

Cholamandalam Investment and Finance Company (CIFIC IN)

Q2FY27 Result Update

October 30, 2026

☒ Estimate Change | ☐ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	2,000		2,000	
NII (INR. mn)	213,042	261,100	208,463	249,004
% Chng.	2.2	4.9		
PPoP (INR mn)	162,595	201,144	157,975	190,242
% Chng.	2.9	5.7		
EPS (INR)	102.1	127.1	98.7	118.3
% Chng.	3.4	7.4		

Key Data CHLA.NS | CIFIC IN

BSE Code	511243
NSE Code	CHOLAFIN
52-W High / Low	INR 1,952 / INR 1,299
Face Value	2
Sensex / Nifty	73,246 / 22,699
Market Cap	INR 1,320 bn / \$ 13,864 mn
Shares Outstanding	854.46 mn
3M Avg. Daily Value	INR 2,893.75 mn

Shareholding Pattern (%)

Promoters	48.93
FIs	24.87
Mutual Funds	14.80
Domestic Institutions	5.58
Public & Others	5.83
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(5.4)	(11.9)	0.6	(10.3)
Relative	(6.1)	(7.6)	5.6	3.6

Key Financials - Standalone

Y/e Mar	FY26	FY27E	FY28E	FY29E
NII (INR mn)	139,984	173,952	213,042	261,100
NIM (%)	7.0	7.1	7.0	7.0
PPoP (INR mn)	104,965	131,782	162,595	201,144
PAT (INR mn)	52,196	69,700	87,024	108,323
EPS (INR)	61.2	81.8	102.1	127.1
Gr. (%)	21.0	33.5	24.9	24.5
DPS (INR)	2.0	2.7	3.3	4.2
Yield (%)	0.1	0.2	0.2	0.3
RoAE (%)	19.3	20.4	20.7	21.2
RoAA (%)	2.3	2.6	2.6	2.7
P/BV (x)	4.3	3.5	2.9	2.3
P/ABV (x)	5.5	4.0	3.3	2.7
PE (x)	25.2	18.9	15.1	12.2
CAR (%)	19.2	19.2	19.0	19.0

Growth sustains with improvement in credit cost

Quick Pointers

- Expect 24% AUM growth in FY27E with ramp-up of new business loans
- Capital raise of INR50bn to support growth
- Credit cost outlook positive

Q2 disbursements registered a strong growth of 47% YoY with broad-based growth across segments, resulting in an AUM growth of 25%. We expect growth momentum to sustain, supported by market share gains and distribution expansion and build AUM growth of 24%/ 23% for FY27/FY28E. NIM moderated in Q2 largely due to lower gains from DA transactions. We expect it to be stable at 7.1%/7.0% for FY27/FY28E, factoring in lower incremental funding requirements following the planned capital raise. Operating efficiencies aided improvement in opex ratio; branch expansion and productivity gains likely to support profitability. Asset quality remained stable with credit cost improving to 1.5%. We build a credit cost improvement of 20/4bps for FY27/FY28E. We revise our estimates upwards given the positive outlook on growth, credit cost and opex improvement. We value CIFIC at a multiple of 3.4x Sep'28E P/ABV (vs. 3.5x earlier), arriving at a TP of INR2,000. Maintain 'BUY'.

Robust disbursement growth; expect 24% growth in FY27E: Q2 disbursements grew ~47% YoY to INR358.7bn with VF/ HL / LAP/ new business growing at 32%/ 39%/ 43%/ 101% YoY. AUM grew 25% YoY and 6% QoQ to INR2,480.5bn, supported by broad-based growth across business segments. Vehicle finance continues to gain market share through strong dealer relationships and disciplined execution, with Q3FY27 disbursement growth expected at 20-22% supported by an extended festive season. CIFIC aims to reduce vehicle finance's share in portfolio to below 50% (vs. 52% currently), while CSEL, consumer durables and gold loans are expected to gain share to ~15% of the portfolio. Consumer finance is emerging as an important growth and diversification driver with expansion into tier-3/ 4 markets. Gold loans are scaling up, with ~360 branches planned in FY27. Mortgage businesses are expected to sustain growth, supported by geographic expansion beyond South market and an increasing share of AUM over the next 3-4 years. Management reiterated FY27 growth guidance of ~25%, with growth outperformance expected in H2FY27. We build 24%/ 23% YoY growth for FY27/FY28E with a strong ramp-up in HL, LAP and consumer loans.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
NII (INR mn)	41,805	41,741	(0.2)	33,787	23.5
PPoP (INR mn)	31,379	30,625	(2.4)	24,578	24.6
Margin (%)	7.2	7.2	(5 bps)	7.1	9 bps
PAT (INR mn)	16,403	16,301	(0.6)	11,553	41.1

