

## Shriram Finance (SHFL) - BUY

### Result Update

Current Market Price (CMP) <b>Rs. 3,139</b>	Target Price <b>Rs. 3,700</b>
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### Rationale:

- SHFL, amid asset-quality noise in the rest of the sector, continued to deliver a steady performance.
- The investment thesis of an overall growth trajectory of ~20%, stable NIMs, asset-quality performance and high-teen RoE remains.
- In light of pockets of risk in the sector, high growth in MSME, followed by tractors, remains monitorable.
- Retain BUY; FV: Rs3,700 (no change).

### Q2FY25 Earnings Update:

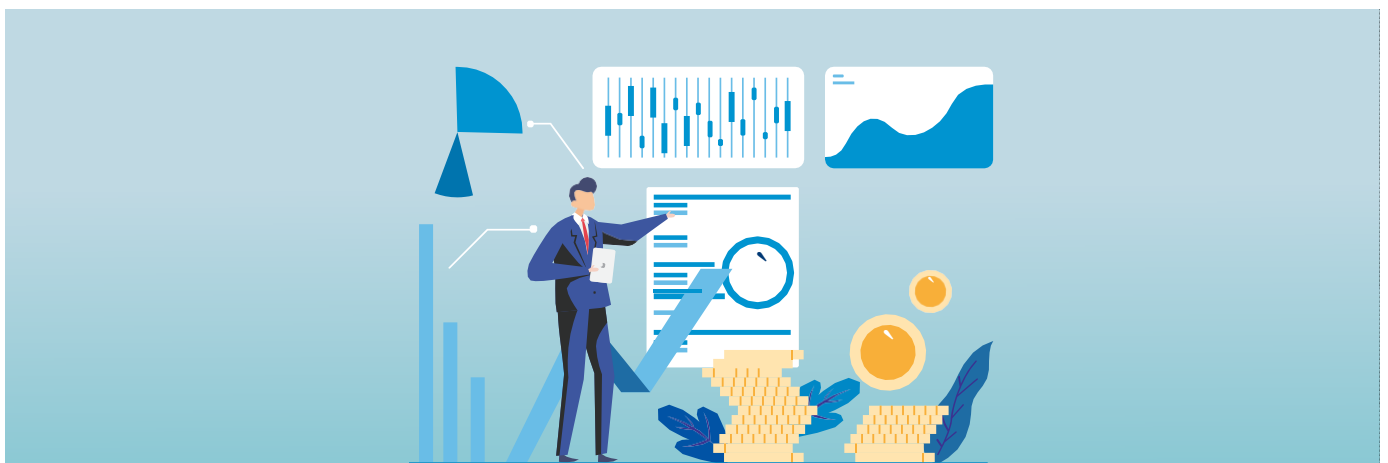
#### 👍 Positives:

- Co. reported PAT of Rs 2,070 cr in Q2FY25, up 18% yoy.
- NII was up 19% yoy, driven by strong 20% yoy AUM growth.
- Core NIM expanded 13 bps qoq to 10.7%.
- Gross stage-3 was down 10 bps qoq to 5.3% and gross stage-2 ratio was down 10 bps to 6.6%.

#### 👎 Negatives:

- Weak CV sales and used CV markets continue to keep low growth in vehicles.
- Cost-to-AAUM ratio was at 3.0%, driven by higher fee expenses (up 41% yoy).

[Click here](#) For detailed report dated 26th Oct 2024. Note: CMP & valuation may differ due to difference in dates.



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