

## Shriram Finance

### Fundamentals intact; Valuations Limit near-term upside

Shriram Finance delivered a steady operating performance in Q3FY26, supported by stable margins, resilient asset quality and controlled credit costs. Disbursement growth during the quarter picked up led primarily by CVs and PVs. Momentum remains supported by improving rural demand, strong traction in LCVs and last-mile logistics, and there is a gradual pickup post mid-January seasonality which will contribute to higher growth in next quarter. The company reiterated its guidance of high-teens AUM growth for FY26, underpinned by broad-based demand trends across rural and urban markets. On margins, NIMs improved sequentially and management reiterated exit FY26 NIM guidance of ~8.5%, driven by easing funding costs and normalization of excess liquidity. Asset quality showed signs of improvement, with Stage-2 assets declining sequentially and Stage-3 levels remaining stable, reflecting better early-bucket collections and effective field-level recoveries. Overall, the quarter underscored the resilience of Shriram Finance's retail-focused operating model and continued balance-sheet stability. Keeping our operating assumptions unchanged, the stock has rallied ~40% over the past three months, taking valuations above Mean +2SD of its five-year trading range. While fundamentals remain sound, the sharp rerating already prices in near-term growth and margin tailwinds, prompting a more cautious stance at current levels. With limited upside, we downgrade our rating from BUY to Neutral and continue to value the stock at 2.10x FY28E ABV, to arrive at a TP of Rs1,024. At current levels, we prefer to wait for a more attractive entry point to re-engage on risk-reward.

#### Broad-based Disbursement Traction Supports High-teens AUM Growth

Shriram Finance reported AUM of Rs2.92tn, rising 14.6% YoY and 3.7% QoQ, driven by broad-based momentum across key segments. While most segments recorded healthy traction, CE remained in contraction given slower infra activity at the state and local levels. Disbursements for Q3FY26 stood at Rs486bn, up 11% YoY and 13% QoQ. Management indicated that disbursement momentum remained healthy in Q3 and is expected to sustain into 4QFY26, supported by improving demand across core CV, PV and MSME segments, with rural trends remaining resilient. Management reiterated its guidance of high-teens AUM growth for FY26, alongside a continued focus on protecting margins.

#### Margins Improve on Lower CoF; Exit NIM Guidance Reiterated

Rep. NIMs inched up at 8.58% in Q3FY26 compared with 8.19% in Q2FY26, supported by utilization of excess liquidity and easing CoF. The management reiterated exit margins to inch up toward 8.5% by exit Q4FY26 driven by repricing of borrowings and normalization of excess liquidity follows through. Overall, Cost of liabilities improved to 8.69% vs 8.83%, while incremental borrowing cost stood at 7.73% (excluding rating-led benefits). With rating upgrades, an additional 30-40bps benefit is expected. Overall, Shriram Finance continues to demonstrate operational discipline, balancing growth with profitability and prudent liquidity management.

#### Asset Quality Improves; Credit Costs Remain Contained

Shriram Finance saw a 14 bps QoQ improvement in Stage-2. GS-3 assets stood at 4.54% and NS-3 at 2.38% in Q3FY26. calc. Credit costs were contained at 1.96% of average BS loans Vs 2.07% in Q2FY26, reflecting strong field-level recoveries. While pockets of temporary stress were observed in MSME and select segments earlier, management highlighted normalization as customers diversified end markets and cash flows stabilized. Vehicle utilization levels are near multi-year highs, repayments remain healthy, and early-warning indicators show no material build-up of fresh stress. With underwriting discipline intact, internal risk-based pricing, and expectations of further easing in credit costs as portfolio quality improves, the downside risks to asset quality appear contained, supporting a resilient risk-reward profile.

