

Shriram Transport Finance

Refer to important disclosures at the end of this report

Consistent operational performance

- Shriram Transport (SHTF) posted Q4 earnings of Rs10.9bn, 32% above our estimate of Rs8.2bn and 19% above consensus. Operating income came in 6% above our estimate on account of interest write-back of Rs1.06bn (1% beat on our numbers excluding one-off). Used vehicle AUM increased by 70bps as new vehicle disbursements picked up in Q4. NIMs improved on re-pricing of LT debt and higher interest write-back. Lower credit costs (management overlay provision of Rs8bn consumed in Q4) and Rs0.82bn of tax reversals also boosted earnings. The proposed merger with Shriram City (SCUF) is on track and has been approved by BSE & NSE. For FY23, SHTF has guided for 12% YoY standalone growth and 15% growth for the merged entity.
- SHTF, a leader in pre-owned CV segment financing, accounts for over 25% of the CV market. The company's growth, risk profile and return potential are tightly connected to this segment. SHTF's merger with SCUF - a company with higher RoA than SHTF - will add additional profitable growth drivers to an otherwise uni-segment business. It will not only improve the credit rating profile of the business but also create a more diversified play on the broader below-prime segment in India. The staff cross-pollination underway on a pilot basis and management commentary give us confidence about a successful merger execution.
- We retain our Buy rating on SHTF with a revised Mar'23 TP of Rs1,490, using the excess return on equity (ERE) method for FY23E-24E RoE of ~14%, implying 1.2x Mar'24E BVPS. Our TP revision from Rs1,580 to Rs1,490 is driven by an increase in the cost of equity from 13.25% to 13.5%. Key downside risks: merger integration risk and overhang of stake sales by investors.
- Q4 results highlights:** Disbursement growth of 13% yoy resulted in 8.4% yoy growth in portfolio AUM, driven by strong yoy growth in M&LCVs (20%), PVs (6%) and HCVs (8%). NIMs improved by 61bps qoq/89bps yoy due to the re-pricing of LT-debt and interest write-backs. Excess liquidity, cash & bank balances and investments constituted ~16 % of total assets. After the repayment of dollar bonds in Sep-Oct'22, this drag on the NIMs should decline. The cost of funds was 8.5%, down 20bps qoq/57bps yoy. The incremental cost of funds was ~7.5%. Utilization of ~Rs8bn of management overlay provisions created for Covid-19 resulted in GNPA declining to 7.1% (down 133bps qoq) and NNPA at 3.7% (down 69bps qoq). Stage 3 PCR remained at 50%, with stage 2 loan ratios also improving qoq. While write-offs in FY22 were higher at 2.3% of the portfolio vs. an average of 1.9% during FY19-21, the aggregate ECL provision on the balance sheet as of FY22-end stood at 7.2% of the portfolio vs. an average of 6% during the prior periods, giving comfort to our credit cost estimates (see Exhibit 14).
- We broadly retain our estimates for FY23/FY24.
- We retain our Buy rating on SHTF with a revised Mar'23 TP of Rs1,490, using the excess return on equity (ERE) method for FY23E-24E RoE of ~14%, implying 1.2x Mar'24E BVPS. Our TP revision is mainly driven by an increase in the cost of equity from 13.25% to 13.5%. **Key downside risks:** merger integration risk and overhang of stake sales by investors.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-NBFCs \(Page 12\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net income	83,821	95,399	1,08,387	1,20,742	1,34,947
Net profit	24,873	27,079	39,727	45,495	51,747
EPS (Rs)	101.0	103.4	146.9	168.2	191.3
BV (Rs)	875.7	990.6	1,085.3	1,219.9	1,372.9
RoA (%)	2.0	2.0	2.7	2.7	2.8
RoE (%)	12.5	11.4	14.4	14.6	14.8
PE (x)	11.9	11.6	8.2	7.1	6.3
P/BV	1.4	1.2	1.1	1.0	0.9

Source: Company, Emkay Research

CMP	Target Price
Rs 1,202 as of (April 29, 2022)	Rs 1,490 (▼) 12 months
Rating	Upside
BUY (■)	24.0 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	(5.7)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	146.9	168.4
Consensus	140.0	163.0
Mean Consensus TP (12M)	Rs 1,398	

Stock Details

Bloomberg Code	SHTF IN
Face Value (Rs)	10
Shares outstanding (mn)	271
52 Week H/L	1,696 / 1,002
M Cap (Rs bn/USD bn)	309 / 4.04
Daily Avg Volume (nos.)	1,242,513
Daily Avg Turnover (US\$ mn)	18.8

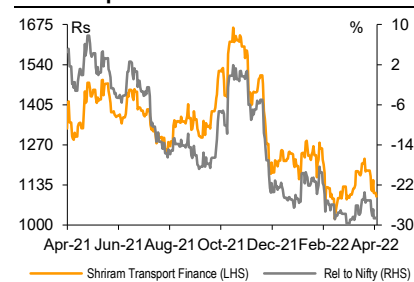
Shareholding Pattern Mar '22

Promoters	26.5%
FIIs	53.9%
DIIIs	14.0%
Public and Others	5.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	2	(8)	(23)	(19)
Rel. to Nifty	2	(9)	(21)	(30)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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Exhibit 1: Quarterly Financials