Source: Company, PL

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Capital raise to support growth; opex efficiency to improve: NII grew 23.5% YoY/3.4% QoQ to INR41.7bn driven by healthy loan growth. Reported yield declined sequentially to 14.6% (~30bps QoQ) due to lower gains from loan assignments, while CoF increased by ~10bps QoQ to 6.8%. Consequently, reported NIM moderated by ~30bps QoQ to 7.9%. Management expects borrowing costs to rise by ~20bps, amid potential repo rate hikes. The proposed capital raise of INR50bn is expected to strengthen the capital base, support growth and moderate incremental borrowing requirements. Hence, we expect NIM (calc.) to remain range-bound at 7.1%/7.0% for FY27/FY28E. Consumer finance businesses are expected to exceed 4% pre-tax RoA while management expects unsecured business loan profitability to improve through lower credit costs. Cost-to-income ratio improved to 39.2% (vs. 39.7% YoY) aided by operating efficiencies. Management expects opex to AUM to remain at 3.0%/3.1% in the near-term before gradually improving to 2.8%, driven by operating leverage and efficiency gains in mature businesses. We build 15-40bps improvement in C/I ratio over FY27-FY29E.

Expect credit cost at 1.6% in FY27E: Asset quality remained steady in Q2 with GS3/NS3 at 3.25%/ 1.78% vs. 3.29%/ 1.78% in Q1. CIFC maintains PCR of ~45%, while total provisions stood at ~2% of gross advances. Reported credit cost improved to 1.5% (vs. 1.7% QoQ/ 1.9% YoY). Commentary highlighted tractor financing and small-ticket used vehicle loans remain relatively vulnerable to irregular cash flows in smaller towns and drought-prone regions. However, management does not anticipate material asset quality stress, citing limited exposure to these regions. MSME asset quality remains healthy with residual stress in secured loans below INR0.5mn in select markets, although trend indicates an improvement. We build a credit cost of 1.6%/1.5% in FY27/ FY28E.

Exhibit 1: Quarterly estimates

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
NII	40367.8	26.8	41,740.7	23.5	44,271.9	23.6	47,572.1	23.4
PPoP	31423.4	30.3	30,624.8	24.6	33,613.8	27.2	36,119.5	21.1
NIM (%)	7.3	40 bps	7.2	9 bps	7.1	-9 bps	7.2	-14 bps
PAT	16535.9	45.6	16,300.7	41.1	17,686.9	37.4	19,176.6	16.9

Source: Company, PL

Exhibit 2: Q2FY27 Result Overview (INR mn)

