

**SHFL's Q4FY25 results were mixed – credit cost was elevated causing a PBT miss, which was offset by lower tax rate that led to in-line PAT. This was due to temporary factors: i) Reported NIM dropped by 23bps QoQ to 8.25%, largely on excess liquidity of ~Rs120bn owing to large ECB loans raised in Dec-24 and Q4. ii) SHFL technically wrote-off Rs23.45bn of loan fully provided for; this led to GS3/NS3 of 4.55%/2.64% in Q4 vs 5.38%/2.68% in Q3, and PCR drop to 43.3% from 51.6% QoQ. iii) The slightly elevated credit cost may have seen impact of the portfolio stress-testing scenario outcomes. These now being behind, the gradually reducing excess liquidity and falling-rate environment should support NIM ahead, and credit cost stabilize a tad lower vs Q4FY25; this would lead to ~15% AUM growth and RoA/RoE of ~3%/16% in FY26E. To reflect Q4 developments/outlook, we tweak our FY26-27 estimates that slightly reduces our NII/NIM and increases our credit cost; hence we cut EPS by ~5%. We maintain BUY and Mar-26E TP of Rs750 (implying FY27E P/B of 1.9x).**

#### PAT misses our estimate on higher credit costs from a technical write-off

SHFL's Q4 results were mixed with PAT of Rs 21.3bn (vs our estimate of Rs21.7bn), which came in below our estimate. This was mainly on account of elevated credit cost, which was due to technical write-off of Rs23.5bn and stress in some geographies. Margins were also impacted, due to negative carry from the excess liquidity that was owing to ECB raise. Opex moderated QoQ and the mgmt expects such opex moderation to continue; it guided to cost-to-income of 27-29%. Total provision in credit cost was ~Rs15.97bn, while provision write-back was Rs16bn. Overall credit cost for the quarter was ~2.07% and the management expects it to be moderate and remain below 2% going forward.

#### Reaffirms outlook for both, growth and stable asset quality

The mgmt reaffirmed its 15% overall growth guidance, with the CV segment expected to grow 12-13%, and MSME and other segments above 20%. The mgmt noted that a better monsoon, increased government capex, and improving economic activity could lead to its guidance being exceeded. Margins are projected to improve, as excess liquidity is deployed and funding costs benefit from rate cuts. Operating expenses are expected to remain elevated due to continued investments in brand building, infrastructure, and capacity, with a medium-term cost-to-income guidance of 27-29%. The mgmt remains confident of maintaining strong asset quality and keeping credit costs below 2% of average assets, with possibility of further improvements as rural cashflows strengthen.

#### Some revision in estimate; reiterate BUY and Mar-26E TP of Rs750

To reflect the Q4FY25 performance and developments in the external environment, we marginally tweak our FY26-27 estimates which results in 1) cut of ~2-4% in our disbursement and ~1% in AUM growth; 2) a 4-5% cut in earnings over FY26-27; 3) marginal elevation in credit cost. These three key factors combined would result in RoA contraction of ~20bps in FY26-27E. We reiterate BUY and Mar-26E TP of Rs750, implying adjusted FY26E P/BV of 1.9x.

Target Price – 12M	Mar-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	14.5

Stock Data	SHFL IN
52-week High (Rs)	730
52-week Low (Rs)	439
Shares outstanding (mn)	1,880.4
Market-cap (Rs bn)	1,232
Market-cap (USD mn)	14,418
Net-debt, FY26E (Rs mn)	NA
ADTV-3M (mn shares)	7
ADTV-3M (Rs mn)	4,484.3
ADTV-3M (USD mn)	52.5
Free float (%)	74.2
Nifty-50	24,039.3
INR/USD	85.4

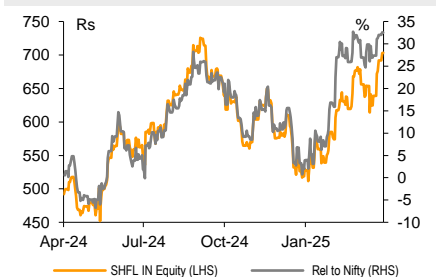
#### Shareholding,

Promoters (%)	0.0
FPIs/MFs (%)	0.0/0.0

#### Price Performance

(%)	1M	3M	12M
Absolute	(3.4)	24.2	31.5
Rel. to Nifty	(4.9)	19.3	23.4

#### 1-Year share price trend (Rs)



#### Shriram Finance: Financial Snapshot (Consolidated)

Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profits	71,905	97,610	99,130	120,207	141,430
AUM growth (%)	21.1	17.0	16.0	16.5	16.6
NII growth (%)	17.0	16.3	17.0	18.7	16.9
NIMs (%)	9.3	9.0	9.1	9.2	9.3
PPOP growth (%)	15.1	14.5	18.6	19.7	17.0
Adj. EPS (Rs)	38.3	44.0	52.7	63.9	75.2
Adj. EPS growth (%)	19.9	14.9	19.8	21.3	17.7
Adj. BV (INR)	258.6	299.3	340.4	390.3	448.9
Adj. BVPS growth (%)	14.1	15.7	13.7	14.6	15.0
RoA (%)	3.3	3.5	3.2	3.4	3.5
RoE (%)	15.8	17.8	16.5	17.5	17.9
P/E (x)	17.1	14.9	12.4	10.2	8.7
P/ABV (x)	2.5	2.2	1.9	1.7	1.5

Source: Company, Emkay Research

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## Exhibit 1: Actual vs Estimate

