



# **GOING PHYGITAL**

AUGMENTING PHYSICAL PRESENCE WITH DIGITAL LEADERSHIP

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

CORPORATE PRESENTATION - DECEMBER 2019

## Table of Contents



1. Group overview



2. Corporate overview



3. Financial performance



4. Business segments' overview



5. Funding profile



6. Subsidiaries performance



7. Risk management

# Murugappa Group Overview



## Murugappa Group in a Nutshell



Years of  
Existence



Consolidated  
Turnover  
(FY19)



Group Market  
cap (as on 31<sup>st</sup>  
Mar 2019)



Sectors



Businesses



Listed  
Companies



Geographical  
Presence

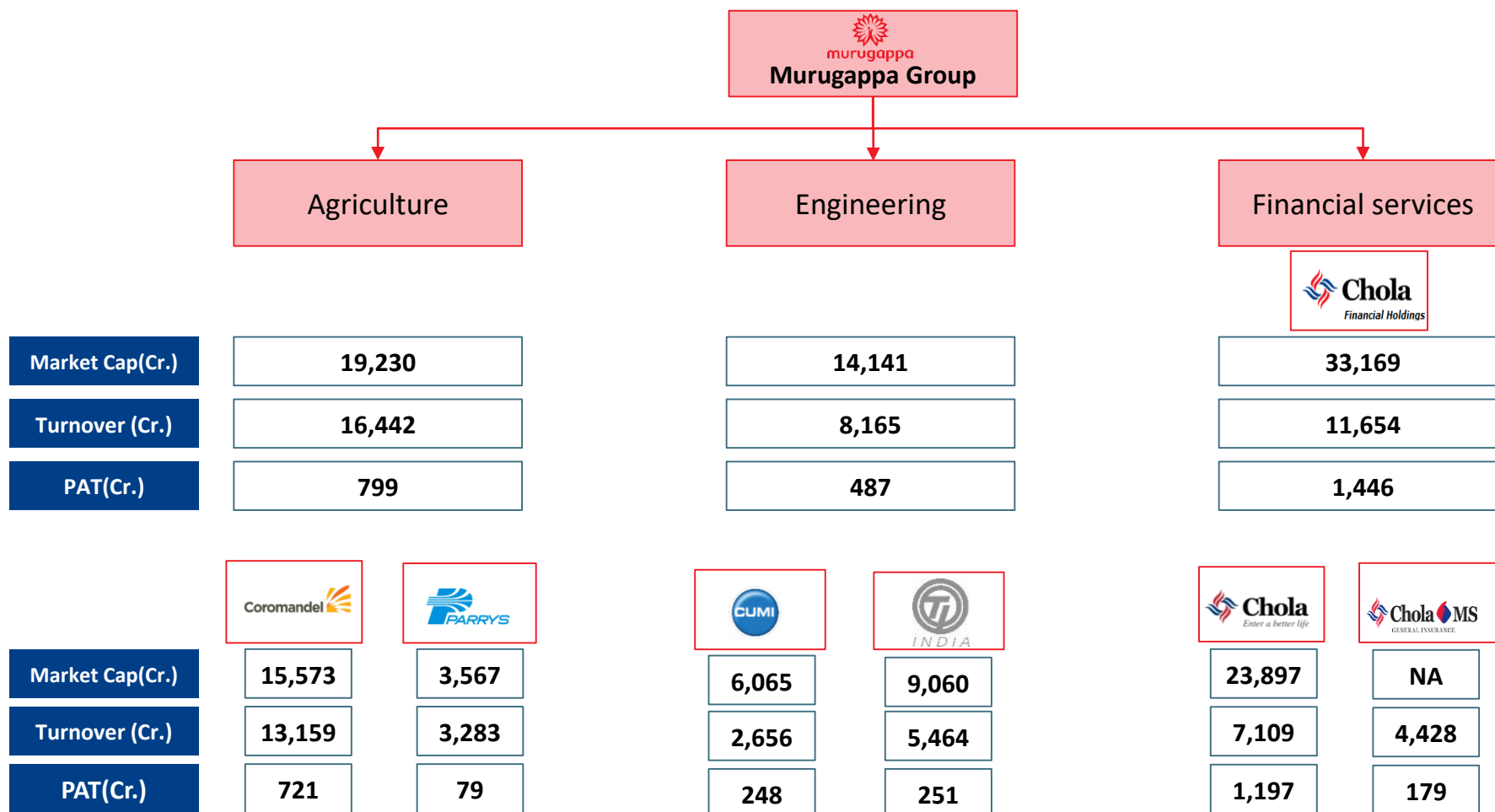


Manufacturing  
Locations



Work force

# Murugappa Group Overview



Note: Market Capital in Financial services incl. Chola Investments and Chola Financial Holdings. Financial Performance reported above pertains to FY 18-19  
 Market data as on 31st Dec 2019.  
 Source: BSE



# 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



13.5 lakh + customers

## Helping customers enter better life

2 lakh customers in year 2000 to 10.5 lakh plus customers till date



26,840 employees

## Strong employees force to serve more customers

200 plus employees in year 2000 to 26,800 employees today



Rs. 65+k Cr. AUM

## Healthy ROA of 3.4%

PAT - CAGR of 28% from FY15 to FY19



Rs. 24K Cr. market cap

## Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 24K Cr. in 2019



1073 branches

## Strong geographical presence

Across 28 states/Union Territories 80% presence across tier III—VI towns



## Diversified product portfolio

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



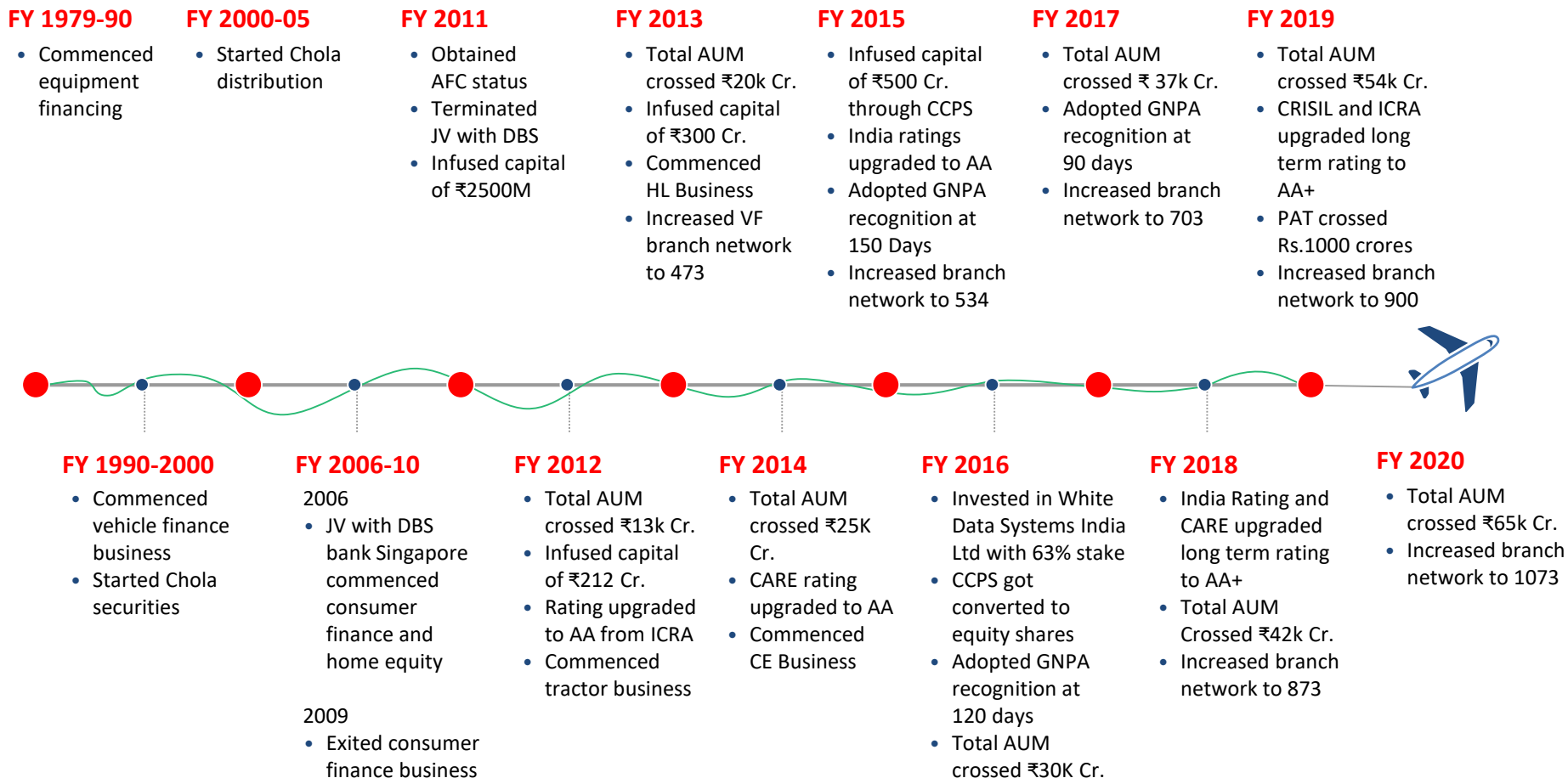
## Highly experienced management

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



## Our journey so far

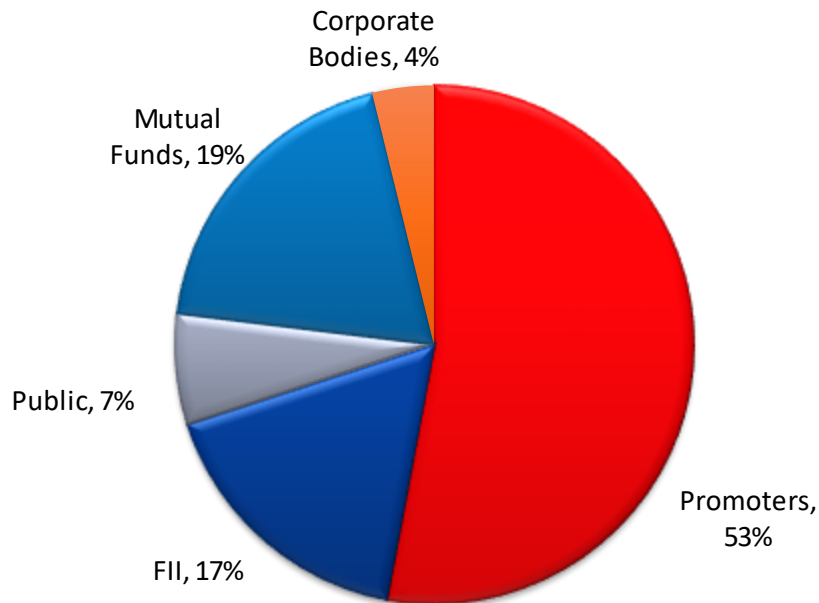
Consistently profit making and dividend paying<sup>1</sup> company since 1979 with a strong track record and dividends to shareholders



1. Except 2009, average dividend payout for the last 10 years is 35% on capital+ 2. Total AUM—Assets under Management

# Shareholding

## Shareholding Pattern



- Promoters share holding of 52.94% includes
  - Cholamandalam Financial Holdings Limited – 46.50%,
  - Ambadi Investments Private Ltd – 4.31%
  - Others - 2.13%

## Top 10 Institutional Holders

- HDFC Mutual Fund
- Oppenheimer
- SBI Mutual Fund
- Birla Sun Life Mutual Fund
- L&T Mutual Fund
- Capital Group - Capital World Investors
- Matthews International
- Axis Mutual Fund
- HDFC Standard Life Insurance Co Ltd
- VAN ECK

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
<b>CIFCL (₹/Share)</b>	252	290	286	307	306
<b>Growth (%)</b>	-18%	15%	-1%	7%	-1%

## Business Profile and AUM as on 31st Dec 2019

**Business AUM**  
**Rs. 60,778Cr**

**Vehicle Finance**  
**Rs. 44,589Cr**

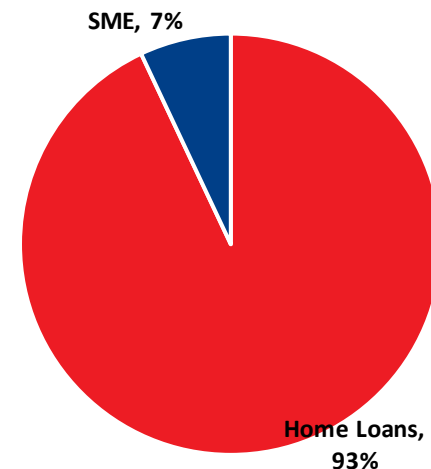
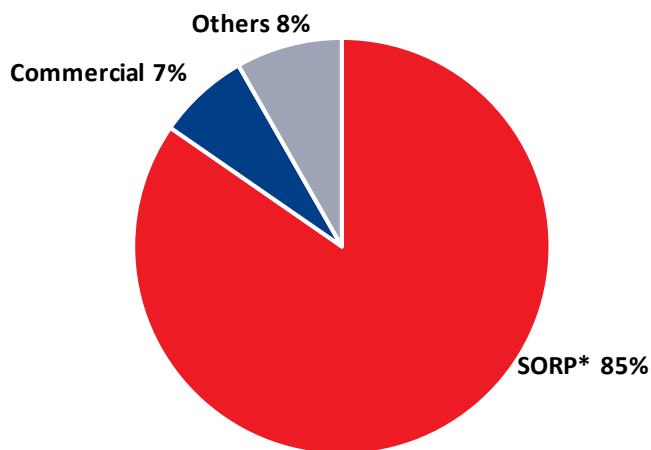
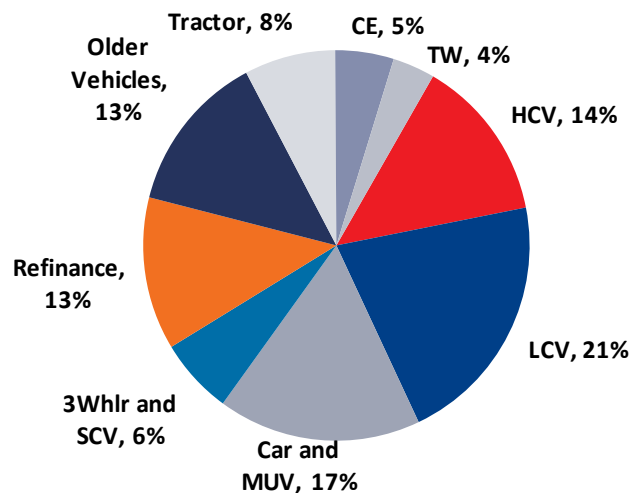
**74%**

**Home Equity**  
**Rs. 13,000Cr**

**21%**

**Others**  
**Rs. 3,190Cr**

**5%**

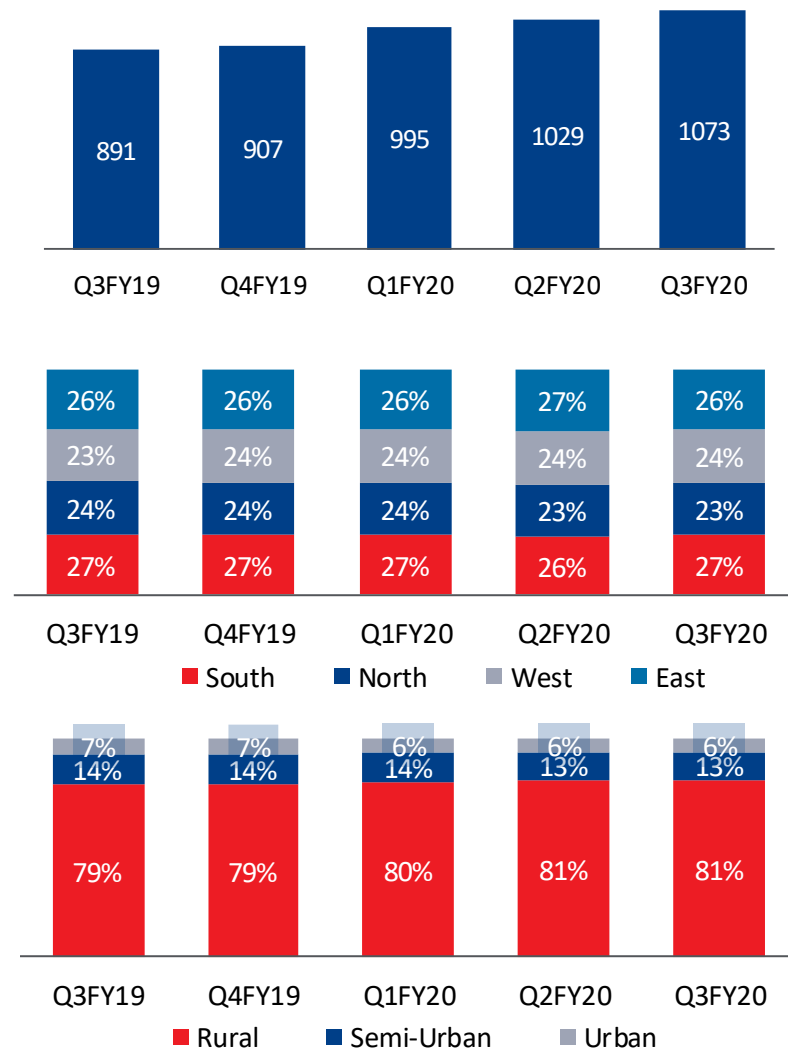
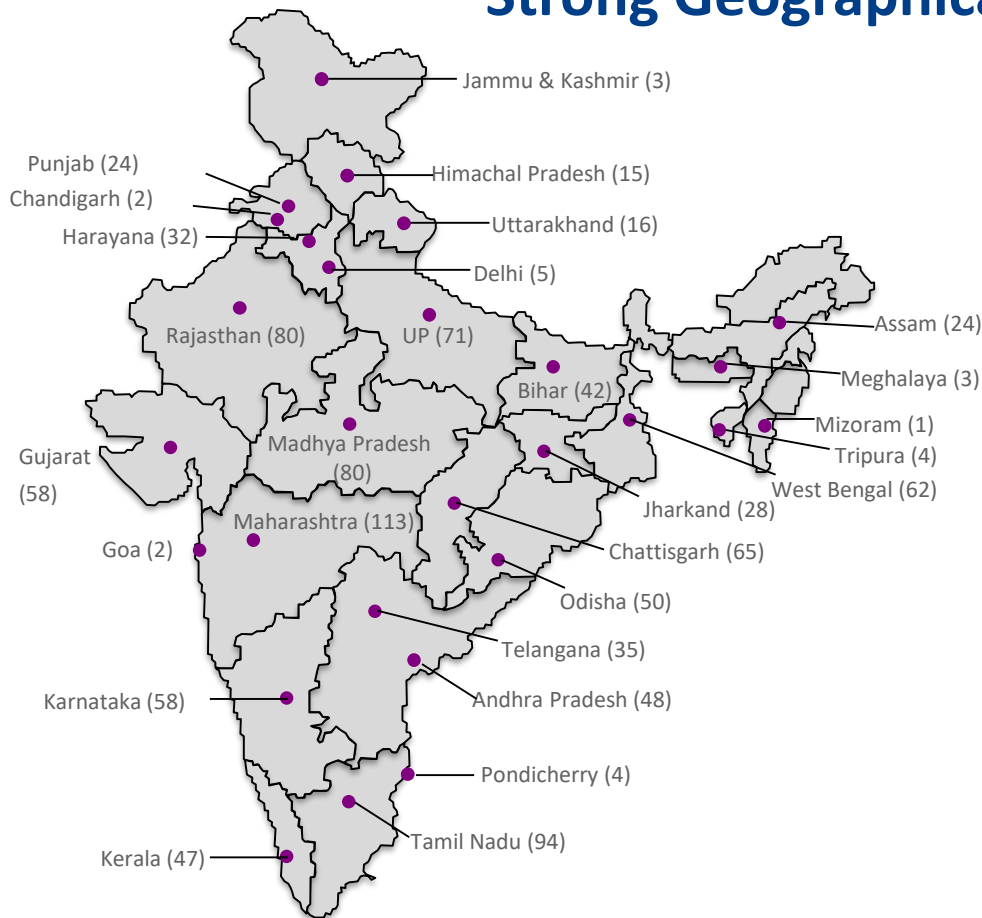


SORP: Self Occupied Residential Property  
SCV: Small Commercial Vehicle  
TW: Two Wheeler  
HCV: Heavy Commercial Vehicle

LCV: Light Commercial Vehicle

CE: Commercial Equipment  
MUV: Multi Utility Vehicle  
SME: Small & Medium Enterprise

## Strong Geographical Presence



- **1073 branches** across **28 states/Union territories**: 1063 VF, 244 HE (238 co-located with VF), 181 HL co-located with VF & 4 Regional offices in Tamil Nadu
- **89% locations** are in Tier-III, Tier-IV, Tier V and Tier-VI towns

