



**Cholamandalam Investment and Finance Company Limited**

**Corporate Presentation – December 2016**



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## CORPORATE OVERVIEW



# Company's Highlights

1

## Positioning

- Established in 1978, one of India's leading NBFC's, focused in the rural and semi-urban sector with a market capitalisation of ₹ 148bn<sup>1</sup>

2

## Exceptional Lineage

- A part of the ₹ 295 bn Murugappa Group – founded in 1900, one of India's leading business conglomerates with 28 businesses including 9 listed companies and workforce of 32000 employees

3

## Robust Sector Growth

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

6

## Management

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



5

## Robust Operating Profile

- Total Assets under Management of ₹ 353 bn as of Dec 2016 with Net NPA of 2.3% and a healthy RoA of 3.6%
- Operating income CAGR of 24% over FY12 to FY16

4

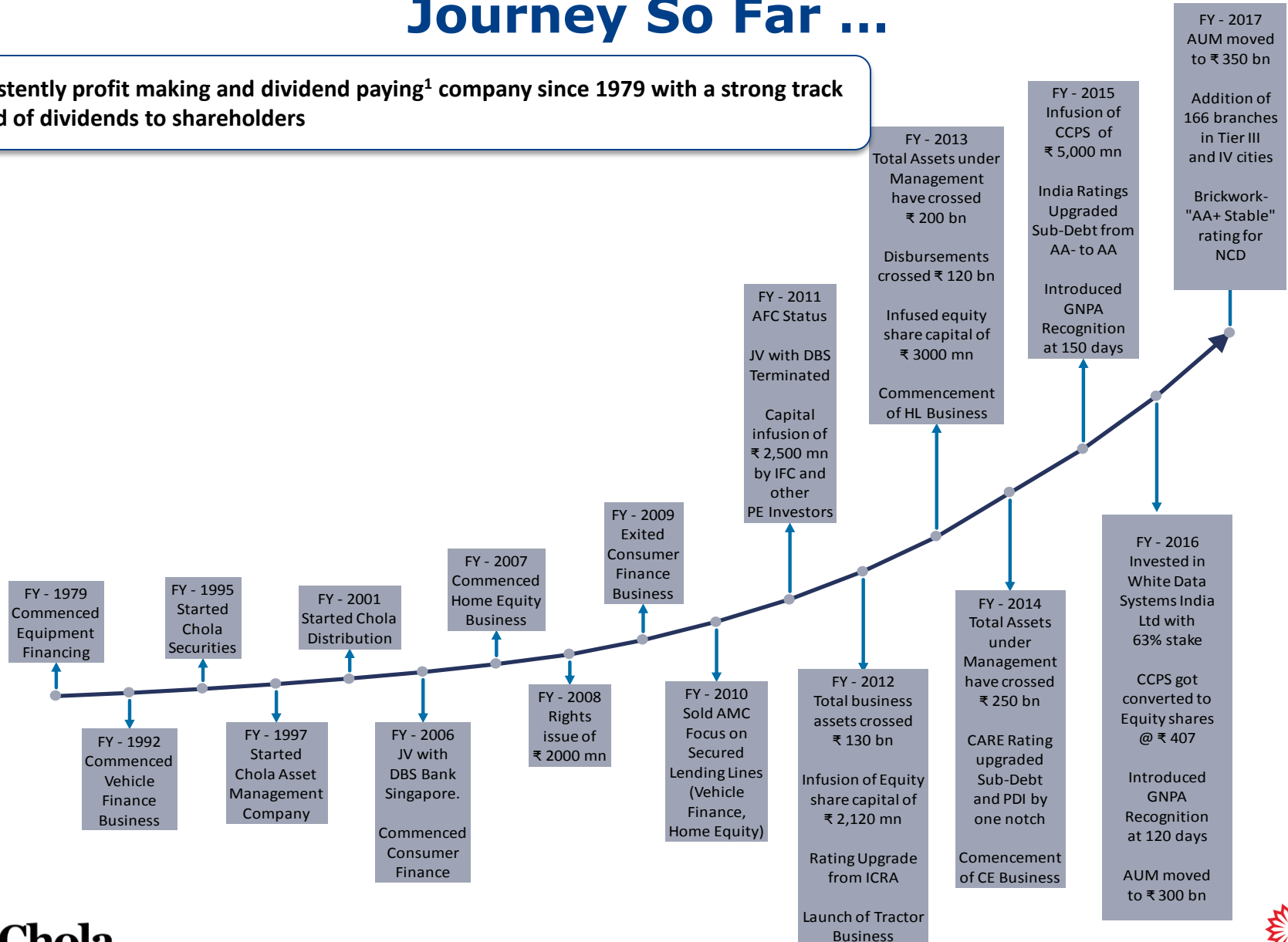
## Diversified Footprint

- Operates from 700 branches across 25 states and 90% presence across Tier II, III and IV towns
- One of the leading NBFCs in rural / semi urban areas


1. Market data as on 30<sup>th</sup> Dec 2016. Source: BSE

# Journey So Far ...

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



# Major Companies – Murugappa Group

Company Name	Market Capitalisation	Description
 <b>Chola</b> <i>Enter a better life</i>	<ul style="list-style-type: none"> <li>₹ 1,47,725 mn (US\$ 2,174 mn)</li> </ul>	<ul style="list-style-type: none"> <li>Cholamandalam Investment and Finance Company Limited is a Non Banking Finance Company and one of the leading financial provider for vehicle finance, business finance, home equity loans, stock broking &amp; distribution of financial products</li> </ul>
	<ul style="list-style-type: none"> <li>₹ 1,06,782mn (US\$ 1,571mn)</li> </ul>	<ul style="list-style-type: none"> <li>Tube Investments of India Limited offers wide range of engineering products such as Steel tubes, chains, car door frames, etc. apart from e-scooters, fitness equipment and cycles</li> </ul>
	<ul style="list-style-type: none"> <li>₹ 85,188 mn (US\$ 1,254 mn)</li> </ul>	<ul style="list-style-type: none"> <li>Coromandel International Limited is the leading phosphatic fertilizer company in India, with a production capacity 3.2 mn tonnes of phosphatic fertilizer.</li> </ul>
	<ul style="list-style-type: none"> <li>₹ 46,647 mn (US\$ 686 mn)</li> </ul>	<ul style="list-style-type: none"> <li>Carborundum Universal Limited is a pioneer in coated and bonded abrasives, super refractories, electro minerals and industrial ceramics. The Company currently has presence in Australia, South Africa, Russia, Canada and Middle East.</li> </ul>
	<ul style="list-style-type: none"> <li>₹ 45,084 mn (US\$ 663 mn)</li> </ul>	<ul style="list-style-type: none"> <li>EID Parry (India) Limited offers wide range of agro products such as sugar, microalgal health supplements and bio products, with a capacity to crush 34,750 tones of cane per day (TCD)</li> </ul>
	<ul style="list-style-type: none"> <li>Unlisted</li> </ul>	<ul style="list-style-type: none"> <li>Cholamandalam MS General Insurance Company Limited is a JV of Murugappa Group with Mitsui Sumitomo Insurance Group of Japan, (5<sup>th</sup> largest insurance group across the globe)</li> </ul>

Note: Market data as on 30<sup>th</sup> Dec 2016. Source: BSE and Conversion Rate of 1USD = Rs.67.9547 as on 30<sup>th</sup> Dec 2016 Source: RBI

# Strong Corporate Governance

## The Spirit of the Murugappa Group

Integrity

Responsibility

### The five lights

The values, principles and beliefs that have always guided us and continue to show the way forward.

Passion

Respect

Quality

## INTEGRITY

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

## PASSION

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

## QUALITY

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

## RESPECT

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

## RESPONSIBILITY

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

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

# Management – Board Level



## **Mr. M.B.N. Rao – Chairman & Independent Director**

- Is a graduate in agriculture, an Associate of the Chartered Institute of Bankers, London, a Certified Associate of the Indian Institute of Bankers and a Fellow of the Indian Institute of Banking & Finance. Holds a Diploma in Computer Studies from the University of Cambridge and the National Centre for Information Technology, United Kingdom.
- Is the former Chairman and Managing Director of Canara Bank and Indian Bank.
- Has over 42 years of varied experience in fields of banking, finance, economics, technology, human resource, marketing, treasury and administration.
- Has over nine years of international banking experience in Singapore and Indonesia.
- Is a member of the Singapore Institute of Management. Was also the Chairman of Indian Banks Association and a member of various committees constituted by RBI, MOF, SEBI and National Institute of Bank Management.
- Is on the Boards of various reputed companies including E.I.D. Parry (India) Ltd., Ramco Cements Ltd., Taj GVK Hotels and Resorts Ltd. and is an expert member of National Stock Exchange of India Limited.
- Joined the Board of Chola in July, 2010.



## **Mr. N Srinivasan, Vice Chairman & Non – Executive Director**

- Is a graduate in Commerce, an Associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.
- Has over 31 years of experience in the areas of corporate finance, legal, projects and general management.
- Is a director on the Boards of Tube Investments of India Ltd., Cholamandalam MS General Insurance Company Ltd. and certain other Murugappa Group companies.
- Joined the Board of Chola in December, 2006.



## **Mr. Vellayan Subbiah, Managing Director**

- Is a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan, USA.
- Has over 21 years of experience in the varied fields of technology, projects and financial services.
- Has worked with McKinsey and Company, Chicago, 24/7 Customer Inc. and Sundram Fasteners.
- Is a recipient of the Extraordinary Entrepreneur of the Year - TIECON 2014 Award.
- Was the Managing Director of Laserwords between January, 2007 and August, 2010.
- Is a Director on the Boards of SRF Limited, Havells India Limited and certain other Murugappa Group companies.
- Joined the Board of Chola in August, 2010.



