

Research Report

Cholamandalam Investment and Finance Company Limited

Prepared By:
Abhishek Shelar
Equity Research Analyst



About

Cholamandalam Financial Holdings Limited, an investment company, provides financial services in India. It operates through Financial Services, and Insurance and Allied Services segments. The company provides vehicle finance, loan against property, home, and small and medium-sized enterprise loans, as well as secured, business and personal, and consumer and small enterprise loans; and general insurance services.

Business segments

Cholamandalam Investment & Finance Company Ltd (Chola FIN) as presented in its 2024–25 Annual Report (FY ending March 31, 2025), with figures from the FY25 disclosures:

Revenue Mix H1FY25

- Vehicle Finance: 60–63%
- LAP: 20–22%
- Home Loans: 5–10%
- CSEL: 7–8%
- SME Loans: 4–5%
- SBPL: <1%

Synopsis of Financials

Chola Q4FY25: Strong Growth, Stable Asset Quality

- PAT up 20% YoY to ₹1,267 cr; AUM grew 30% YoY to ₹1.99 lakh cr. GNPA improved to 2.8%, ROE at 22.2%.

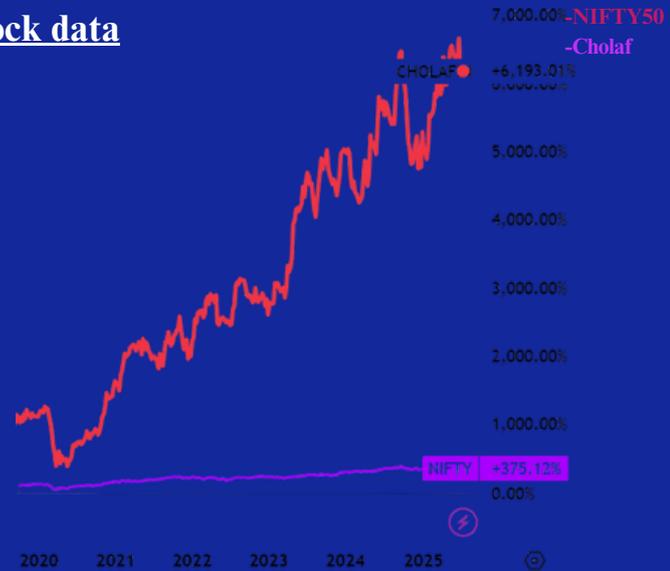
EPS Upgraded on Strong Outlook

- FY26/27 EPS raised by 3%/5%. Chola offers high growth, solid ROE, and improving asset quality backed by a strong capital base.

Stock data (as 14th July 2025)

Nifty Price	: 25,060.65
52 week High (in Rs.)	: 1,683.65
52 week Low (in Rs.)	: 1,167.60
Market Cap. (in Crore)	: 1,29,587.59
NSE Code	: INE121A01024

Stock data



Shareholding Pattern (March 2025)



Financial Summary

Particulars	Mar-23	Mar-24	Mar-25
Revenue -	12,884	19,163	25,846
Sales Growth %	26.97%	48.73%	34.87%
Interest	5,748	9,231	12,495
Expenses +	3,621	5,385	7,672
Financing Profit	3,515	4,548	5,680
EPS in Rs	32.42	40.72	50.69
Dividend Payout %	6%	5%	4%

Quarterly Results

Particular	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Revenue -	4,623	5,007	5,410	5,812	6,255	6,733	7,046
Sales Growth %	53.23%	49.20%	44.61%	41.77%	35.32%	34.46%	30.23%
Interest	2,204	2,441	2,579	2,796	3,059	3,275	3,365
Expenses +	1,391	1,412	1,417	1,727	1,897	2,038	2,010
Financing Profit	1,028	1,155	1,414	1,289	1,300	1,420	1,671
Financing Margin %	22%	23%	26%	22%	21%	21%	24%
Other Income +	73	47	105	45	68	105	92
Depreciation	39	46	75	59	63	59	64
Profit before tax	1,062	1,156	1,444	1,275	1,305	1,466	1,699
Tax %	27%	25%	26%	26%	26%	26%	26%
Net Profit +	773	872	1,065	947	968	1,088	1,260

Source: Screener

Key Ratios

	March 31, 2024	March 31, 2023	Variance	Reasons
Current ratio (in times) (Current assets / Current liabilities)	1.13	0.95	18.85%	
Debt equity ratio (in times) [Total debt / equity]	0.30	0.42	(28.20%)	Due to repayment of existing debts during the year
Debt service coverage ratio (in times) # [(Profit after tax + interest expense + depreciation & amortisation expense + exceptional items + loss/(gain) on sale of fixed assets) / (Gross interest + lease payment + repayment of non-current borrowings excluding pre-payments)]	1.98	1.59	24.03%	
Return on equity (ROE) (Net Profits after taxes - Preference Dividend (if any)/ Average Shareholder's Equity)	11.52%	5.51%	109.08%	Lower expenses and higher profitability led to increase in return on equity.
Inventory turnover (in times) # [Revenue from operations / Average inventory]	7.63	7.30	4.49%	

