

November 7, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,725		1,550	
NII (Rs.)	1,71,454	2,06,051	1,71,630	2,06,556
% Chng.	(0.1)	(0.2)		
PPoP (Rs.)	1,25,231	1,51,304	1,25,353	1,51,673
% Chng.	(0.1)	(0.2)		
EPS (Rs.)	81.1	101.3	82.7	100.4
% Chng.	(1.9)	0.9		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Int.Inc. (Rs m)	1,12,293	1,41,710	1,71,454	2,06,051
Growth (%)	34.0	26.2	21.0	20.2
Op. Profit (Rs m)	82,311	1,04,831	1,25,231	1,51,304
PAT (Rs m)	42,585	53,657	66,721	83,319
EPS (Rs.)	51.8	65.2	81.1	101.3
Gr. (%)	24.4	26.0	24.3	24.9
DPS (Rs.)	3.4	4.2	5.3	6.6
Yield (%)	0.2	0.2	0.3	0.4
Margin (%)	6.8	6.9	6.9	6.9
RoAE (%)	19.7	20.5	20.9	21.4
RoAA (%)	2.4	2.4	2.5	2.6
PE (x)	32.9	26.1	21.0	16.8
P/BV (x)	6.1	5.0	4.1	3.4
P/ABV (x)	7.6	5.8	4.7	3.8

Key Data

CHLA.NS | CIFC IN

52-W High / Low	Rs.1,782 / Rs.1,168
Sensex / Nifty	83,216 / 25,492
Market Cap	Rs.1,434bn/ \$ 16,169m
Shares Outstanding	841m
3M Avg. Daily Value	Rs.2335.52m

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	4.4	8.2	32.8
Relative	2.8	5.0	26.9

Shreya Khandelwal

shreyakhandelwal@plindia.com | 91-22-66322538

Dhanik Hegde

dhanikhegde@plindia.com |

Growth to pick up in H2; credit cost elevated

Quick Pointers:

- Flat disbursement growth due to a slowdown in VF, HL and CSEL; seeing an uptick in Oct-25 volumes
- Asset quality deteriorates; expect credit cost to trend at 1.6% in FY26E

Q2 disbursements remained flat YoY due to a slowdown across segments. Lower capacity utilization and excess rain in the quarter led to sluggish growth; however, company is seeing green-shoots in Oct-25 driven by the benefit of GST cuts/ festive season. Factoring in the same, we retain our AUM growth estimate of 22%/ 21% in FY26/ FY27E. We expect NIM to improve supported by a lower CoF; opex to remain elevated as the company is in expansion mode (gold loans). Asset quality trends weakened in the quarter while credit cost stood elevated at 1.8%. While company saw higher stress in the CSEL portfolio, it expects a moderation in H2. We revise our credit cost assumptions for FY26/FY27E and slightly increase our Sep-27 ABV multiple to 3.8x (vs. 3.5x earlier) to arrive at a TP of Rs 1,725. Maintain HOLD as the stock price captures all the positives.

- Q2 disbursements flat; seeing improvement in Oct-25:** 2QFY26 disbursements stood flat YoY at Rs 244.4bn with VF/Home Loans/LAP/New Business growing at 10%/ -7%/ 8%/ -22% YoY. Company is seeing strong traction in PV/ 2W in Oct-25 supported by positive GST reform and a strong festive season and expects the trend to continue. While commentary indicated lower capacity utilization in MHCV/ CE on account of excess rain, it is seeing a pick-up in LCV/ Small CV volumes. HL disbursements were down 7% YoY due to registration/ e-katha issues in certain markets (Karnataka); however Oct-25 is seeing positive volumes. New business disbursements saw a decline due to a conscious slowdown in CSEL/ fintech-lending with partners while company continues to ramp-up in gold loans. Q2 AUM grew 21% YoY /4% QoQ to Rs 1,991.6bn; however company is guiding for a higher run-rate in H2. We build an AUM growth of 22%/ 21% in FY26/FY27E anticipating a pick-up in the VF/ HL and LAP portfolio.
- NIM improves; expect CoF to reduce further:** NII grew by 24% YoY/6% QoQ. While yield moderated by 10 bps QoQ to 14.7%, it was offset by a lower CoF at 6.8% (down 20 bps QoQ). Consequently, reported NIM improved by 10 bps QoQ to 7.9%. Company expects margins to improve by ~10-15 bps in H2FY26, factoring a pass-through from MCLR-linked loans. Opex costs remain elevated (Opex/ AUM ratio at 3.3%) as the company is undertaking continuous expansion in new verticals (gold loans). We expect NIM to see an improvement (+16 bps) in FY26E aided by a lower CoF. Moreover, high opex spend in new businesses is likely to be offset by an improvement in productivity.

