

April 29, 2025

Q4FY25 Result Update

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Int.Inc. (Rs m)	83,831	1,12,293	1,41,377	1,77,024
Growth (%)	32.4	34.0	25.9	25.2
Op. Profit (Rs m)	59,039	82,311	1,04,482	1,29,580
PAT (Rs m)	34,228	42,585	57,129	71,710
EPS (Rs.)	41.6	51.8	69.5	87.2
Gr. (%)	28.4	24.4	34.2	25.5
DPS (Rs.)	2.7	3.4	4.6	6.0
Yield (%)	0.2	0.2	0.3	0.4
Margin (%)	6.7	6.8	6.8	6.8
RoAE (%)	20.2	19.7	21.7	22.2
RoAA (%)	2.5	2.4	2.5	2.6
PE (x)	36.7	29.5	22.0	17.5
P/BV (x)	6.6	5.4	4.4	3.6
P/ABV (x)	7.9	6.8	5.0	4.1

Key Data

CHLA.NS | CIFC IN

52-W High / Low	Rs.1,683 / Rs.1,161
Sensex / Nifty	80,218 / 24,329
Market Cap	Rs.1,283bn/ \$ 15,089m
Shares Outstanding	841m
3M Avg. Daily Value	Rs.3049.53m

Shareholding Pattern (%)

Promoter's	49.92
Foreign	28.23
Domestic Institution	15.49
Public & Others	6.36
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.4	19.2	30.2
Relative	(3.1)	18.9	19.7

Shreya Khandelwal

shreyakhandelwal@plindia.com | 91-22-66322538

Q4 disbursements lacklustre; NIM expands

Quick Pointers:

- Soft disbursement growth due to a slowdown in VF & new business verticals
- NIM expanded by 30 bps QoQ driven by an improvement in yields

Q4 disbursements saw a tepid growth of 6.6% YoY due to a slowdown in Vehicle Finance/ new business verticals. We build a growth of ~25% in FY26E. We expect NIM to improve supported by high-yielding new business verticals and lower CoF; expect opex to be elevated as the company is in expansion mode (gold loans). Asset quality trends saw a sequential improvement and company has guided for an improvement in credit cost by ~10 bps in FY26E. We value CIFC with a multiple of 3.8x Mar-27 ABV (in line with 5-year trend) to arrive at a TP of Rs1,575. Assume coverage with a HOLD rating as the stock price captures all the positives.

