

## Cholamandalam (CIFC) - ADD

### Result Update

Current Market Price (CMP)

**Rs. 1234**

Target Price

**Rs. 1500**

### Rationale:

- Chola's Q2FY25 overall performance was broadly in line.
- Weakness in the horizon, does not change the core thesis though.
- Multi-product model helps deliver stable RoAs.
- Profitability drops across segments.
- We cut estimates, retain ADD with a revised FV of Rs1,500.

### Q2FY25 Earnings Update:

#### **Positives:**

- Chola's PAT was up 26% yoy on the back of 35% NII growth.
- Co. reported strong 33% yoy AUM growth despite moderate 13% yoy growth in disbursements.
- NIM likely to remain stable.

#### **Negatives:**

- Faster growth in new segments led to elevated cost-to-AAUM ratio of 3.3% (up 10-20 bps yoy and qoq).
- Credit quality was a tad weak, reflected by 20 bps qoq rise in credit costs.
- New businesses reported sharp 63% yoy and 9% qoq rise in gross stage-3 loan.

(AUM – Asset Under Management, NII – Net Interest Income)

**Click here** For detailed report dated 28th October 2024. Note: CMP & valuation may differ due to difference in dates.



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