

Cholamandalam Investment and Finance Company (CIFIC IN)

Q1FY27 Result Update

July 29, 2026

☒ Estimate Change | ☐ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,950		1,950	
NII (INR. mn)	171,570	210,334	169,438	206,723
% Chng.	1.3	1.7		
PPoP (INR mn)	130,129	159,392	128,648	156,336
% Chng.	1.2	2.0		
EPS (INR)	80.0	99.8	79.9	97.7
% Chng.	0.1	2.1		

Key Data

CHLA.NS | CIFIC IN

BSE Code	511243
NSE Code	CHOLAFIN
52-W High / Low	INR 1,875 / INR 1,299
Face Value	2
Sensex / Nifty	76,766 / 23,985
Market Cap	INR 1,497 bn / \$ 15,619 mn
Shares Outstanding	854.09 mn
3M Avg. Daily Value	INR 3,164.61 mn

Shareholding Pattern (%)

Promoters	49.22
FII's	24.45
Mutual Funds	15.14
Domestic Institutions	5.48
Public & Others	5.71
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(2.6)	14.1	7.1	17.6
Relative	(2.1)	14.3	14.9	23.9

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NII (INR mn)	112,351	139,984	171,570	210,334
NIM (%)	6.9	7.0	7.0	7.0
PPoP (INR mn)	82,311	104,965	130,129	159,392
PAT (INR mn)	42,585	52,196	68,210	85,139
EPS (INR)	50.6	61.2	80.0	99.9
Gr. (%)	21.6	21.0	30.7	24.8
DPS (INR)	2.0	2.0	2.6	3.3
Yield (%)	0.1	0.1	0.1	0.2
RoAE (%)	19.7	19.3	20.3	20.8
RoAA (%)	2.4	2.3	2.5	2.6
P/BV (x)	6.2	4.9	4.0	3.3
P/ABV (x)	7.8	6.2	4.6	3.8
PE (x)	34.6	28.6	21.9	17.6
CAR (%)	19.8	19.2	19.0	19.0

Growth intact; margin and credit cost remain supportive

Quick Pointers

- Expect 23% AUM growth in FY27E with ramp-up new business loans
- NIM to remain stable with a favorable product mix
- Credit cost outlook positive

Q1 disbursements saw YoY growth of 22% led by VF and new business segments, resulting in AUM growth of 22% YoY. We expect growth momentum to sustain, supported by market share expansion in non-VF segments and build an AUM growth of 23%/ 22% for FY27E/FY28E. NIM moderated marginally in Q1; however, we expect it to be range-bound at ~7% in FY27E supported by CCD conversion, stable CoF and favorable product mix. Operating efficiencies aided improvement in opex ratio; branch expansion and productivity gains are expected to support profitability. Asset quality witnessed seasonal moderation though credit cost remained controlled at 1.5%, with further improvement expected. We remain conservative and build a credit cost of 1.6%/1.5% for FY27/FY28E. We slightly tweak our estimates given the positive outlook on growth, credit cost and opex improvement with an unchanged FY28E P/ABV multiple of 3.8x. Maintain 'Accumulate' with TP of INR1,950.

Disbursements remain healthy; expect 23% growth in FY27E: Q1 disbursements grew ~22% YoY to INR296.1bn with VF/ HL / LAP/ new business growing at 21%/ 2%/ 2%/ 55% YoY. Disbursements for mortgage, used vehicles and SBPL were impacted during the quarter due to a change in recognition methodology from cheque handover to cheque clearance. However, growth momentum is expected to recover in subsequent quarters as the one-time impact normalizes. Gold loans witnessed robust traction supported by deeper network expansion and strong customer acceptance, with the company targeting an AUM of INR50bn by FY27. The company plans to add 360 new gold loan branches and is focusing on increasing its customer base in concentrated micro-markets. Q1 AUM grew 22% YoY /4% QoQ to INR2,335.9bn with 18%-31% YoY growth across VF/ HL & LAP and new business verticals. While management highlighted a high base in H2 in disbursements, it is confident of delivering an AUM growth of ~23%. We build 23%/ 22% YoY growth for FY27/FY28E with a strong ramp-up in HL, LAP and consumer loans.

