

### Results below expectations

Shriram Finance's 4QFY25 reported performance was below expectations primarily due to higher-than-expected NIM compression amid excess liquidity in the balance sheet, which will be deployed in the next couple of quarters. NII was up 9.4% YoY and down 0.4% QoQ - lower than our estimate by 4.8%. Operating profit increased 11% YoY and 6.1% QoQ - in line with estimate on the back of higher non-interest income. PAT grew 9.9% YoY and 2.8% QoQ. Asset quality performance too was below par. The management has highlighted that it was predominantly due to slowdown in the macro environment, which is expected to improve given the strong momentum in the rural economy. The reduction in GNPA was primarily on account of technical write-off of Rs23,451mn of assets, which was fully provided for, leading to a dip in PCR to 43% (PQ: 51.6%). The management expressed confidence in achieving +15% AUM growth for FY26. Shift in the AUM mix towards higher-yielding assets and operating leverage are expected to sustain high RoA over the next couple of years. We are building in AUM/PAT CAGR of 17%/16% over FY25-27E and RoA/RoE of 3.0%/16.4% for FY27E after factoring in slightly higher loan loss provisions and marginally lower disbursements. We continue to assign 2.25x P/ABV on FY27E to arrive at our revised target price of Rs750 (Previous: Rs810). Maintain BUY with an upside of 14% from current levels.

#### Decent AUM growth given the uncertain macro environment

Shriram Finance reported AUM of Rs2.63tn, up ~17% YoY (+18% ex of write-offs vs. our expectation of 19%) and 3.4% QoQ. Disbursements for 4QFY25 stood at Rs448bn, up 14% YoY and 3% QoQ. AUM growth was witnessed in PV/MSME/FEs/2Ws, which grew 25%/42%/40%/24% YoY. On the other hand, CV/PL YoY AUM growth was lower at 10.9%/7%. Overall disbursement is expected to continue at the same growth rate for FY26. The management continues to guide for high teens AUM growth with focus on bottomline and we have baked in the same.

#### Operating profit growth lagged AUM growth as liability franchise strengthened

NIM (reported) declined by 46bps QoQ to 9.27% (PQ: 9.73%) primarily due to excess liquidity in the balance sheet. Focus on high yielding portfolio should aid in supporting margin at 9% despite rise in CoF, in our view. Opex increased by 18.6% YoY and 1.7% QoQ, driving C/I ratio to 30.5% as against 29.1% in 4QFY24 and 31.4% in 3QFY25.

#### Slight asset quality weakness, yet comfortably positioned

Shriram Finance has witnessed an uptick (18bps/Rs9.5bn QoQ) in SMA 2 pool for the second consecutive quarter. But, it still remains comfortable given the coverage (Stage 3 PCR: 43.3%) and the GS1+GS2 print was far lower than historical trends (GS 1+ 2 at 95.4% vs. 94.5% PY). In terms of products, PV/FE/MSME/2W witnessed an increase in Stage 2.

#### Funding profile is getting diversified and stable; Maintain BUY

Shriram Finance's CP funding was negligible through FY23, rose modestly to ~1.8% by late FY24, then fell to near 0% by FY25. There has been a declining trend in the share of term loans from banks (from ~24.9% in Q1FY23 to 21.1% by Q4FY25) and NCD (19.1% → 16.4%). The company has shifted towards a more stable/ alternative funding. Public deposits grew from ~19.7% in Q1FY23 to ~24% by Q4FY25. Securitization also rose (fluctuating ~14–17%). Sub-debt halved as a share (3.3% → 1.1%), indicating trimming high-cost capital. Crucially, ECB borrowing surged (2.9% to 14.4%). Overall, the funding profile of Shriram Finance in FY25 improved in terms of stability and diversity. We are not too worried about normalization of asset quality and continue to maintain Shriram Finance as our top pick in the NBFC space given the relative valuation discount, improvement in the funding profile and healthy growth in a tough environment