#### Financial and valuation summary

YE Mar (Rs mn)	3QFY26A	3QFY25A	YoY (%)	2QFY26A	QoQ (%)	FY26E	FY27E	FY28E
NII	65,740	55,896	17.6	60,258	9.1	2,49,944	3,15,590	3,87,640
PPOP	46,705	40,850	14.3	44,434	5.1	1,83,480	2,42,186	3,00,137
Provisions	13,103	13,258	(1.2)	13,333	(1.7)	54,988	75,811	88,117
PAT	25,217	20,804	21.2	23,072	9.3	95,644	1,23,617	1,57,531
AUM growth (%)	14.6	18.8	(22.1)	15.7	(7.1)	15.1	18.2	19.0
NIM (%)	9.2	9.0	2.1	8.7	5.4	9.5	10.3	10.6
C/I (%)	32.6	31.4	3.9	30.5	7.0	31.1	28.3	27.2
GNPA (%)	4.5	5.4	(15.8)	4.6	(0.8)	4.5	5.1	5.1
RoA (%)	3.3	3.1	7.0	3.1	6.9	3.1	3.4	3.7
RoE (%)	16.5	15.5	6.0	15.5	6.1	16.0	14.1	13.3
P/BV (x)	0.0	0.0	0.0	0.0	0.0	3.0	2.1	1.9

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Result Update

India I NBFC

26 January, 2026

**NEUTRAL**

Price: Rs1,004

Target Price: Rs1,024

Forecast return: 2%

#### Market Data

Bloomberg:	SHFL IN
52 week H/L:	1,026/508
Market cap:	Rs1888.2bn
Shares Outstanding:	1881.5mn
Free float:	70.4%
Avg. daily vol. 3mth:	89,65,780

Source: Bloomberg

#### Changes in the report

Rating:	Changed from BUY to NEUTRAL
Target price:	RS1,024
ABV:	FY27E: Rs442 FY28E: Rs488

Source: Centrum Broking

#### Shareholding pattern

	Dec-25	Sep-25	Jun-25	Mar-25
Promoter	25.4	25.4	25.4	25.4
FII	47.2	49.6	52.6	53.6
DII	21.3	18.7	16.3	15.3
Public/other	6.1	6.4	5.7	5.7

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q3FY26	Actual Q3FY26	Variance (%)
NII	64,672	65,740	1.7%
PPOP	47,880	46,705	-2.5%
PAT	24,236	25,217	4.0%

Source: Bloomberg, Centrum Broking



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## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY27E New	FY27E Old	% chg	FY28E New	FY28E Old	% chg
NII	3,15,590	3,15,590	-	3,87,640	3,87,640	-
PPoP	2,42,186	2,42,186	-	3,00,137	3,00,137	-
PAT	1,23,611	1,23,611	-	1,57,331	1,57,331	-

Source: Centrum Broking

### Shriram Finance versus NIFTY 50

	1m	6m	1 year
SHFL IN	4.5	63.0	90.3
NIFTY 50	(5.3)	(1.5)	10.3

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY27E	FY28E
Disbursement growth	18.4	18.6
AUM growth	18.2	19.0
NIMs	10.3	10.6
C/I ratio	28.3	27.2
Credit costs	2.5	2.4

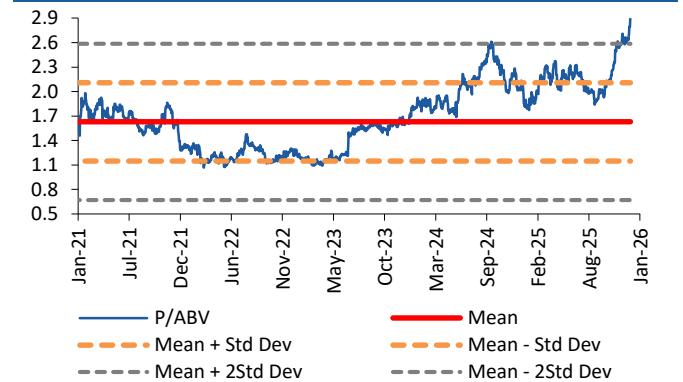
Source: Centrum Broking

### Valuations

While fundamentals remain sound, the sharp rerating already prices in near-term growth and margin tailwinds, prompting a more cautious stance at current levels. With limited upside, we downgrade our rating from BUY to Neutral and continue to value the stock at 2.10x FY28E ABV, to arrive at a TP of Rs1,024. At current levels, we prefer to wait for a more attractive entry point to re-engage on risk-reward.