Note: Figures in brackets represents no. of branches as on 31st Dec, 2019



# Financial Performance



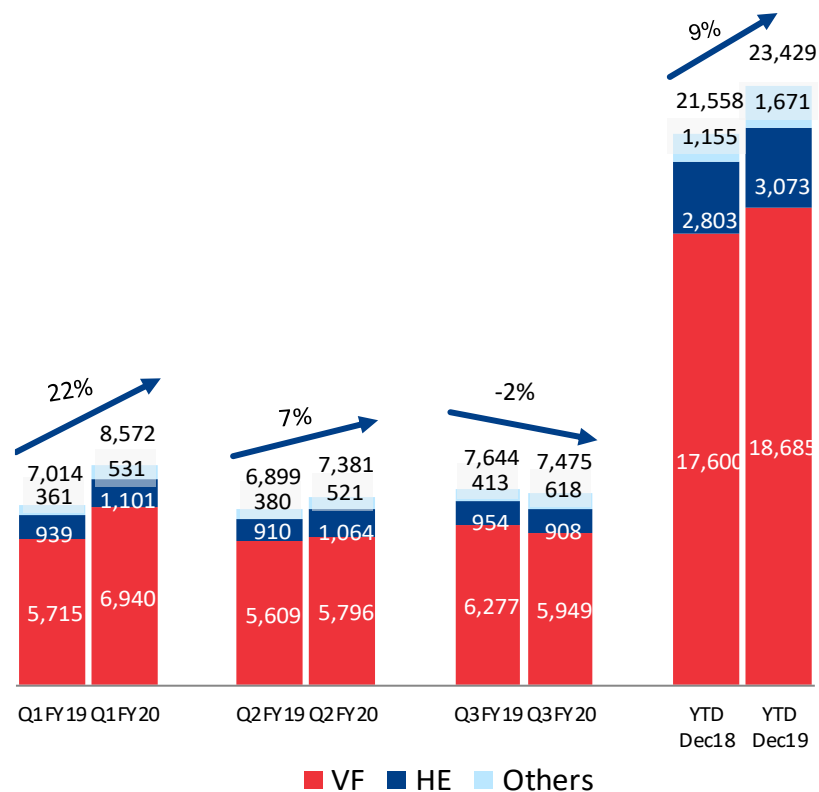
## Financial Snapshot — 10 Years

Financials Snapshot	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	YoY	CAGR (5 years)	CAGR (10 years)
	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	INDAS	INDAS			
<b>Disbursements</b>	<b>3,866</b>	<b>5,731</b>	<b>8,889</b>	<b>12,118</b>	<b>13,114</b>	<b>12,808</b>	<b>16,380</b>	<b>18,591</b>	<b>25,114</b>	<b>30,451</b>	<b>21%</b>	<b>24%</b>	<b>26%</b>
<b>Assets under management</b>	<b>6,851</b>	<b>9,124</b>	<b>13,462</b>	<b>18,998</b>	<b>23,253</b>	<b>25,452</b>	<b>29,650</b>	<b>34,167</b>	<b>42,924</b>	<b>54,279</b>	<b>26%</b>	<b>21%</b>	<b>26%</b>
Total Income	930	1,202	1,767	2,556	3,263	3,691	4,194	4,660	5,480	6,993	28%	17%	25%
Interest expenses	504	568	988	1,411	1,771	1,960	2,051	2,231	2,659	3,589	35%	16%	24%
<b>Net Income</b>	<b>426</b>	<b>634</b>	<b>778</b>	<b>1,145</b>	<b>1,492</b>	<b>1,731</b>	<b>2,143</b>	<b>2,430</b>	<b>2,820</b>	<b>3,404</b>	<b>21%</b>	<b>18%</b>	<b>26%</b>
Operating Expenses	200	334	437	570	658	749	845	1,013	1,115	1,270	14%	14%	23%
<b>Operating Profit Before Loan Losses</b>	<b>226</b>	<b>300</b>	<b>342</b>	<b>575</b>	<b>834</b>	<b>982</b>	<b>1,298</b>	<b>1,416</b>	<b>1,705</b>	<b>2,134</b>	<b>25%</b>	<b>21%</b>	<b>28%</b>
Loan Losses & Provision	191	176	18	124	283	325	427	311	304	311	2%	-1%	6%
<b>Profit before tax</b>	<b>31</b>	<b>100</b>	<b>290</b>	<b>451</b>	<b>550</b>	<b>657</b>	<b>871</b>	<b>1,106</b>	<b>1,401</b>	<b>1,823</b>	<b>30%</b>	<b>29%</b>	<b>57%</b>
<b>Profit after tax</b>	<b>15</b>	<b>62</b>	<b>173</b>	<b>307</b>	<b>364</b>	<b>435</b>	<b>568</b>	<b>719</b>	<b>918</b>	<b>1,186</b>	<b>29%</b>	<b>28%</b>	<b>62%</b>
<b>Ratios</b>													
Net Income to assets (%)	6.9	8.8	7.2	7.6	7.7	6.9	7.7	7.5	7.5	6.9			
Expense to assets (%)	3.2	4.6	4.1	3.8	3.4	3.0	3.0	3.1	3.0	2.6			
Losses and provisions (%)	3.1	2.4	0.2	0.8	1.5	1.3	1.5	1.0	0.8	0.6			
Return on assets (PBT) (%)	0.5	1.4	2.7	3.0	2.8	2.6	3.1	3.4	3.7	3.7			
Networth	785	*1072	*1417	*1965	2295	*3173	3657	4285	5098	6176			
Tier I	9.5	10.8	11.0	11.1	10.5	13.0	13.3	13.6	13.2	12.6			
CAR (%)	14.8	*16.7	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4	17.4			
Return on equity (%)	2.3	6.7	13.9	18.1	17.1	15.8	16.7	18.1	19.6	20.9			
Earnings per share (Basic)	1.8	5.7	14.4	22.9	25.4	30.1	37.5	46.0	58.8	75.9			
Dividend	1.00	1.50	2.50	3.50	3.50	3.50	4.50	5.50	6.50	6.50			
Market Capitalisation	623	2059	2453	3883	4125	8423	11140	15072	22667	22624			
GNPA (%)	5.5	2.6	0.9	1.0	1.9	3.1	3.5	4.7	3.4	2.7			
NNPA (%)	1.7	0.3	0.3	0.2	0.7	2.0	2.1	3.2	2.2	1.7			
NPA Recognition	6month	6month	6month	6month	6month	5month	4month	3month	3month	3month			
Branch Network	171	236	375	518	574	534	534	703	873	900			

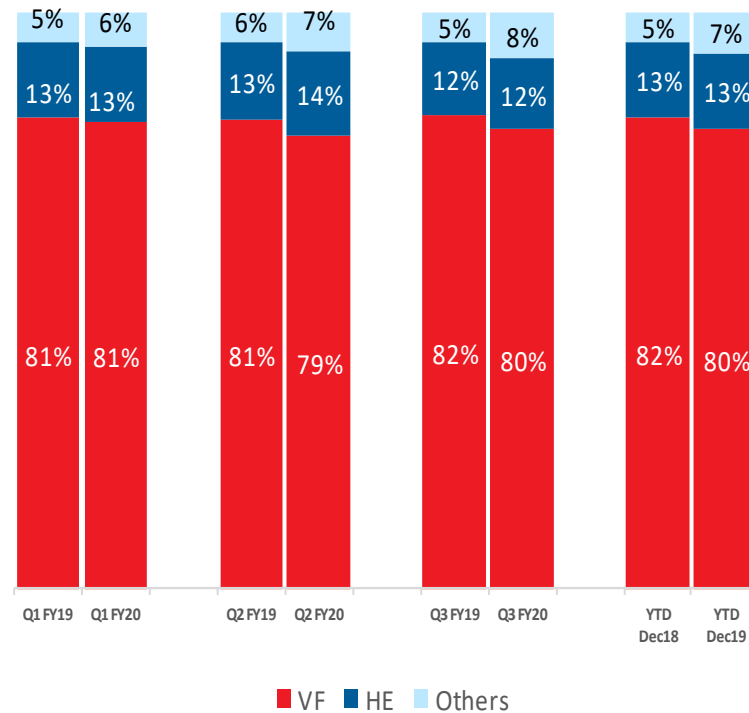
\* Capital Infusion

## Chola: Financial Summary (I)

Disbursements (₹Cr)

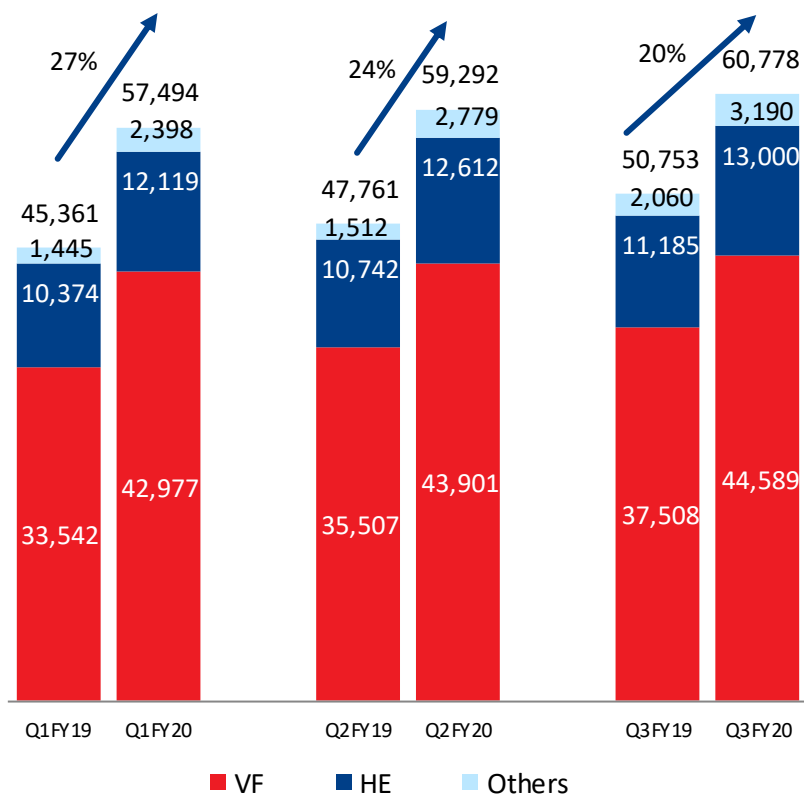


Disbursements (%)

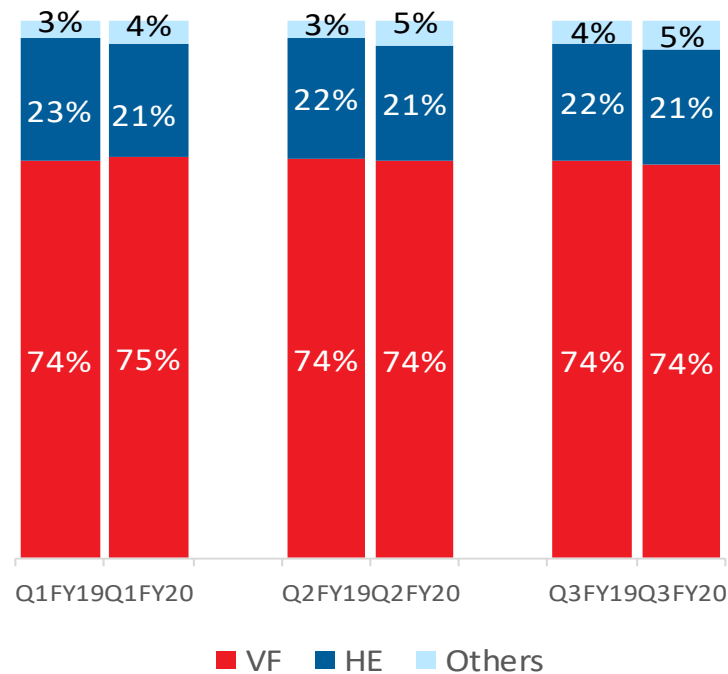


## Chola: Financial Summary (II)

Business - Assets under Management (₹Cr)



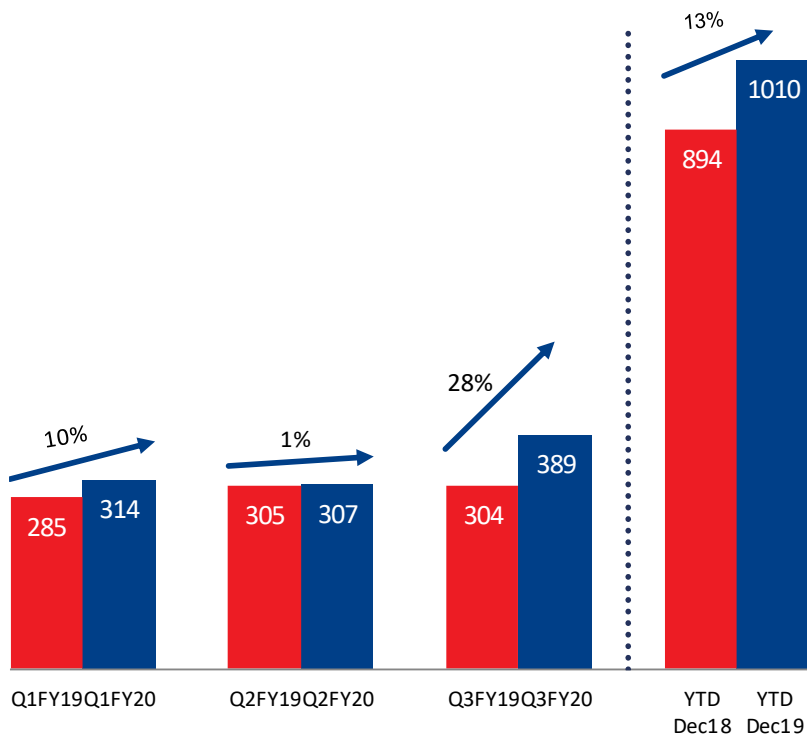
Business - Assets under Management (%)



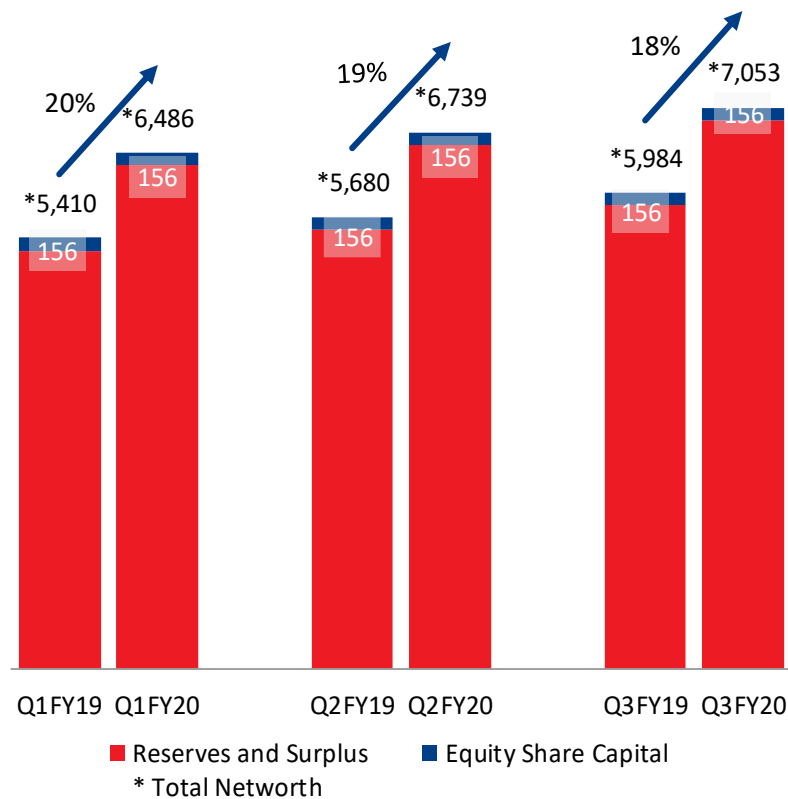


## Chola: Financial Summary (III)

Profit after tax (₹Cr)

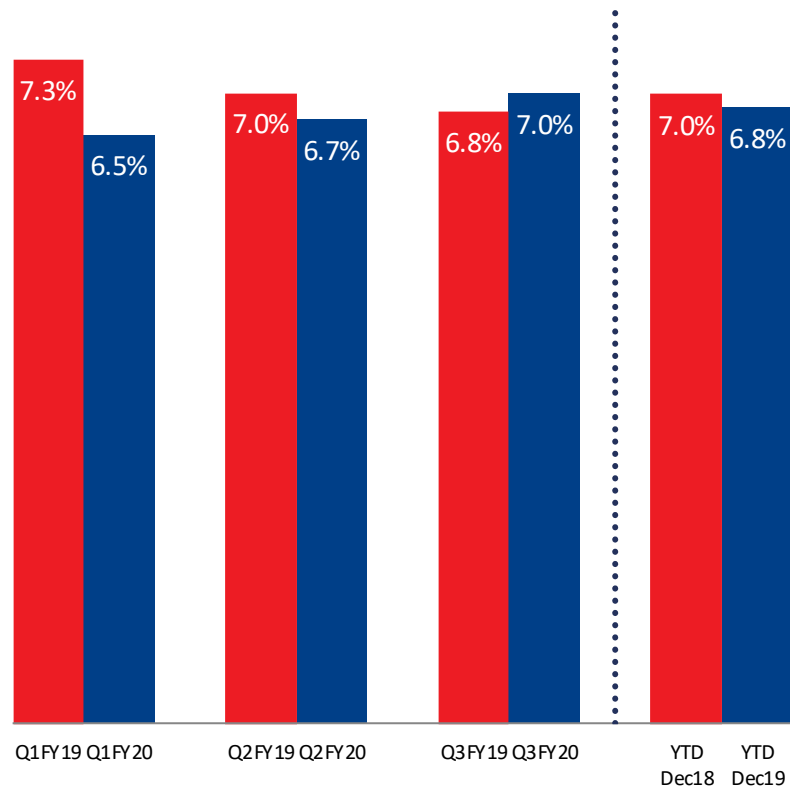


Networth (₹Cr)

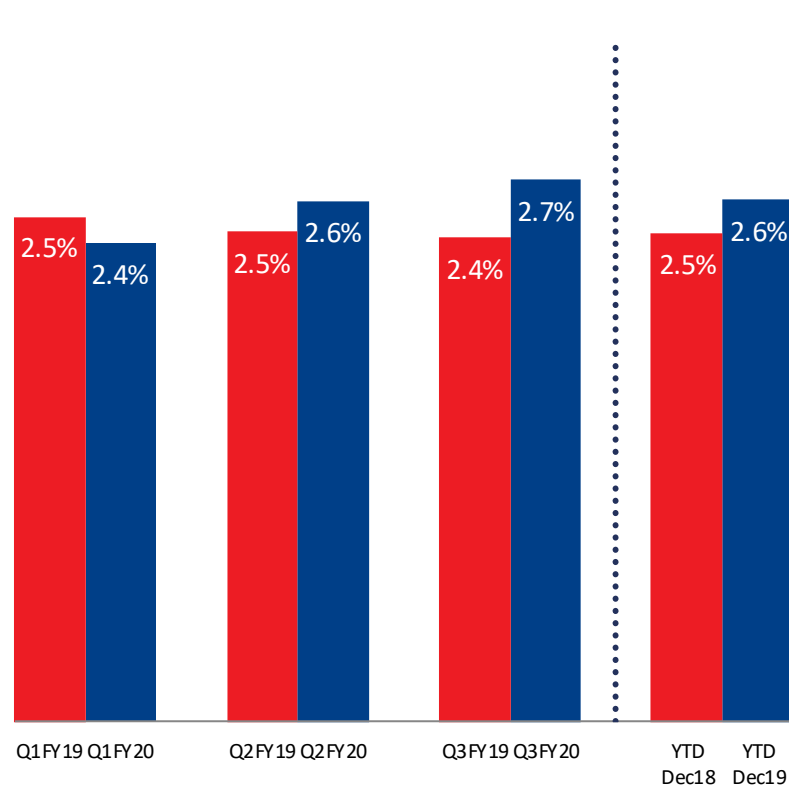


## Chola: Financial Summary (IV)

Net Income Margin (%)

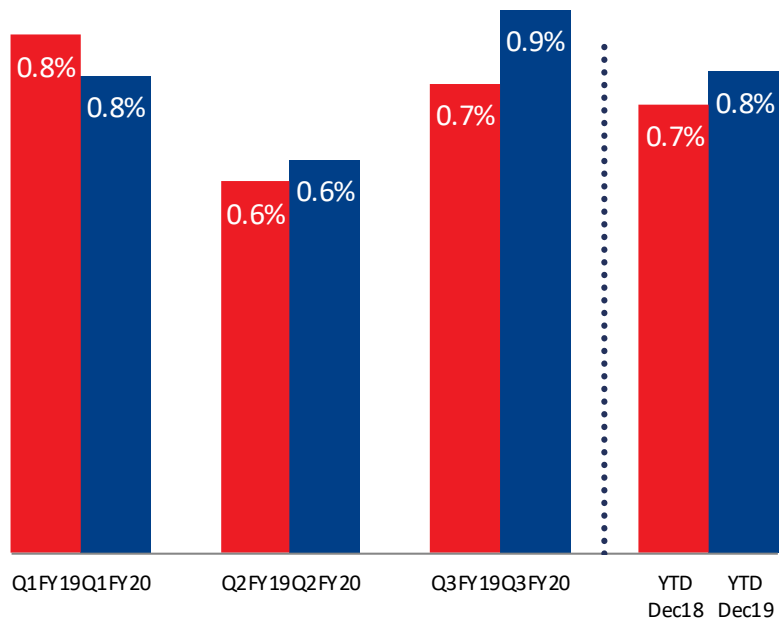


Expenses Ratio (%)

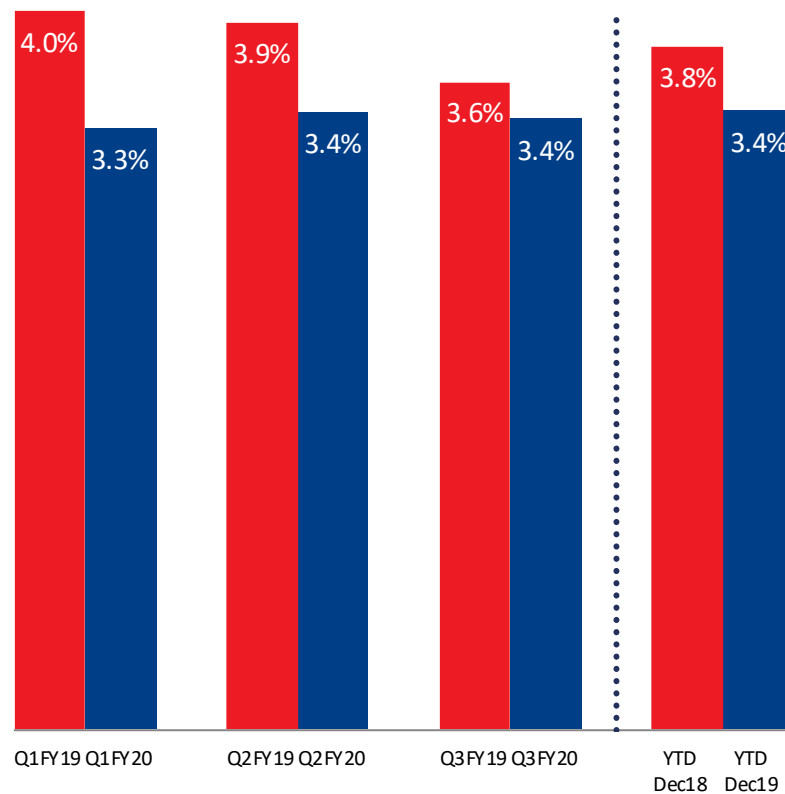


## Chola: Financial Summary (V)

Loan Losses & Provisions (%)

