

February 2, 2026

## Q3FY26 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Target Price	BUY 1,850		ACCUMULATE 1,850	
NII (Rs.)	1,71,483	2,04,947	1,71,477	2,06,385
% Chng.	-	(0.7)		
PPoP (Rs.)	1,24,761	1,49,595	1,25,247	1,51,548
% Chng.	(0.4)	(1.3)		
EPS (Rs.)	79.0	97.3	81.1	101.4
% Chng.	(2.6)	(4.1)		

### Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Int.Inc. (Rs m)	1,12,293	1,39,736	1,71,483	2,04,947
Growth (%)	34.0	24.4	22.7	19.5
Op. Profit (Rs m)	82,311	1,03,388	1,24,761	1,49,595
PAT (Rs m)	42,585	50,374	64,986	80,010
EPS (Rs.)	51.8	61.3	79.0	97.3
Gr. (%)	24.4	18.3	29.0	23.1
DPS (Rs.)	3.4	4.0	5.1	6.3
Yield (%)	0.2	0.2	0.3	0.4
Margin (%)	6.9	6.9	7.0	7.0
RoAE (%)	19.7	19.2	20.3	20.6
RoAA (%)	2.4	2.3	2.4	2.5
PE (x)	30.8	26.0	20.2	16.4
P/BV (x)	5.7	4.6	3.8	3.2
P/ABV (x)	7.1	5.4	4.4	3.6

### Key Data

	CHLA.NS   CIFC IN
52-W High / Low	Rs.1,832 / Rs.1,239
Sensex / Nifty	81,666 / 25,088
Market Cap	Rs.1,346bn/ \$ 14,704m
Shares Outstanding	844m
3M Avg. Daily Value	Rs.2813.83m

### Shareholding Pattern (%)

Promoter's	49.88
Foreign	27.44
Domestic Institution	17.80
Public & Others	4.88
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(10.5)	12.1	26.0
Relative	(6.0)	10.6	19.6

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## Growth picking up; credit cost elevated

### Quick Pointers:

- Healthy pick-up in LCV and MHCV segments; demand to sustain in Q4
- Asset quality flat; expect credit cost to moderate in Q4

**We upgrade the rating to 'BUY' on better growth and credit cost outlook in Q4FY26/ FY27E. Q3 disbursements by CIFC saw a healthy YoY growth of 16% with pick-up across segments driven by the GST cuts, festive season demand, and improvement in capacity utilization. Factoring in a sustained momentum in Q4, we retain our AUM growth estimate of 22% / 21% in FY26/ FY27E. We expect NIM to improve supported by a lower CoF and opex to remain elevated as CIFC is in the expansion mode (Gold Loans). Asset quality was largely flat QoQ; however, credit cost remained elevated at 1.8%. While CIFC saw higher stress across segments, it expects a moderation in Q4. We slightly tweak our credit cost assumptions for FY26/FY27E and roll forward to Mar'28 with a P/ABV multiple of 3.7x. The stock has corrected 12% over the past month. Upgrade to 'BUY' from 'ACCUMULATE' with unchanged TP of Rs1,850.**

- **Pick-up in Q3 disbursements; expect Q4 to be better:** Q3 disbursements grew by 16% YoY to Rs299.6bn with VF/HL /LAP/New Business growing at 17% / 10% / 26% / 9% YoY. CIFC is seeing strong traction across Small and LCV/ MHCV/ 2W segments supported by improving capacity utilization and positive GST reforms and expects the trend to continue. HL disbursements grew 10% YoY driven by healthy volumes, while LAP disbursements grew 26% YoY led by small ticket sizes. New Business disbursements saw tepid growth of 9% YoY due to a conscious slowdown in CSEL/ fintech lending/ supply chain, while the company continues to ramp up in equipment finance and gold loans. Q3 AUM grew 21% YoY / 6% QoQ to Rs2,107.2bn and the company has guided for 20%-22% growth in Q4. We build in AUM growth of 22% / 21% in FY26/FY27E led by strong growth in the VF and LAP segments.