SHFL - Q4FY25 results						Change		Emkay	
(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	QoQ	YoY	Estimate	Variation
NII	50,874	52,339	54,641	55,896	55,655	2.3%	13.8%	58,291	-4.5%
Total Income	55,080	54,808	57,312	59,542	62,364	3.9%	14.1%	62,389	0.0%
Opex	16,024	16,140	17,597	18,692	19,010	6.2%	22.1%	19,425	-2.1%
PPoP	39,056	38,668	39,715	40,850	43,354	2.9%	10.7%	42,964	0.9%
Provision	12,615	12,002	12,199	13,258	15,633	8.7%	6.1%	13,027	20.0%
PBT	26,441	26,666	27,515	27,592	27,721	0.3%	13.1%	29,937	-7.4%
PAT (Adj)	19,459	19,806	20,713	20,804	21,394	0.4%	14.4%	21,678	-1.3%
PAT	19,459	19,806	20,713	35,698	21,395	72.3%	96.3%	21,678	-1.3%
AUM	2,248,620	2,334,436	2,430,426	2,544,697	2,631,903	4.7%	18.8%	2,648,971	-0.6%
Credit cost	2.30%	2.10%	2.05%	2.13%	2.42%	8bps	-27bps	2.01%	41bps
GS3	5.45%	5.39%	5.32%	5.38%	4.55%	6bps	-28bps	5.30%	-75bps
NS3	2.70%	2.71%	2.74%	2.78%	2.74%	4bps	6bps	2.73%	1bps

Source: Company, Emkay Research; Note: PAT in Q3FY25 adjusted for gain on sale of the housing business (net gain of Rs14.89bn)

## Exhibit 2: Change in estimates

Y/E Mar (Rs mn)	FY26E			FY27E			FY28E		
(Rs mn)	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Disbursement	1,960,523	1,912,298	-2.5%	2,328,702	2,228,764	-4.3%	NA	2,606,822	NA
AUM	3,076,037	3,052,062	-0.8%	3,568,011	3,556,693	-0.3%	NA	4,148,442	NA
Net Interest Income	265,511	257,398	-3.1%	315,548	305,427	-3.2%	NA	356,906	NA
Operating expenses	81,200	79,886	-1.6%	92,894	91,896	-1.1%	NA	105,527	NA
PPOP	198,503	192,780	-2.9%	237,598	230,705	-2.9%	NA	269,875	NA
Provision	58,227	59,279	1.8%	66,900	68,819	2.9%	NA	79,407	NA
PBT	140,276	133,501	-4.8%	170,698	161,886	-5.2%	NA	190,468	NA
PAT	104,160	99,130	-4.8%	126,750	120,207	-5.2%	NA	141,430	NA
Adj PAT	104,160	99,130	-4.8%	126,750	120,207	-5.2%	NA	141,430	NA
Adj EPS (Rs)	55	53	-4.9%	67	64	-5.3%	NA	75	NA
BV (Rs)	339	340	0.4%	392	390	-0.4%	NA	449	NA
Networth	636,805	640,127	0.5%	735,670	733,888	-0.2%	NA	844,204	NA
Disbursement growth	17.2%	15.0%	-224bps	18.8%	16.5%	-223bps	NA	17.0%	NA
AUM growth	16.1%	16.0%	-16bps	16.0%	16.5%	54bps	NA	16.6%	NA
Total PCR, as a % of AUM	51.79%	44.00%	-779bps	51.79%	45.00%	-679bps	NA	45.00%	NA
NIM	9.2%	9.0%	-22bps	9.4%	9.2%	-26bps	NA	9.2%	NA
NIM+Fees	9.8%	9.6%	-18bps	9.9%	9.8%	-19bps	NA	9.7%	NA
Opex-to-AUM	2.8%	2.8%	-3bps	2.8%	2.8%	-2bps	NA	2.7%	NA
Cost-to-Income	29.0%	29.3%	27bps	28.1%	28.5%	38bps	NA	28.1%	NA
Credit Cost	2.03%	2.09%	5bps	2.01%	2.08%	7bps	NA	2.06%	NA
GS3	5.20%	4.70%	-50bps	5.10%	4.75%	-35bps	NA	4.75%	NA
NS3	2.67%	2.79%	12bps	2.62%	2.77%	16bps	NA	2.77%	NA
ROA	3.42%	3.21%	-21bps	3.67%	3.44%	-23bps	NA	3.48%	NA
ROE	17.47%	16.48%	-99bps	18.47%	17.50%	-97bps	NA	17.92%	NA

Source: Company, Emkay Research

## Exhibit 3: Valuation matrix

				P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			Adj EPS (Rs)		
	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
At current market price	655	14.5%	1,232.0	1.9	1.7	1.5	12.4	10.2	8.7	3.2	3.4	3.5	16.5	17.5	17.9	340	390	449	53	64	75
At target price	750			2.2	1.9	1.7	14.2	11.7	10.0	3.2	3.4	3.5	16.5	17.5	17.9	340	390	449	53	64	75