Y/e March	Q2FY27	Q2FY26	YoY gr. (%)	Q2FY27E	% Var	Q1FY27	QoQ gr. (%)	H1FY27	H1FY26	YoY gr. (%)
NII	41,741	33,787	23.5	41,805	(0.2)	40,368	3.4	82,109	65,625	25.1
NIM (%) (calc)	7.2	7.1	9bps	7.2	-5bps	7.3	-12bps	7.2	7.0	19bps
Other Income	8,634	6,959	24.1	9,806	(12.0)	8,930	(3.3)	17,564	13,766	27.6
Net Revenue	50,374	40,746	23.6	51,611	(2.4)	49,298	2.2	99,672	79,392	25.5
Opex	19,750	16,169	22.1	20,231	(2.4)	17,875	10.5	37,624	30,697	22.6
PPOP	30,625	24,578	24.6	31,379	(2.4)	31,423	(2.5)	62,048	48,695	27.4
Provisions	8,742	8,970	(2.5)	9,509	(8.1)	9,219	(5.2)	17,960	17,791	1.0
PBT	21,883	15,608	40.2	21,871	0.1	22,205	(1.5)	44,088	30,904	42.7
Tax	5,582	4,054	37.7	5,468	2.1	5,669	(1.5)	11,251	7,992	40.8
ETR (%)	25.5	26.0		25.0		25.5		25.5	25.9	
PAT	16,301	11,553	41.1	16,403	(0.6)	16,536	(1.4)	32,837	22,912	43.3
Business Metrics										
AUM	24,80,450	19,91,590	24.5	24,25,728	2.3	23,35,860	6.2	24,80,450	19,91,590	24.5
Borrowings	23,15,217	18,75,148	23.5	22,64,012	2.3	22,02,470	5.1	23,15,217	18,75,148	23.5
Asset Quality Metrics										
GNPA (%)	3.25	3.35	10bps	NA	NA	3.29	4bps	3.25	3.35	10bps
NNPA (%)	1.78	1.90	12bps	NA	NA	1.78	0bps	1.78	1.90	12bps
PCR (%)	45.3	43.2	209bps	NA	NA	45.7	-41bps	45.3	43.2	209bps

Source: Company, PL

Exhibit 3: Change in Estimates

(INR mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Net interest income	173,952	213,042	261,100	173,667	208,463	249,004	0.2%	2.2%	4.9%
Operating profit	131,782	162,595	201,144	131,706	157,975	190,242	0.1%	2.9%	5.7%
Profit after tax	69,700	87,024	108,323	68,908	84,097	100,827	1.1%	3.5%	7.4%
ABVPS (INR)	409	497	607	398	484	586	2.7%	2.8%	3.6%

Source: PL

Q2FY27 Conference Call Highlights
Growth

- Disbursements grew strongly across businesses, supported by robust industry volumes, replacement demand, improving economic activity and deeper customer engagement.
- Management reiterated FY27 growth guidance of ~25% and remains confident of sustaining growth through existing businesses.
- Mortgage businesses are expected to sustain growth, with quarterly disbursements of ~INR24bn in home loans and INR65bn in LAP becoming sustainable run rates.
- Small-ticket LAP disbursements have reached ~INR5bn per month with an average ticket size of INR0.2 mn, supporting growth in the LAP business.
- Vehicle finance distribution continues to expand through resident locations with ~125 locations planned for conversion into branches as they achieve critical disbursement levels.
- The board approved a capital raise of up to INR50bn to strengthen the capital base and support future growth. The timing and structure will depend on market conditions, with execution expected over 6–9 months.

Operating profitability

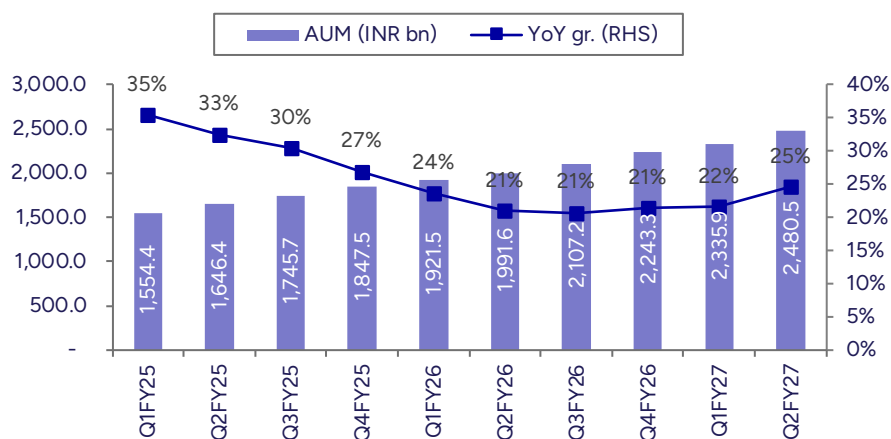
- A potential 50bps increase in interest rates could raise the CoF by ~20bps YoY. Around 25% of borrowings are repo-linked, 25% linked to other benchmarks and 50% fixed-rate or MCLR-linked. The impact is expected to be more pronounced in FY28 as borrowing costs adjust.
- Higher borrowing costs are being passed on gradually through increase in marginal lending rate and repricing of floating-rate loans. Home loan and LAP repricing is expected in Q3FY27.
- Reported yield declined QoQ due to lower gains from loan assignments, with only one transaction undertaken during the quarter. Management does not intend to discontinue direct assignment transactions entirely. Assignments will be undertaken selectively, with assigned loans targeted at ~5-7% of the overall book.
- Gold loans are predominantly structured as bullet-repayment loans, with EMI-based loans accounting for less than 1% of the portfolio.