- **NIM improves; expect CoF to reduce further:** NII grew by 24% YoY/6% QoQ to Rs35.8bn. While yield was stable QoQ at 14.7%, CoF improved by 10bps QoQ to 6.7%. Consequently, reported NIM improved by 10bps QoQ to 8.0%. During the quarter, CCDs amounting to Rs3bn were converted in Oct'25 and Rs10.6bn were converted in Jan'26, resulting in a boost in Tier 1 capital (Tier 1 ratio at 14.21% as of Dec'25). The company expects further moderation of 5-10 bps in CoF in Q4. Opex costs remain elevated (opex/ AUM ratio at 3.3%) as continuous expansion in new verticals (gold loans) is underway. We expect NIM to improve to ~7% in FY27E aided by a lower CoF. Moreover, high opex spend in new businesses is likely to be offset by an improvement in productivity.

- **Expect credit cost to moderate in Q4:** Asset quality was largely flat in Q3 with GS3/NS3 at 3.36% / 1.91% vs. 3.35% / 1.90% in Q2. CIFC maintains a PCR of 43%, while total provisions stood at 2% of gross advances. While GS3 saw a marginal uptick across VF, HL, SME and SBPL, GS2 improved to 2.88% (vs. 3.09% in Q2), and the company is monitoring early defaults. It expects credit cost to moderate in Q4 with an improvement in VF and SBPL segments and a run-down in the CSEL portfolio. Credit cost remained elevated at 1.8% in Q3. We expect it to trend in a similar range in FY26 and improve to 1.6%/1.5% in FY27/ FY28E.

**Exhibit 1: Q3FY26 Result Overview (Rs mn)**

Y/e March	Q3FY26	Q3FY25	YoY.gr (%)	Q3FY26E	% Var	Q2FY26	QoQ.gr (%)	9MFY26	9MFY25	YoY.gr (%)
<b>NII</b>	<b>35,808</b>	<b>28,869</b>	<b>24.0</b>	<b>36,703</b>	<b>(2.4)</b>	<b>33,787</b>	<b>6.0</b>	<b>101,433</b>	<b>81,736</b>	<b>24.1</b>
Spread (%) (calc)	7.2	6.9	32bps	7.4	-18bps	7.1	10bps	7.2	7.1	12bps
Other income	7,616	6,537	16.5	8,057	(5.5)	6,959	9.4	21,382	16,379	30.5
<b>Net Revenue</b>	<b>43,423</b>	<b>35,406</b>	<b>22.6</b>	<b>44,760</b>	<b>(3.0)</b>	<b>40,746</b>	<b>6.6</b>	<b>122,815</b>	<b>98,115</b>	<b>25.2</b>
Opex	16,991	14,130	20.3	17,680	(3.9)	16,169	5.1	47,688	39,119	21.9
PPOP	26,432	21,276	24.2	27,080	(2.4)	24,578	7.5	75,127	58,996	27.3
Provisions	9,103	6,640	37.1	7,431	22.5	8,970	1.5	26,894	18,690	43.9
<b>PBT</b>	<b>17,329</b>	<b>14,636</b>	<b>18.4</b>	<b>19,649</b>	<b>(11.8)</b>	<b>15,608</b>	<b>11.0</b>	<b>48,233</b>	<b>40,306</b>	<b>19.7</b>
Tax	4,452	3,771	18.1	4,912	(9.4)	4,054	9.8	12,444	10,388	19.8
<b>ETR (%)</b>	<b>25.7</b>	<b>25.8</b>		<b>25.0</b>		<b>26.0</b>		<b>25.8</b>	<b>25.8</b>	
<b>PAT</b>	<b>12,877</b>	<b>10,865</b>	<b>18.5</b>	<b>14,737</b>	<b>(12.6)</b>	<b>11,553</b>	<b>11.5</b>	<b>35,789</b>	<b>29,918</b>	<b>19.6</b>
<b>Business Metrics</b>										
AUM	2,107,220	1,745,600	20.7	2,091,781	0.7	1,991,590	5.8	2,107,220	1,745,600	20.7
Borrowings	1,978,100	1,670,760	18.4	1,952,329	1.3	1,875,148	5.5	1,978,100	1,670,760	18.4
<b>Asset Quality Metrics</b>										
GNPA (%)	3.36	2.91	-45bps	NA	NA	3.35	-1bps	3.36	2.91	-45bps
NNPA (%)	1.91	1.63	-28bps	NA	NA	1.90	-1bps	1.91	1.63	-28bps
PCR (%)	43.0	44.1	-107bps	NA	NA	43.2	-20bps	43.03	44.10	-107bps

