

Cholamandalam Investment and Finance Company Limited

Corporate Presentation - December 2018



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Murugappa Group Overview



Murugappa Group in a Nutshell



Years of
Existence



Consolidate
Turnover
(FY18)



Group Market
cap (as on 31st
Mar 2018)



Sectors



Businesses



Listed
Companies



Geographical
Presence

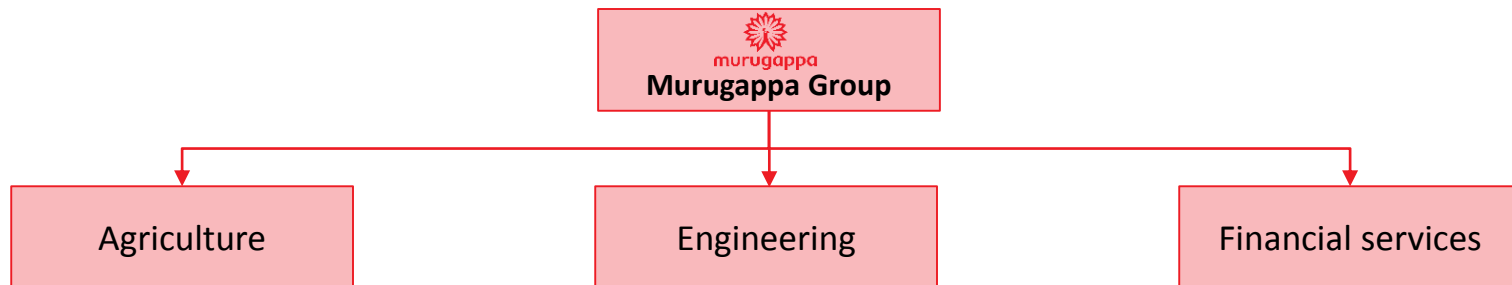


Manufacturing
Locations



Work force

Murugappa Group Overview



Sector Performance—FY17-18

	Agriculture	Engineering	Financial services
Market Cap(Cr.)	19,863	10,886	22,659
Total Income (Cr.)	15,509	7,602	9,603
PAT(Cr.)	679	363	1,216

Major Companies

	Coromandel	PARRY'S	CUMI	INDIA	Chola
Market Cap(Cr.)	13,161	3,652	6,791	6,555	19,704
Total Income (Cr.)	11,049	4,460	2,418	5,151	5,425
PAT(Cr.)	664	15	220	156	974

Corporate Overview



SPIRIT OF MURUGAPPA



“The fundamental principle of economic activity is that no man you transact with will lose, then you shall not.”

Cholamandalam Investment & Finance Company Limited



8 lakh + customers



21,900+ employees

Helping customers enter better life

2 lakh customers in year 2000 to 8 lakh plus customers till date

Strong employees force to serve more customers

200 plus employees in year 2000 to 21,900 plus employees today



Rs. 50+k Cr. AUM



Rs. 19k Cr. market cap



891 branches

Healthy ROA of 3.8%

PAT - CAGR of 27% from FY14 to FY18

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 19K Cr. in 2018

Strong geographical presence

Across 27 states & 79% presence across tier III—VI towns



Diversified product portfolio

- Presence across vehicle finance, business finance, home equity loans, stock broking & distribution of financial products



Highly experienced management

- Highly experienced management team with unrivaled industry experience
- Significant synergies with Murugappa group, deriving operational and financial benefits

Our journey so far

Consistently profit making and dividend paying¹ company since 1979 with a strong track record and dividends to shareholders

FY 1979-90

- Commenced equipment financing

FY 2000-05

- Started Chola distribution

FY 2011

- Obtained AFC status
- Terminated JV with DBS
- Infused capital of ₹2500M

FY 2013

- Total AUM crossed ₹20k Cr.
- Infused capital of ₹300 Cr.
- Commenced HL Business
- Increased VF branch network to 473

FY 2015

- Infused capital of ₹500 Cr. through CCPS
- India ratings upgraded to AA
- Adopted GNPA recognition at 150 Days
- Increased branch network to 534

FY 2017

- Total AUM crossed ₹ 37k Cr.
- Adopted GNPA recognition at 90 days
- Increased branch network to 703

YTD Dec 18

- Total AUM crossed ₹50k Cr.
- CRISIL and ICRA upgraded long term rating to AA+
- Increased branch network to 891

FY 1990-2000

- Commenced vehicle finance business
- Started Chola securities

FY 2006-10

- 2006
- JV with DBS bank Singapore commenced consumer finance and home equity

2009

- Exited consumer finance business

FY 2012

- Total AUM crossed ₹13k Cr.
- Infused capital of ₹212 Cr.
- Rating upgraded to AA from ICRA
- Commenced tractor business

FY 2014

- Total AUM crossed ₹25K Cr.
- CARE rating upgraded to AA
- Commenced CE Business

FY 2016

- Invested in White Data Systems India Ltd with 63% stake
- CCPS got converted to equity shares
- Adopted GNPA recognition at 120 days
- Total AUM crossed ₹30K Cr.

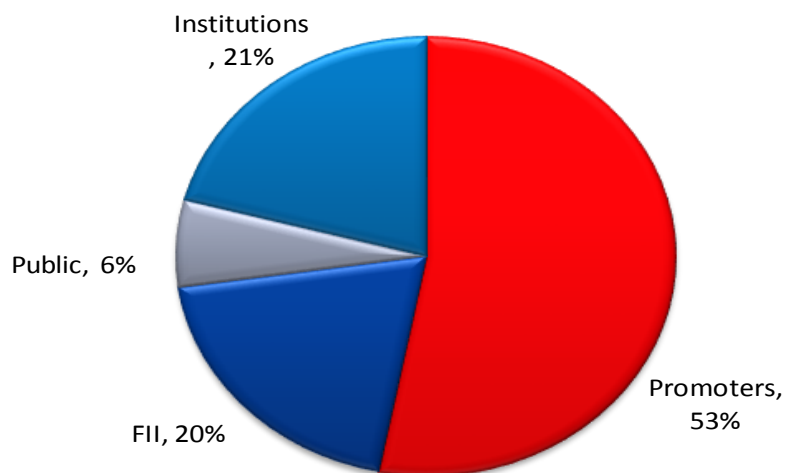
FY 2018

- India Rating and CARE upgraded long term rating to AA+
- Total AUM Crossed ₹42k Cr.
- Increased branch network to 873



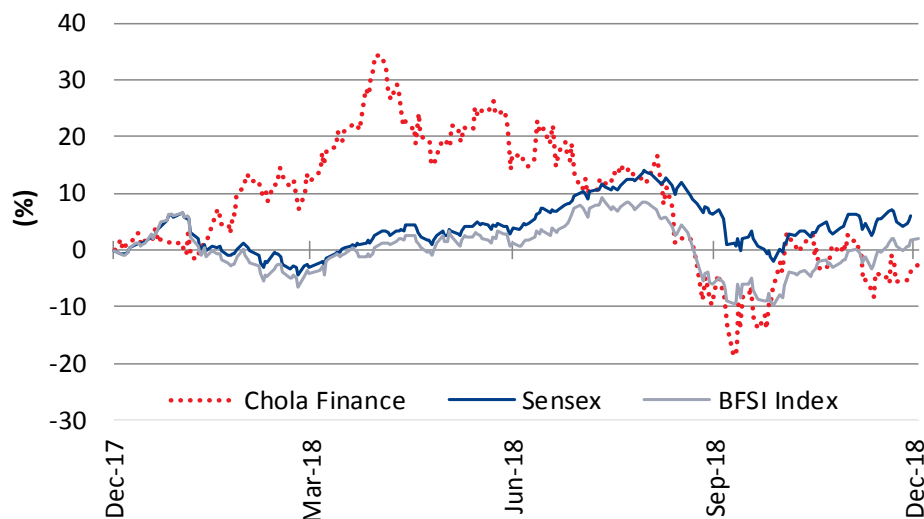
Shareholding

Shareholding Pattern



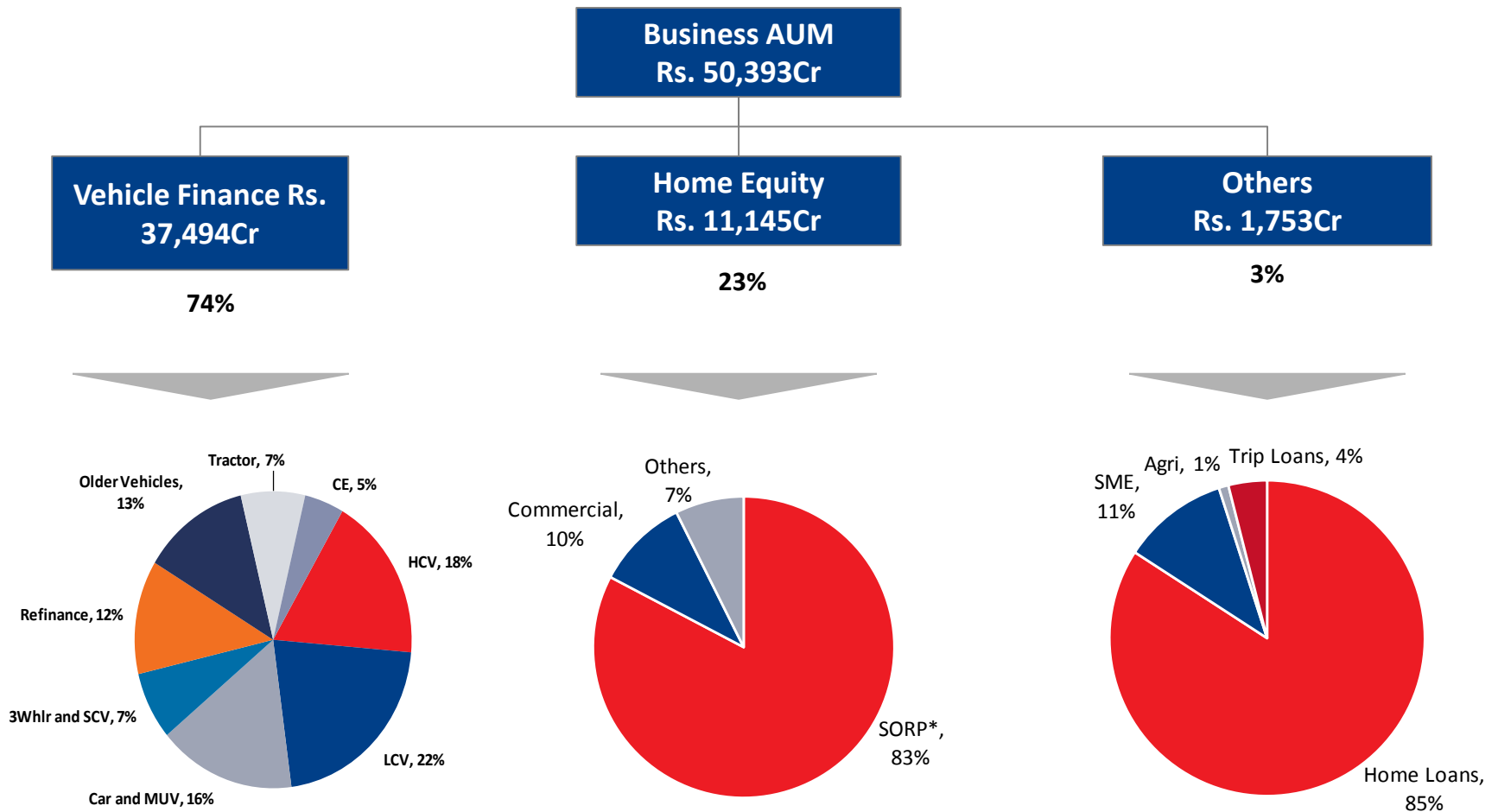
- Promoters share holding of 53.07% includes
 - TI Financial Holdings Limited – 46.39%,
 - Ambadi Investments Private Ltd – 4.43%
 - Others - 2.24%

Chola Finance—share price Growth

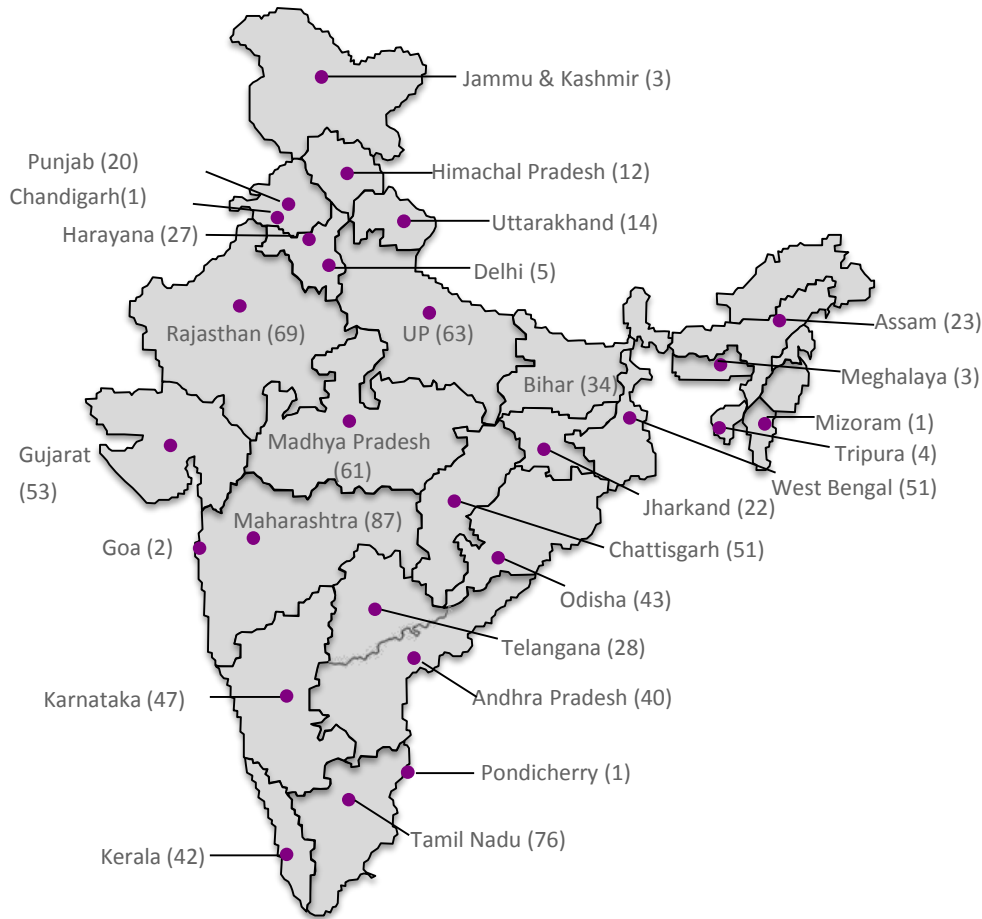


	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
CIFCL (₹/Share)	1,294	1,450	1,513	1,169	1,260
BSE Sensex	34,057	32,969	35,423	36,227	36,068
BFSI Index	5,814	5,570	5,890	5,464	5,929

Business Profile and AUM as on 31st Dec 2018

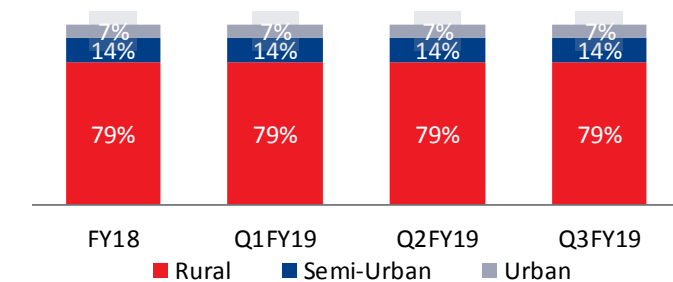
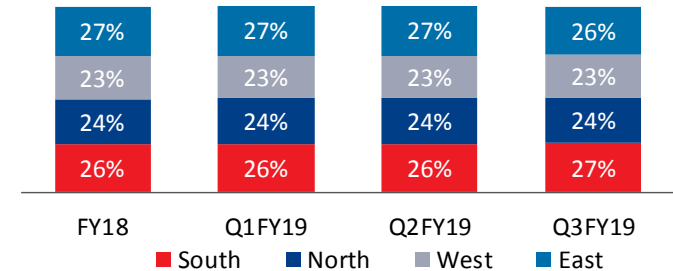
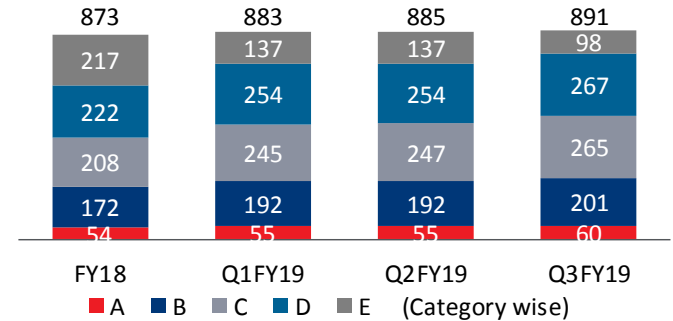


Strong Geographical Presence



- 891 branches across 27 states/Union territories: 879 VF, 204 HE (198 co-located with VF) and 145 HL (139 co-located with VF).
- 79% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns

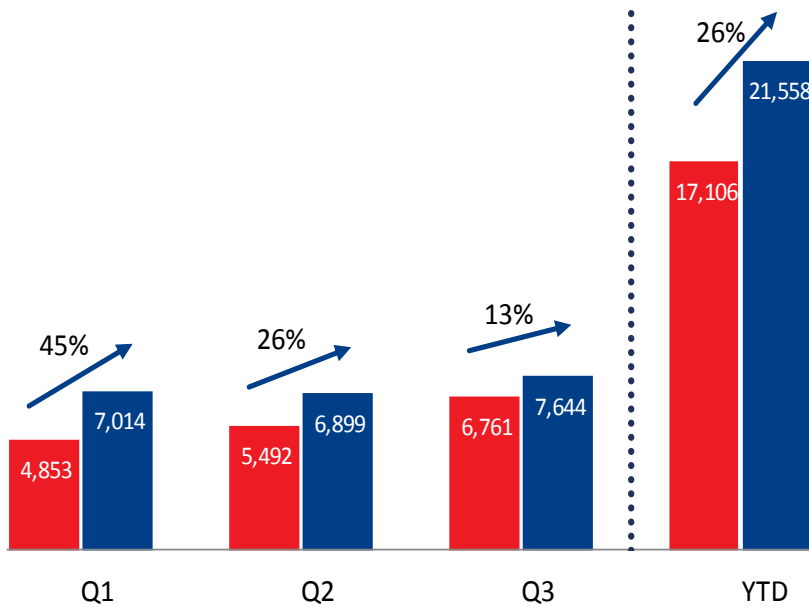
Branch Network



Disbursals: Growth and mix

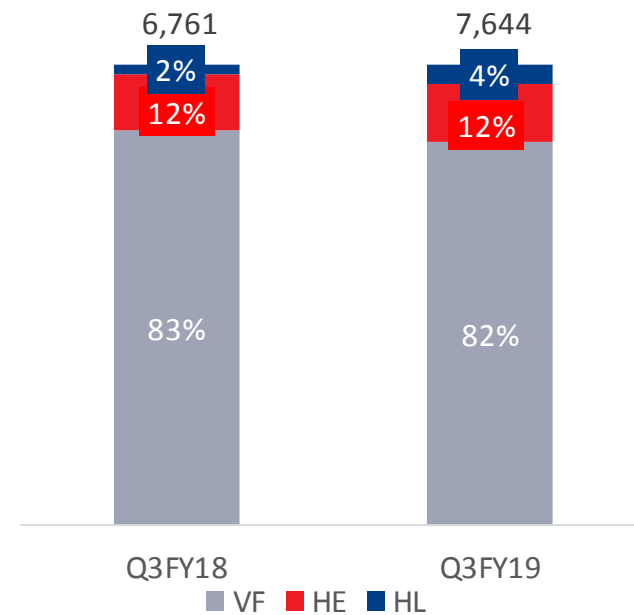
Disbursement growth

₹ Cr



Disbursement mix

₹ Cr



Financial Performance



Performance Highlights—Q3FY19 & YTD Dec 18

	Disburse-ments	Profit after Tax	ROTA (PBT)	Book Value	EPS ¹	ROE ¹
Q3-FY19	₹ 7,644Cr	₹ 304Cr	3.6%	₹382.7	₹77.8	20.7%
Q3-FY18	₹ 6,761Cr	₹ 219Cr	3.5%	₹312.7	₹56.1	18.3%
	13%	39%		23%	39%	
	Disburse-ments	Profit after Tax	ROTA (PBT)	Book Value	EPS ¹	ROE ¹
YTD Dec 18	₹ 21,558 Cr	₹ 894 Cr	3.8%	₹382.7	₹76.3	21.4%
YTD Dec 17	₹ 17,106Cr	₹ 633Cr	3.5%	₹312.7	₹53.9	18.3%
	26%	41%		23%	41%	

Financial Snapshot (IGAAP)—10 Years

₹ Cr

CAGR
(5 years) CAGR
(10 years)

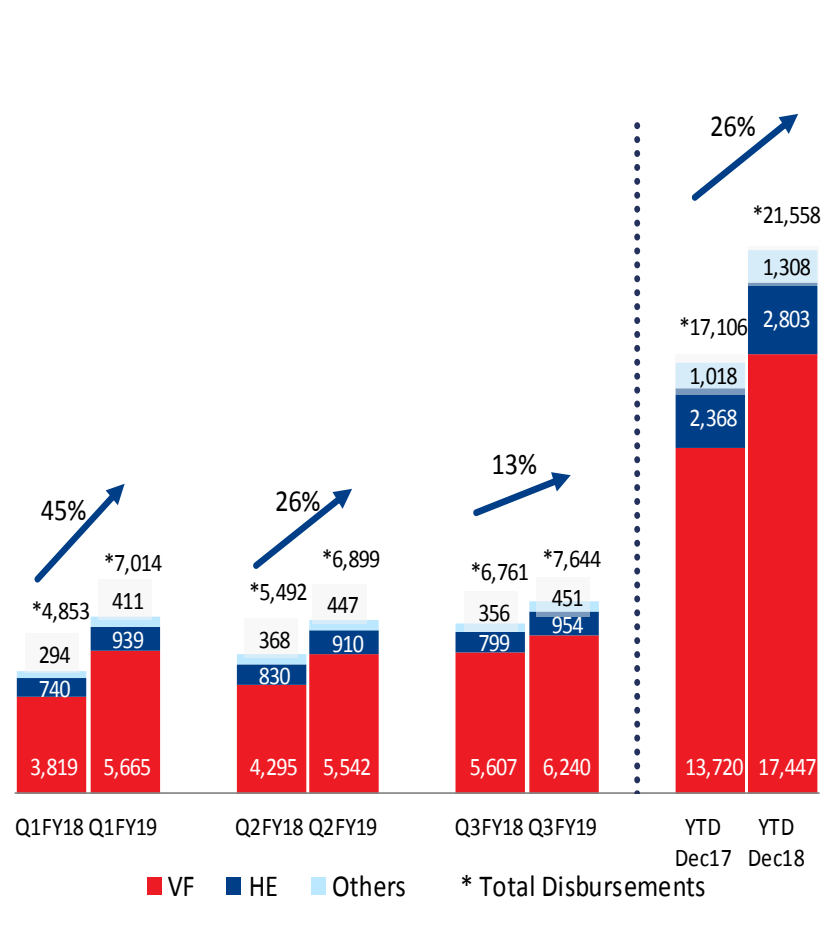
Financials Snapshot	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	YoY	CAGR (5 years)	CAGR (10 years)
Assets under management	6,033	6,851	9,124	13,462	18,998	23,253	25,453	29,650	34,167	42,879	25%	17%	24%
Total Income	1,121	930	1,202	1,788	2,556	3,263	3,691	4,194	4,660	5,426	16%	16%	19%
Interest expenses	589	495	568	988	1,405	1,763	1,950	2,040	2,221	2,294	3%	7%	16%
Net Income	532	435	634	800	1,150	1,500	1,741	2,154	2,439	3,132	28%	20%	22%
Operating Expenses	312	274	334	437	510	583	616	714	898	1,137	27%	18%	15%
Loan Losses & Provision	203	130	200	73	189	366	468	569	436	512	18%	9%	11%
Profit before tax	17	31	100	290	451	550	657	871	1,106	1,483	34%	28%	64%
Ratios													
Net Income to assets (%)	8.8	7.0	8.8	7.4	7.6	7.7	7.9	8.7	8.6	9.7			
Expense to assets (%)	5.1	4.4	4.6	4.1	3.8	3.4	3.4	3.4	3.6	4.0			
Losses and provisions (%)	3.3	2.1	2.8	0.7	0.8	1.5	1.5	1.7	1.1	1.1			
Return on assets (PBT) (%)	0.3	0.5	1.4	2.7	3.0	2.8	3.0	3.6	3.9	4.6			
Networth	367	785	*1,072	*1,417	*1,965	2,295	*3,173	3,657	4,285	5,150			
CAR (%)	15.1	14.8	*16.7	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4			
Return on equity (%)	10.6	2.3	6.7	13.9	18.1	17.1	15.8	16.7	18.1	20.8			
Earnings per share (Basic)	7.1	1.8	5.7	14.4	22.9	25.4	30.1	37.5	46.0	62.3			
Market Capitalisation	132	623	2,059	2,453	3,883	4,125	8,423	11,140	15,072	22,662			