Valuations	Rs/share
ABV/share (FY28E)	488
Ascribed P/BV (x)	2.10
<b>Target Price (Rs)</b>	<b>1,024</b>
Upside to CMP	2.0%

### P/ABV mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Market cap		P/B (x)				P/ABV (x)				RoE (%)			
	Rs bn	US \$bn	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Mahindra Fin	501	5.5	2.2	2.0	1.9	1.7	2.4	2.2	2.0	1.8	12.4	11.6	11.9	12.6
Sundaram Fin	559	6.1	4.7	4.1	3.7	3.3	5.0	4.4	3.9	3.5	15.0	15.5	15.6	15.3
Cholamandalam	1,383	15.1	6.1	5.1	4.2	3.5	7.0	5.9	4.9	4.0	19.0	19.4	19.9	19.4
Average			4.3	3.8	3.3	2.8	4.8	4.2	3.6	3.1	15.4	15.5	15.8	15.8
Shriram Fin	1,889	20.6	3.2	2.8	2.0	1.8	3.6	3.2	2.2	2.0	15.8	16.0	14.1	13.3

Source: Company, Centrum Broking

**Exhibit 1: Key conference call takeaways and metrics**

Centrum Quarterly Monitor	Q2FY26	Q3FY26	Our Comments
<b>Margins and Profitability</b>	<ul style="list-style-type: none"> <li>▪ NIMs are expected to remain above 8%, despite some dilution from higher share of new vehicle financing.</li> <li>▪ Management maintained guidance for exit NIMs of ~8.5% by Q4FY26.</li> <li>▪ Total CoF is expected to decline by 10–15 bps over the next two quarters.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exit NIMs guided at ~8.5% by Q4FY26, supported by easing funding costs and normalization of excess liquidity.</li> <li>▪ Funding costs expected to ease further, with repricing benefits flowing through over the next few quarters.</li> </ul>	<ul style="list-style-type: none"> <li>▪ We believe Shriram Finance is well-positioned to sustain its healthy return profile.</li> <li>▪ Higher NIMs and Lower opex growth to aid RoA.</li> </ul>
<b>Asset quality</b>	<ul style="list-style-type: none"> <li>▪ Credit costs are expected to hold at current levels and management doesn't expect increase in repossession loss due to GST cuts.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stable cash flows and improved collections expected to help contain asset quality risks in coming quarters.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Asset quality has improved this quarter.</li> <li>▪ We continue to expect improvement with higher recoveries in February and March.</li> </ul>
<b>Outlook and guidance</b>	<ul style="list-style-type: none"> <li>▪ AUM growth target for FY26 is set at mid-point of 15–17%, though MSME exposure will be monitored closely given tariff-related uncertainties.</li> </ul>	<ul style="list-style-type: none"> <li>▪ High-teens AUM growth guidance reiterated, with demand trends stable across CV, PV and MSME; no segment-specific growth moderation indicated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ We remain confident on asset quality normalization.</li> </ul>

Source: Centrum Broking

## Concall Key Takeaways

### Opening Remarks

- Management remains confident that the rural economy continues to stay resilient, supporting healthy consumption and sustained credit demand.
- Government infrastructure spending during the quarter was below expectations; however, a stronger pick-up is anticipated as allocations gain momentum.
- Disbursements for Q3FY26 stood at Rs48,600cr.
- The rise in CTI was largely attributable to a one-off impact from the new labour code.
- The company also benefited from overall credit rating improvements during the quarter.

### Guidance

- NIMs are expected to remain stable around ~8.5%.
- Growth in select MSME segments (earlier impacted due to dependence on the US market) had been approached cautiously, though sentiment has improved and growth is expected to normalise.
- Q3 was described as a relatively stable quarter, while Q4 is expected to witness stronger growth.

### Asset Quality and Margins

- The Rs40,000cr equity infusion is expected to be deployed quickly, given quarterly disbursement run-rates of Rs45,000–48,000cr.
- Borrowing costs are expected to decline by ~100 bps over the next two years, aided by incremental rating upgrades.
- Disbursement momentum has moderated in certain products: construction equipment lending has reduced due to limited opportunities, while personal loans have also seen a slowdown.
- MSME book has seen some increase in Stage 2, though management indicated these are not expected to slip into Stage 3.
- Cost of liabilities improved to 8.69% vs 8.83%, while incremental borrowing cost stood at 7.73% (excluding rating-led benefits). With rating upgrades, an additional 30–40 bps benefit is expected.

- Part of the benefit will be passed on to customers to maintain competitiveness and retention.
- Freight rates in Tamil Nadu have remained stable.