Source: Company, PL

**Exhibit 2: Change in estimates**

	Revised Estimates			Earlier Estimates			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Interest income (Rs mn)	139,736	171,483	204,947	141,445	171,477	206,385	-1.2%	0.0%	-0.7%
Operating Profit (Rs mn)	103,388	124,761	149,595	104,635	125,247	151,548	-1.2%	-0.4%	-1.3%
Profit after tax (Rs mn)	50,374	64,986	80,010	53,510	66,727	83,425	-5.9%	-2.6%	-4.1%
ABV (Rs)	314	380	463	311	380	466	0.8%	0.2%	-0.7%

Source: PL

## Concall highlights

### Growth

- CV, PV and 2W segments led VF growth in both new and used markets across OEMs and geographies aided by the GST cut. The momentum is likely to continue in Q4.
- Commentary highlights CSEL book is expected to grow over 25% from Q1FY27.
- The management has guided for AUM growth of 20–22% for FY26.
- The VF segment has seen growth in market share across players like Tata, Volvo, Eicher, Leyland, Maruti, Hero, Honda and Royal Enfield.
- Cyclical demand is expected to normalize with sustained VF demand, while seasonality-related softness is likely to persist
- The company has tied up with 9 consumer durables partners covering mobile phones and plans to expand into home appliances.

### Operating profitability

- CIFC completed sale to ARC in the affordable housing segment of Rs650mn in Q3.
- NCDs, market borrowings and MCLR transmission from banks are likely to lower CoF by 5-10bps, supporting NIMs in Q4.
- The management guided reported NIM at ~8.1% in Q4 aided by higher other income; NIM may sustain into FY27 in the absence of macro-level headwinds.
- The management expects opex to be in the 1.7-1.8% range with PBT-ROTA reaching 3.5% in the medium term.

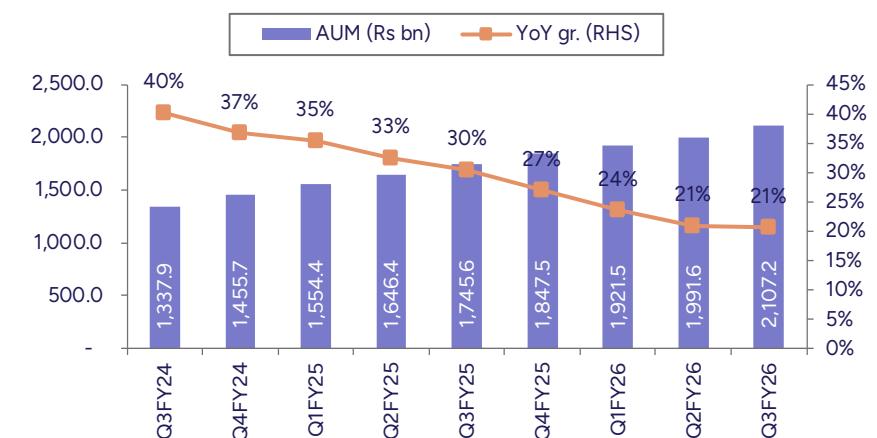
### Asset quality

- Stage 2 has improved from 3.96% to 3.61% in VF and company expect credit cost to moderate in Q4.
- CSEL NCL decreased from 7% in Q2 to 6.4% in Q3 on the fintech business rundown; company expects it to trend below 5% by FY27.
- Write-offs for VF stood at Rs3.5bn in Q2 and increased to Rs4bn in Q3.
- Segment-wise GS3 ratio for VF/ LAP/ HL/ CSEL/ SME/ SBPL/ Gold Loans stood at 4.17% / 2.43% / 1.65% / 2.16% / 3.25% / 4.73% / 0.12%.