Source: Company, Emkay Research

## Exhibit 4: Quarterly earning snapshot

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
<b>Net Interest Income</b>	49,884	51,453	52,772	55,111	56,183	55,791	8.4%	-0.7%
Other Income	2,320	3,627	2,037	2,201	3,359	6,572	81.2%	95.7%
<b>Total Income</b>	52,204	55,080	54,808	57,312	59,542	62,364	13.2%	4.7%
Operating Expenses	15,311	16,024	16,140	17,597	18,692	19,010	18.6%	1.7%
<b>Operating Profit</b>	36,893	39,056	38,668	39,715	40,850	43,354	11.0%	6.1%
Provisions	12,497	12,615	12,002	12,199	13,258	15,633	23.9%	17.9%
Credit cost	2.40%	2.30%	2.10%	2.05%	2.13%	2.42%	12bps	28bps
<b>PBT</b>	24,396	26,441	26,666	27,515	27,592	27,721	4.8%	0.5%
Tax	6,213	6,983	6,860	6,803	8,462	6,326	-9.4%	-25.2%
Tax rate	25.5%	26.4%	25.7%	24.7%	30.7%	22.8%		
<b>PAT</b>	18,183	19,459	19,806	20,713	35,698	21,395	10.0%	-40.1%
<b>Adj PAT</b>	18,183	19,459	19,806	20,713	20,804	21,394	9.9%	2.8%
<b>Total AUM</b>	<b>2,142,335</b>	<b>2,248,620</b>	<b>2,334,436</b>	<b>2,430,426</b>	<b>2,544,697</b>	<b>2,631,903</b>	<b>17.0%</b>	<b>3.4%</b>
<b>Disbursement</b>	<b>377,878</b>	<b>393,240</b>	<b>377,090</b>	<b>399,730</b>	<b>437,620</b>	<b>448,480</b>	<b>14.0%</b>	<b>2.5%</b>
<b>Net worth</b>	<b>470,545</b>	<b>485,684</b>	<b>505,596</b>	<b>521,356</b>	<b>549,925</b>	<b>562,806</b>	<b>15.9%</b>	<b>2.3%</b>
<b>GS3</b>	5.66%	5.45%	5.39%	5.32%	5.38%	4.55%	-90bps	-83bps
<b>NS3</b>	2.72%	2.70%	2.71%	2.74%	2.78%	2.74%	3bps	-5bps
<b>PCR</b>	53.4%	51.8%	51.1%	51.7%	51.6%	43.3%	-850bps	-835bps

Source: Company, Emkay Research

## Exhibit 5: AUM trend

(Rs bn)	Q2FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Commercial Vehicles	877	933	959	984	1,025	1,069	1,097	1,122	1,158	1,186
Passenger Vehicles	300	339	363	397	415	432	460	490	519	541
Construction Equipment	134	144	146	151	162	170	170	176	179	179
Farm Equipment	33	35	34	35	34	37	40	45	48	52
MSME	169	191	200	213	231	262	288	323	346	374
Two Wheelers	85	104	100	104	121	126	129	131	154	156
Gold	44	45	50	54	59	63	61	61	55	48
Personal Loans	51	67	79	88	95	90	89	83	87	96
<b>Total</b>	<b>1,694</b>	<b>1,857</b>	<b>1,932</b>	<b>2,026</b>	<b>2,142</b>	<b>2,249</b>	<b>2,334</b>	<b>2,430</b>	<b>2,545</b>	<b>2,632</b>

Source: Company, Emkay Research

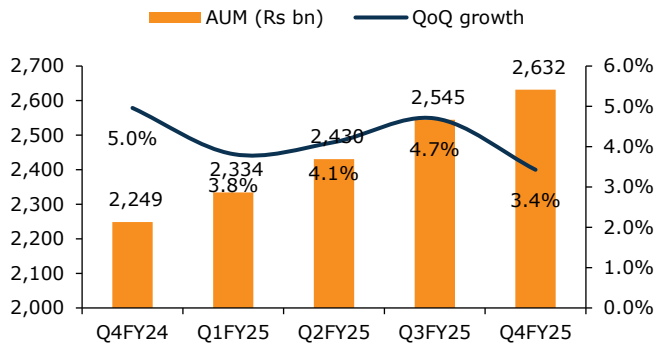
**Exhibit 6: Disbursement Trend**

(Rs bn)	Q2FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CV	0	121.8	120.2	128	144	154	140	150	155	168
PV	0	55.9	59.3	74	61	67	74	76	80	83
CE	0	19.5	17.0	20	28	24	19	23	21	22
FE/tractor	0	6.2	4.5	6	5	9	8	9	9	11
MSME	0	35.7	30.5	36	43	64	62	69	75	77
2 Wheeler	0	23.4	21.9	24	37	26	27	26	48	29
Gold	0	25.2	28.4	31	31	32	27	27	26	31
PL	0	22.5	22.7	29	29	17	20	21	23	29
<b>Total</b>		<b>310.5</b>	<b>304.5</b>	<b>346.1</b>	<b>377.9</b>	<b>393.2</b>	<b>377.1</b>	<b>399.7</b>	<b>437.6</b>	<b>448.5</b>