* Capital Infusion

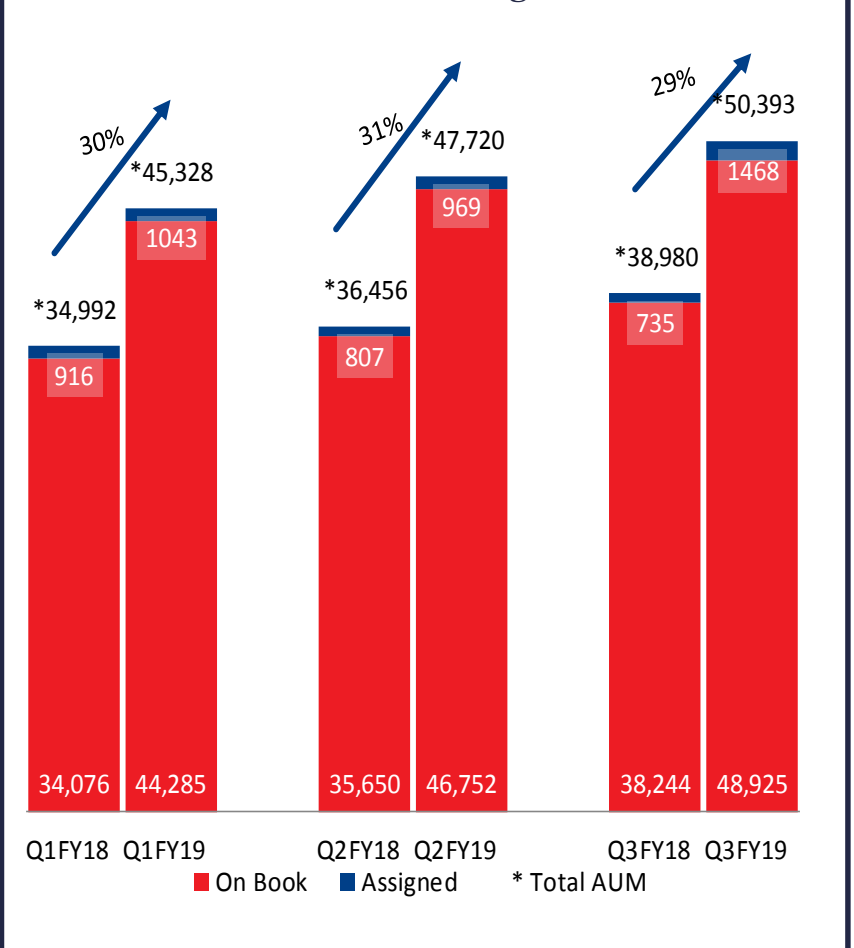
Note: All figures are as per IGAAP for comparability over the past period

Chola: Financial Summary (I)

Disbursements (₹Cr)

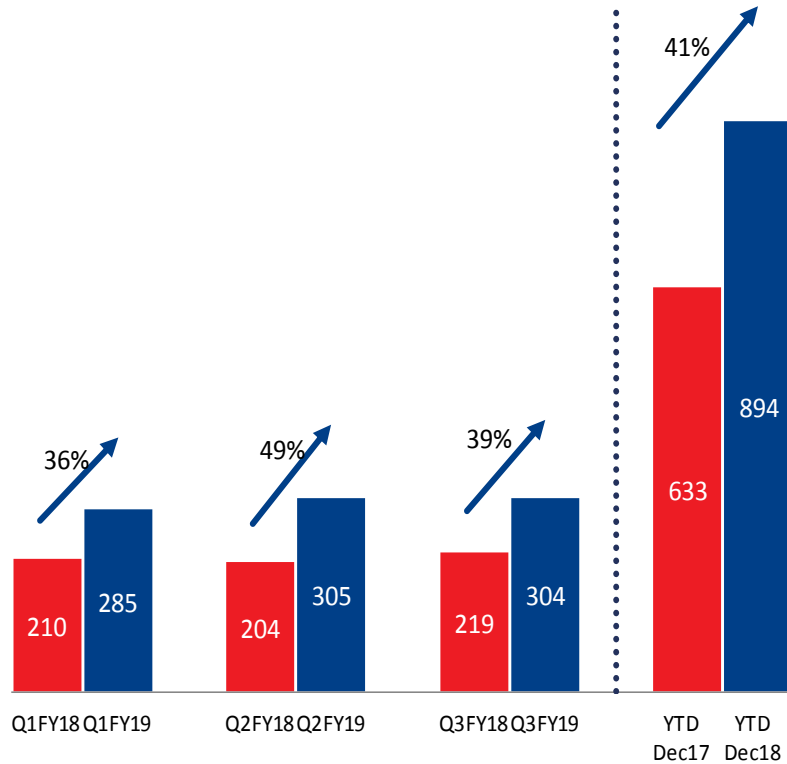


Business - Assets under Management (₹Cr)

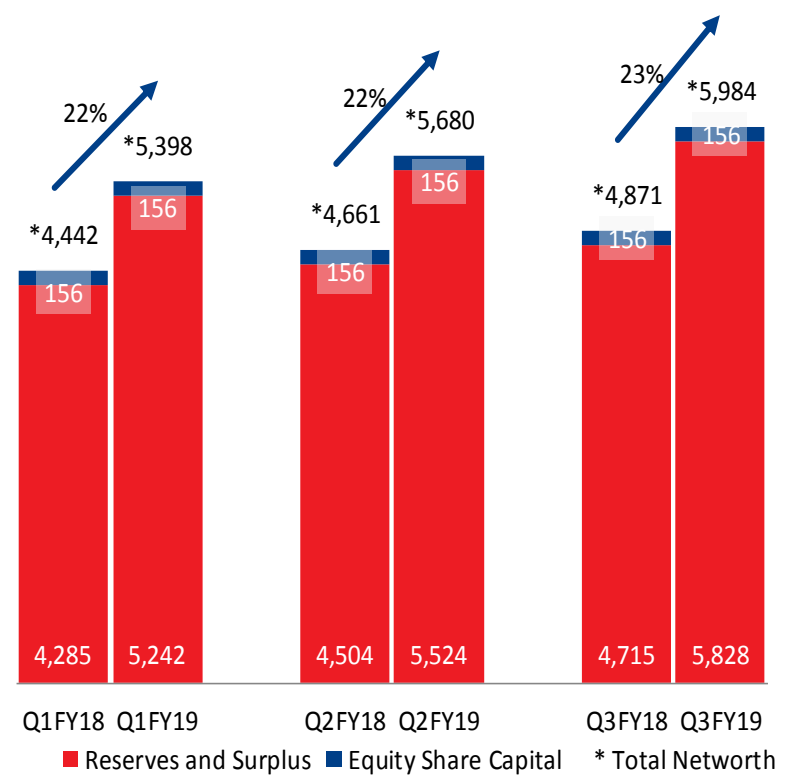


Chola: Financial Summary (II)

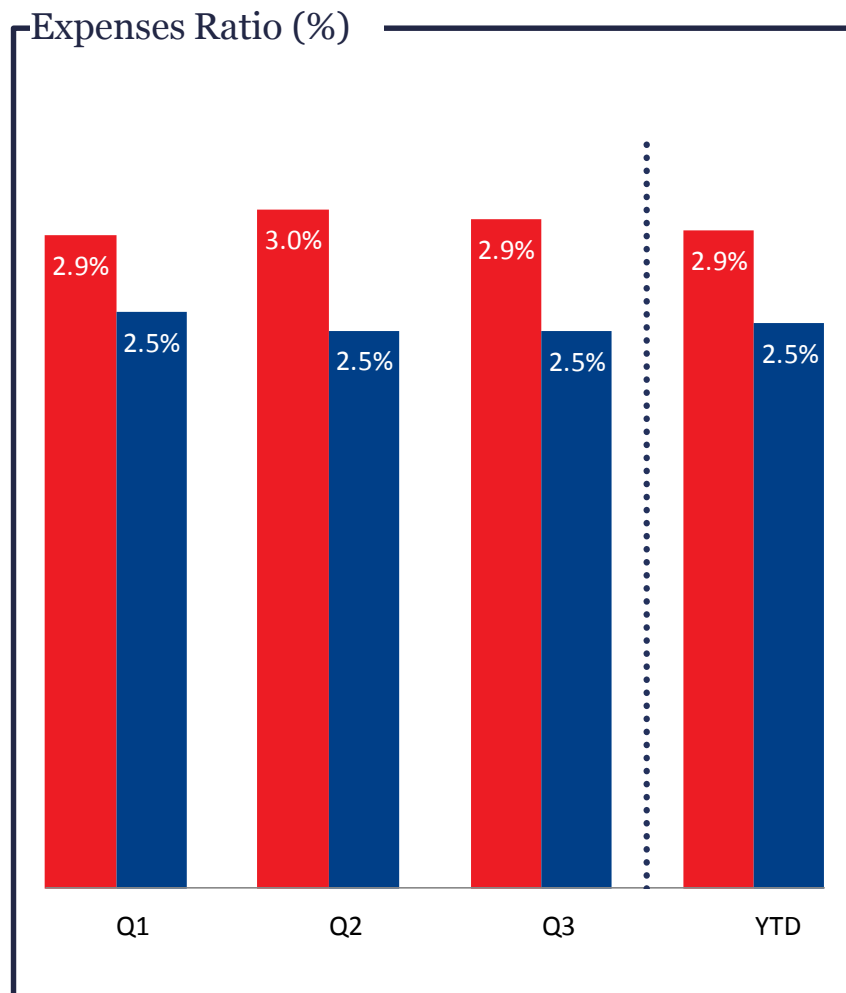
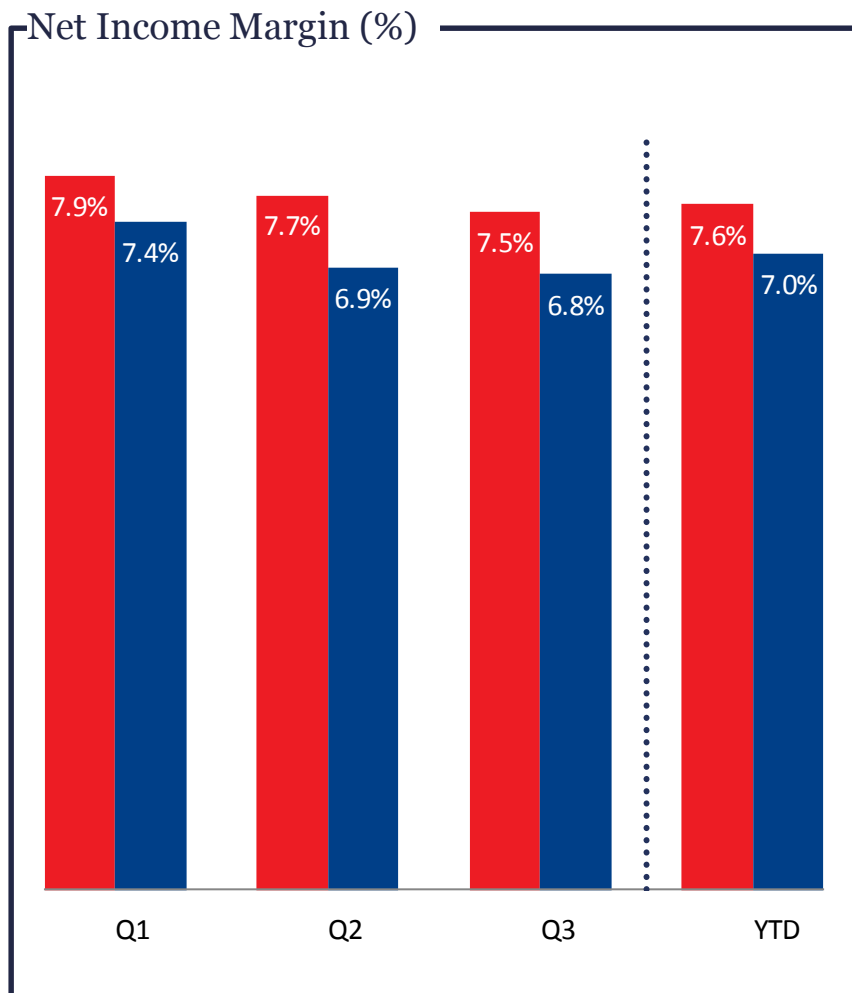
Profit after tax (₹Cr)



Networth (₹Cr)

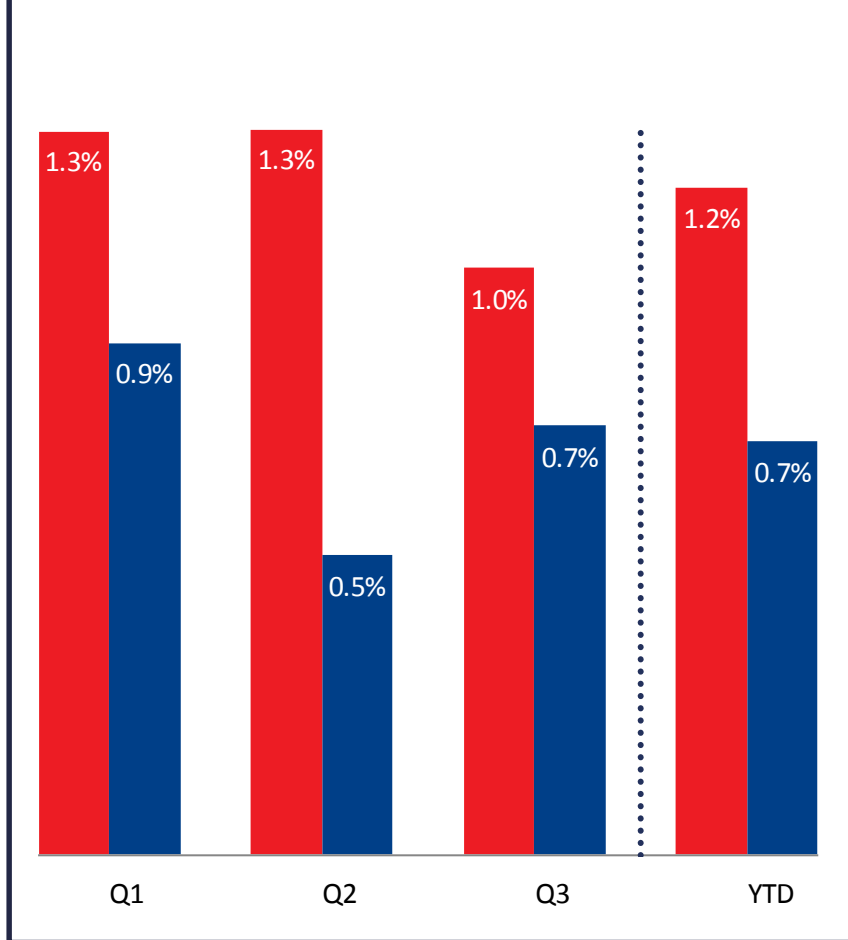


Chola: Financial Summary (III)

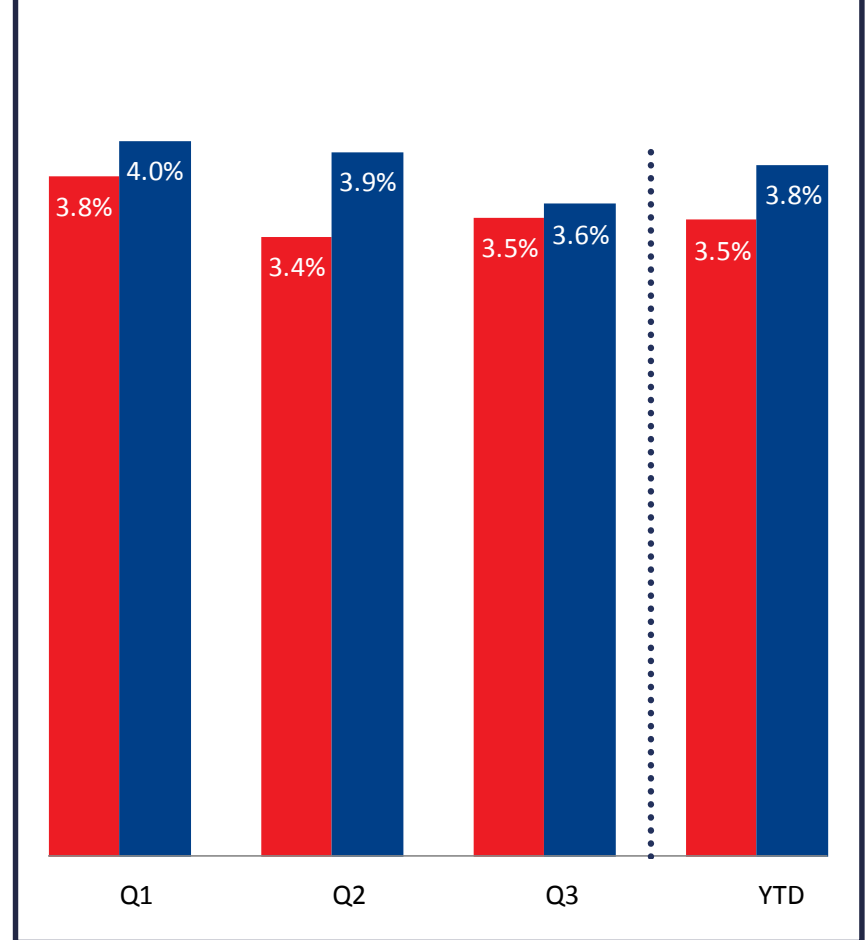


Chola: Financial Summary (IV)

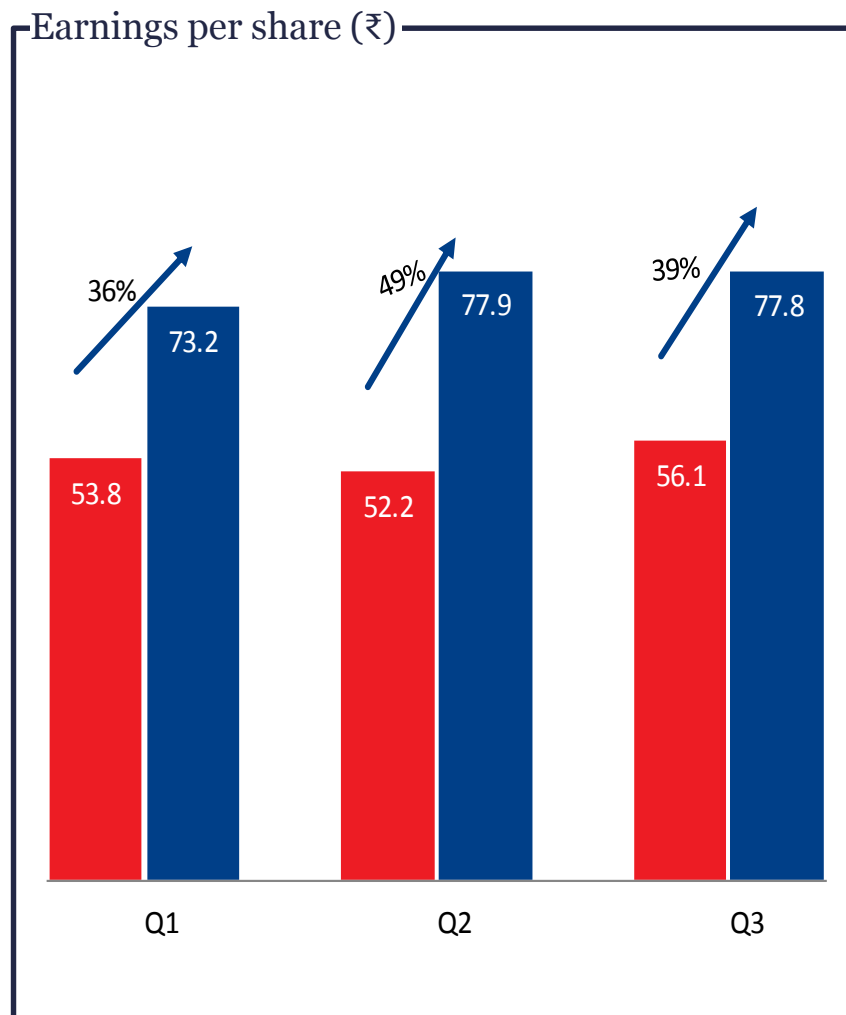
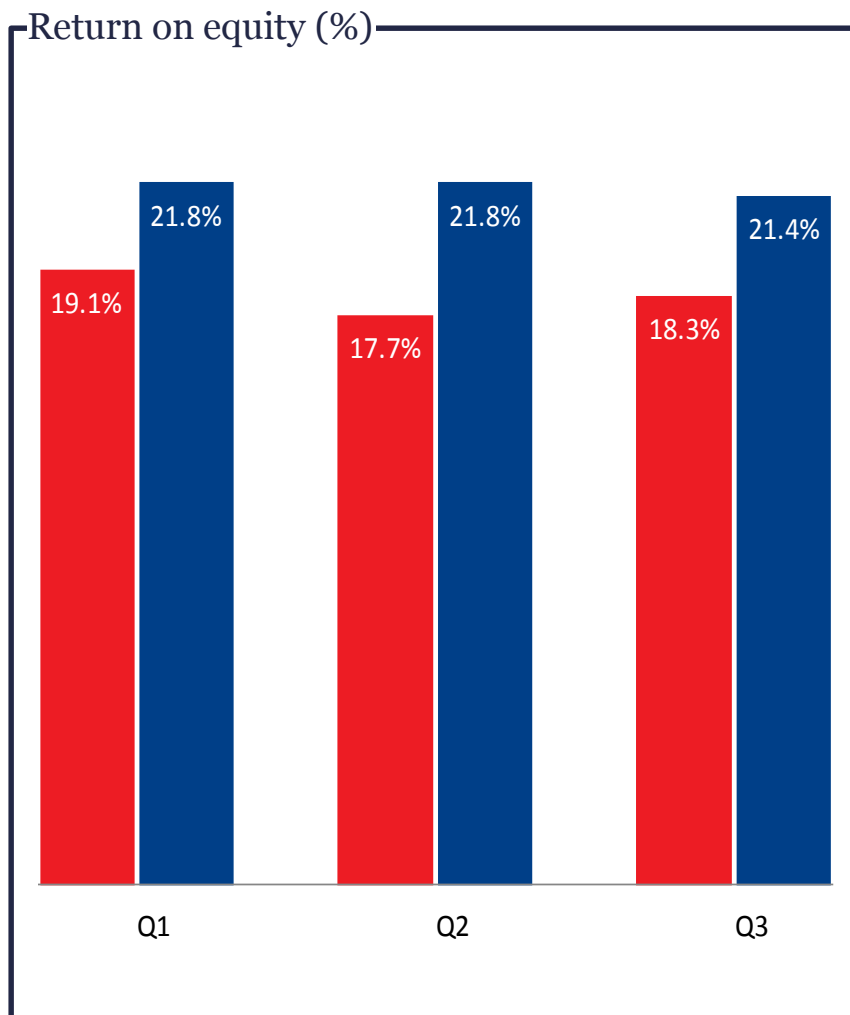
Loan Losses & Provisions (%)