Source: Annual Report

Yearly Results

Particulars	Mar-23	Mar-24	Mar-25
Equity Capital	164	168	168
Reserves	14,182	19,425	23,500
Borrowings	97,358	1,34,475	1,75,036
Other Liabilities	1,923	2,618	3,182
Total Liabilities	1,13,627	1,56,686	2,01,887
Fixed Assets	403	1,563	1,787
CWIP	60	13	4
Investments	3,562	4,036	6,367
Other Assets	1,09,602	1,51,075	1,93,729
Total Assets	1,13,627	1,56,686	2,01,887

Synopsis Quarter Results

Concall Notes - May-2025: Key Highlights

Financial Performance:

Chola's FY25 performance reflects a textbook case of growth with control. The business is exiting low-ROTA segments, scaling newer high-ROA verticals like SBPL and Gold Loans, and preserving balance sheet strength. The story now hinges on execution in new segments, monsoon support for vehicle finance, and credit cost containment in SME/CSEL portfolios.

Strong Growth Momentum

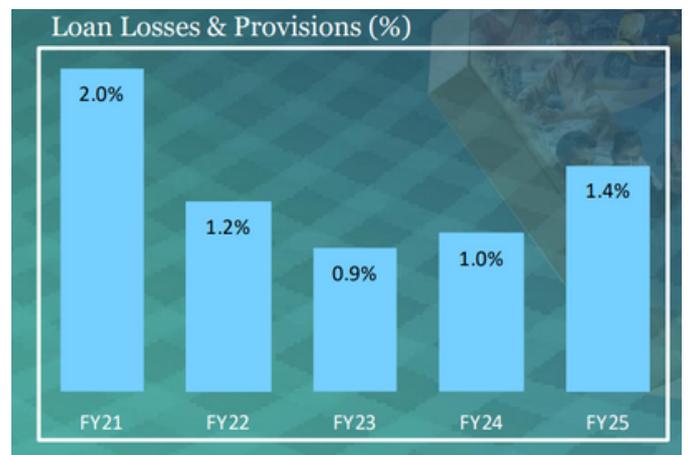
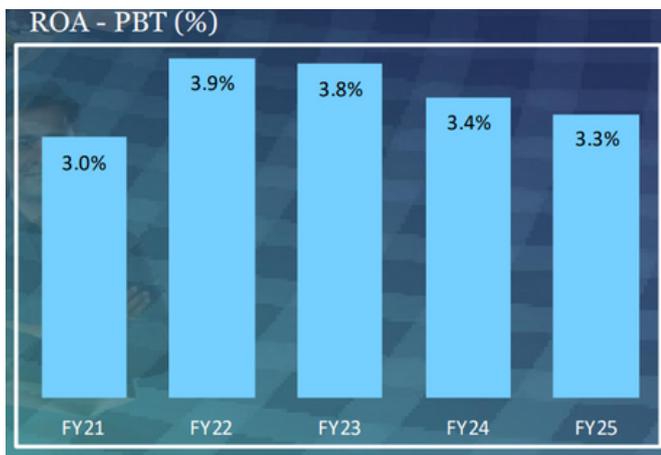
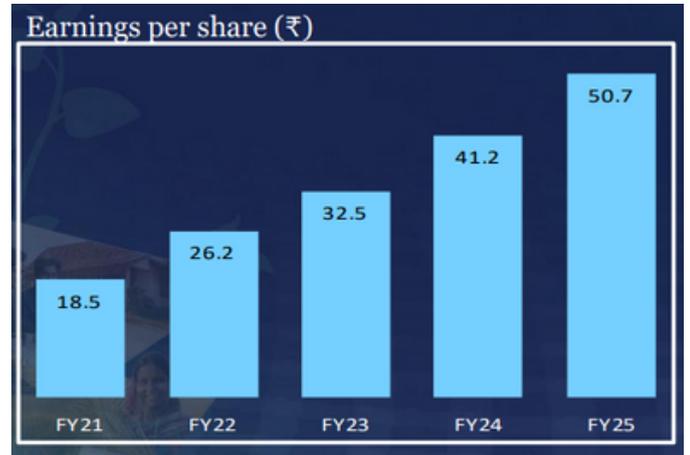
- AUM grew 30% YoY to ₹1.99 lakh crore, indicating sustained portfolio expansion despite macro volatility.
- Disbursements crossed ₹1 lakh crore, up 14% YoY—demonstrating healthy origination even with a cautious stance in select segments.
- High disbursement-to-AUM ratio (~50%) suggests active churn and strong credit demand.

Profitability Metrics Solid

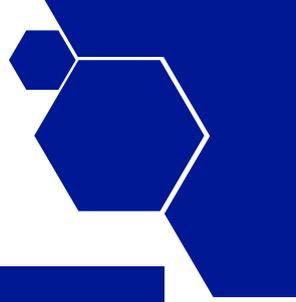
- Net income growth of 36% YoY and PAT up 24% YoY reflect operating leverage and controlled credit costs.
- ROE of 19.8% and PBT ROA of 3.3% affirm efficient capital deployment and margin resilience.
- Chola continues to operate well above industry benchmarks on return metrics.