## Other Highlights

- The company follows an internal customer rating model, with pricing primarily determined by internal assessment rather than external credit ratings.
- Focus is shifting incrementally towards new CV financing, with no major change in overall asset mix and no plans to enter new asset classes.
- Demand for LCVs remains strong, driven by industrial hubs and rural markets, with increasing traction in smaller commercial vehicles.
- Business volumes during the first 15 days of January were muted due to seasonal factors, but credit growth improved meaningfully post mid-month.
- Rentals have remained steady with no notable decline, and repayments in the vehicle finance portfolio have been timely. Vehicle utilisation levels are currently at 22–25 days, the highest seen historically.
- Some delays were observed in state government payments to contractors and workers, though no issues were noted on central government payments.
- Passenger vehicle demand continues to remain strong, with a large share being first-time buyers.
- Management highlighted a meaningful opportunity in farm equipment financing and aims to scale this segment to ~5% of AUM, growing it faster than overall portfolio growth.

**Exhibit 2: Quarterly result review**

Shriram Finance (Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Interest Income	86,179	90,773	93,628	98,145	1,03,408	1,07,895	1,15,506	1,18,331	14.4%	2.4%
Interest Expense	37,069	39,898	41,289	43,504	47,513	52,240	55,248	52,591	10.7%	-4.8%
<b>Net Interest Income</b>	<b>49,110</b>	<b>50,874</b>	<b>52,339</b>	<b>54,641</b>	<b>55,896</b>	<b>55,655</b>	<b>60,258</b>	<b>65,740</b>	<b>17.6%</b>	<b>9.1%</b>
<b>NIMs (calculated)</b>	<b>10.2%</b>	<b>10.0%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.7%</b>	<b>9.3%</b>	<b>9.3%</b>	<b>9.8%</b>	<b>1.1%</b>	<b>5.3%</b>
Non-Interest Income	3,094	4,206	2,469	2,822	3,646	6,707	3,662	3,584	-1.7%	-2.1%
<b>Total Income</b>	<b>52,204</b>	<b>55,080</b>	<b>54,808</b>	<b>57,463</b>	<b>59,542</b>	<b>62,363</b>	<b>63,919</b>	<b>69,325</b>	<b>16.4%</b>	<b>8.5%</b>
Staff Cost	8,099	8,249	8,684	9,067	9,704	9,057	9,439	12,373	27.5%	31.1%
Other Op Exp	7,212	7,775	7,583	8,531	8,988	9,953	10,047	10,247	14.0%	2.0%
<b>Total Op Exp</b>	<b>15,311</b>	<b>16,024</b>	<b>16,267</b>	<b>17,597</b>	<b>18,692</b>	<b>19,010</b>	<b>19,486</b>	<b>22,620</b>	<b>21.0%</b>	<b>16.1%</b>
Cost to Income (%)	29.3%	29.1%	29.7%	30.6%	31.4%	30.5%	30.5%	32.6%	3.9%	7.0%
Opex to AUM	2.9%	2.9%	2.8%	3.0%	3.1%	3.0%	2.9%	3.2%	7.0%	14.2%
<b>Pre-provision op profit</b>	<b>36,893</b>	<b>39,056</b>	<b>38,541</b>	<b>39,865</b>	<b>40,850</b>	<b>43,353</b>	<b>44,434</b>	<b>46,705</b>	<b>14.3%</b>	<b>5.1%</b>
Provisions	12,497	12,615	11,876	12,350	13,258	15,633	13,333	13,103	-1.2%	-1.7%
<b>PBT</b>	<b>24,396</b>	<b>26,441</b>	<b>26,666</b>	<b>27,515</b>	<b>27,592</b>	<b>27,720</b>	<b>31,100</b>	<b>33,602</b>	<b>21.8%</b>	<b>8.0%</b>
Tax	6,213	6,983	6,860	6,803	6,788	<b>6,326</b>	8,028	8,385	23.5%	4.4%
-effective tax rate	25.5%	26.4%	25.7%	24.7%	24.6%	22.8%	25.8%	25.0%	1.4%	-3.3%
<b>PAT</b>	<b>18,183</b>	<b>19,459</b>	<b>19,806</b>	<b>20,713</b>	<b>20,804</b>	<b>21,394</b>	<b>23,072</b>	<b>25,217</b>	<b>21.2%</b>	<b>9.3%</b>
RoA	3.3%	3.4%	3.3%	3.3%	3.1%	3.0%	3.1%	3.3%	7.0%	6.9%
RoE	15.6%	16.3%	16.0%	16.1%	15.5%	15.4%	15.5%	16.5%	6.0%	6.1%
Gross Stage 3	5.66%	5.45%	5.39%	5.32%	5.38%	4.55%	4.57%	4.54%	-15.8%	-0.8%
Net Stage 3	2.72%	2.70%	2.71%	2.57%	2.60%	2.58%	2.44%	2.32%	-10.8%	-4.7%
Stage 3 PCR	53.4%	51.8%	51.1%	51.7%	51.6%	43.3%	46.7%	48.8%	-5.5%	4.4%
30+ DPD	12.7%	12.2%	12.0%	11.9%	12.1%	11.4%	11.5%	682.5%	5543.9%	5839.3%
Borrowings	17,74,702	18,58,411	19,17,455	20,81,193	22,34,597	23,41,973	23,43,094	25,17,318	12.7%	7.4%
Disbursements	3,77,878	3,93,260	3,77,050	3,99,620	4,37,620	4,48,479	4,30,190	4,86,000	11.1%	13.0%
AUM	21,42,335	22,48,620	23,34,436	24,30,426	25,44,697	26,31,903	28,13,095	29,17,090	14.6%	3.7%