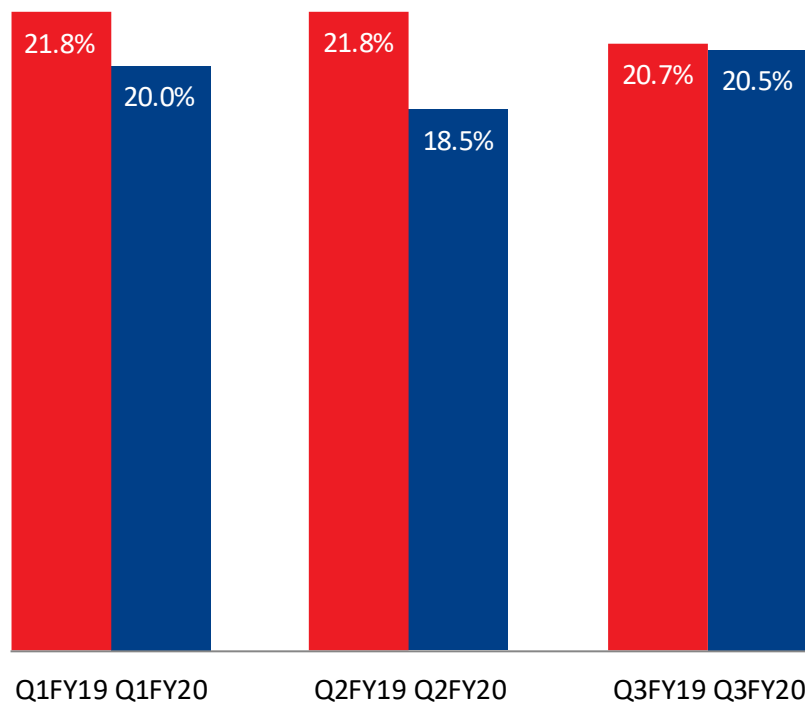


ROTA PBT (%)

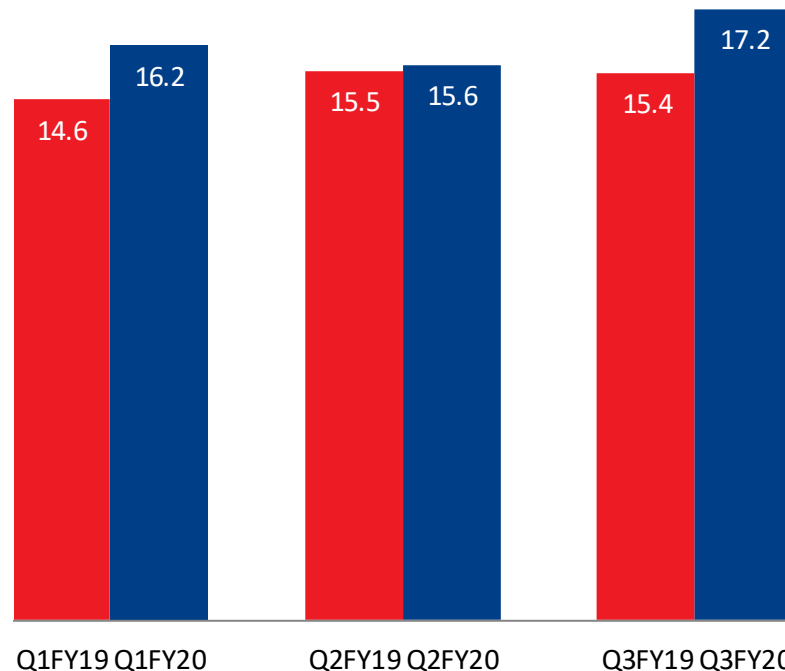


## Chola: Financial Summary (VI)

Return on equity (%)



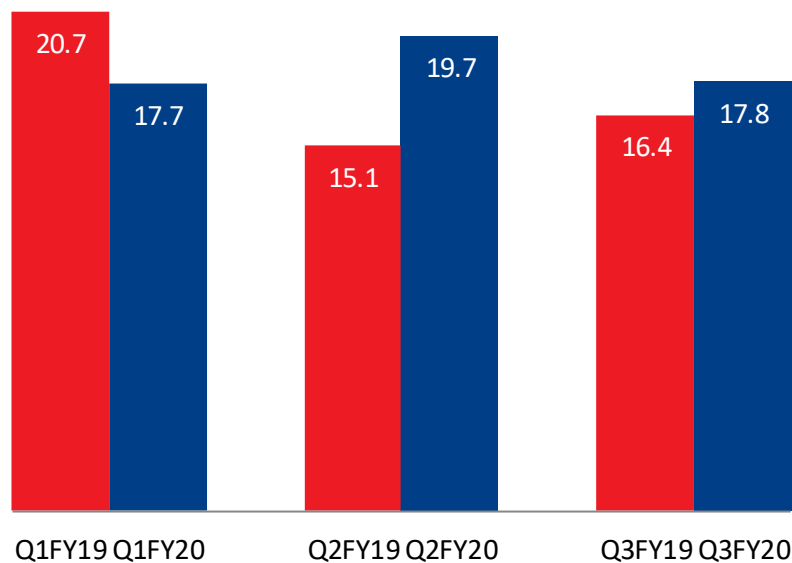
Earnings per share (₹)



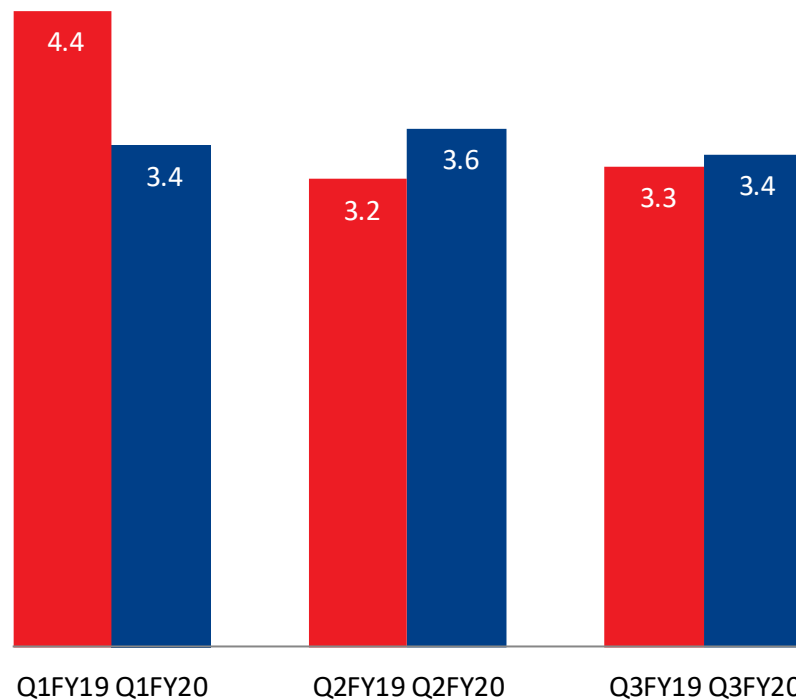


## Chola: Financial Summary (VII)

P/E Ratio



P/BV Ratio



## Profit and Loss Statement (As per IND AS)

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Q3FY19	Q3FY20	Growth % Q3-o-Q3	YTD Dec18	₹ Cr	
									YTD Dec19	Growth % (YTD) Y-o-Y
<b>Disbursements</b>	<b>7,014</b>	<b>8,572</b>	<b>6,899</b>	<b>7,381</b>	<b>7,644</b>	<b>7,475</b>	<b>-2%</b>	<b>21,558</b>	<b>23,429</b>	<b>9%</b>
<b>Closing Assets (Managed)</b>	<b>46,709</b>	<b>62,827</b>	<b>52,486</b>	<b>64,409</b>	<b>52,591</b>	<b>65,992</b>	<b>25%</b>	<b>52,591</b>	<b>65,992</b>	<b>25%</b>
<b>Closing Assets (Balance Sheet)</b>	<b>45,666</b>	<b>60,600</b>	<b>51,517</b>	<b>60,809</b>	<b>51,123</b>	<b>61,239</b>	<b>20%</b>	<b>51,123</b>	<b>61,239</b>	<b>20%</b>
Operating Income	1,606	2,030	1,675	2,197	1,826	2,275	25%	5,107	6,501	27%
Finance Charges	795	1,087	857	1,177	951	1,192	25%	2,602	3,456	33%
<b>Net Income</b>	<b>811</b>	<b>943</b>	<b>819</b>	<b>1,020</b>	<b>875</b>	<b>1,083</b>	<b>24%</b>	<b>2,505</b>	<b>3,045</b>	<b>22%</b>
Expenses	282	350	290	402	316	424	34%	888	1,176	33%
Loan Losses and Std Assets Prov	91	110	69	95	96	136	41%	256	341	33%
<b>Profit Before Tax</b>	<b>439</b>	<b>483</b>	<b>459</b>	<b>523</b>	<b>463</b>	<b>522</b>	<b>13%</b>	<b>1,362</b>	<b>1,528</b>	<b>12%</b>
Taxes	154	169	155	216	159	134	-16%	468	519	11%
<b>Profit After Tax</b>	<b>285</b>	<b>314</b>	<b>305</b>	<b>307</b>	<b>304</b>	<b>389</b>	<b>28%</b>	<b>894</b>	<b>1,010</b>	<b>13%</b>
<b>Asset Ratios</b>										
Income	14.5%	14.0%	14.3%	14.4%	14.1%	14.6%		14.2%	14.5%	
Cost of Funds	7.2%	7.5%	7.3%	7.7%	7.4%	7.7%		7.2%	7.7%	
Net Income Margin	7.3%	6.5%	7.0%	6.7%	6.8%	7.0%		7.0%	6.8%	
Expense	2.5%	2.4%	2.5%	2.6%	2.4%	2.7%		2.5%	2.6%	
Losses & Provisions	0.8%	0.8%	0.6%	0.6%	0.7%	0.9%		0.7%	0.8%	
<b>ROTA-PBT</b>	<b>4.0%</b>	<b>3.3%</b>	<b>3.9%</b>	<b>3.4%</b>	<b>3.6%</b>	<b>3.4%</b>		<b>3.8%</b>	<b>3.4%</b>	
<b>ROTA-PAT</b>	<b>2.6%</b>	<b>2.2%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>2.4%</b>	<b>2.5%</b>		<b>2.5%</b>	<b>2.3%</b>	
Gross - Stage 3	1,625	1,671	1,623	1,803	1,648	2,024		1,648	2,024	
ECL Provisions - Stage 3	555	604	566	621	576	667		576	667	
<b>Coverage Ratio - Stage 3</b>	<b>34.1%</b>	<b>36.2%</b>	<b>34.8%</b>	<b>34.4%</b>	<b>35.0%</b>	<b>33.0%</b>		<b>35.0%</b>	<b>33.0%</b>	

## Balance Sheet (As per IND AS)

₹ Cr

Particulars	Dec-18	Mar-19	Dec-19
<b>ASSETS</b>			
<b>Financial Assets</b>	<b>52,984</b>	<b>56,637</b>	<b>62,061</b>
Cash and Bank balance	3,649	3,675	5,430
Derivative financial instruments	116	89	70
Receivables	27	43	53
Loans	48,982	52,622	56,038
Investments	73	73	73
Other Financial Assets	138	135	397
<b>Non- Financial Assets</b>	<b>753</b>	<b>789</b>	<b>818</b>
Current tax assets (Net)	161	146	121
Deferred tax assets (Net)	406	453	382
Property, Plant and Equipment	137	143	256
Intangible assets	21	33	27
Other Non-Financial Assets	27	14	32
<b>TOTAL</b>	<b>53,736</b>	<b>57,426</b>	<b>62,878</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Financial Liabilities</b>	<b>47,634</b>	<b>51,124</b>	<b>55,697</b>
Derivative financial instruments	-	8	-
Trade Payables - Others	254	207	218
Other Payables - Others	8	129	91
Borrowings	47,234	50,567	54,941
Other Financial Liabilities	138	212	448
<b>Non-Financial Liabilities</b>	<b>118</b>	<b>127</b>	<b>128</b>
<b>Shareholders fund</b>	<b>5,984</b>	<b>6,176</b>	<b>7,053</b>
<b>TOTAL</b>	<b>53,736</b>	<b>57,426</b>	<b>62,878</b>

## Provision analysis: IND AS

₹ Cr

Particulars	Mar-18	Sep-18	Dec-18	Mar-19	Sep-19	Dec-19
Gross Asset - Stage 3	1,485	1,623	1,648	1,439	1,803	2,024
<b>Stage 3 Assets to Total Gross Assets</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.3%</b>	<b>2.7%</b>	<b>3.2%</b>	<b>3.5%</b>
ECL provision - Stage 3	507	566	576	546	621	667
<b>Coverage Ratio (%) - Stage 3</b>	<b>34.2%</b>	<b>34.8%</b>	<b>35.0%</b>	<b>38.0%</b>	<b>34.4%</b>	<b>33.0%</b>
Gross Asset - Stage 1&2	41,631	46,093	48,261	52,114	54,907	55,072
ECL provision - Stage 1&2	356	348	371	384	389	391
<b>Coverage Ratio (%) - Stage 1&amp;2</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.7%</b>
<b>Total ECL Provision</b>	<b>863</b>	<b>913</b>	<b>947</b>	<b>931</b>	<b>1,010</b>	<b>1,058</b>

# Business Overview



# Vehicle Finance



## Vehicle Finance: YTD Dec19 Performance

### Disbursements

- Disbursements has grown 7% in YTD Dec19 as compared to YTD Dec18.

### Assets under management

- Assets have grown by 19% as compared to YTD Dec18

### Loss and provisions

- Loan losses is at 1.1% as compared to 0.95% of YTD Dec18

### Profit before tax

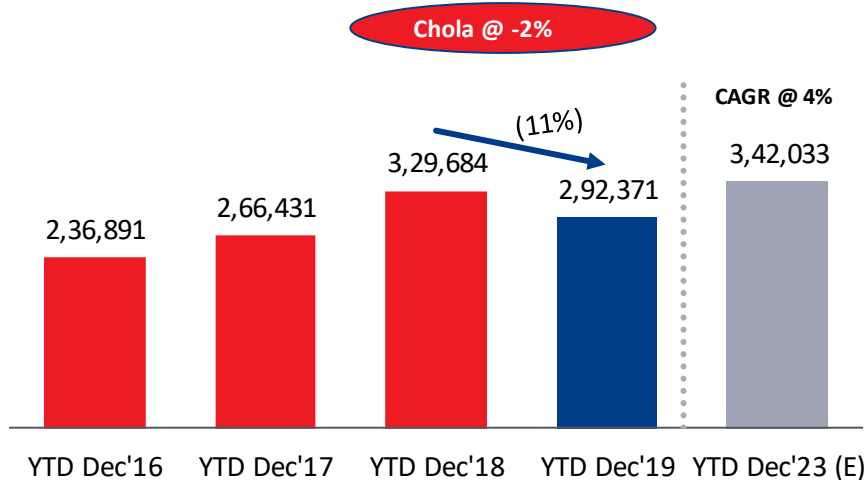
- PBT for YTD Dec19 has grown 2% as compared to YTD Dec18.



# Auto Industry Outlook

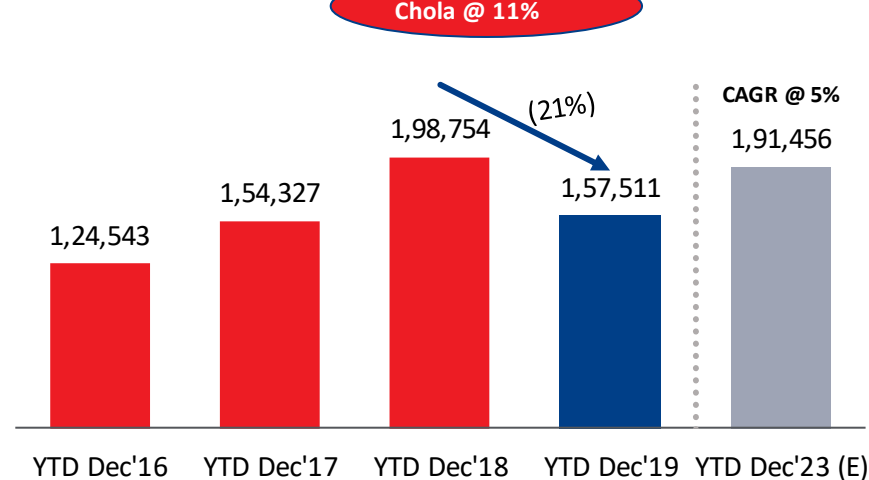
## Trend in Domestic LCV Sales

(in Units)



## Trend in Domestic SCV Sales

(in Units)

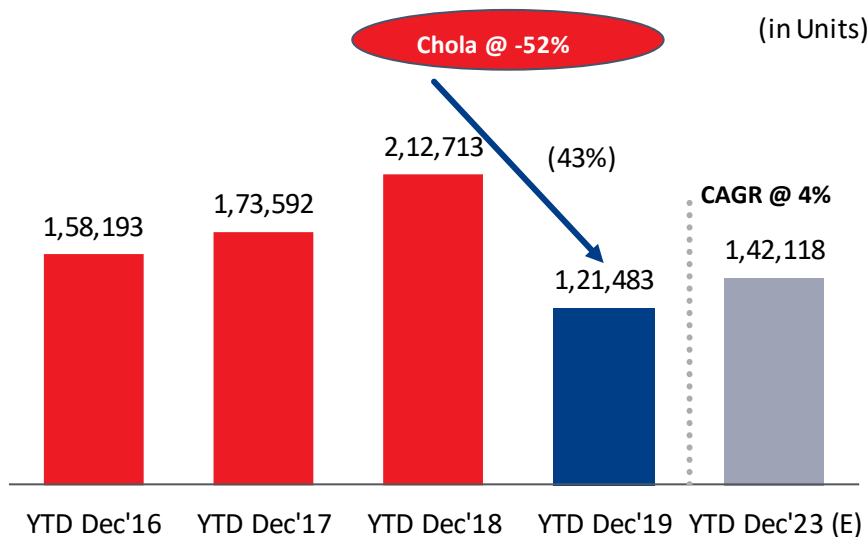


- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will aid growth
- Demand for Pickups will increase in long term due to higher flexibility in usage over sub one tonne vehicles
- Bus sales to be supported by growing urban population, demand from schools and corporates and increased inter-city travel

Source: FY 16 to FY 23 numbers are from SIAM  
 FY 23 numbers are from CRISIL Research (proportionately adjusted for Year to Date)

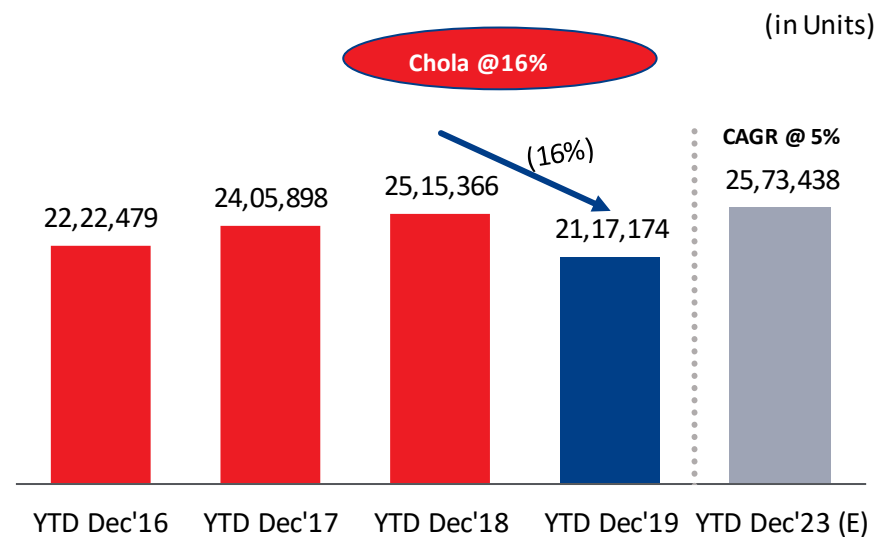
# Auto Industry Outlook

## 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 over the long term would drive demand

## Trend in Domestic Car & MUV Sales

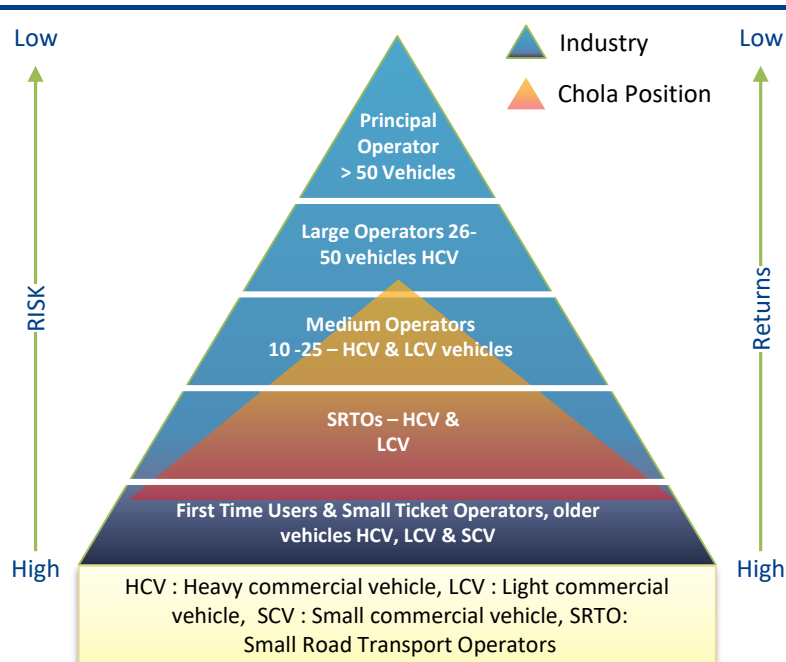


- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration from 23 vehicles per 1000 to upto 28 vehicles per 1000 population over the next 5 years