Asset quality

- Management remains confident of credit cost guidance of 1.4% for FY27 and expects H2FY27 performance to be better than H1.

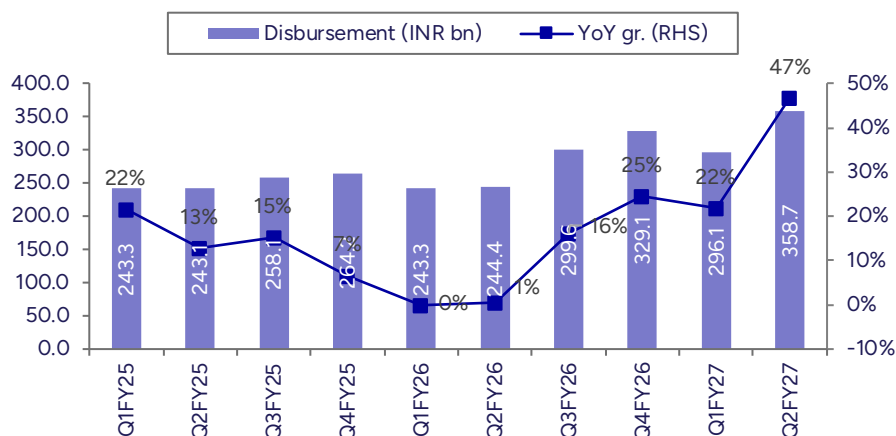
- Management does not anticipate significant asset quality stress from drought-prone regions, citing relatively low exposure and reduced tractor finance penetration in these areas over the past 4-5 years.
- The impact of deficient rainfall is expected to become clearer by December. Management does not expect the current rainfall deficit to materially affect farmer incomes in the near term. The potential impact on FY28 will depend on Rabi sowing and subsequent rainfall trends.
- The CSEL collection team comprises ~2,800 personnel, including ~1,800 on-roll employees and ~1,000 agency personnel.

Exhibit 4: AUM registered a growth of ~25% to INR2,480.5bn



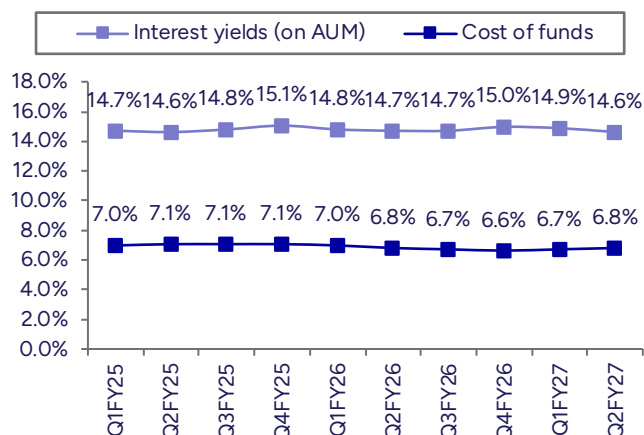
Source: Company, PL

Exhibit 5: Disbursement growth was strong at 47% amounting INR358.7bn in Q2



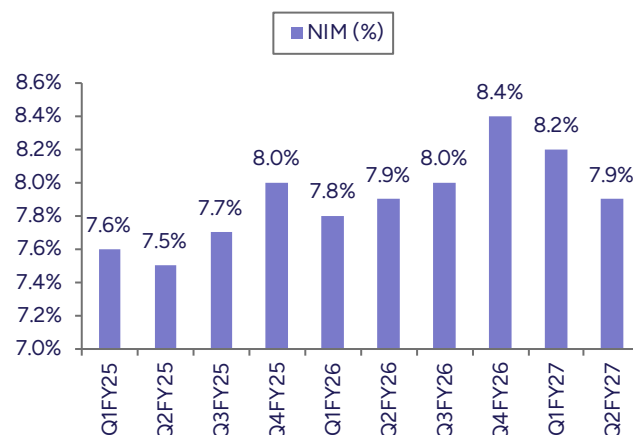
Source: Company, PL

Exhibit 6: Reported yield declined 30bps, while CoF increased 10bps...