Source: NBFC, Centrum Broking

**Exhibit 3: AUM break-up**

AUM Mix	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Commercial Vehicles	10,24,651	10,69,351	10,96,791	11,21,941	11,57,669	11,85,605	12,31,319	12,81,402	13,31,695
YoY growth	13.1%	14.6%	14.4%	14.0%	13.0%	10.9%	12.3%	10.0%	9.5%
QoQ growth	4.1%	4.4%	2.6%	2.3%	3.2%	2.4%	3.9%	4.1%	3.9%
Passenger Vehicles	4,15,342	4,31,962	4,59,822	4,90,003	5,18,839	5,41,045	5,66,348	5,95,506	6,32,169
YoY growth	30.8%	27.5%	26.7%	23.4%	24.9%	25.3%	23.2%	21.5%	21.8%
QoQ growth	4.6%	4.0%	6.4%	6.6%	5.9%	4.3%	4.7%	5.1%	6.2%
Construction Equipments	1,62,228	1,69,540	1,70,410	1,76,377	1,78,611	1,78,782	1,65,354	1,53,667	1,42,195
YoY growth	17.0%	18.0%	16.5%	17.1%	10.1%	5.5%	-3.0%	-12.9%	-20.4%
QoQ growth	7.7%	4.5%	0.5%	3.5%	1.3%	0.1%	-7.5%	-7.1%	-7.5%
Farm Equipments	33,564	37,153	39,822	44,677	47,756	52,066	58,275	61,818	65,660
YoY growth	0.8%	6.8%	16.5%	28.4%	42.3%	40.1%	46.3%	38.4%	37.5%
QoQ growth	-3.5%	10.7%	7.2%	12.2%	6.9%	9.0%	11.9%	6.1%	6.2%
MSME	2,30,859	2,62,270	2,88,023	3,22,997	3,46,320	3,74,136	3,88,243	4,06,350	4,10,770
YoY growth	30.7%	36.9%	43.7%	51.6%	50.0%	42.7%	34.8%	25.8%	18.6%
QoQ growth	8.3%	13.6%	9.8%	12.1%	7.2%	8.0%	3.8%	4.7%	1.1%
Two Wheelers	1,21,397	1,25,524	1,29,090	1,30,891	1,54,109	1,55,806	1,58,563	1,55,514	1,73,721
YoY growth	21.3%	21.1%	28.8%	25.6%	26.9%	24.1%	22.8%	18.8%	12.7%
QoQ growth	16.5%	3.4%	2.8%	1.4%	17.7%	1.1%	1.8%	-1.9%	11.7%
Gold	58,910	62,998	61,225	60,805	54,881	48,367	51,541	53,363	56,422
YoY growth	32.8%	40.7%	22.8%	12.5%	-6.8%	-23.2%	-15.8%	-12.2%	2.8%
QoQ growth	9.0%	6.9%	-2.8%	-0.7%	-9.7%	-11.9%	6.6%	3.5%	5.7%
Personal loans	95,384	89,823	89,250	82,735	86,512	96,097	1,02,849	1,05,475	1,04,439
YoY growth	65.4%	34.6%	12.7%	-6.4%	-9.3%	7.0%	15.2%	27.5%	20.7%
QoQ growth	7.9%	-5.8%	-0.6%	-7.3%	4.6%	11.1%	7.0%	2.6%	-1.0%
Others	-	-	-	-	-	-	-	-	-
YoY growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
QoQ growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>21,42,335</b>	<b>22,48,620</b>	<b>23,34,436</b>	<b>24,30,426</b>	<b>25,44,697</b>	<b>26,31,903</b>	<b>27,22,490</b>	<b>28,13,095</b>	<b>29,17,090</b>
YoY growth	20.7%	21.1%	20.8%	19.9%	18.8%	17.0%	16.6%	15.7%	14.6%
QoQ growth	5.7%	5.0%	3.8%	4.1%	4.7%	3.4%	3.4%	3.3%	3.7%