#### Financial and valuation summary

YE Mar (Rs mn)	4QFY25A	4QFY24A	YoY (%)	3QFY25A	QoQ (%)	FY25A	FY26E	FY27E
NII	55,655	50,874	9.4	55,896	(0.4)	2,18,531	2,55,485	3,01,649
PPoP	43,353	39,056	11.0	40,850	6.1	1,62,609	1,90,541	2,24,688
Provisions	15,633	12,615	23.9	13,258	17.9	53,117	62,783	76,142
PAT	21,394	19,459	9.9	20,804	2.8	1,00,487	94,925	1,10,370
AUM growth (%)	17.0	21.1	(19.2)	18.8	(9.2)	17.0	17.0	17.4
NIM (%)	8.6	9.3	(7.2)	9.0	(4.3)	9.6	9.6	9.7
C/I (%)	30.5	29.1	4.8	31.4	(2.9)	30.6	30.6	30.4
GNPA (%)	4.6	5.5	(16.4)	5.4	(15.4)	4.6	5.0	5.1
RoA (%)	3.0	3.4	(11.2)	3.1	(2.6)	3.1	3.0	3.0
RoE (%)	15.4	16.3	(5.5)	15.5	(1.0)	15.8	15.9	16.4
P/BV (x)	0.0	0.0	0.0	0.0	0.0	2.2	2.0	1.7

Source: Company, Centrum Broking

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

#### Result Update

India I NBFC

27 April, 2025

#### BUY

Price: Rs655

Target Price: Rs750

Forecast return: 14%

Institutional Research

#### Market Data

Bloomberg:	SHFL IN
52 week H/L:	730/439
Market cap:	Rs1232.0bn
Shares Outstanding:	1880.4mn
Free float:	69.3%
Avg. daily vol. 3mth:	73,61,626
Source: Bloomberg	

#### Changes in the report

Rating:	BUY; Unchanged
Target price:	Rs750 (earlier Rs810)
EPS:	FY26E: Rs293 FY27E: Rs332
Source: Centrum Broking	

#### Shareholding pattern

	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	25.4	25.4	25.4	25.4
FII	53.6	53.1	53.3	54.3
DII	15.3	15.9	16.2	15.2
Public/other	5.7	5.6	5.1	5.1
Source: BSE				

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q4FY25	Actual Q4FY25	Variance (%)
NII	58,482	55,655	(4.8)
PPOP	43,190	43,353	0.4
PAT	22,067	21,394	(3.1)
Source: Bloomberg, Centrum Broking			



Shailesh Kanani

Research Analyst, NBFC

+91-022-4215 9001

shailesh.kanani@centrum.co.in

NBFC

# Thesis Snapshot

## Estimate revision

YE Mar (Rs mn)	FY26E New	FY26E Old	% chg	FY27E New	FY27E Old	% chg
NII	2,55,485	2,59,858	-1.7	3,01,649	3,07,117	-1.8
PPoP	1,90,541	1,92,777	-1.2	2,24,688	2,29,531	-2.1
PAT	94,925	96,362	-1.5	1,10,370	1,13,790	-3.0

Source: Centrum Broking

## Shriram Finance versus NIFTY 50

	1m	6m	1 year
SHFL IN	(3.4)	5.9	31.5
NIFTY 50	3.1	(3.1)	6.7

Source: Bloomberg, NSE

## Key assumptions

Y/E Mar	FY26E	FY27E
Disbursement growth	16.3	17.1
AUM growth	17.0	17.4
NIMs	9.6	9.7
C/I ratio	30.6	30.4
Credit costs	2.4	2.4

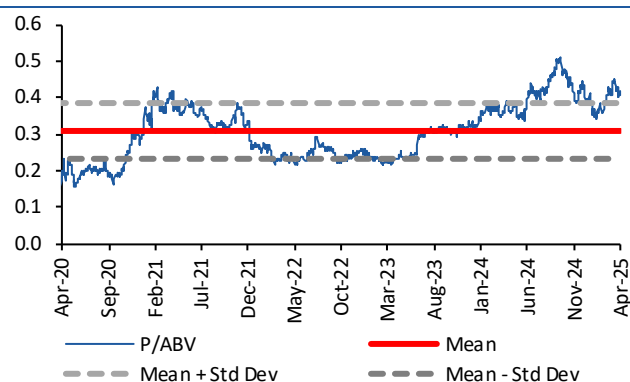
Source: Centrum Broking

## Valuations

We are building in AUM/PAT CAGR at 17%/16% over FY25-27E and RoA/RoE at 3.0%/16.4% for FY27E after factoring in slightly higher loan loss provisions and marginally lower disbursements. We continue to assign 2.25x P/ABV FY27E to arrive at our revised target price of Rs750 (previous: Rs810). Maintain BUY with an upside of 14% from current levels.