## **Mr. M.M. Murugappan- Non – Executive Director**

- Holds a degree of Bachelor Of Technology in Chemical Engineering from University of Madras and a Master of Science in Chemical Engineering from University of Michigan, USA.
- Has over 37 years of experience in the diverse areas of abrasives, manufacturing, electronics, strategy & business development, technology, R&D and human resources.
- Serves as a member of American Institute of Chemical Engineers, Indian Institute of Chemical Engineers, Plastics & Rubber Institute and Indian Ceramics Society.
- Is on the Boards of various companies including Carborundum Universal Limited, Tube Investments of India Limited, Mahindra & Mahindra Limited, Cyient Limited, IIT Madras Research Park and certain other Murugappa Group companies.
- Joined the Board of Chola in January 2015.

# Management – Board Level



## **Mr. Nalin Mansukhlal Shah – Independent Director**

- Is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales.
- Has over 32 years of experience in banking and financial services industries.
- Was a member of the Governing Board of Deloitte India for several years.
- Was a member of the Accounting Standards Board of the Institute of Chartered Accountants of India and a member of the Institute's Expert Advisory Committee, Technical Reviewer for the Financial Reporting Board of the Institute.
- Is a Director on the Boards of various companies including Eimco-Elecon (India) Ltd., Tata Capital Ltd., DCB Bank Ltd., Kotak Mahindra Asset Management Co. Ltd. and the RBI's representative on the Governing Council of the Banking Codes and Standards Board of India.
- Joined the Board of Chola in July, 2013.



## **Mr. V. Srinivasa Rangan - Independent Director**

- Is a graduate in Commerce, Associate Member of Cost and Works Accountants of India and Institute of Chartered Accountants of India.
- Is an Executive Director at Housing Development Finance Corporation Limited (HDFC Ltd.) and has been associated with the company since 1986.
- Is a Director on the Boards of Atul Limited and several other companies in HDFC Group.
- Has over 33 years of experience in corporate finance and banking.
- Was Conferred the "Best CFO in the Financial Sector for 2010" by the Institute of Chartered Accountants of India.
- Joined the Board of Chola in July, 2011.

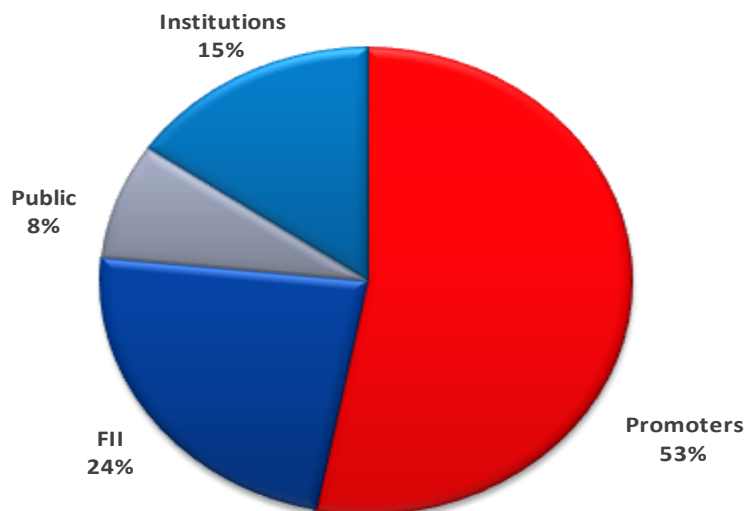


## **Ms. Bharati Rao – Independent Director**

- Is a post graduate in Economics and a Certified Associate of the Indian Institute of Banking & Finance.
- Has over 43 years of varied experience in the fields of project finance, foreign offices, credit and risk management.
- Retired as the Deputy Managing Director and Chief Development Officer of SBI, holding concurrent charge of SBI's Associate Banks and Non-Banking subsidiaries and an advisor for mergers and acquisitions.
- Is on the Boards of various companies including Vijaya Bank, Carborundum Universal Ltd., SBI Capital Markets Ltd., SBI Caps (UK), SBICAP Securities Ltd., SBI Global Factors Limited and Tata Tele Services Ltd.
- Joined the Board of Chola in July, 2014.

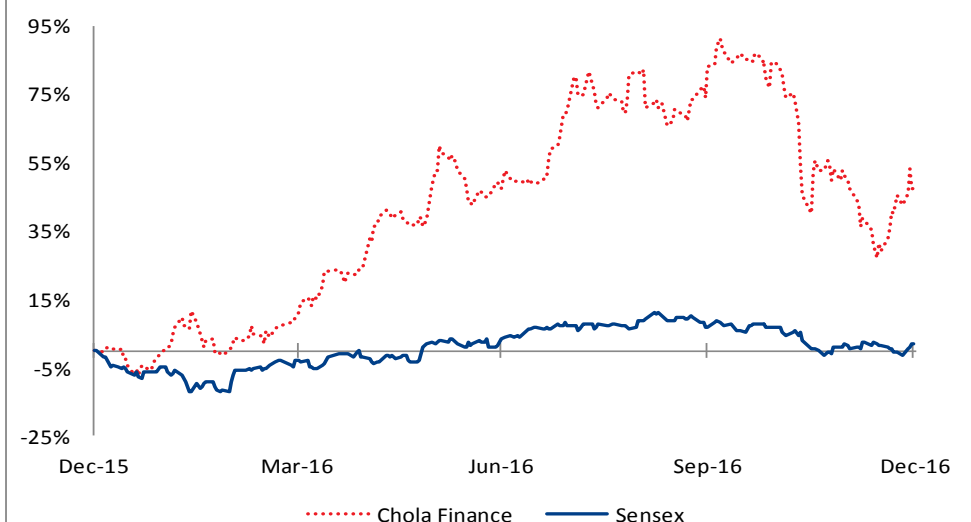
# Corporate Overview

## Shareholding Pattern



- Promoters share holding of 53.13% includes
  - Tube Investments – 46.22%,
  - Ambadi Holdings Private Ltd – 4.62%
  - Others - 2.25%

## Chola Finance - Share Price Growth



	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16
Chola Finance (₹/share)	642	713	946	1,176	945
BSE Sensex	26,118	25,342	27,000	27,866	26,626

Investor Ratios	FY14	FY15	FY16	YTD Dec 15*	YTD Dec 16*
Earnings Per share (₹)	25	30	38	33	42
Book value per share (₹)	160	203	234	227	266
Market price per share (₹)	288	588	713	642	945
Market capitalisation (₹ mn)	41,253	84,420	1,11,402	1,00,207	1,47,725
Price to Earnings (P/E) Ratio	11.3	19.5	19.0	19.2	22.3
Price to Book Value (P/BV)	1.8	2.9	3.0	2.8	3.6

\* EPS is annualised

• Market price and Market Capitalisation based on share price as on 30<sup>th</sup> Dec 2016

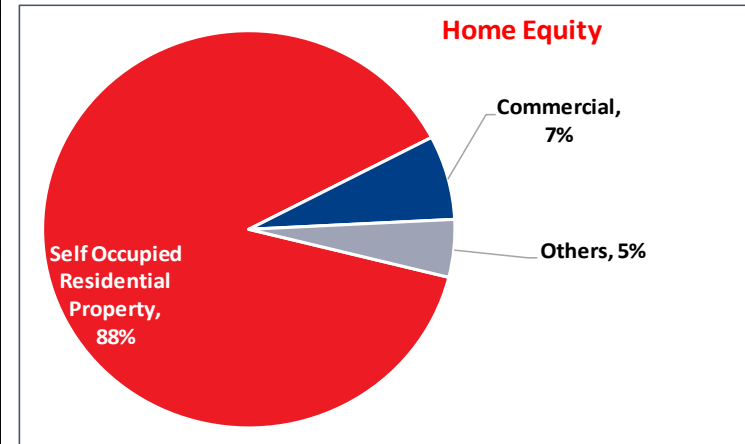
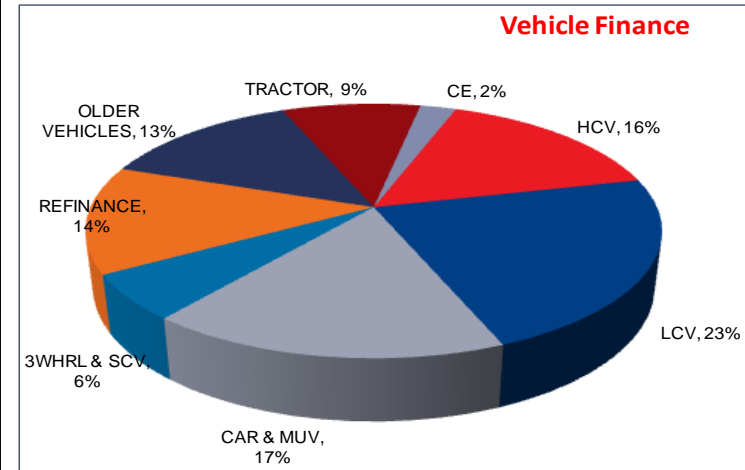
# Corporate Overview

## Business Segments Overview

AUM * (₹ mn)	FY14	FY15	FY16	YTD Dec 15	YTD Dec 16	YoY Growth
<b>Vehicle Finance</b>						
On Book	1,41,787	1,49,215	1,79,144	1,71,718	2,02,776	18%
Assigned	28,857	27,171	21,859	17,180	18,837	10%
<b>Managed Assets</b>	<b>1,70,645</b>	<b>1,76,386</b>	<b>2,01,003</b>	<b>1,88,898</b>	<b>2,21,613</b>	<b>17%</b>
% of Total	73%	69%	68%	67%	68%	
<b>Home Equity</b>						
On Book	46,588	64,487	68,734	70,377	71,059	1%
Assigned	12,016	8,312	19,784	14,432	25,207	75%
<b>Managed Assets</b>	<b>58,604</b>	<b>72,799</b>	<b>88,518</b>	<b>84,810</b>	<b>96,266</b>	<b>14%</b>
% of Total	25%	29%	30%	30%	29%	
<b>Others</b>						
On Book	3,285	5,340	6,983	6,333	8,983	42%
Assigned	-	-	-	-	-	0%
<b>Managed Assets</b>	<b>3,285</b>	<b>5,340</b>	<b>6,983</b>	<b>6,333</b>	<b>8,983</b>	<b>42%</b>
% of Total	1%	2%	2%	2%	3%	
<b>Total</b>						
On Book	1,91,661	2,19,043	2,54,861	2,48,428	2,82,818	14%
Assigned	40,874	35,482	41,643	31,612	44,044	39%
<b>Managed Assets</b>	<b>2,32,534</b>	<b>2,54,525</b>	<b>2,96,504</b>	<b>2,80,040</b>	<b>3,26,863</b>	<b>17%</b>

\* Assets are net of provisions.