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	% Var.	Q1'26A	YoY gr. (%)
NII (INR mn)	39,473	40,368	2.3	31,838	26.8
PPoP (INR mn)	29,970	31,423	4.8	24,117	30.3
Margin (%)	7.1	7.3	19 bps	6.9	40 bps
PAT (INR mn)	15,863	16,536	4.2	11,359	45.6

Source: Company, PL

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NIM resilient; opex improves: NII grew 27% YoY/5% QoQ to INR40.4bn driven by healthy loan growth. Reported yield declined sequentially to 14.9% (-10bps QoQ), while CoF increased by ~10bps QoQ to 6.7%. Consequently, reported NIM moderated by ~20bps QoQ to 8.2%. Commentary indicated the possibility of a repo-rate hike in H2FY27, resulting in ~10bps increase in FY27E CoF. However, the conversion of CCDs amounting to INR 2bn in Jul'26 and INR4.3bn in Oct'26 and a favorable product mix will likely offset the impact. We expect NIM (calc.) to be largely stable at 7.0% for FY27E. Cost-to-income ratio improved to 36.3% (vs. 37.6% YoY) aided by operating efficiencies. The company plans to add ~360 new gold loan branches and unlock another ~125 branches in FY27, supporting expansion across geographies. We build 10-30 bps improvement in C/I ratio over FY27/FY28E.

Expect credit cost at 1.6% in FY27E: Asset quality moderated in Q1 with GS3/NS3 at 3.29%/ 1.81% vs. 3.05%/ 1.63% in Q4 due to seasonality. CIFC maintains PCR of ~46%, while total provisions stood at ~2% of gross advances. Reported credit cost for the quarter stood at 1.5% (vs. 1.6% QoQ/ 1.8% YoY), in-line with management guidance. The company is not seeing any asset quality stress from the ongoing West Asia crisis and El-Nino impact. The GNPA in VF portfolio marginally increased by ~20bps QoQ to 4.05% (compared to 45bps in Q1FY26) reflecting continued improvement in asset quality amid a challenging macro environment. The CSEL portfolio also witnessed steady improvement across delinquency buckets supported by tighter underwriting standards. Management remains confident of further moderation in credit costs over FY27. We build a credit cost of 1.6%/1.5% in FY27/ FY28E.

Exhibit 1: Quarterly estimates

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27E	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
NII	4,037	26.8	4,096	21.2	4,369	22.0	4,655	20.8
PPoP	3,142	30.3	3,074	25.1	3,290	24.5	3,506	17.5
NIM (%)	7.3	40 bps	7.1	-1 bps	7.1	-7 bps	7.1	-19 bps
PAT	1,654	45.6	1,593	37.8	1,730	34.3	1,845	12.4

Source: Company, PL

Exhibit 2: Q1FY27 Result Overview (INR mn)

Y/e March	Q1FY27	Q1FY26	YoY gr. (%)	Q1FY27E	% Var	Q4FY26	QoQ gr. (%)	FY27E	FY26	YoY gr. (%)
NII	40,368	31,838	26.8	39,473	2.3	38,551	4.7	171,570	139,984	22.6
NIM (%) (calc.)	7.3	6.9	40bps	7.1	19bps	7.3	-1bps	7.0	7.0	3bps
Other Income	8,930	6,807	31.2	9,259	(3.6)	9,340	(4.4)	39,706	30,722	29.2
Net Revenue	49,298	38,645	27.6	48,732	1.2	47,892	2.9	211,276	170,706	23.8
Opex	17,875	14,528	23.0	18,762	(4.7)	18,054	(1.0)	81,147	65,742	23.4
PPOP	31,423	24,117	30.3	29,970	4.8	29,838	5.3	130,129	104,965	24.0
Provisions	9,219	8,821	4.5	8,819	4.5	8,464	8.9	39,025	35,358	10.4
PBT	22,205	15,296	45.2	21,151	5.0	21,374	3.9	91,103	69,607	30.9
Tax	5,669	3,937	44.0	5,288	7.2	4,967	14.1	22,894	17,411	31.5
ETR (%)	25.5	25.7		25.0		23.2		25.1	25.0	
PAT	16,536	11,359	45.6	15,863	4.2	16,407	0.8	68,210	52,196	30.7
Business Metrics										
AUM	2,335,860	1,921,480	21.6	2,322,393	0.6	2,243,340	4.1	2,753,910	2,243,340	22.8
Borrowings	2,202,470	1,813,040	21.5	2,167,567	1.6	2,108,666	4.4	2,570,316	2,108,666	21.9
Asset Quality Metrics										
GNPA (%)	3.29	3.16	-13bps	NA	NA	3.05	-24bps	3.10	3.05	-5bps
NNPA (%)	1.81	1.80	-1bps	NA	NA	1.63	-18bps	1.80	1.61	-19bps
PCR (%)	45.7	43.7	201bps	NA	NA	47.3	-156bps	45.0	47.3	-229bps