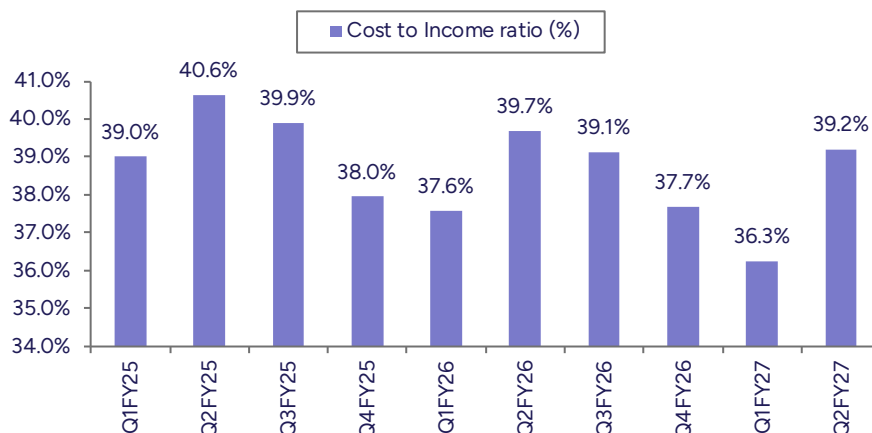
Source: Company, PL

Exhibit 7: ...resulting in decline in reported NIM by ~30bps



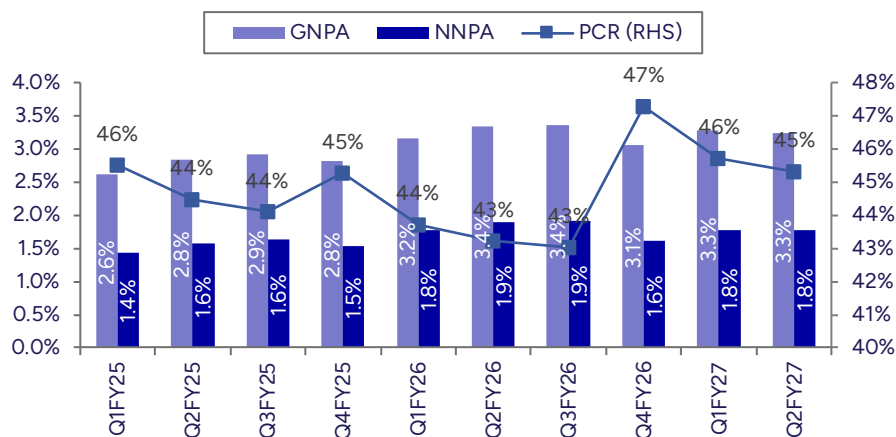
Source: Company, PL

Exhibit 8: Cost to income ratio improved YoY to 39.2%



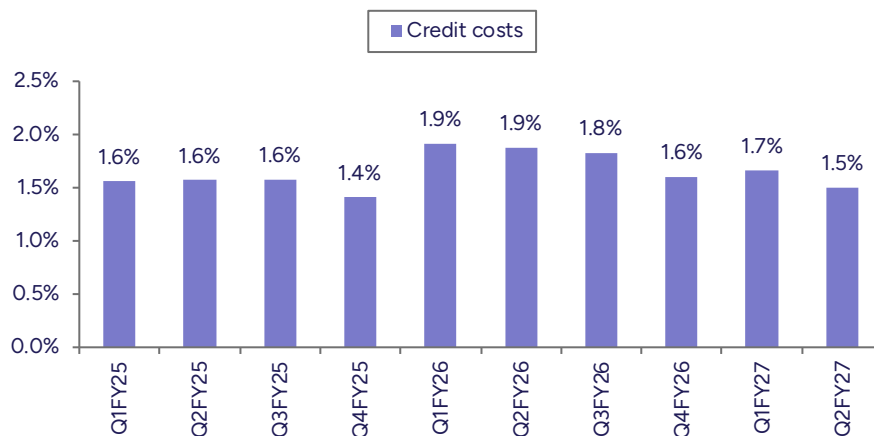
Source: Company, PL

Exhibit 9: Headline asset quality steady QoQ at 3.25%/1.78%



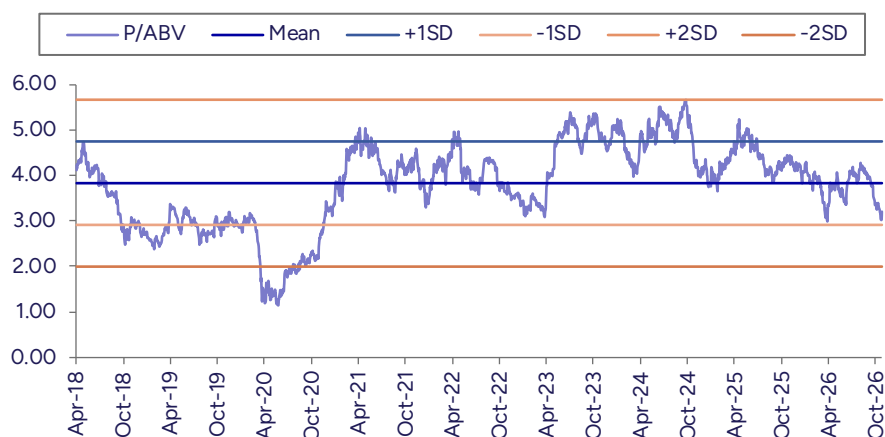
Source: Company, PL

Exhibit 10: Credit cost (calc.) saw an improvement in Q2 to 1.5%



Source: Company, PL

Exhibit 1: One-year forward P/ABV of CIBC trades at 3.2x



Source: Company, PL

Quarterly Financials

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Income statement (INR mn)								
Interest earned	61,587	64,180	66,501	68,942	72,238	76,046	80,399	85,035
Interest expended	32,718	33,623	34,663	35,155	36,430	37,494	40,031	43,295
Net interest income	28,869	30,557	31,838	33,787	35,808	38,551	40,368	41,741
Other income	6,537	7,027	6,807	6,959	7,616	9,340	8,930	8,634
Total income	68,124	71,207	73,308	75,901	79,854	85,386	89,330	93,669
Operating expenses	14,130	14,269	14,528	16,169	16,991	18,054	17,875	19,750
Employees	8,807	9,218	9,243	10,632	10,827	10,826	11,398	14,224
Others	5,324	5,051	5,285	5,537	6,165	7,227	6,477	5,525
Operating profit	21,276	23,315	24,117	24,578	26,432	29,838	31,423	30,625
Provisions	6,640	6,253	8,821	8,970	9,103	8,464	9,219	8,742
Profit before tax	14,636	17,062	15,296	15,608	17,329	21,374	22,205	21,883