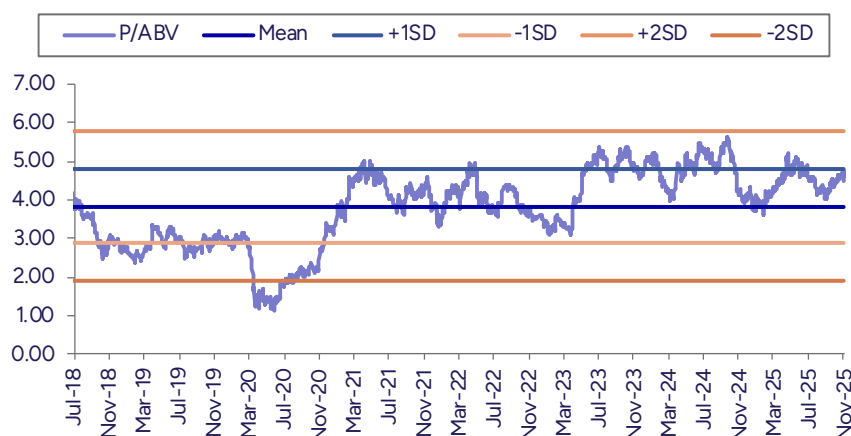
- **Asset quality trend weakens; stress peaking in CSEL:** Asset quality trend deteriorated in the quarter with GS3/NS3 at 3.35%/ 1.90% vs. 3.16%/ 1.78% in 1QFY26. Company maintains a PCR of 43.2%, while total provisions stood at 2.04% of gross advances. While company saw higher delinquency in the CSEL portfolio (fintech-partners), it expects credit costs to moderate in H2 as the partnership book has started to run-down and company has curtailed disbursements in the portfolio. Credit cost stood elevated at 1.8% in 2Q and we expect it to trend at ~1.6%/ 1.5% for FY26/ FY27E.

Exhibit 1: Q2FY26 Result Overview (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
NII	33,787	27,128	24.5	33,282	1.5	31,838	6.1	65,625	52,867	24.1
Spread (%) (calc)	7.1	6.8	25bps	6.9	17bps	6.9	19bps	7.0	6.9	12bps
Other income	6,959	5,248	32.6	7,306	(4.7)	6,807	2.2	13,766	9,843	39.9
Net Revenue	40,746	32,376	25.9	40,587	0.4	38,645	5.4	79,392	62,709	26.6
Opex	16,169	13,155	22.9	16,032	0.9	14,528	11.3	30,697	24,989	22.8
PPOP	24,578	19,221	27.9	24,555	0.1	24,117	1.9	48,695	37,720	29.1
Provisions	8,970	6,235	43.9	8,637	3.9	8,821	1.7	17,791	12,050	47.7
PBT	15,608	12,986	20.2	15,919	(2.0)	15,296	2.0	30,904	25,671	20.4
Tax	4,054	3,355	20.8	3,980	1.9	3,937	3.0	7,992	6,618	20.8
ETR (%)	26.0	25.8		25.0		25.7		25.9	25.8	
PAT	11,553	9,631	20.0	11,939	(3.2)	11,359	1.7	22,912	19,053	20.3
Business Metrics										
AUM	1,991,590	1,646,420	21.0	2,014,393	(1.1)	1,921,480	3.6	1,991,590	1,646,420	21.0
Borrowings	1,875,148	1,577,940	18.8	1,880,100	(0.3)	1,813,040	3.4	1,875,148	1,577,940	18.8
Asset Quality Metrics										
GNPA (%)	3.35	2.83	-52bps	NA	NA	3.16	-19bps	3.35	2.83	-52bps
NNPA (%)	1.90	1.57	-33bps	NA	NA	1.78	-12bps	1.90	1.57	-33bps
PCR (%)	43.2	44.5	-126bps	NA	NA	43.7	-49bps	43.2	44.5	-126bps

