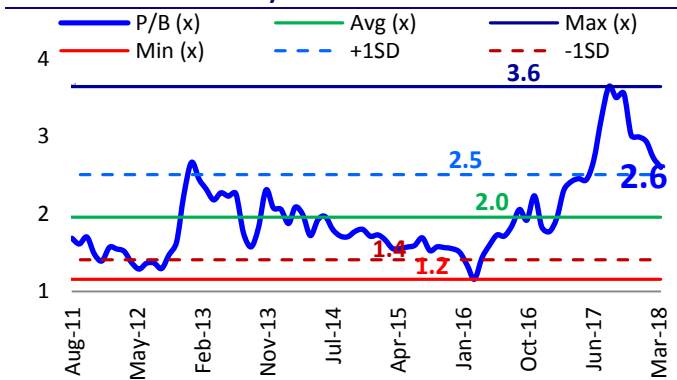
Source: MOSL, Company

Exhibit 15: MMFS PB – 1 year forward



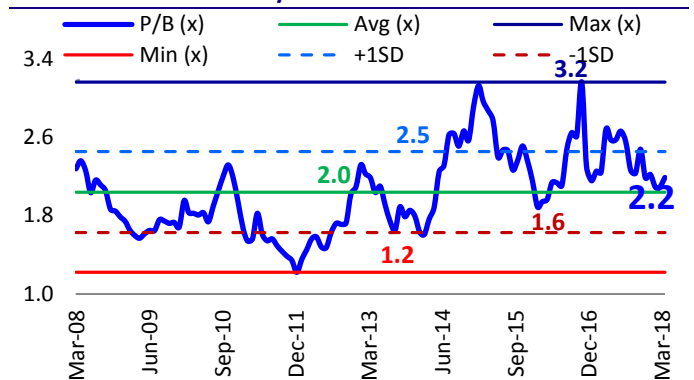
Source: MOSL, Company

Exhibit 16: LTFH PB – 1 year forward



Source: MOSL, Company

Exhibit 17: SCUF PB – 1 year forward



Source: MOSL, Company

Financials: Valuation metrics

	Rating	CMP	Mcap	P/E (x)			P/BV (x)			RoA (%)			RoE (%)		
		(INR)	(USD\$)	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
ICICI* [*]	Buy	281	26.6	17.3	9.8	6.9	1.2	1.0	0.9	0.9	1.3	1.6	7.2	11.1	14.3
HDFCB	Buy	1,923	79.2	28.8	23.5	18.8	4.1	3.6	3.1	1.8	1.9	2.0	16.2	16.2	17.6
AXSB	Buy	501	19.9	39.3	20.3	11.4	1.9	1.7	1.5	0.5	0.8	1.3	5.1	9.0	14.3
KMB*	Buy	1,119	32.3	34.2	27.0	20.7	4.5	3.9	3.3	1.6	1.8	1.8	11.3	13.5	14.9
YES	Buy	314	11.0	17.2	13.4	10.4	2.8	2.4	2.0	1.7	1.7	1.7	17.4	19.1	20.8
IIB	Buy	1,824	16.8	30.2	23.4	18.2	4.6	3.9	3.3	1.8	1.9	1.9	16.6	18.4	20.0
IDFC Bk	Neutral	50	2.5	16.6	15.5	13.0	1.1	1.0	1.0	0.9	0.8	0.9	6.8	6.9	7.8
FB	Buy	97	2.7	17.5	14.3	11.4	1.5	1.4	1.3	0.8	0.9	0.9	9.6	10.2	11.7
DCBB	Neutral	173	0.8	22.3	18.4	15.9	2.1	1.9	1.7	0.9	0.9	0.9	10.6	10.8	11.2
JKBK	Buy	58	0.5	6.6	5.8	4.1	0.6	0.6	0.5	0.5	0.6	0.7	9.1	9.9	12.9
SIB	Buy	25	0.7	13.2	6.1	4.7	0.9	0.8	0.7	0.4	0.9	1.0	6.9	13.7	15.7
Equitas	Buy	153	0.8	135.4	21.6	14.3	2.3	2.1	1.8	0.4	1.7	1.9	1.7	10.0	13.6
RBL	Buy	494	3.1	32.1	22.7	16.8	3.2	2.8	2.5	1.2	1.3	1.3	11.9	13.2	15.8
Private Aggregate															
SBIN (cons)*	Buy	260	34.5	79.8	12.0	7.0	0.9	0.8	0.8	0.0	0.3	0.7	-0.3	5.7	12.5
PNB	Buy	102	4.1	-18.0	NM	7.1	0.6	0.6	0.6	-0.2	0.0	0.4	-3.0	0.0	7.7
BOI	Neutral	113	3.3	-6.0	17.9	9.3	0.6	0.6	0.6	-0.4	0.2	0.3	-7.7	3.0	5.5
BOB	Buy	150	5.9	44.1	16.9	9.6	0.9	0.9	0.8	0.1	0.3	0.5	2.0	5.0	8.4
CBK	Neutral	286	3.0	-118.5	13.0	4.7	0.6	0.6	0.5	0.0	0.2	0.6	-0.4	4.1	10.8
UNBK	Neutral	102	1.8	-2.6	13.5	6.0	0.5	0.4	0.4	-0.8	0.2	0.4	-16.0	3.4	7.0
INBK	Buy	321	2.3	10.6	7.7	6.7	1.0	0.9	0.8	0.6	0.7	0.7	9.7	12.3	12.7
Public Aggregate															
Banks Aggregate															
HDFC*	Buy	1,830	46.8	40.8	33.4	28.3	6.7	5.2	4.6	1.9	1.9	1.9	18.3	17.5	17.3
LICHF	Neutral	563	4.3	14.5	12.7	10.7	2.2	2.0	1.7	1.3	1.4	1.4	16.6	16.5	17.1
IHFL	Buy	1,348	8.4	14.8	12.9	10.6	4.2	3.7	3.2	3.4	3.0	2.8	29.8	30.3	32.4
PNBHF	Buy	1,301	3.2	25.6	19.3	14.8	3.5	3.1	2.6	1.5	1.4	1.3	14.6	17.0	19.2
GRHF	Neutral	595	3.3	60.3	51.2	41.4	18.0	14.8	12.2	2.4	2.4	2.4	32.7	31.7	32.4