## Portfolio Breakup



# Corporate Overview

	FY14	FY15	FY16	YTD Dec 15	YTD Dec 16	YoY Growth
<b>Disbursements (₹ mn)</b>						
Vehicle Finance	1,01,281	93,627	1,23,830	86,230	1,00,641	17%
Home Equity	28,097	30,434	34,764	24,826	25,117	1%
Gold	-	618	-	-	-	-
MSME	1,371	2,490	3,253	1,949	5,092	161%
Home Loans	393	892	1,746	1,189	2,251	89%
Agri	-	15	209	195	682	249%
<b>Total</b>	<b>1,31,142</b>	<b>1,28,076</b>	<b>1,63,803</b>	<b>1,14,389</b>	<b>1,33,783</b>	<b>17%</b>
<b>AUM (₹ mn) *</b>						
On Book	1,91,661	2,19,043	2,54,861	2,48,428	2,82,818	14%
Assigned	40,874	35,482	41,643	31,612	44,044	39%
<b>Total</b>	<b>2,32,534</b>	<b>2,54,525</b>	<b>2,96,504</b>	<b>2,80,040</b>	<b>3,26,863</b>	<b>17%</b>
<b>Networth (₹ mn)</b>						
Equity Share Capital	1,433	1,437	1,562	1,562	1,563	0%
Reserves and Surplus ^	21,514	30,289	35,012	33,931	40,024	18%
<b>Total</b>	<b>22,947</b>	<b>31,727</b>	<b>36,574</b>	<b>35,493</b>	<b>41,588</b>	<b>17%</b>
<b>Profitability (₹ mn)</b>						
Gross Income	32,628	36,912	41,937	30,573	34,469	13%
NIM	14,918	17,308	21,429	15,395	17,637	15%
PBT	5,502	6,572	8,708	5,746	7,680	34%
PAT	3,640	4,352	5,685	3,764	4,992	33%
<b>Asset Ratios</b>						
Gross Yield	16.8%	16.9%	17.1%	17.0%	16.4%	
NIM	7.7%	7.9%	8.7%	8.5%	8.4%	
Expenses	3.4%	3.4%	3.4%	3.5%	3.5%	
Losses and Provisions	1.5%	1.5%	1.7%	1.8%	1.2%	
ROTA (PBT)	2.8%	3.0%	3.6%	3.2%	3.6%	
ROTA (PAT)	1.9%	2.0%	2.3%	2.1%	2.4%	

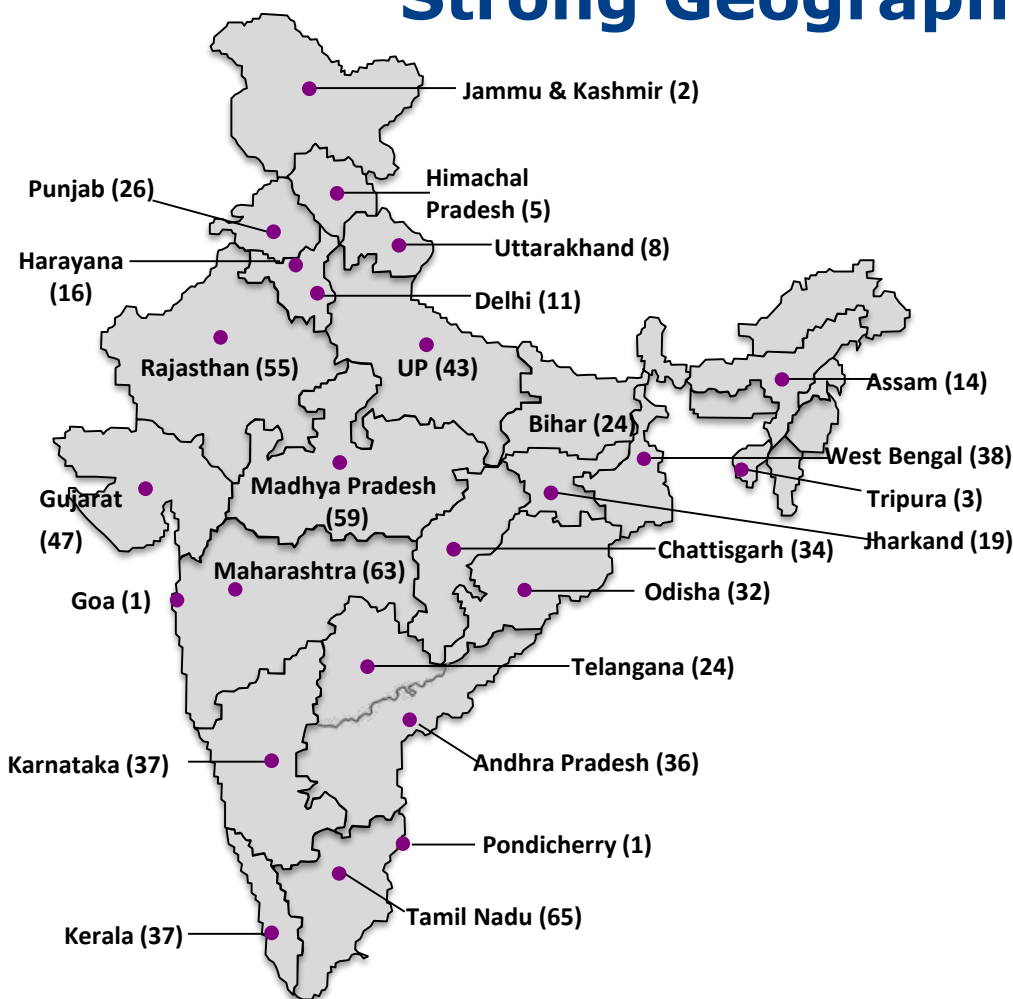
\* AUM refers to Own assets + off balance sheet items which have been securitised/sold on a bilateral assignment basis less provisions.

^ FY15 – Reserve & Surplus includes Compulsory Convertible Preference Shares of Rs.5000mn (converted to Equity in Sep 2015 @ ₹ 407).

• Losses & Provisions, PBT, PAT & ROTA are after considering additional provisions as follows:

	FY14	FY15	FY16	YTD Dec 15	YTD Dec 16
• Provision for Loan Loss -	6 months+	5 months+	4 months+	4 months+	4 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.35%	0.35%
Addl Provision (for 3 months overdue) -	-	-	54 Cr.	-	60 Cr.

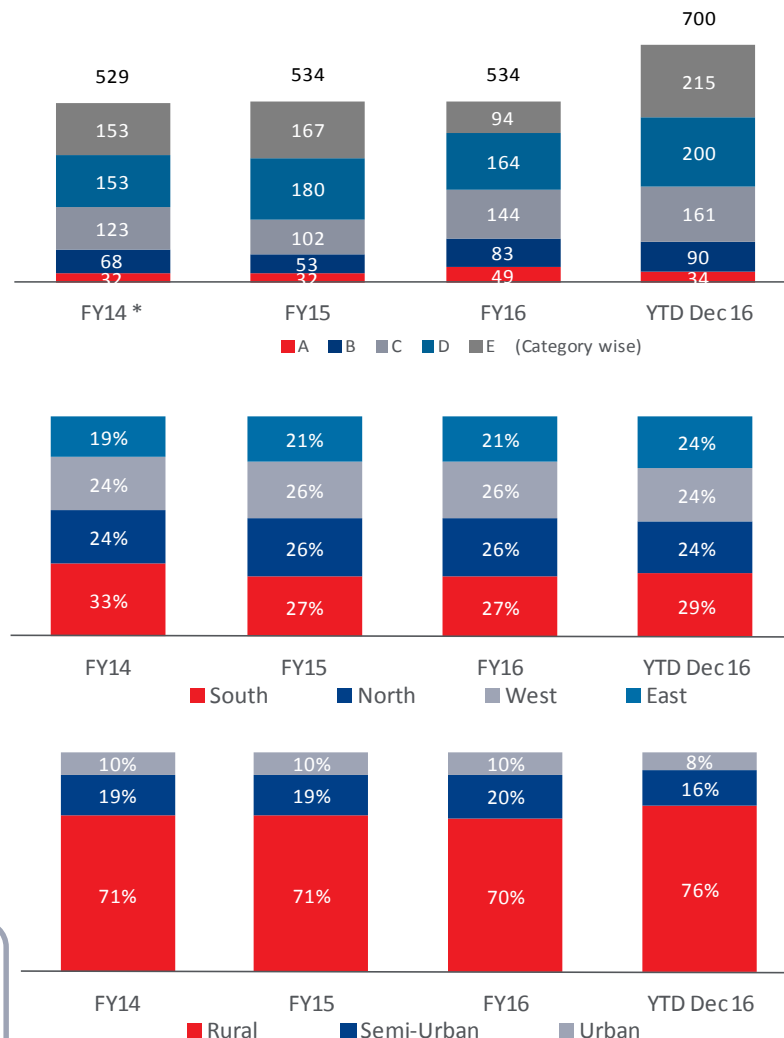
# Strong Geographical Presence



- 700 branches across 25 states/Union territories: 695 VF and 109 HE (104 co-located with VF & HE).
- 92% locations are in Tier-II, Tier-III and Tier-IV towns
- Strong Pan India presence

Note: Figures in brackets represents no. of branches as on 30<sup>th</sup> Dec, 2016.  
 \* 45 Gold loan branches not considered in FY 2014.