Source: FY 16 to FY 23 numbers are from SIAM  
 FY 23 numbers are from CRISIL Research (proportionately adjusted for Year to Date)

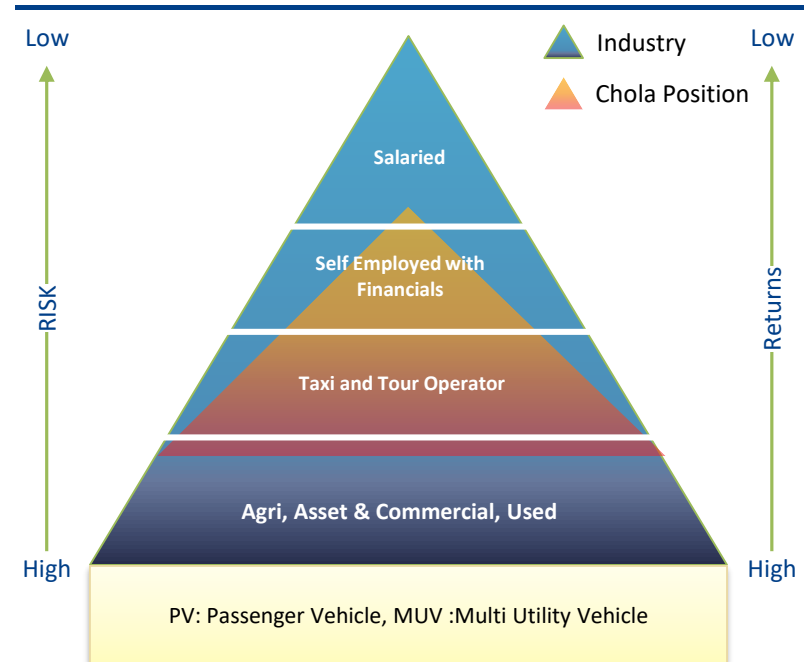
# Vehicle Finance—Business Model & Positioning

## 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

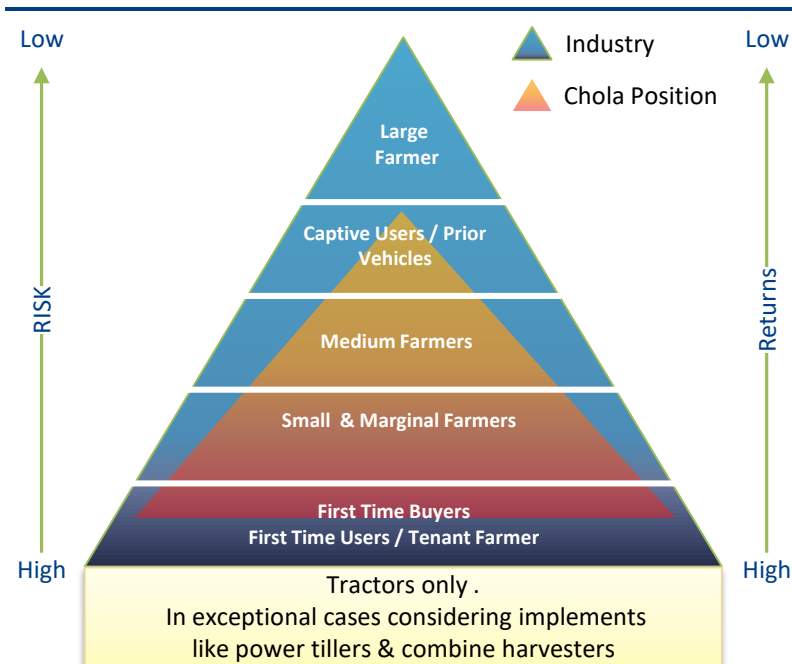
## PV



- ~ 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

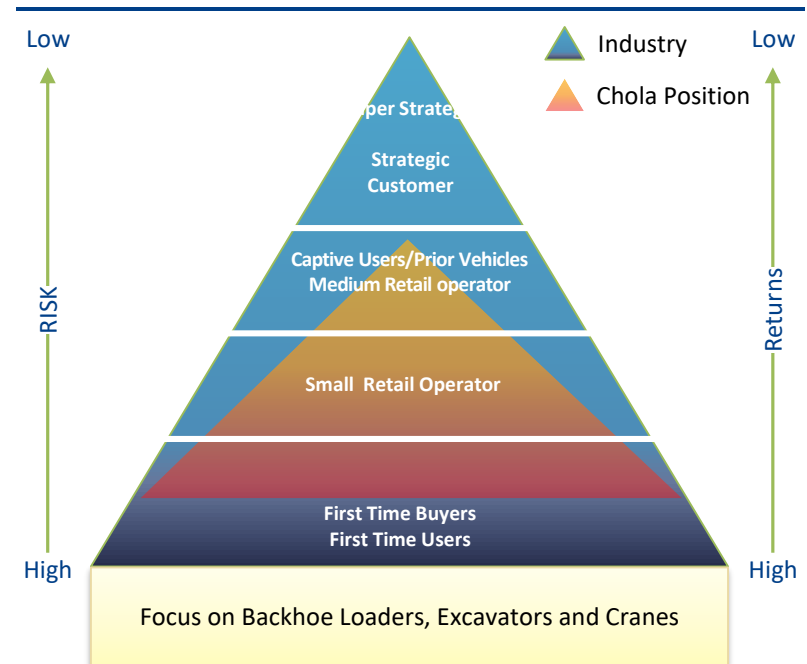
# Vehicle Finance—Business Model & Positioning

## Tractor



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

## CE

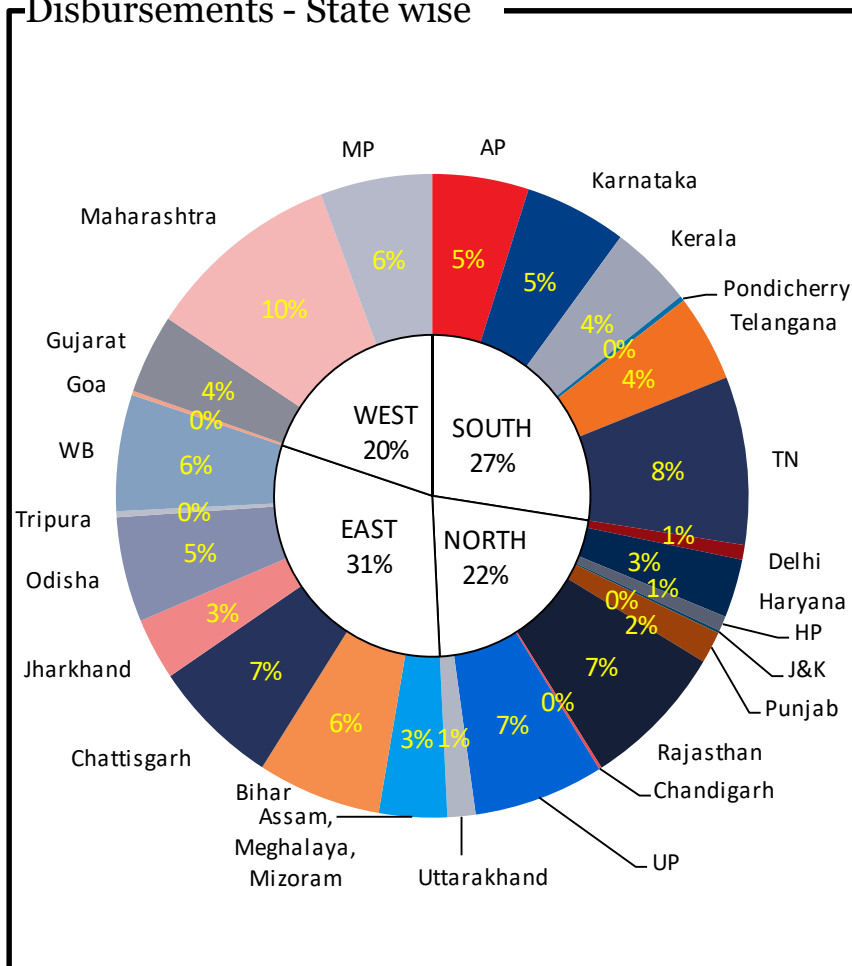


- ~ 69% of disbursements are to retail customer segment
- Application –
  - Captive
  - Hiring
- New & Used

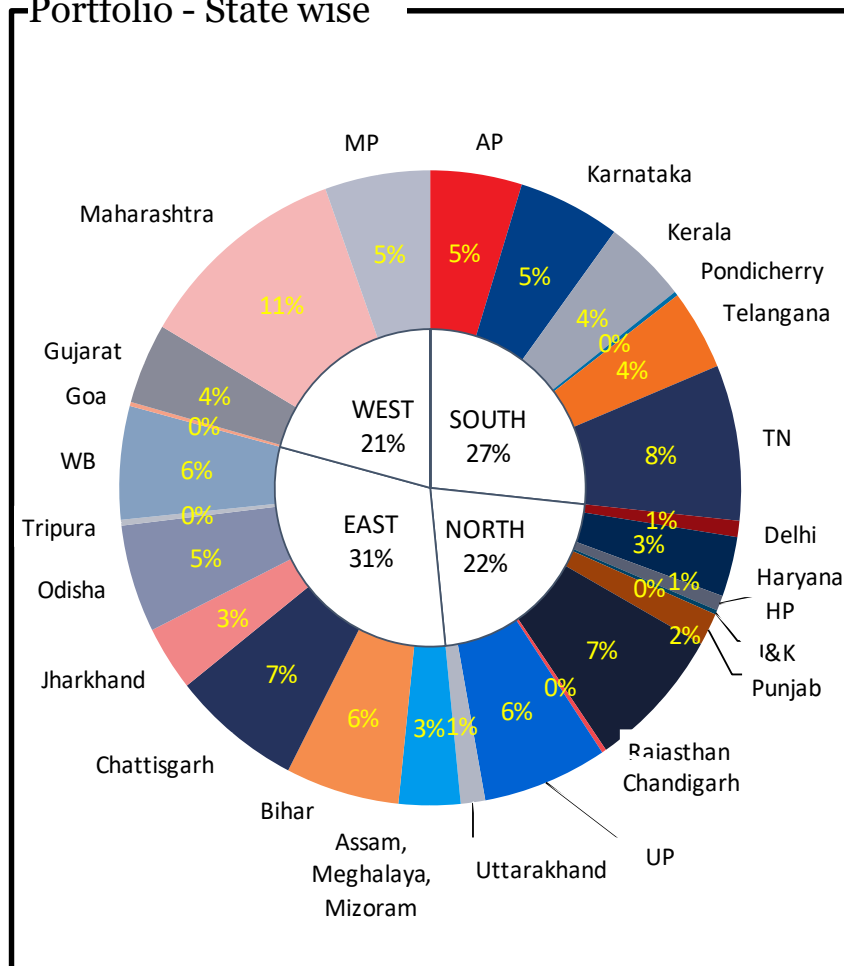
# Vehicle Finance - Disbursement/Portfolio Mix – YTD Dec19

Well diversified across geography & product segments

Disbursements - State wise



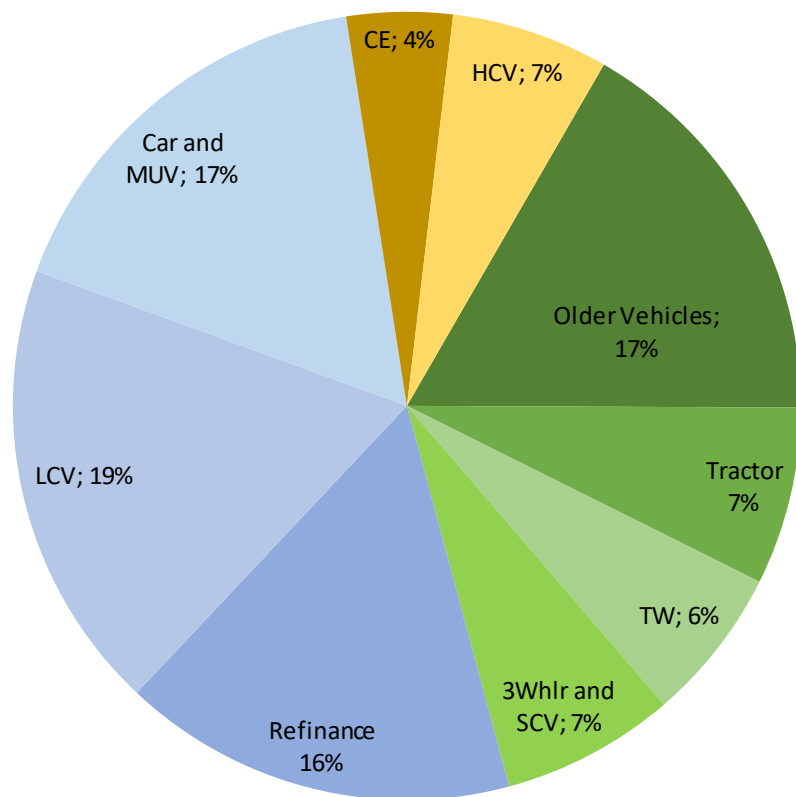
Portfolio - State wise



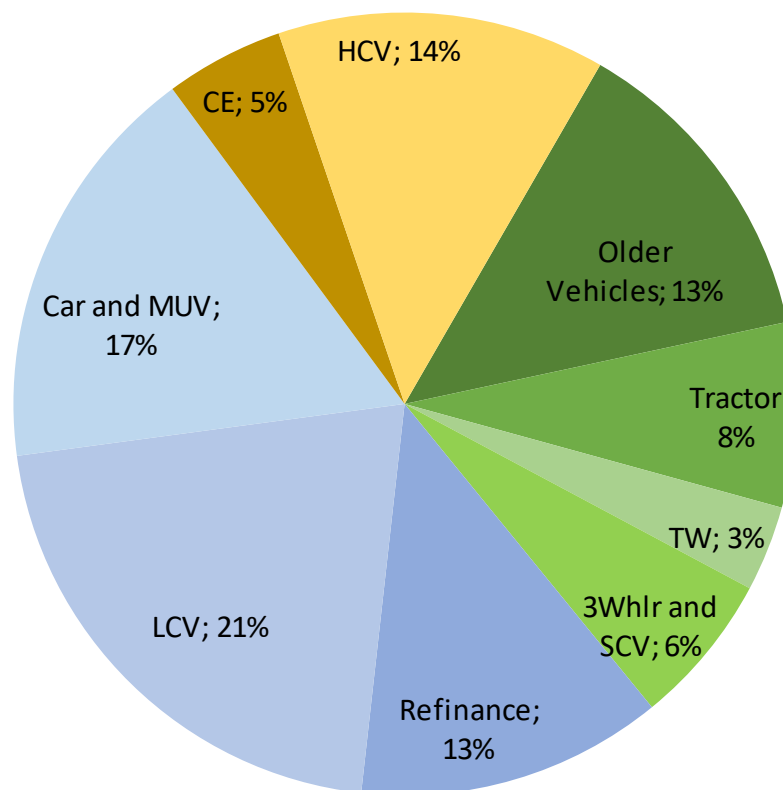
## Vehicle Finance - Disbursement/Portfolio Mix – YTD Dec19