Source: Company, PL

Exhibit 3: Change in Estimates

(INR mn)	Revised Estimate		Earlier Estimate		% Revision	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net interest income	171,570	210,334	169,438	206,723	1.3%	1.7%
Operating profit	130,129	159,392	128,648	156,336	1.2%	2.0%
Profit after tax	68,210	85,139	68,140	83,361	0.1%	2.1%
ABVPS (INR)	397	484	396	481	0.3%	0.6%

Source: PL

Q1FY27 Conference Call Highlights
Growth

- Management indicated no adverse growth impact across segments from geopolitical stress so far.
- Auto OEM volumes grew 19%, supporting healthy momentum in the vehicle finance business.
- Mortgage, used vehicle and SBPL disbursements were marginally lower due to a change in recognition methodology from cheque handover date to cheque clearance date.
- Disbursement growth could be challenging in H2 due to a higher base, but non-vehicle finance market-share gains are expected to support overall growth
- FY27 AUM growth guidance remains unchanged at 23%.
- The gold loan business is seeing strong traction, aided by customer acceptance and network expansion.
- Management targets gold portfolio of INR50bn AUM in FY27.
- Commentary highlighted AUM per branch stood at INR120-150 mn.
- Management indicated ~90% of customers are new to company, while 20–25% are new to gold loans.
- Company has a total of 75,882 employees, 1,820 branches and ~51.6mn customers across geographies.

Operating profitability

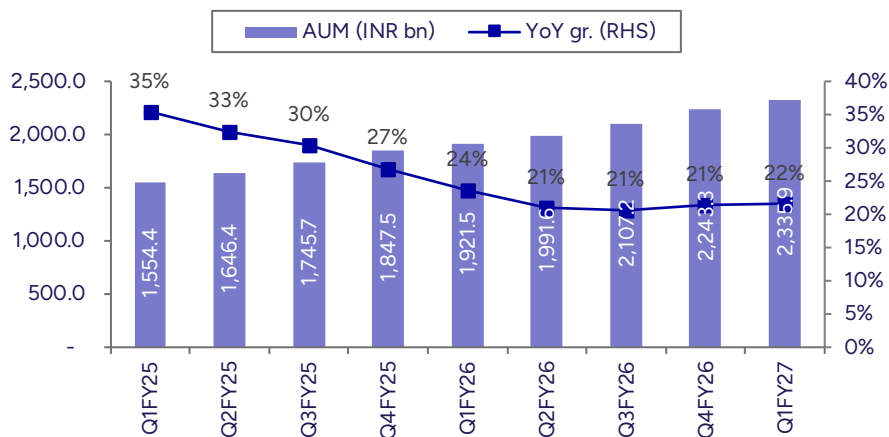
- NIM is expected to remain stable in FY27, aided by CCD conversion, controlled cost of funds and better yields from an improving product mix.
- Management expects a rate hike in H2, with a likely 10 bps increase in CoF.
- Gold loan yields are in the range of 16–17%, in-line with peers.
- CSEL, SBPL, LAP and affordable housing are generating an RoA above the company average.
- Company plans to add 360 gold loan branches in FY27 and expect them to become profitable next year.
- Company's PBT – ROTA improved to 3.7% in Q1FY27 from 3.1% YoY

Asset quality

- Management is not seeing product-specific stress across the portfolio.