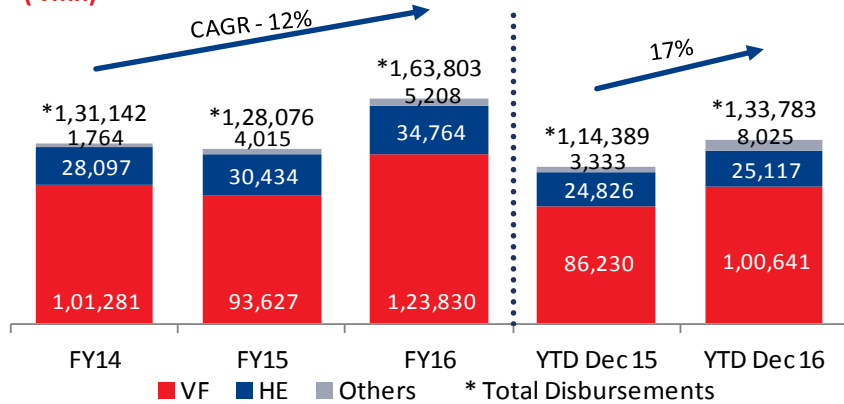
## Branch Network



# Chola - Financial Summary

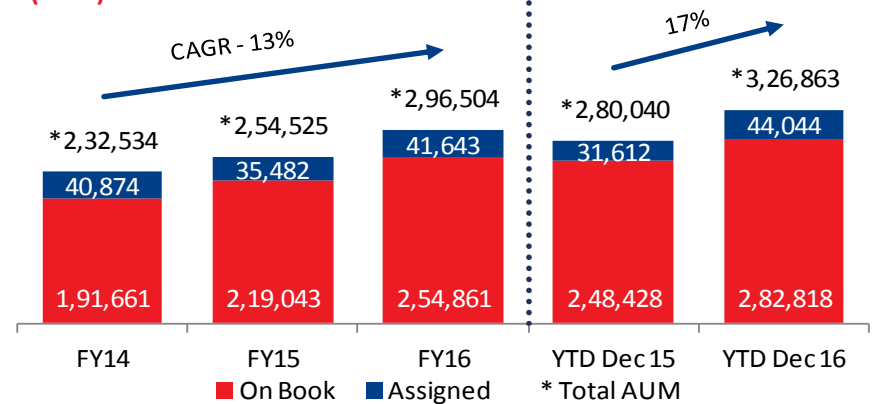
## Disbursements

(₹ mn)



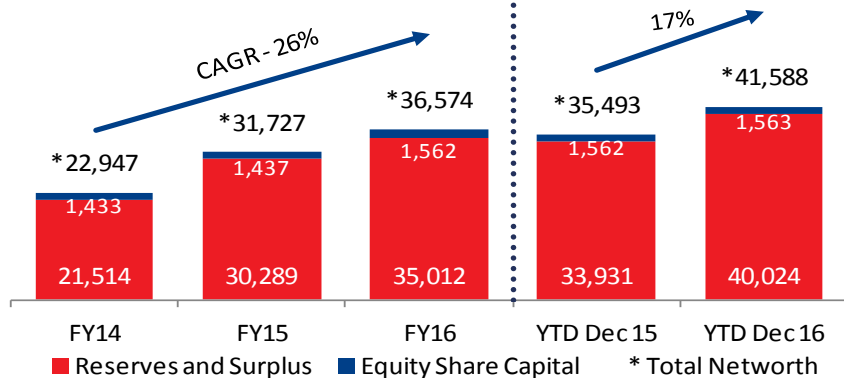
## Assets Under Management

(₹ mn)



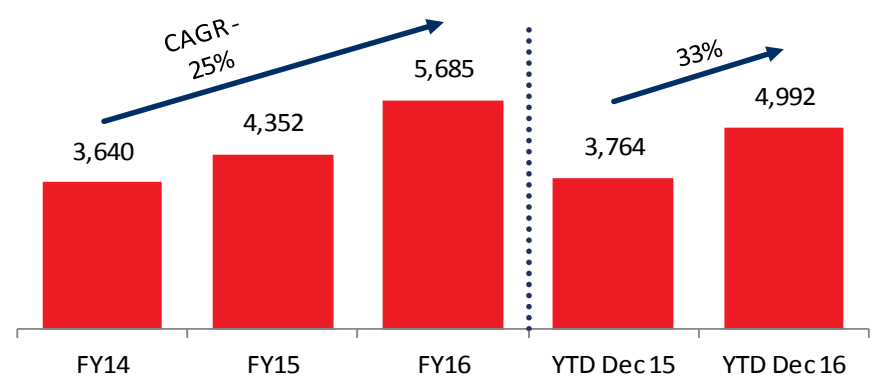
## Networth

(₹ mn)



## Profit After Tax

(₹ mn)



**Note:** PAT is after considering additional provisions as follows:

- Provision for Loan Loss -
- Standard Asset Provision -
- Addl Provision (for 3 months overdue) -

FY14  
6 months+  
0.25%

FY15  
5 months+  
0.30%

FY16  
4 months+  
0.35%  
54 Cr.

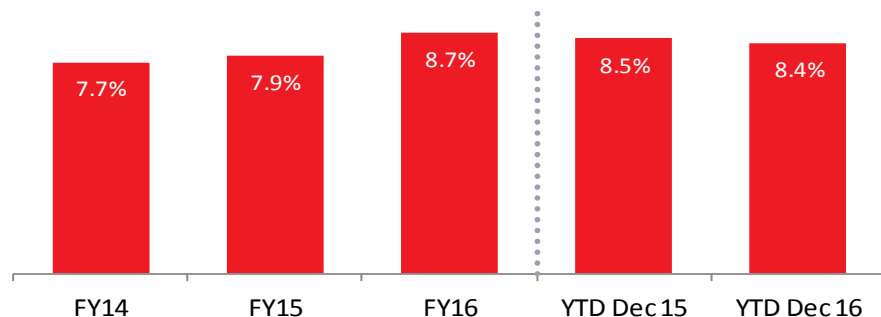
YTD Dec 15  
4 months+  
0.35%

YTD Dec 16  
4 months+  
0.35%  
60 Cr.

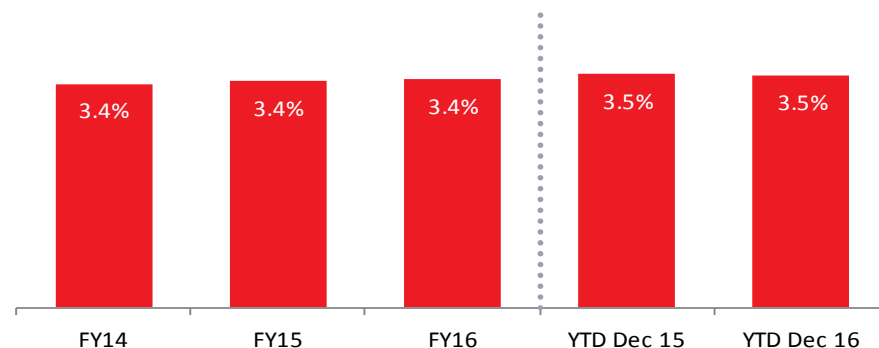
# Chola - Financial Summary (Cont'd)

## Net Income Margin (A)

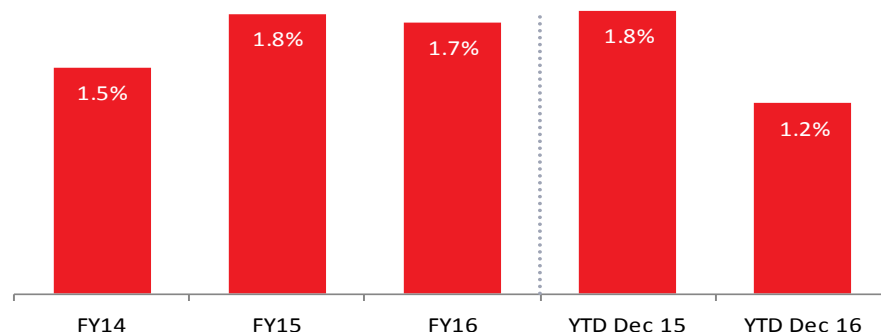
(Operating Income - Finance Charges)



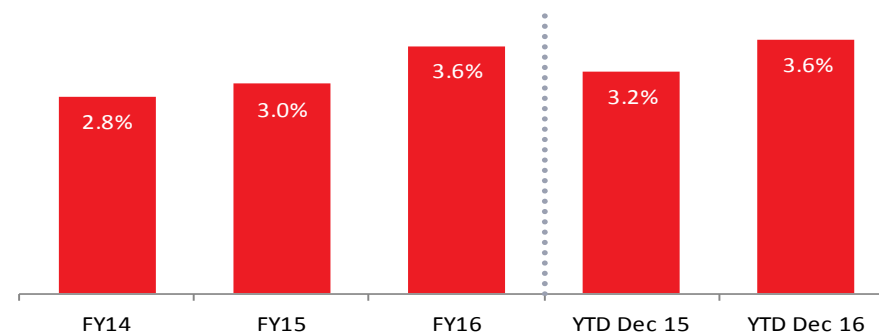
## Expense Ratio (B)



## Losses and Provisions (C)



## ROTA (PBT) (D) = (A) - (B) - (C)



**Note:** PAT is after considering additional provisions as follows:

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>YTD Dec 15</u>	<u>YTD Dec 16</u>
• Provision for Loan Loss -	6 months+	5 months+	4 months+	4 months+	4 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.35%	0.35%
• Addl Provision (for 3 months overdue) -	-	-	54 Cr.	-	60 Cr.