Source: Company, Emkay Research

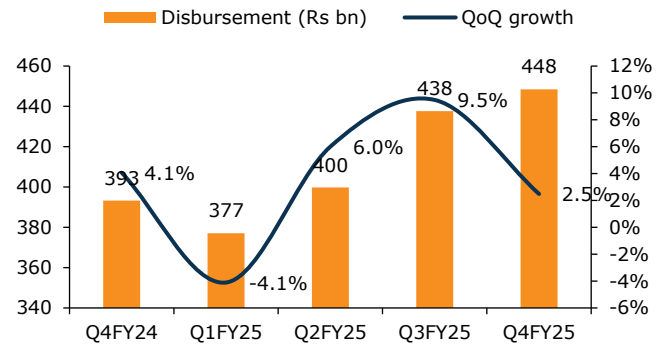
## Result in Charts

Exhibit 7: Softer disbursement leading to moderate growth



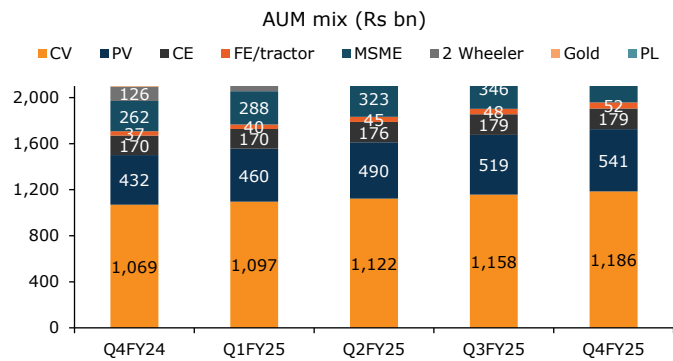
Source: Company, Emkay Research

Exhibit 8: Weak disbursement due to external factors



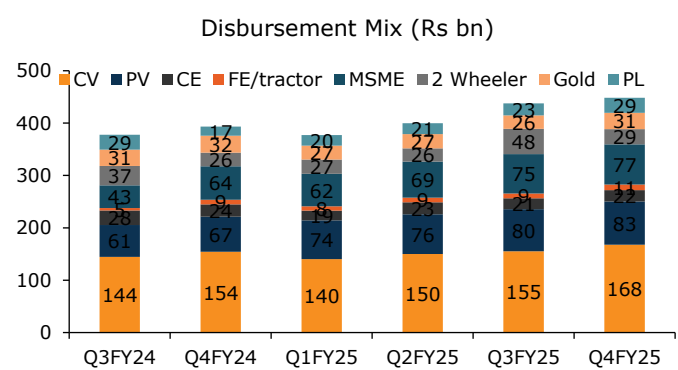
Source: Company, Emkay Research

Exhibit 9: Vehicles remain dominant in the overall portfolio



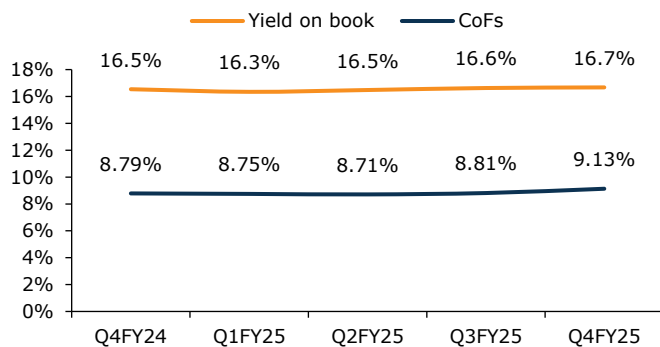
Source: Company, Emkay Research

Exhibit 10: Disbursement mix



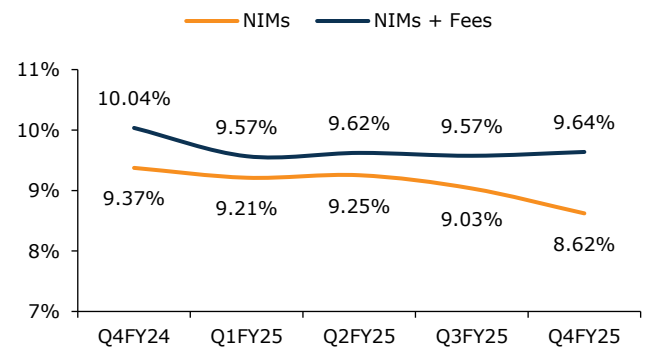
Source: Company, Emkay Research

Exhibit 11: Calculated CoFs artificially elevated on account of borrowing toward the end of the quarter

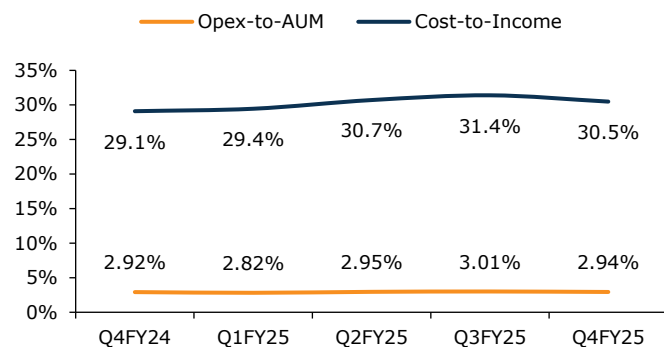


Source: Company, Emkay Research

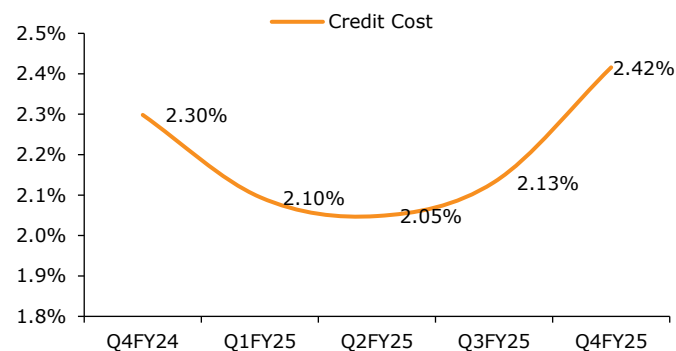
Exhibit 12: Margins impacted by excess liquidity on the balance sheet



