


Strong End to FY26, Outlook for FY27 Remains Encouraging!
Est. Vs. Actual for Q4FY26: NII – INLINE; PPOP – BEAT; PAT – BEAT
Changes in Estimates post Q4FY26
FY27E/FY28E (in %): NII 0.5/0.5; PPOP 1.8/3.0; PAT 3.8/6.4
Recommendation Rationale

- **Credit Costs on an Improving Trajectory:** CIFIC's asset quality metrics continue to trend positively, supported by consistent efforts to enhance underwriting accuracy through improved credit filters across product lines. This has already shown results in the form of better portfolio quality in key segments such as Vehicle Finance (VF), Consumer Durables (CD) and CSEL, and is expected to further aid credit cost moderation. **Management has guided for credit costs to improve to 1.5% in FY27 vs pre-overlay credit costs of 1.6% in FY26.** The expected reduction in credit costs will be largely driven by improvements in vehicle finance and CSEL portfolios. In Q4, CIFIC created a **Rs 200 Cr management overlay as a precautionary measure** to account for potential second-order impacts from global uncertainties (including fuel price volatility and supply-side disruptions), with **no underlying stress observed across segments so far.** Encouragingly, early indicators remain positive, with **lower early delinquencies and non-starters in Apr'26**, alongside stable trends in vehicle finance and **lower first-cut net credit loss YoY**, indicating continued normalisation in asset quality.
- **NIMs Remain Resilient:** In Q4, CIFIC reported a sharp improvement in NIMs, led by lower CoF. Going ahead, management remains confident of maintaining margins at 8%, supported by better yields (vs peers in the gold loans portfolio) and higher yields in the CSEL portfolio, which should adequately offset any potential increase in CoF.
- **Investing in Scale; Opex Ratios to See Gradual Improvement:** In FY26, CIFIC maintained the C-A Ratio at 3.1% despite continued investments in scaling the distribution network and towards newer business. Management **does not expect operating leverage to materialise in FY27 with investments being front-loaded**, and has **guided for a C-A ratio to remain 3.0-3.1%**, as branch additions continue across business lines. The company plans to add 100 new VF branches (60 in Q1 and 40 in Q2), while leveraging the existing VF branch network for other businesses and ~360 branches exclusively for gold loans. Thus, with continued investment in branch and manpower, cost ratios are expected to remain range-bound in the near-term before improving as newer branches mature.

Sector Outlook: Positive

Company Outlook: CIFIC appears well poised to sustain its strong growth trajectory, with management guiding for 20-23% AUM growth underpinned by a well-diversified, multi-engine product portfolio. Encouragingly, asset quality trends are on a firm footing, with credit costs expected to moderate toward ~1.5%, supporting a gradual improvement in pre-tax RoTA to 3.5%, even as margins remain broadly stable at 8% over FY27. While near-term operating leverage may remain contained due to ongoing investments in distribution and new businesses, these are strategic in nature and should drive scalability over the medium term. CIFIC offers a blend of consistent and sustainable growth, improving profitability, and prudent risk management. We expect the company to deliver a strong AUM/NII/Earnings growth of 21/21/26% CAGR over FY26-28, while supporting RoA/RoE delivery of 2.4-2.5%/19-20% over FY27-28E.

Current Valuation: 3.9x FY28E BV Earlier Valuation: 4.4x Sep'27E BV
Current TP: Rs 2,050/share Earlier TP: Rs 2,000/share
Recommendation: We maintain our BUY recommendation on the stock.
Alternative BUY Ideas from our Sector Coverage:
Shriram Finance (TP: Rs 1,200/share)
Financial Performance