Rs mn	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)	FY21	FY22	YoY (%)
Net Interest Income	21,154	20,824	21,432	23,306	25,738	21.7%	10.4%	81,345	91,297	12.2%
NIM (% of AUM)	6.8%	6.4%	6.4%	6.7%	7.0%			7.2%	7.5%	
Operating Expenses	5,484	4,791	5,507	5,275	5,725	4.4%	8.5%	19,857	21,298	7.3%
Operating Profit	16,616	16,743	17,169	19,076	21,114	27.1%	10.7%	63,964	74,101	15.8%
Provisions	7,236	14,396	6,762	9,843	7,608	5.1%	-22.7%	31,184	38,609	23.8%
CoR %	2.5%	4.9%	2.2%	3.2%	2.4%			2.7%	3.2%	
PBT	9,380	2,347	10,407	9,233	13,506	44.0%	46.3%	32,780	35,493	8.3%
Tax rate (%)	19.5%	27.6%	25.9%	26.3%	19.6%			24.1%	23.7%	
PAT	7,549	1,699	7,712	6,806	10,861	43.9%	59.6%	24,873	27,079	8.9%
GNPL (% of loans)	7.1%	8.2%	7.8%	8.4%	7.1%			7.1%	7.1%	
NNPL (% of loans)	4.4%	4.7%	4.2%	4.4%	3.7%			4.4%	3.7%	
AUM	11,72,428	11,93,014	12,16,468	12,46,018	12,70,409	8.4%	2.0%	11,72,428	12,70,409	8.4%
Disbursements	1,49,726	1,27,330	1,48,689	1,54,890	1,69,824	13.4%	9.6%	3,50,272	6,00,732	71.5%

Source: Company, Emkay Research

Exhibit 2: Actual vs. Estimates (Q4FY22)

Rs mn	Actual	Estimates (Emkay)	% variation Emkay	Comments
Disbursement	1,69,824	1,61,938	4.9%	
AUM	12,70,409	12,78,289	-0.6%	Lower-than-expected disbursement coupled with higher repayment in new CVs
NII	25,738	24,440	5.3%	One-off impact of Rs1.1bn interest write-back resulted in the positive divergence
PPOP	21,114	19,915	6.0%	
PAT	10,861	8,200	32.5%	Write-off of Rs8bn management overlay provision resulted in lower P&L credit costs

Source: Company, Emkay Research

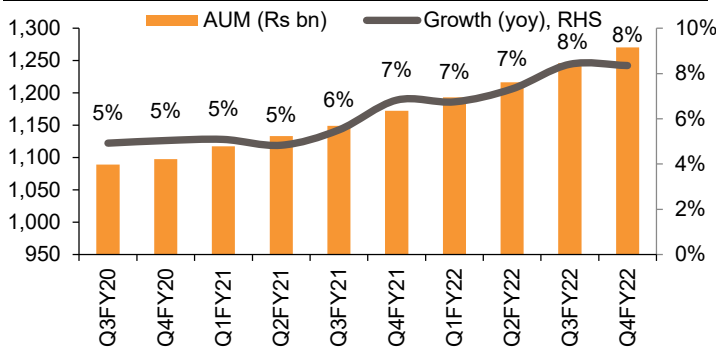
Exhibit 3: Revision in earnings estimates

(Rs mn)	FY22			FY23E			FY24E		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Revised	% Change
NII	90,002	91,297	1.4%	103,407	103,975	0.5%	114,863	115,756	0.8%
PPOP	72,902	74,101	1.6%	80,429	81,040	0.8%	91,951	92,817	0.9%
PAT	24,417	27,079	10.9%	39,205	39,727	1.3%	45,170	45,495	0.7%
EPS (Rs)	93.3	103.4	10.9%	144.9	146.9	1.3%	167.0	168.2	0.7%
BV (Rs)	984	991	0.7%	1,077	1,085	0.7%	1,211	1,220	0.7%