YTD Dec 16 expenses includes one time provision of Rs.28 crs, towards estimated VAT liability (tax & interest) in respect of sale of repossessed vehicles during the period 2008-2016 in Maharashtra.

# Performance Highlights – Q3 & YTD Dec 16

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS\*

ROE\*

Q3-FY17

₹ 43,734 mn

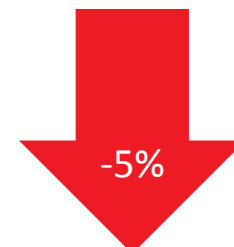
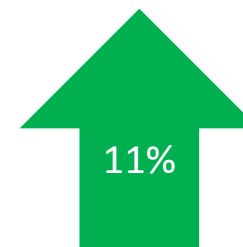
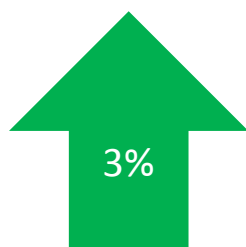
₹ 1,625mn

3.5%

₹ 266.1

₹ 41.3

15.8%



Q3-FY16

₹ 42,597 mn

₹ 1,457 mn

3.6%

₹ 227.6

₹ 37.1

16.7%

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS\*

ROE\*

YTD  
Dec 16

₹ 1,33,783mn

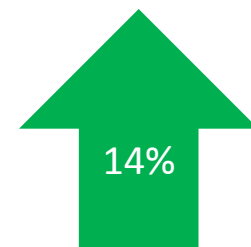
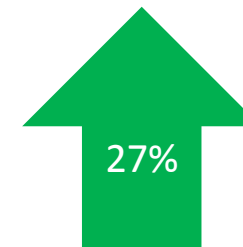
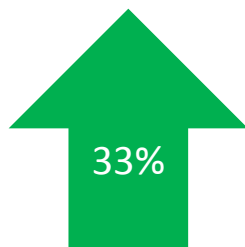
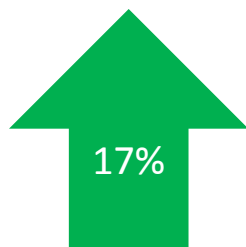
₹ 4,992 mn

3.6%

₹ 266.1

₹ 42.4

17.0%



YTD  
Dec 15

₹ 1,14,389 mn

₹ 3,764 mn

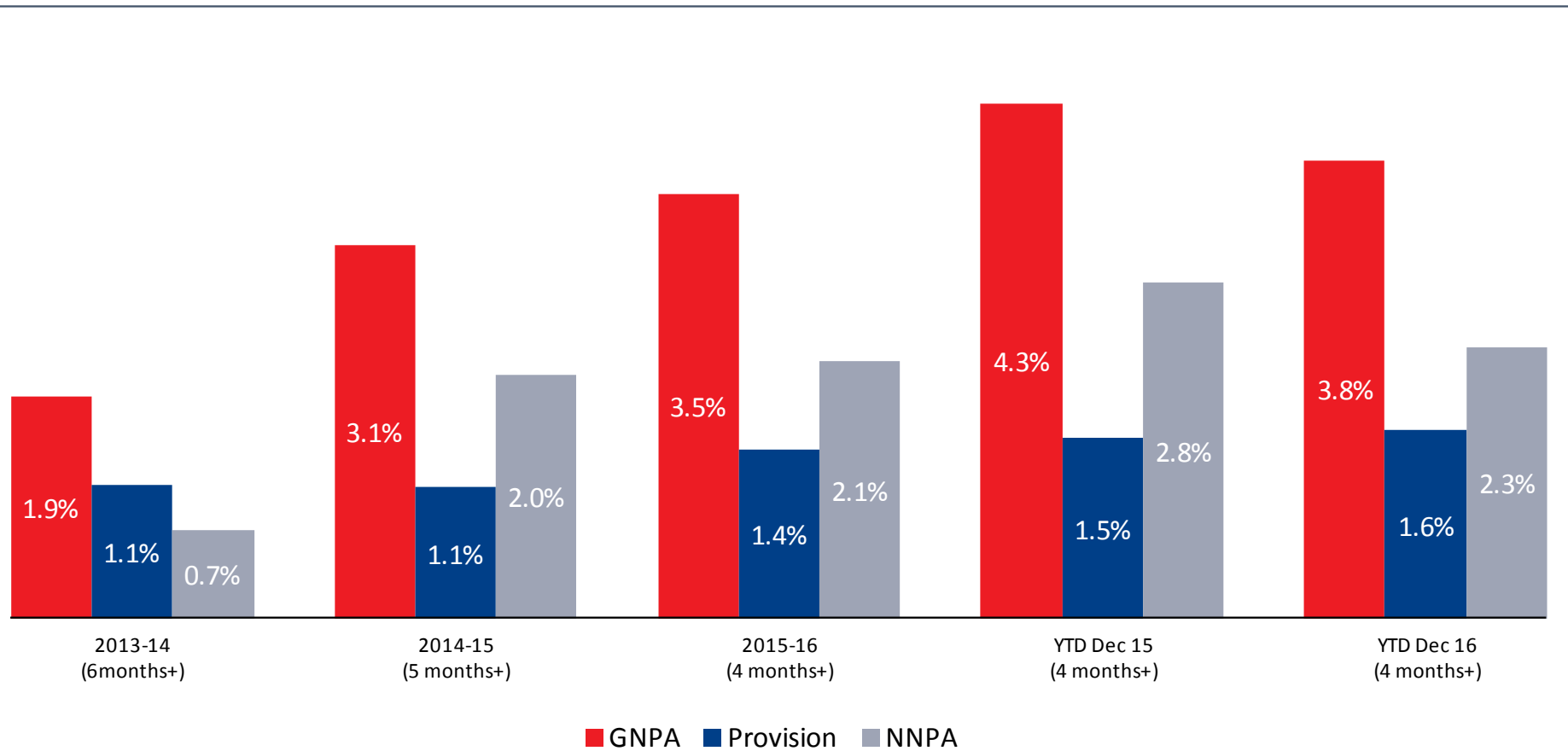
3.2%

₹ 227.6

₹ 33.4

14.9%

# Portfolio Performance



Note: GNPA is presented at 4 months overdue. Provision to meet 3 months overdue already created and retained as standard assets provision. This provision is not considered above

The above figures are without considering any deferment of NPA recognition as allowed by RBI

## Update: YTD Dec 16

Disbursements	<ul style="list-style-type: none"><li>• Disbursement for YTD Dec 16 stood at Rs. 1,33,783 mn, a growth of 17% YoY.</li></ul>
PAT	<ul style="list-style-type: none"><li>• PAT for YTD Dec 16 stood at Rs. 4,992 mn, a growth of 33% YoY.</li></ul>
RoE	<ul style="list-style-type: none"><li>• Return on equity at 17% in YTD Dec 16, a growth of 14% YoY.</li></ul>
AUM	<ul style="list-style-type: none"><li>• AUM has crossed Rs.35,000 mn</li></ul>
Provisioning norms	<ul style="list-style-type: none"><li>• The additional provision created towards movement to 3 months overdue has been increased to Rs.60 crores.</li></ul>
Branch Expansion	<ul style="list-style-type: none"><li>• The company has expanded its network by adding 166 branches in Tier III and IV cities.</li></ul>
New Initiative	<ul style="list-style-type: none"><li>• Launch of Trip Credit</li></ul>
Credit Rating	<ul style="list-style-type: none"><li>• Brickwork has given AA+ Stable rating for the proposed NCD issuance of the Company</li></ul>
Operating Expense	<ul style="list-style-type: none"><li>• Includes one time provision of Rs.28 crs, towards estimated VAT liability (tax &amp; interest) in respect of sale of repossessed vehicles during the period 2008-2016 in Maharashtra.</li></ul>