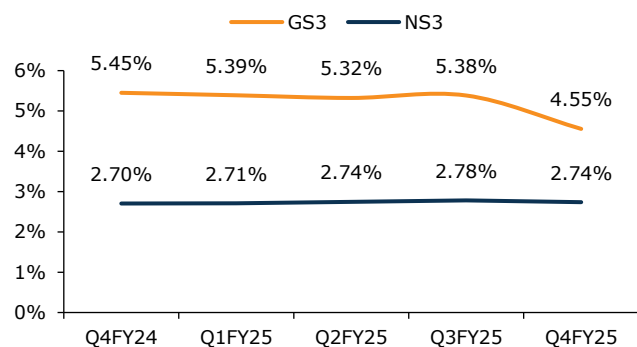
Source: Company, Emkay Research

**Exhibit 13: Moderating opex**

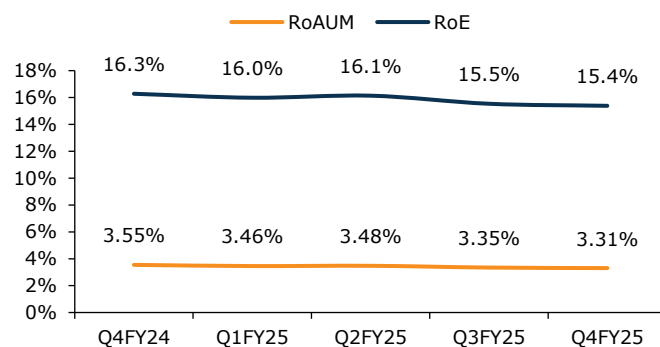
Source: Company, Emkay Research

**Exhibit 14: Elevated credit cost on account of write-off and stress in some geographies**

Source: Company, Emkay Research

**Exhibit 15: Lower GS3 on account of write-off in Q4**

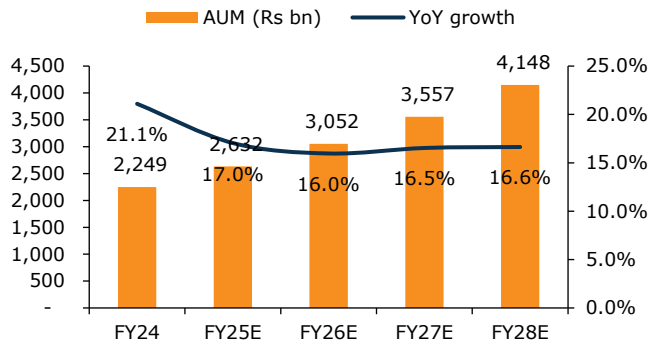
Source: Company, Emkay Research

**Exhibit 16: Profitability impacted by higher credit cost and excess liquidity**

Source: Company, Emkay Research

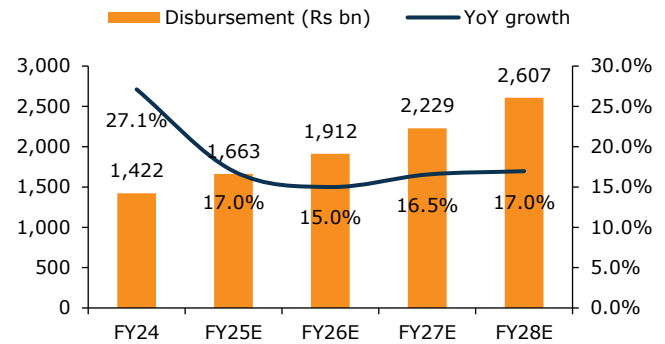
## Story in charts

**Exhibit 17: AUM is expected to grow above 15%**



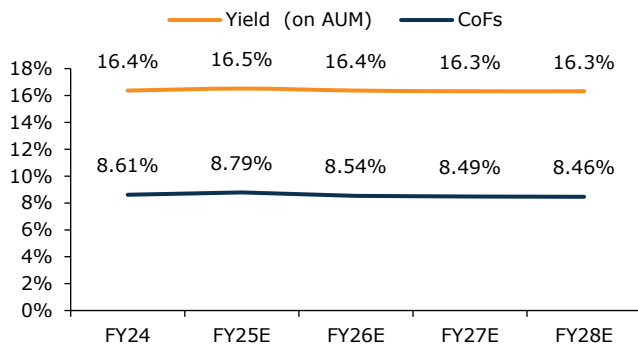
Source: Company, Emkay Research

**Exhibit 18: Disbursement to improve with improving external factors**



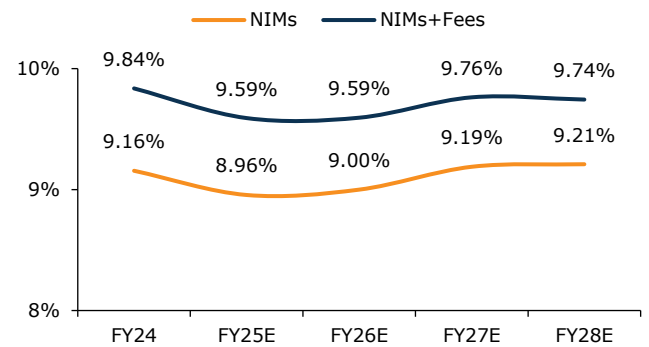
Source: Company, Emkay Research

**Exhibit 19: CoFs to moderate in FY on account of the RBI rate cut**



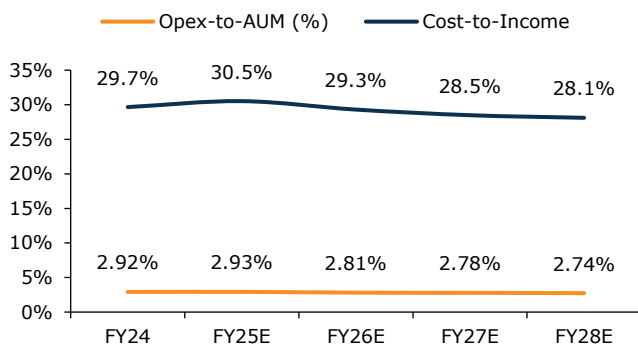
Source: Company, Emkay Research

**Exhibit 20: Margins to improve as CoFs moderate**



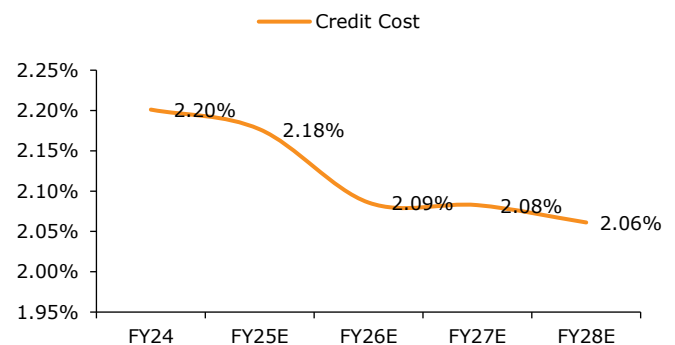
Source: Company, Emkay Research

**Exhibit 21: Opex in line with management guidance**

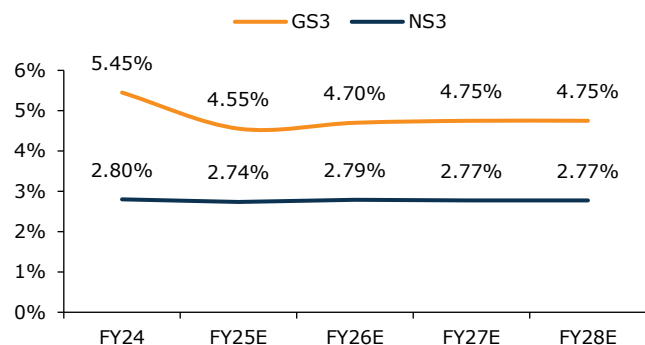


Source: Company, Emkay Research

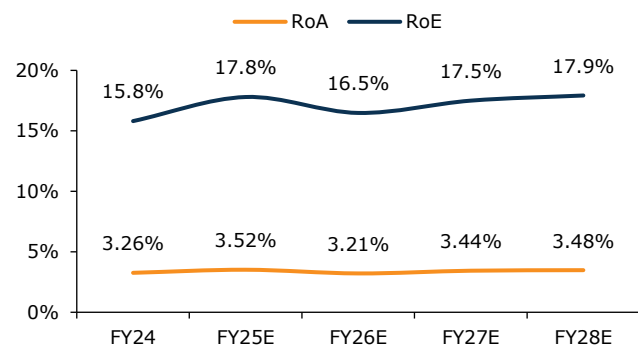
**Exhibit 22: We expect credit cost to be stable at ~2% on AUM**



Source: Company, Emkay Research

**Exhibit 23: Asset quality to remain robust**

Source: Company, Emkay Research

**Exhibit 24: Improving profitability on the back of improving margins and stable credit cost**

Source: Company, Emkay Research



## Management call highlights

- Overall, the management believes that Q4FY25 has been a good quarter, given the circumstances.
- The recent two rate cuts of 25bps each, by the RBI, will help reduce the borrowing cost. The management expects the benefit of these rate cuts to show over the next 3-6 months.
- IMD's prediction of above-average rainfall and a strong monsoon bodes well for the rural market. The management anticipates robust credit demand from rural areas, supported by an improving overall economy and increased government capital expenditure. This is expected to drive higher demand and enhance credit quality.
- Automobile Sector Performance: Overall, on full year basis, demand was flattish for M&HCVs, while it grew 3.9% on YoY basis in Q4 (115k units vs 111k units). LCV sales in the quarter were flat at 158k units, while LCS sales declined 2% on full year basis. CV sales declined 1.2% for the full year, standing at 0.95mn units as against 0.96mn units in FY24. PV sales recorded a growth of 2.4% in Q4FY25 at 1.16mn units vs 1.14mn units in Q4FY24; on full year basis they increased 2% to 4.3mn units. 