- **Operational Performance:** Disbursements momentum was healthy and registered a growth of 25/10% YoY/QoQ, led by pick-up across segments ex-Home Loans. The Vehicle disbursements grew +26/8% YoY/QoQ, LAP by 5/10% YoY/QoQ, while Home Loan disbursements declined by 4/6% YoY/QoQ. Newer business disbursements improved across CSEL, SME, and SBPL, growing 33/16% YoY/QoQ. Gold disbursements grew by 46% QoQ, albeit on a lower base. AUM was in line with our expectations at ~21/6% YoY/QoQ, with VF/LAP/HL/New Business AUM growing by 18/26/23/18% YoY.
- **Financial Performance:** NII grew by 26/8% YoY/QoQ, led by steady AUM growth, and a ~40 bps margin improvement. Non-interest income grew by 33/23% YoY/QoQ, led by fee income growth, which was strong at 38/19% YoY/QoQ. Opex grew by 27/6% YoY/QoQ, mainly led by higher other Opex (+43/17% YoY/QoQ). However, strong topline growth resulted in the C-I Ratio declining to 37.7% vs 39.1% QoQ. PPOP grew by 28/13% YoY/QoQ. Credit costs (calc.) declined sequentially and stood at 156 bps vs 178 bps QoQ. PAT growth remained steady at 30/27% YoY/QoQ, also supported by a lower tax rate.
- **Asset Quality** improved with GNPA/NNPA at 4.54/2.87% vs 4.63/3.13% QoQ. PCR stood at 47.3% vs 43.0% QoQ on stage 3 assets and 8.1% vs 8.3% QoQ on Stage 2 assets.

Key Financials (Standalone)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Interest Income	3,855	7.7	26.2	3,858	-0.1
PPOP	2,984	12.9	28.0	2,905	2.7
Net Profit	1,641	27.4	29.5	1,513	8.5
NNPA (%)	2.9	-26 bps	24 bps	0.0	-5 bps
RoA (%)	2.8	46 bps	20 bps	2.6	21 bps

Source: Company, Axis Securities Research

 (CMP as of 04th May, 2026)

CMP (Rs)	1,640
Upside /Downside (%)	25%
High/Low (Rs)	1,832/1,300
Market cap (Cr)	1,39,870
Avg. daily vol. (6m) Shrs.	19,67,018
No. of shares (Cr)	85.2

Shareholding (%)

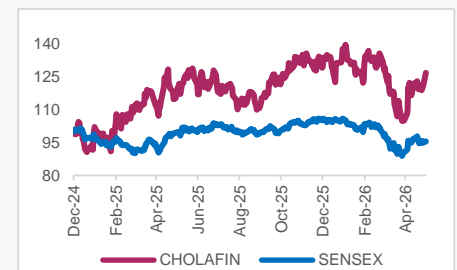
	Sep-25	Dec-25	Mar-26
Promoter	49.9	49.7	49.3
FIIs	26.6	26.4	24.9
MFs / UTI	13.2	12.8	15.0
Others	10.3	11.1	10.8

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
NII	13,998	16,996	20,647
PPOP	10,496	12,668	15,562
Net Profit	5,220	6,647	8,263
EPS (Rs)	61.2	78.0	96.9
BV (Rs)	356.7	432.1	525.9
P/BV (x)	4.6	3.8	3.1
RoA (%)	2.3	2.4	2.5
NNPA (%)	2.9	2.5	2.3

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
NII	0.5	0.5
PPOP	1.8	3.0
PAT	3.8	6.4

Relative Performance


Source: Ace Equity, Axis Securities Research

Results Gallery
[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)
[Q4FY25](#)
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Key Highlights