## BUSINESS OVERVIEW



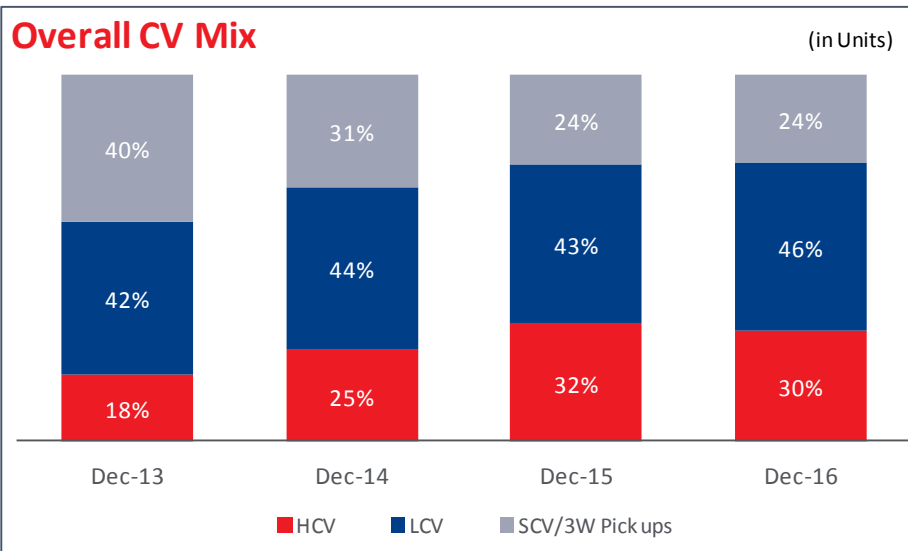


## Vehicle Finance

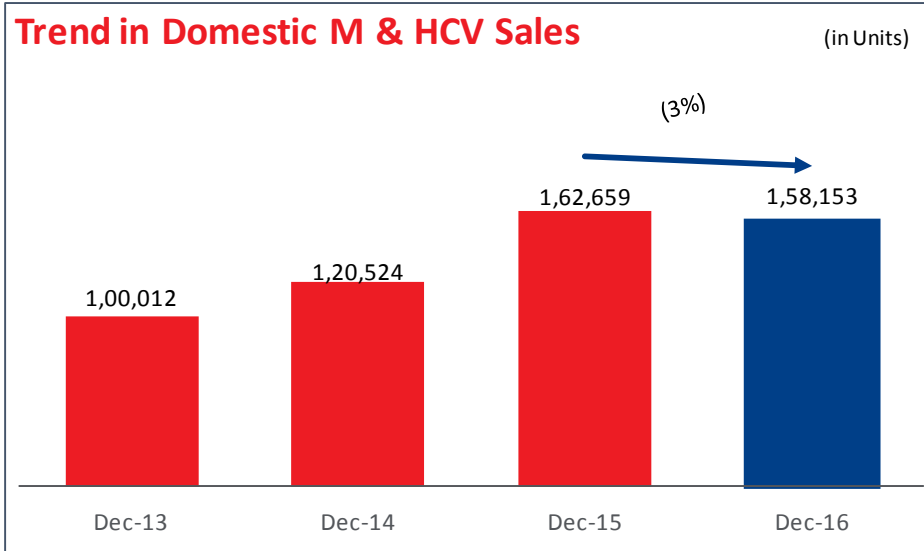


# Vehicle Finance - Industry

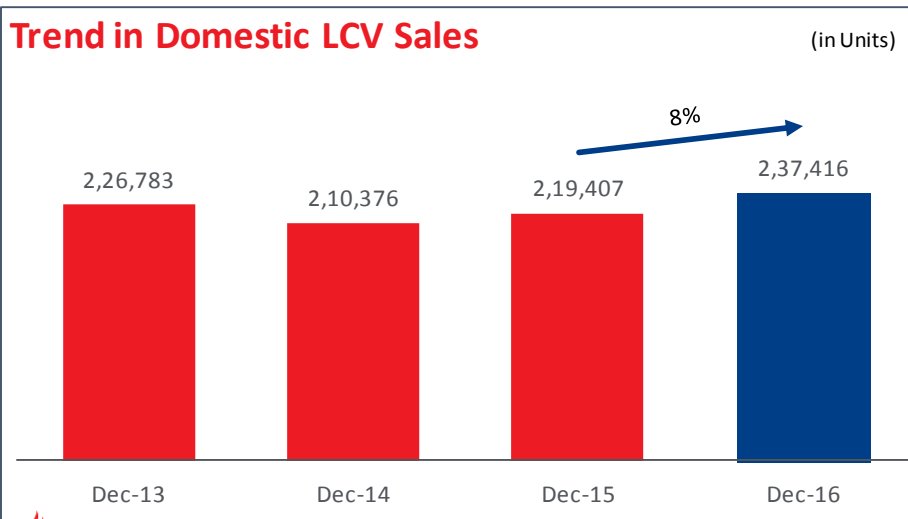
Overall CV Mix



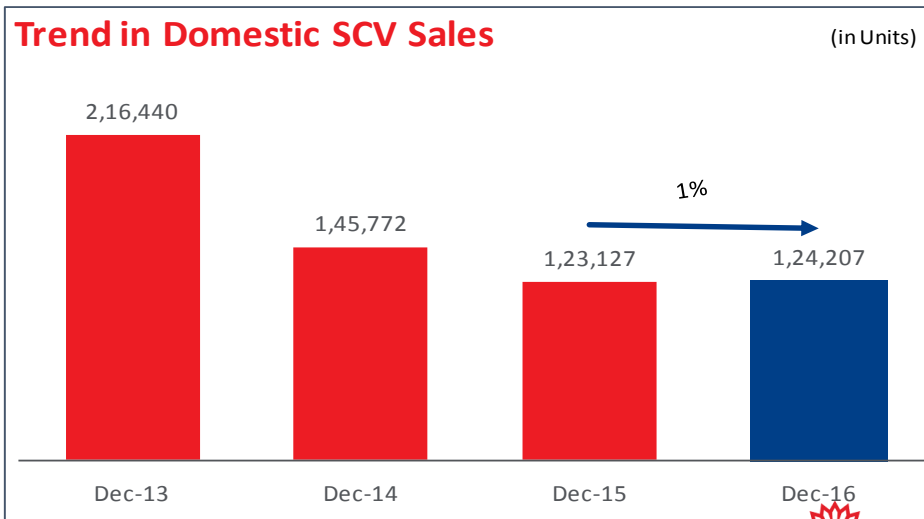
Trend in Domestic M & HCV Sales



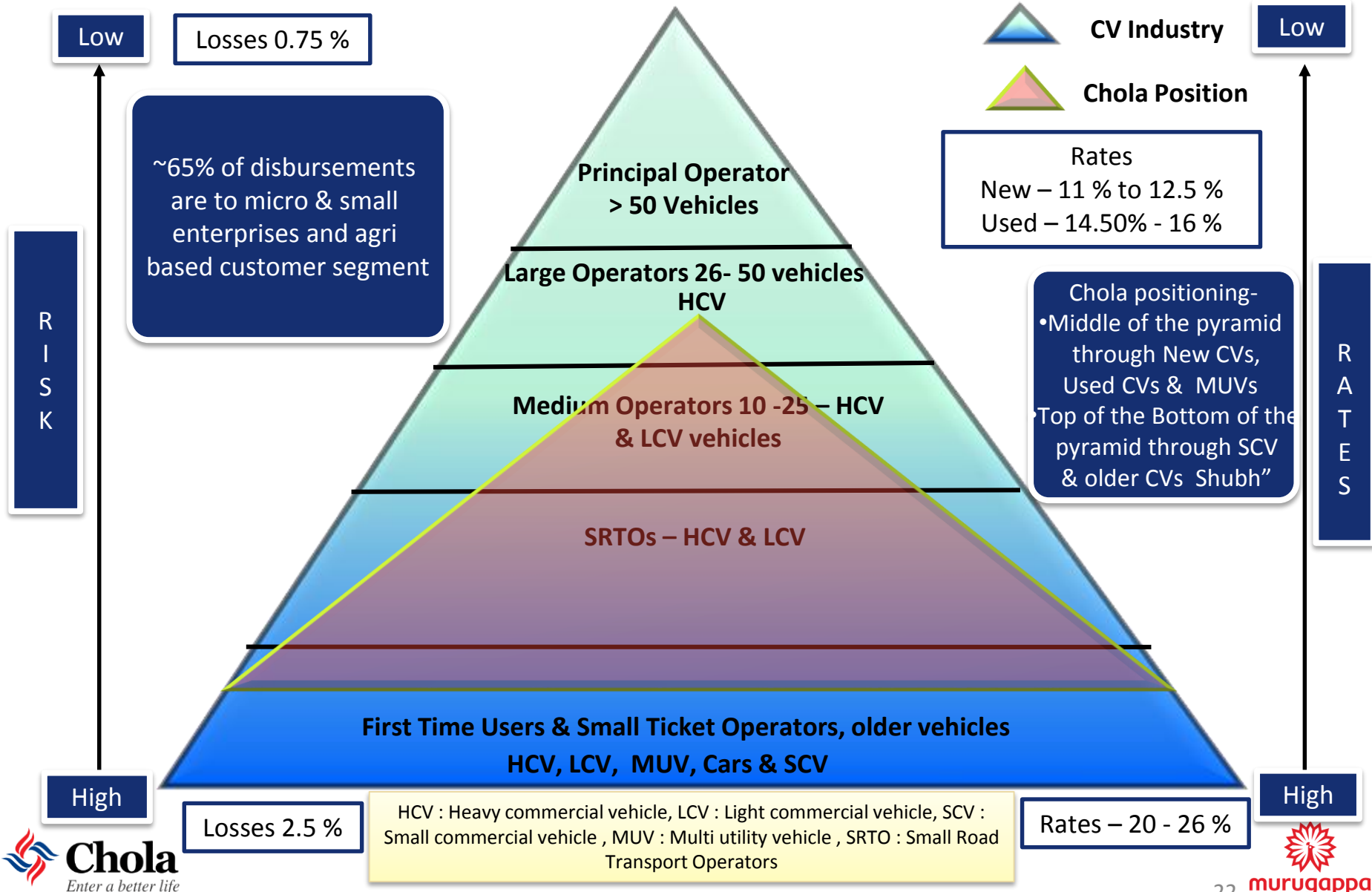
Trend in Domestic LCV Sales



Trend in Domestic SCV Sales



# Vehicle Finance – Business Model & Positioning



# Vehicle Finance - Key Differentiators



Quicker Turn Around Time – (TAT)