Tax	3,771	4,395	3,937	4,054	4,452	4,967	5,669	5,582
Profit after tax	10,865	12,667	11,359	11,553	12,877	16,407	16,536	16,301
Balance sheet (INR mn)								
AUM	1,745,670	1,847,460	1,921,480	1,991,590	2,107,220	2,243,340	2,335,860	2,480,450
<i>AUM growth (%)</i>	30.5	26.9	23.6	21.0	20.7	21.4	21.6	24.5
Disbursements	258,060	264,170	243,250	244,420	299,620	329,130	296,120	358,720
<i>Disbursal growth (%)</i>	15.3	6.6	-	0.5	16.1	24.6	21.7	46.8
Borrowings	1,670,760	1,749,461	1,813,040	1,875,148	1,978,100	2,108,666	2,202,470	2,315,217
<i>Borrowings growth (%)</i>	35.7	30.1	20.9	18.8	18.4	20.5	21.5	23.5
Debt / Equity (x)	7.4	7.4	7.3	7.2	7.2	6.9	6.9	6.7
Assets / Equity (x)	8.5	8.5	8.5	8.4	8.3	8.1	8.0	7.8
Capital ratios (%)								
Total CAR	19.8	19.8	20.0	20.0	19.2	19.2	19.8	20.6
Tier-1	14.9	14.4	14.3	14.6	14.2	14.7	14.8	16.0
Tier-2	4.8	5.3	5.7	5.4	5.0	4.5	5.0	4.6
Profitability ratios (%)								
Yield on AUM	14.6	14.5	14.4	14.4	14.5	14.4	14.5	14.6
Cost of funds	8.1	7.9	7.8	7.6	7.6	7.3	7.4	7.7
NIM	6.9	6.9	6.9	7.1	7.2	7.3	7.3	7.2
Spread	6.6	6.6	6.6	6.8	6.9	7.1	7.1	6.9
Cost / Income	39.9	38.0	37.6	39.7	39.1	37.7	36.3	39.2
Opex / AUM	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
RoA	2.3	2.6	2.2	2.2	2.3	2.8	2.6	2.5
RoE	19.8	22.0	18.7	18.2	19.2	22.3	21.1	19.4
Asset quality ratios (%)								
GNPA	2.9	2.8	3.2	3.4	3.4	3.1	3.3	3.3
NNPA	1.6	1.5	1.8	1.9	1.9	1.6	1.8	1.8
Provision coverage	44.1	45.3	43.7	43.2	43.0	47.3	45.7	45.3
Credit costs	1.6	1.4	1.9	1.9	1.8	1.6	1.7	1.5