Source: Company, Emkay Research

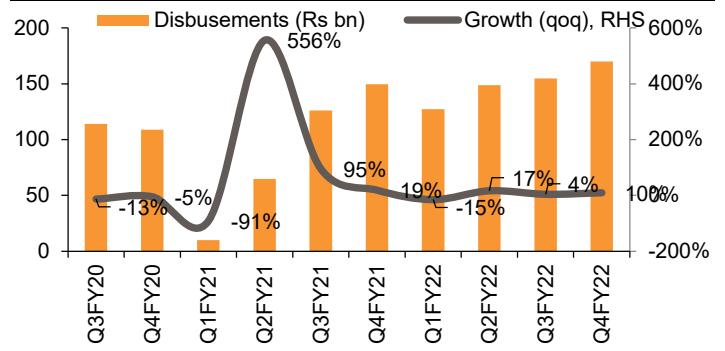
Story in Charts

Exhibit 4: AUM saw steady growth of 8.4% yoy



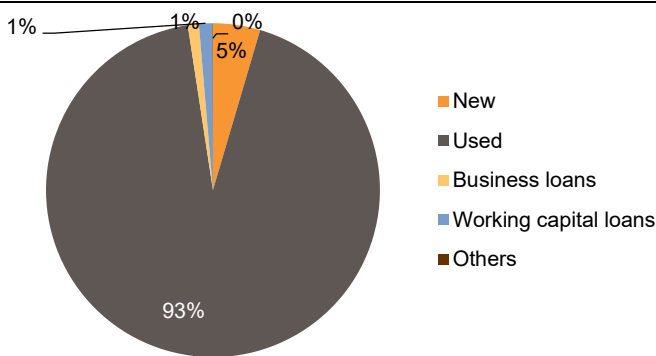
Source: Company, Emkay Research

Exhibit 5: Disbursements grew 9.6% qoq despite COVID 3rd wave



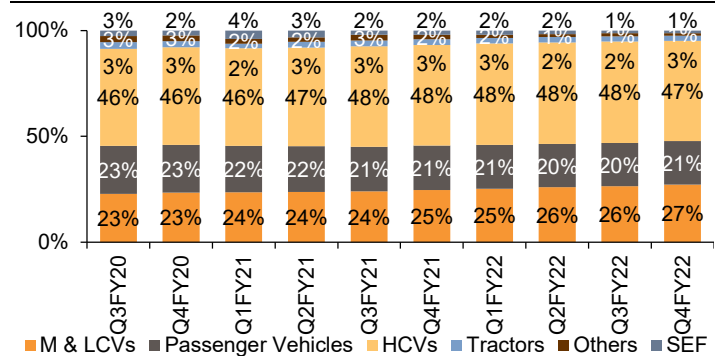
Source: Company, Emkay Research

Exhibit 6: AUM composition for Q4FY22



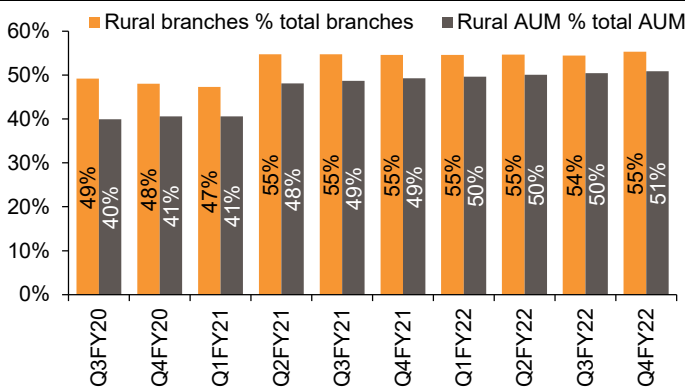
Source: Company, Emkay Research

Exhibit 7: Share of M&LCVs increased over the year



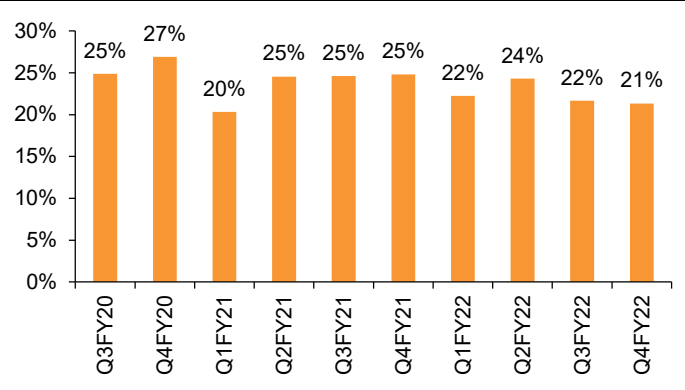
Source: Company, Emkay Research

Exhibit 8: Share of rural as a % of AUM increased by 161bps in FY22



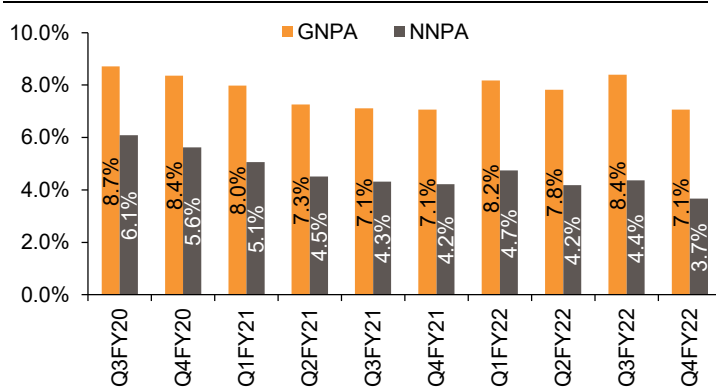
Source: Company, Emkay Research

Exhibit 9: C:I ratio remained flat qoq while declined ~350bps in FY22



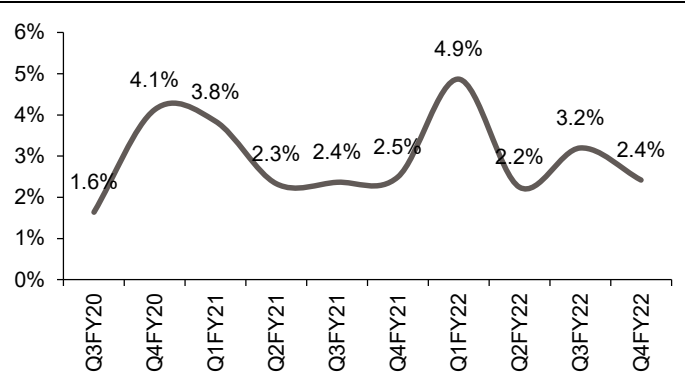
Source: Company, Emkay Research

Exhibit 10: GNPA down 133bps qoq; NNPA fell 69bps qoq

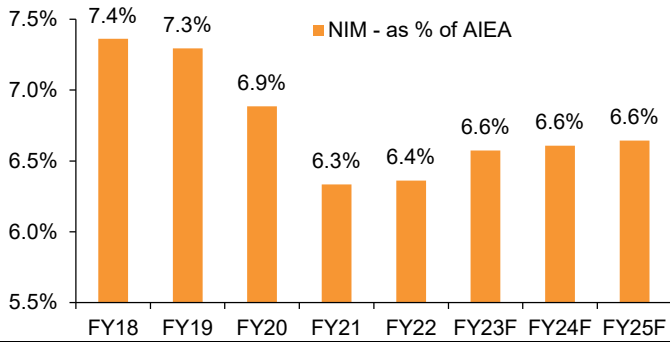


Source: Company, Emkay Research

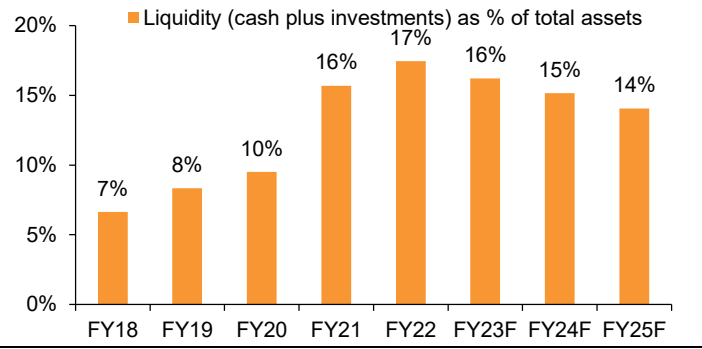
Exhibit 11: Credit costs declined 78bps qoq



Source: Company, Emkay Research

Exhibit 12: NIM as a % of AIEA expected to remain stable hereon

Source: Company, Emkay Research

Exhibit 13: Liquidity on the balance sheet is expected to reduce

Source: Company, Emkay Research