### Other highlights

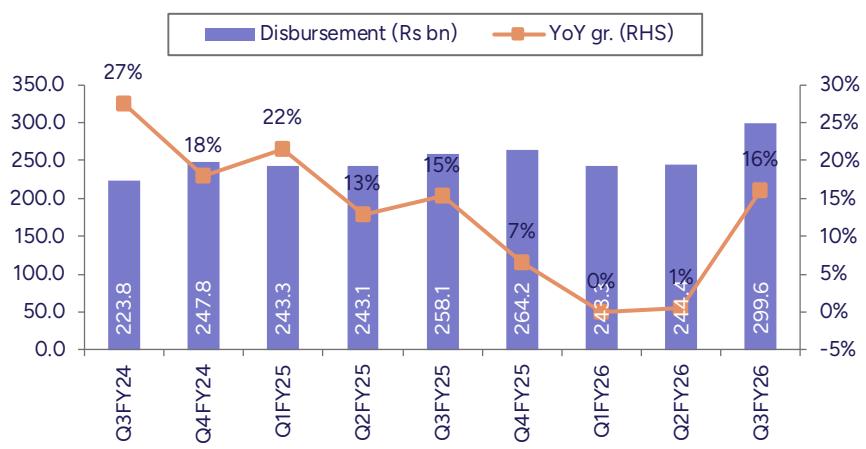
- CCDs were converted in Oct'25 and Jan'26 and Tier 1 capital is expected to improve in Q4.
- The company has declared an interim dividend of Rs1.3 per share (65% of FV).

### Exhibit 3: AUM at Rs2,107.2bn with strong YoY growth of 21%



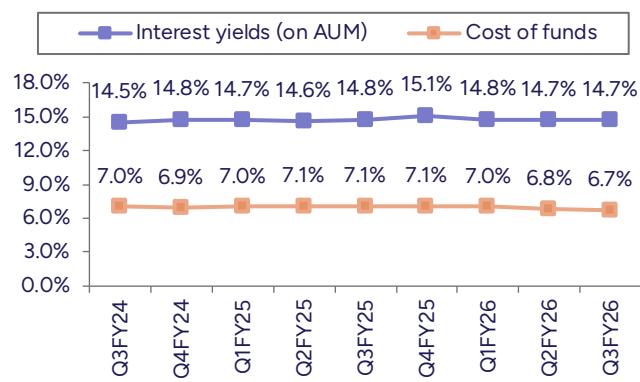
Source: Company, PL

Exhibit 4: Disbursement growth sees an uptick YoY (+16%)



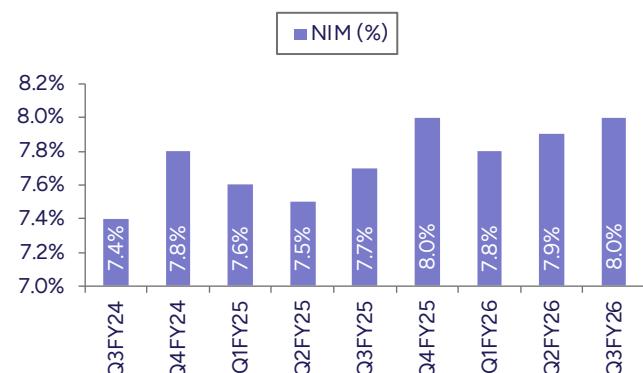
Source: Company, PL

Exhibit 5: Reported yield stable, CoF improves by ~10bps ...