- **Broad-based Improvement Visible; AUM Growth to Remain Healthy:** Management has continued to guide for AUM growth of 20-23% for FY27, supported by strong disbursement growth across segments.
 - **Vehicle Finance:** the VF segment, which had been through a prolonged down-cycle with asset quality stress, reported a strong disbursement growth of 26/8% YoY/QoQ, with growth being broad-based. CIFC has seen demand for VF holding well in Apr'26 and expects to gain some market share in the VF segment. For FY27, management expects strong growth momentum to continue and has guided for **15-20% disbursement growth and ~18% AUM growth** in the VF segment. On fuel price sensitivity, management indicated that the HCV segment constitutes only **5-7% of CIFC's VF portfolio**, and within that, long-haul transporters, the most fuel-sensitive cohort, form a relatively smaller subset. The PV, LCV and CE segments remain fairly insulated from the risk of fuel price hikes. The company's core exposure is to small transport operators who generally tend to run shorter routes on daily freight pricing, which allows them an easier cost pass-through. This meaningfully de-risks the portfolio from fuel price volatility compared to players with heavier HCV exposure.
 - **Mortgage Business – Home Loans + LAP:** Home loan disbursements saw temporary moderation in Q4 (-4/-6% YoY/QoQ) due to **election-related administrative slowdowns, land record digitisation mismatches, and localised lean-marketing delays** in select markets, despite which **AUM growth remained healthy at 23% YoY**. Management remains **confident of delivering 12-15% disbursement growth, driving 25%+ AUM growth across mortgage businesses**, driven by branch expansion, geographic diversification beyond the Southern states, and improving productivity of recently added branches.
 - **CSEL:** The segment primarily encompasses 2 sub-segments, with one being unsecured personal loans, business loans and professional loans and the other including consumer durables, mobile lending and the D2C digital/fintech channel. CSEL is witnessing a meaningful improvement across both asset quality and growth, and management expects the momentum to sustain, albeit on a lower base. CIFC expects growth, which was stagnant, to improve through FY27 and reach ~20% by the end of FY27. Within this segment, ~70% of the BL book (of Rs 3,000-3,500 Cr) is covered under CGTMSE, with plans to increase the cover to 80-82%.
 - **Gold Loans:** The gold loan franchise is scaling up well with a focus on acquiring granular retail customers. Management indicated that the portfolio yields are holding up well ahead of peers. Currently, the per customer exposure stands at ~Rs 4-5 Lc/customer.
- **Well Positioned on Capital Adequacy:** CIFC will look to raise capital when the Tier I capital falls below 13%. Presently, CIFC remains well capitalised with CRAR/Tier I of 19.2/14.7%. Management indicated that at the current guided AUM growth rate of 20-23% AUM and a 3.5% pre-tax RoA trajectory, internal accruals should be sufficient to fund growth. However, management has left the door open for opportunistic capital raise if growth optionality demands it.

Outlook

We expect CIFC to deliver a strong AUM/NII/Earnings growth of 21/21/26% CAGR over FY26-28E. With NIMs stabilising from FY27 onwards at 8% with growth in the better-yielding segment offsetting a potential rise in CoF, we broadly maintain our NII estimates over FY27-28E. Lower credit costs should remain the key lever driving RoA improvement. With continued investments in the franchise and distribution, the operating leverage kicking in has been deferred to FY28E. We revise our earnings estimates higher by 3-6% over FY27-28E, backed by a favourable credit cost outlook. We expect CIFC to deliver a strong RoA/RoE of 2.4-2.5%/19-20% over FY27-28E.

Valuation & Recommendation

We reiterate our BUY recommendation on the stock with a target price of Rs 2,050/share, implying an upside of 25% from the CMP. We value CIFC at 3.9x FY28E BV (vs 3.4x FY28E BV currently)

Key Risks to Our Estimates and TP

- The key risk to our estimates remains a slowdown in overall credit growth, which could potentially derail our earnings estimates.
- Inability to scale up new products, along with asset quality concerns cropping up, continues to remain a risk to our earnings estimates.

Change in Estimates

Rs Cr	Revised		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
NII	16,996	20,647	16,917	20,553	0.5	0.5
PBP	12,668	15,562	12,442	15,110	1.8	3.0
Provisions	3,781	4,516	3,810	4,640	-0.8	-2.7
PAT	6,647	8,263	6,405	7,769	3.8	6.4

Source: Axis Securities Research

Results Review (Standalone)