Exhibit 14: Key assumptions

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Disbursement growth	-5.8%	-2.1%	-26.5%	71.5%	13.0%	13.0%	13.0%
AUM growth	8.5%	5.0%	6.8%	8.4%	11.4%	12.2%	12.6%
Credit costs as % of on-book loans	2.54%	2.81%	2.96%	3.43%	2.23%	2.27%	2.26%
GS3	8.4%	8.5%	7.1%	7.1%	6.7%	6.5%	6.4%
NS3	5.8%	5.9%	4.4%	3.8%	3.6%	3.5%	3.4%
PCR	34%	35%	42%	50%	50%	50%	50%
ECL provisions as % of on-book loans	5.4%	5.8%	6.8%	7.2%	6.6%	6.1%	5.7%

Source: Company, Emkay Research

Exhibit 15: RoE decomposition

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net Interest income	7.8	7.5	7.2	7.5	7.7	7.7	7.7
Fee Based Income + Other Income	0.2	0.3	0.2	0.3	0.3	0.3	0.3
Opex	1.9	1.9	1.7	1.7	2.0	1.9	1.8
Pre-Provisioning Profit	6.1	5.8	5.6	6.1	6.0	6.2	6.2
Provisions	2.4	2.6	2.7	3.2	2.1	2.1	2.1
PBT	3.8	3.2	2.9	2.9	4.0	4.1	4.1
(1-t)	0.7	0.7	0.8	0.8	0.7	0.7	0.7
RoAUM	2.6	2.3	2.2	2.2	3.0	3.0	3.1
Financial Leverage (AUM/Networth)	6.8	6.3	5.7	5.1	4.9	4.8	4.8
RoE	17.4	14.7	12.5	11.4	14.4	14.6	14.8

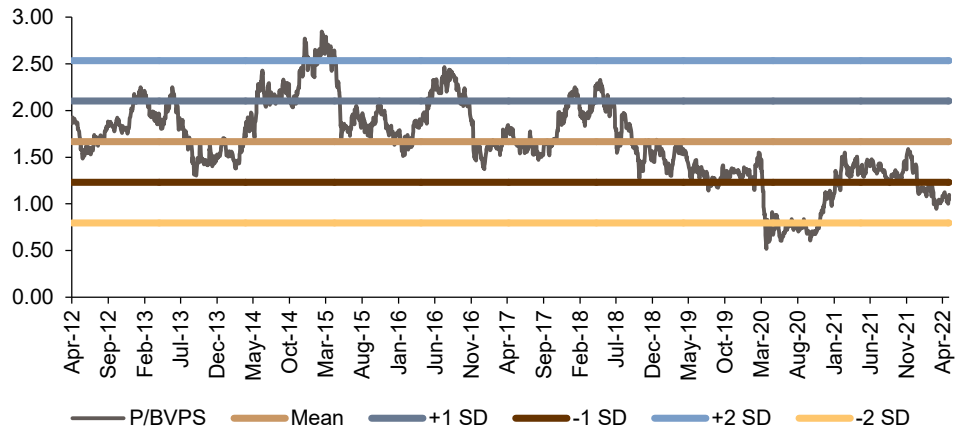
Source: Emkay Research, Company

Exhibit 16: Valuation Matrix

	FY22E-25E	FY25E-31E	> FY31E
AUM CAGR	12.1%	12.6%	7.0%
PAT CAGR	24.1%	13.3%	7.0%
Avg RoAUM	3.1%	3.1%	3.2%
Avg RoE	14.8%	15.5%	15.9%
CoE	13.5%	13.5%	13.5%
Mar' 23E fair value (Rs/share)	1,490		
Mar'24E BV (Rs/share)	1,220		
Implied target P/B (x)	1.2		