Source: NBFC, Centrum Broking

**Exhibit 4: AUM mix**

AUM Mix	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Commercial Vehicles	47.8%	47.6%	47.0%	46.2%	45.5%	45.0%	45.2%	45.6%	45.7%
Passenger Vehicles	19.4%	19.2%	19.7%	20.2%	20.4%	20.6%	20.8%	21.2%	21.7%
Construction Equipments	7.6%	7.5%	7.3%	7.3%	7.0%	6.8%	6.1%	5.5%	4.9%
Farm Equipments	1.6%	1.7%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%
MSME	10.8%	11.7%	12.3%	13.3%	13.6%	14.2%	14.3%	14.4%	14.1%
Two Wheelers	5.7%	5.6%	5.5%	5.4%	6.1%	5.9%	5.8%	5.5%	6.0%
Gold	2.7%	2.8%	2.6%	2.5%	2.2%	1.8%	1.9%	1.9%	1.9%
Personal loans	4.5%	4.0%	3.8%	3.4%	3.4%	3.7%	3.8%	3.7%	3.6%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>								

Source: NBFC, Centrum Broking

P&L					
YE Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Interest income	3,35,997	4,03,076	4,69,624	5,40,375	6,37,514
Interest expense	1,48,061	1,84,546	2,19,681	2,24,785	2,49,875
NII	1,87,935	2,18,531	2,49,944	3,15,590	3,87,640
Other income	13,980	15,645	16,248	22,233	24,482
Total income	2,01,915	2,34,175	2,66,192	3,37,823	4,12,122
Operating expenses	59,895	71,566	82,712	95,636	1,11,985
Employee	32,156	36,512	41,110	45,289	50,564
Others	27,739	35,055	41,602	50,348	61,421
PPOP	1,42,020	1,62,609	1,83,480	2,42,186	3,00,137
Provisions	45,183	53,117	54,988	75,811	88,117
PBT	96,836	1,09,493	1,28,491	1,66,375	2,12,020
Tax	24,931	26,776	32,847	42,758	54,489
PAT	71,905	1,00,487	95,644	1,23,617	1,57,531

Ratios					
YE Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Growth (%)					
AUM	21.1	17.0	15.1	18.2	19.0
Borrowings	17.7	26.0	10.8	6.3	19.1
NII	17.0	16.3	14.4	26.3	22.8
Other income	16.9	11.9	3.9	36.8	10.1
Opex	21.9	19.5	15.6	15.6	17.1
PPoP	15.1	14.5	12.8	32.0	23.9
Provisions	8.6	17.6	3.5	37.9	16.2
PAT	20.3	15.0	15.6	29.2	27.4
Profitability (%)					
Yield on advances	17.7	17.8	17.8	17.6	17.5
Cost of funds	8.6	8.8	8.9	8.4	8.3
NIM (on AuM)	9.9	9.6	9.5	10.3	10.6
Other Income/ Total Income	6.9	6.7	6.1	6.6	5.9
Other Income / Total Assets	0.6	0.6	0.5	0.6	0.6
Cost/Income	29.7	30.6	31.1	28.3	27.2
Employee	15.9	15.6	15.4	13.4	12.3
Others	13.7	15.0	15.6	14.9	14.9
Opex/ Avg AuM	1.4	1.4	1.5	1.5	1.6
Provisions	2.2	2.2	1.9	2.3	2.2
Tax Rate	25.7	24.5	25.6	25.7	25.7
RoA	3.3	3.1	3.1	3.4	3.7
RoE	15.7	15.8	16.0	14.1	13.3