Source: Company, PL

Exhibit 2: One-year forward P/ABV of CIFC trades at 4.5x



Source: Company, PL

Exhibit 3: Change in estimates

	Revised Estimates			Earlier Estimates			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Interest income (Rs mn)	141,710	171,454	206,051	138,234	171,630	206,556	2.5%	-0.1%	-0.2%
Operating Profit (Rs mn)	104,831	125,231	151,304	103,018	125,353	151,673	1.8%	-0.1%	-0.2%
Profit after tax (Rs mn)	53,657	66,721	83,319	54,022	68,035	82,551	-0.7%	-1.9%	0.9%
ABV (Rs)	312	380	467	313	383	468	-0.3%	-0.9%	-0.2%

Source: PL

Q2FY26 Concall Highlights

Growth

- AUM mix as on 2QFY26 in terms of VF/LAP/Home Loans/New Business stood at 54%/23%/10%/13%
- AUM growth of 20% is expected to be sustained through FY26 with a target credit growth of 20–25% for FY27
- Management commentary highlighted disbursement growth were impacted by festival season-related delays in property registrations causing a spillover into Q3 and by a temporary pause in spending around the GST transition as customers awaited implementation to avail tax benefits
- Extended monsoon affected credit growth due to lower capacity utilization in the VF and CE segments; utilization is expected to improve in H2 and peak from December onwards. Company expects a pick up in LCV and Small CV volumes from October-25
- SBPL book is demonstrating strong growth with expectations of exceeding 30% over the long term

Operating profitability

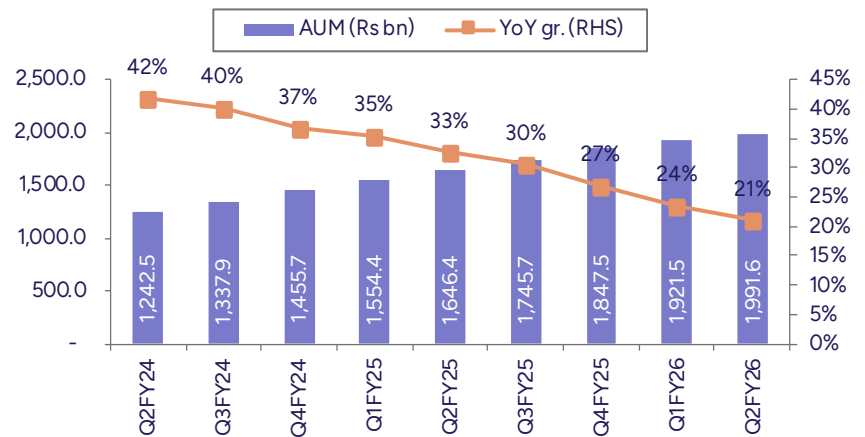
- HL and LAP segments saw PLR revision of 15 bps during the quarter
- CCD conversion of Rs 3,000mn was completed in October and would result in a marginal improvement in CoF in Q3
- NIM is expected to improve by 10-15 bps in H2 reflecting anticipated changes in funding costs and loan yields

Asset quality

- Management expects CSEL Stage 3 book to moderate, with tightening underwriting for over-leveraged customers remaining key to maintaining asset quality
- Write-offs during the quarter increased to Rs 6,390mn vs. Rs 5,140mn in 1QFY26
- Credit cost is anticipated at 1.6% in the medium term with H2 performance expected to drive improvement

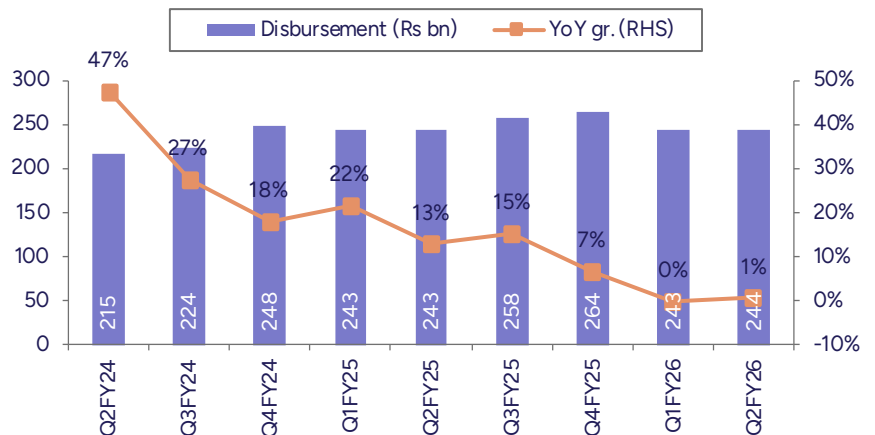
- Higher delinquencies were seen in the CSEL portfolio but credit costs are expected to moderate in H2 as the book runs down
- The segment-wise GS3 ratio for VF/ LAP/ HL/ CSEL/ SME/ SBPL stood at 4.11%/ 2.40%/ 1.85%/ 2.40%/ 3.08%/ 4.29% vs. 3.89%/ 2.26%/ 1.68%/ 2.29%/ 2.87%/ 3.36% as on 1QFY26