Reputation as a long term and stable player in the market

Strong dealer and manufacturer relationship

Good penetration in Tier II and Tier III towns

In house sales and collection team which is highly experienced and stable

Low employee turnover

Good internal control processes

Customised products offered for our target customers

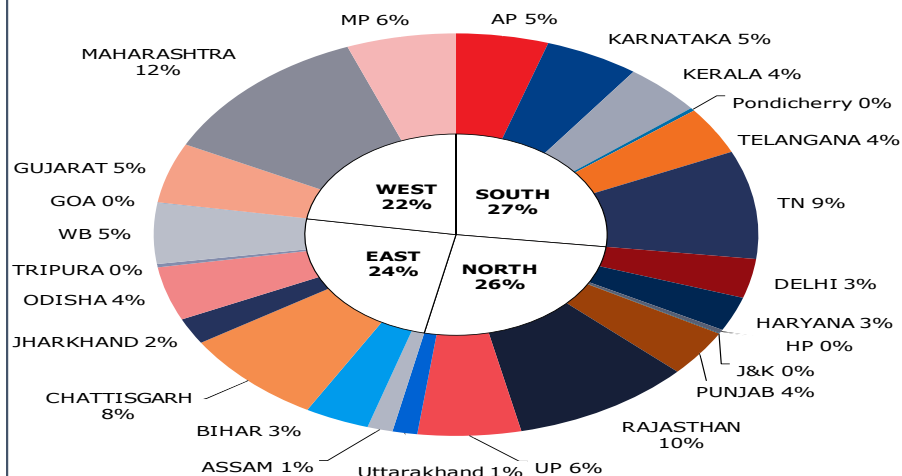
Strong collection management



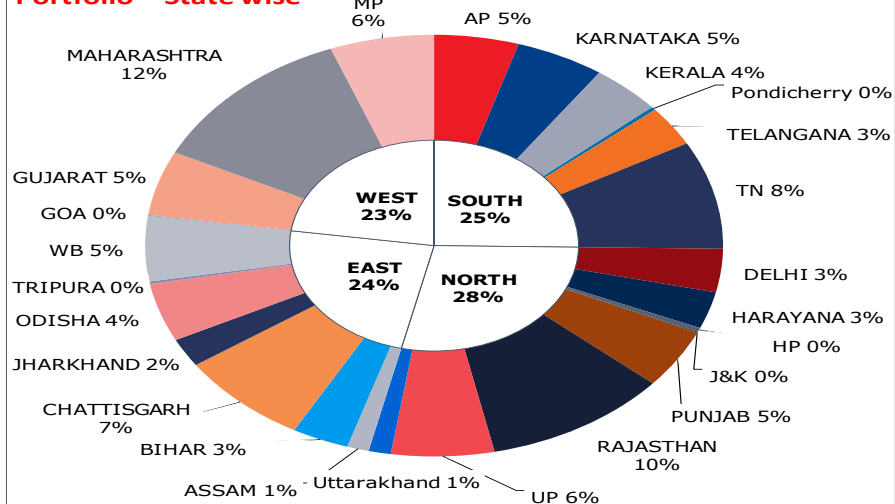
# Vehicle Finance - Disbursement / Portfolio Mix – YTD Dec 16

Well diversified across geography & product segments

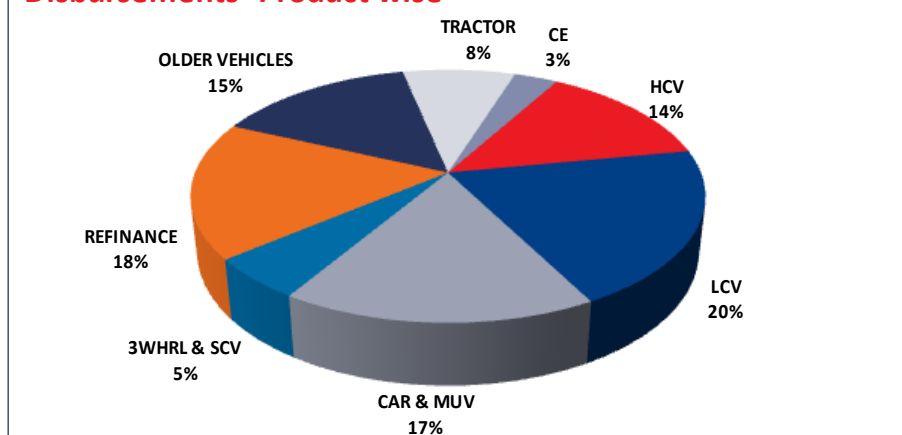
**Disbursements - State wise**



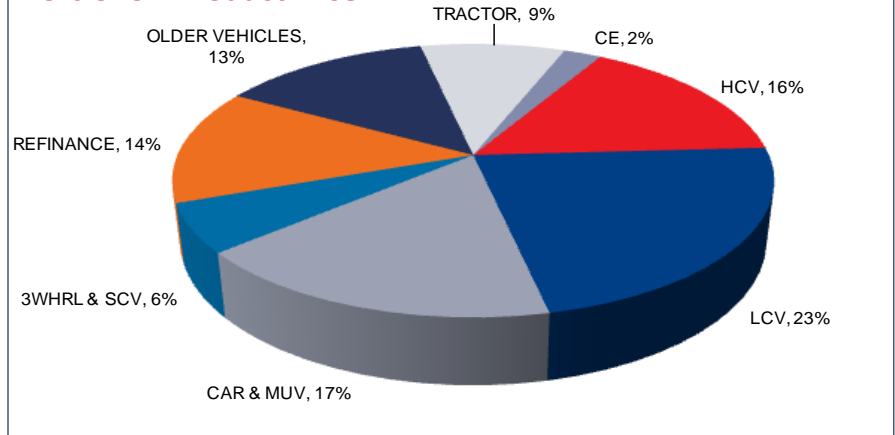
**Portfolio – State wise**



**Disbursements - Product wise**



**Portfolio – Product wise**

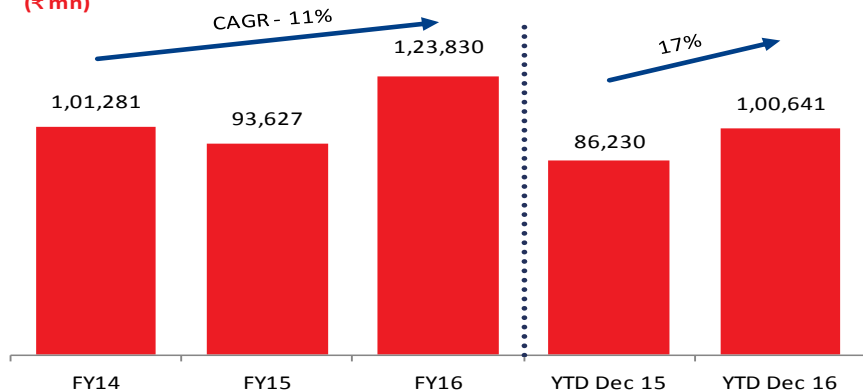


# Vehicle Finance - Financial Summary

Maintaining a healthy growth in Disbursement and PBT while coping with a sustained slowdown in the M&HCV segment

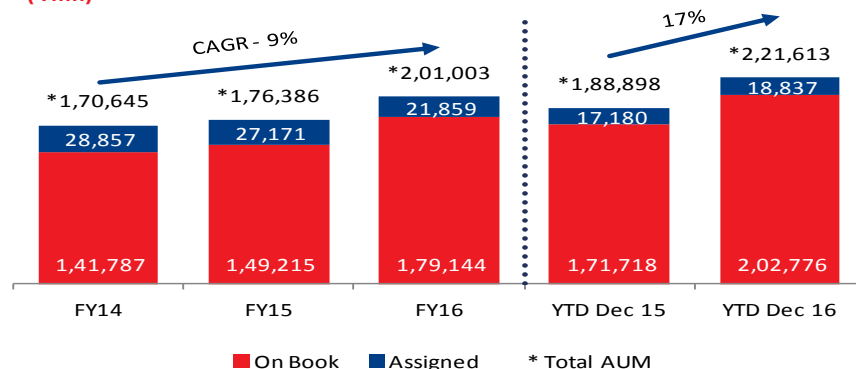
## Disbursements

(₹ mn)



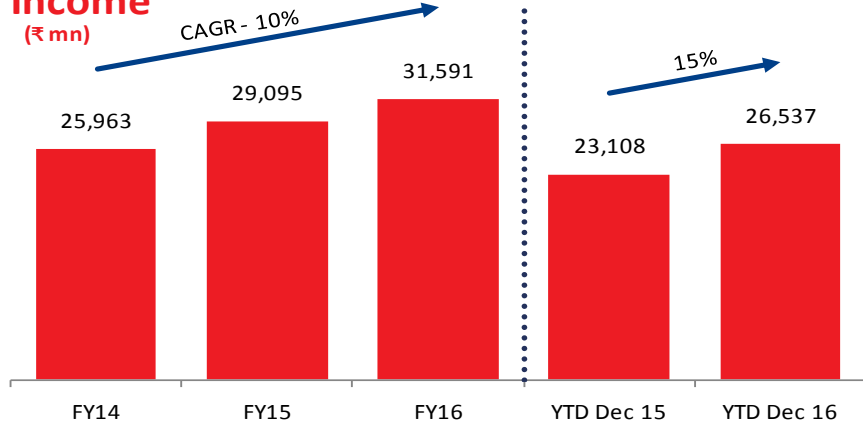
## Assets Under Management

(₹ mn)



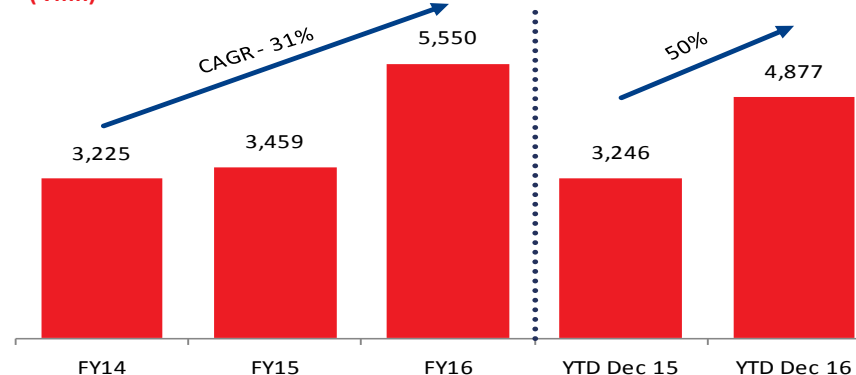
## Income

(₹ mn)



## Profit Before Tax

(₹ mn)



**Note:** PBT is after considering additional provisions as follows:

- Provision for Loan Loss -
- Standard Asset Provision -

AUM is Net of provisions.