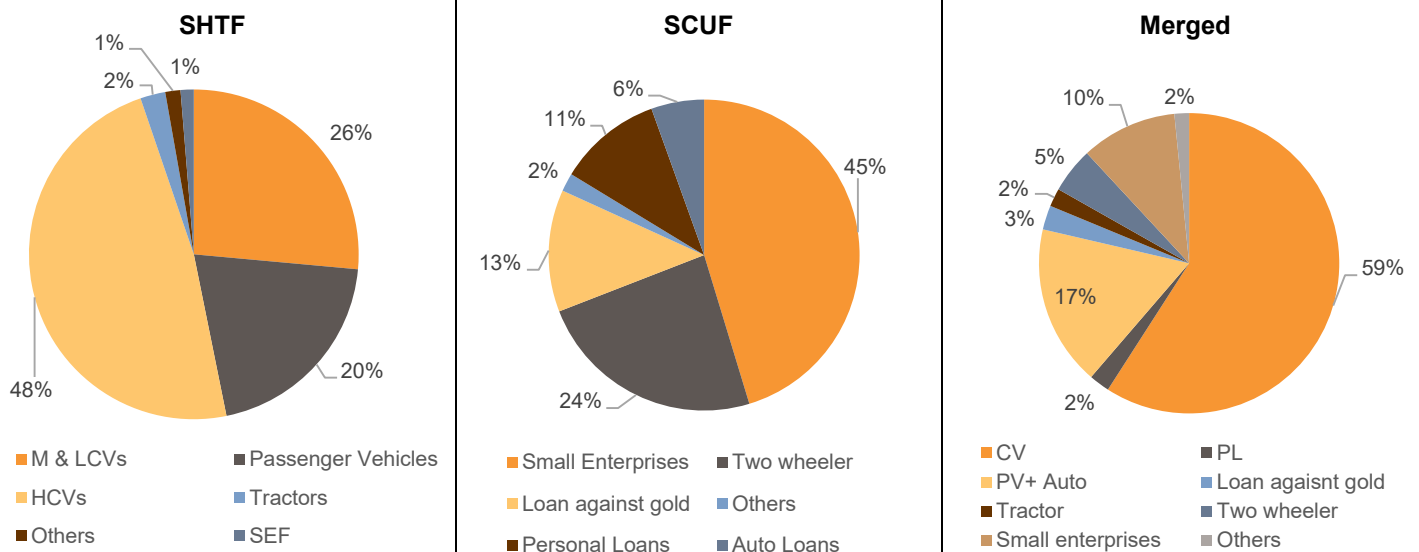
Source: Company, Emkay Research

Exhibit 17: SHTF currently trades at 1.1x one-year forward book value



Source: Company, Emkay Research

Exhibit 18: AUM Mix of the merged entity



Source: Company, Emkay Research *As of 3QFY22

Exhibit 19: Shriram Finance Limited Financial Statements

(Rs mn)	SHTF			SCUF			Shriram Finance Limited			Shriram Housing		
	FY22	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Interest Income	186,463	206,719	229,374	62,381	73,042	85,061	248,844	279,761	314,435	4,201	5,628	7,313
Interest expenses	97,343	104,903	116,094	25,318	30,144	35,522	122,661	135,047	151,616	2,832	3,664	4,758
Net interest income	89,120	101,816	113,280	37,063	42,898	49,539	126,182	144,714	162,819	1,370	1,964	2,556
NIM(%)	7.5%	7.7%	7.7%	11.6%	11.5%	11.3%	8.3%	8.6%	8.5%	4.5%	4.9%	4.8%
Other income	6,280	6,571	7,462	2,960	3,800	4,524	9,239	10,372	11,986	1,480	2,014	2,618
Net Operating income	95,399	108,387	120,742	40,022	46,699	54,063	135,422	155,086	174,805	2,850	3,978	5,174
Operating expenses	21,298	27,347	27,925	16,314	18,514	21,077	37,612	48,861	50,002	1,544	2,013	2,602
PPOP	74,101	81,040	92,817	23,708	28,184	32,986	97,809	106,225	124,803	1,306	1,965	2,572
Provisions	38,609	27,572	31,585	9,386	10,952	12,842	47,994	38,524	44,426	133	195	255
PBT	35,493	53,468	61,232	14,322	17,232	20,144	49,815	67,701	80,376	1,173	1,770	2,317
Taxation	8,413	13,741	15,737	3,681	4,429	5,177	12,094	18,170	20,914	301	455	596
PAT	27,079	39,727	45,495	10,642	12,804	14,967	37,721	49,531	59,643	871	1,315	1,722
Branches	1,825	1,825	1,825	971	971	971		2796	2796	84	84	84
AUM	1,270,409	1,415,664	1,588,160	341,069	403,199	473,874	1,611,478	1,818,863	2,062,034	51,940	69,144	91,023
No. of Shares (mn)	270.52	270.52	270.52	66.33	66.33	66.33		372.92	372.92	325.27	325.27	325.27
BVPS	959	1,085	1,220	1360	1525	1716		1,058	1,190	36	40	45
EPS (Rs)	100	147	168	160	193	226		133	159	3	4	5