Chola delivers strong FY25 growth with robust asset quality, exits risky segments, and targets high-ROA expansion in FY26.

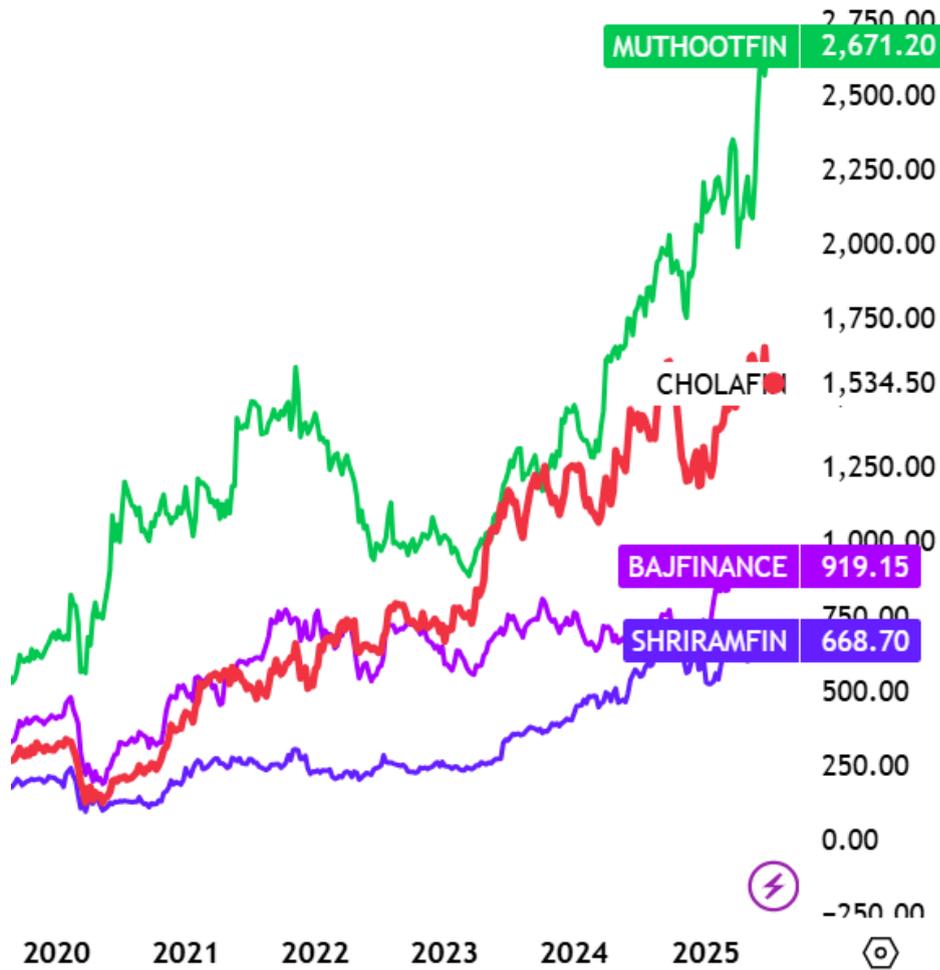
Highlights



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Bajaj Finance	921.75	34.41	572801.88	0.47	4545.57	17.13	18456.85	23.65	11.35
Cholaman.Inv.&Fn	1542.80	30.47	129776.87	0.13	1259.54	18.24	7045.57	30.23	10.34
Shriram Finance	669.00	15.31	125815.01	1.48	2143.77	10.69	11454.23	20.78	10.95
Muthoot Finance	2670.30	20.11	107204.09	0.98	1443.93	26.76	5621.75	35.01	13.14
SBI Cards	902.80	44.76	85903.96	0.27	534.18	-19.35	4673.95	7.50	10.40

Source: Screener

Final Outlook

LTIM: HOLD | LTP: 1,537.00

The Cholamandalam Investment & Finance Company (Chola) delivered a strong Q4FY25, reinforcing its position as a high-growth NBFC with robust fundamentals. PAT rose 20% YoY to ₹1,267 crore, driven by diversified lending and disciplined cost management. AUM surged 30% YoY to ₹1.99 lakh crore, with stable asset quality (GNPA at 2.8%) and a healthy ROE of 22.2%. With a strong capital adequacy ratio of 19.8% and liquidity buffer of ₹15,000 crore, Chola is well-equipped to scale its presence in LAP, SME, and the upcoming gold loan segment. EPS estimates for FY26/27 have been raised by 3%/5%, reflecting strong earnings visibility, clean book, and operating leverage. Chola remains a compelling play on India's rising retail credit demand.

Chola's strong Q4FY25 results highlight its growth leadership in retail lending, with rising profitability, improving asset quality, and a solid capital position. Continued expansion into new segments supports long-term earnings momentum.

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