

CHOLAMANDALAM FINANCIAL HOLDINGS LTD.

Sector

April 15, 2025

Buy at CMP: Rs 1780 | Target: Rs 2134 (20%) | SL: Rs 1590

Finance

CHOLAHLDNG is a Non-Deposit taking Systemically Important Core Investment Company registered with Reserve Bank of India (RBI). The Company holds substantial investments in group companies and offers a diverse range of financial products and risk management services to individual and corporate customers through its group companies.

Investment Rationale

- ◆ **Healthy credit metrics of Core Operating Arm CIFCL driving growth:** CHOLAHLDNG is a pure investment company, primarily reliant on dividends from its key holding, CIFCL, to service debt and fund operations. CIFCL ranks among India's top asset finance NBFCs, with a well-diversified vehicle finance portfolio (3QFY25: 55% of AUM; FY24: 58%). It holds strong market positions across new and used vehicle segments—including LCVs, HCVs, cars, and MUVs. CIFCL is also a leading player in the loan against property segment, with a growing focus on small-ticket, low LTV loans in Tier-3 to Tier-6 cities, supported by its expansive network of 1,577 branches across 26 states and 7 union territories.
- ◆ **Growth Across Investment, Finance, and Insurance Segments:** The Investment and Finance business continues to show strength with a balanced loan mix, effective pricing strategies, and healthy lending margins across vehicle finance, loan against property (LAP), and home loans. In the insurance segment, MS General Insurance has seen robust growth in Gross Direct Premiums, driven primarily by an uptick in the motor insurance business. Meanwhile, MS Risk Services delivered a strong performance, with revenue and profitability rising 22% and 44% YoY, respectively, in Q3 FY2025.
- ◆ **Margin Expansion Driven by Strategic Price Hikes:** The company has undertaken price increases in its health insurance segment, aimed at lowering loss ratios and enhancing profitability in the coming quarters. As a result, CHOLAHLDNG's margins have improved from 53% in FY2022 to 56% as of 9M FY2025. With the recent price revisions, margins are expected to further expand to the 57-58% range in FY2026.
- ◆ **Valuations:** We model a Revenue/PAT CAGR of 15%/16% and estimate CHOLAHLDNG to clock PAT of Rs 5,891 Cr by FY27E. CHOLAHLDNG is trading at forward PE (x) of 5.7 and we value at 6.8 (x) FY27E and Recommend BUY on CHOLAHLDNG with target Price of Rs. 2,134 (20%).

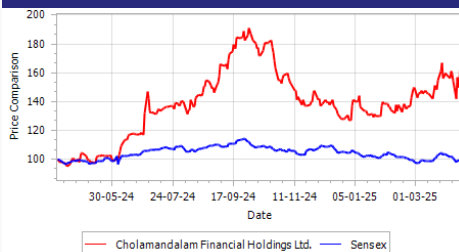
Script Details

BSE Group	A
BSE Code	504973
NSE Code	CHOLAHLDNG
Bloomberg Code	CHOLAHLD IN
Market Cap (INR Cr.)	33,411
Free Float (%)	53.5%
52wk Low/High	2151/1037
Beta (1yr Nifty 50)	0.97
Face Value (INR)/ D. Yield (%)	1/0
Total paid Up Shares (Mn.)	187.8

Share Holding Pattern (%)

Promoters	Public	Others
46.5%	53.5%	-

Share Price Relative Performance



Year	Revenue	EBITDA	PAT	PE Ratio (x)
FY24	25,821	15,770	3,838	8.7
FY25E	29,694	16,332	4,454	7.5
FY26E	34,149	18,782	5,122	6.5
FY27E	39,271	21,599	5,891	5.7

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- CHOLAHLDNG has been in a strong uptrend since 2020, consistently forming higher tops and higher bottoms on the monthly timeframe—signifying a structurally robust and sustained bullish trend. Recently, the stock witnessed a bullish mean reversion from its 12-month EMA and closed above the prior month's close, reflecting strong relative strength amid broader market volatility.
- On the weekly timeframe, the stock showcased solid structural development by forming a base pattern near the 50-week EMA, accompanied by a strong bullish candlestick, further validating the underlying strength.
- Notably, a volume breakout above the 20-week average points to renewed accumulation, reinforcing the bullish outlook. Momentum is supportive, with the RSI currently at 60 and trending above its 9-period average, signaling sustained bullish momentum.
- The ratio chart of CHOLAHLDNG versus the NIFTY offers additional insights. It reveals a base formation at a multi-year polarity zone, where the prior resistance levels from 2018 and 2023 have now flipped into support from January 2025 onwards. This structural shift signifies strong relative outperformance potential against the broader index.
- Based on this comprehensive technical setup, the stock offers an upside potential towards 2134 & 2500, with a stop loss placed at 1590 on a closing basis for effective risk management.



- **Inference & Expectations**
- Considering these factors, it can be inferred that CHOLAHLDNG stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 2,134 level.
- The stop loss must be at 1,590 level, strictly on the closing basis.

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