Exhibit 4: AUM has seen a growth of 21%



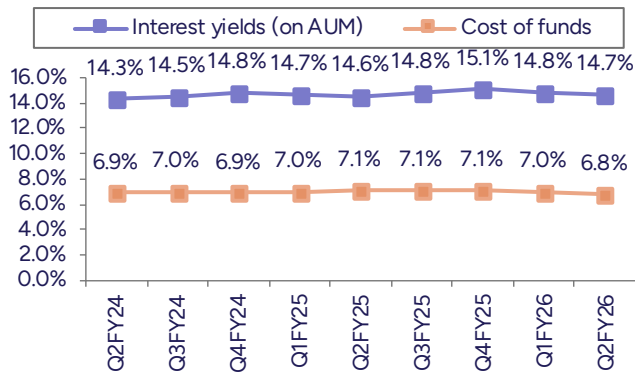
Source: Company, PL

Exhibit 5: Disbursement growth has remained flat YoY



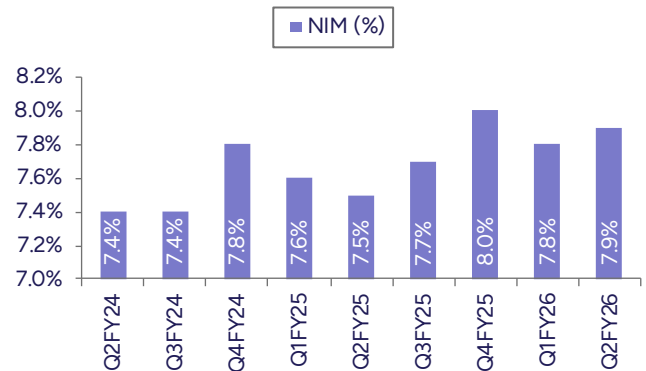
Source: Company, PL

Exhibit 6: While yield declined by 10 bps QoQ, CoF improved by 20 bps ...