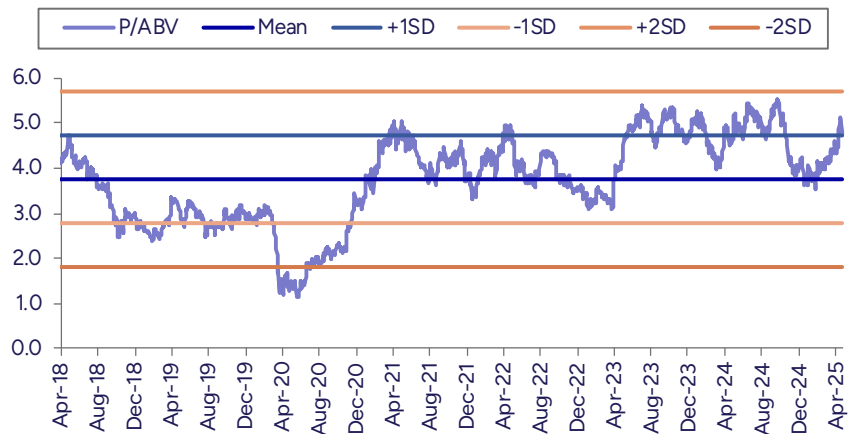
- Q4 disbursements soft; expect ~25% growth in FY26:** 4QFY25 disbursements showed lukewarm growth (+6.6% YoY) with VF/Home Loans/LAP/New Business growing at 11.3%/ 13.5%/ 29.6%/ -23.0% YoY. Within VF, company highlighted a slowdown in the CV portfolio due to lower capacity utilization in HCV/ LCV and Small CV; however, it expects an improvement in FY26 with positive monsoons/ pick-up in infrastructure spending. Commentary also highlighted a conscious slowdown in new business verticals (supply chain financing and fintech-lending) on account of higher stress in these segments. While Q4 AUM growth stood strong at 26.9% YoY /5.8% QoQ to Rs 1,847.46 bn, company is guiding for growth to sustain at ~20-25% levels over the medium-term. Home Loan and LAP continue to be key growth drivers (+37.5%/ 61.0% YoY) and management is targeting strong disbursement growth in these portfolios over the next 2-3 years, driven by geographical expansion. We build an AUM growth of 25%/ 24% in FY26/FY27E.
- NIM expands to 8%; continue to invest in franchise:** NII grew by 29.8% YoY/5.8% QoQ. While CoF remained flat QoQ at 7.1%, reported NIM expanded by 30 bps QoQ to 8.0% driven by a strong improvement in yields. Moreover, company is seeing the benefit of a lower CoF as ~20% of its borrowings are linked to Repo-rate/ T-Bills. It expects margins to improve by ~10 bps in FY26, aided by a lower CoF. Opex costs remain elevated (Opex/ AUM ratio at 3.0%) as the company is undertaking continuous expansion in new verticals (gold loans). We expect NIM trajectory to see a gradual improvement, supported by expansion in new business verticals and lower CoF. Moreover, high opex spend in new businesses is likely to be offset by an improvement in productivity.
- Asset quality outlook positive:** Asset quality trend improved in the quarter with GS3/NS3 at 2.81%/ 1.54% vs. 2.91%/ 1.63% in 3QFY25. Company maintains a PCR of 45.3%, while total provisions stood at 1.84% of gross advances. Commentary indicated higher stress in the CSEL portfolio (fintech-lending) and expects credit costs to improve in the segment as the partnership book has started to run-down. It also expects an improvement in credit cost in the SME business with reversals from SARFAESI/ property auctions in FY26. Moreover, it expects lower delinquencies in the VF portfolio, resulting in lower credit costs in FY26. Credit cost stood at 1.4% in 4Q and company expects it to improve to ~1.3% in FY26E. We build a similar run-rate.

Exhibit 1: Q4FY25 Result Overview (Rs mn)

Particulars (Rsmn)	4Q24	3Q25	4Q25	YoY gr.	QoQ gr.
NII	23,548	28,869	30,557	29.8%	5.8%
YoY (%)	33.4	33.0	29.8		
Other Income	5,580	6,537	7,027	25.9%	7.5%
Net Revenue	29,127	35,406	37,584	29.0%	6.2%
Opex	12,850	14,130	14,269	11.0%	1.0%
PPOP	16,278	21,276	23,315	43.2%	9.6%
YoY (%)	27.9	40.4	43.2		
Provisions	1,908	6,640	6,253	227.7%	-5.8%
PBT	14,369	14,636	17,062	18.7%	16.6%
Tax	3,788	3,771	4,395	16.0%	16.6%
ETR (%)	26.4	25.8	25.8		
PAT	10,581	10,865	12,667	19.7%	16.6%
YoY (%)	24.1	24.0	19.7		
Business Metrics					
AUM (Rs bn)	1,456	1,746	1,847	26.9%	5.8%
YoY (%)	36.7	30.5	26.9		
Borrowings (Rs bn)	1,345	1,671	1,749	30.1%	4.7%
YoY (%)	38.1	35.7	30.1		
Asset Quality Metrics					
GNPA (%)	2.48	2.91	2.81	33 bps	-10 bps
NNPA (%)	1.33	1.63	1.54	21 bps	-9 bps
PCR (%)	46.5	44.1	45.3	-118 bps	117 bps

Source: Company, PL

Exhibit 2: One-year forward P/ABV of CIFC trades at 4.7x



Source: Company, PL

Q4FY25 Concall Highlights

Growth

- 4QFY25 disbursement growth was soft (6.6% YoY at Rs 264.17 bn) due to a slowdown in vehicle finance and new business verticals.
- However, AUM growth remained strong (+26.9% YoY) to Rs1,847.46 bn driven by the VF/ HL and LAP segments.
- AUM mix as on 4QFY25 in terms of VF/LAP/Home Loans/New Business stood at 55%/26%/10%/9%.
- Within VF, the AUM break-up was largely stable, with high yield/medium yield/low yield book at 44%/43%/13%.
- Company is launching gold / consumer durable loans and has opened ~120 branches in the south and eastern region in Q1FY26.
- Company expects ~20% growth in the vehicle finance portfolio and ~30% growth in the non-VF portfolio. It has guided for overall AUM growth of 20% -25% over the medium-term.