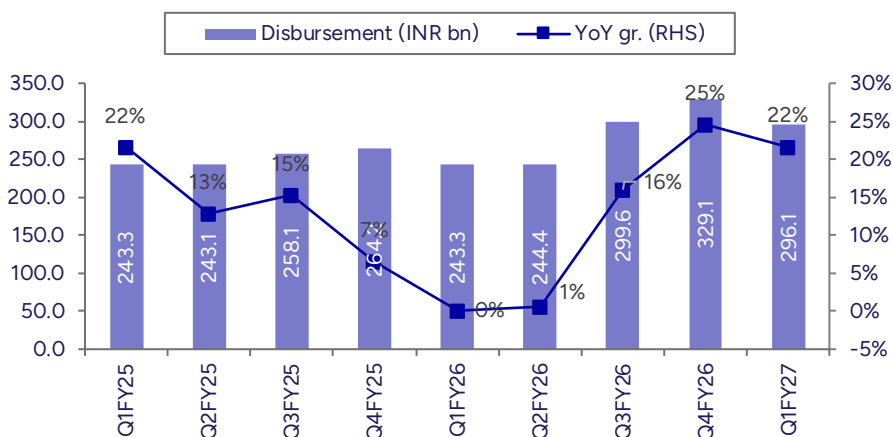
- Vehicle finance GNPA rose to 4.05% in June 2026 from 3.84% in March 2026; the increase was lower than the 45bps rise seen during the same period last year.
- CSEL asset quality buckets have improved over recent months following tighter underwriting norms.
- Gross Stage 3% in Q1FY27 across VF/ LAP/ HL/ CSEL/ SME/ SBPL/ Gold stood at 4.0%/ 2.6%/ 1.6%/ 1.6%/ 3.8%/ 4.7%/ 0.1% respectively.