Valuations	Rs/share
ABV/share (FY27E)	332
Ascribed P/BV (x)	2.25
<b>Target Price (Rs)</b>	<b>750</b>
Upside to CMP	14.0%

## 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	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
Cholamandalam	1,298	15.2	5.5	4.5	3.7	3.1	6.1	5.0	4.2	3.4	20.2	19.6	19.9	20.5
Mahindra Fin	327	3.8	1.9	1.7	1.6	1.5	2.0	1.9	1.7	1.6	10.0	12.4	12.1	12.7
Sundaram Fin	586	6.9	5.1	4.6	4.0	3.5	5.4	4.8	4.2	3.7	15.3	13.9	15.8	16.7
<b>Shriram Fin</b>	<b>1,232</b>	<b>14.4</b>	<b>2.9</b>	<b>2.2</b>	<b>2.0</b>	<b>1.7</b>	<b>2.9</b>	<b>2.5</b>	<b>2.2</b>	<b>2.0</b>	<b>16.0</b>	<b>15.8</b>	<b>15.9</b>	<b>16.4</b>

Source: Company, Centrum Broking

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

Centrum Quarterly Monitor	Q3FY25	Q4FY25	Our Comments
<b>Margins and Profitability</b>	<ul style="list-style-type: none"> <li>NIMs compressed by ~20bps due to excess liquidity but expected to improve 10-15bps in Q4. Incremental borrowing costs remain steady at 8.90%.</li> <li>Opex growth aligned with AUM growth.</li> </ul>	<ul style="list-style-type: none"> <li>NIM compression due to ECB raise leading to excess liquidity in BS.</li> <li>NIM to bounce back in 2HFY26.</li> <li>Confident to maintain profitability.</li> </ul>	<ul style="list-style-type: none"> <li>We believe Shriram Finance is well-positioned to sustain its healthy return profile.</li> <li>Lower opex growth to aid RoA.</li> </ul>
<b>Asset quality</b>	<ul style="list-style-type: none"> <li>Stable asset quality with no visible stress; strong resale values and utilization levels across segments.</li> <li>Gold loan adjustments impacted customers temporarily but have long-term growth potential, targeting 10% of the business.</li> </ul>	<ul style="list-style-type: none"> <li>GS3 has seen an improvement due to write-off during the quarter however that led to a drop in PCR.</li> <li>Uptick (18bps/Rs9.5bn QoQ) in SMA 2.</li> </ul>	<ul style="list-style-type: none"> <li>Asset quality has experienced weakness but still remains comfortable given the coverage (Stage 3 PCR: 43.3%) and the GS1+GS2 print is far lower than historical trends (GS 1+ 2 at 95.4% vs. 94.5% PY).</li> </ul>
<b>Outlook and guidance</b>	<ul style="list-style-type: none"> <li>AUM growth guidance at ~18%, with upside potential driven by strong rural demand, vehicle transactions, and construction activity.</li> <li>Q4 expected to see robust growth, supported by easing inflation and stable cost of funds.</li> </ul>	<p>The funding profile in FY25 has improved in terms of stability and diversity.</p> <p>Growth guidance of +15% on AUM front.</p>	<p>We are not too worried on normalization of asset quality and continue to maintain <b>Shriram Finance as our top pick</b> in the space given the relative valuation discount, improvement in funding profile and healthy growth in a tough environment.</p>

Source: Centrum Broking

## Concall Key Takeaways

### Opening remarks

- ECB – Rs77.16bn during the quarter, which led to higher liquidity in BS (6Ms vs. 3Ms), which will come down in the next two quarters. Impact on NIM – 20-25bps.
- Incremental CoB: Dec'24 at 8.92% vs. current at 8.86%.
- 4QFY25 vs. 3QFY25 - LGD – 39.5% vs. 38.73%; Stage 1 PD - 8.79% vs. 9.05% and Stage 2 PD – 20.69% vs. 20.74%.
- 8.6-8.5% - NIM and some rate cut benefit would be passed on the customer.
- 70-80% book is secured in MSME. Secured with house or commercial property. IRR 16-24%. ATS – Rs5-6 lakhs.
- Tax benefit – one-time benefit has come through in this quarter.
- CC – increase in debit to the extent of Rs2.33bn – primarily due to increase in stage 3.
- Incremental CoF/On Book CoF stood at 8.86%/8.95% for the quarter.
- 30% borrowing will be repriced and this will have different components of bank borrowing, retail borrowing and capital market borrowing, of which ~20% will mature faster. Targets 15-20bps benefit in cost.