2W sales grew 1.4% to 4.6mn units in Q4FY25 vs 4.5mn units in Q4FY24). For FY25, they increased 9.1% to 19.6mn units as against 17.9mn units in FY24. 3Ws recorded growth of 7.7% with 170k units in Q4FY25 as against 166k units in Q4FY24; for the full year, they increased 6.7%. Tractor sales declined to 233k units in Q4FY25 as against 244k units in Q4FY24; they saw a marginal 1% decline for the full year. Construction equipment recorded a decline of 8.4% in Q4FY25 and was flat for the full year.
- Quarterly Disbursement was ~Rs448.9bn, a growth of ~14% YoY/2.5% QoQ. Segmental disbursement — CVs: Rs167.7bn; PVs: Rs82.5bn; CE: Rs21.8bn; Tractors/Farm equipment: Rs10.6bn; MSMEs: Rs76.6bn; 2Ws: Rs29.2bn; Gold: Rs31.1bn; and PL: Rs28.9bn.
- In Q4FY25, SHFL raised ~Rs77bn of ECBs, resulting in excess liquidity (liquidity of around 6 months vs long-term average of 3 months) which caused some compression on NIMs. The management expects the excess liquidity position to ease in the next 1-2 quarters. Excess borrowing in Q3 was ~Rs270bn, which has increased to Rs310bn in Q4 which in turn impacted NIM.
- Incremental CoF has declined to 8.86% with overall CoFs in Q4 being broadly stable at 8.96%; the management expects the benefit of the rate cuts by the RBI to start reflecting in coming quarters. The overall leverage stands at 4.16x vs 3.83x in Mar-24.
- Overall ALM position remains healthy, with cumulative positive mismatch of ~Rs480bn in six months.
- NIM in Q4FY25 was impacted by excess liquidity on account of the ECB transaction. The management expects NIMs to normalize in coming quarters.
- Around 80–85% of the MSME portfolio is secured, while the unsecured portion typically falls within the Rs0.2-0.5mn ticket size. The average ticket size for the overall MSME segment ranges at Rs1.2–1.4mn.
- The management noted some localized stress due to a broader economic slowdown, but expects credit costs to be stable, supported by a strong rural economy and revival in government capex. The management guided to credit cost remaining at around 2%.
- The management remains confident of achieving ~15% AUM growth, driven by improving rural and semi-urban sentiment (expect 12-15% growth in the CV segment and >20% growth in the MSME segment).
- Provisioning – Stage 1 PD: 8.79% (vs 9.05% sequentially); Stage 2 PD: 20.69% (vs 20.27% in Q3FY25), and LGD: 39.05% as against 38.73% in the last quarter.
- SHFL undertook a technical write-off of Rs23.45bn for assets that were already 100% provided for. This has brought down GS3 assets from 5.38% to 4.55%. The company noted that this aligned with its conservative provisioning stance, with some recoveries expected.