Exhibit 4: AUM registered a growth of ~22% to INR2,335.9bn



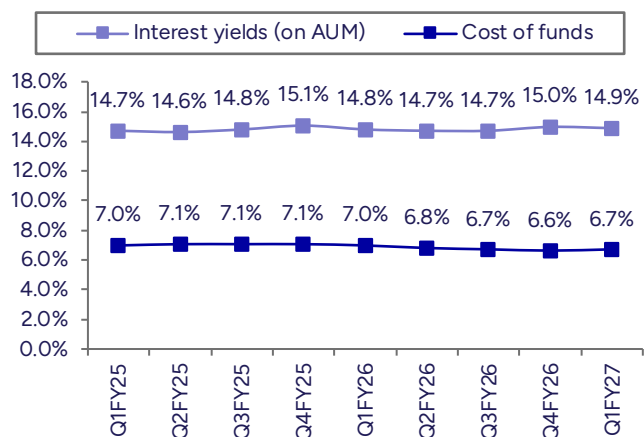
Source: Company, PL

Exhibit 5: Disbursement growth was healthy at 22% amounting INR296.1bn in Q1



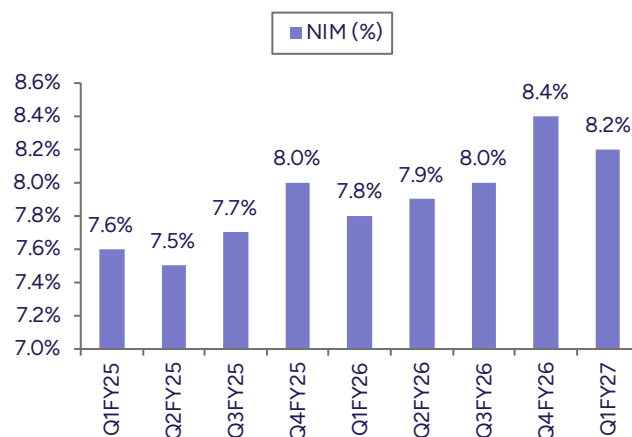
Source: Company, PL

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



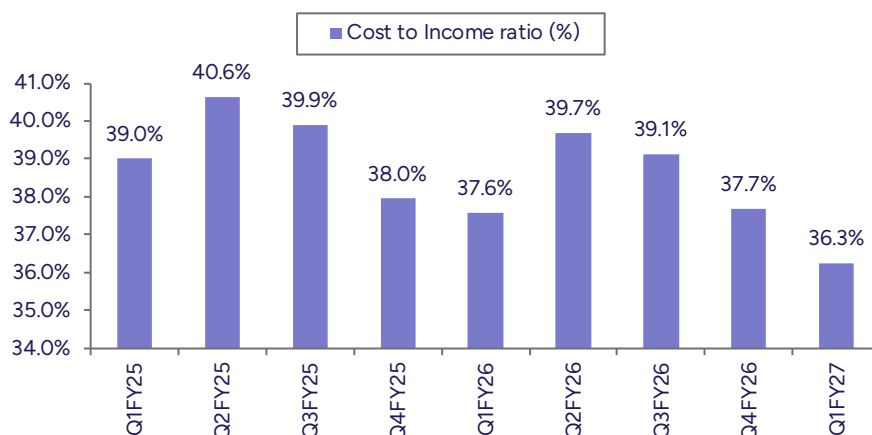
Source: Company, PL

Exhibit 7: ...resulting in decline in reported NIM by ~20bps



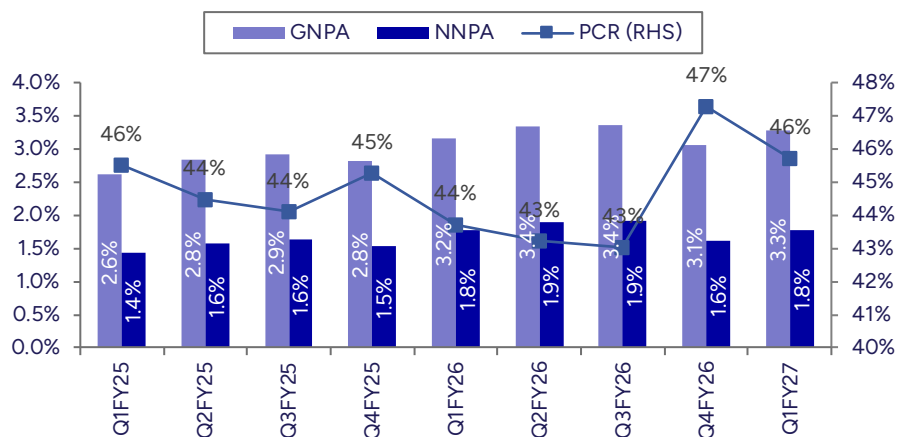
Source: Company, PL

Exhibit 8: Opex ratio sees improvement QoQ



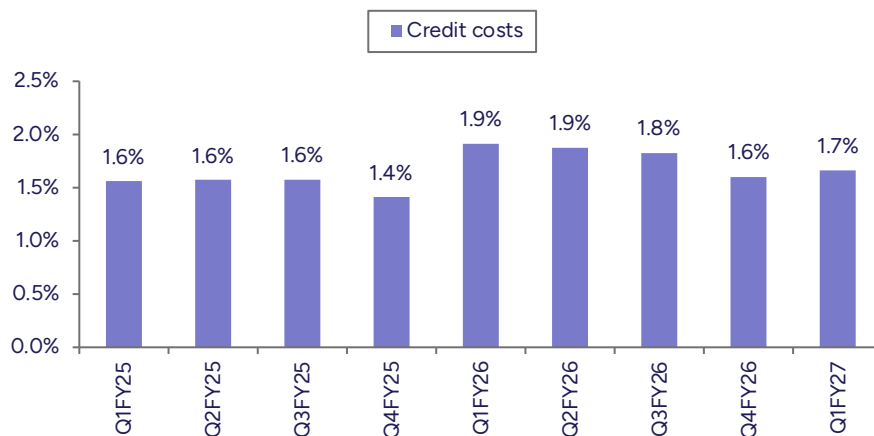
Source: Company, PL

Exhibit 9: Headline asset quality weakens sequentially to 3.29%/1.81%



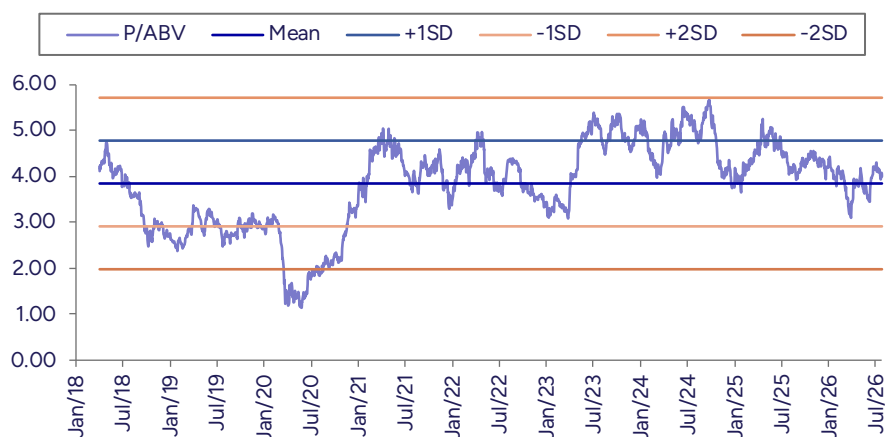
Source: Company, PL

Exhibit 10: Credit cost (calc.) saw an uptick in Q1 to 1.66%



Source: Company, PL

Exhibit 11: One-year forward P/ABV of CIFC trades at 4.0x



Source: Company, PL

Quarterly Financials

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Income statement (INR mn)								
Interest earned	57,680	61,587	64,180	66,501	68,942	72,238	76,046	80,399
Interest expended	30,551	32,718	33,623	34,663	35,155	36,430	37,494	40,031
Net interest income	27,128	28,869	30,557	31,838	33,787	35,808	38,551	40,368
Other income	5,248	6,537	7,027	6,807	6,959	7,616	9,340	8,930
Total income	62,928	68,124	71,207	73,308	75,901	79,854	85,386	89,330
Operating expenses	13,155	14,130	14,269	14,528	16,169	16,991	18,054	17,875
Employees	7,947	8,807	9,218	9,243	10,632	10,827	10,826	11,398
Others	5,209	5,324	5,051	5,285	5,537	6,165	7,227	6,477
Operating profit	19,221	21,276	23,315	24,117	24,578	26,432	29,838	31,423
Provisions	6,235	6,640	6,253	8,821	8,970	9,103	8,464	9,219