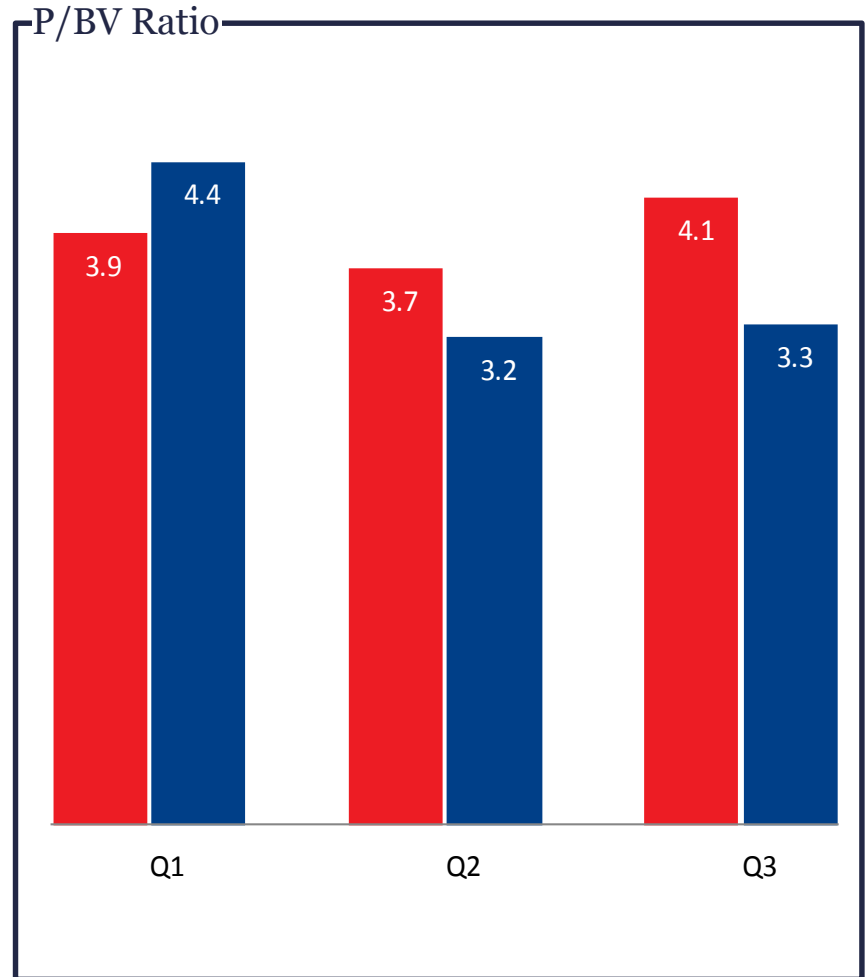
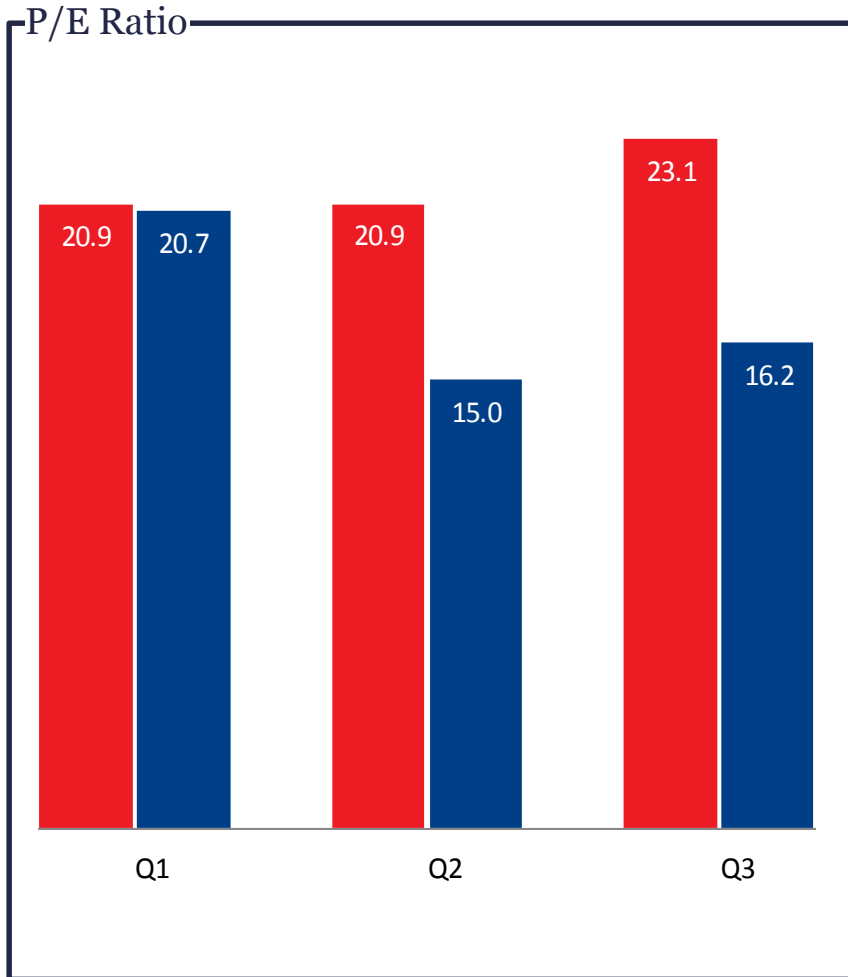
ROTA PBT (%)



Chola: Financial Summary (V)



Chola: Financial Summary (VI)



Profit and Loss Statement (As per IND AS)

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	YTD Dec17	YTD Dec18	₹ Cr		
									Growth % Q2-o-Q2	Growth % Q3-o-Q3	Growth % (YTD) Y-o-Y
Disbursements	4,853	7,014	5,492	6,899	6,761	7,644	17,106	21,558	26%	13%	26%
Closing Assets (Managed)	36,076	46,893	37,417	52,750	39,985	52,868	39,985	52,868	41%	32%	32%
Operating Income	1,310	1,618	1,348	1,672	1,389	1,831	4,047	5,120	24%	32%	26%
Finance Charges	630	799	653	861	673	956	1,956	2,616	32%	42%	34%
Net Income	681	819	694	811	716	875	2,091	2,504	17%	22%	20%
Expenses	248	282	271	290	282	316	801	888	7%	12%	11%
Loan Losses and Std Assets Prov	108	98	113	61	97	95	318	255	-46%	-2%	-20%
Profit Before Tax	324	439	310	459	338	463	972	1,362	48%	37%	40%
Taxes	115	154	106	155	118	159	339	468	46%	35%	38%
Profit After Tax	210	285	204	305	219	304	633	894	49%	39%	41%
Asset Ratios											
Income	15.2%	14.6%	14.9%	14.2%	14.5%	14.2%	14.7%	14.4%			
Cost of Funds	7.3%	7.2%	7.2%	7.3%	7.0%	7.4%	7.1%	7.3%			
Net Income Margin	7.9%	7.4%	7.7%	6.9%	7.5%	6.8%	7.6%	7.0%			
Expense	2.9%	2.5%	3.0%	2.5%	2.9%	2.5%	2.9%	2.5%			
Losses & Provisions	1.3%	0.9%	1.3%	0.5%	1.0%	0.7%	1.2%	0.7%			
ROTA-PBT	3.8%	4.0%	3.4%	3.9%	3.5%	3.6%	3.5%	3.8%			
ROTA-PAT	2.4%	2.6%	2.3%	2.6%	2.3%	2.4%	2.3%	2.5%			
Gross - Stage 3	1,882	1,620	1,867	1,608	1,668	1,639	1,668	1,639			
ECL Provisions - Stage 3	572	591	620	591	598	604	598	604			
Coverage Ratio - Stage 3	30.4%	36.5%	33.2%	36.8%	35.8%	36.9%	35.8%	36.9%			

Balance Sheet (As per IND AS)

₹ Cr

Particulars	Dec-17	Mar-18	Dec-18
ASSETS			
Financial Assets	39,757	43,554	53,298
Cash and Bank balance	852	888	3,649
Derivative financial instruments	-	-	116
Loans	38,269	42,198	48,925
Investments	311	320	387
Other Financial Assets	324	148	221
Non- Financial Assets	655	747	752
Current tax assets (Net)	96	160	161
Deferred tax assets (Net)	385	370	406
Property, Plant and Equipment	126	140	137
Intangible assets	20	21	21
Other Non-Financial Assets	26	57	27
TOTAL	40,411	44,301	54,050
EQUITY AND LIABILITIES			
Financial Liabilities	35,461	39,127	47,988
Derivative financial instruments	143	71	-
Trade payables	191	258	254
Debt Securities	16,389	14,555	16,763
Borrowings(Other than Debt Securities)	15,333	20,364	26,983
Subordinated Liabilities	3,159	3,615	3,802
Other Financial Liabilities	246	264	185
Non-Financial Liabilities	63	68	79
Shareholders fund	4,887	5,106	5,984
Share Application Money pending Allotment	0.07	-	0.01
TOTAL	40,411	44,301	54,050

Provision analysis: IND AS vs IGAAP

	₹ Cr				
Particulars	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
As per IGAAP					
GNPA	1,467	1,278	1,377	1,347	1,375
NNPA	927	722	778	751	753
Provision	540	556	599	597	622
GNPA%	3.7%	2.9%	3.0%	2.8%	2.7%
NNPA%	2.3%	1.7%	1.7%	1.6%	1.5%
Provision Coverage%	36.8%	43.5%	43.5%	44.3%	45.2%
Standard Assets Provn	128	145	156	161	161
Standard Assets Provn %	0.40%	0.40%	0.40%	0.40%	0.40%
Total Provision	668	701	755	757	783
As per IND AS					
Gross Asset - Stage 3	1,668	1,496	1,620	1,608	1,639
Stage 3 Assets to Total Gross Assets	4.3%	3.5%	3.6%	3.4%	3.3%
ECL provision - Stage 3	598	543	591	591	604
Coverage Ratio (%) - Stage 3	35.8%	36.3%	36.5%	36.8%	36.9%
Gross Asset - Stage 1&2	37,534	41,601	43,623	46,082	48,261
ECL provision - Stage 1&2	359	355	367	348	371
Coverage Ratio (%) - Stage 1&2	1.0%	0.9%	0.8%	0.8%	0.8%
Total ECL Provision	957	899	958	939	975

Business Overview



Vehicle Finance



Vehicle Finance: Q3FY19 and YTD Dec 18 Performance (As per IND AS)

Disbursements

- Disbursements has grown 11% in Q3FY18 and 27% on YTD basis

Assets under management

- Assets have grown by 34% as on Dec 2018

Loss and provisions

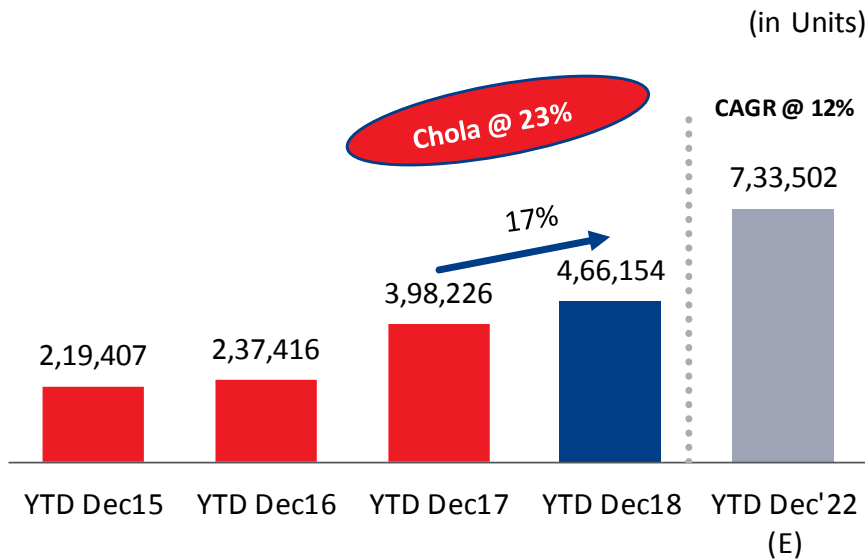
- Loan losses Q3FY19 is at 0.9%
- Loan losses (YTD) reduced to 0.9% from 1.0% YoY

Profit before tax

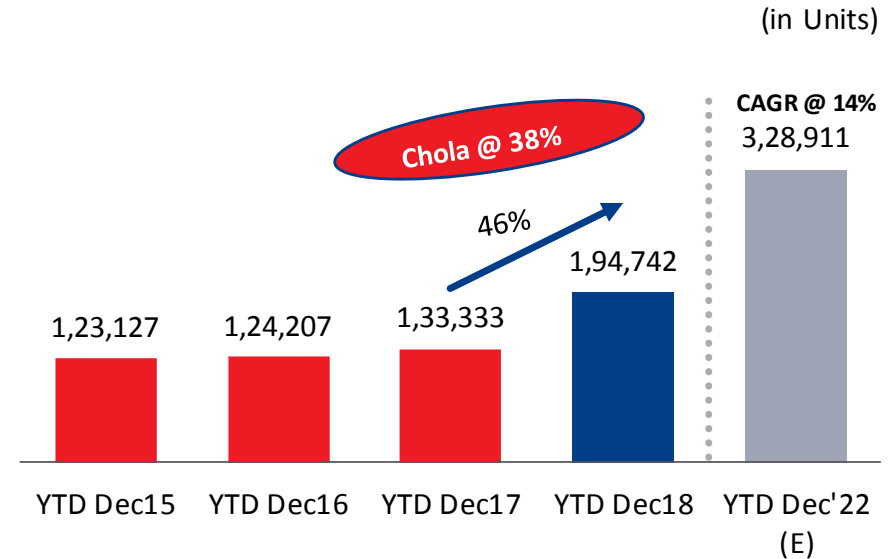
- PBT for Q3FY19 has grown by 35% as compared to Q3FY18 and on YTD basis also it has grown by 35%.

Auto Industry Outlook

Trend in Domestic LCV Sales



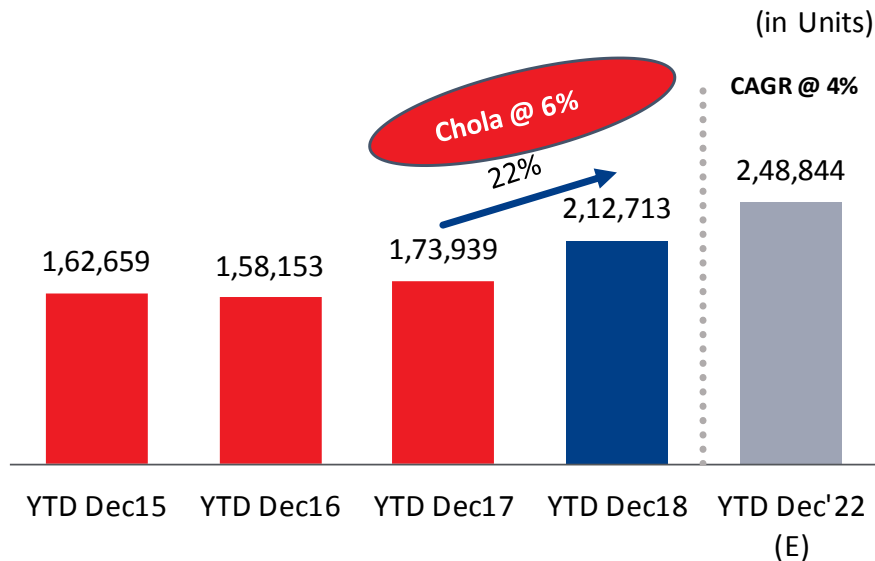
Trend in Domestic SCV Sales



- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will drive growth
- GST roll out and its impact on logistic sector is expected to aid growth in the medium term
- Changes in warehousing pattern post GST, through increasing adoption of hub and spoke model, is driving the need for faster and efficient trucks
- Bus Sales to be supported by growing urban population, demand from schools and corporates and increased inter-city travel

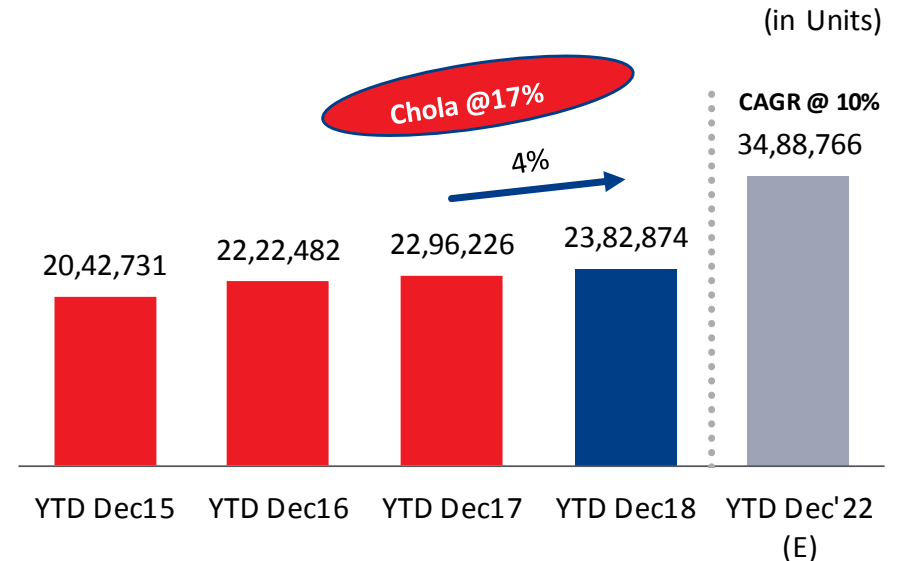
Auto Industry Outlook

Trend in Domestic HCV Sales



- Improved industrial activity, steady agricultural output, and the government's focus on infrastructure will aid growth
- Pick up in construction and mining activities would also continue to drive demand

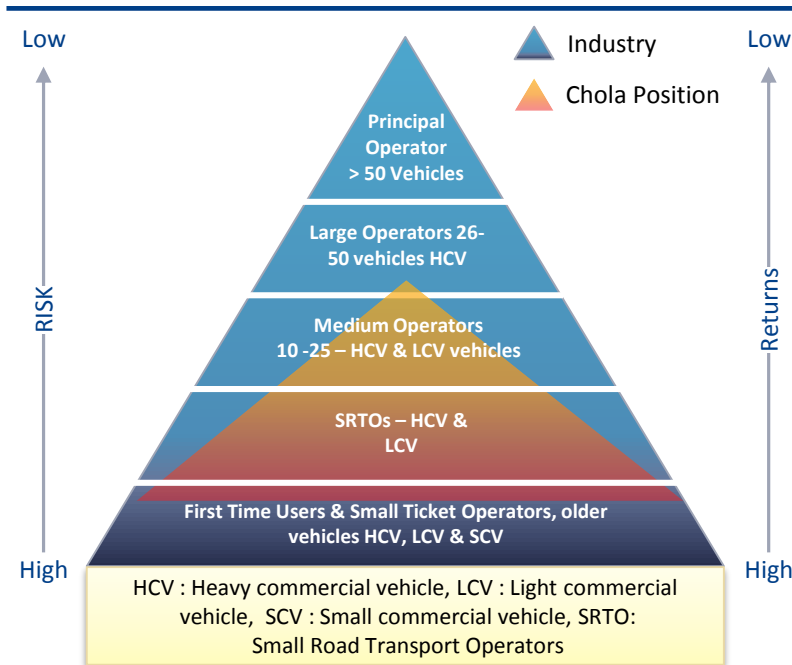
Trend in Domestic Car & MUV Sales



- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration by 35% in the next 5 years (20 vehicles per 1000 to 27 vehicles per 1000 population)

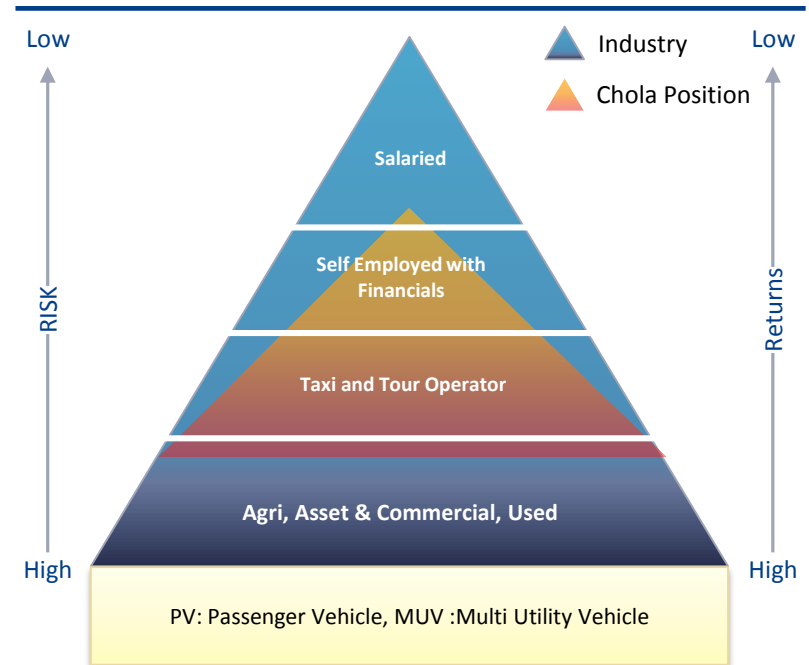
Vehicle Finance—Business Model & Positioning

CV



- ~65% of disbursements are to micro & small enterprises and agri -based customer segment
- Chola positioning-
 - Middle of the pyramid through New CVs, Used CVs
 - Top of the Bottom of the pyramid through SCV & older CVs Shubh

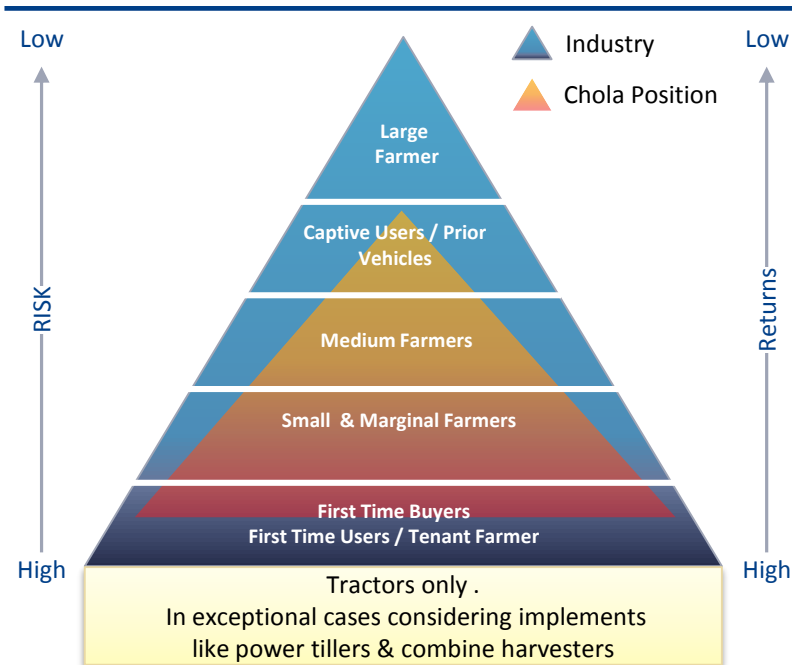
PV



- ~ 66% of disbursements are to Chola Existing, Agri & Commercial usage customers
- ~ 34% disbursements are to Self Employed with financials
- Chola positioning-
 - Middle of the pyramid is into Agri, Asset & Commercial

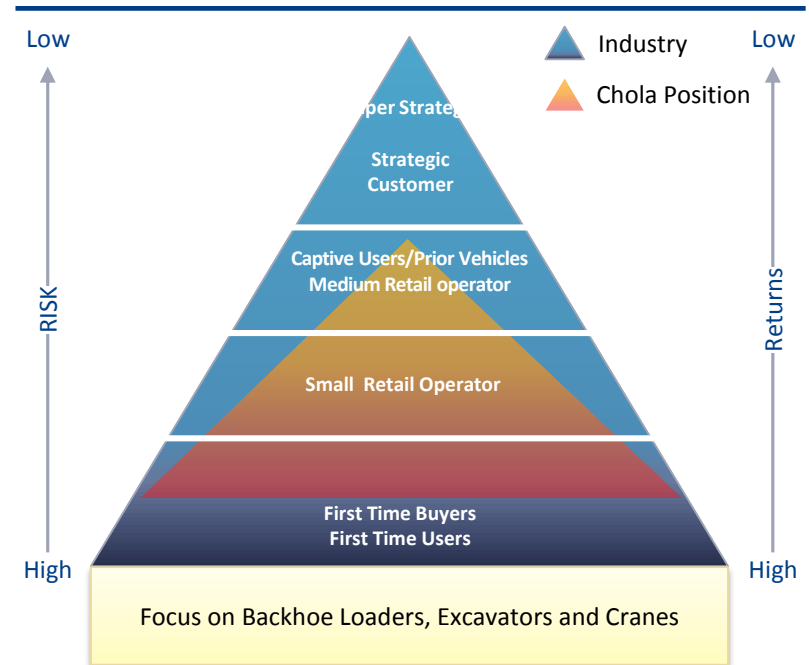
Vehicle Finance—Business Model & Positioning