- In terms of liability mix, 86% of the total liability is fixed. Almost the entire loan book is fixed. The management also informed that ~30% of the liability is expected to be repriced in FY26.
- The total write-off for Q4FY25 amounted to Rs31.62bn, which includes a technical write-off of Rs23.45bn. Additionally, Rs16.03bn of provisions were written back during the quarter, resulting in a net credit cost of Rs15.79bn.
- IRR on 3Ws is ~16-22%; for MSMEs it ranges at 16-24%.
- In terms of PCR, the management informed that pre-Covid, the company maintained a PCR of ~36-30%; due to the Covid uncertainty, the PCR was maintained at 50% over the last quarter. Going forward, the management plans to maintain the PCR at the current level of ~43%.
- Stage 2 in MSME loans rose by 7bps YoY, and the shift was mainly from Stage 3 to Stage 2 (not from Stage 1); this is not linked to any specific geography, though some impact was seen in the border areas of UP and Bihar.
- The management guided to cost-to-income of ~27-29%, and sees cost-to-income moderating ahead. In Q3, opex was elevated due to incentives related to the festive season; Q4 did not see any such incentives.

Shriram Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	335,997	403,076	465,169	539,200	628,653
Interest Expense	148,061	184,546	209,402	235,574	273,847
Net interest income	187,935	218,531	255,766	303,626	354,806
NII growth (%)	17.0	16.3	17.0	18.7	16.9
Non interest income	13,980	15,518	16,900	18,975	20,597
Total income	201,915	234,049	272,667	322,601	375,403
Operating expenses	59,895	71,440	79,886	91,896	105,527
PPOP	142,020	162,609	192,780	230,705	269,875
PPOP growth (%)	15.1	14.5	18.6	19.7	17.0
Provisions & contingencies	45,183	53,117	59,279	68,819	79,407
PBT	96,836	109,493	133,501	161,886	190,468
Extraordinary items	0	14,894	0	0	0
Tax expense	24,932	28,450	34,371	41,679	49,038
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	71,905	82,716	99,130	120,207	141,430
PAT growth (%)	20.3	35.7	1.6	21.3	17.7
Adjusted PAT	71,905	97,610	99,130	120,207	141,430
Diluted EPS (Rs)	38.3	44.0	52.7	63.9	75.2
Diluted EPS growth (%)	19.9	14.9	19.8	21.3	17.7
DPS (Rs)	9.0	9.9	11.6	14.1	16.5
Dividend payout (%)	23.5	19.1	22.0	22.0	22.0
Effective tax rate (%)	25.7	26.0	25.7	25.7	25.7
Net interest margins (%)	9.3	9.0	9.1	9.2	9.3
Cost-income ratio (%)	29.7	30.5	29.3	28.5	28.1
PAT/PPOP (%)	50.6	60.0	51.4	52.1	52.4
Shares outstanding (mn)	1,878.3	1,880.4	1,880.4	1,880.4	1,880.4

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Asset quality					
GNPL - Stage 3	120,812	118,388	141,409	166,543	194,252
NNPL - Stage 3	58,244	67,145	79,189	91,599	106,838
GNPL ratio - Stage 3 (%)	5.5	4.6	4.7	4.8	4.8
NNPL ratio - Stage 3 (%)	2.8	2.7	2.8	2.8	2.8
ECL coverage - Stage 3 (%)	51.8	43.3	44.0	45.0	45.0
ECL coverage - 1 & 2 (%)	3.6	3.8	3.8	3.8	3.8
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	24.4	(0.8)	28.0	27.0	27.5
Total credit costs (%)	2.2	2.2	2.1	2.1	2.1
NNPA to networth (%)	12.0	11.9	12.4	12.5	12.7
Capital adequacy					
Total CAR (%)	-	-	-	-	-
Tier-1 (%)	-	-	-	-	-
Miscellaneous					
Total income growth (%)	17.0	15.9	16.5	18.3	16.4
Opex growth (%)	21.9	19.3	11.8	15.0	14.8
PPOP margin (%)	6.9	6.7	6.8	7.0	7.0
Credit costs-to-PPOP (%)	31.8	32.7	30.7	29.8	29.4
Loan-to-Assets (%)	87.6	83.6	87.6	87.9	88.2
Yield on loans (%)	16.4	16.5	16.4	16.3	16.3
Cost of funds (%)	8.4	8.6	8.6	8.6	8.6
Spread (%)	7.9	7.9	7.8	7.7	7.7