REPCO	Buy	606	0.6	18.4	15.5	13.2	2.9	2.4	2.1	2.2	2.3	2.3	16.7	16.9	17.0
DEWH	Buy	540	2.6	14.5	11.3	8.9	1.9	1.7	1.5	1.2	1.3	1.3	14.0	15.9	17.5
Housing Finance															
SHTF	Buy	1,583	5.2	20.4	15.1	12.6	2.8	2.5	2.1	2.6	3.1	3.2	14.7	17.5	18.1
MMFS	Buy	496	4.5	35.7	25.8	21.6	3.3	3.1	2.9	1.9	2.2	2.3	10.9	12.5	13.8
BAF	Buy	1,933	16.2	43.2	31.3	23.3	6.8	5.7	4.7	3.4	3.6	3.7	19.8	19.9	22.3
CIFC	Buy	1,524	3.7	24.9	21.3	17.7	4.6	3.9	3.2	3.0	3.0	3.1	20.2	19.8	20.0
SCUF	Buy	2,308	2.3	20.0	16.6	13.8	2.7	2.4	2.1	3.2	3.4	3.5	14.2	15.1	15.9
LTFH	Buy	171	5.0	25.5	19.1	15.1	2.8	2.5	2.2	1.7	1.9	2.1	13.3	13.7	15.3
MUTH	Neutral	427	2.6	9.7	9.6	8.6	2.2	1.9	1.6	5.7	5.5	5.5	24.5	20.9	20.0
CAFL	Buy	657	1.0	19.2	14.7	11.6	2.5	2.2	1.8	1.7	1.8	1.8	13.7	15.6	17.2
Asset Finance															

UR=Under Review* Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

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	108,489	125,869	146,939
Financing charges	28,439	38,982	44,029	50,744	52,094	52,928	59,267	67,320
Net Financing income	16,588	23,683	33,750	44,556	45,919	55,561	66,602	79,618
Change (%)	36.1	42.8	42.5	32.0	3.1	21.0	19.9	19.5
Income from securitisation	18,057	12,796	7,379	6,171	9,293	11,252	12,831	14,644
Net Income (Incl Secur)	34,645	36,479	41,129	50,727	55,212	66,813	79,433	94,262
Change (%)	7.4	5.3	12.7	23.3	8.8	21.0	18.9	18.7
Other Income	1,885	1,655	707	762	758	986	1,183	1,420
Net Income	36,530	38,134	41,836	51,489	55,970	67,798	80,616	95,682
Change (%)	8.9	4.4	9.7	23.1	8.7	21.1	18.9	18.7
Employee Cost	3,848	4,089	4,296	5,891	5,482	6,990	8,038	9,244
Brokerage & Commission	948	1,227	609	587	479	575	633	696
Other Operating Exp.	3,065	4,245	5,878	6,611	6,326	7,099	8,135	9,322
Operating Profit	28,670	28,573	31,054	38,400	43,682	53,134	63,810	76,420
Change (%)	8.5	-0.3	8.7	23.7	13.8	21.6	20.1	19.8
Total Provisions	8,508	10,293	12,630	20,586	24,443	26,211	25,793	30,171
% to operating income	29.7	36.0	40.7	53.6	56.0	49.3	40.4	39.5
PBT	20,162	18,280	18,424	17,814	19,239	26,923	38,017	46,248
Tax	6,556	5,638	6,046	6,032	6,666	9,342	12,926	15,724
Tax Rate (%)	32.5	30.8	32.8	33.9	34.6	34.7	34.0	34.0
PAT	13,606	12,642	12,378	11,782	12,573	17,581	25,091	30,524
Change (%)	8.2	-7.1	-2.1	-4.8	6.7	39.8	42.7	21.7
Proposed Dividend	1,590	1,588	1,815	2,269	2,269	2,637	3,011	3,358