Well diversified across geography & product segments

Disbursements (₹Cr) - Product wise

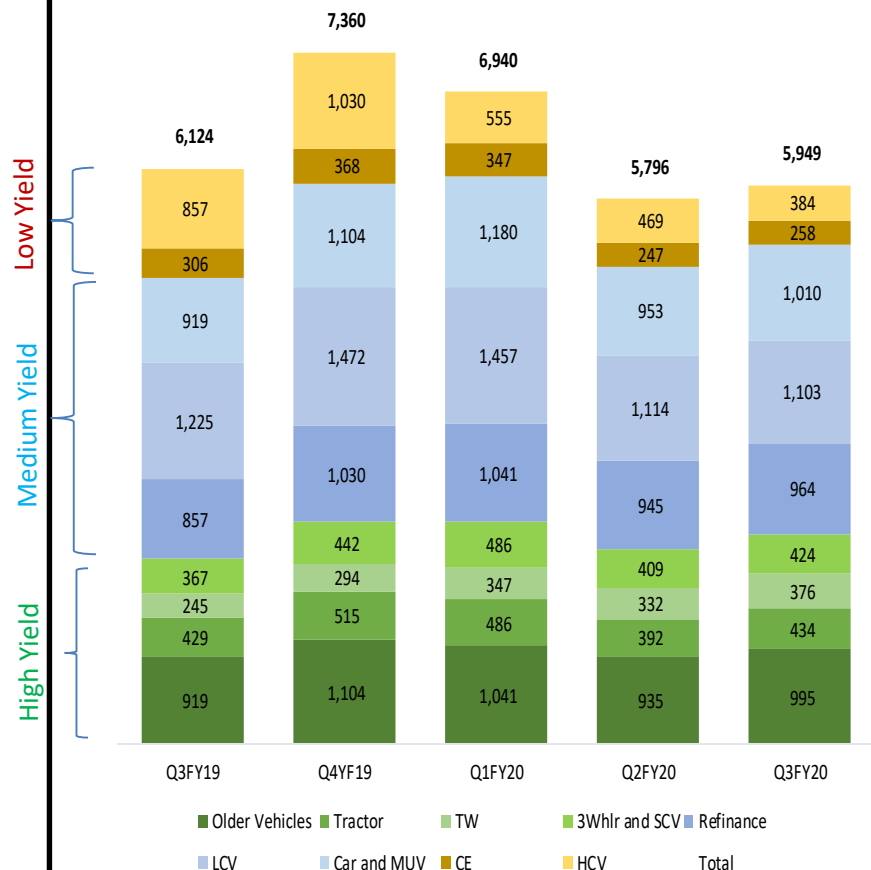


Portfolio (₹Cr) - Product wise

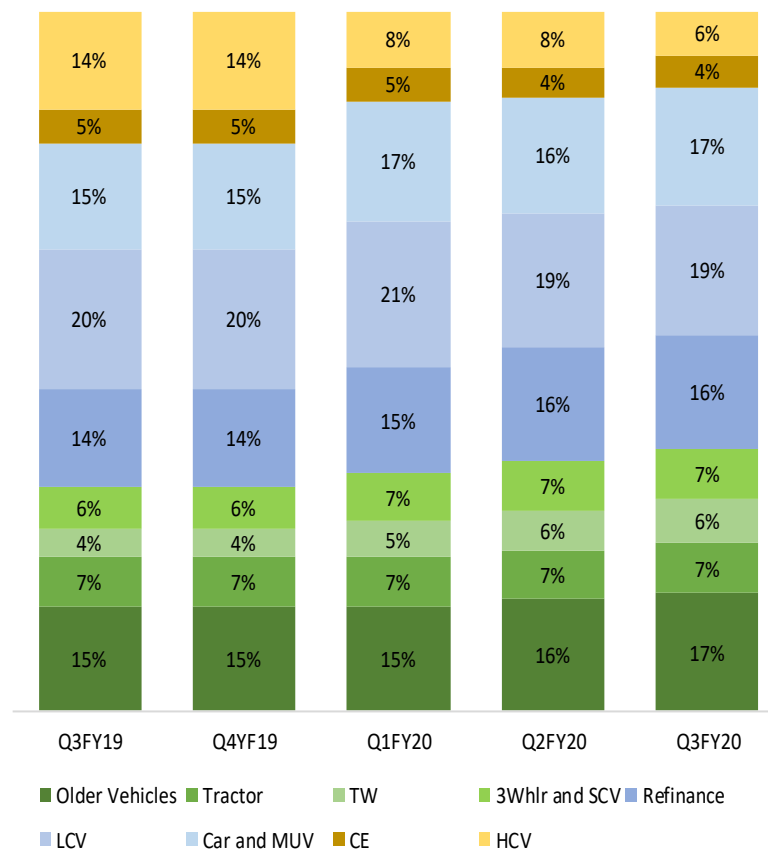


# Vehicle Finance - Disbursement Mix – YTD Dec19

Disbursement (₹Cr) - Product wise



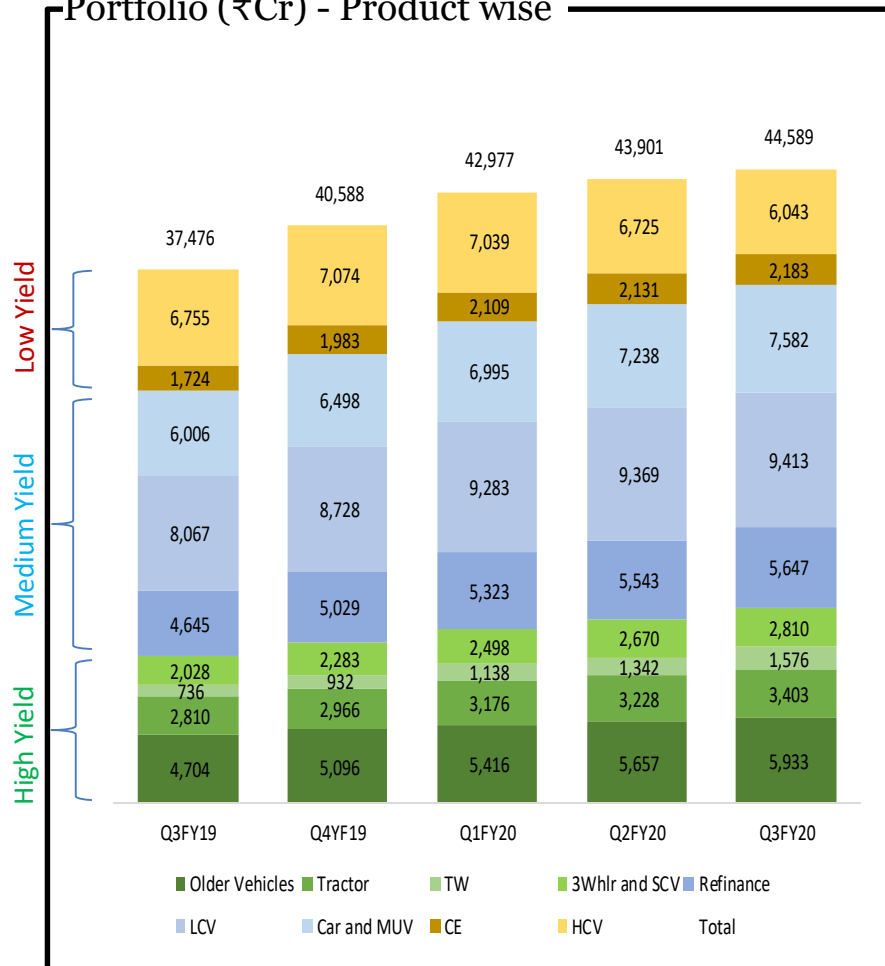
Disbursement (%) – Product wise



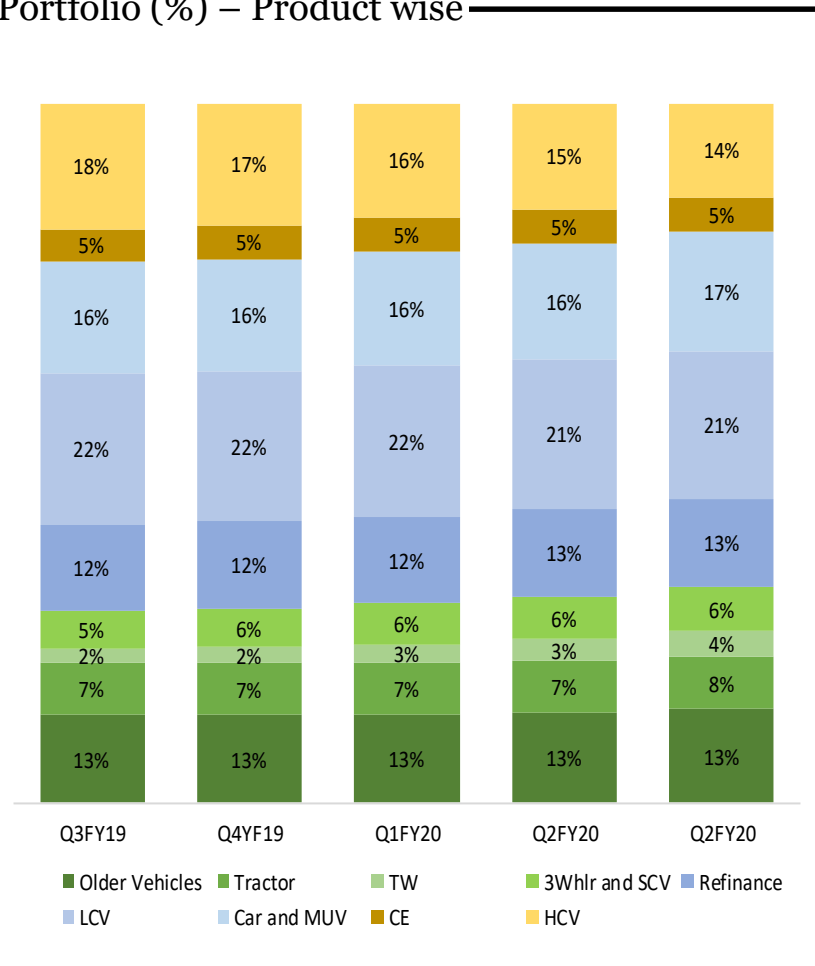


# Vehicle Finance - Portfolio Mix – YTD Dec19

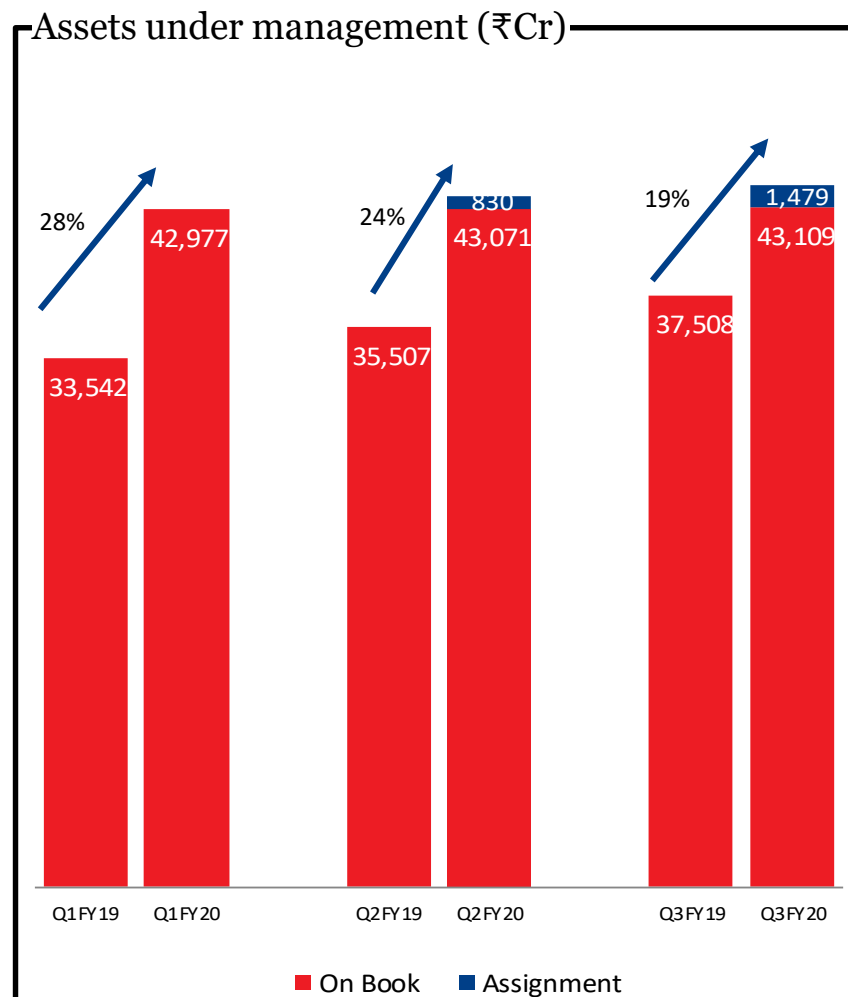
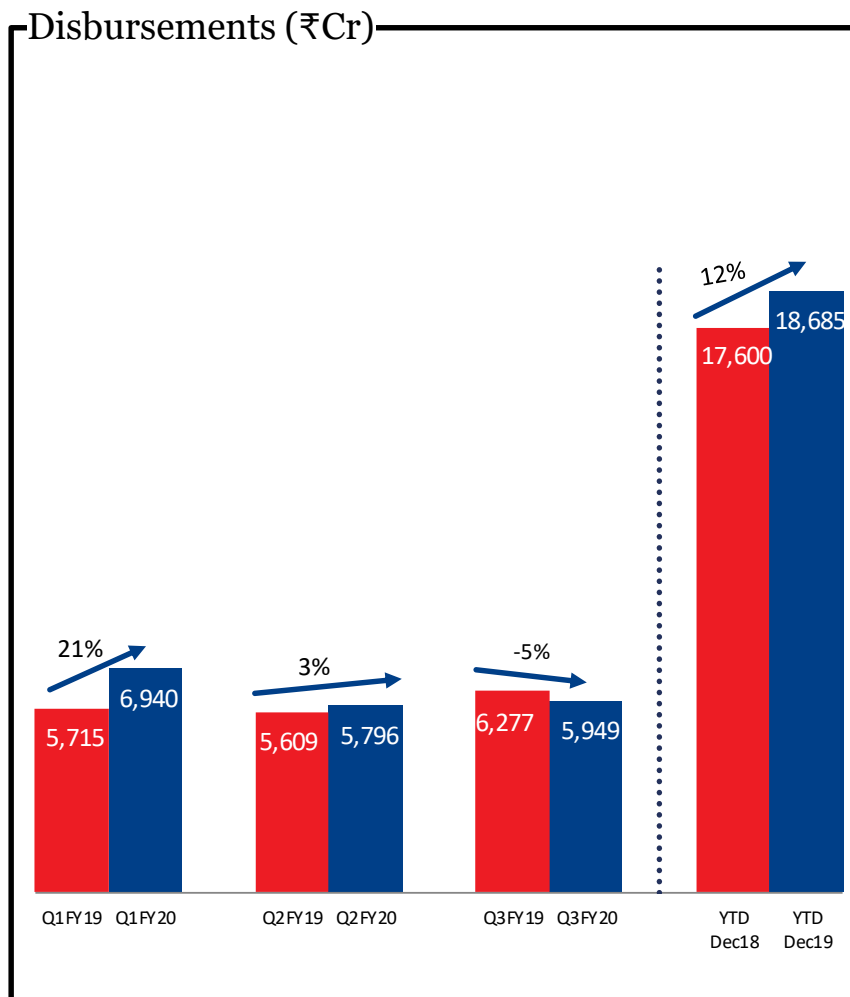
Portfolio (₹Cr) - Product wise



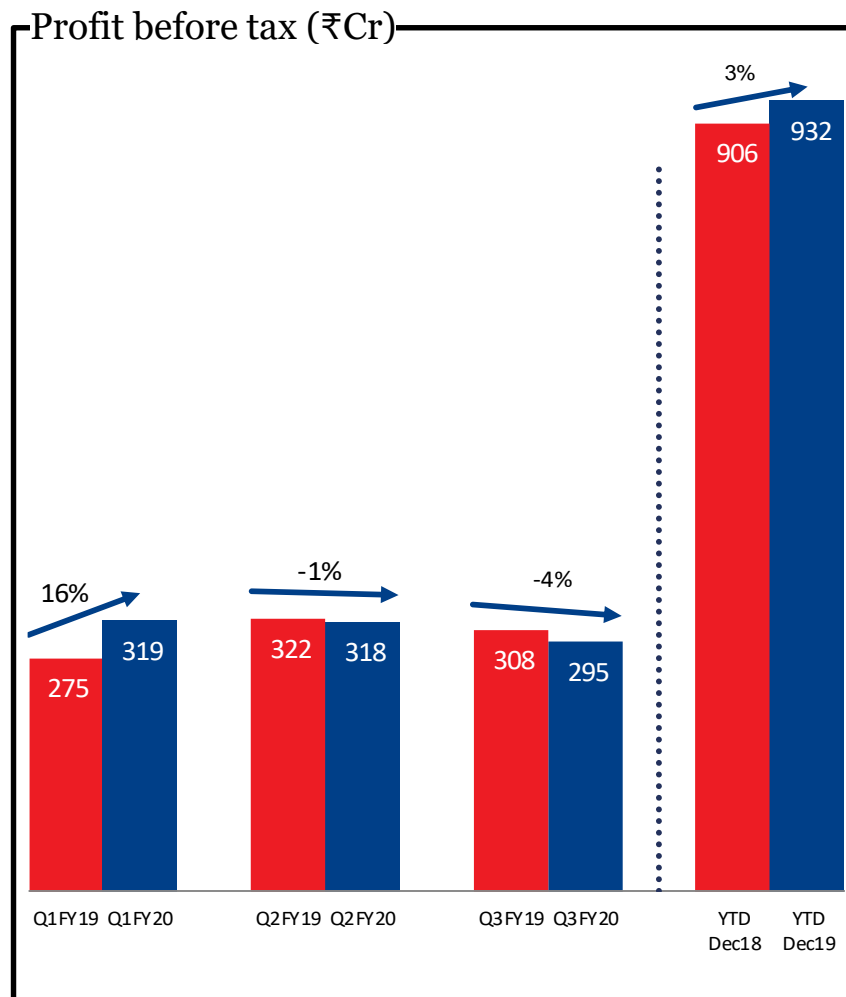
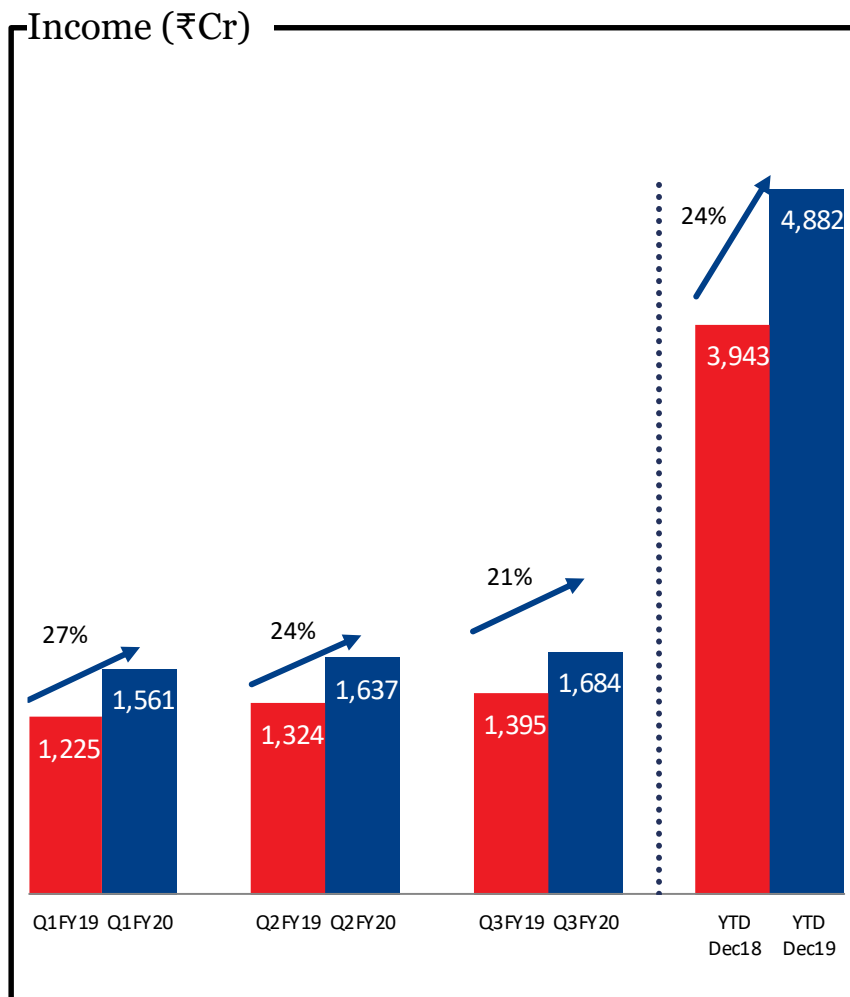
Portfolio (%) – Product wise



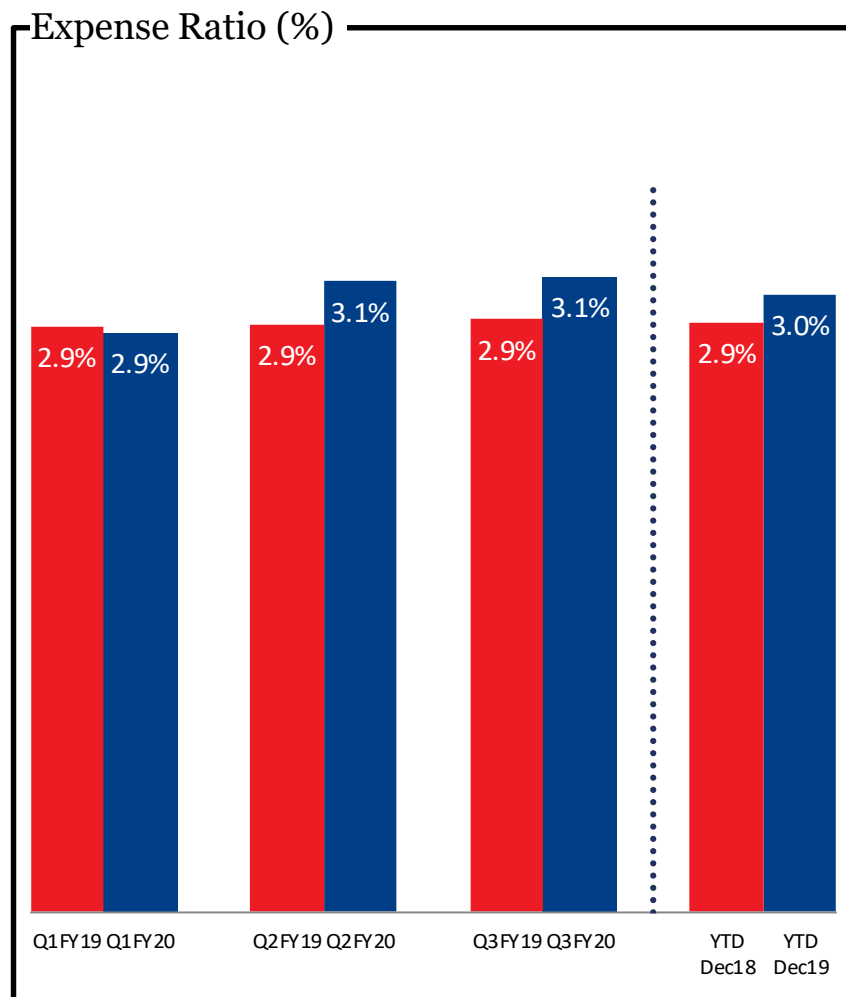
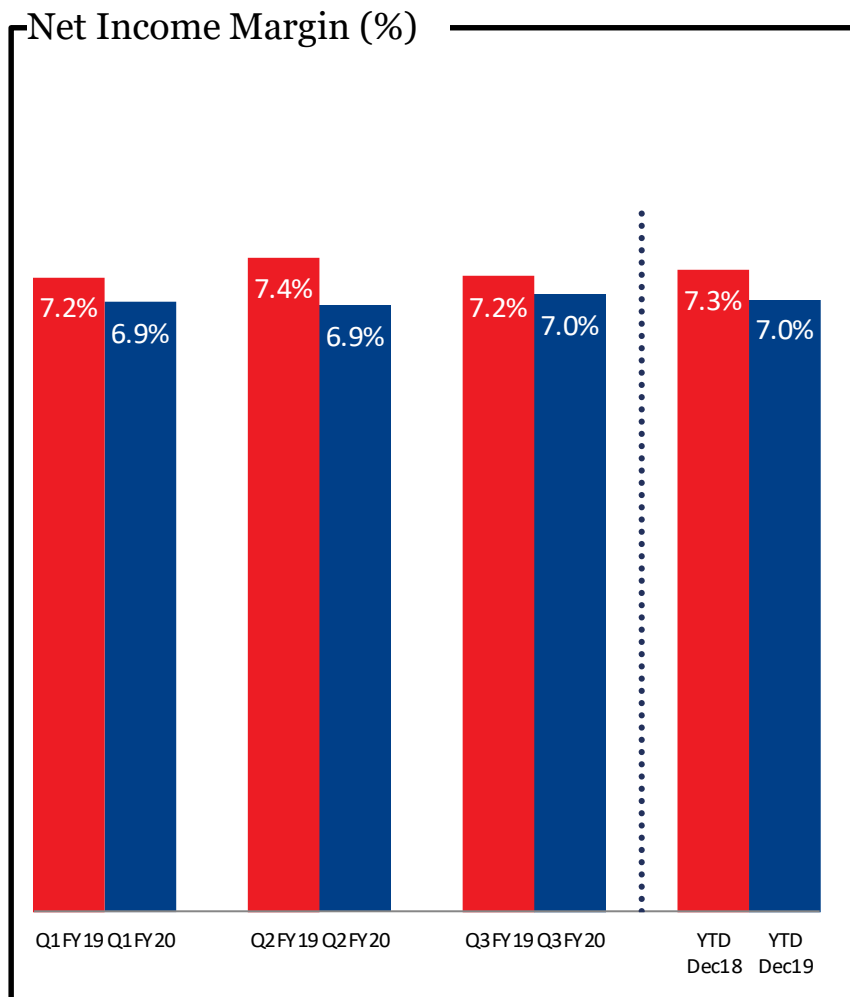
## Vehicle Finance: Financial summary Q3FY20 & YTD Dec19 (I)



