

CIFC GETS BUY RATING FROM MOTILAL

Cholamandalam Investment and Finance (CIFC) has successfully navigated the liquidity crisis, which is now a thing of the past. After drawing down bank lines and borrowing ₹6,000 crore in September, CIFC refrained from incremental borrowings in October and resumed borrowings only in November. Due to its healthy liquidity position, CIFC has not needed to cut back on disbursements during the quarter. In vehicle finance, festive demand has been weaker-than-expected with dealer inventory piling up. However, the management believes this is just a blip and expects robust volumes over the ensuing months of the financial year. The company has identified two segments that could reap benefits over the medium-to-long term - two-wheeler finance and home loans. These products were launched around five years back. However, rather than scaling up the book, management took the opportunity to understand the nuances of the businesses.

Broking firm: Motilal Oswal Securities

Rating: Buy

Closing price: ₹1,149