Source: Company, Emkay Research

Balance Sheet					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	3,757	3,761	3,761	3,761	3,761
Reserves & surplus	481,927	559,045	636,366	730,127	840,443
Net worth	485,684	562,806	640,127	733,888	844,204
Borrowings	1,858,411	2,341,973	2,563,732	2,987,622	3,484,692
Other liabilities & prov.	28,665	30,551	33,606	36,967	40,663
Total liabilities & equity	2,372,760	2,935,329	3,237,465	3,758,477	4,369,558
Net loans	2,079,294	2,453,928	2,837,345	3,304,169	3,853,904
Investments	106,566	155,987	171,586	188,744	207,619
Cash, other balances	108,126	213,657	106,792	132,836	163,225
Interest earning assets	2,293,987	2,823,572	3,115,722	3,625,749	4,224,747
Fixed assets	-	-	-	-	-
Other assets	78,773	111,757	121,743	132,728	144,811
Total assets	2,372,760	2,935,329	3,237,465	3,758,477	4,369,558
BVPS (Rs)	258.6	299.3	340.4	390.3	448.9
Adj. BVPS (INR)	258.6	299.3	340.4	390.3	448.9
Gross loans	2,216,677	2,599,159	3,008,706	3,506,168	4,089,511
Total AUM	2,248,620	2,631,903	3,052,062	3,556,693	4,148,442
On balance sheet	2,216,677	2,599,159	3,008,706	3,506,168	4,089,511
Off balance sheet	31,943	32,744	43,357	50,525	58,931
Disbursements	1,421,706	1,662,920	1,912,298	2,228,764	2,606,822
Disbursements growth (%)	27.1	17.0	15.0	16.5	17.0
Loan growth (%)	20.9	18.0	15.6	16.5	16.6
AUM growth (%)	21.1	17.0	16.0	16.5	16.6
Borrowings growth (%)	17.7	26.0	9.5	16.5	16.6
Book value growth (%)	14.1	15.7	13.7	14.6	15.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E 2025	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	17.1	14.9	12.4	10.2	8.7
P/B (x)	2.5	2.2	1.9	1.7	1.5
P/ABV (x)	2.5	2.2	1.9	1.7	1.5
P/PPOP (x)	0.5	0.4	0.3	0.3	0.2
Dividend yield (%)	1.4	1.5	1.8	2.1	2.5
Dupont-RoE split (%)					
NII/avg AUM	9.2	9.0	9.0	9.2	9.2
Other income	0.5	0.6	0.5	0.5	0.5
Securitization income	0.2	0.1	0.1	0.1	0.1
Opex	1.4	1.4	1.3	1.3	1.2
Employee expense	1.6	1.5	1.5	1.5	1.5
PPOP	6.9	6.7	6.8	7.0	7.0
Provisions	2.2	2.2	2.1	2.1	2.1
Tax expense	1.1	1.1	1.1	1.2	1.2
RoAUM (%)	3.5	3.8	3.5	3.6	3.7
Leverage ratio (x)	4.5	4.7	4.7	4.8	4.9
RoE (%)	15.8	17.8	16.5	17.5	17.9

Quarterly data				
Rs mn, Y/E Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
NII	52,339	54,641	55,896	55,655
NIM (%)	8.7	8.6	8.2	7.7
PPOP	38,668	39,715	40,850	43,354
PAT	0	0	0	0
EPS (Rs)	10.54	11.01	18.98	11.38

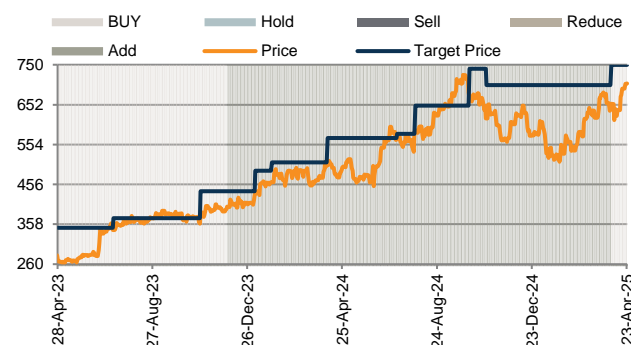
Source: Company, Emkay Research

## RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Apr-25	625	750	Buy	Avinash Singh
03-Apr-25	654	750	Buy	Avinash Singh
27-Feb-25	607	700	Add	Avinash Singh
26-Jan-25	527	700	Add	Avinash Singh
06-Jan-25	594	700	Add	Avinash Singh
05-Dec-24	625	700	Add	Avinash Singh
26-Oct-24	619	700	Add	Avinash Singh
04-Oct-24	667	740	Add	Avinash Singh
02-Sep-24	645	650	Add	Avinash Singh
20-Aug-24	632	650	Add	Avinash Singh
27-Jul-24	585	650	Add	Avinash Singh
04-Jul-24	567	580	Add	Avinash Singh
05-Jun-24	477	570	Add	Avinash Singh
27-Apr-24	500	570	Add	Avinash Singh
06-Apr-24	504	570	Add	Avinash Singh
26-Jan-24	461	510	Add	Avinash Singh
05-Jan-24	434	490	Add	Avinash Singh
30-Nov-23	401	439	Add	Avinash Singh
27-Oct-23	387	439	Buy	Avinash Singh
08-Jul-23	344	373	Buy	Avinash Singh
28-Apr-23	267	349	Buy	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>SELL</b>	<15% downside

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