## Vehicle Finance: Financial summary Q3FY20 & YTD Dec19 (II)

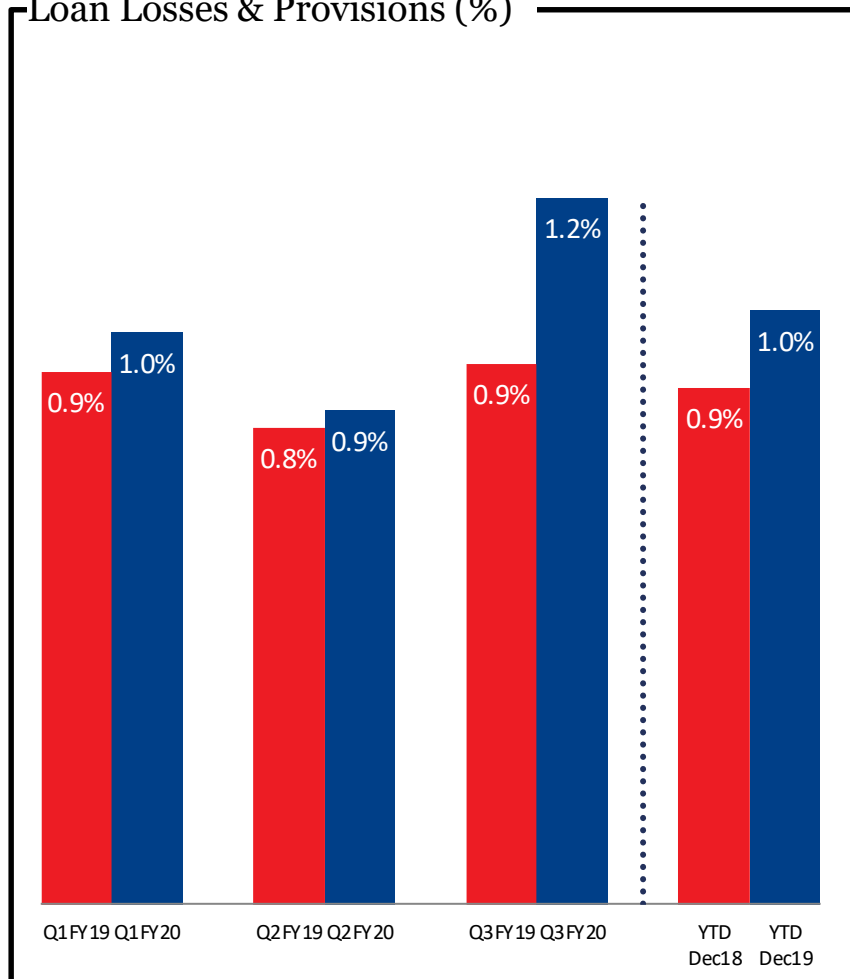


## Vehicle Finance: Financial summary Q3FY20 & YTD Dec19 (III)

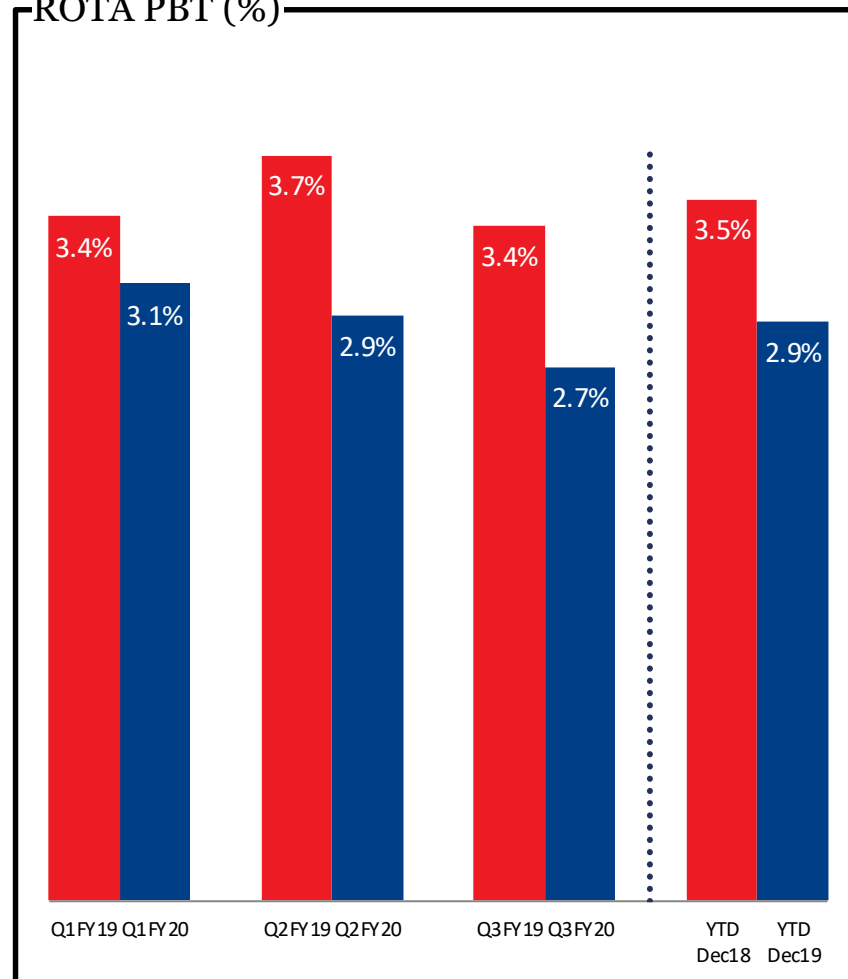


## Vehicle Finance: Financial summary Q3FY20 & YTD Dec19 (IV)

Loan Losses & Provisions (%)



ROTA PBT (%)



## Profit and Loss Statement: Vehicle Finance (Managed)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Q3FY19	Q3FY20	Growth % Q3-o-Q3	YTD Dec18	YTD Dec19	Growth % (YTD) Y-o-Y
Disbursements	5,715	6,940	5,609	5,796	6,277	5,949	-5%	17,600	18,685	6%
Closing Assets (Managed)	33,542	42,977	35,507	43,901	37,508	44,589	19%	37,508	44,589	19%
Operating Income	1,225	1,561	1,324	1,637	1,395	1,684	21%	3,943	4,882	24%
Finance Charges	640	842	677	885	731	904	24%	2,048	2,632	28%
<b>Net Income</b>	<b>584</b>	<b>719</b>	<b>647</b>	<b>751</b>	<b>664</b>	<b>780</b>	<b>17%</b>	<b>1,895</b>	<b>2,250</b>	<b>19%</b>
Expenses	234	297	253	340	269	349	29%	756	986	30%
Loan Losses and Std Assets	75	103	72	94	86	136	58%	233	333	43%
<b>Profit Before Tax</b>	<b>275</b>	<b>319</b>	<b>322</b>	<b>318</b>	<b>308</b>	<b>295</b>	<b>-4%</b>	<b>906</b>	<b>932</b>	<b>3%</b>
<b>Asset Ratios</b>										
Income	15.1%	15.0%	15.2%	15.0%	15.2%	15.1%		15.2%	15.1%	
Cost of Funds	7.9%	8.1%	7.8%	8.1%	7.9%	8.1%		7.9%	8.1%	
Net Income Margin	7.2%	6.9%	7.4%	6.9%	7.2%	7.0%		7.3%	7.0%	
Expense	2.9%	2.9%	2.9%	3.1%	2.9%	3.1%		2.9%	3.0%	
Losses & Provisions	0.9%	1.0%	0.8%	0.9%	0.9%	1.2%		0.9%	1.0%	
<b>ROTA-PBT</b>	<b>3.4%</b>	<b>3.1%</b>	<b>3.7%</b>	<b>2.9%</b>	<b>3.4%</b>	<b>2.7%</b>		<b>3.5%</b>	<b>2.9%</b>	

## Profit and Loss Statement: Vehicle Finance (On Book) (As per IND AS)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Q3FY19	Q3FY20	Growth % Q3-o-Q3	YTD Dec18	YTD Dec19	Growth % (YTD) Y-o-Y
<b>Disbursements</b>	<b>5,715</b>	<b>6,940</b>	<b>5,609</b>	<b>5,796</b>	<b>6,277</b>	<b>5,949</b>	<b>-5%</b>	<b>17,600</b>	<b>18,685</b>	<b>6%</b>
<b>Closing Assets (Balance Sheet)</b>	<b>33,542</b>	<b>42,977</b>	<b>35,507</b>	<b>43,071</b>	<b>37,508</b>	<b>43,109</b>	<b>15%</b>	<b>37,508</b>	<b>43,109</b>	<b>15%</b>
Operating Income	1,225	1,561	1,324	1,666	1,395	1,702	22%	3,943	4,929	25%
Finance Charges	640	842	677	887	731	887	21%	2,048	2,613	28%
<b>Net Income</b>	<b>584</b>	<b>719</b>	<b>647</b>	<b>779</b>	<b>664</b>	<b>816</b>	<b>23%</b>	<b>1,895</b>	<b>2,316</b>	<b>22%</b>
Expenses	234	297	252	339	269	349	29%	756	986	30%
Loan Losses and Std Assets Prov	75	103	72	94	86	136	58%	233	333	43%
<b>Profit Before Tax</b>	<b>275</b>	<b>319</b>	<b>322</b>	<b>347</b>	<b>308</b>	<b>331</b>	<b>7%</b>	<b>906</b>	<b>997</b>	<b>10%</b>
<b>Asset Ratios</b>										
Income	15.1%	15.0%	15.2%	15.4%	15.2%	15.7%		15.2%	15.5%	
Cost of Funds	7.9%	8.1%	7.8%	8.2%	7.9%	8.2%		7.9%	8.2%	
Net Income Margin	7.2%	6.9%	7.4%	7.2%	7.2%	7.5%		7.3%	7.3%	
Expense	2.9%	2.9%	2.9%	3.1%	2.9%	3.2%		2.9%	3.1%	
Losses & Provisions	0.9%	1.0%	0.8%	0.9%	0.9%	1.3%		0.9%	1.0%	
<b>ROTA-PBT</b>	<b>3.4%</b>	<b>3.1%</b>	<b>3.7%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>3.1%</b>		<b>3.5%</b>	<b>3.1%</b>	



# Home Equity



## Home Equity— YTD Dec19 Performance

### Disbursements

- Disbursements has grown 10% in YTD Dec19 as compared to YTD Dec18

### Asset under management

- The business has grown the Assets by 16% in YTD Dec19

### Loss and provisions

- Loan losses is at -0.07% from -0.03% as compared to YTD Dec18

### Profit before tax

- PBT for YTD Dec19 has grown 17% as compared to YTD Dec18

## Home Equity: Industry outlook



- The current liquidity squeeze is expected to impact credit flow to the MSME segment, in view of the expected pressure because of the high fuel prices, elongated working capital cycles and increase in interest rates, which would have a cascading effect on the asset quality
- Larger NBFCs, in view of asset quality concerns and increased competitive pressure, have moderated their ticket sizes

Sources: ICRA – NBFC Report (Oct 2019)



- Credit growth in loans against property (LAP) has been negatively affected by poor sentiment in the property market
- Market pressures are causing a shift in the composition of LAP originations
- LAP saw the most significant increase in delinquencies over the past year among major consumer credit products

Sources: TU CIBIL – Industry Insight report

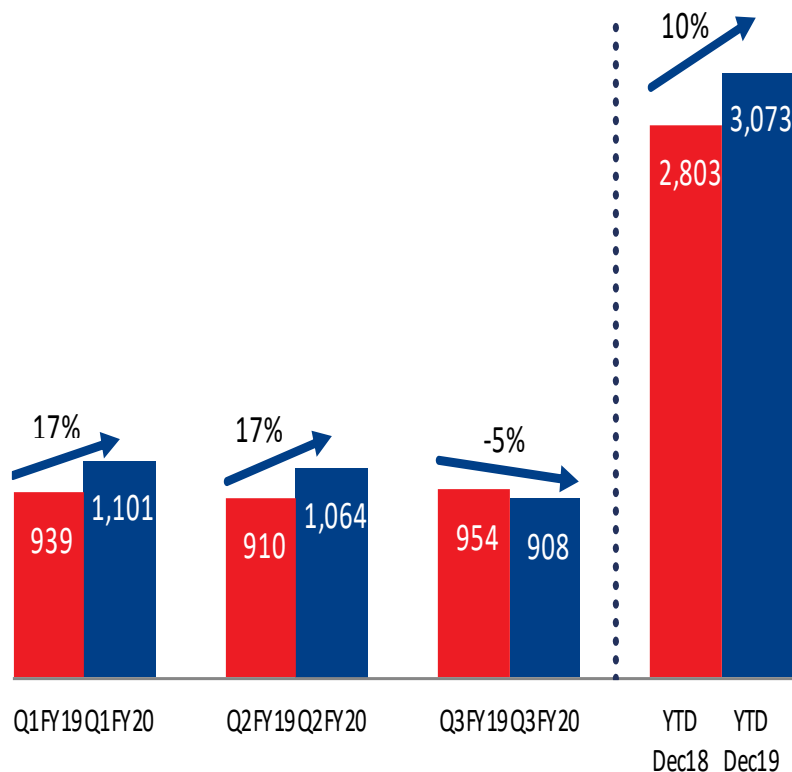


- NBFCs credit growth slowed down in past few quarters in 2019 due to the liquidity conditions. The Study reveals that the ratio of total sanctioned to total enquiries done by NBFCs have also reduced, which can be inferred as lower approval rate of loans

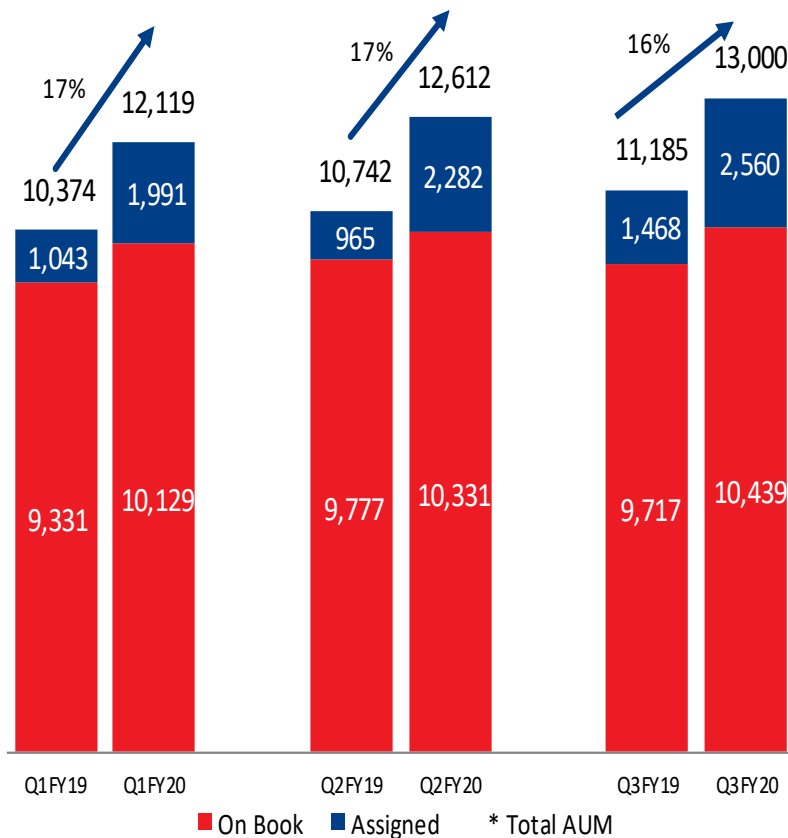
Sources: TU CIBIL – MSME Pulse (Oct 2019)

# Home Equity—Financial Summary Q3FY20 & YTD Dec19 (I)

Disbursements (₹Cr)



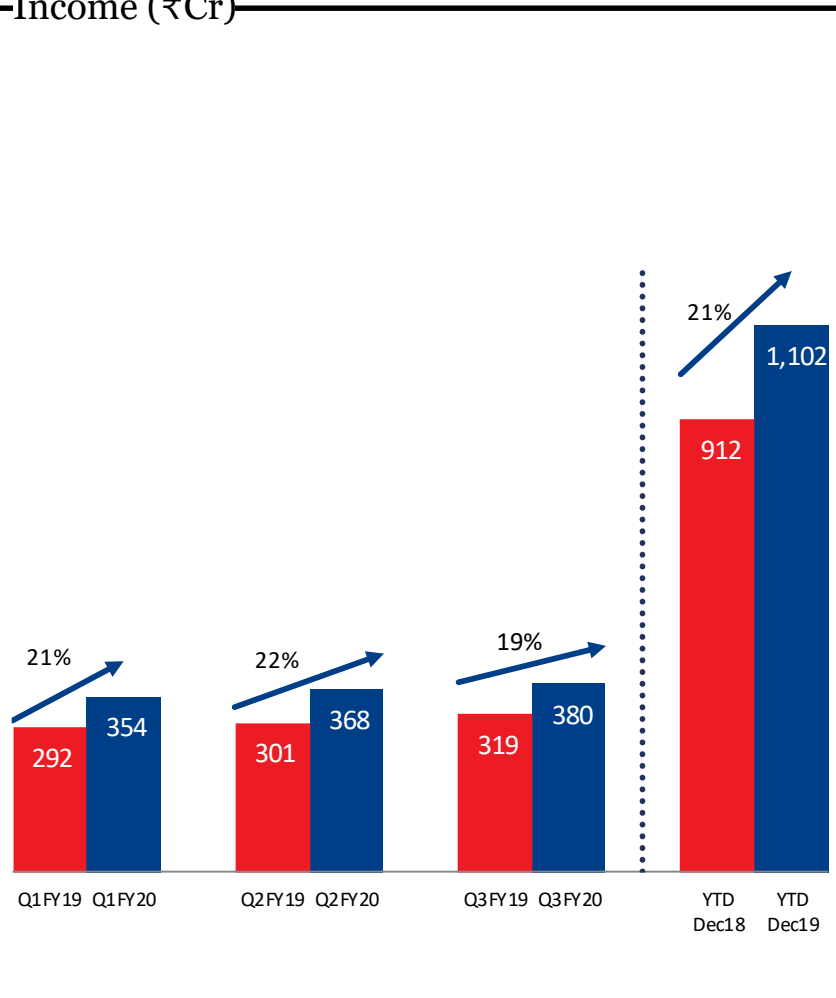
Assets under Management (₹Cr)



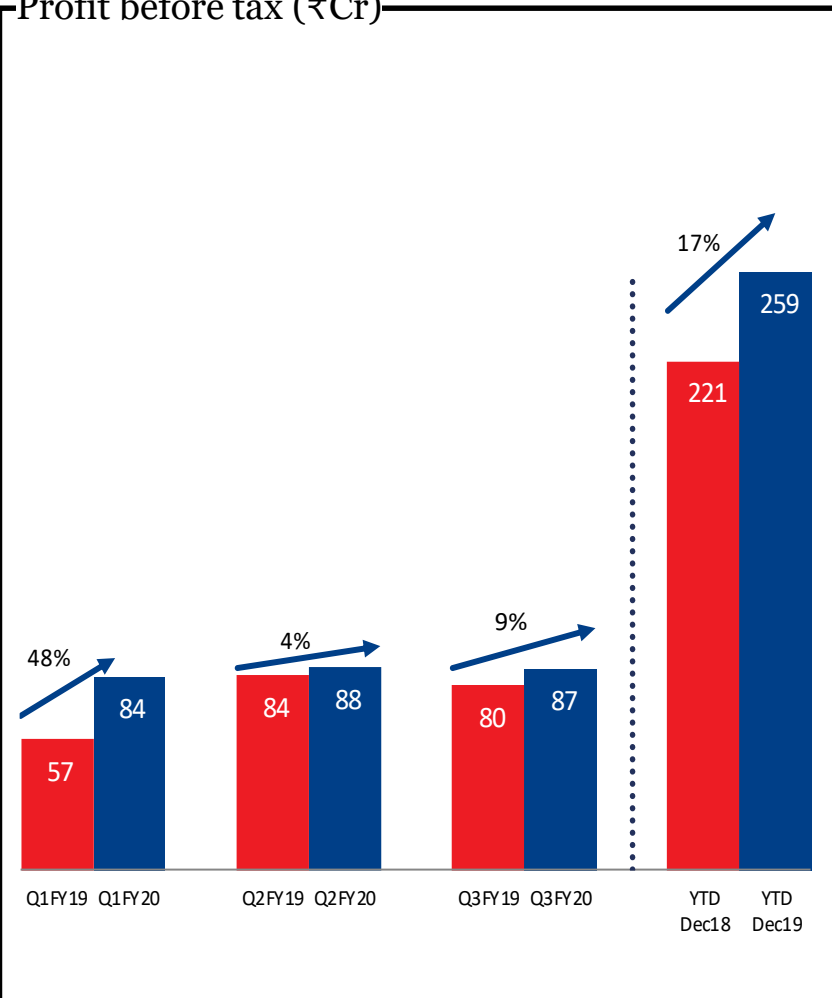
Note: Without assignment gains

## Home Equity—Financial Summary Q3FY20 & YTD Dec19 (II)

Income (₹Cr)



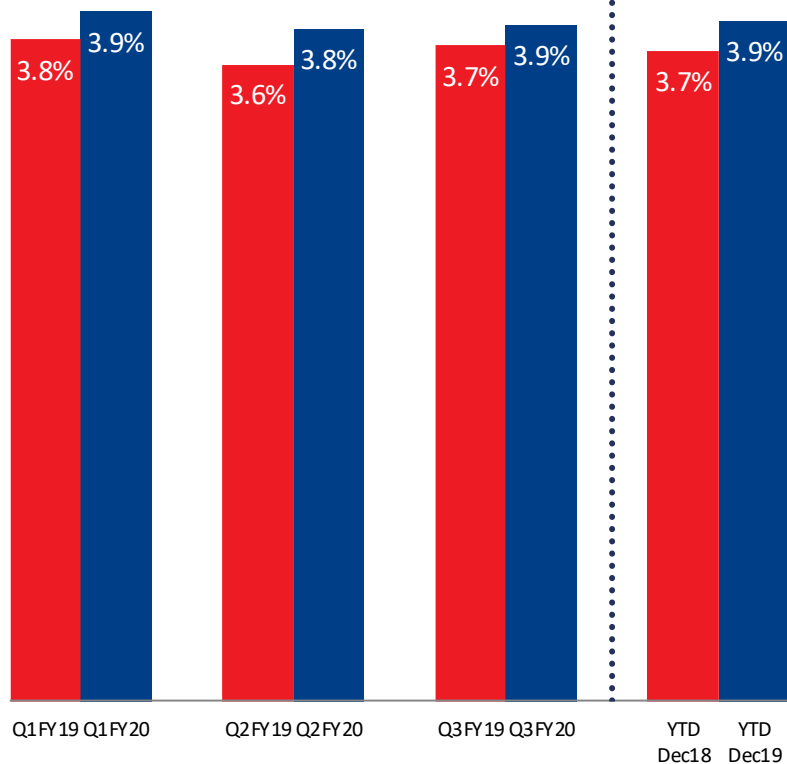
Profit before tax (₹Cr)



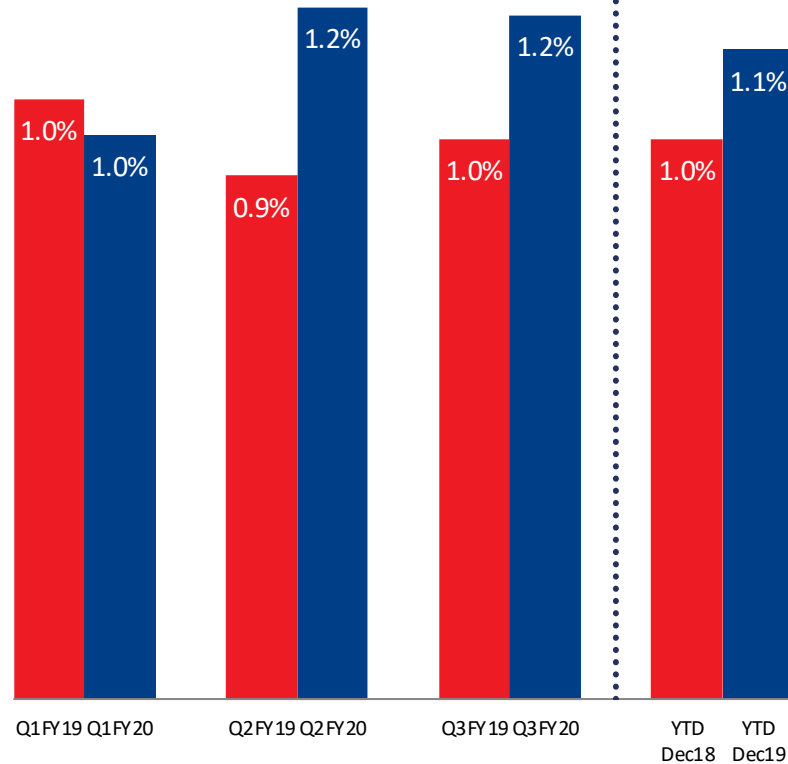
Note: Without assignment gains

## Home Equity—Financial Summary Q3FY20 & YTD Dec19 (III)

Net Income Margin (%)