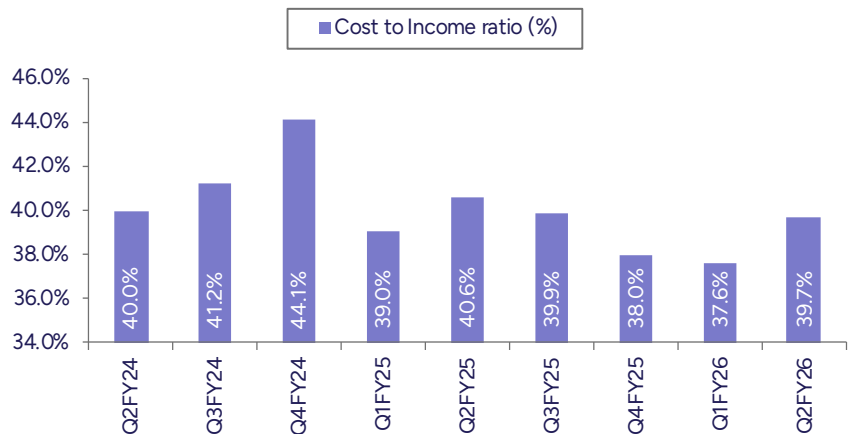
Source: Company, PL

Exhibit 7: ...resulting in expansion of reported NIM by ~10 bps



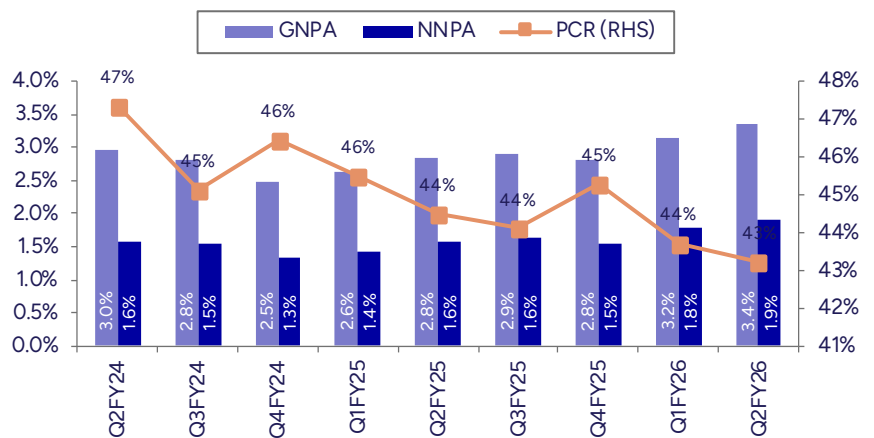
Source: Company, PL

Exhibit 8: Opex continues to remain elevated



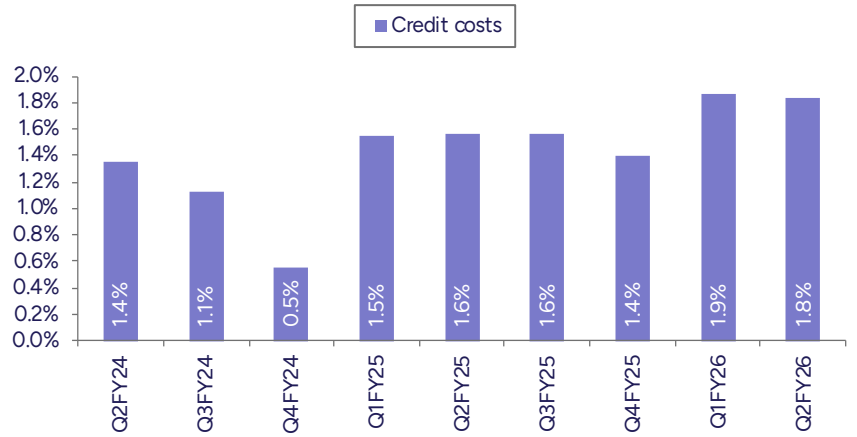
Source: Company, PL

Exhibit 9: Headline asset quality trend deteriorated in the quarter



Source: Company, PL

Exhibit 10: Credit cost (%) remained elevated at 1.8%



Source: Company, PL



Income Statement (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Inc. / Opt. Inc.	2,37,142	2,85,627	3,43,385	4,10,169
Interest Expenses	1,24,849	1,43,916	1,71,931	2,04,118
Net interest income	1,12,293	1,41,710	1,71,454	2,06,051
Growth(%)	34.0	26.2	21.0	20.2
Non-interest income	23,406	30,468	32,566	39,138
Growth(%)	46.0	30.2	6.9	20.2
Net operating income	1,35,699	1,72,178	2,04,020	2,45,190
Expenditures				
Employees	32,805	45,530	55,153	65,720
Other Expenses	20,583	21,817	23,637	28,166
Depreciation	-	-	-	-
Operating Expenses	53,388	67,347	78,789	93,886
PPP	82,311	1,04,831	1,25,231	1,51,304
Growth(%)	39.4	27.4	19.5	20.8
Provisions	24,943	32,934	36,269	40,211
Profit Before Tax	57,368	71,897	88,961	1,11,093
Tax	14,783	18,240	22,240	27,773
Effective Tax rate(%)	25.8	25.4	25.0	25.0
PAT	42,585	53,657	66,721	83,319
Growth(%)	24.4	26.0	24.3	24.9

Balance Sheet (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Source of funds				
Equity	1,683	1,683	1,683	1,683
Reserves and Surplus	2,34,592	2,85,710	3,48,094	4,25,998
Networth	2,36,274	2,87,393	3,49,777	4,27,680
Growth (%)	20.8	21.6	21.7	22.3
Loan funds	17,49,461	20,98,530	25,36,599	30,38,124
Growth (%)	30.1	20.0	20.9	19.8
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	30,741	37,774	45,659	54,686
Total Liabilities	20,16,476	24,23,697	29,32,035	35,20,491
Application of funds				
Net fixed assets	17,827	19,628	20,425	21,254
Advances	18,19,299	22,03,457	26,63,429	32,05,221
Growth (%)	26.0	21.1	20.9	20.3
Investments	63,904	77,121	93,220	1,12,183
Current Assets	94,007	66,104	79,903	96,157
Net current assets	94,007	66,104	79,903	96,157
Other Assets	21,439	57,387	75,058	85,676
Total Assets	20,16,476	24,23,697	29,32,035	35,20,491
Growth (%)	28.9	20.2	21.0	20.1
Business Mix				
AUM	18,47,460	22,48,425	27,17,785	32,70,634
Growth (%)	26.9	21.7	20.9	20.3
On Balance Sheet	15,83,060	19,26,641	23,28,828	28,02,556
% of AUM	85.69	85.69	85.69	85.69
Off Balance Sheet	2,64,400	3,21,784	3,88,957	4,68,078
% of AUM	14.31	14.31	14.31	14.31