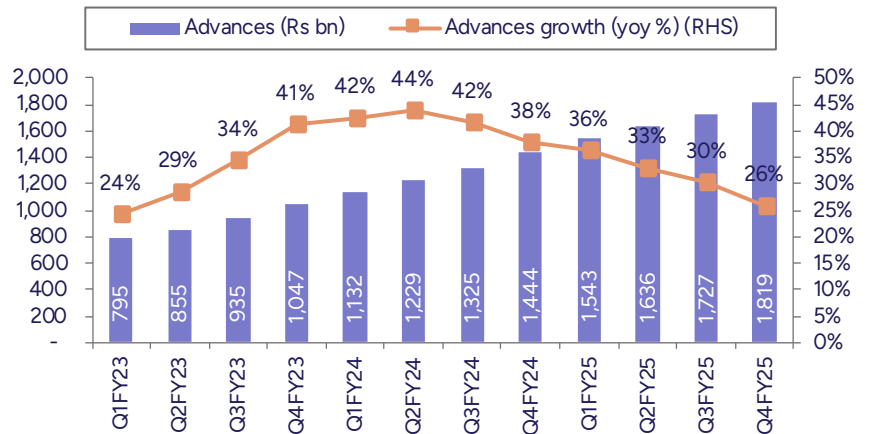
Operating profitability

- Company is seeing the benefit of a lower CoF as 20% of its total borrowings are linked to Repo-rate/ T Bills. It expects a ~10-15 bps reduction in CoF in FY26.
- Company expects NIM to improve by 10 bps in FY26 aided by lower CoF.
- It expects opex to AUM ratio to trend at ~3% with an improvement in productivity offset by higher investment in gold loan branches/ manpower.

Asset quality

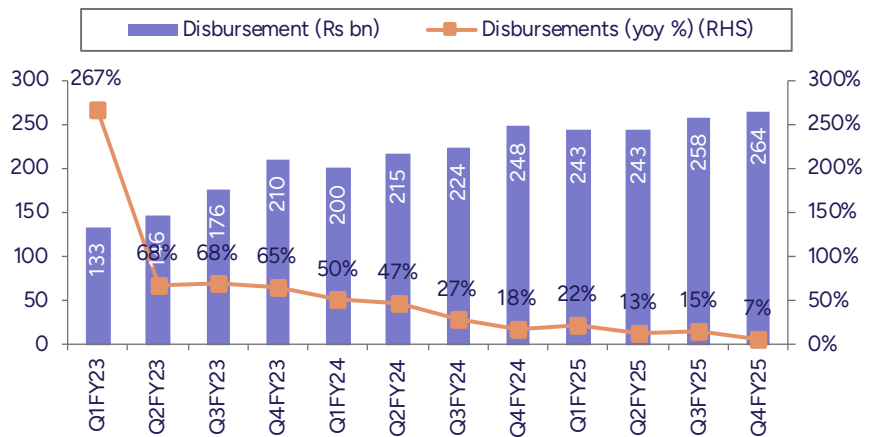
- Headline asset quality improved in the quarter with GS3/NS3 at 2.81%/ 1.54% vs. 2.91%/ 1.63% in 3QFY25.
- The segment-wise GS3 ratio for VF/LAP/Home Loan/CSEL/SME/SBPL stood at 3.52%/ 2.02%/ 1.32%/ 2.06%/ 2.36%/ 2.59% vs. 3.67%/2.27%/1.22%/1.83%/2.25%/1.85% as on 3QFY25.
- Company maintains a PCR on GS3 at 45.3%, while total provisions stood at 1.84% of gross advances.
- Commentary indicated an improvement in credit cost to ~1.3% in FY26 driven by (1) positive monsoon/ better capacity utilization in vehicle finance (~10 bps); (2) ~5 bps improvement in CSEL/ SME/ fintech lending as the partnership book runs down and (3) SARFAESI resolution in the HL/ LAP portfolio.