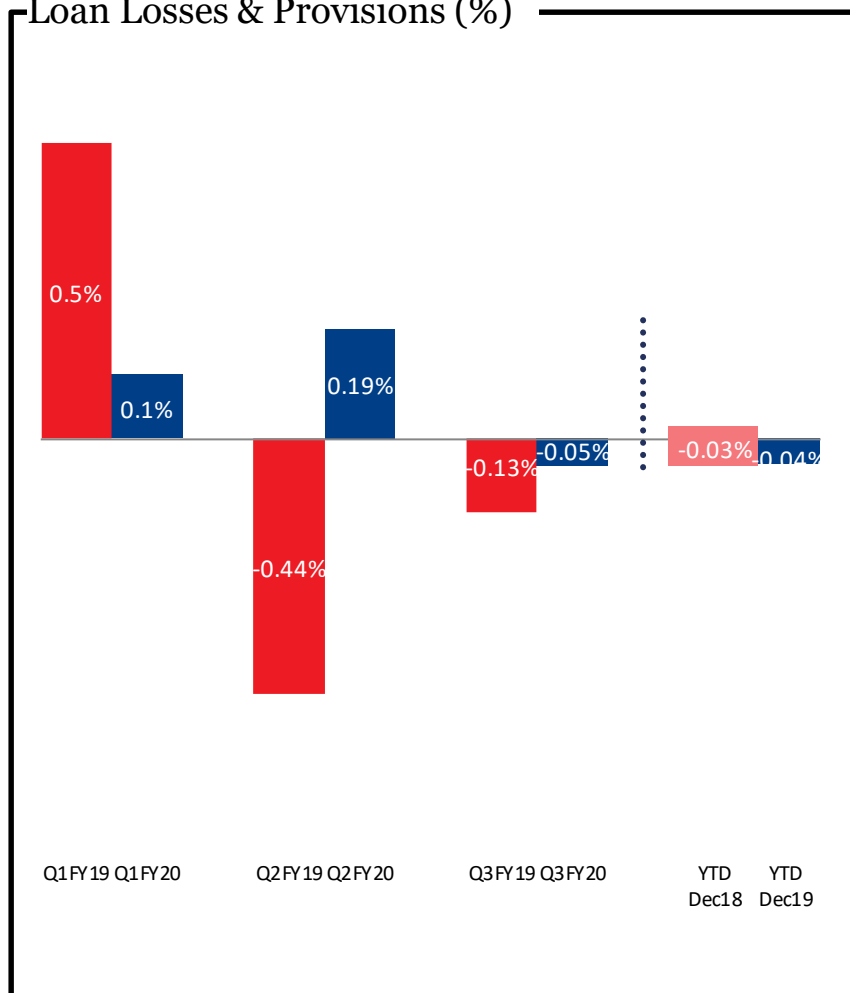
Expenses Ratio (%)



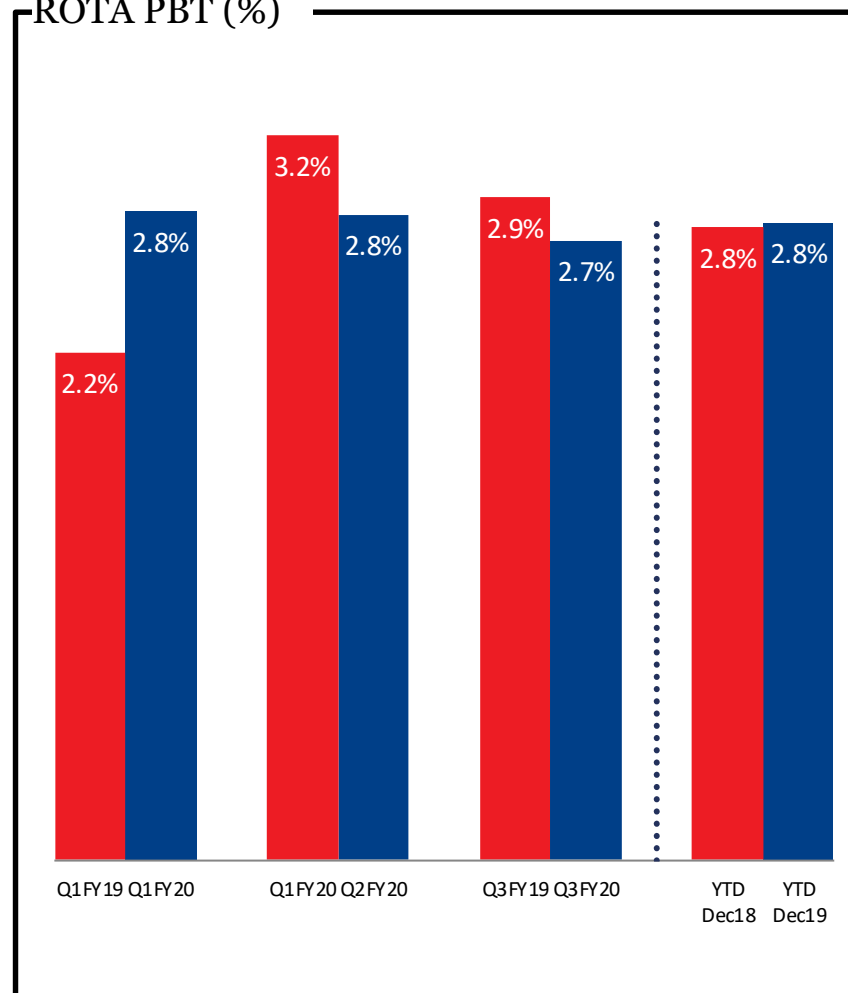
Note: Ratios are based on average AUM (Without assignment gains)

## Home Equity—Financial Summary Q3FY20 & YTD Dec19 (IV)

Loan Losses & Provisions (%)



ROTA PBT (%)



Note: Ratios are based on average AUM (Without assignment gains)



## Profit and Loss Statement: Home Equity (Managed)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Q3FY19	Q3FY20	Growth % Q3-o-Q3	YTD Dec18	YTD Dec19	Growth % (YTD) Y-o-Y
<b>Disbursements</b>	<b>939</b>	<b>1,101</b>	<b>910</b>	<b>1,064</b>	<b>954</b>	<b>908</b>	<b>-5%</b>	<b>2,803</b>	<b>3,073</b>	<b>10%</b>
<b>Closing Assets (Managed)</b>	<b>10,374</b>	<b>12,119</b>	<b>10,742</b>	<b>12,612</b>	<b>11,186</b>	<b>13,000</b>	<b>16%</b>	<b>11,186</b>	<b>13,000</b>	<b>16%</b>
Operating Income	292	354	301	368	319	380	19%	912	1,102	21%
Finance Charges	195	238	205	249	216	256	18%	616	743	21%
<b>Net Income</b>	<b>96</b>	<b>116</b>	<b>97</b>	<b>119</b>	<b>103</b>	<b>124</b>	<b>20%</b>	<b>296</b>	<b>359</b>	<b>21%</b>
Expenses	26	29	24	37	27	38	42%	77	104	35%
Loan Losses and Std Assets Prov	13	3	-12	-6	-4	-1	-58%	-2	-4	84%
<b>Profit Before Tax</b>	<b>57</b>	<b>84</b>	<b>84</b>	<b>88</b>	<b>80</b>	<b>87</b>	<b>9%</b>	<b>221</b>	<b>259</b>	<b>17%</b>
<b>Asset Ratios</b>										
Income	11.4%	12.0%	11.3%	11.9%	11.5%	11.8%		11.4%	11.9%	
Cost of Funds	7.7%	8.1%	7.7%	8.0%	7.8%	7.9%		7.7%	8.0%	
Net Income Margin	3.8%	3.9%	3.6%	3.8%	3.7%	3.9%		3.7%	3.9%	
Expense	1.0%	1.0%	0.9%	1.2%	1.0%	1.2%		1.0%	1.1%	
Losses & Provisions	0.5%	0.1%	-0.4%	0.2%	-0.1%	0.0%		-0.03%	-0.04%	
<b>ROTA-PBT</b>	<b>2.2%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>2.7%</b>		<b>2.8%</b>	<b>2.8%</b>	

# Profit and Loss Statement: Home Equity (On Book)

## (As per IND AS)

₹ Cr

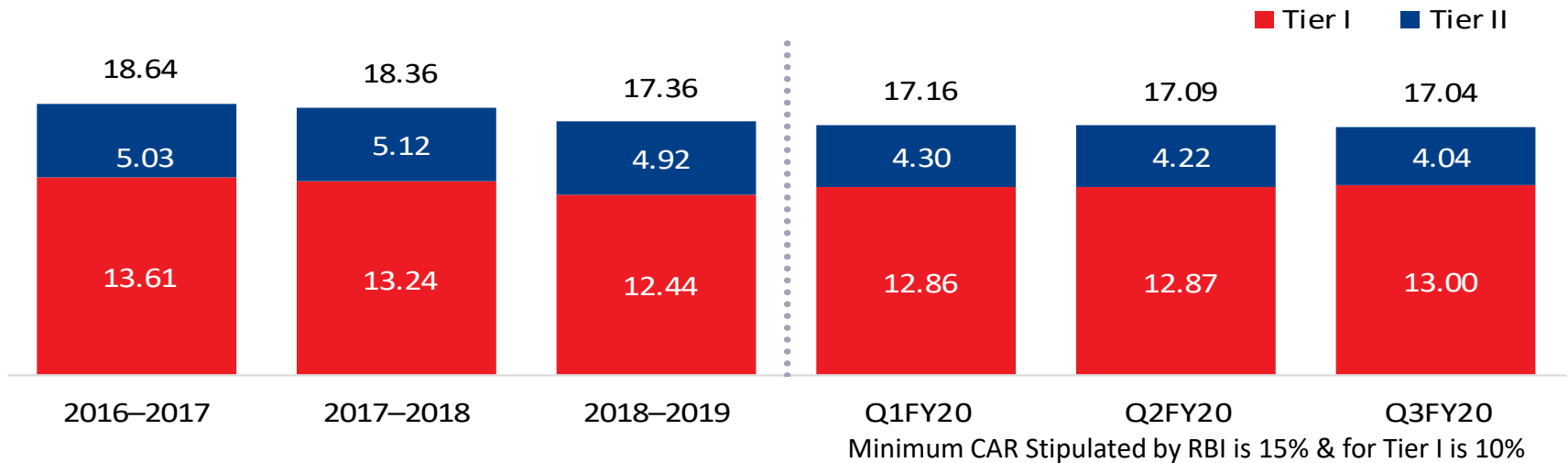
Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Q3FY19	Q3FY20	Growth % Q3-o-Q3	YTD Dec18	YTD Dec19	Growth % (YTD) Y-o-Y
<b>Disbursements</b>	<b>939</b>	<b>1,101</b>	<b>910</b>	<b>1,064</b>	<b>954</b>	<b>908</b>	<b>-5%</b>	<b>2,803</b>	<b>3,073</b>	<b>10%</b>
<b>Closing Assets (Balance Sheet)</b>	<b>9,331</b>	<b>10,129</b>	<b>9,773</b>	<b>10,331</b>	<b>9,718</b>	<b>10,439</b>	<b>7%</b>	<b>9,718</b>	<b>10,439</b>	<b>7%</b>
Operating Income	310	318	268	322	315	375	19%	895	1,102	23%
Finance Charges	168	193	170	195	185	203	10%	525	742	41%
<b>Net Income</b>	<b>142</b>	<b>125</b>	<b>98</b>	<b>126</b>	<b>130</b>	<b>172</b>	<b>33%</b>	<b>369</b>	<b>359</b>	<b>-3%</b>
Expenses	26	29	25	37	17	38	128%	68	104	52%
Loan Losses and Std Assets Prov	7	3	-15	-6	6	-1	-123%	-2	-4	84%
<b>Profit Before Tax</b>	<b>109</b>	<b>93</b>	<b>88</b>	<b>95</b>	<b>107</b>	<b>136</b>	<b>27%</b>	<b>303</b>	<b>259</b>	<b>-14%</b>
<b>Asset Ratios</b>										
Income	13.3%	12.8%	11.1%	12.5%	12.8%	14.4%		12.4%	14.4%	
Cost of Funds	7.2%	7.7%	7.1%	7.6%	7.5%	7.8%		7.3%	9.7%	
Net Income Margin	6.1%	5.0%	4.1%	4.9%	5.3%	6.6%		5.1%	4.7%	
Expense	1.1%	1.2%	1.0%	1.4%	0.7%	1.5%		0.9%	1.4%	
Losses & Provisions	0.3%	0.1%	-0.6%	-0.2%	0.3%	-0.1%		0.0%	-0.1%	
<b>ROTA-PBT</b>	<b>4.7%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>4.3%</b>	<b>5.2%</b>		<b>4.2%</b>	<b>3.4%</b>	

# Funding Profile



## CAR, Credit Rating

### Capital Adequacy Ratio (CAR) – As per RBI guideline



### 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*	-	[ICRA] 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	-

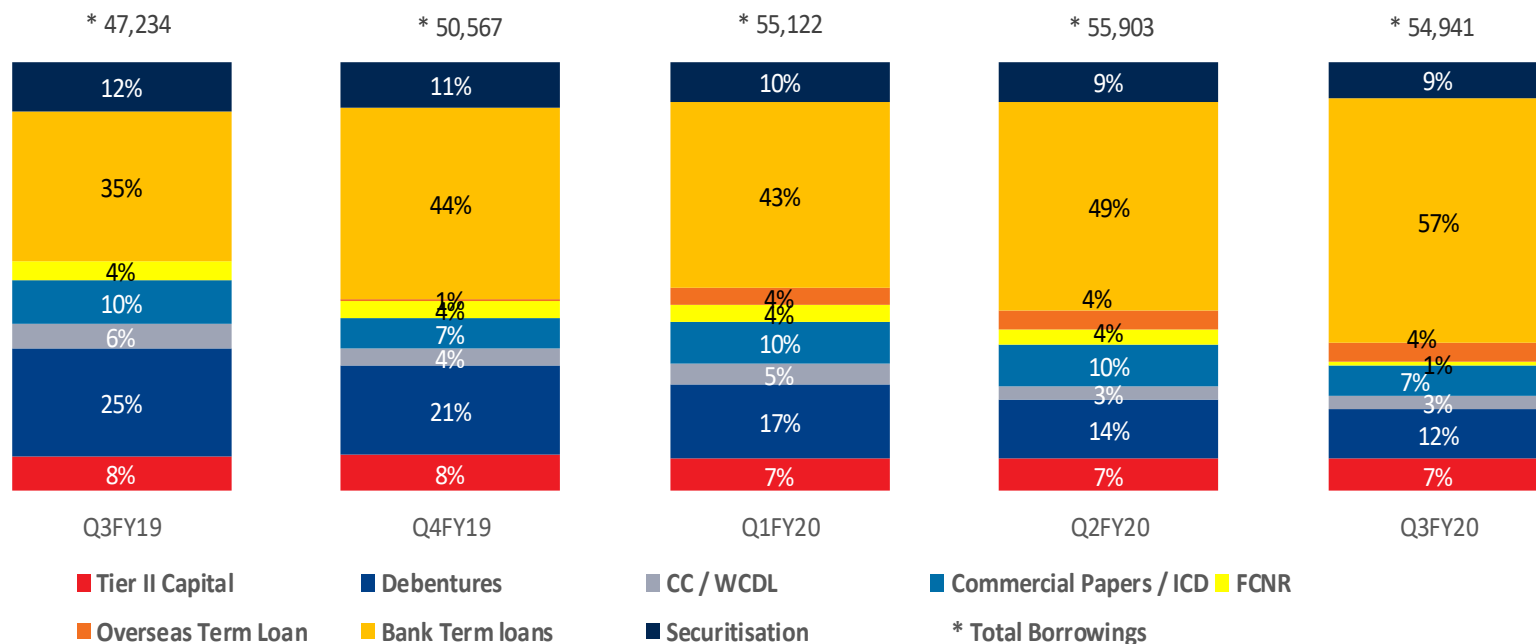
^ CP Rating

\* NCD Rating

## Diversified Borrowings Profile (I/II)

(₹Cr)

Borrowing mix by instrument type



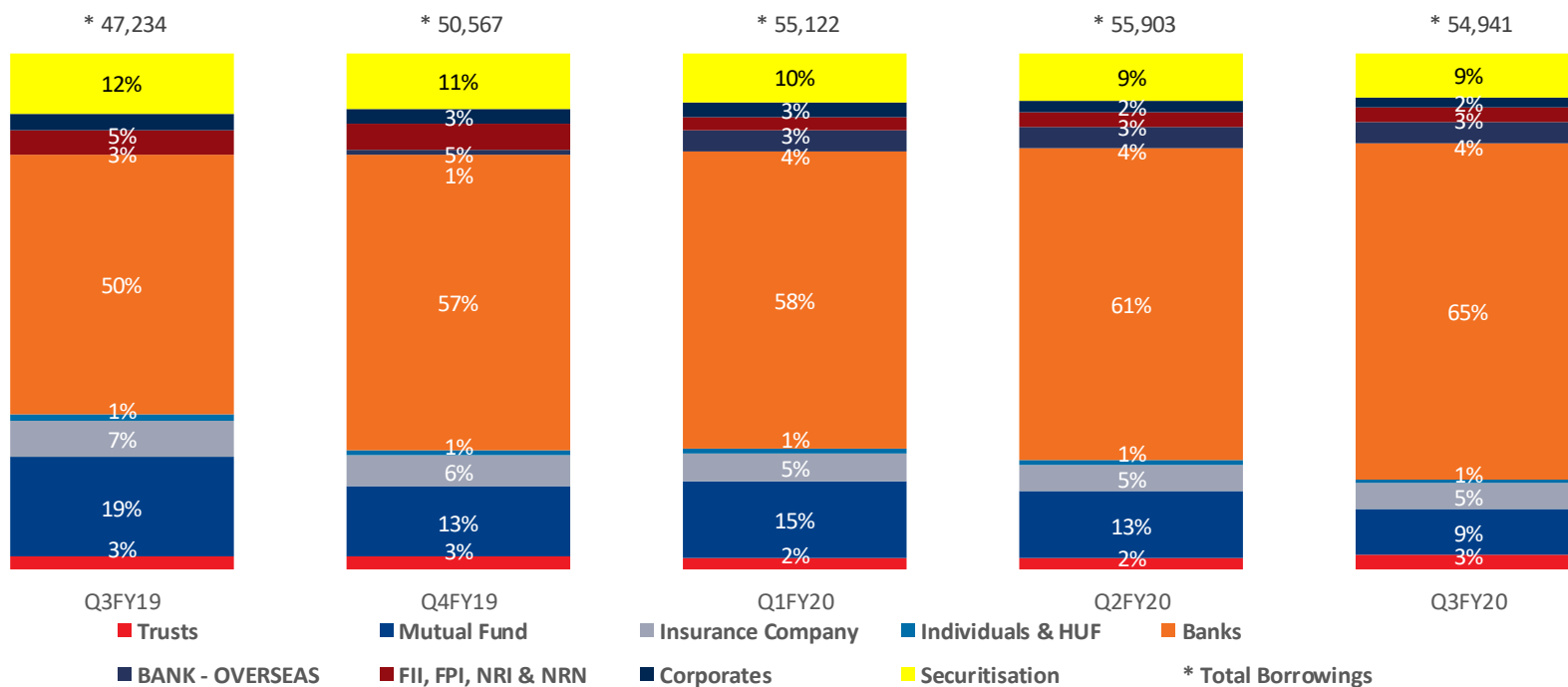
1. Total borrowings

Note: Long term relationships with banks ensured continued lending; A consortium of 14 banks with tied-up limits of ₹3,275 Crores

## Diversified Borrowings Profile (I/II)

(₹Cr)

### Borrowing mix by investor type



## ALM Statement as of 31<sup>st</sup> Dec 2019 (As per IGAAP)

(₹Cr)

ALM snapshot as on 31st Dec 2019									
Particulars	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 & Bank Balances	2,243.24	205.00	2,410.00	-	-	-	-	-	4,858.24
Advances	1,359.52	1,155.06	1,101.66	5,644.91	9,179.19	23,047.09	5,205.24	5,114.94	51,807.62
Trade Receivable & Others	321.69	108.71	10.82	75.23	166.28	357.28	184.16	1,016.28	2,240.45
<b>Total Inflows (A)</b>	<b>3,924.45</b>	<b>1,468.77</b>	<b>3,522.48</b>	<b>5,720.14</b>	<b>9,345.47</b>	<b>23,404.37</b>	<b>5,389.40</b>	<b>6,131.22</b>	<b>58,906.31</b>
<b>Cumulative Total Inflows (B)</b>	<b>3,924.45</b>	<b>5,393.22</b>	<b>8,915.70</b>	<b>14,635.84</b>	<b>23,981.31</b>	<b>47,385.68</b>	<b>52,775.08</b>	<b>58,906.31</b>	
Borrowin Repayment-Bank & Others	1,823.76	105.00	682.67	818.94	4,106.63	22,567.32	5,557.47	-	35,661.79
Borrowin Repayment- Market	273.78	1,156.84	2,616.39	1,511.19	1,561.24	3,963.30	1,202.30	1,621.00	13,906.04
Capital Reserves and Surplus	-	-	-	-	-	-	-	6,791.70	6,791.70
Other Outflows	1,464.24	93.38	121.74	252.35	150.29	212.73	3.80	248.25	2,546.78
<b>Total Outflows (C)</b>	<b>3,561.77</b>	<b>1,355.22</b>	<b>3,420.80</b>	<b>2,582.48</b>	<b>5,818.16</b>	<b>26,743.35</b>	<b>6,763.57</b>	<b>8,660.95</b>	<b>58,906.31</b>
<b>Cumulative Total Outflows (D)</b>	<b>3,561.77</b>	<b>4,916.99</b>	<b>8,337.79</b>	<b>10,920.27</b>	<b>16,738.43</b>	<b>43,481.78</b>	<b>50,245.36</b>	<b>58,906.31</b>	
<b>E. GAP (A - C)</b>	<b>362.68</b>	<b>113.55</b>	<b>101.69</b>	<b>3,137.66</b>	<b>3,527.31</b>	<b>(3,338.98)</b>	<b>(1,374.17)</b>	<b>(2,529.73)</b>	
<b>F.Cumulative GAP (B - D)</b>	<b>362.68</b>	<b>476.23</b>	<b>577.91</b>	<b>3,715.57</b>	<b>7,242.88</b>	<b>3,903.90</b>	<b>2,529.73</b>	<b>0.00</b>	
<b>Cumulative GAP as % (F/D)</b>	<b>10.18%</b>	<b>9.69%</b>	<b>6.93%</b>	<b>34.02%</b>	<b>43.27%</b>	<b>8.98%</b>	<b>5.03%</b>	<b>0.00%</b>	