Profitability & Capital (%)

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	6.8	6.9	6.9	6.9
ROAA	2.4	2.4	2.5	2.6
ROAE	19.7	20.5	20.9	21.4

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Int. Inc. / Operating Inc.	61,587	64,180	66,501	68,942
Income from securitization	-	-	-	-
Interest Expenses	32,718	33,623	34,663	35,155
Net Interest Income	28,869	30,557	31,838	33,787
Growth (%)	33.0	29.8	23.7	24.5
Non-Interest Income	6,537	7,027	6,807	6,959
Net Operating Income	35,406	37,584	38,645	40,746
Growth (%)	37.2	29.0	27.4	25.9
Operating expenditure	14,130	14,269	14,528	16,169
PPP	21,276	23,315	24,117	24,578
Growth (%)	-	-	-	-
Provision	6,640	6,253	8,821	8,970
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	14,636	17,062	15,296	15,608
Tax	3,771	4,395	3,937	4,054
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.8	25.8	25.7	26.0
PAT	10,865	12,667	11,359	11,553
Growth	24	20	21	20
AUM	17,45,670	18,47,460	19,21,480	19,91,590
YoY growth (%)	30.5	26.9	23.6	21.0
Borrowing	16,70,760	17,49,461	18,13,040	18,75,148
YoY growth (%)	35.7	30.1	20.9	18.8

Key Ratios

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	1,704	1,704	1,704	1,704
EPS (Rs)	51.8	65.2	81.1	101.3
Book value (Rs)	280.9	341.6	415.8	508.4
Adj. BV(Rs)	223.1	295.3	360.7	444.2
P/E(x)	32.9	26.1	21.0	16.8
P/BV(x)	6.1	5.0	4.1	3.4
P/ABV(x)	7.6	5.8	4.7	3.8
DPS (Rs)	3.4	4.2	5.3	6.6
Dividend Payout Ratio(%)	-	-	-	-
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	84,251	98,119
Net NPA(Rs m)	48,589	38,954	46,338	53,965
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

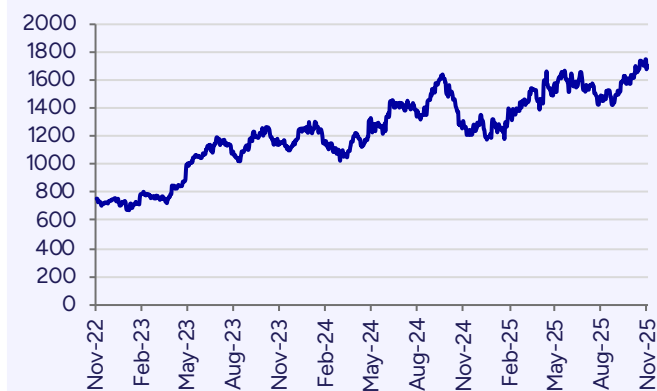
Du-Pont as a % of AUM

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	6.3	6.4	6.4	6.4
NII INCI. Securitization	6.3	6.4	6.4	6.4
Total income	7.6	7.8	7.6	7.6
Operating Expenses	3.0	3.0	2.9	2.9
PPOP	4.6	4.7	4.7	4.7
Total Provisions	1.4	1.5	1.4	1.2
RoAA	2.4	2.4	2.5	2.6
Avg. Assets/Avg. net worth	8.3	8.5	8.4	8.3
RoAE	19.7	20.5	20.9	21.4

Source: Company Data, PL Research



Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	1,550	1,632
2	01-Aug-25	Hold	1,500	1,423
3	08-Jul-25	Hold	1,575	1,514
4	29-Apr-25	Hold	1,575	1,526

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Hold	950	1,017
2	Cholamandalam Investment and Finance Company	Hold	1,550	1,632
3	HDFC Life Insurance Company	BUY	900	761
4	ICICI Prudential Life Insurance Company	BUY	710	597
5	Mahindra & Mahindra Financial Services	Hold	300	300
6	Max Financial Services	BUY	1,850	1,604
7	SBI Life Insurance Company	Hold	1,950	1,903
8	Shriram Finance	BUY	875	749
9	Sundaram Finance	Hold	5,000	4,691

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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