### Guidance

- AUM growth guidance continues to be 15% for FY26.
- Credit cost ~2%.
- CTI for FY26 will be 27-28%.
- 20% growth seen in PV, 12-15% in CVs and +20% in MSME for FY26.

## Business assets

- Gold Loans declined in the quarter due to redemptions outpacing disbursements. The management is confident about growth in this segment in the next few quarters.
- 2W – IRR – 16-22%.

## Asset quality and margins

- Asset quality – stress is visible in UP, Bihar and MP border areas and is expected to peak out given the improvement in rural economy.
- Slowdown in urban areas is due to moderation in Infrastructure-related spending. Expects the government spending to rise in the coming quarters.
- The management does not expect a forward flow from stage 1 & 2 towards stage 3 assets for MSME and PV.
- Credit cost – 2.07% in 3QFY25 and for FY25 it was at 1.91% - expected to be same in FY26.
- Used CV market has seen a drop in volume given the lower sales of new vehicles during FY19-FY21. Expects a pick-up FY26 onwards. Replacement of vehicles and economic activity would drive growth. Extra vehicles required for higher economic growth will not happen.
- Write-off – Total 4QFY25/3QFY25 – Rs31.62bn/Rs5.01bn.
- PV/MSME – higher GS2 in rural segment in Central India led to spike.
- PCR – to be maintained at current levels of 43% going forward, which is still higher than pre-covid levels.

**Exhibit 2: Quarterly result review**

Shriram Finance (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Interest Income	82,166	86,179	90,773	93,628	98,145	1,03,408	1,07,895	20.0%	5.4%
Interest Expense	36,219	37,069	39,898	41,289	43,504	47,513	52,240	28.2%	9.2%
<b>Net Interest Income</b>	<b>45,947</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>13.8%</b>	<b>2.3%</b>
<b>NIMs (calculated)</b>	<b>10.0%</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>-48bps</b>	<b>-20bps</b>
Non-Interest Income	3,479	3,094	4,206	2,469	2,822	3,646	6,707	17.8%	29.2%
<b>Total Income</b>	<b>49,426</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>14.1%</b>	<b>3.6%</b>
Staff Cost	7,904	8,099	8,249	8,684	9,067	9,704	9,057	19.8%	7.0%
Other Op Exp	6,714	7,212	7,775	7,583	8,531	8,988	9,953	24.6%	5.4%
<b>Total Op Exp</b>	<b>14,618</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>22.1%</b>	<b>6.2%</b>
Cost to Income (%)	29.6%	29.3%	29.1%	29.7%	30.6%	31.4%	30.5%	206bps	77bps
Opex to AUM	3.0%	2.9%	2.9%	2.8%	3.0%	3.1%	3.0%	14bps	12bps
<b>Pre-provision op profit</b>	<b>34,808</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>10.7%</b>	<b>2.5%</b>
Provisions	11,286	12,497	12,615	11,876	12,350	13,258	15,633	6.1%	7.4%
<b>PBT</b>	<b>23,523</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>13.1%</b>	<b>0.3%</b>
Tax	6,014	6,213	6,983	6,860	6,803	6,788	6,326	9.3%	-0.2%
-effective tax rate	25.6%	25.5%	26.4%	25.7%	24.7%	24.6%	22.8%	-87bps	-12bps
<b>PAT</b>	<b>17,508</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>14.4%</b>	<b>0.4%</b>
RoA	3.3%	3.3%	3.4%	3.3%	3.3%	3.1%	3.0%	-24bps	-20bps
RoE	15.4%	15.6%	16.3%	16.0%	16.1%	15.5%	15.4%	-9bps	-60bps
Gross Stage 3	5.79%	5.66%	5.45%	5.39%	5.32%	5.38%	4.55%	-28bps	6bps
Net Stage 3	2.80%	2.72%	2.70%	2.71%	2.57%	2.60%	2.58%	-12bps	3bps
Stage 3 PCR	53.1%	53.4%	51.8%	51.1%	51.7%	51.6%	43.3%	-174bps	-6bps
30+ DPD	13.0%	12.7%	12.2%	12.0%	11.9%	12.1%	11.4%	-58bps	17bps
Borrowings	16,53,444	17,74,702	18,58,411	19,17,455	20,81,193	22,34,597	23,41,973	26.0%	4.8%
Disbursements	3,46,050	3,77,878	3,93,260	3,77,050	3,99,620	4,37,620	4,48,479	14.0%	2.5%
AUM	20,26,410	21,42,335	22,48,620	23,34,436	24,30,426	25,44,697	26,31,903	17.0%	3.4%