Balance Sheet								(INR Million)
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	123,887	145,455	172,051
Net Worth	71,947	82,732	92,380	101,541	113,022	126,156	147,724	174,320
Borrowings	310,025	359,200	442,800	497,907	531,101	595,034	693,375	802,635
Change (%)	34.1	15.9	23.3	12.4	6.7	12.0	16.5	15.8
Other Liabilities	22	22	0	0	0	0	0	0
Total Liabilities	381,995	441,955	535,180	599,448	644,123	721,190	841,099	976,955
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	768,548	899,167	1,048,396
Change (%)	41.1	17.2	34.9	29.5	6.4	13.3	17.0	16.6
Net Fixed Assets	601	1,007	1,007	1,011	838	1,181	1,291	1,377
Net Current Assets	34,478	48,818	8,629	-52,825	-50,610	-66,357	-79,850	-96,382
Total Assets	381,995	441,955	535,180	599,448	644,123	721,190	841,099	976,955

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	14.6	14.7	14.8	14.8
Avg Cost of funds	10.5	11.6	11.0	10.8	10.1	9.4	9.2	9.0
Int Spread on Financing portfolio	5.8	5.6	6.0	5.6	4.4	5.3	5.6	5.8
NIM (incl Securitisation)	7.7	7.1	7.3	7.7	7.3	7.8	7.9	8.0

Profitability Ratios (%)

RoE	20.6	16.3	14.1	12.2	11.7	14.7	18.3	19.0
RoA	4.0	3.1	2.5	2.1	2.0	2.6	3.2	3.4
ROA (On AUM)	2.6	2.2	2.0	1.8	1.7	2.1	2.6	2.7
Int. Expended/Int.Earned	63.2	62.2	56.6	53.2	53.2	48.8	47.1	45.8
Other Inc./Net Income	54.6	37.9	19.3	13.5	18.0	18.1	17.4	16.8

Efficiency Ratios (%)

Op. Exps./Net Income	21.5	25.1	25.8	25.4	22.0	21.6	20.8	20.1
Empl. Cost/Op. Exps.	49.0	42.8	39.8	45.0	44.6	47.7	47.8	48.0

Asset-Liability Profile (%)

Loans/Borrowings Ratio	100.4	101.6	111.2	128.1	127.7	129.2	129.7	130.6
GNPL ratio (%)	3.2	3.9	3.8	6.2	8.2	9.2	8.4	8.2
NNPL ratio (%)	0.8	0.8	0.8	1.9	2.7	3.3	3.0	2.8
Leverage	5.3	5.3	5.8	5.9	5.7	5.7	5.7	5.6
Average leverage (on BS)	5.1	5.3	5.6	5.9	5.8	5.7	5.7	5.6
Average leverage (On AUM)	7.9	7.6	7.1	6.9	6.9	6.9	7.0	6.9

Valuations

	2013	2014	2015	2016	2017	2018E	2019E	2020E
BVPS (INR)	317	365	407	447	498	556	651	768
BV Growth (%)	19.8	15.0	11.7	9.9	11.3	11.6	17.1	18.0
Price-BV (x)					3.2	2.8	2.4	2.0
EPS (INR)	60.0	55.7	54.6	51.9	55.4	77.5	110.6	134.5
Growth (%)	7.9	-7.1	-2.1	-4.8	6.7	39.8	42.7	21.7
Price-Earnings (x)	26.4	28.4	29.1	30.5	28.6	20.2	14.1	11.6
Dividend	7.0	7.0	8.0	10.0	10.0	11.6	13.3	14.8
Dividend Yield (%)					0.6	0.7	0.8	0.9

E: MOSL Estimates

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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