Tractor



- ~65% of disbursements are to agri -based customer segment
- Application -
 - Agri usage
 - Commercial usage
 - Agri and Commercial usage
- New & Used

CE

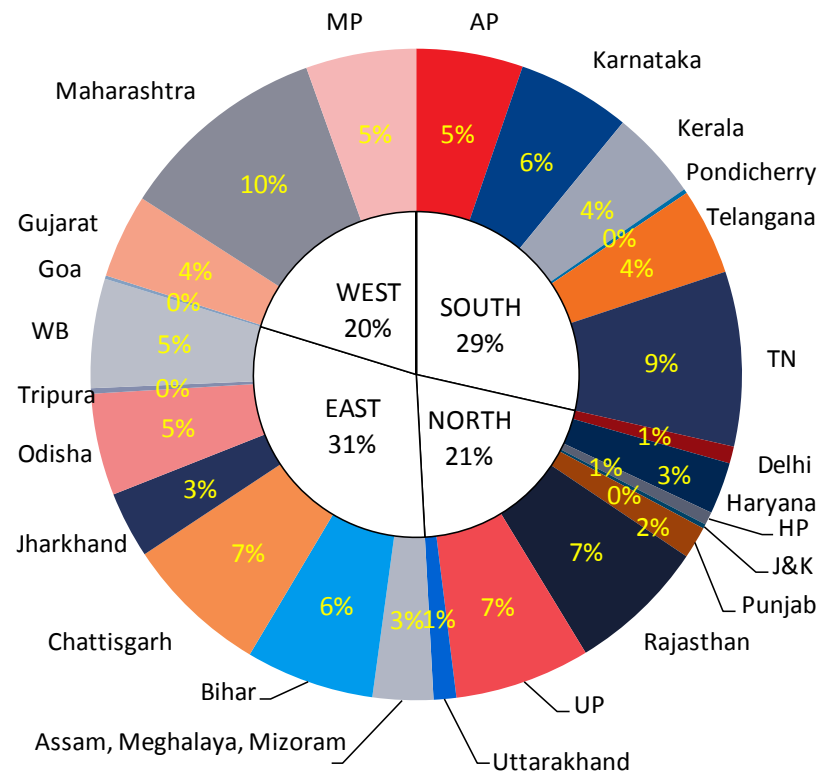


- ~ 69% of disbursements are to retail customer segment
- Application –
 - Captive
 - Hiring
- New & Used

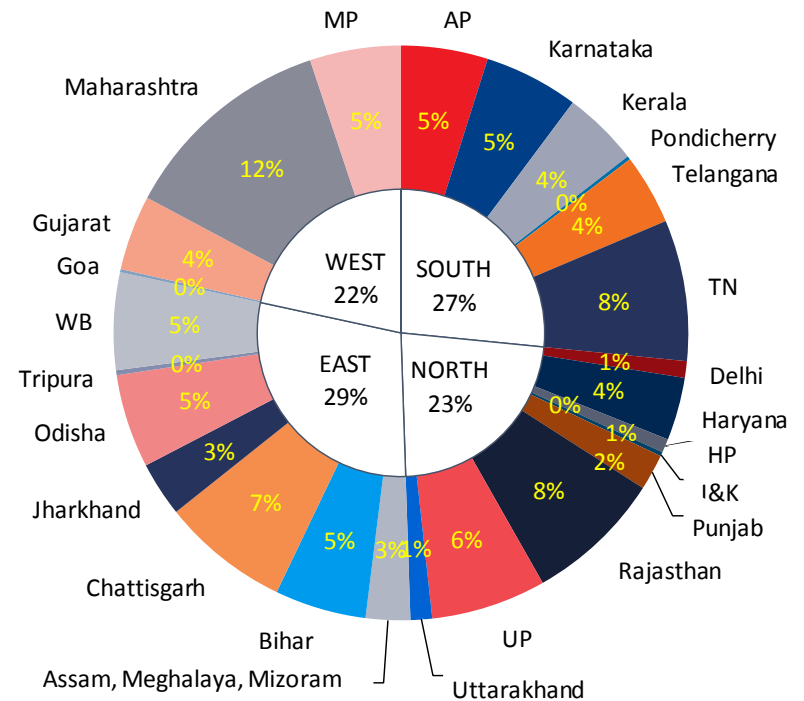
Vehicle Finance - Disbursement/Portfolio Mix – Q3FY19

Well diversified across geography & product segments

Disbursements - State wise



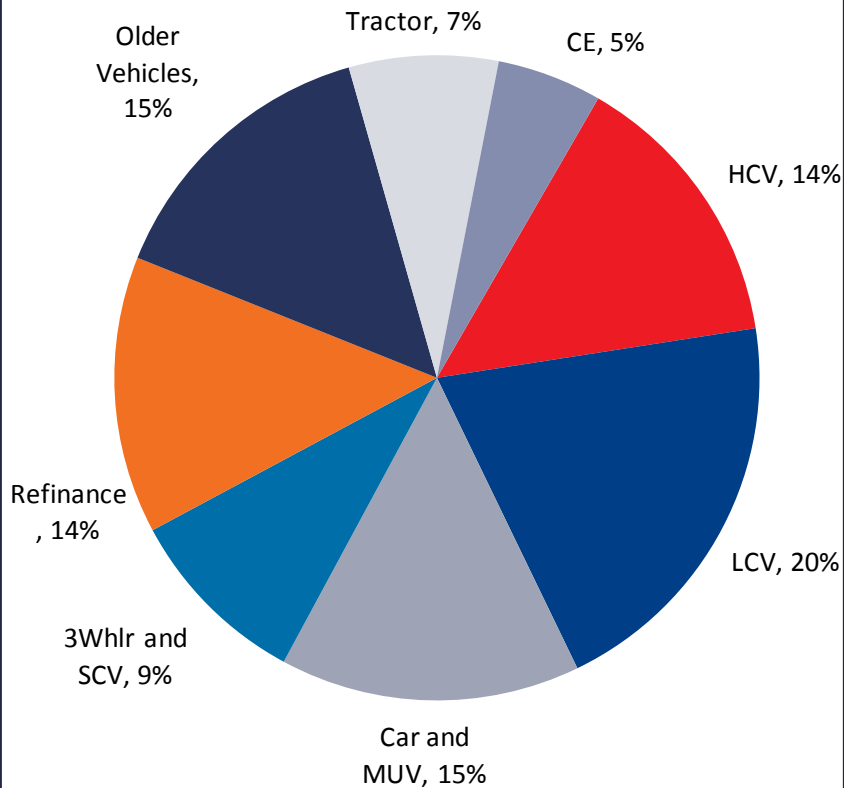
Portfolio - State wise



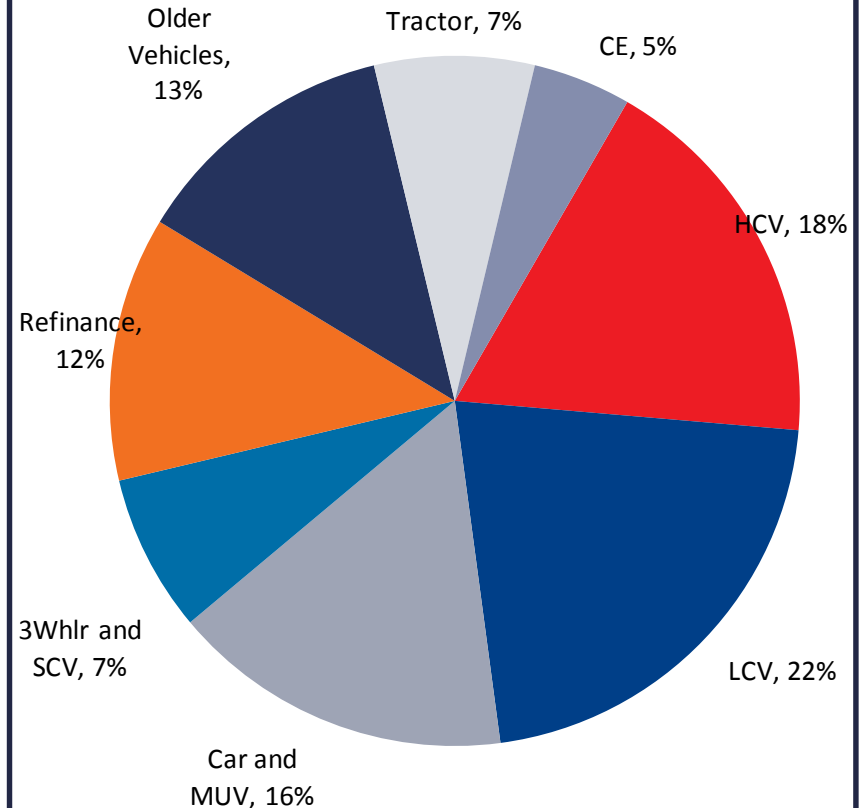
Vehicle Finance - Disbursement/Portfolio Mix – Q3FY19

Well diversified across geography & product segments

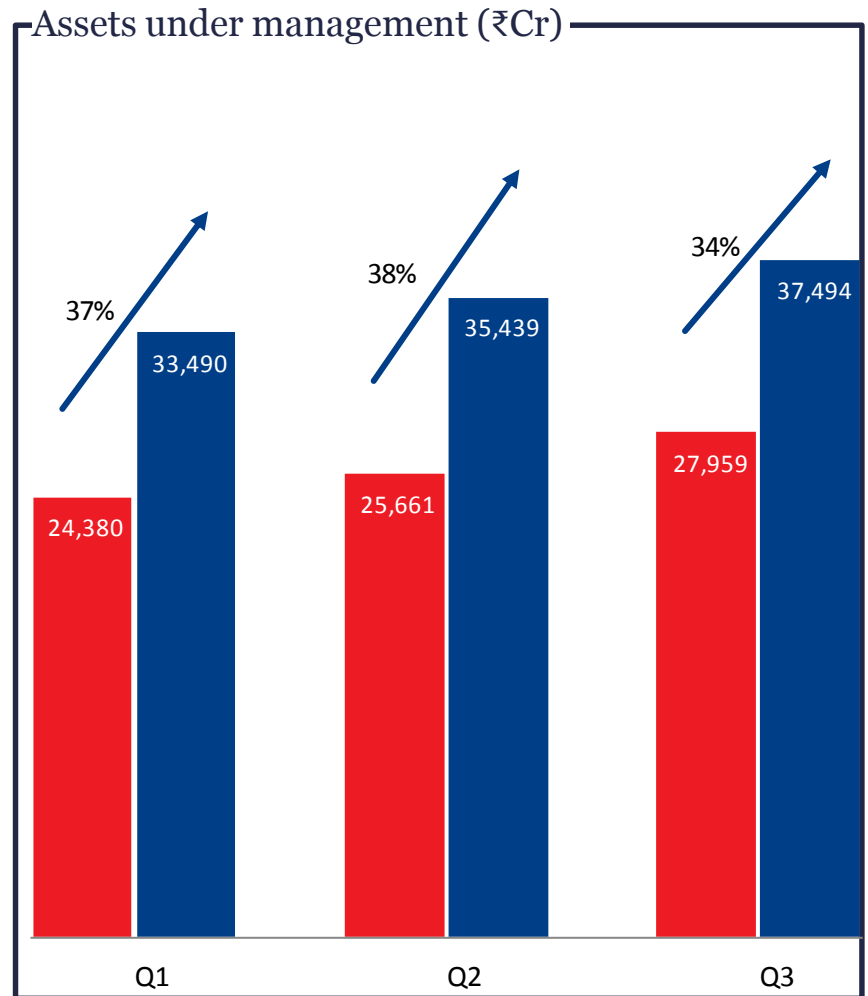
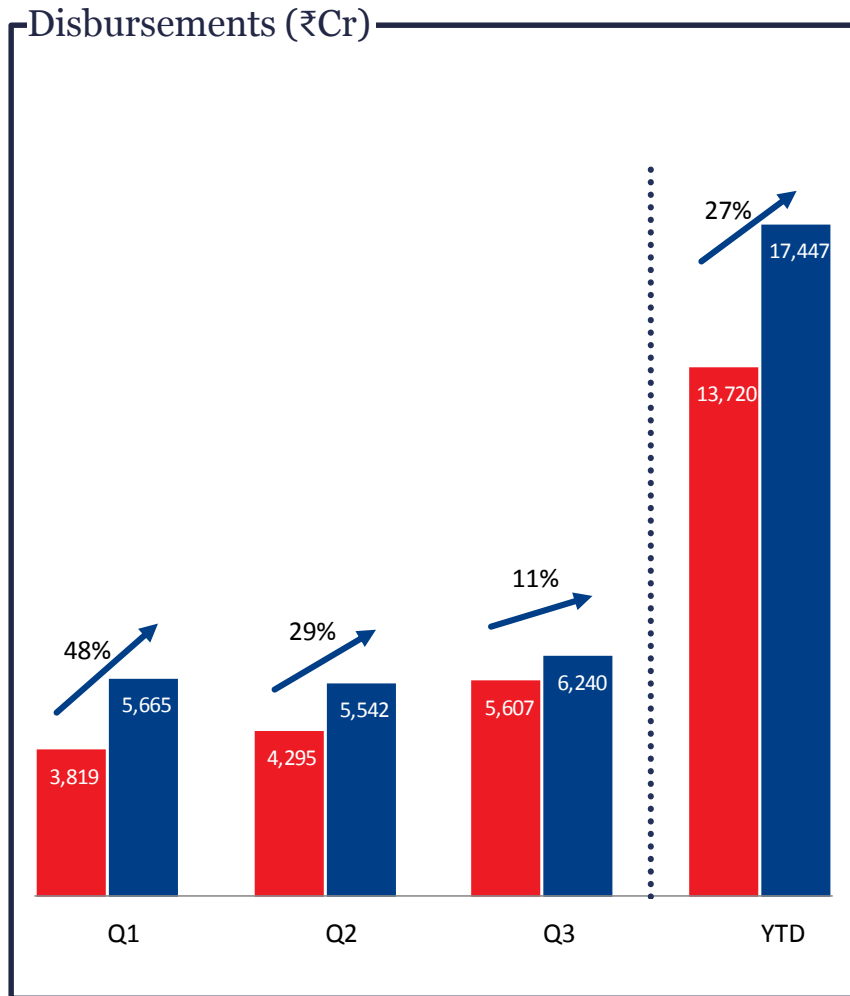
Disbursements - Product wise



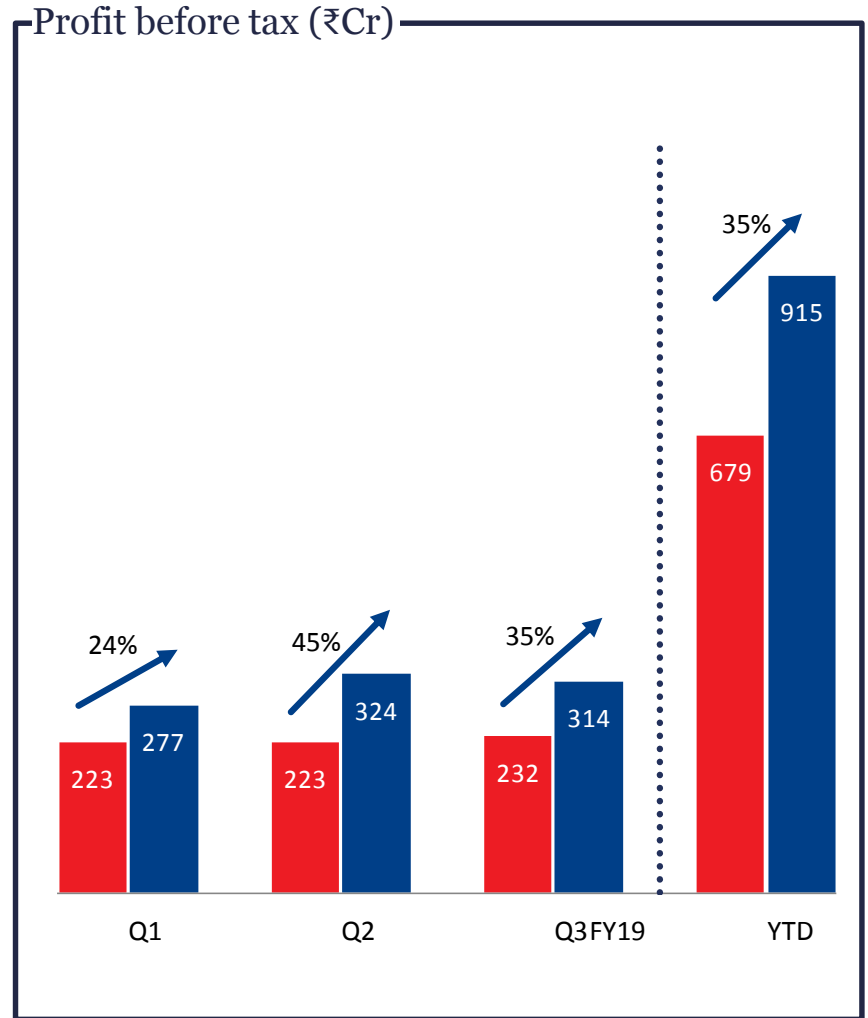
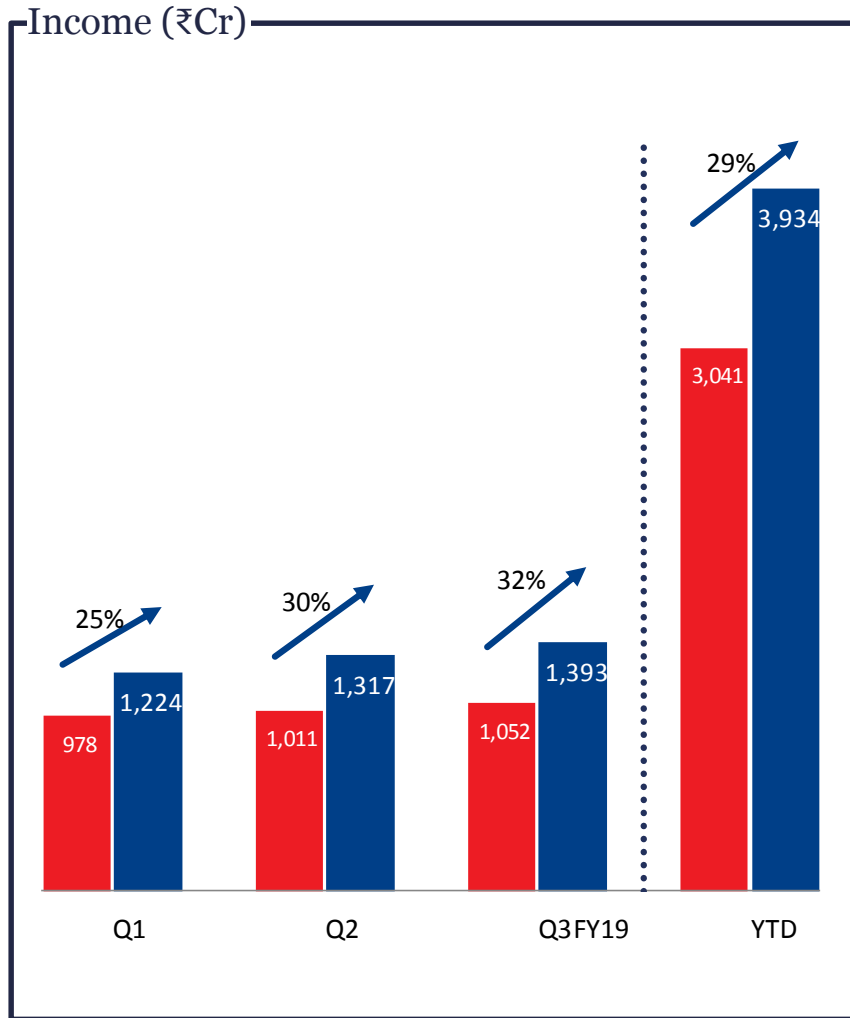
Portfolio - Product wise



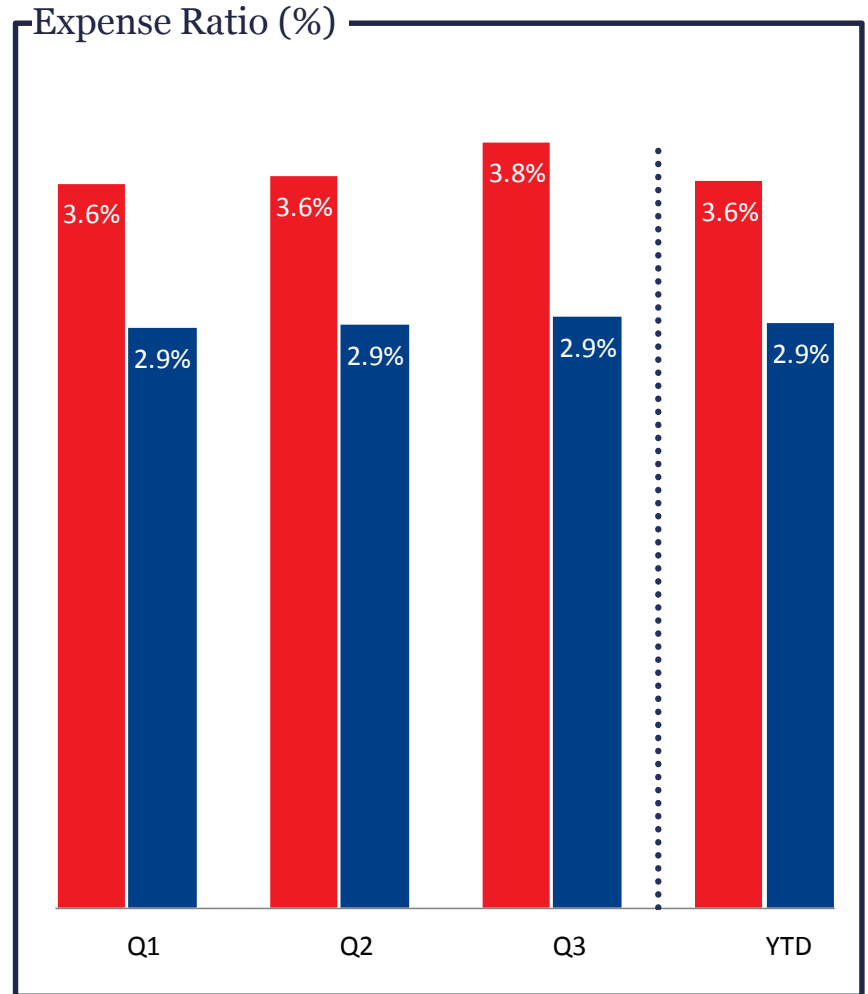
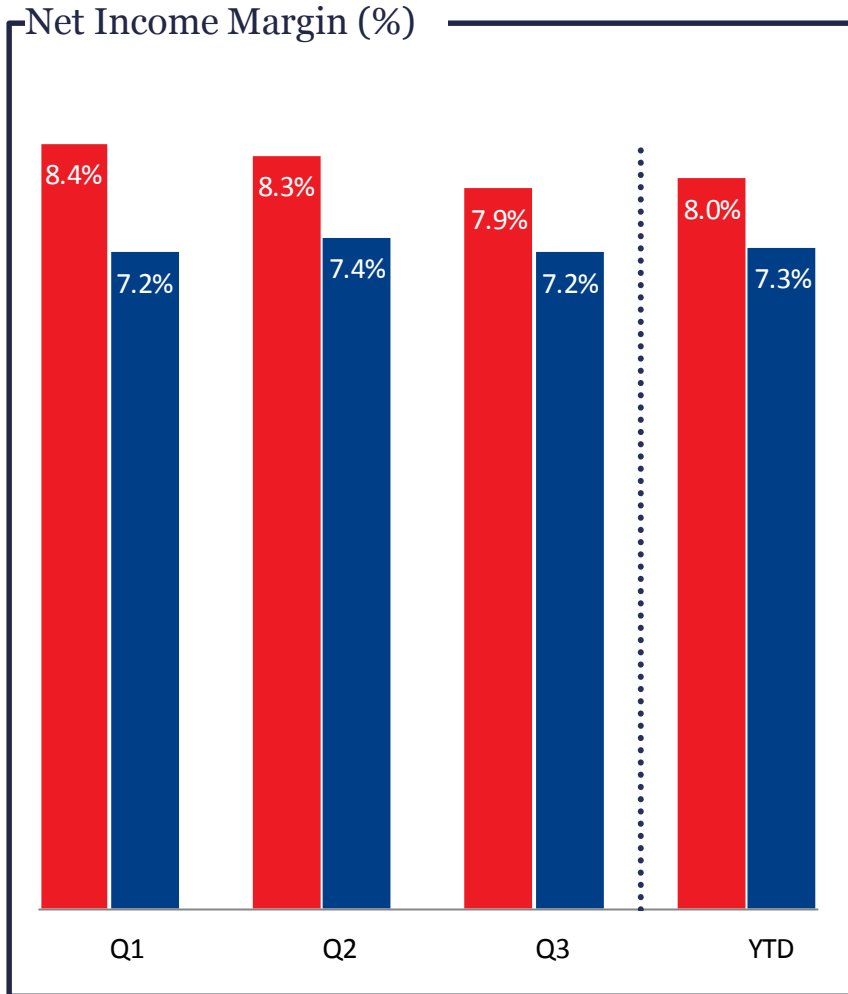
Vehicle Finance: Financial summary Q3FY19 (As per IND AS) (I)