Profit before tax	12,986	14,636	17,062	15,296	15,608	17,329	21,374	22,205
Tax	3,355	3,771	4,395	3,937	4,054	4,452	4,967	5,669
Profit after tax	9,631	10,865	12,667	11,359	11,553	12,877	16,407	16,536
Balance sheet (INR mn)								
AUM	1,646,420	1,745,670	1,847,460	1,921,480	1,991,590	2,107,220	2,243,340	2,335,860
<i>AUM growth (%)</i>	<i>32.5</i>	<i>30.5</i>	<i>26.9</i>	<i>23.6</i>	<i>21.0</i>	<i>20.7</i>	<i>21.4</i>	<i>21.6</i>
Disbursements	243,140	258,060	264,170	243,250	244,420	299,620	329,130	296,120
<i>Disbursal growth (%)</i>	<i>12.9</i>	<i>15.3</i>	<i>6.6</i>	<i>-</i>	<i>0.5</i>	<i>16.1</i>	<i>24.6</i>	<i>21.7</i>
Borrowings	1,577,940	1,670,760	1,749,461	1,813,040	1,875,148	1,978,100	2,108,666	2,202,470
<i>Borrowings growth (%)</i>	<i>32.1</i>	<i>35.7</i>	<i>30.1</i>	<i>20.9</i>	<i>18.8</i>	<i>18.4</i>	<i>20.5</i>	<i>21.5</i>
Debt / Equity (x)	7.4	7.4	7.4	7.3	7.2	7.2	6.9	6.9
Assets / Equity (x)	8.5	8.5	8.5	8.5	8.4	8.3	8.1	8.0
Capital ratios (%)								
Total CAR	19.5	19.8	19.8	20.0	20.0	19.2	19.2	19.8
Tier-1	15.0	14.9	14.4	14.3	14.6	14.2	14.7	14.8
Tier-2	4.5	4.8	5.3	5.7	5.4	5.0	4.5	5.0
Profitability ratios (%)								
Yield on AUM	14.5	14.6	14.5	14.4	14.4	14.5	14.4	14.5
Cost of funds	7.9	8.1	7.9	7.8	7.6	7.6	7.3	7.4
NIM	6.8	6.9	6.9	6.9	7.1	7.2	7.3	7.3
Spread	6.6	6.6	6.6	6.6	6.8	6.9	7.1	7.1
Cost / Income	40.6	39.9	38.0	37.6	39.7	39.1	37.7	36.3
Opex / AUM	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
RoA	2.2	2.3	2.6	2.2	2.2	2.3	2.8	2.6
RoE	18.5	19.8	22.0	18.7	18.2	19.2	22.3	21.1
Asset quality ratios (%)								
GNPA	2.8	2.9	2.8	3.2	3.4	3.4	3.1	3.3
NNPA	1.6	1.6	1.5	1.8	1.9	1.9	1.6	1.8
Provision coverage	44.5	45.0	45.3	43.7	43.2	43.0	47.3	45.7
Credit costs	1.6	1.6	1.4	1.9	1.9	1.8	1.6	1.7