Source: Company, Emkay Research

Exhibit 20: Shriram Finance Limited RoE decomposition

RoE decomposition tree	SHTF			SCUF			Shriram Finance			Shriram Housing		
	FY22	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Interest income/Avg assets	13.7%	13.8%	13.8%	16.7%	16.7%	16.7%	-	14.5%	14.5%	9.1%	9.2%	9.4%
Interest expended/Avg assets	7.2%	7.0%	7.0%	6.8%	6.9%	7.0%	-	7.0%	7.0%	6.1%	6.0%	6.1%
Net Interest Income / Avg. Assets	6.6%	6.8%	6.8%	9.9%	9.8%	9.7%	-	7.5%	7.5%	3.0%	3.2%	3.3%
Securitisation income / Avg. Assets	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	-	0.1%	0.1%	1.5%	1.6%	1.7%
Other Income / Avg. Assets	0.3%	0.3%	0.3%	0.8%	0.9%	0.9%	-	0.4%	0.4%	1.7%	1.7%	1.7%
Income Yield / Avg. Assets	7.0%	7.2%	7.3%	10.7%	10.7%	10.6%	-	8.0%	8.1%	6.2%	6.5%	6.6%
Op. Cost (Staff cost) / Avg Assets	0.7%	0.7%	0.7%	2.6%	2.5%	2.4%	-	1.1%	1.1%	1.8%	1.9%	2.0%
Op. Cost (Other costs) / Avg Assets	0.8%	1.1%	1.0%	1.8%	1.8%	1.7%	-	1.4%	1.2%	1.5%	1.4%	1.4%
Operating profit / Avg Assets	5.5%	5.4%	5.6%	6.4%	6.5%	6.5%	-	5.5%	5.8%	2.8%	3.2%	3.3%
Total provisions / Avg. assets	2.8%	1.8%	1.9%	2.5%	2.5%	2.5%	-	2.0%	2.0%	0.3%	0.3%	0.3%
Pre-Tax ROA	2.6%	3.6%	3.7%	3.8%	3.9%	4.0%	-	3.5%	3.7%	2.5%	2.9%	3.0%
Tax Retention Rate	76.3%	74.3%	74.3%	74.3%	74.3%	74.3%	-	73.2%	74.0%	74.3%	74.3%	74.3%
Post Tax ROA	2.0%	2.7%	2.7%	2.9%	2.9%	2.9%	-	2.6%	2.7%	1.9%	2.1%	2.2%
Leverage = Avg. Assets / Avg. Equity	5.7	5.4	5.3	4.3	4.6	4.7	-	5.2	5.2	5.3	5.0	5.6
ROE (Leverage * ROA)	11.4%	14.4%	14.6%	12.4%	13.4%	13.9%	-	13.3%	14.2%	10.0%	10.7%	12.5%

Source: Company, Emkay Research

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Concall highlights

- Budget of 2022 focused on infrastructure and recognized it as a key cornerstone for growth. It pegged capex outlay for FY23 at Rs7.5tn. This has a direct impact on the CV cycle and CE market. However, elevated inflation remains a concern for growth.
- Despite the chip shortage, CVs have been doing well. Sales have increased by 18.75% yoy to 249,806 units in Q4FY22 (28.3% qoq). For FY22, CV sales rose 26% to 716,566 units. H&MCV sales grew 16.69% yoy (46.92% qoq) to 93,974 units in Q4FY22 and 49.72% to 240,577 units in FY22. LCV grew by 20.04% yoy (19.18%qoq) to 155,832 units in Q4FY22 and 16.7% to 475,989 units in FY22. Used vehicle demand was high and resale prices have gone up 20%. Due to new BS6 norms, demand for new vehicles increased by 35% and demand for heavy vehicles rose 20-25%. Utilization levels are currently very high and there is some shortage of vehicles.
- The board has suggested maintaining a high level of liquidity buffer due to geopolitical issues and rising Covid cases. There is \$750mn dollar bond maturity in Oct'22. SHTF has enough liquidity to meet the same. It plans to bring liquidity down subsequently to 5 months repayment and then 3.5/4 months from current levels of 6 months. This implies a Rs85-90bn liquidity buffer (gross repayments) from current levels of ~Rs170bn. This is still sufficient to meet HQLA requirements.
- SHTF added 20 new branches this quarter; most of them are rural centers, which are virtually "no-cost centers" with low rent. When such a center crosses 400-500 customers, SHTF converts it into a branch. It does not intend to open new direct branches. Currently, there are 775 rural centers that could be potential new branches. Now that the merger is announced and there would be SCUF branches, SHTF may not convert more rural branches. It is also focusing on digital development.
- On the merger front, SHTF has started integrating systems and processes. HR integration on backend is almost done. The joint managing directors who are geographical heads are taking up the responsibilities for product introduction and growth. Technology merger will be remaining till the official merger.
- SHTF has targeted for 15% growth for combined entity in FY23. On a standalone basis, 12% growth is expected for CV lending. The 12% CV growth factors in a 25% price uptick for CVs, so 50% of 12% is the increase in the ATS and the rest is from new customers, which could increase in the future on account of the merger. The 12% CV growth estimate is slightly conservative on account of fuel and other uncertainties.
- CoF has come down by 83bps yoy and 31bps qoq to 8.14%. 80% of the book is fixed. Composition is close to 20% from each source, except debt capital markets (23%). Fund mobilization was good in Q4FY22. Incremental CoFs were 7.3-7.5%, down 20bps qoq. Rs150bn was mobilized in Q4FY22, including Rs35bn ECB in Jan'22. There is some scope for CoFs to come down. HQLA is 148.7% vs. regulatory requirement of 60%. Always been >100%.
- PD for Stage 1 is 7.34% vs. 7.33% in Q3FY22. For Stage 2, it is 21.72% vs. 21.75% in Q3. LGD was 44.66% vs. 45% qoq. SHTF is carrying excess provisions of ~Rs65bn over IRAC requirements.
- For new vehicles, SHTF had slowed down lending for the last three years on account of weakness indicated by economic indicators, which signaled the repayment of this high-ticket category loan difficult. However, new vehicle lending has been higher in Q4FY22 on a yoy basis. SHTF now expects more lending in the new vehicle segment yoy.
- Tax reversal of Rs0.82bn of provisions made earlier not being required now led to a lower tax rate in Q4FY22.
- SHTF should be able to appoint a chief compliance officer as per the RBI's directions by FY23-end.
- SHTF has witnessed demand coming back in the new vehicle segment. Its sales are in cycles as the economy improves and as the availability of CV reduces and freight rates go up. SHTF expects a new vehicle upcycle over next three years, which may already have started but has not fully picked up due to economic and geopolitical concerns. While rising fuel costs affected sales, SHTF sees scope for the pass-through of fuel costs. Over the past two months, fuel price increases have been passed on to the end consumer and there is not much pressure on fleet operators.