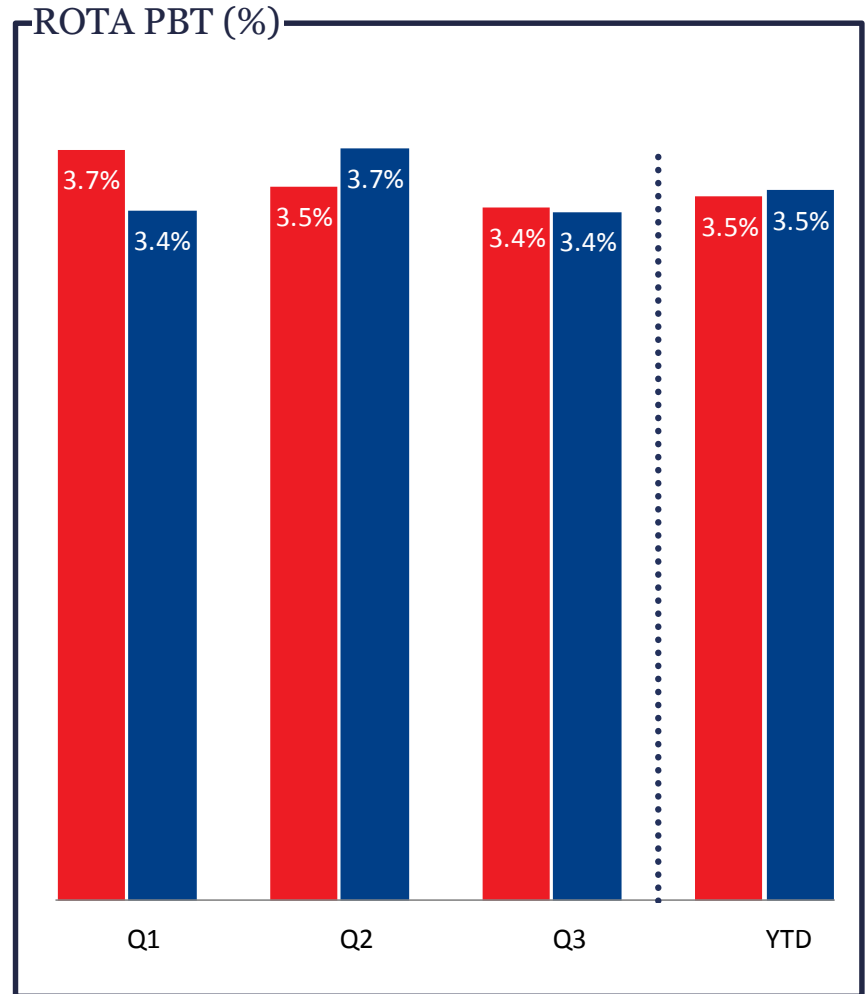
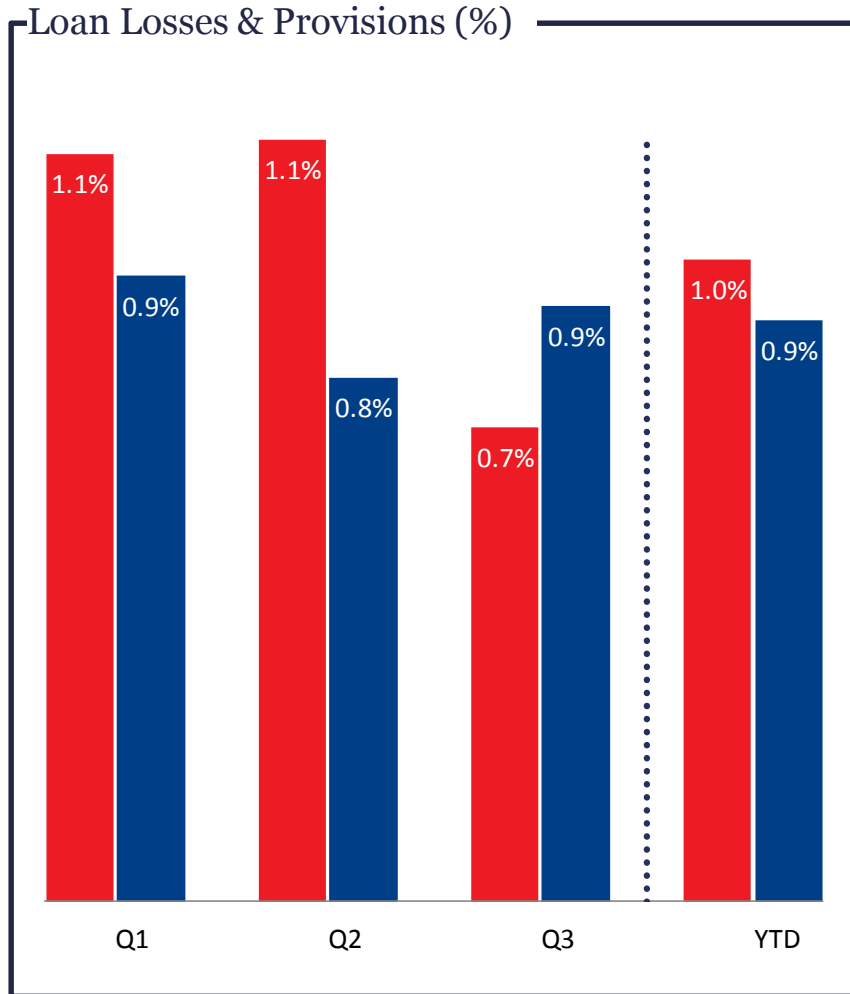
Vehicle Finance: Financial summary Q3FY19 (As per IND AS) (II)



Vehicle Finance: Financial summary Q3FY19 (As per IND AS) (III)



Vehicle Finance: Financial summary Q3FY19 (As per IND AS) (IV)



Profit and Loss Statement: Vehicle Finance

(As per IND AS)

₹ Cr

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	YTD Dec17	YTD Dec18	Growth % Q2-o-Q2	Growth % Q3-o-Q3	Growth % (YTD) Y-o-Y
Disbursements	3,819	5,665	4,295	5,542	5,607	6,240	13,720	17,447	29%	11%	27%
Closing Assets (Managed)	24,380	33,491	25,661	35,439	27,959	37,494	27,959	37,494	38%	34%	34%
Operating Income	978	1,224	1,011	1,317	1,052	1,393	3,041	3,934	30%	32%	29%
Finance Charges	475	640	489	676	517	730	1,480	2,045	38%	41%	38%
Net Income	503	584	522	641	535	663	1,560	1,888	23%	24%	21%
Expenses	214	232	227	250	255	268	696	749	10%	5%	8%
Loan Losses and Std Assets Prov	66	75	71	68	48	81	185	224	-5%	71%	21%
Profit Before Tax	223	277	223	324	232	314	679	915	45%	35%	35%
Asset Ratios											
Income	16.3%	15.1%	16.0%	15.2%	15.6%	15.2%	15.6%	15.2%			
Cost of Funds	7.9%	7.9%	7.7%	7.8%	7.6%	7.9%	7.6%	7.9%			
Net Income Margin	8.4%	7.2%	8.3%	7.4%	7.9%	7.2%	8.0%	7.3%			
Expense	3.6%	2.9%	3.6%	2.9%	3.8%	2.9%	3.6%	2.9%			
Losses & Provisions	1.1%	0.9%	1.1%	0.8%	0.7%	0.9%	1.0%	0.9%			
ROTA-PBT	3.7%	3.4%	3.5%	3.7%	3.4%	3.4%	3.5%	3.5%			

Home Equity



Home Equity—Q3 FY19 and YTD Dec18 Performance (As per IND AS)

Disbursements

- Disbursements has grown 19% in Q3FY18 and 18% on YTD basis

Asset under management

- The business has grown the Assets by 13% in YTD FY19 (YoY). Pre-closures are being controlled by better customer engagement, though it continues to grow.

Loss and provisions

- Reversal of provisions continue in Q3.

Profit before tax

- PBT for Q3FY19 has grown by 204% as compared to Q3FY18 and on YTD basis it has grown by 59%.

Home Equity: Industry outlook



- NBFCs' Loan against property book likely to grow at 12–15% in FY19



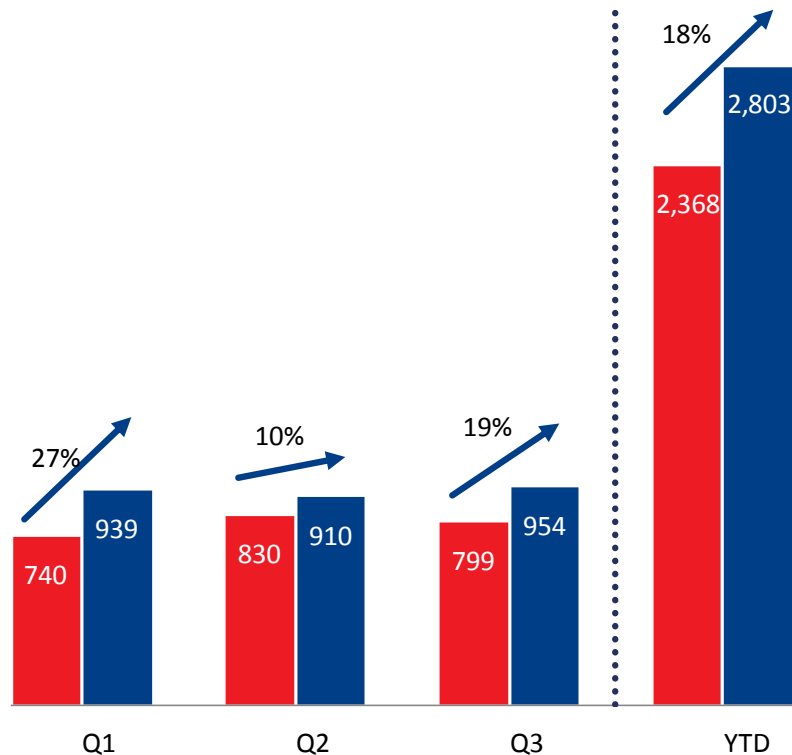
- Moody's said that rising interest rates for LAP over the rest of 2018, together with cautious underwriting in light of rising delinquencies
- The larger NBFCs have moderated their ticket sizes, in view of the asset quality concerns and increased competitive pressure



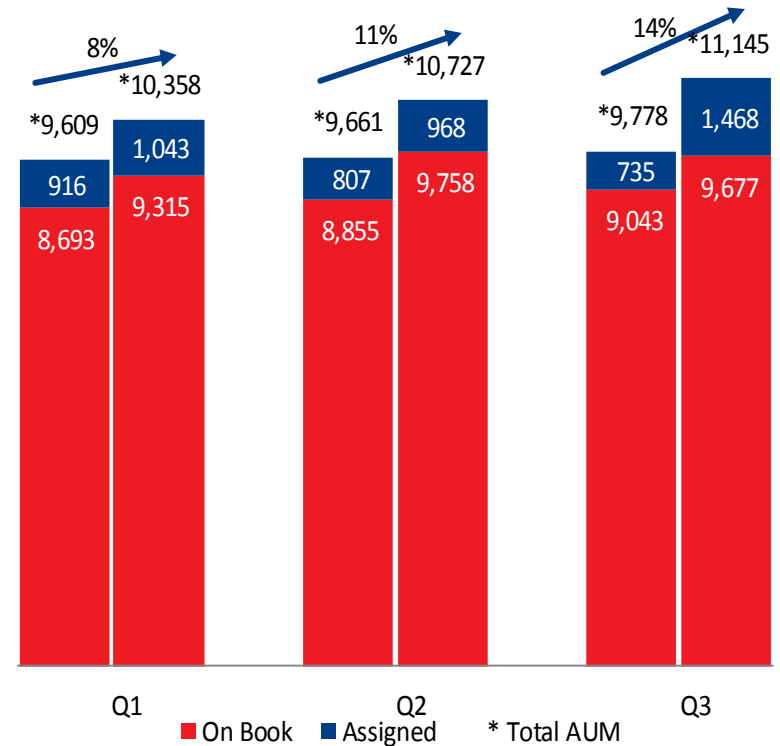
- ICRA notes that twin effects of increased borrowing rates and expected shrinkage in funding sources could impact growth to an extent

Home Equity—Financial Summary Q3FY19 (As per IND AS) (I)

Disbursements (₹Cr)

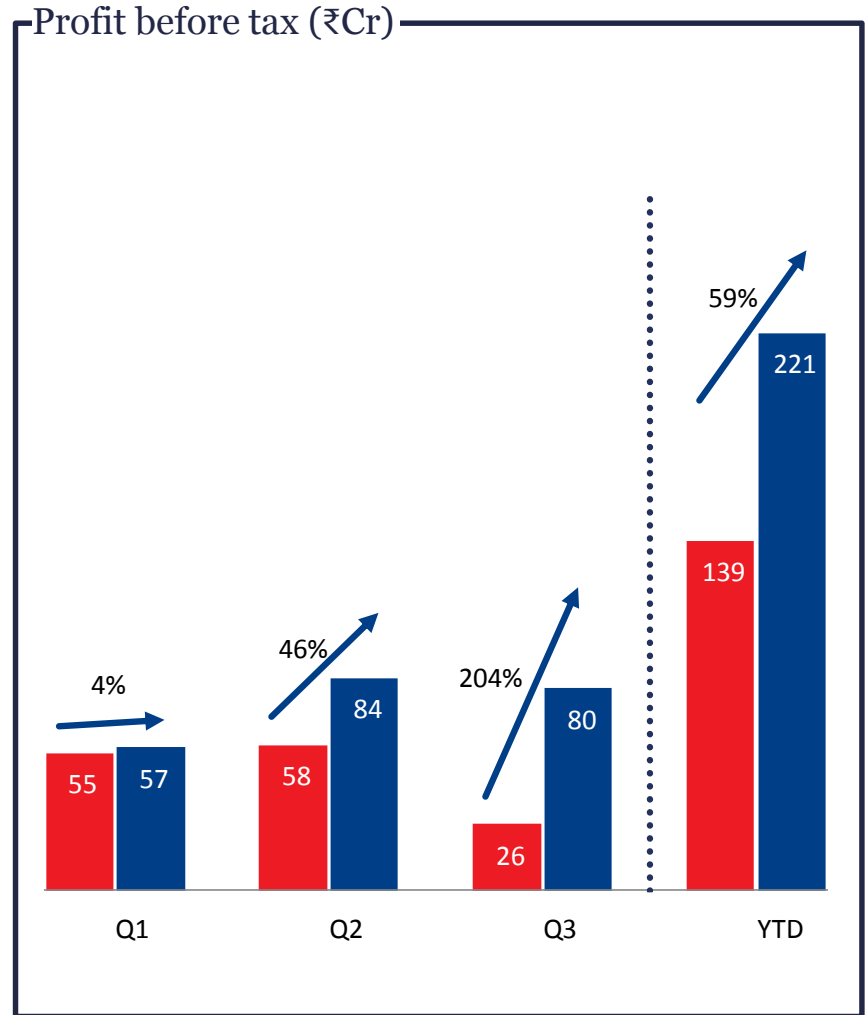
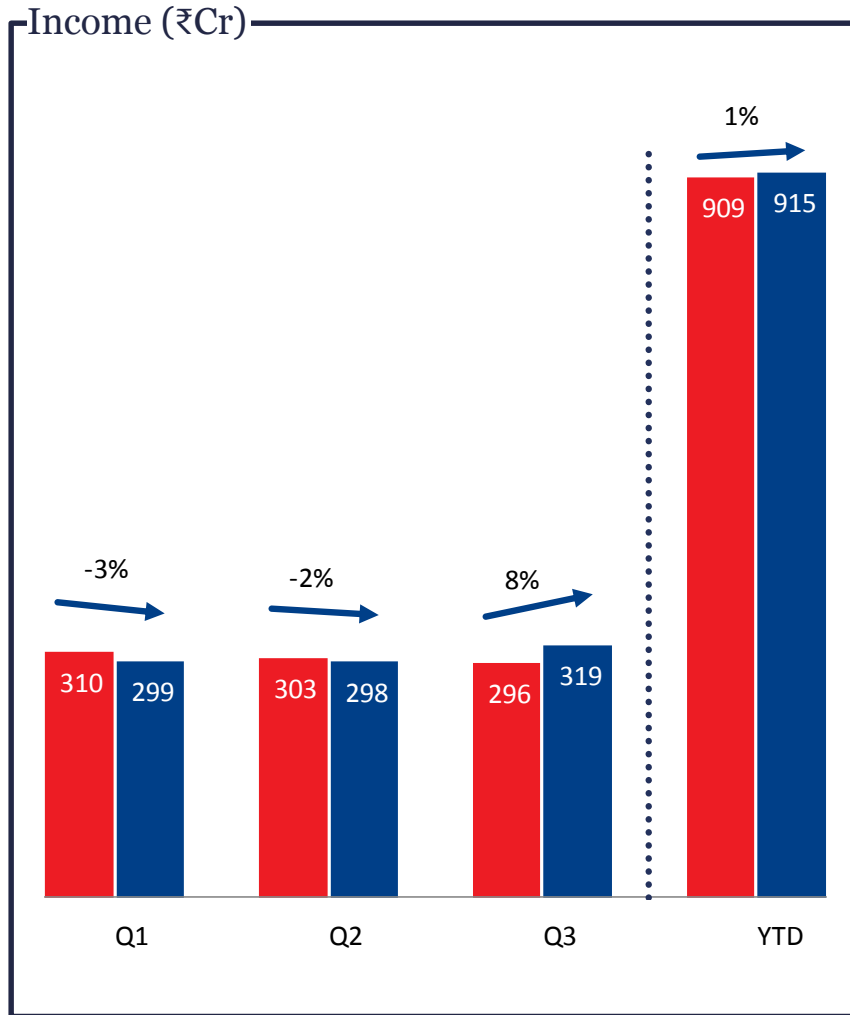


Assets under Management (₹Cr)

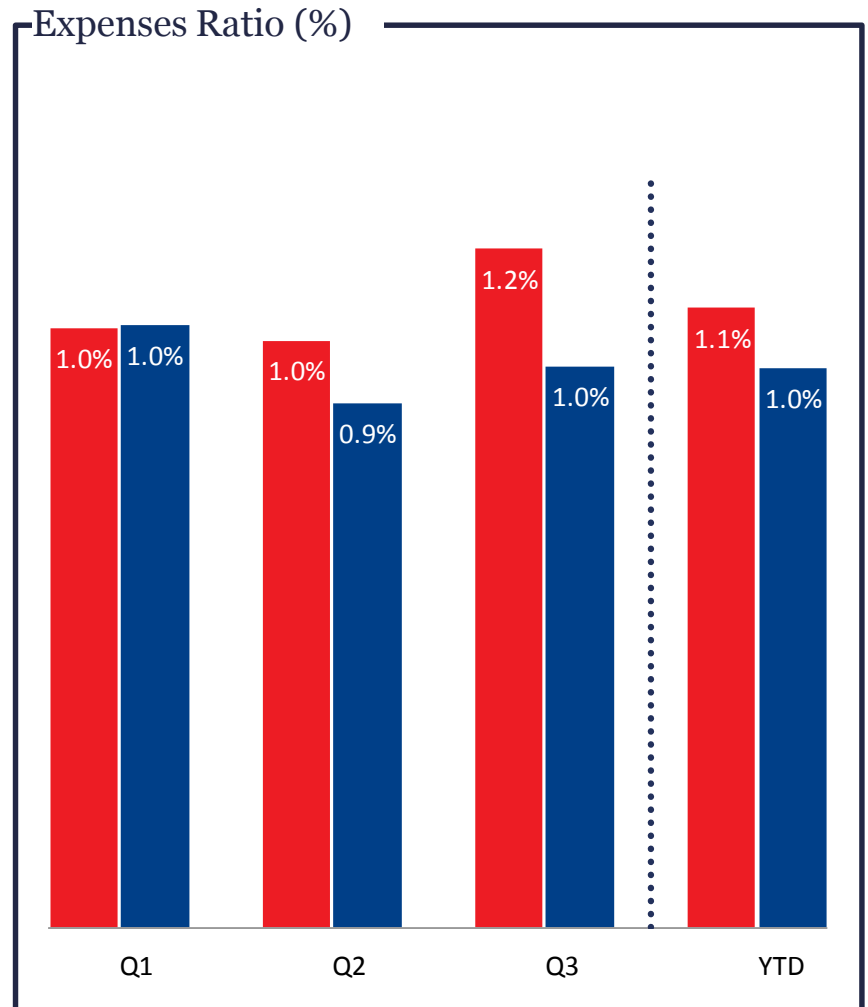
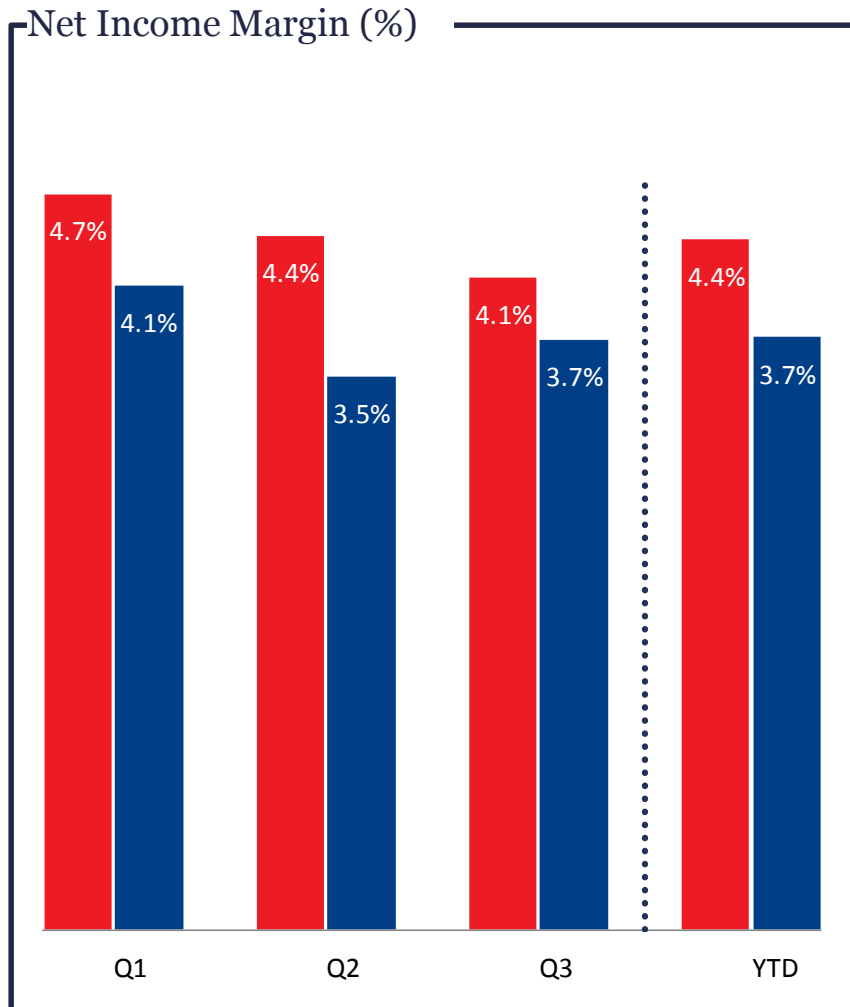