Exhibit 3: While advances have seen a strong growth in Q4...



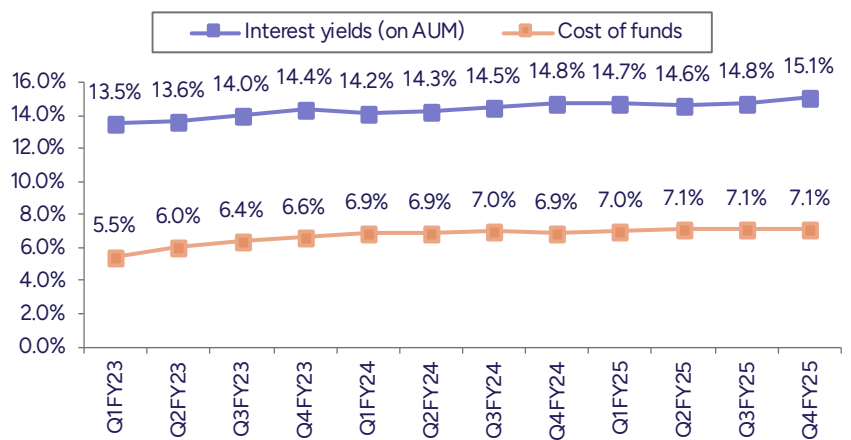
Source: Company, PL

Exhibit 4: ...disbursements have remained lukewarm (+6.6% YoY)