Source: NBFC, Centrum Broking

**Exhibit 3: AUM break-up**

AUM Mix	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Commercial Vehicles	9,84,363	10,24,651	10,69,351	10,96,791	11,21,941	11,57,669	11,85,605
YoY growth	12.3%	13.1%	14.6%	14.4%	14.0%	13.0%	10.9%
QoQ growth	2.6%	4.1%	4.4%	2.6%	2.3%	3.2%	2.4%
Passenger Vehicles	3,96,935	4,15,342	4,31,962	4,59,822	4,90,003	5,18,839	5,41,045
YoY growth	32.0%	30.6%	27.5%	26.7%	23.4%	24.9%	25.3%
QoQ growth	9.4%	4.6%	4.0%	6.4%	6.6%	5.9%	4.3%
Construction Equipments	1,50,582	1,62,228	1,69,540	1,70,410	1,76,377	1,78,611	1,78,782
YoY growth	12.5%	17.0%	18.0%	16.5%	17.1%	10.1%	5.5%
QoQ growth	3.0%	7.7%	4.5%	0.5%	3.5%	1.3%	0.1%
Farm Equipments	34,797	33,564	37,153	39,822	44,677	47,756	52,066
YoY growth	5.4%	0.8%	6.8%	16.5%	28.4%	42.3%	40.1%
QoQ growth	1.8%	-3.5%	10.7%	7.2%	12.2%	6.9%	9.0%
MSME	2,13,104	2,30,859	2,62,270	2,88,023	3,22,997	3,46,320	3,74,136
YoY growth	26.0%	30.7%	36.9%	43.7%	51.6%	50.0%	42.7%
QoQ growth	6.3%	8.3%	13.6%	9.8%	12.1%	7.2%	8.0%
Two Wheelers	1,04,191	1,21,397	1,25,524	1,29,090	1,30,891	1,54,109	1,55,806
YoY growth	23.3%	21.9%	21.1%	28.8%	25.6%	26.9%	24.1%
QoQ growth	3.9%	16.5%	3.4%	2.8%	1.4%	17.7%	1.1%
Gold	54,055	58,910	62,998	61,225	60,805	54,881	48,367
YoY growth	22.0%	32.7%	40.7%	22.8%	12.5%	-6.8%	-23.2%
QoQ growth	8.4%	9.0%	6.9%	-2.8%	-0.7%	-9.7%	-11.9%
Personal loans	88,384	95,384	89,823	89,250	82,735	86,512	96,097
YoY growth	74.0%	65.3%	34.6%	12.7%	-6.4%	-9.3%	7.0%
QoQ growth	11.6%	7.9%	-5.8%	-0.6%	-7.3%	4.6%	11.1%
Others	-	-	-	-	-	-	-
YoY growth	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%
<b>Total</b>	<b>20,26,410</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>
YoY growth	19.6%	20.7%	21.1%	20.8%	19.9%	18.8%	17.0%
QoQ growth	4.9%	5.7%	5.0%	3.8%	4.1%	4.7%	3.4%

Source: NBFC, Centrum Broking

**Exhibit 4: AUM mix**

<b>AUM Mix</b>	<b>Q4FY23</b>	<b>Q1FY24</b>	<b>Q2FY24</b>	<b>Q3FY24</b>	<b>Q4FY24</b>	<b>Q1FY25</b>	<b>Q2FY25</b>	<b>Q3FY25</b>	<b>Q4FY25</b>
Commercial Vehicles	50.2%	49.6%	48.6%	47.8%	47.6%	47.0%	46.2%	45.5%	45.0%
Passenger Vehicles	18.2%	18.8%	19.6%	19.4%	19.2%	19.7%	20.2%	20.4%	20.6%
Construction Equipments	7.7%	7.6%	7.4%	7.6%	7.5%	7.3%	7.3%	7.0%	6.8%
Farm Equipments	1.9%	1.8%	1.7%	1.6%	1.7%	1.7%	1.8%	1.9%	2.0%
MSME	10.3%	10.4%	10.5%	10.8%	11.7%	12.3%	13.3%	13.6%	14.2%
Two Wheelers	5.6%	5.2%	5.1%	5.7%	5.6%	5.5%	5.4%	6.1%	5.9%
Gold	2.4%	2.6%	2.7%	2.7%	2.8%	2.6%	2.5%	2.2%	1.8%
Personal loans	3.6%	4.1%	4.4%	4.5%	4.0%	3.8%	3.4%	3.4%	3.7%
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>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: NBFC, Centrum Broking