Source: Company, PL

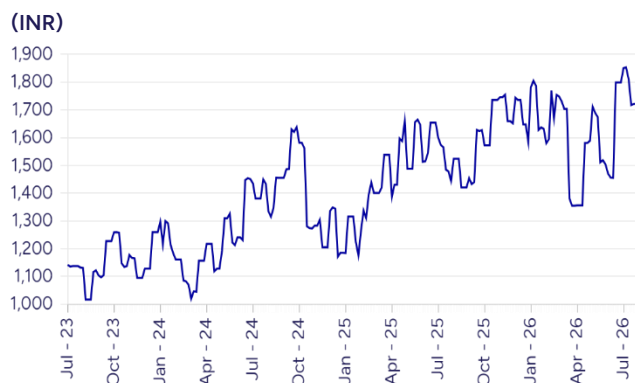
Financials

Y/e Mar	FY25	FY26	FY27E	FY28E
Profit & Loss (INR mn)				
Interest income	237,200	283,726	345,305	420,750
Interest expense	124,849	143,742	173,735	210,416
NII	112,351	139,984	171,570	210,334
Other income	23,348	30,722	39,706	47,745
Total income	260,548	314,448	385,011	468,495
Operating expenses	53,388	65,742	81,147	98,687
Employee	32,805	41,528	55,688	69,081
Others	20,583	24,214	25,459	29,606
PPOP	82,311	104,965	130,129	159,392
Provisions	24,943	35,358	39,025	45,873
PBT	57,369	69,607	91,103	113,519
Tax	14,783	17,411	22,894	28,380
PAT	42,585	52,196	68,210	85,139
Growth ratios (%)				
AUM	26.9	21.4	22.8	21.7
Borrowings	30.1	20.5	21.9	21.2
NII	34.0	24.6	22.6	22.6
Opex	30.8	23.1	23.4	21.6
PPoP	39.4	27.5	24.0	22.5
Provisions	88.7	41.8	10.4	17.5
PAT	24.4	22.6	30.7	24.8
Profitability ratios (%)				
Yield on AUM	14.5	14.2	14.2	14.1
Cost of funds	8.1	7.5	7.4	7.4
NIM	6.9	7.0	7.0	7.0
Spread	6.5	6.8	6.7	6.7
Other Income/Assets	1.3	1.4	1.5	1.4
Cost/Income	39.3	38.5	38.4	38.2
Opex/Assets	3.0	2.9	3.0	3.0
Tax Rate	25.8	25.0	25.1	25.0
RoA	2.4	2.3	2.5	2.6
RoE	19.7	19.3	20.3	20.8
DuPont analysis (%)				
Interest income	13.2	12.7	12.7	12.7
Interest expense	7.0	6.4	6.4	6.4
NII	6.3	6.3	6.3	6.4
Other income	1.3	1.4	1.5	1.4
Total income	7.6	7.6	7.8	7.8
Operating expenses	3.0	2.9	3.0	3.0
Employee	1.8	1.9	2.0	2.1
Others	1.1	1.1	0.9	0.9
PPOP	4.6	4.7	4.8	4.8
Provisions	1.4	1.6	1.4	1.4
PBT	3.2	3.1	3.4	3.4
Tax	0.8	0.8	0.8	0.9
PAT	2.4	2.3	2.5	2.6