Home Equity—Financial Summary Q3FY19

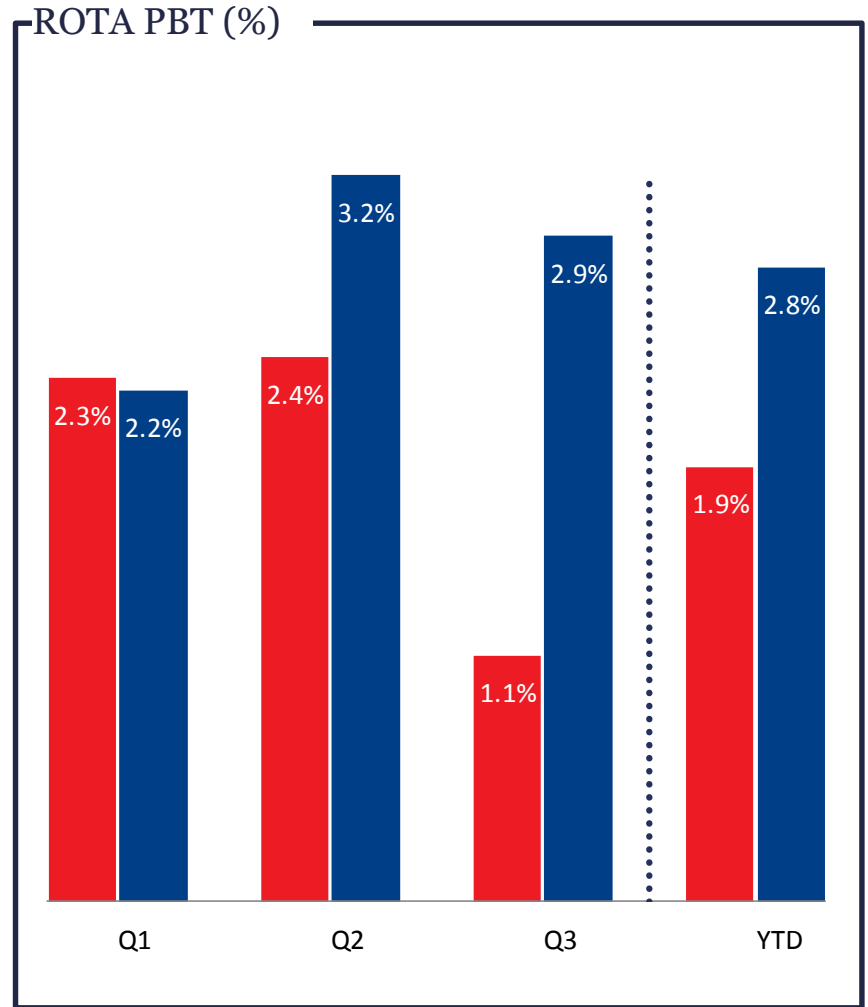
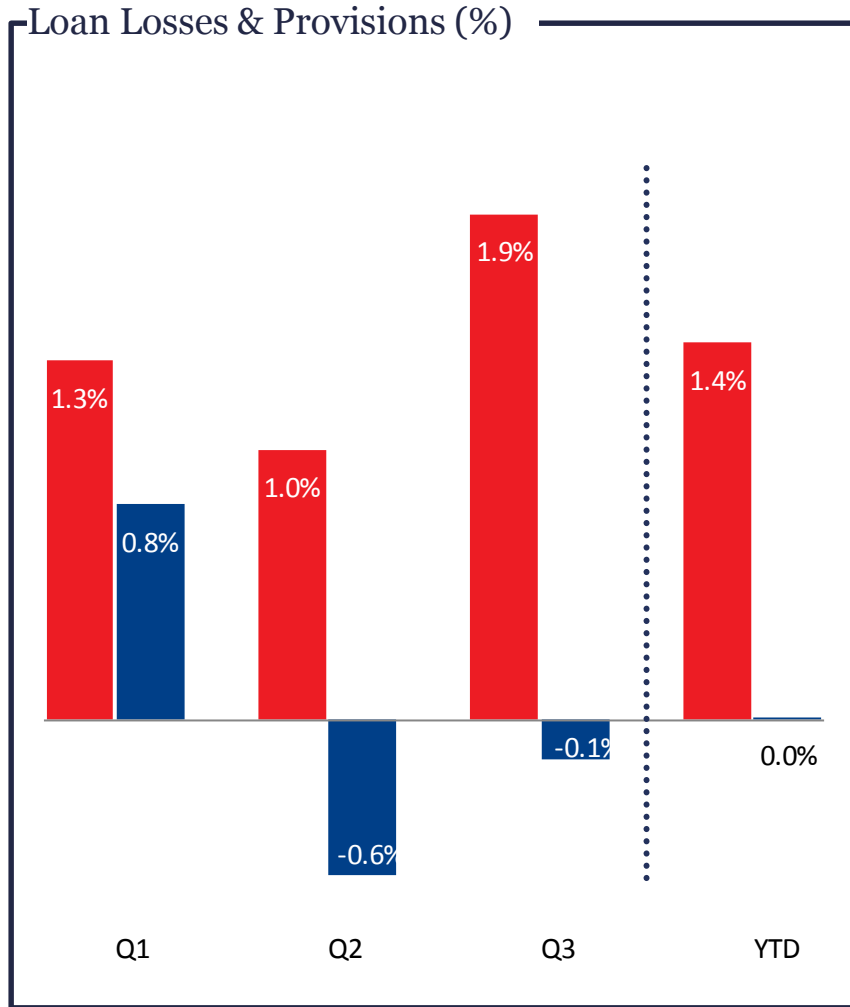
(As per IND AS) (II)



Home Equity—Financial Summary Q3FY19 (As per IND AS) (III)



Home Equity—Financial Summary Q3FY19 (As per IND AS) (IV)



Profit and Loss Statement: Home Equity

(As per IND AS)

₹ Cr

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	YTD Dec17	YTD Dec18	Growth % Q2-o-Q2	Growth % Q3-o-Q3	Growth % (YTD) Y-o-Y
Disbursements	740	939	830	910	799	954	2,368	2,803	10%	19%	18%
Closing Assets (Managed)	9,609	10,358	9,661	10,727	9,803	11,145	9,803	11,145	11%	14%	14%
Operating Income	310	299	303	298	296	319	909	915	-2%	8%	1%
Finance Charges	198	195	196	205	195	216	590	616	4%	11%	4%
Net Income	111	103	107	93	101	103	319	299	-13%	2%	-6%
Expenses	25	26	25	24	29	27	78	77	-2%	-7%	-1%
Loan Losses and Std Assets Prov	32	20	24	-15	46	-4	102	1	-163%	-108%	-99%
Profit Before Tax	55	57	58	84	26	80	139	221	46%	204%	59%
Asset Ratios											
Income	12.9%	11.8%	12.5%	11.2%	12.1%	11.6%	12.4%	11.5%			
Cost of Funds	8.3%	7.7%	8.1%	7.7%	8.0%	7.8%	8.1%	7.7%			
Net Income Margin	4.7%	4.1%	4.4%	3.5%	4.1%	3.7%	4.4%	3.7%			
Expense	1.0%	1.0%	1.0%	0.9%	1.2%	1.0%	1.1%	1.0%			
Losses & Provisions	1.3%	0.8%	1.0%	-0.6%	1.9%	-0.1%	1.4%	0.0%			
ROTA-PBT	2.3%	2.2%	2.4%	3.2%	1.1%	2.9%	1.9%	2.8%			

Home Loan



Home Loan—Q3FY19 and YTD Dec18 Performance (As per IND AS)

Disbursements

- Disbursements has grown 108% in Q3FY18 and 85% on YTD basis

Asset under management

- Asset has grown 89% YoY

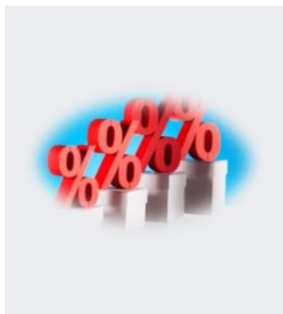
Loss and provisions

- Loan losses in Q3FY19 is at 1.2%
- Loan losses (YTD) reduced to 1.2% from 1.8% YoY

Profit before tax

- PBT for Q3FY19 has grown by 96% as compared to Q3FY18 and on YTD basis it has grown by 216%.

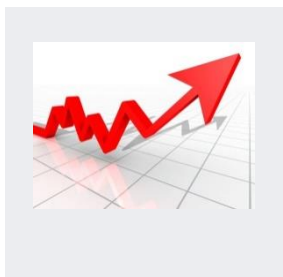
Home loan: Industry outlook



- Overall Industry is expected to grow around 17%-19% and affordable housing segment to grow at much higher rate of around 22-25%
- Smaller affordable housing players are expected to grow at much higher rate of 30%

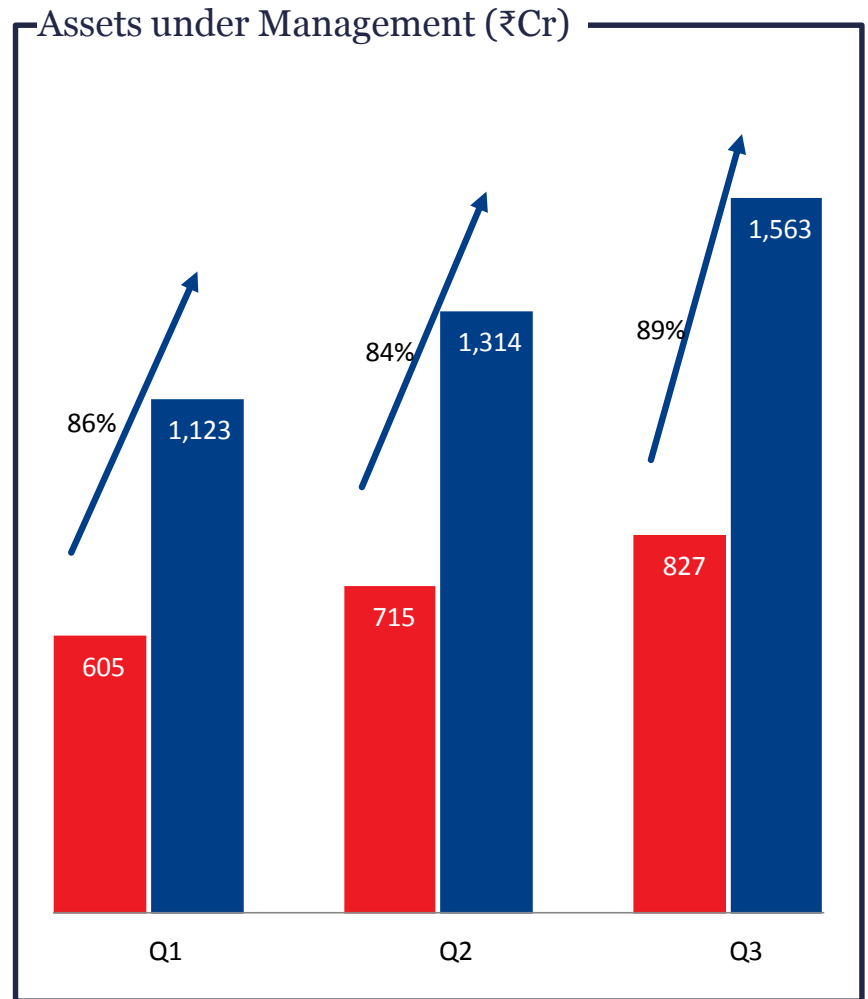
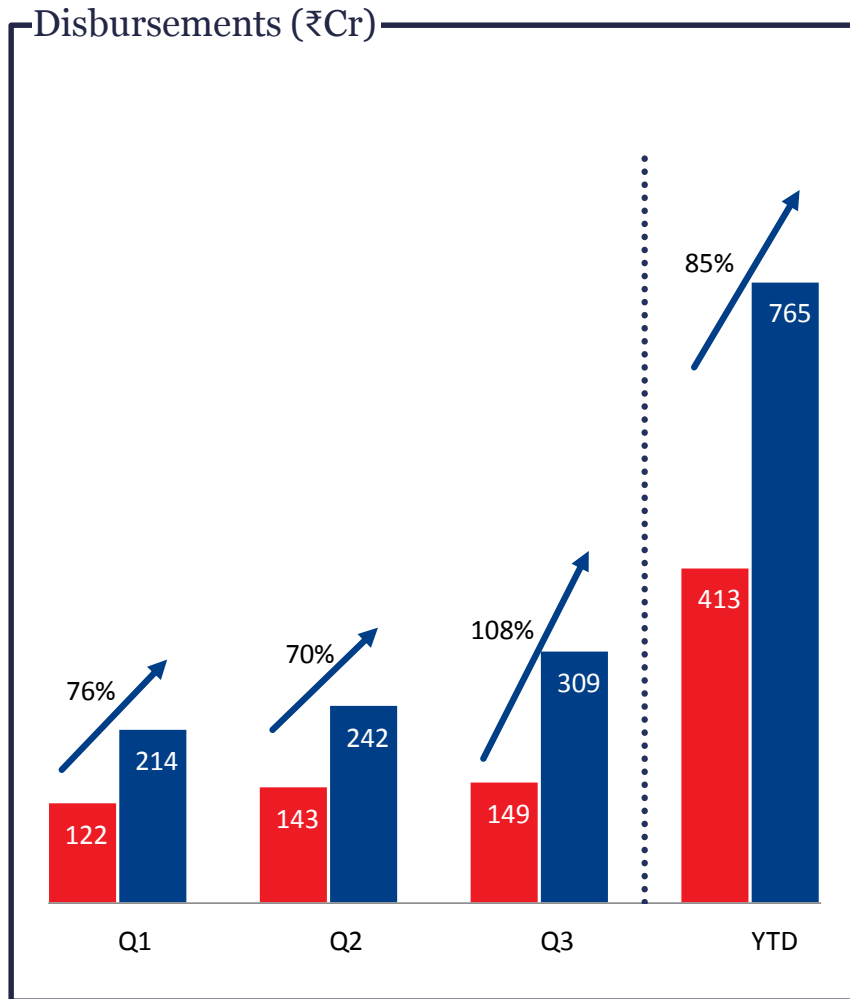


- The recent liquidity crunch faced by some NBFCs and HFCs have slowed down the disbursement growth, providing an opportunity for the new entrants/players with strong balance sheets.
- Rs 10-100 lakh ticket size is better in terms of NPA rates



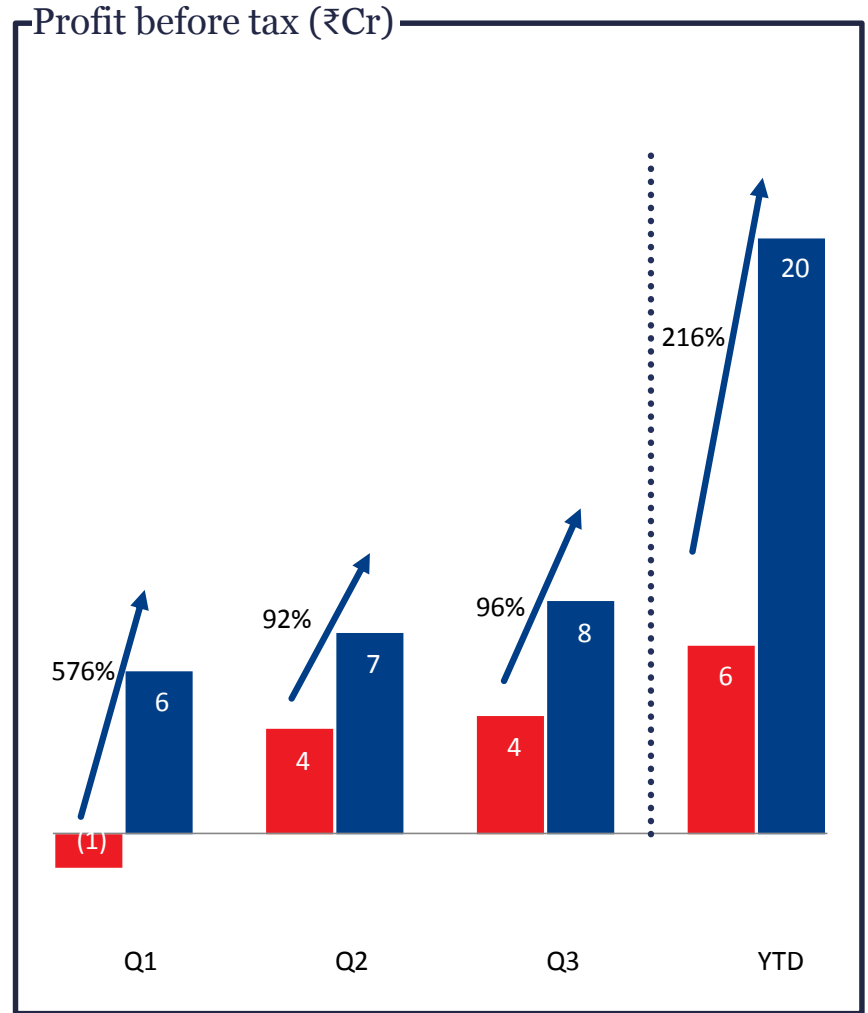
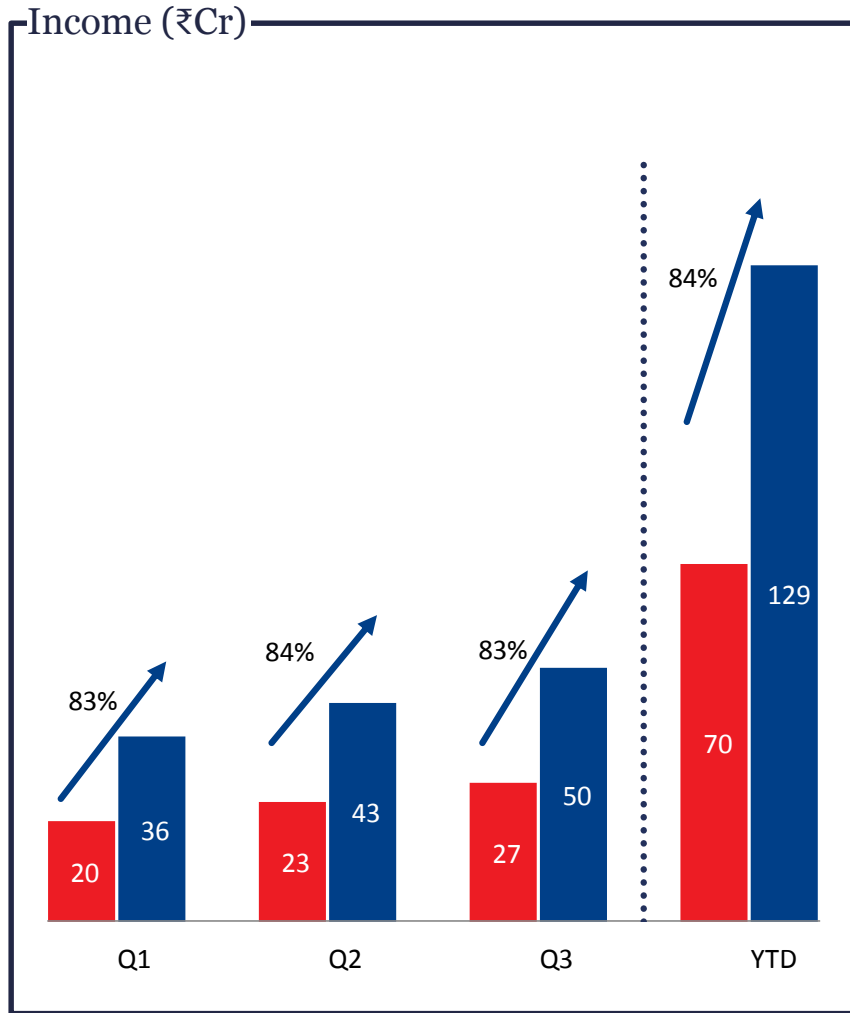
- Most of the HFCs were able to maintain their interest spreads , resulting in stable profitability indicators with adjusted ROE of 16-18%
- Affordable new HFCs also reported improving profitability indicators

Home Loan—Financial Summary Q3FY19 (As per IND AS) (I)

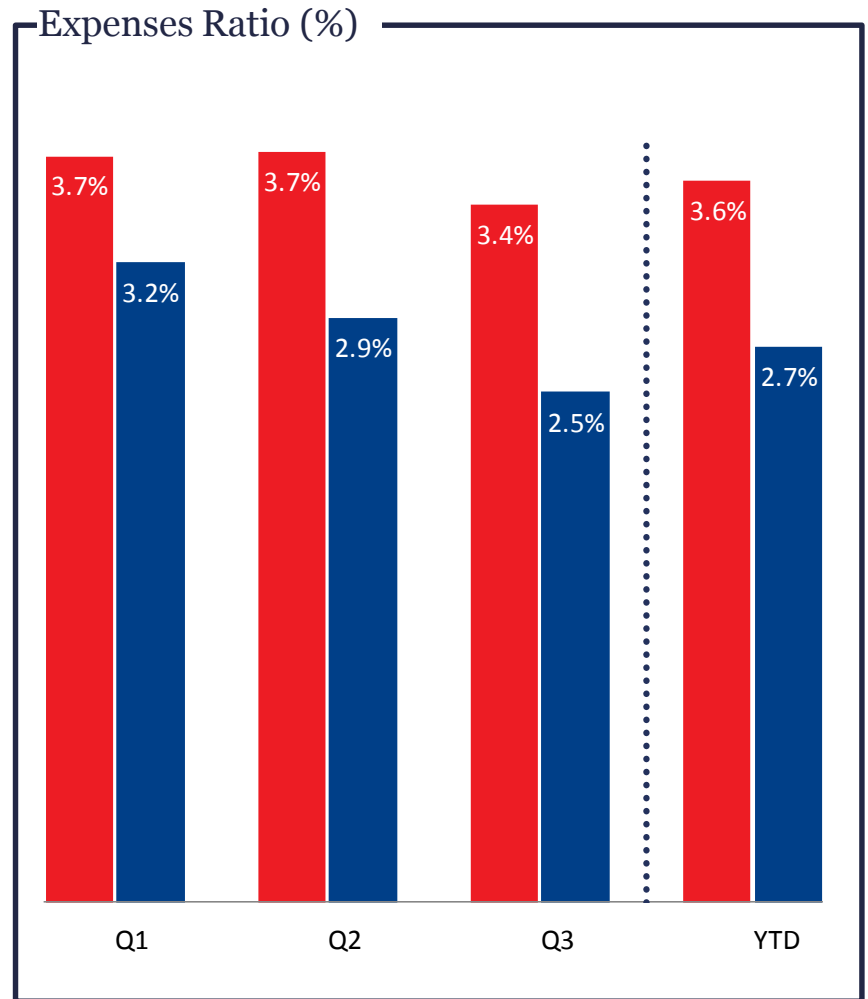
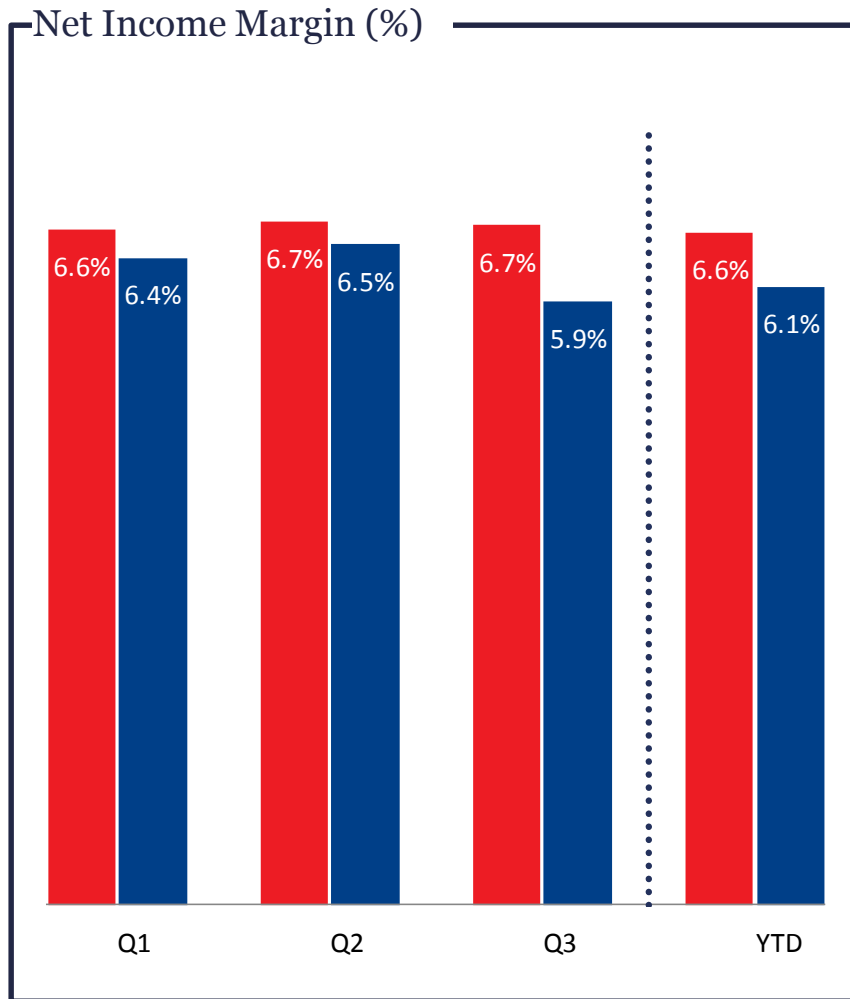