P&L					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest income	2,86,074	3,35,997	4,03,076	4,77,002	5,57,119
Interest expense	1,25,458	1,48,061	1,84,546	2,21,517	2,55,470
NII	1,60,616	1,87,935	2,18,531	2,55,485	3,01,649
Other income	11,955	13,980	15,645	18,901	21,128
Total income	1,72,571	2,01,915	2,34,175	2,74,386	3,22,777
Operating expenses	49,131	59,895	71,566	83,844	98,089
Employee	25,061	32,156	36,512	41,060	45,859
Others	24,070	27,739	35,055	42,784	52,230
PPOP	1,23,441	1,42,020	1,62,609	1,90,541	2,24,688
Provisions	41,592	45,183	53,117	62,783	76,142
PBT	81,849	96,836	1,09,493	1,27,759	1,48,546
Tax	22,056	24,931	26,776	32,834	38,176
PAT	59,793	71,905	1,00,487	94,925	1,10,370

Ratios					
YE Mar	FY23A	FY24A	FY25A	FY26E	FY27E
Growth (%)					
AUM	46.2	21.1	17.0	17.0	17.4
Borrowings	37.9	17.7	26.0	15.1	18.2
NII	80.2	17.0	16.3	16.9	18.1
Other income	90.4	16.9	11.9	20.8	11.8
Opex	130.7	21.9	19.5	17.2	17.0
PPoP	66.6	15.1	14.5	17.2	17.9
Provisions	7.7	8.6	17.6	18.2	21.3
PAT	120.8	20.3	15.0	14.8	16.3
Profitability (%)					
Yield on advances	18.0	17.7	17.8	17.9	17.9
Cost of funds	8.3	8.6	8.8	8.8	8.7
NIM (on AuM)	10.1	9.9	9.6	9.6	9.7
Other Income/ Total Income	6.9	6.9	6.7	6.9	6.5
Other Income / Total Assets	0.7	0.6	0.6	0.6	0.6
Cost/Income	28.5	29.7	30.6	30.6	30.4
Employee	14.5	15.9	15.6	15.0	14.2
Others	13.9	13.7	15.0	15.6	16.2
Opex/ Avg AuM	1.5	1.4	1.4	1.5	1.6
Provisions	2.7	2.2	2.2	2.2	2.3
Tax Rate	26.9	25.7	24.5	25.7	25.7
RoA	3.5	3.3	3.1	3.0	3.0
RoE	17.3	15.7	15.8	15.9	16.4