Source: Company, PL

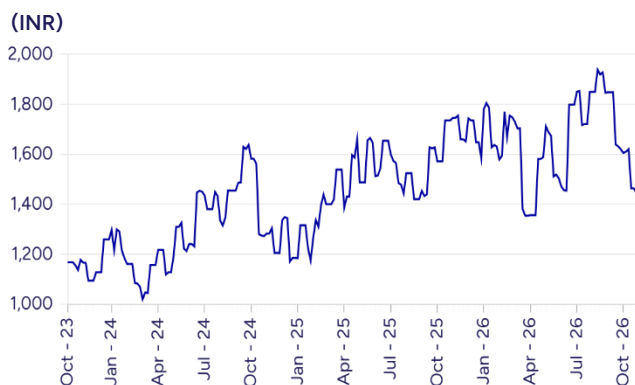
Financials

Y/e Mar	FY26	FY27E	FY28E	FY29E
Profit & Loss (INR mn)				
Interest income	283,726	351,818	430,768	520,693
Interest expense	143,742	177,866	217,726	259,594
NII	139,984	173,952	213,042	261,100
Other income	30,722	39,108	49,208	61,246
Total income	314,448	390,926	479,976	581,939
Operating expenses	65,742	81,278	99,655	121,201
Employee	41,528	56,180	69,759	84,841
Others	24,214	25,098	29,897	36,360
PPOP	104,965	131,782	162,595	201,144
Provisions	35,358	38,542	46,563	56,714
PBT	69,607	93,239	116,032	144,430
Tax	17,411	23,539	29,008	36,108
PAT	52,196	69,700	87,024	108,323
Growth ratios (%)				
AUM	21.4	23.8	23.0	21.8
Borrowings	20.5	20.7	23.0	18.5
NII	24.6	24.3	22.5	22.6
Opex	23.1	23.6	22.6	21.6
PPoP	27.5	25.5	23.4	23.7
Provisions	41.8	9.0	20.8	21.8
PAT	22.6	33.5	24.9	24.5
Profitability ratios (%)				
Yield on AUM	14.2	14.4	14.2	14.0
Cost of funds	7.5	7.6	7.7	7.6
NIM	7.0	7.1	7.0	7.0
Spread	6.8	6.7	6.5	6.4
Other Income/Assets	1.4	1.4	1.5	1.5
Cost/Income	38.5	38.1	38.0	37.6
Opex/Assets	2.9	3.0	3.0	3.0
Tax Rate	25.0	25.2	25.0	25.0
RoA	2.3	2.6	2.6	2.7
RoE	19.3	20.4	20.7	21.2
DuPont analysis (%)				
Interest income	12.7	13.0	13.0	13.0
Interest expense	6.4	6.6	6.6	6.5
NII	6.3	6.4	6.4	6.5
Other income	1.4	1.4	1.5	1.5
Total income	7.6	7.9	7.9	8.1
Operating expenses	2.9	3.0	3.0	3.0
Employee	1.9	2.1	2.1	2.1
Others	1.1	0.9	0.9	0.9
PPOP	4.7	4.9	4.9	5.0
Provisions	1.6	1.4	1.4	1.4
PBT	3.1	3.4	3.5	3.6
Tax	0.8	0.9	0.9	0.9
PAT	2.3	2.6	2.6	2.7