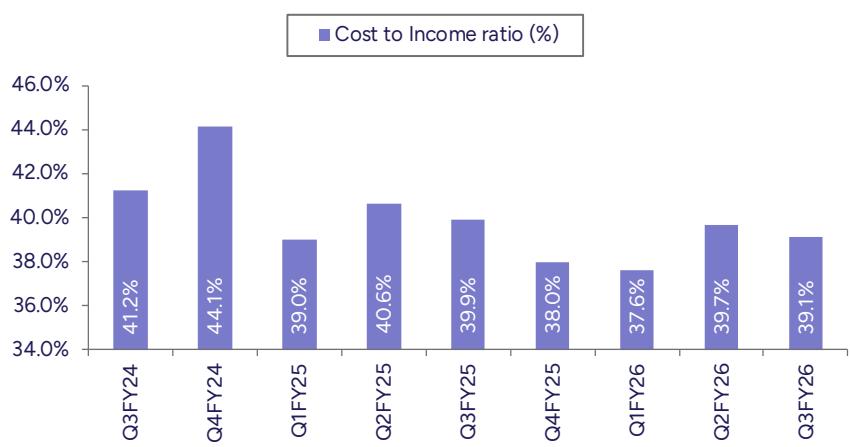
Source: Company, PL

Exhibit 6: ...resulting in reported NIM expansion by ~10bps



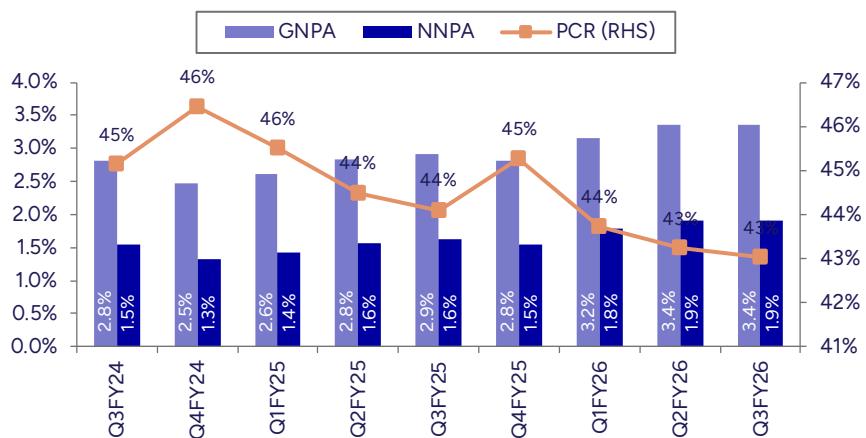
Source: Company, PL

Exhibit 7: Opex ratio sees sequential improvement



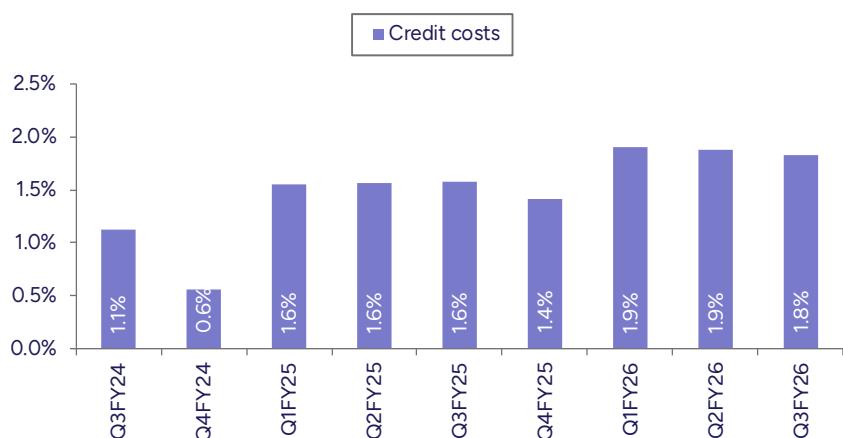
Source: Company, PL

**Exhibit 8: Headline asset quality was largely flat during the quarter**



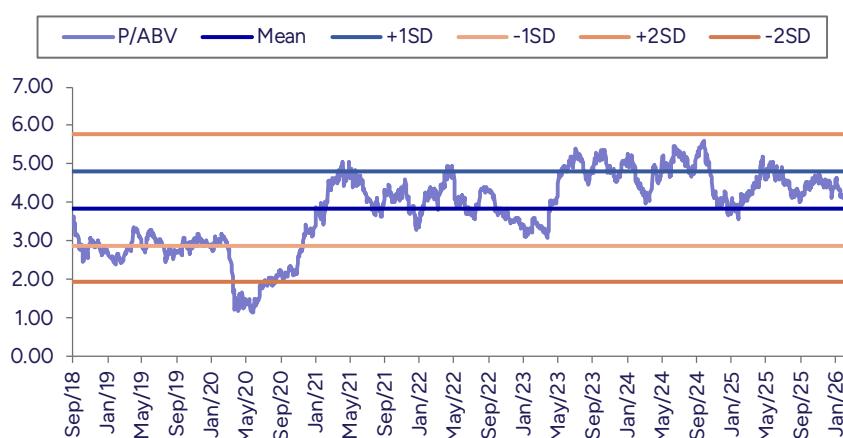
Source: Company, PL

**Exhibit 9: Credit cost (%) remains elevated at 1.8%**



Source: Company, PL

**Exhibit 10: One-year forward P/ABV of CIFC trades at 4.1x**



Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Inc. / Opt. Inc.	2,37,142	2,84,203	3,43,442	4,10,845
Interest Expenses	1,24,849	1,44,466	1,71,959	2,05,898
<b>Net interest income</b>	<b>1,12,293</b>	<b>1,39,736</b>	<b>1,71,483</b>	<b>2,04,947</b>
Growth(%)	34.0	24.4	22.7	19.5
Non-interest income	23,406	29,790	32,571	37,483
Growth(%)	46.0	27.3	9.3	15.1
Net operating income	1,35,699	1,69,526	2,04,054	2,42,430
<b>Expenditures</b>				
Employees	32,805	43,617	55,505	64,984
Other Expenses	20,583	22,522	23,788	27,850
Depreciation	-	-	-	-
Operating Expenses	53,388	66,139	79,293	92,835
<b>PPP</b>	<b>82,311</b>	<b>1,03,388</b>	<b>1,24,761</b>	<b>1,49,595</b>
Growth(%)	39.4	25.6	20.7	19.9
Provisions	24,943	35,708	38,112	42,915