Note: Behavioural ALM



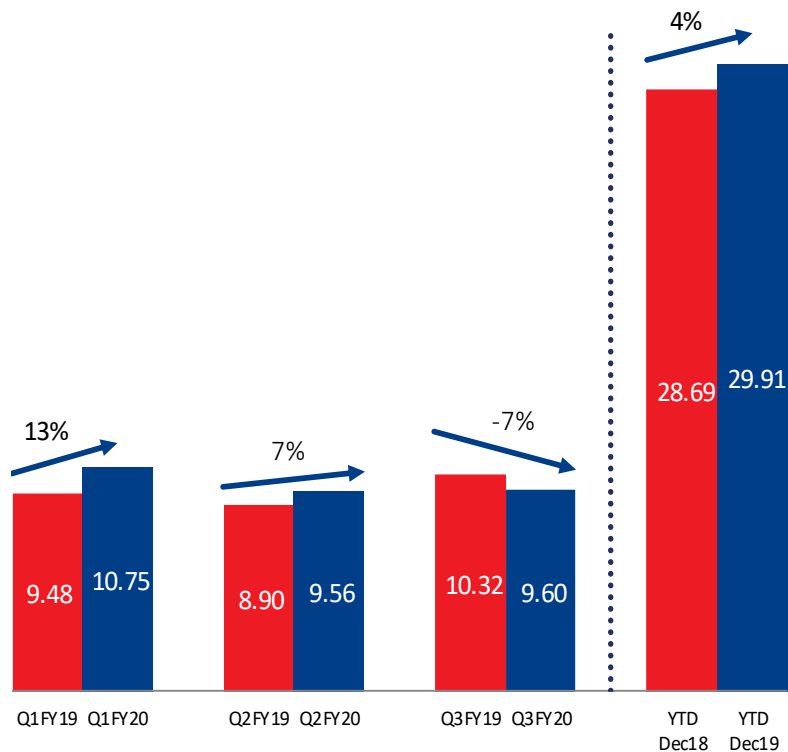
# Subsidiaries



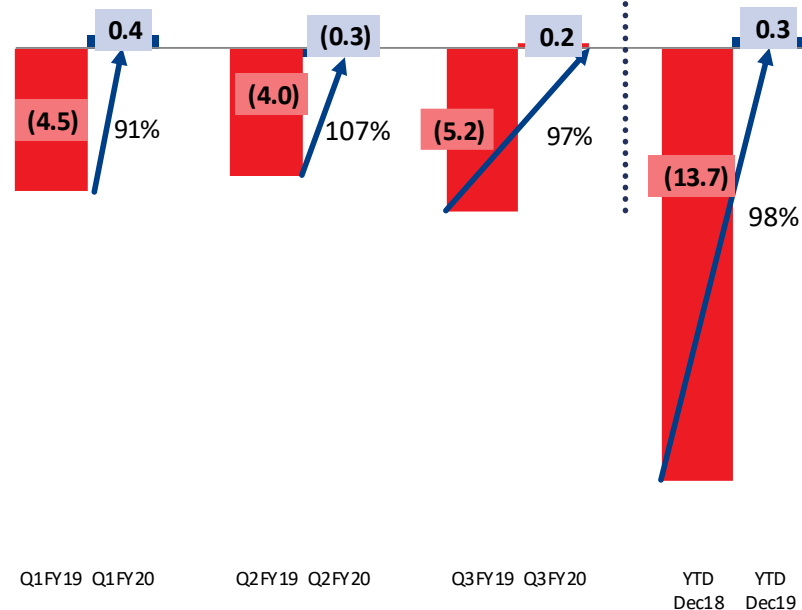


# CHOLAMANDALAM HOME FINANCE LTD (As per IND AS)

Income (₹Cr)

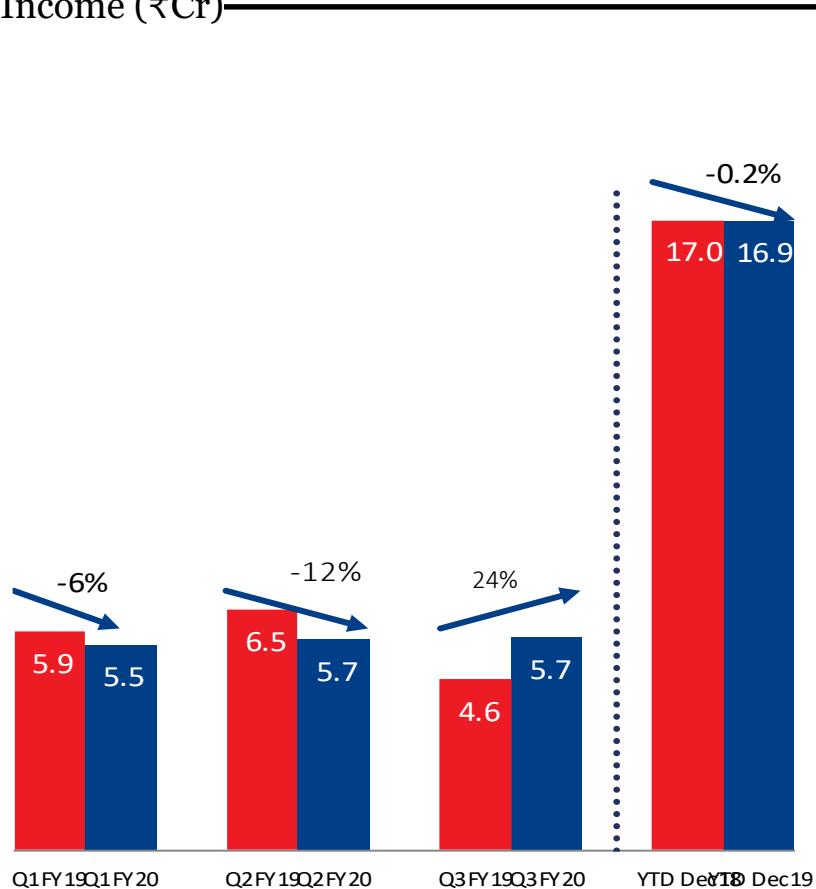


Profit after tax (₹Cr)

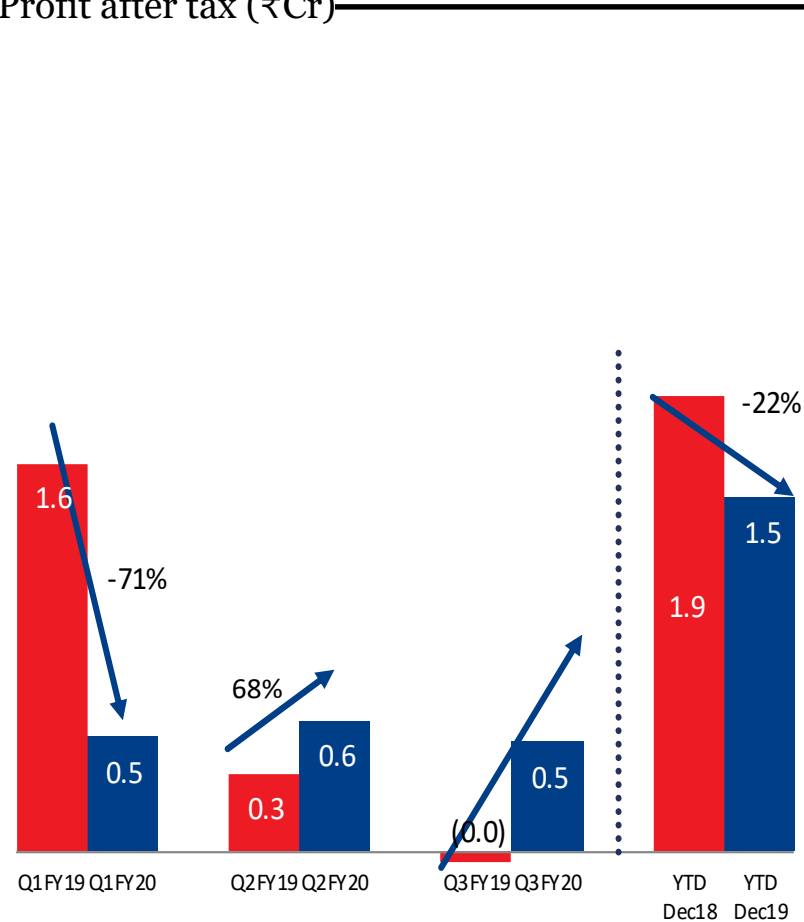


## CHOLAMANDALAM SECURITIES LTD (As per IND AS)

Income (₹Cr)



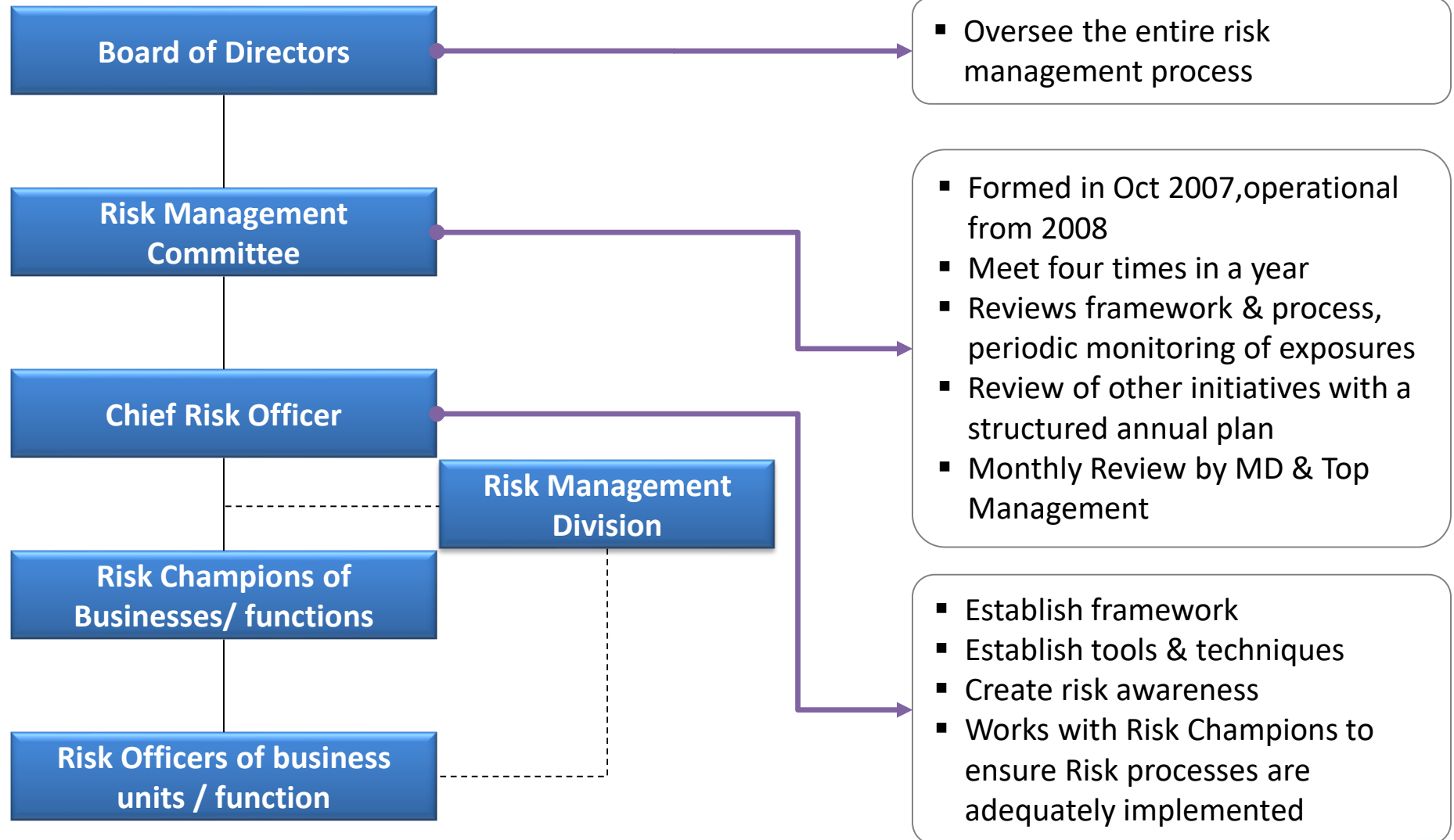
Profit after tax (₹Cr)



# 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

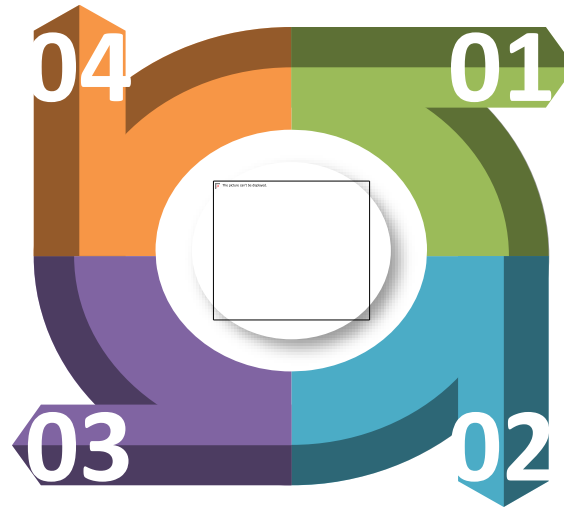
- Forward looking macro indicators and its impact on sales and portfolio quality
- New product launch and its risk / reward trade-off
- Stress testing and liquidity buffers
- Portfolio acquisition and sale



# ERM Framework

Measurement &  
Monitoring using KRI

Evaluate Probability &  
Impact of each event



Review mechanism to  
monitor & control risks

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

# ERM Framework

*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 ED Review,  
Quarterly RMC Review.

*Identification and Measurement of Risk Events & parameters*

## Stage 3

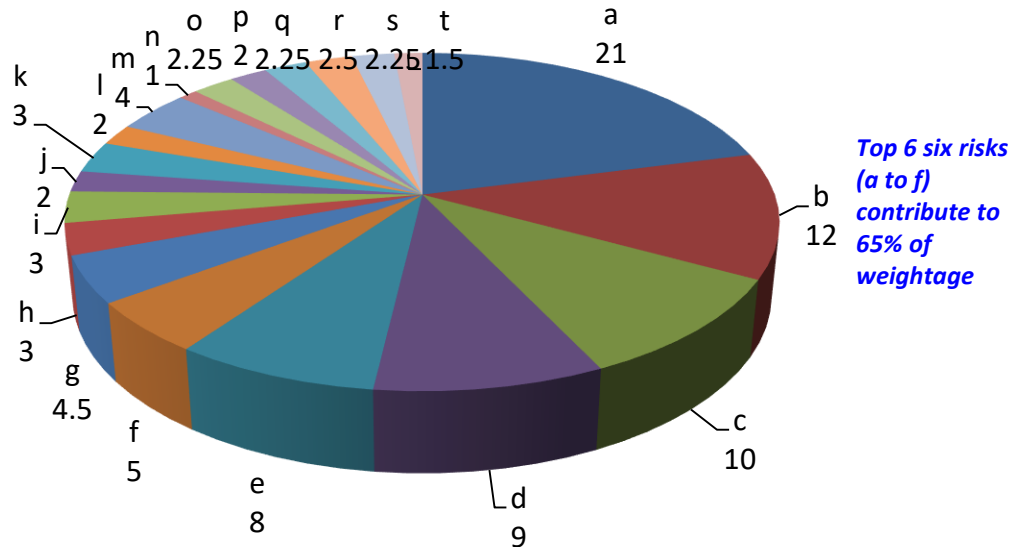
### QUANTITATIVE VALIDATION

- 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



## 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

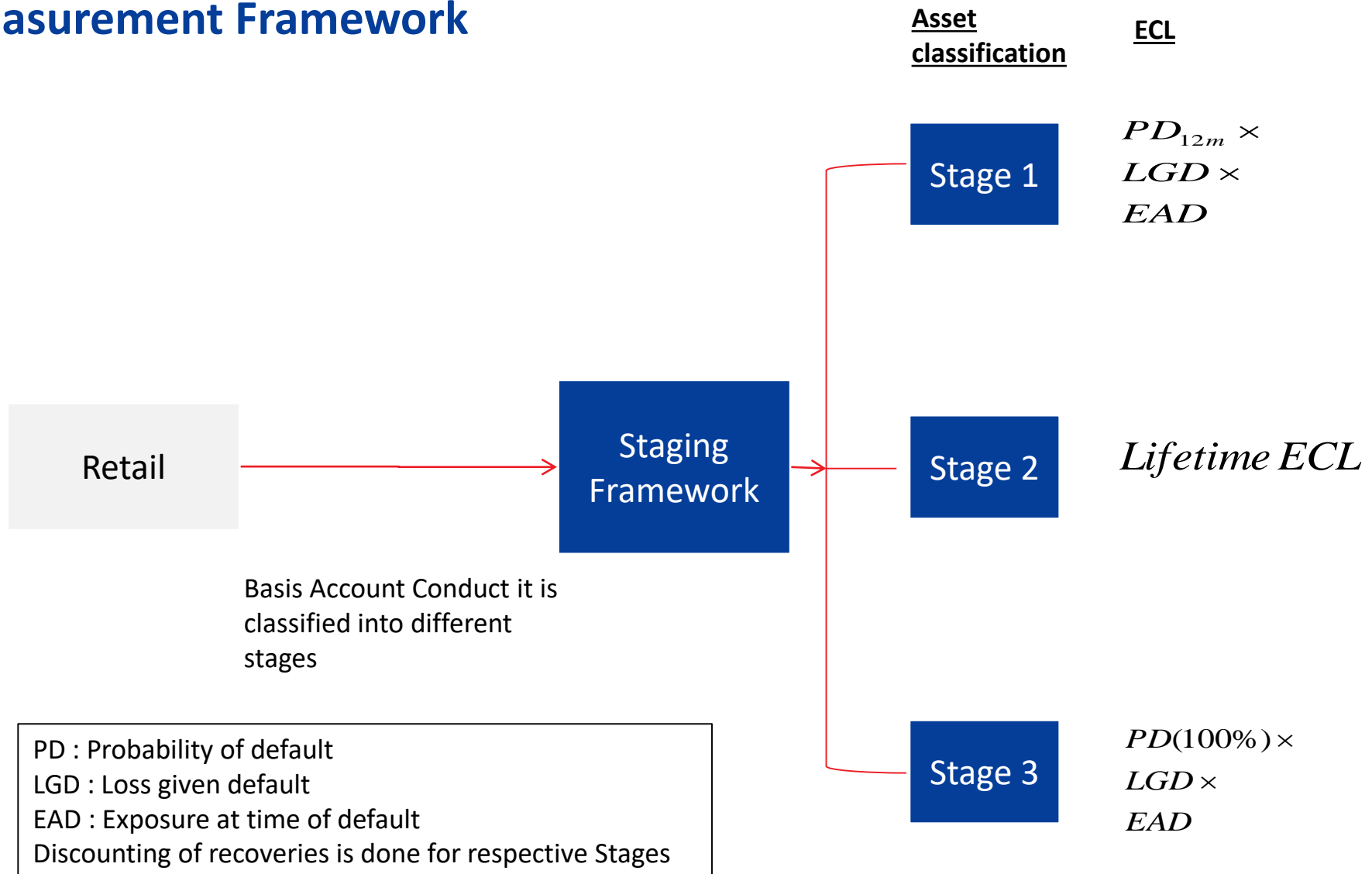
Loan losses risk	a	Data Security / business continuity	k
Business Slow down risk	b	Collateral risk	l
Lending Rate Risk	c	Fraud Risk	m
Interest Rate Risk	d	Corporate Finance Risk	n
Liquidity Risk	e	Compliance to Regulatory laws	o
Capital Adequacy Ratio	f	Employee Attrition	p
Risks related to new business 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



# 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

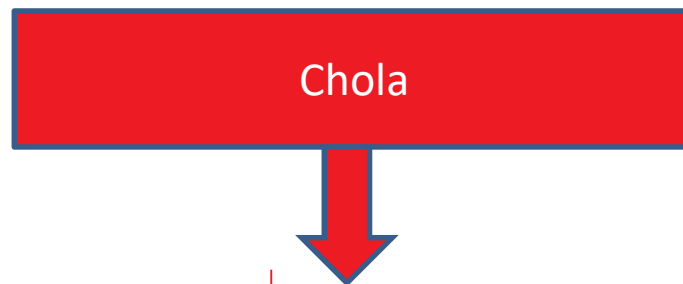
Stage 3

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

- 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

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



## Vehicle Finance

HCV New

LCV New

MLCV/2W/3W  
New

CAR/MUV New

USED

OLDER  
VEHICLE

Tractor

CE

VF portfolio is split basis the product category

## Home Equity

HE Delhi

HE Tamil Nadu

HE Punjab /  
Haryana /  
Chandigarh

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

### Our registered office

Cholamandalam Investment and Finance Company Limited (Chola),  
Dare House 1st Floor, No. 2, NSC Bose Road, Parrys,  
Chennai 600001.

Toll free number: 1800-200-4565 (9 AM to 7 PM)

Land Line: 044-3000 7172

**<http://www.cholamandalam.com>**

### Email-ID

**Sujatha P-Sr. Vice President & Company Secretary–**

**[sujathap@chola.murugappa.com](mailto:sujathap@chola.murugappa.com)**

**Arulselvan D-Executive Vice President & CFO–**

**[arulselvanD@chola.murugappa.com](mailto:arulselvanD@chola.murugappa.com)**

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AUGMENTING PHYSICAL PRESENCE WITH DIGITAL LEADERSHIP

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