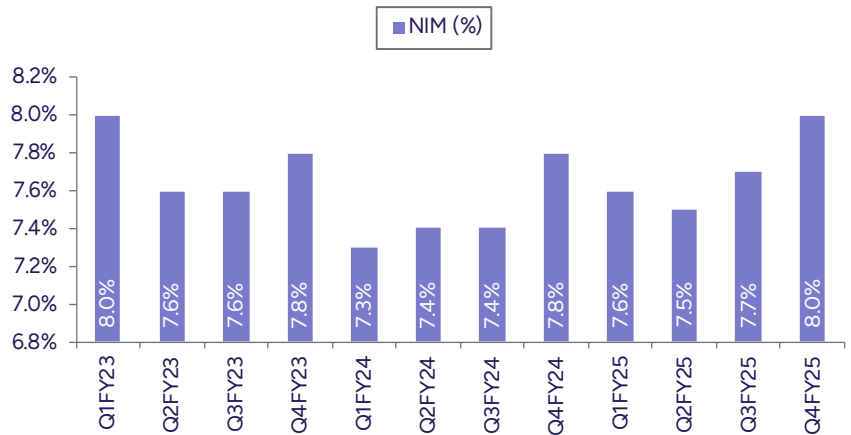
Source: Company, PL

Exhibit 5: Yield has improved by 30 bps QoQ; CoF has remained flat



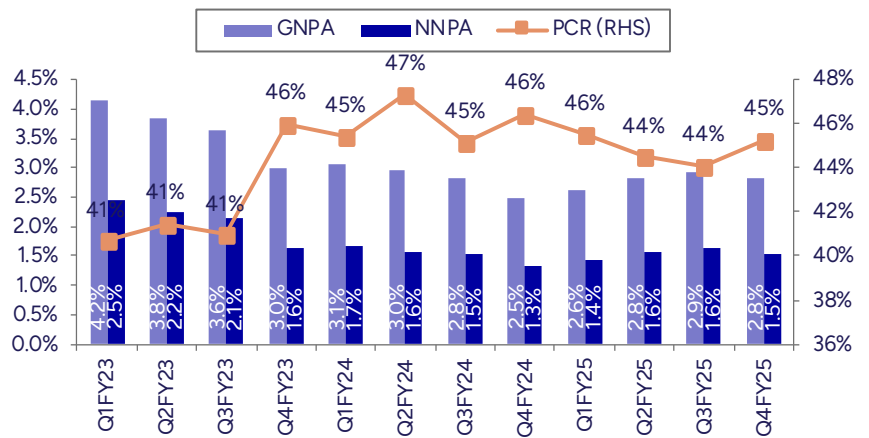
Source: Company, PL

Exhibit 6: Consequently, NIM has seen a sequential improvement to ~8%



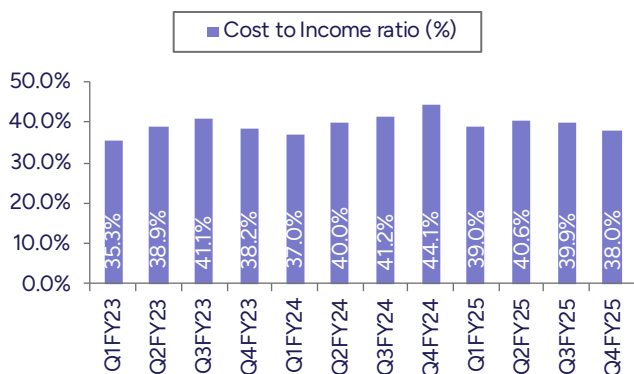
Source: Company, PL

Exhibit 7: Headline asset quality trend has improved



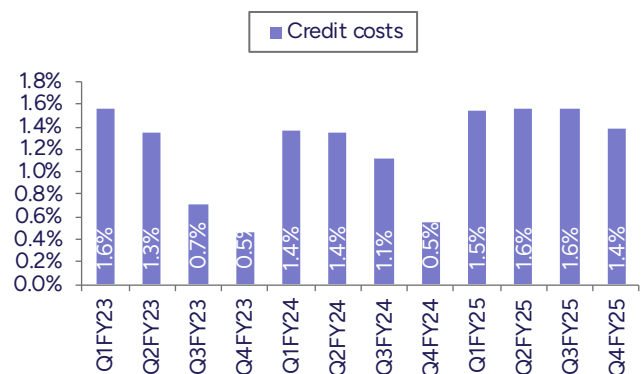
Source: Company, PL

Exhibit 8: Cost to income ratio (%) remains elevated



Source: Company, PL

Exhibit 9: Credit cost (%) is starting to moderate



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Int. Inc. / Opt. Inc.	1,76,137	2,37,142	2,92,004	3,58,460
Interest Expenses	92,306	1,24,849	1,50,626	1,81,436
Net interest income	83,831	1,12,293	1,41,377	1,77,024
Growth(%)	32.4	34.0	25.9	25.2
Non-interest income	16,026	23,406	30,227	33,617
Growth(%)	78.9	46.0	29.1	11.2
Net operating income	99,857	1,35,699	1,71,604	2,10,641
Expenditures				
Employees	23,306	32,805	46,985	56,743
Other Expenses	17,512	20,583	20,137	24,319
Depreciation	-	-	-	-
Operating Expenses	40,818	53,388	67,122	81,062
PPP	59,039	82,311	1,04,482	1,29,580
Growth(%)	32.7	39.4	26.9	24.0
Provisions	13,218	24,943	28,310	33,966
Profit Before Tax	45,821	57,368	76,172	95,613
Tax	11,593	14,783	19,043	23,903
Effective Tax rate(%)	25.3	25.8	25.0	25.0
PAT	34,228	42,585	57,129	71,710
Growth(%)	28.4	24.4	34.2	25.5