Source: Company, PL

Y/e Mar	FY25	FY26	FY27E	FY28E
Balance sheet (INR mn)				
Cash & Bank	94,007	146,114	80,965	98,574
Loans	1,819,299	2,175,712	2,698,832	3,285,789
Investments	63,904	66,381	94,459	115,003
Fixed Assets	17,827	18,953	20,462	21,293
Other Assets	21,439	43,539	90,959	98,595
Total Assets	2,016,476	2,450,699	2,985,676	3,619,252
Borrowings	1,749,461	2,108,666	2,570,316	3,114,492
Other Liabilities & Provisions	30,741	37,993	46,266	56,061
Total Liabilities	1,780,202	2,146,658	2,616,582	3,170,553
Share capital	1,683	1,705	1,705	1,705
Other equity	234,592	302,335	367,390	446,995
Total equity	236,274	304,040	369,095	448,700
Total Liabilities & Equity	2,016,476	2,450,699	2,985,676	3,619,252
Balance Sheet ratios (%)				
Debt/Equity	7.4	6.9	7.0	6.9
Assets/Equity	8.5	8.1	8.1	8.1
Cash/Borrowings	0.4	0.5	0.2	0.2
CRAR	19.8	20.0	19.0	19.0
Asset quality (%)				
GNPA (INR mn)	52,130	67,670	85,371	100,585
NNPA (INR mn)	48,132	62,619	46,954	55,322
GNPA	2.8	3.1	3.1	3.0
NNPA	1.5	1.6	1.8	1.8
PCR	45.3	47.3	45.0	45.0
Credit Cost	1.5	1.8	1.6	1.5
Per share (Rs)				
EPS	50.6	61.2	80.0	99.9
BVPS	280.9	356.7	433.0	526.4
ABVPS	223.6	283.2	377.9	461.5
Valuation (x)				
P/E	34.6	28.6	21.9	17.6
P/ABV	7.8	6.2	4.6	3.8
P/BV	6.2	4.9	4.0	3.3

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Jul-26	Accumulate	1950	1850
2	04-May-26	Buy	1950	1640
3	09-Apr-26	BUY	1800	1554
4	02-Feb-26	BUY	1850	1594
5	08-Jan-26	Accumulate	1850	1787
6	02-Jan-26	Accumulate	1850	1724
7	07-Nov-25	Hold	1725	1704
8	07-Oct-25	Hold	1550	1632
9	01-Aug-25	Hold	1500	1423
10	08-Jul-25	Hold	1575	1514

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	Accumulate	1675	1522
2	Bajaj Finance	Accumulate	1100	1029
3	BSE	BUY	4850	3803
4	Can Fin Homes	BUY	1075	857
5	Cholamandalam Investment and Finance Company	Accumulate	1950	1850
6	HDFC Life Insurance Company	BUY	765	569
7	Home First Finance Company India	Accumulate	1325	1198
8	ICICI Prudential Life Insurance Company	BUY	715	525
9	LIC Housing Finance	HOLD	575	549
10	Mahindra & Mahindra Financial Services	Accumulate	380	350
11	Max Financial Services	BUY	2035	1597
12	SBI Life Insurance Company	BUY	2200	1859
13	Shriram Finance	BUY	1250	1005
14	Sundaram Finance	Accumulate	4900	4608

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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