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- Fixed deposits have been benchmarked to external indicators. Its pricing would be based on peer group lending as well. SHTF has activated its branch network for deposit mobilization. SHTF expects more deposits.
- SHTF has not signed up with any bank for co-origination. It is in talks with banks and may sign up particularly for new vehicles.
- There was some write back in interest income of Rs1.06bn on account of NPA coming down qoq. SHTF wrote off Rs14.7bn in Q4FY22 (Rs12.7bn NPL and the rest standard) and got credit of Rs7.09bn from provisions, so net write-off had a Rs7.61bn impact on P&L.
- There is no plan to enter any new product segments in FY23 both on a standalone and at the merged entity level.
- Passenger transport was badly hit during the pandemic and SHTF took action for the segment in Q4FY22 in terms of write-off. It will look at other segments as well in FY23.
- Normally, the disbursement ratio for H1 and H2 of a financial year is 40:60, which is based on the Indian economic cycle. H1 has uncertainty due to heavy/weak monsoons and lower government spending, both of which improve in H2. Due to high crude prices, SHTF doesn't think people will buy new vehicles till crude stabilizes, which leads to uncertainty. From Q4FY22 to Q1FY23, disbursements would decline.
- Of the 2.1mn customers, 35% were new to Shriram customers. Sometimes customers come back even two years after completing loan.
- The focus is more on maintaining NIMs of 7.5% over the next 1-1.5 years and if any benefits accrue, SHTF will pass it on to rural customers.
- SHTF has less than 30% share in the used vehicle market. Of the 70% balance, 20% is the organized sector like other banks and NBFCs. But the remaining 50% is unorganized, which SHTF keeps tapping.
- Opex has been managed well for the last two years and SHTF has always given guidance for 22-23% as it expects a slight uptick in operating expenses with business growth and increase in new technology expenditure and customer acquisition costs.

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	79,101	89,120	1,01,816	1,13,280	1,26,531
Other income	4,721	6,280	6,571	7,462	8,417
Net income	83,821	95,399	1,08,387	1,20,742	1,34,947
Operating expenses	19,857	21,298	27,347	27,925	29,852
Pre provision profit	63,964	74,101	81,040	92,817	1,05,095
PPP excl treasury	63,964	74,101	81,040	92,817	1,05,095
Provisions	31,184	38,609	27,572	31,585	35,450
Profit before tax	32,780	35,493	53,468	61,232	69,646
Tax	7,908	8,413	13,741	15,737	17,899
Tax rate	24	24	26	26	26
Profit after tax	24,873	27,079	39,727	45,495	51,747

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	2,531	2,705	2,705	2,705	2,705
Reserves	2,13,153	2,56,617	2,90,889	3,27,295	3,68,702
Net worth	2,15,684	2,59,322	2,93,594	3,30,000	3,71,408
Other liabilities and provisions	19,141	16,772	18,601	20,763	23,259
Borrowings	10,61,964	11,44,967	12,60,640	13,98,533	15,56,758
Total liabilities	12,96,789	14,21,061	15,72,835	17,49,296	19,51,424
Cash and bank	1,64,418	1,63,552	2,07,898	2,12,595	2,15,777
Investments	31,979	68,092	37,819	41,956	46,703
Loans	10,83,030	11,66,652	13,07,941	14,75,044	16,68,680
Others	17,362	22,766	19,177	19,700	20,265
Total assets	12,96,789	14,21,061	15,72,835	17,49,296	19,51,424

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	7.2	7.5	7.7	7.7	7.7
RoA	2.0	2.0	2.7	2.7	2.8
RoAE	12.5	11.4	14.4	14.6	14.8
GNPA (%)	7.1	7.1	6.7	6.5	6.4
NNPA (%)	4.4	3.8	3.6	3.5	3.4