DuPont (% avg assets)					
YE Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Interest income	15.2	15.2	15.1	15.0	15.0
Interest expense	6.7	7.0	7.1	6.2	5.9
NII	8.5	8.2	8.0	8.8	9.1
Other income	0.6	0.6	0.5	0.6	0.6
Total income	9.2	8.8	8.6	9.4	9.7
Operating expenses	2.7	2.7	2.7	2.7	2.6
Employee	1.5	1.4	1.3	1.3	1.2
Others	1.3	1.3	1.3	1.4	1.4
PPOP	6.4	6.1	5.9	6.7	7.0
Provisions	2.0	2.0	1.8	2.1	2.1
PBT	4.4	4.1	4.1	4.6	5.0
Tax	1.1	1.0	1.1	1.2	1.3
PAT	3.3	3.1	3.1	3.4	3.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Financial assets	23,01,820	28,61,690	31,95,424	38,41,490	44,88,812
Cash	60,134	1,06,814	28,370	1,37,621	1,11,824
Loans	20,79,294	24,53,928	28,20,748	33,24,264	39,60,798
Investment	1,06,566	1,55,987	1,63,107	1,76,552	1,91,106
Non-financial assets	70,940	73,639	79,936	88,475	98,087
Deferred tax assets	28,840	36,949	38,796	40,736	42,773
Fixed Assets	8,458	10,257	11,795	13,565	15,599
Other Non-fin. assets	33,642	26,434	29,344	34,175	39,715
Total Assets	23,72,760	29,35,329	32,75,360	39,29,965	45,86,899
Financial liabilities	18,58,411	23,41,973	25,95,088	27,59,139	32,87,462
Borrowings	18,58,411	23,41,973	25,95,088	27,59,139	32,87,462
Non-financial liabilities	28,665	30,551	44,826	48,521	52,520
Other Non-fin liabilities	28,665	30,551	44,826	48,521	52,520
Total equity	4,85,684	5,62,806	6,35,446	11,22,305	12,46,916
Share capital	3,758	3,761	3,763	4,705	4,705
Other equity	4,81,926	5,59,045	6,31,683	11,17,600	12,42,211
Total Liabilities	23,72,760	29,35,329	32,75,360	39,29,965	45,86,899
Balance Sheet ratios (%)					
Debt / Equity	3.8	4.2	4.1	2.5	2.6
Assets / Equity	4.9	5.2	5.2	3.5	3.7
Cash / Borrowings	4.1	9.1	5.6	9.7	7.7
Details on loans					
AUM	22,48,620	26,31,903	30,28,935	35,80,203	42,58,988
Disbursements	14,21,736	16,62,781	18,54,588	21,95,994	26,03,615
Capital Adequacy (%)					
CRAR	21.4	20.7	19.6	28.3	26.9
Tier-1	20.0	20.0	18.6	27.3	26.0
Tier-2	1.4	0.6	1.1	0.9	0.8
Asset quality (%)					
GNPA (Rs mn)	1,20,811	1,18,388	1,35,587	1,80,261	2,16,150
Growth (%)	6.1	(2.0)	14.5	32.9	19.9
NNPA (Rs mn)	58,244	67,144	69,690	91,749	1,15,068
Growth (%)	2.6	15.3	3.8	31.7	25.4
GNPA	5.5	4.6	4.5	5.1	5.1
NNPA	2.6	2.6	2.3	2.6	2.7
PCR	51.8	43.3	48.6	49.1	46.8
NNPA / Equity	12.0	11.9	11.0	8.2	9.2
Per share (Rs)					
EPS	192.0	44.0	50.9	52.6	67.0
BVPS	1,297.1	299.3	337.9	477.3	530.3
ABVPS	222.2	262.5	301.5	441.7	487.5
DPS	40.0	45.0	14.0	14.0	14.0
Valuation (x)					
P/E	12.3	22.8	19.7	19.1	15.0
P/BV	0.8	3.3	3.0	2.1	1.9
P/ABV	4.5	3.8	3.3	2.3	2.1
Dividend yield	1.4	1.6	1.4	1.4	1.4

Source: Company, Centrum Broking

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#### Shriram Finance



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