(Rs Cr)	Q4FY26	Q4FY25	% YoY	Q3FY26	% QoQ	FY26	FY25	% YoY
Net Interest Income	3,855	3,056	26.2	3,581	7.7	13,998	11,235	24.6
Non-Interest Income	934	703	32.9	762	22.6	3,072	2,335	31.6
Operating expenses	1,805	1,427	26.5	1,699	6.3	6,574	5,339	23.1
Staff Cost	1,083	922	17.5	1,083	0.0	4,153	3,281	26.6
Pre-provision profits	2,984	2,332	28.0	2,643	12.9	10,496	8,231	27.5
Provisions and contingencies	846	625	35.4	910	-7.0	3,536	2,494	41.8
PBT	2,137	1,706	25.3	1,733	23.3	6,961	5,737	21.3
Provision for Tax	497	440	13.0	445	11.5	1,741	1,478	17.8
PAT	1,641	1,267	29.5	1,288	27.4	5,220	4,259	22.6
Business Update								
Disbursements	32,914	26,417	24.6	29,962	9.9	1,11,644	1,00,870	10.7
AUM	2,24,333	1,84,746	21.4	2,10,722	6.5	2,24,333	1,84,746	21.4
<i>Vehicle Finance</i>	1,19,558	1,01,257	18.1	1,12,937	5.9	1,19,558	1,01,257	18.1
<i>Housing Loans</i>	52,295	41,439	26.2	49,162	6.4	52,295	41,439	26.2
<i>SME LAP</i>	22,688	18,427	23.1	21,691	4.6	22,688	18,427	23.1
<i>Other New Products</i>	27,988	23,623	18.5	25,952	7.8	27,988	23,623	18.5
Yield on Advances	15.0	15.1	-10bps	14.7	30bps	14.8	14.8	0bps
Cost of Funds	6.6	7.1	-50bps	6.7	-10bps	6.8	7.1	-30bps
Spreads	8.4	8.0	40bps	8.0	40bps	8.0	7.7	30bps
NIMs %	8.4	8.0	40bps	8.0	40bps	8.0	7.7	33bps
Cost-Income ratio (%)	37.7	38.0	-27bps	39.1	-143bps	38.5	39.4	-85bps
Asset Quality								
Gross NPA (%)	4.5	4.0	57bps	4.6	-9bps	4.5	4.0	57bps
Net NPA (%)	2.9	2.6	24bps	3.1	-26bps	2.9	2.6	24bps
PCR (%)	47.3	45.3	202bps	43.0	425bps	47.3	45.3	202bps
Capital Adequacy								
CRAR	19.2	19.8	-54bps	19.2	5bps	19.2	19.8	-54bps
Tier I	14.7	14.4	33bps	14.2	52bps	14.7	14.4	33bps
Tier II	4.5	5.4	-87bps	5.0	-47bps	4.5	5.4	-87bps

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss				(Rs Cr)
Y/E March	FY25	FY26	FY27E	FY28E
Net Interest Income	11,235	13,998	16,996	20,647
Non-Interest Income	2,335	3,072	3,728	4,524
Total Income	13,570	17,071	20,723	25,171
Operating Expenses	5,339	6,574	8,056	9,609
Pre-Provision Profits	8,231	10,496	12,668	15,562
Provisions	2,494	3,536	3,781	4,516
PBT	5,737	6,961	8,887	11,046
Tax	1,478	1,741	2,239	2,784
Profit After Tax	4,259	5,220	6,647	8,263

Source: Company, Axis Securities Research

Balance Sheet				(Rs Cr)
Y/E March	FY25	FY26	FY27E	FY28E
Equity Share Capital	168	170.48	170.48	170.48
Reserves & Surplus	23,459	30,234	36,665	44,659
Net Worth	23,627	30,404	36,835	44,830
Borrowings	1,74,946	2,10,867	2,54,819	3,09,747
Other Liabilities	3,074	3,799	4,593	5,583
Total Liabilities	2,01,648	2,45,070	2,96,247	3,60,160
Cash & Bank balances	9,401	14,611	16,181	19,672
Investments	6,390	6,638	8,469	10,836
Loans	1,81,930	2,17,571	2,64,043	3,20,468
Fixed Assets & Others	3,927	6,249	7,554	9,184
Total Assets	2,01,648	2,45,070	2,96,247	3,60,160