DuPont (% avg assets)					
YE Mar	FY23A	FY24A	FY25A	FY26E	FY27E
Interest income	16.5	15.2	15.2	15.2	15.3
Interest expense	7.3	6.7	7.0	7.0	7.0
NII	9.3	8.5	8.2	8.1	8.3
Other income	0.7	0.6	0.6	0.6	0.6
Total income	10.0	9.2	8.8	8.7	8.8
Operating expenses	2.8	2.7	2.7	2.7	2.7
Employee	1.4	1.5	1.4	1.3	1.3
Others	1.4	1.3	1.3	1.4	1.4
PPOP	7.1	6.4	6.1	6.1	6.2
Provisions	2.4	2.0	2.0	2.0	2.1
PBT	4.7	4.4	4.1	4.1	4.1
Tax	1.3	1.1	1.0	1.0	1.0
PAT	3.5	3.3	3.1	3.0	3.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Financial assets</b>	<b>19,73,857</b>	<b>23,01,820</b>	<b>28,61,690</b>	<b>32,78,737</b>	<b>38,47,597</b>
Cash	95,053	60,134	1,53,000	1,32,565	1,74,812
Loans	17,19,846	20,79,294	24,53,928	28,67,701	33,68,339
Investment	85,651	1,06,566	1,55,987	1,68,845	1,82,764
<b>Non-financial assets</b>	<b>62,782</b>	<b>70,940</b>	<b>73,640</b>	<b>81,378</b>	<b>90,099</b>
Deferred tax assets	17,439	28,840	30,282	31,796	33,386
Fixed Assets	2,095	8,458	9,726	11,185	12,863
Other Non-fin. assets	43,248	33,642	33,631	38,396	43,849
<b>Total Assets</b>	<b>20,36,639</b>	<b>23,72,760</b>	<b>29,35,329</b>	<b>33,60,115</b>	<b>39,37,696</b>
<b>Financial liabilities</b>	<b>15,79,063</b>	<b>18,58,411</b>	<b>23,41,973</b>	<b>26,95,639</b>	<b>31,86,449</b>
Borrowings	15,79,063	18,58,411	23,41,973	26,95,639	31,86,449
<b>Non-financial liabilities</b>	<b>24,509</b>	<b>28,665</b>	<b>30,551</b>	<b>33,069</b>	<b>35,795</b>
Other Non-fin liabilities	24,509	28,665	30,551	33,069	35,795
<b>Total equity</b>	<b>4,33,066</b>	<b>4,85,684</b>	<b>5,62,806</b>	<b>6,31,406</b>	<b>7,15,452</b>
Share capital	3,744	3,758	3,761	3,761	3,761
Other equity	4,29,322	4,81,926	5,59,045	6,27,645	7,11,691
<b>Total Liabilities</b>	<b>20,36,639</b>	<b>23,72,760</b>	<b>29,35,329</b>	<b>33,60,115</b>	<b>39,37,696</b>
<b>Balance Sheet ratios (%)</b>					
Debt / Equity	3.6	3.8	4.2	4.3	4.5
Assets / Equity	4.7	4.9	5.2	5.3	5.5
Cash / Borrowings	10.0	5.8	8.8	7.1	7.5
<b>Details on loans</b>					
AUM	18,56,829	22,48,620	26,31,903	30,78,016	36,12,763
Disbursements	11,14,847	14,21,736	16,62,769	19,34,300	22,64,467
<b>Capital Adequacy (%)</b>					
CRAR	22.6	21.4	20.7	19.0	18.3
Tier-1	21.2	20.0	20.0	18.0	17.4
Tier-2	1.4	1.4	0.6	1.0	0.9
<b>Asset quality (%)</b>					
GNPA (Rs mn)	1,13,822	1,20,811	1,18,353	1,51,531	1,80,579
Growth (%)	28.1	6.1	(2.0)	28.0	19.2
NNPA (Rs mn)	56,749	58,244	67,145	86,373	1,04,736
Growth (%)	(15.7)	2.6	15.3	28.6	21.3
GNPA	6.2	5.5	4.6	5.0	5.1
NNPA	3.1	2.6	2.6	2.8	2.9
PCR	50.1	51.8	43.3	43.0	42.0
NNPA / Equity	13.1	12.0	11.9	13.7	14.6
<b>Per share (Rs)</b>					
EPS	159.7	191.3	44.0	50.5	58.7
BVPS	221.5	249.1	299.3	335.8	380.5
ABVPS	194.2	222.2	262.3	292.7	331.7
DPS	35.0	40.0	45.0	14.0	14.0
<b>Valuation (x)</b>					
P/E	7.9	12.3	14.9	13.0	11.2
P/BV	3.0	2.6	2.2	2.0	1.7
P/ABV	3.4	2.9	2.5	2.2	2.0
Dividend yield	1.2	1.4	1.6	2.1	2.1

Source: Company, Centrum Broking



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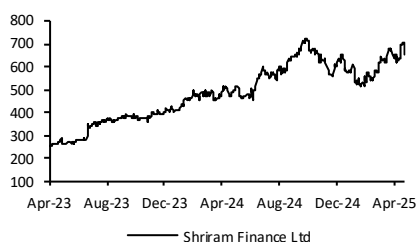
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#### Shriram Finance



Source: Bloomberg

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**Website:** www.centrumbroking.com**Investor Grievance Email ID:** investor.grievances@centrum.co.in**Compliance Officer Details:**

Chintan Madiya

(022) 4215 9000/9815; Email ID: [compliance@centrum.co.in](mailto:compliance@centrum.co.in)**Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)****Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,  
Vidyanagari Marg, Kalina,  
Santacruz (East) Mumbai – 400098  
Tel.: - +91 22 4215 9000