Home Loan—Financial Summary Q3FY19

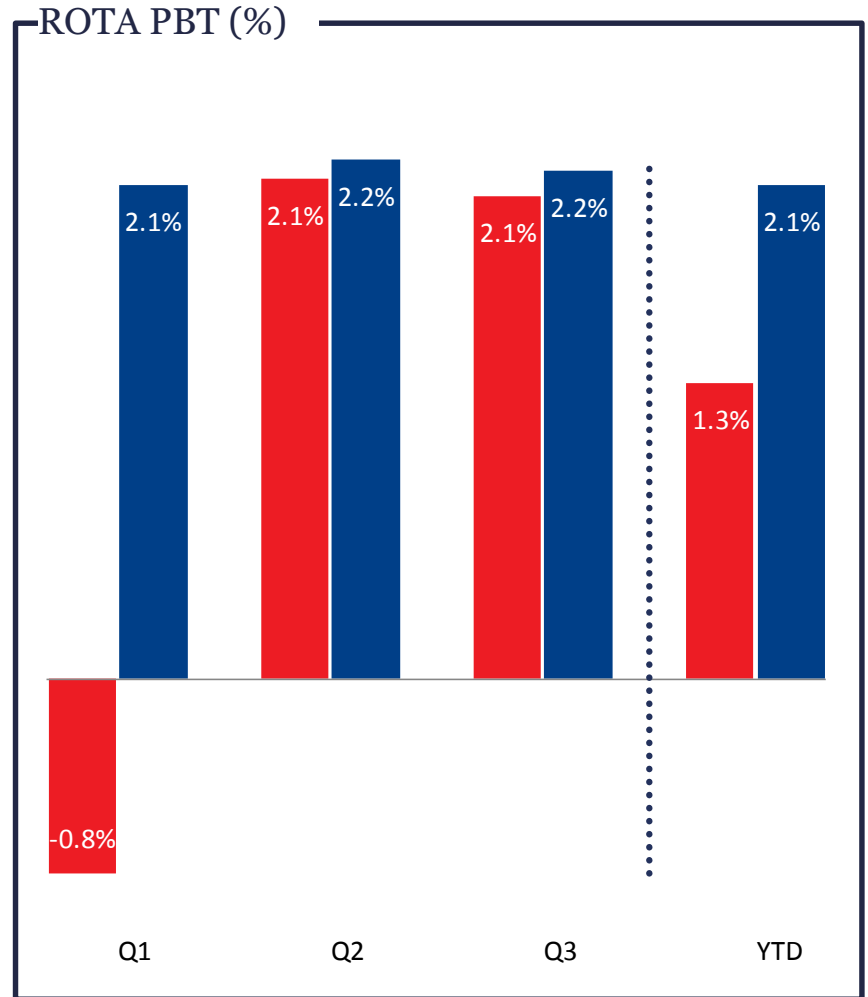
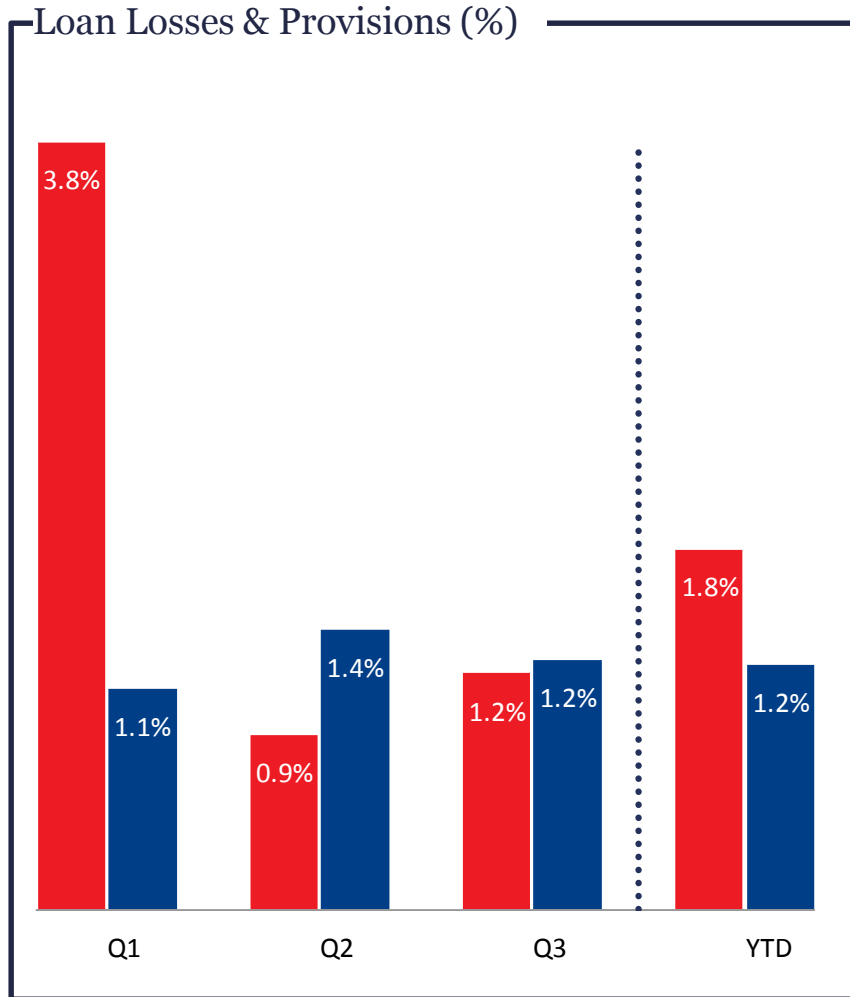
(As per IND AS) (II)



Home Loan—Financial Summary Q3FY19 (As per IND AS) (III)



Home Loan—Financial Summary Q3FY19 (As per IND AS) (IV)



Profit and Loss Statement: Home Loan (as per IND AS)

₹ Cr

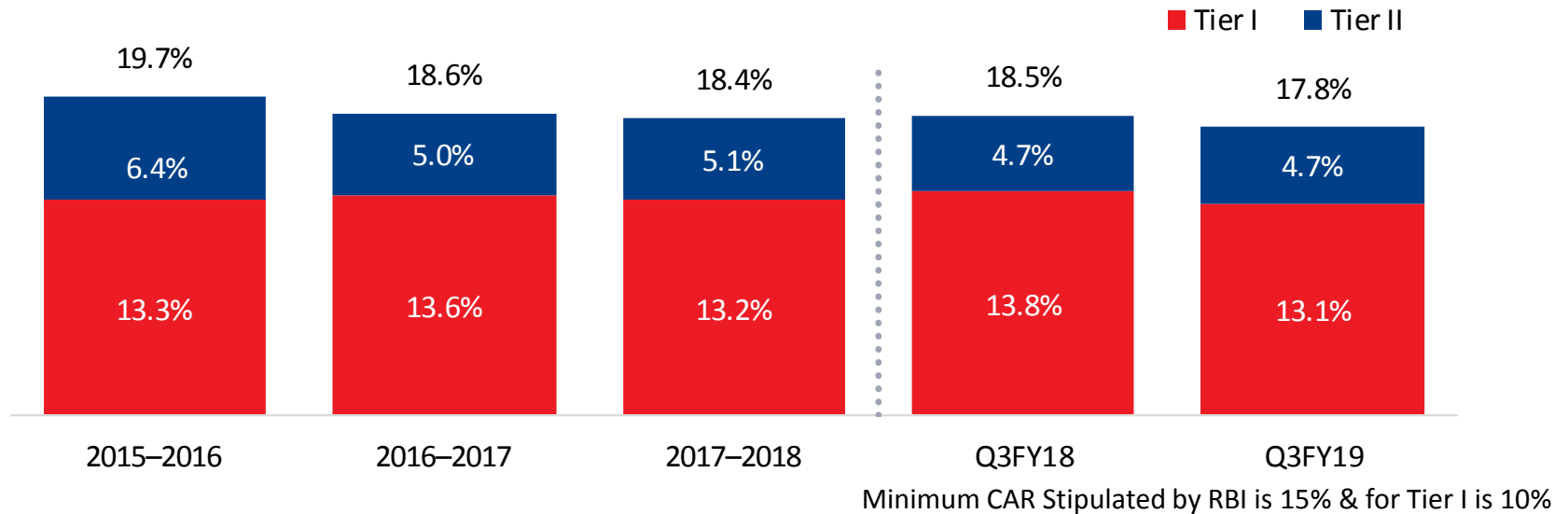
Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	YTD Dec17	YTD Dec18	Growth % Q2-o-Q2	Growth % Q3-o-Q3	Growth % (YTD) Y-o-Y
Disbursements	122	214	143	242	149	309	413	765	70%	108%	85%
Closing Assets (Managed)	605	1,123	715	1,314	827	1,563	827	1,563	84%	89%	89%
Operating Income	20	36	23	43	27	50	70	129	84%	83%	84%
Finance Charges	10	19	12	23	14	28	37	71	90%	100%	92%
Net Income	9	17	11	20	13	21	33	58	79%	66%	74%
Expenses	5	8	6	9	7	9	18	26	44%	36%	46%
Loan Losses and Std Assets Prov	5	3	1	4	2	4	9	12	196%	98%	29%
Profit Before Tax	-1	6	4	7	4	8	6	20	92%	96%	216%
Asset Ratios											
Income	14.1%	13.8%	14.0%	14.0%	13.9%	13.7%	13.9%	13.4%			
Cost of Funds	7.5%	7.4%	7.3%	7.5%	7.3%	7.8%	7.3%	7.4%			
Net Income Margin	6.6%	6.4%	6.7%	6.5%	6.7%	5.9%	6.6%	6.1%			
Expense	3.7%	3.2%	3.7%	2.9%	3.4%	2.5%	3.6%	2.7%			
Losses & Provisions	3.8%	1.1%	0.9%	1.4%	1.2%	1.2%	1.8%	1.2%			
ROTA-PBT	-0.8%	2.1%	2.1%	2.2%	2.1%	2.2%	1.3%	2.1%			

Funding Profile



CAR, Credit Rating

Capital Adequacy Ratio (CAR)



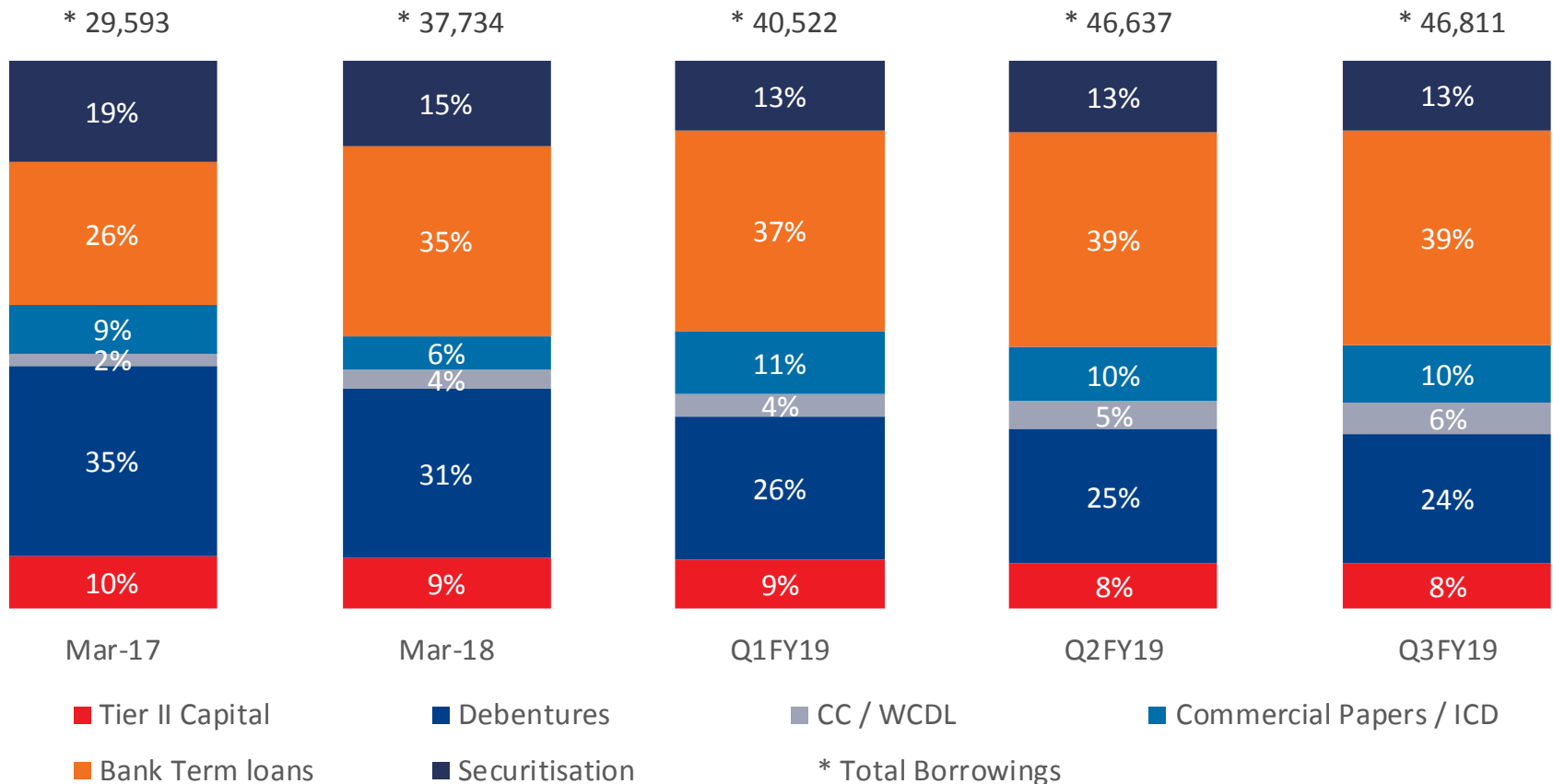
Credit Rating

Loan type	India ratings	Care	ICRA	Crisil
ST CP/WCDL	-	CARE A1+^	[ICRA] A1+	[CRISIL] A1+
LT NCD/CC	IND AA + (ind) stable*	CARE AA+*	[ICRA] AA+	[CRISIL] AA+
Tier II SD	IND AA + (ind) stable	CARE AA+	[ICRA] AA+/Stable	[CRISIL] AA+/Stable
Tier I PDI	IND AA (ind)	CARE AA	[ICRA] AA/Stable	-

Diversified Borrowings Profile (I/II)

(₹Cr)

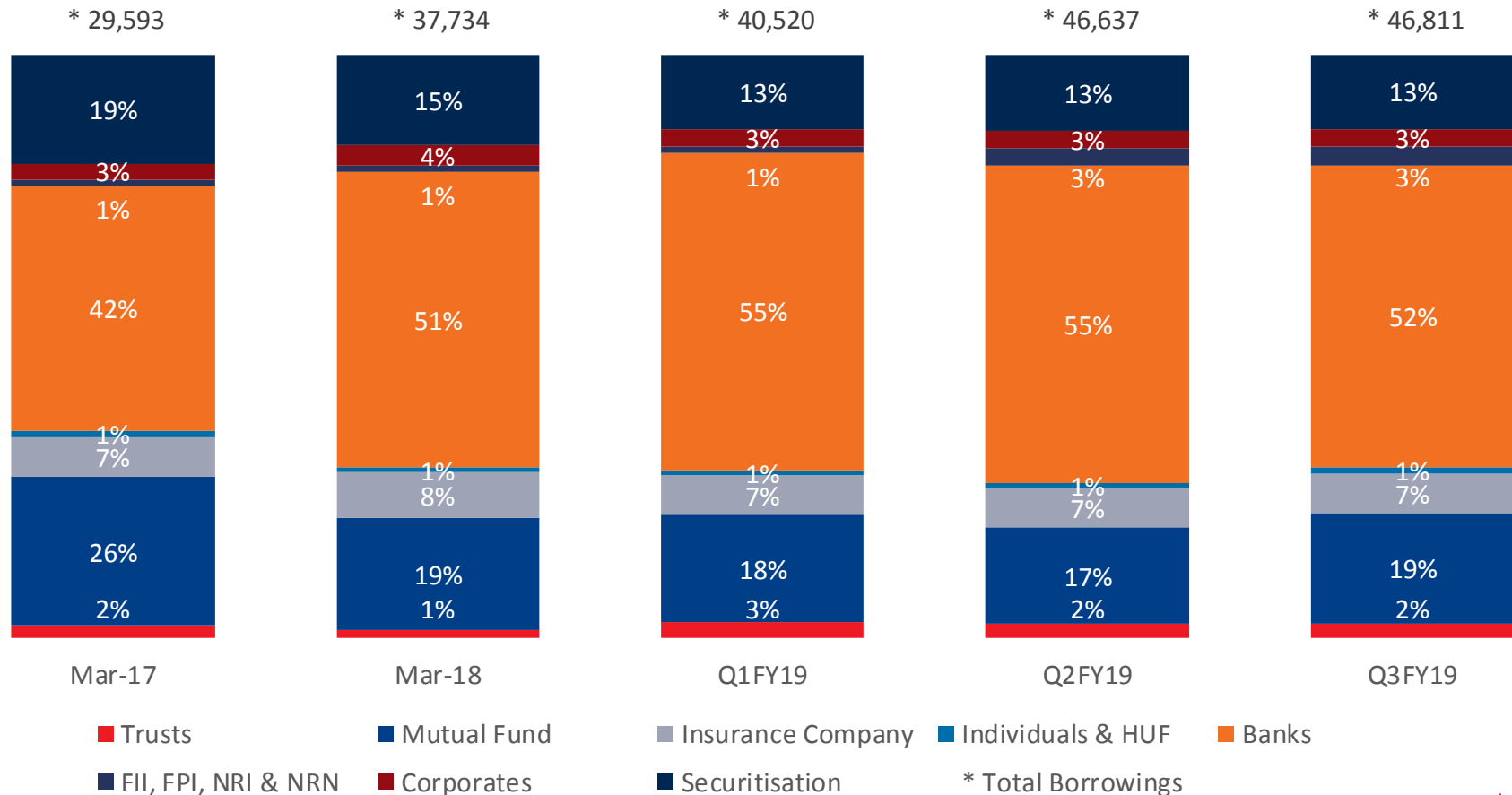
Borrowing mix by instrument type



Diversified Borrowings Profile (II/II)

Borrowing mix by investor type

(₹Cr)



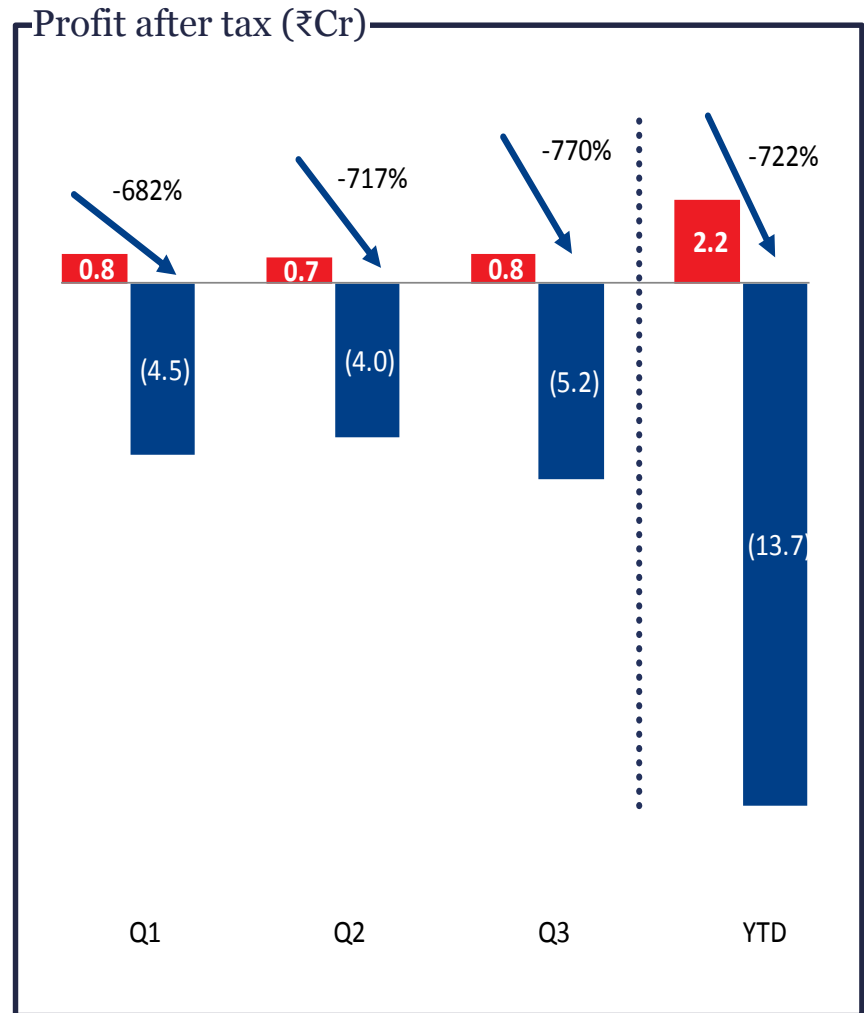
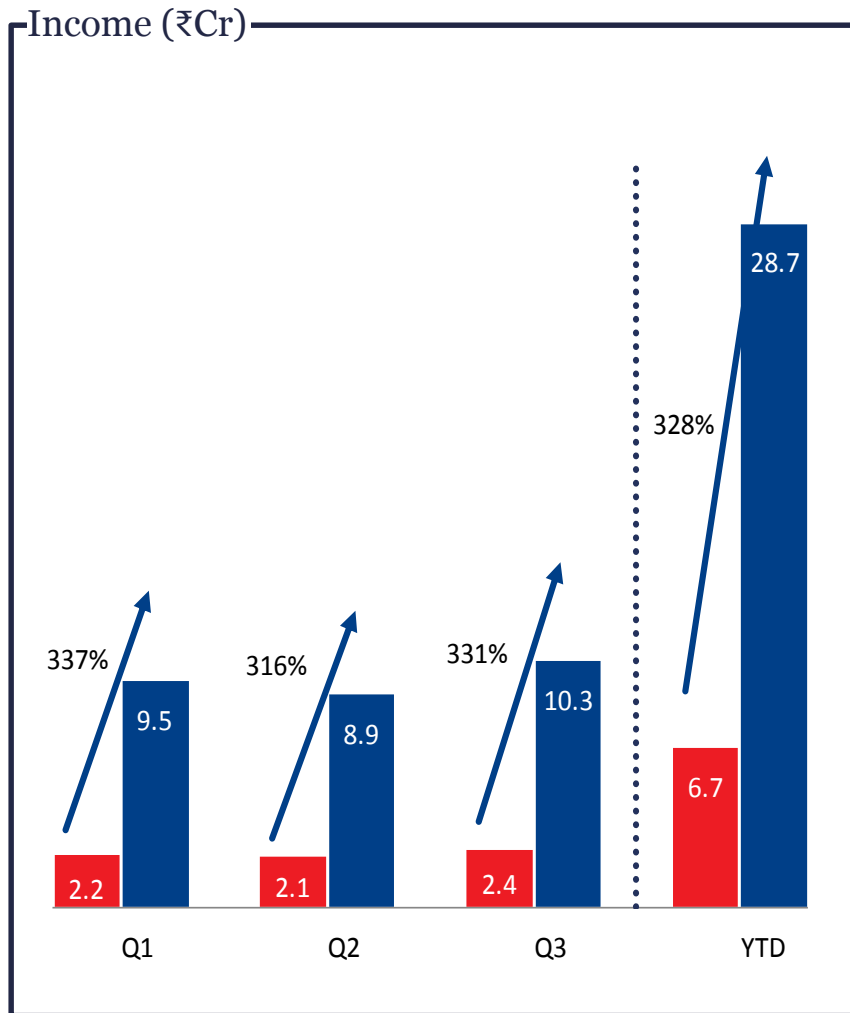
ALM Statement as of 31st December 2018