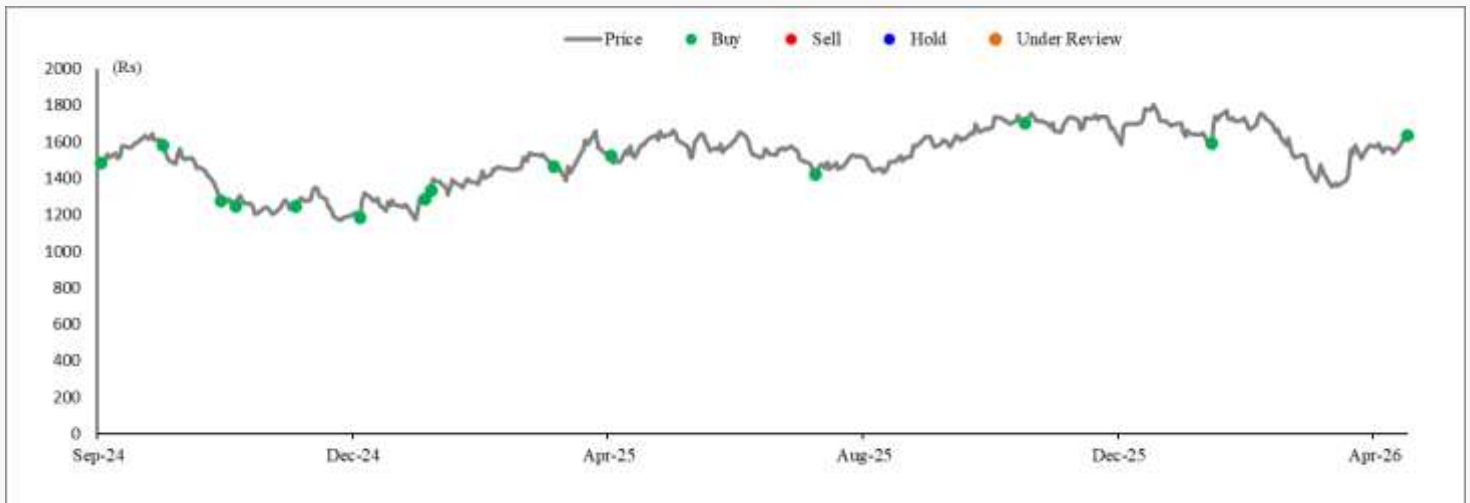
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26	FY27E	FY28E
VALUATION RATIOS				
EPS	50.6	61.2	78.0	96.9
Earnings Growth (%)	24.3	21.0	27.4	24.3
BVPS	280.9	356.7	432.1	525.9
Adj. BVPS	223.6	314.8	387.4	477.5
RoA (%)	2.4	2.3	2.4	2.5
ROAE (%)	19.7	19.1	19.6	20.1
P/E (x)	32.4	26.8	21.0	16.9
P/BV (x)	5.8	4.6	3.8	3.1
OPERATING EFFICIENCY				
NIM (%)	7.7	8.0	8.1	8.1
Cost/Avg. Asset Ratio (%)	3.0	2.9	3.0	2.9
Cost-Income Ratio (%)	39.3	38.5	38.9	38.2
BALANCE SHEET STRUCTURE RATIOS				
Loan Growth (%)	26.9	21.4	21.4	21.4
Deposits Growth (%)	30.1	20.5	20.8	21.6
Equity/Assets (%)	11.7	12.4	12.4	12.4
Equity/Loans (%)	13.0	14.0	14.0	14.0
Total Capital Adequacy Ratio (CAR)	19.8	119.8	132.0	128.7
ASSET QUALITY				
Gross NPLs (%)	4.0	4.5	4.0	3.6
Net NPLs (%)	2.6	2.9	2.5	2.3
Coverage Ratio (%)	34.6	47.3	47.5	47.6
Provision/Avg. AUM (%)	1.5	1.8	1.6	1.5
ROAA TREE (on Total Assets)				
Net Interest Income	6.3	6.3	6.3	6.3
Non-Interest Income	1.3	1.4	1.4	1.4
Operating Cost	3.0	2.9	3.0	2.9
Provisions	1.4	1.6	1.4	1.4
Tax	0.8	0.8	0.8	0.9
ROAA	2.4	2.3	2.4	2.5
Leverage (x)	8.3	8.3	8.1	8.0
ROAE	19.7	19.1	19.6	20.1

Source: Company, Axis Securities Research

Cholamandalam Inv. & Fin. Co Ltd Chart and Recommendation History



Date	Reco	TP	Research
02-Sep-24	BUY	1,710	Top Picks
01-Oct-24	BUY	1,780	Top Picks
28-Oct-24	BUY	1,675	Result Update
03-Nov-24	BUY	1,675	Top Picks
01-Dec-24	BUY	1,675	Top Picks
01-Jan-25	BUY	1,675	Top Picks
01-Feb-25	BUY	1,650	Result Update
03-Feb-25	BUY	1,650	Top Picks
01-Mar-25	BUY	1,650	Top Picks
01-Apr-25	BUY	1,780	Top Picks
28-Apr-25	BUY	1,780	Result Update
04-Aug-25	BUY	1,675	Result Update
10-Nov-25	BUY	1,880	Result Update
03-Feb-26	BUY	2,000	Result Update
05-May-26	BUY	2,050	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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