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	101.0	103.4	146.9	168.2	191.3
BVPS	875.7	990.6	1,085.3	1,219.9	1,372.9
DPS	18.0	20.0	29.3	33.6	38.2

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	11.9	11.6	8.2	7.1	6.3
P/BV	1.4	1.2	1.1	1.0	0.9
Dividend Yield (%)	1.5	1.7	2.4	2.8	3.2

Source: Company, Emkay Research

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
NII	1.8	12.7	14.2	11.3	11.7
PPOP	2.6	15.8	9.4	14.5	13.2
PAT	(0.6)	8.9	46.7	14.5	13.7
Loans	5.9	7.7	12.1	12.8	13.1

Quarterly (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
NII	21,154	20,824	21,432	23,306	25,738
NIM(%)	7.3	7.0	7.1	7.6	8.2
PPOP	16,616	16,743	17,169	19,076	21,114
PAT	7,549	1,699	7,712	6,806	10,861
EPS (Rs)	30.65	6.64	28.71	25.26	40.15

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	25.1	25.1	25.6	26.1	26.5
FIIIs	57.5	59.6	53.7	53.2	53.9
DIIIs	11.7	10.0	14.8	15.2	14.0
Public and Others	5.7	5.2	5.9	5.6	5.7

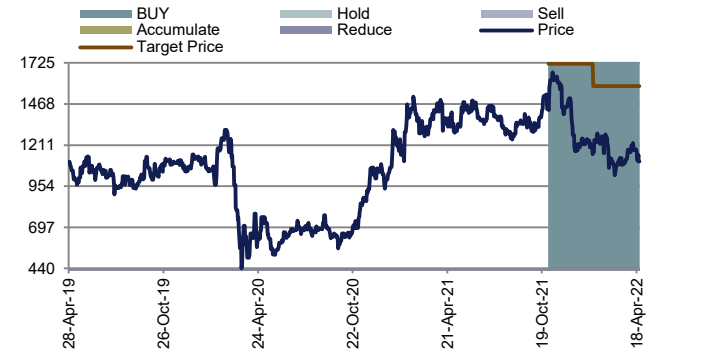
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
25-Jan-22	1,167	1,580	12m	Buy	Manjith Nair
14-Dec-21	1,384	1,720	12m	Buy	Manjith Nair
31-Oct-21	1,436	1,720	12m	Buy	Manjith Nair

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – BFSI-NBFCs



Analyst: Manjith Nair

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Sector

Non-bank financial companies (NBFC)

Analyst bio

Manjith R Nair holds a B.E, MBA (ISB). He has total 13 years of research experience covering financials. Prior to that, he was in Europe managing client account relations for an IT major.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
BFSI-NBFCs	6.56	6.56	0%	0	100.00	
Bajaj Finance	1.75	1.76	0%	0	26.80	0
Cholamandalam Investment	0.29	0.29	0%	0	4.37	0
Edelweiss Financial Services	0.00	0.00	NA	0	0.00	0
HDFC	3.95	3.97	0%	2	60.57	0
L&T Finance Holdings	0.07	0.07	0%	0	1.05	0
LIC Housing Finance	0.11	0.11	0%	0	1.74	0
Mahindra Finance	0.11	0.00	-100%	-11	0.00	0
Nippon Life India Asset Management	0.05	0.05	-8%	0	0.71	0
Ponawalla Finco*	0.00	0.06	NA	6	0.93	0
Shriram City Union Finance	0.00	0.03	NA	3	0.39	0
Shriram Transport Finance	0.22	0.23	0%	0	3.44	0
Cash	0.00	0.00	NA	0	0.00	0

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	28-Apr-21	28-Oct-21	28-Jan-22	28-Mar-22	28-Apr-22
EAP - BFSI-NBFCs	100.0	138.6	163.9	145.7	137.2	134.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	130.1	153.9	136.3	128.6	126.3

*Performance measurement base date 1st April 2019

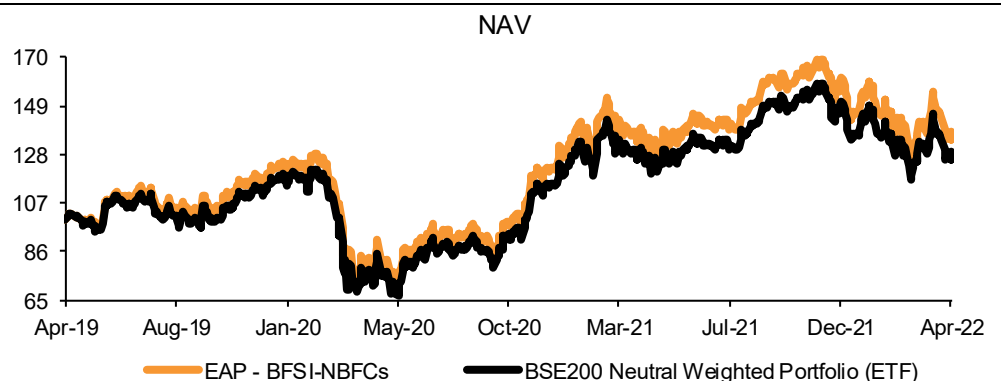
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-NBFCs	-1.8%	-7.5%	-17.8%	-2.8%
BSE200 Neutral Weighted Portfolio (ETF)	-1.8%	-7.4%	-17.9%	-2.9%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 30 Apr 2022 15:24:41 (SGT)

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