Source: Company, PL

Y/e Mar	FY26	FY27E	FY28E	FY29E
Balance sheet (INR mn)				
Cash & Bank	146,114	81,683	100,472	122,378
Loans	2,175,712	2,722,772	3,349,055	4,079,274
Investments	66,381	95,297	117,217	142,775
Fixed Assets	18,953	22,380	23,288	24,234
Other Assets	43,539	47,527	56,842	(31,620)
Total Assets	2,450,699	2,969,659	3,646,874	4,337,041
Borrowings	2,108,666	2,544,646	3,129,958	3,708,431
Other Liabilities & Provisions	37,993	45,804	56,339	66,752
Total Liabilities	2,146,658	2,590,450	3,186,297	3,775,183
Share capital	1,705	1,705	1,705	1,705
Other equity	302,335	377,504	458,872	560,153
Total equity	304,040	379,209	460,577	561,858
Total Liabilities & Equity	2,450,699	2,969,659	3,646,874	4,337,041
Balance Sheet ratios (%)				
Debt/Equity	6.9	6.7	6.8	6.6
Assets/Equity	8.1	7.8	7.9	7.7
Cash/Borrowings	0.5	0.2	0.2	0.2
CRAR	19.2	19.2	19.0	19.0
Asset quality (%)				
GNPA (INR mn)	67,670	86,128	102,522	124,876
NNPA (INR mn)	62,619	47,371	56,387	68,682
GNPA	3.1	3.1	3.0	3.0
NNPA	1.6	1.8	1.8	1.8
PCR	47.3	45.0	45.0	45.0
Credit Cost	1.8	1.6	1.5	1.5
Per share (Rs)				
EPS	61.2	81.8	102.1	127.1
BVPS	356.7	444.9	540.3	659.1
ABVPS	283.2	389.3	474.2	578.6
Valuation (x)				
P/E	25.2	18.9	15.1	12.2
P/ABV	5.5	4.0	3.3	2.7
P/BV	4.3	3.5	2.9	2.3

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Oct-26	BUY	2000	1611
2	29-Jul-26	Accumulate	1950	1753
3	07-Jul-26	Accumulate	1950	1850
4	04-May-26	Buy	1950	1640
5	09-Apr-26	BUY	1800	1554
6	02-Feb-26	BUY	1850	1594
7	08-Jan-26	Accumulate	1850	1787
8	02-Jan-26	Accumulate	1850	1724
9	07-Nov-25	Hold	1725	1704
10	07-Oct-25	Hold	1550	1632

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	BUY	1685	1126
2	Bajaj Finance	BUY	1150	957
3	BSE	BUY	4015	3305
4	Can Fin Homes	BUY	1090	736
5	Cholamandalam Investment and Finance Company	BUY	2000	1611
6	HDFC Life Insurance Company	BUY	765	551
7	Home First Finance Company India	BUY	1400	1105
8	ICICI Prudential Life Insurance Company	BUY	725	447
9	LIC Housing Finance	HOLD	520	502
10	Mahindra & Mahindra Financial Services	BUY	350	297
11	Max Financial Services	BUY	2025	1348
12	National Stock Exchange of India	Accumulate	1950	1750
13	SBI Life Insurance Company	BUY	2200	1633
14	Shriram Finance	BUY	1200	865
15	Sundaram Finance	Accumulate	4850	4363

PL's Recommendation Nomenclature (Absolute Performance)

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

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