Balance Sheet (Rs. m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Source of funds				
Equity	1,681	1,683	1,683	1,683
Reserves and Surplus	1,93,885	2,34,592	2,88,007	3,55,056
Networth	1,95,565	2,36,274	2,89,689	3,56,738
Growth (%)	36.8	20.8	22.6	23.1
Loan funds	13,44,736	17,49,461	21,44,581	26,25,068
Growth (%)	38.1	30.1	22.6	22.4
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	24,207	30,741	38,602	47,251
Total Liabilities	15,64,508	20,16,476	24,72,873	30,29,058
Application of funds				
Net fixed assets	15,695	17,827	18,551	19,304
Advances	14,44,243	18,19,299	22,51,810	27,56,322
Growth (%)	37.9	26.0	23.8	22.4
Investments	41,002	63,904	63,051	77,177
Current Assets	43,202	94,007	67,554	82,690
Net current assets	43,202	94,007	67,554	82,690
Other Assets	20,366	21,439	71,907	93,565
Total Assets	15,64,508	20,16,476	24,72,873	30,29,058
Growth (%)	37.8	28.9	22.6	22.5
Business Mix				
AUM	14,55,720	18,47,460	23,16,793	28,73,368
Growth (%)	36.7	26.9	25.4	24.0
On Balance Sheet	12,65,400	15,83,060	19,85,224	24,62,145
% of AUM	86.93	85.69	85.69	85.69
Off Balance Sheet	1,90,320	2,64,400	3,31,569	4,11,223
% of AUM	13.07	14.31	14.31	14.31

Profitability & Capital (%)

Y/e Mar	FY24	FY25	FY26E	FY27E
NIM	6.7	6.8	6.8	6.8
ROAA	2.5	2.4	2.5	2.6
ROAE	20.2	19.7	21.7	22.2

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Int. Inc. / Operating Inc.	53,695	57,680	61,587	64,180
Income from securitization	-	-	-	-
Interest Expenses	27,957	30,551	32,718	33,623
Net Interest Income	25,738	27,128	28,869	30,557
Growth (%)	39.7	34.6	33.0	29.8
Non-Interest Income	4,595	5,248	6,537	7,027
Net Operating Income	30,333	32,376	35,406	37,584
Growth (%)	42.6	36.8	37.2	29.0
Operating expenditure	11,834	13,155	14,130	14,269
PPP	18,499	19,221	21,276	23,315
Growth (%)	-	-	-	-
Provision	5,814	6,235	6,640	6,253
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	12,685	12,986	14,636	17,062
Tax	3,263	3,355	3,771	4,395
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.7	25.8	25.8	25.8
PAT	9,422	9,631	10,865	12,667
Growth	30	26	24	20
AUM	15,54,420	16,46,420	17,45,670	18,47,460
YoY growth (%)	35.4	32.5	30.5	26.9
Borrowing	14,99,020	15,77,940	16,70,760	17,49,461
YoY growth (%)	38.6	32.1	35.7	30.1

Key Ratios

Y/e Mar	FY24	FY25	FY26E	FY27E
CMP (Rs)	1,526	1,526	1,526	1,526
EPS (Rs)	41.6	51.8	69.5	87.2
Book value (Rs)	232.7	280.9	344.4	424.1
Adj. BV(Rs)	192.6	223.1	303.5	375.2
P/E(x)	36.7	29.5	22.0	17.5
P/BV(x)	6.6	5.4	4.4	3.6
P/ABV(x)	7.9	6.8	5.0	4.1
DPS (Rs)	2.7	3.4	4.6	6.0
Dividend Payout Ratio(%)	-	-	-	-
Dividend Yield(%)	0.2	0.2	0.3	0.4

Asset Quality

Y/e Mar	FY24	FY25	FY26E	FY27E
Gross NPAs(Rs m)	36,450	52,130	62,553	74,708
Net NPA(Rs m)	33,736	48,589	34,404	41,089
Gross NPAs to Gross Adv.(%)	2.5	2.8	2.7	2.6
Net NPAs to net Adv.(%)	1.3	1.5	1.6	1.7
NPA coverage(%)	46.4	45.3	45.0	45.0

Du-Pont as a % of AUM

Y/e Mar	FY24	FY25	FY26E	FY27E
NII	6.2	6.3	6.3	6.4
NII INCI. Securitization	6.2	6.3	6.3	6.4
Total income	7.4	7.6	7.6	7.7
Operating Expenses	3.0	3.0	3.0	2.9
PPOP	4.4	4.6	4.7	4.7
Total Provisions	1.0	1.4	1.3	1.2
RoAA	2.5	2.4	2.5	2.6
Avg. Assets/Avg. net worth	8.0	8.3	8.5	8.5
RoAE	20.2	19.7	21.7	22.2

Source: Company Data, PL Research



Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
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Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Shriram Finance	Hold	685	655

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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