<b>Profit Before Tax</b>	<b>57,368</b>	<b>67,680</b>	<b>86,648</b>	<b>1,06,681</b>
Tax	14,783	17,306	21,662	26,670
Effective Tax rate(%)	25.8	25.6	25.0	25.0
<b>PAT</b>	<b>42,585</b>	<b>50,374</b>	<b>64,986</b>	<b>80,010</b>
Growth(%)	24.4	18.3	29.0	23.1

**Quarterly Financials (Rs. m)**

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Int. Inc. / Operating Inc.	64,180	66,501	68,942	72,238
Income from securitization	-	-	-	-
Interest Expenses	33,623	34,663	35,155	36,430
<b>Net Interest Income</b>	<b>30,557</b>	<b>31,838</b>	<b>33,787</b>	<b>35,808</b>
Growth (%)	29.8	23.7	24.5	24.0
Non-Interest Income	7,027	6,807	6,959	7,616
<b>Net Operating Income</b>	<b>37,584</b>	<b>38,645</b>	<b>40,746</b>	<b>43,423</b>
Growth (%)	29.0	27.4	25.9	22.6
Operating expenditure	14,269	14,528	16,169	16,991
<b>PPP</b>	<b>23,315</b>	<b>24,117</b>	<b>24,578</b>	<b>26,432</b>
Growth (%)	-	-	-	-
Provision	6,253	8,821	8,970	9,103
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	17,062	15,296	15,608	17,329
Tax	4,395	3,937	4,054	4,452
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.8	25.7	26.0	25.7
<b>PAT</b>	<b>12,667</b>	<b>11,359</b>	<b>11,553</b>	<b>12,877</b>
Growth	20	21	20	19
AUM	18,47,460	19,21,480	19,91,590	21,07,220
YoY growth (%)	26.9	23.6	21.0	20.7
Borrowing	17,49,461	18,13,040	18,75,148	19,78,100
YoY growth (%)	30.1	20.9	18.8	18.4