Particulars (Cr.)	1 m	>1 to 2m	>2 to 3m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Investments	300	1,302	1,125	-	-	-	-	-	2,727
Advances	1,651	1,125	1,142	5,108	8,319	21,618	5,000	4,982	48,945
Trade Receivable & Others	53	526	13	57	203	400	210	1,101	2,564
Total Inflows (A)	2,005	2,953	2,280	5,165	8,521	22,019	5,210	6,083	54,235
Cumulative Total Inflows (B)	2,005	4,958	7,238	12,403	20,924	42,943	48,153	54,235	
Borrowing Repayment	1,229	2,827	2,521	2,948	9,729	20,915	4,053	2,712	46,935
Capital Reserves and Surplus	-	-	-	-	-	-	-	5,965	5,965
Other Outflows	412	88	148	192	262	163	-	70	1,335
Total Outflows (C)	1,642	2,915	2,668	3,141	9,992	21,078	4,053	8,747	54,235
Cumulative Total Outflows (D)	1,642	4,556	7,225	10,365	20,357	41,435	45,488	54,235	
E. GAP (A - C)	363	39	-388	2,024	-1,470	940	1,157	-2,665	
F.Cumulative GAP (B - D)	363	402	14	2,038	567	1,508	2,665	-0	
Cumulative GAP as % (F/D)	22.1%	8.8%	0.2%	19.7%	2.8%	3.6%	5.9%	0.0%	

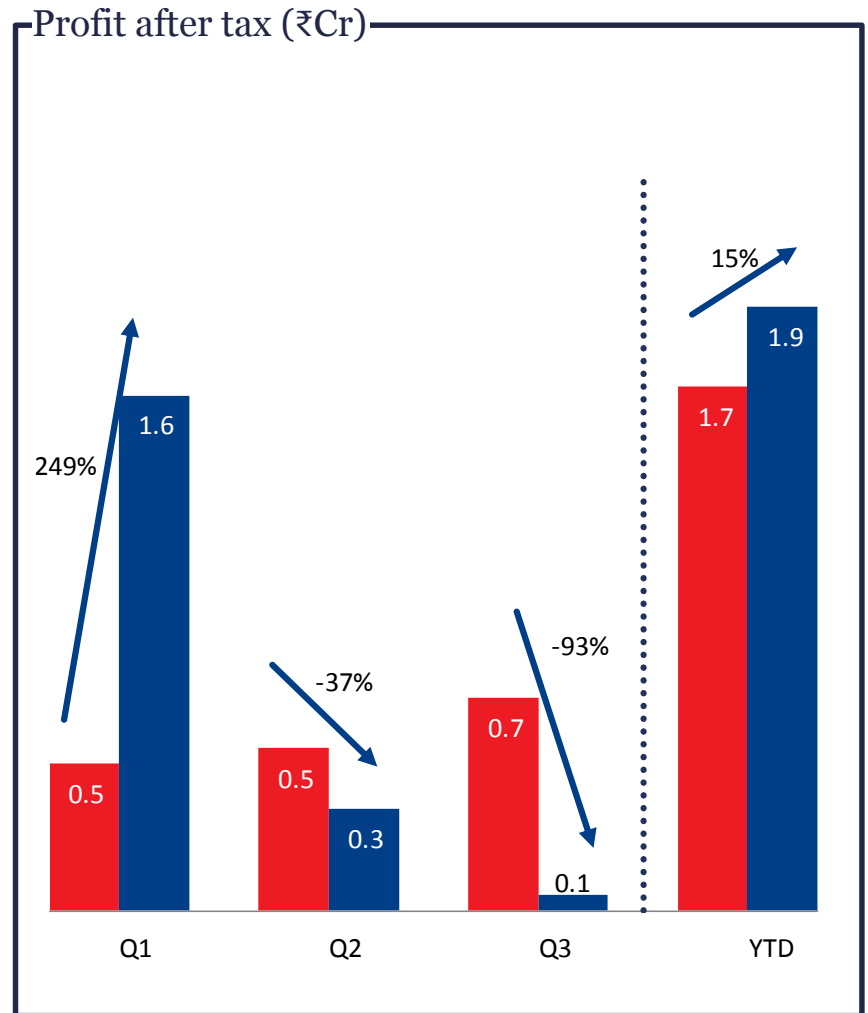
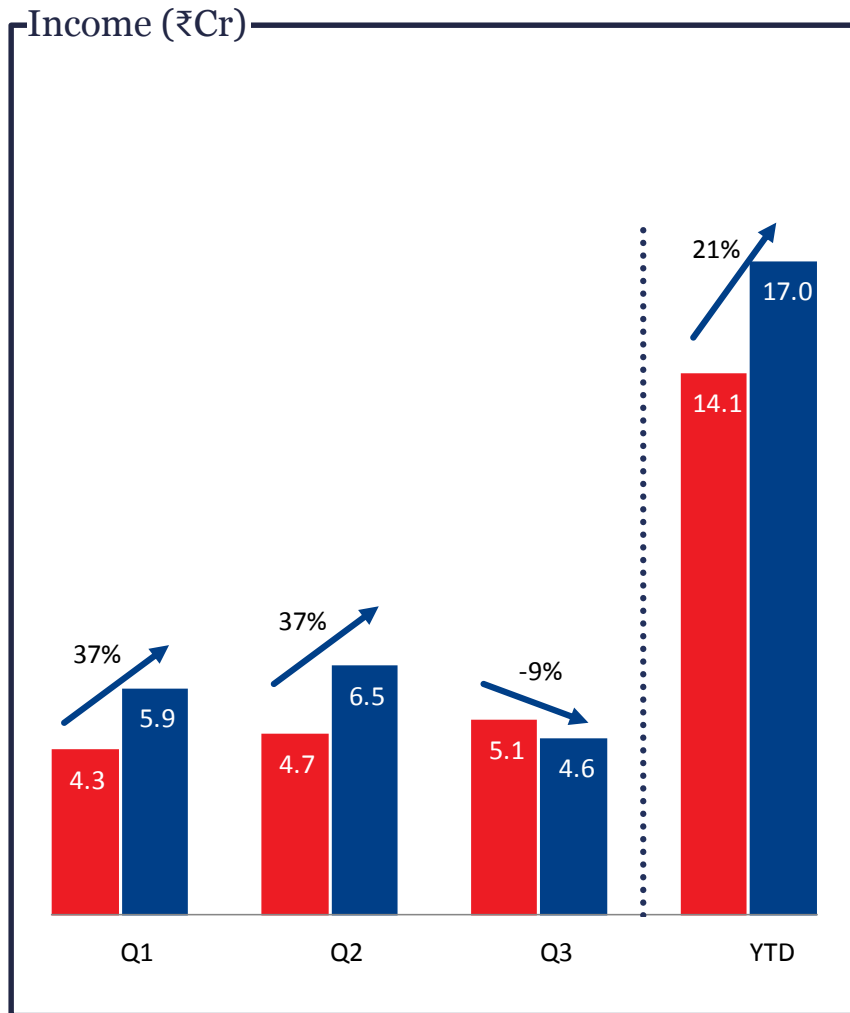
Subsidiaries



CHOLAMANDALAM HOME FINANCE LTD (As per IND AS)



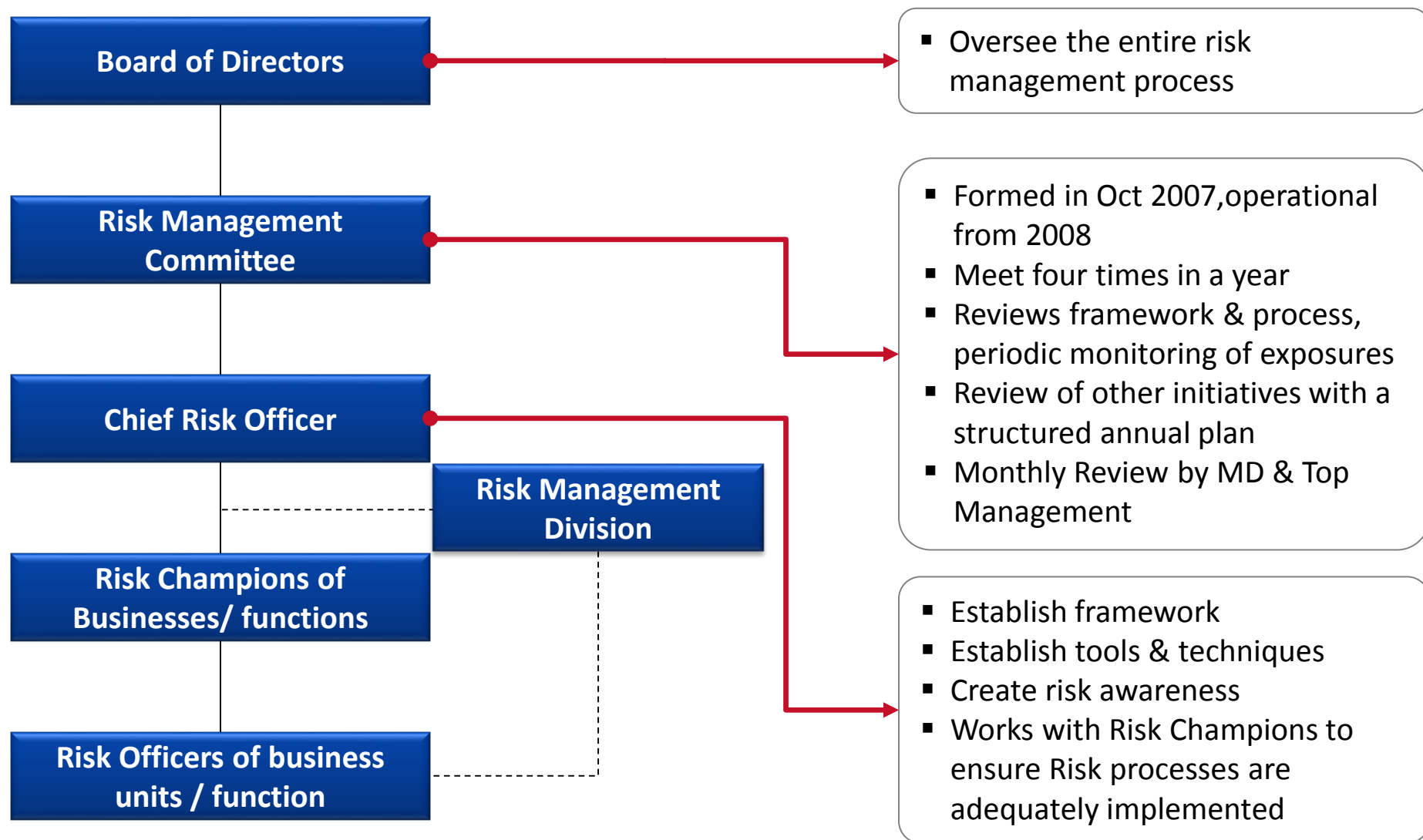
CHOLAMANDALAM SECURITIES LTD (As per IND AS)



Risk Management



Risk Governance Structure



ERM as value centre

- ERM at Chola works as a value centre
- Risk management team engages in defining framework, overseeing enterprise wide risks and building a portfolio for risk appetite based decision making.
- At Chola risk management is an integral part of the existing business process and management systems.

Corporate Process

- Composite risk score for CIFCL
- Functional risk scorecards for various HO functions like Operations, Finance etc.
- Overview of audit & assurance process
- Business continuity plan

Business Process

- Risk registers for various business process to identify laundry list of risks, controls, residual risks and KRIs for monitoring
- Portfolio MIS to monitor credit policies & portfolio quality
- Branch risk scorecards to monitor branch operations
- Risk adjusted product mix strategies

Strategy

- Forward looking macro indicators and its impact on sales and portfolio quality
- New product launch and its risk / reward trade-off
- Stress testing and liquidity buffers
- Portfolio acquisition and sale



Measurement & Monitoring
using KRI

Review mechanism to
monitor & control risks

Evaluate Probability & Impact
of each event

Understanding &
Identification of various risks

HIGHLIGHTS OF THE RISK MANAGEMENT FRAMEWORK

Chola Composite Risk Index, computed using multiple KRIs, helps in risk reporting and monitoring

Company has developed a risk reporting and monitoring mechanism for the risks at business / vertical level which enable itself to reassess the top critical risks in a changing environment

The Index & KRIs are tracked periodically to measure the level & direction of risk

Identification, Prioritization and Assessment of Risk parameters.

Stage 1

QUALITATIVE ASSESSMENT

- Design & Formulate **risk registers** for all SBU's and Individual functions.
- Map risks with **mitigants, KRIs** and **risk improvement plans**.
- Define KRIs for **new process technology & function**.
- Classification of Risk

Annual Review

Monitoring of Risk and Process Indicators to Track Operational Risk Level

Stage 2

RISK MONITORING

- Identify & Monitor **top 20 risks** @ Organisation level – **Chola Composite Risk Index**
- Identify & Monitor **top 10 risk** for individual SBU's / Functions – **Vertical wise Index**

Monthly MD Review,
Quarterly RMC Review.

Identification and Measurement of Risk Events & parameters

Stage 3

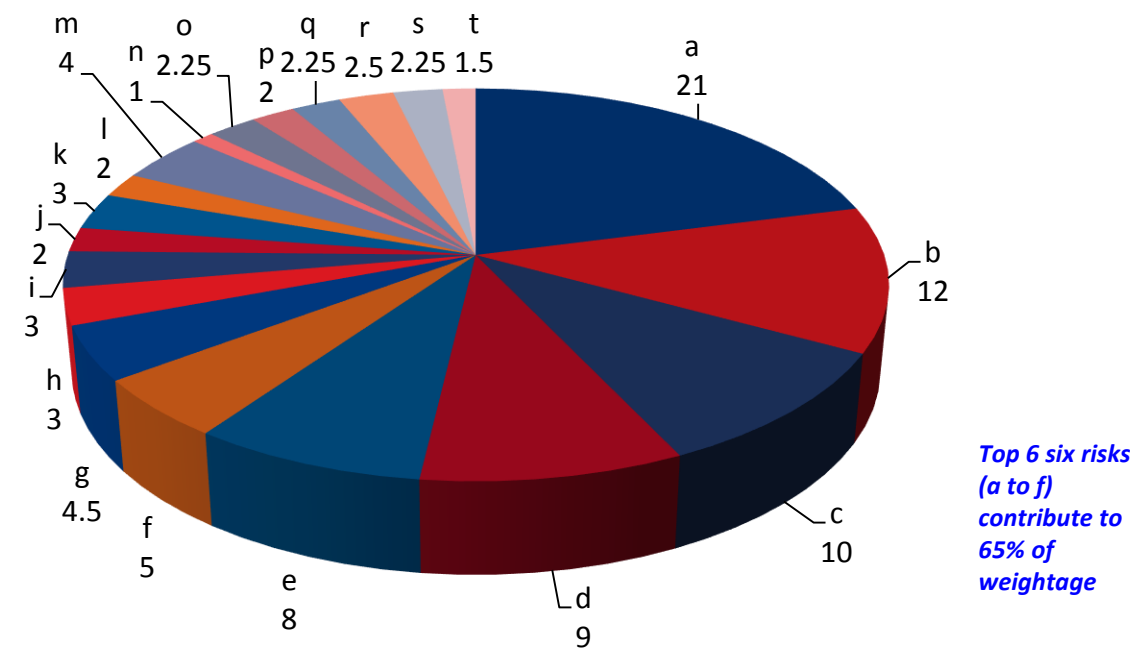
QUANTITATIVE VALIDATION

- Validate **threshold limits @ periodic intervals** to be in line with our Risk appetite statement.
- **Risk Control Self Assessment (RCSA)** is conducted on a Quarterly basis for key controls

Quarterly RCSA

Risk Monitoring : Risk Index Scoring Methodology

Spread of Weightages



Loan losses risk	a	Data Security / business continuity	k
Business Slow down risk	b	Collateral risk	l
Lending Rate Risk	c	Fraud Risk	m
Interest Rate Risk	d	Corporate Finance Risk	n
Liquidity Risk	e	Compliance to Regulatory laws	o
Capital Adequacy Ratio	f	Employee Attrition	p
Risks related to new business verticals	g	Statutory - HR	q
Concentration Risk	h	Legal	r
Document Custody Risk	i	Outsourcing	s
Cash collection risk	j	Pre-closure risk - HE	t

Note : Each identified top risk has further sub-elements

Scoring method

- ❖ Identified Top 20 risks are a combination of credit, market and operational risks.
- ❖ 25% weight is given for operational risks – similar to the weight prescribed by BASEL for operational risks. Weights among operational risks are assigned based on the historical data points
- ❖ For the remaining risks, which are credit and market related, weights are assigned based on the following:
 - Key metrics like Disbursement, Yield, NCL, Collection trend, Borrowing cost etc. are simulated
 - Its impact on PBT is statistically arrived get weights
- ❖ Wherever applicable, weightage are also given based on the benchmark threshold, which is set basis the historical trend

Risk Control Self Assessment (RCSA) Framework

1

Survey

Prepare RCSA checklist by incorporating

- New risks & controls.
- Repetitive events of loss analysis
- Change in process/ Technology

2

Self Assessment

RCSA roll out to branches.

- Process owner
 - ✓ Self-certify
 - ✓ Report Gaps on Risk Controls.
- Functional head
 - ✓ Review & approve self assessment.

3

Post Survey Analysis

Upon 100% Completion of Self Assessment

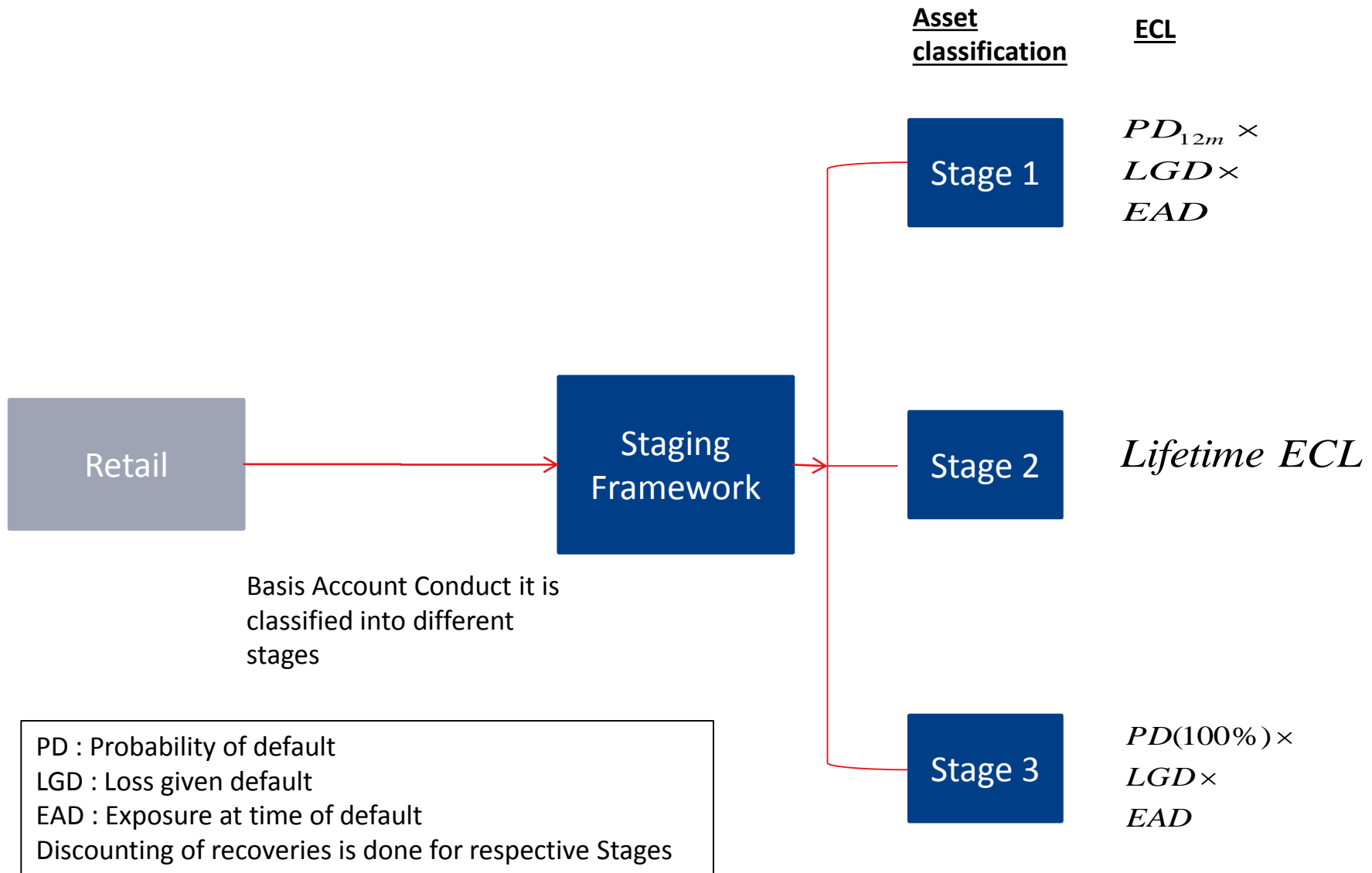
- Prepare Exception Report.
- Gap Identification on Internal Controls .
- Changes in Process/ Approach discussion.
- Map Exceptions with respect to control measures

Business Continuity Planning

BCP Phase	Process
1 Business Impact analysis	<ul style="list-style-type: none">• Identify critical activities & resources• Estimate Recovery Time Objective• Estimate maximum allowable downtime
2 Risk Assessment	<ul style="list-style-type: none">• Identify Risk, Threat & Vulnerabilities• Cause & Effect of identified risks on business• Arrive at controls to identified risk
3 Recovery Strategies	<ul style="list-style-type: none">• Identify Recovery / Alternate Site• Evolve with Incident Management Plan• Chalk out Functional Recovery Plan
4 Test, Monitor & Train	<ul style="list-style-type: none">• Schedule mock drills and identify gaps• Improvise critical process recovery alternatives• Conduct awareness programs at regular intervals

ECL Methodology

Measurement Framework



Measurement Framework

Asset classification

ECL

Description

Stage 1

$$PD_{12m} \times LGD \times EAD$$

- Assets with low risk (0-30 DPD) on reporting date
- Loss estimate based on a 1 year forward estimate

Stage 2

$$Lifetime ECL$$

- Assets with Significant Increase in Credit Risk (SICR) since initial recognition
- Assets with > 30 DPD and < 90 DPD are considered as Stage 2
- Lifetime expected loss is computed

Stage 3

$$PD(100\%) \times LGD \times EAD$$

- Assets where default event has already happened as on reporting date
- Assets which have DPD > 90 days as on reporting date are classified into stage 3

Retail Pooling

Cholamandalam Investments
and Finance Co. Ltd.



Portfolios are segmented based on the below categories. PD term structure and LGDs are computed for each segment separately.

Vehicle Finance

HCV New

LCV/CAR/M
UV New

MLCV/2W/3
W New

HCV Used

LCV/CAR/M
UV Used

MLCV/2W/3
W Used

SHUBH

Tractor

CE

VF portfolio is split basis the product category

Home Equity

HE Delhi

HE Tamil
Nadu

HE Punjab /
Haryana /
Chandigarh

HE
Rajasthan

HE Gujarat

HE Others

Home Equity portfolio is split
basis geography

Home Loan

Others

Home Loans and other smaller
portfolios are not segmented

Contact us

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