**Balance Sheet (Rs. m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Source of funds</b>				
Equity	1,683	1,683	1,683	1,683
Reserves and Surplus	2,34,592	2,87,724	3,48,487	4,23,296
Networth	2,36,274	2,89,407	3,50,169	4,24,979
Growth (%)	20.8	22.5	21.0	21.4
Loan funds	17,49,461	20,98,530	25,39,042	30,58,935
Growth (%)	30.1	20.0	21.0	20.5
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	30,741	37,774	45,703	55,061
<b>Total Liabilities</b>	<b>20,16,476</b>	<b>24,25,711</b>	<b>29,34,914</b>	<b>35,38,975</b>
<b>Application of funds</b>				
Net fixed assets	17,827	18,816	19,580	20,375
Advances	18,19,299	22,03,457	26,65,994	32,27,176
Growth (%)	26.0	21.1	21.0	21.0
Investments	63,904	77,121	93,310	1,12,951
Current Assets	94,007	66,104	79,980	96,815
<b>Net current assets</b>	<b>94,007</b>	<b>66,104</b>	<b>79,980</b>	<b>96,815</b>
Other Assets	21,439	60,213	76,050	81,657
<b>Total Assets</b>	<b>20,16,476</b>	<b>24,25,711</b>	<b>29,34,914</b>	<b>35,38,975</b>
Growth (%)	28.9	20.3	21.0	20.6
<b>Business Mix</b>				
AUM	18,47,460	22,48,425	27,20,402	32,93,037
Growth (%)	26.9	21.7	21.0	21.0
On Balance Sheet	15,83,060	19,26,641	23,31,071	28,21,753
% of AUM	85.69	85.69	85.69	85.69
Off Balance Sheet	2,64,400	3,21,784	3,89,331	4,71,284
% of AUM	14.31	14.31	14.31	14.31

**Profitability & Capital (%)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	6.9	6.9	7.0	7.0
ROAA	2.4	2.3	2.4	2.5
ROAE	19.7	19.2	20.3	20.6

Source: Company Data, PL Research

**Key Ratios**

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	1,594	1,594	1,594	1,594
EPS (Rs)	51.8	61.3	79.0	97.3
Book value (Rs)	280.9	344.0	416.2	505.2
Adj. BV(Rs)	223.1	297.7	361.1	440.6
P/E(x)	30.8	26.0	20.2	16.4
P/BV(x)	5.7	4.6	3.8	3.2
P/ABV(x)	7.1	5.4	4.4	3.6
DPS (Rs)	3.4	4.0	5.1	6.3
Dividend Payout Ratio(%)	6.5	6.5	6.5	6.5
Dividend Yield(%)	0.2	0.2	0.3	0.4

**Asset Quality**

Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs(Rs m)	52,130	70,825	84,332	98,791
Net NPA(Rs m)	48,589	38,954	46,383	54,335
Gross NPAs to Gross Adv.(%)	2.8	3.2	3.1	3.0
Net NPAs to net Adv.(%)	1.5	1.9	1.8	1.8
NPA coverage(%)	45.3	45.0	45.0	45.0

**Du-Pont as a % of AUM**

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	6.3	6.3	6.4	6.3
NII INCL. Securitization	6.3	6.3	6.4	6.3
Total income	7.6	7.6	7.6	7.5
Operating Expenses	3.0	3.0	3.0	2.9
PPOP	4.6	4.7	4.7	4.6
Total Provisions	1.4	1.6	1.4	1.3
RoAA	2.4	2.3	2.4	2.5
Avg. Assets/Avg. net worth	8.3	8.5	8.4	8.4
RoAE	19.7	19.2	20.3	20.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Accumulate	1,850	1,787
2	02-Jan-26	Accumulate	1,850	1,724
3	07-Nov-25	Hold	1,725	1,704
4	07-Oct-25	Hold	1,550	1,632
5	01-Aug-25	Hold	1,500	1,423
6	08-Jul-25	Hold	1,575	1,514
7	29-Apr-25	Hold	1,575	1,526

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	BUY	1,700	1,470
2	Bajaj Finance	BUY	1,125	969
3	Can Fin Homes	Accumulate	1,015	938
4	Cholamandalam Investment and Finance Company	Accumulate	1,850	1,787
5	HDFC Life Insurance Company	BUY	900	761
6	ICICI Prudential Life Insurance Company	Accumulate	725	684
7	LIC Housing Finance	BUY	645	538
8	Mahindra & Mahindra Financial Services	Accumulate	395	371
9	Max Financial Services	BUY	1,925	1,672
10	SBI Life Insurance Company	Hold	2,125	2,053
11	Shriram Finance	BUY	1,175	1,004
12	Sundaram Finance	Hold	5,000	5,288

PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

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