FY14  
6 months+  
0.25%

FY15  
5 months+  
0.30%

FY16  
4 months+  
0.35%

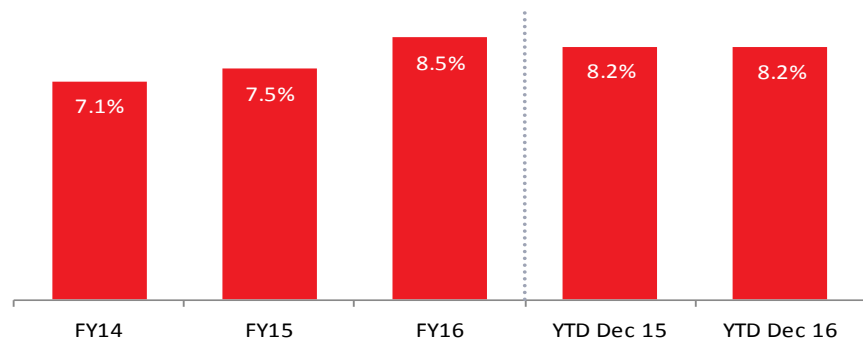
YTD Dec 15  
4 months+  
0.35%

YTD Dec 16  
4 months+  
0.35%

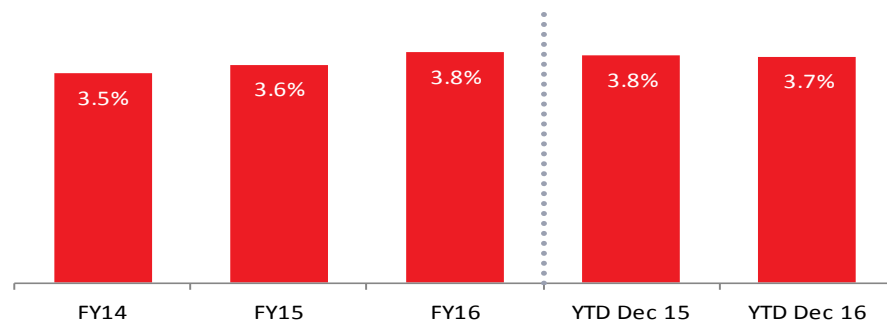
# Vehicle Finance - Financial Summary (Cont'd)

## Net Income Margin (A)

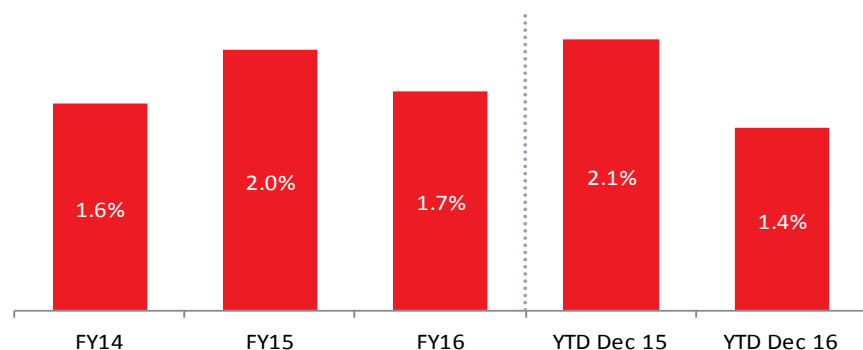
(Operating Income - Finance Charges)



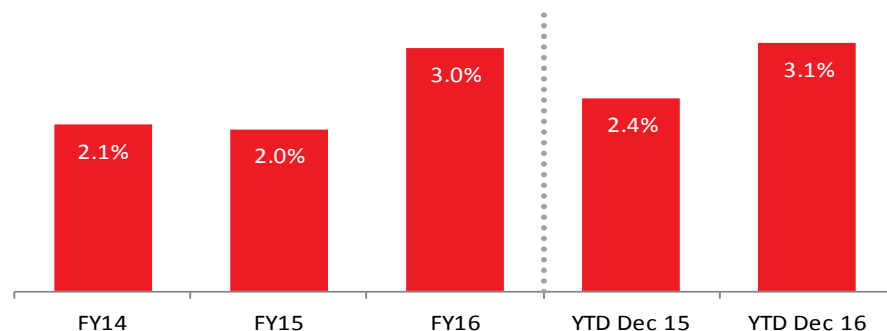
## Expense Ratio (B)



## Losses and Provisions (C)



## ROTA (PBT) (D) = (A) - (B) - (C)



**Note:** Losses & Provisions & ROTA are after considering additional provisions as follows:

	FY14	FY15	FY16	YTD Dec 15	YTD Dec 16
• Provision for Loan Loss -	6 months+	5 months+	4 months+	4 months+	4 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.35%	0.35%



## Home Equity



# Home Equity - Overview



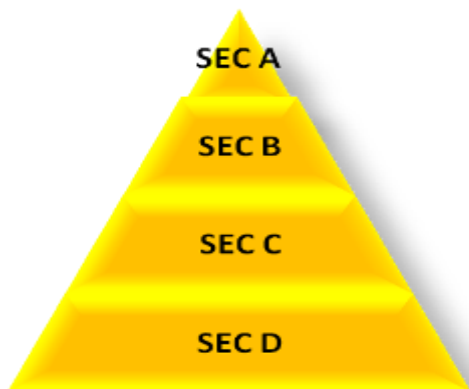
## Asset Class

- Self Occupied Residential Property
- Long tenor loans serviced across 83 locations PAN India



## Major Players

- ICICI Bank
- HDFC Bank
- AXIS Bank
- Bajaj Finance
- PSU Banks



## Customer Segment

- Clear focus on the middle Socio Economic Class (SEC) of B & C
- Self Employed individual constitutes the customer base
- Focus further refined to Self Employed non professional in such segments

# Home Equity - Key Differentiators



## Process Differentiator

- One of the best turnaround times in the industry
- Personalised service to customers through direct interaction with each customer



## Pricing

- Pricing in line with Industry maintaining net interest margin
- Fee Income adequate to cover origination & credit cost
- Leverage cross sell opportunities for additional income
- Effective cost management



## Underwriting Strategy

- Personal visit by credit manager on every case
- Assess both collateral and repayment capacity to ensure credit quality

## Structure

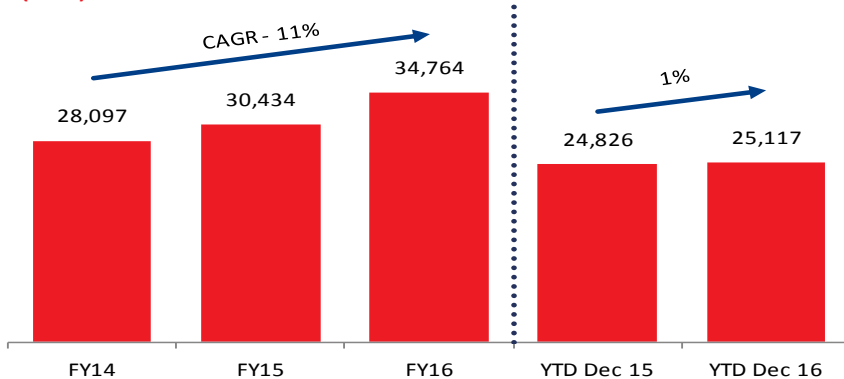
- Separate verticals for sales, credit & collections
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions



# Home Equity - Financial Summary

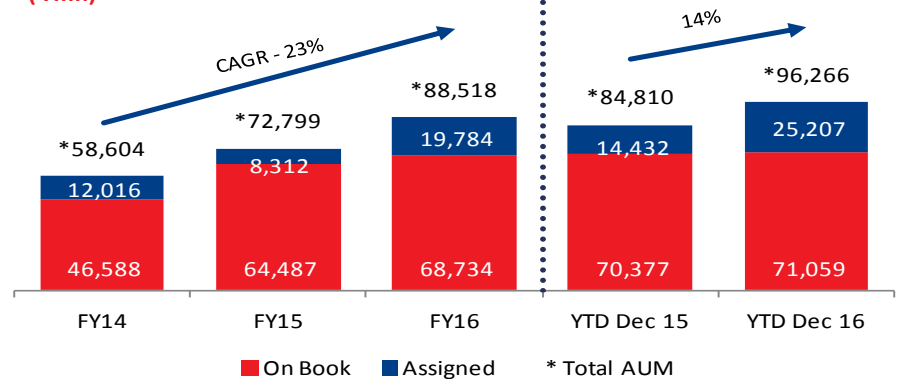
## Disbursements

(₹ mn)



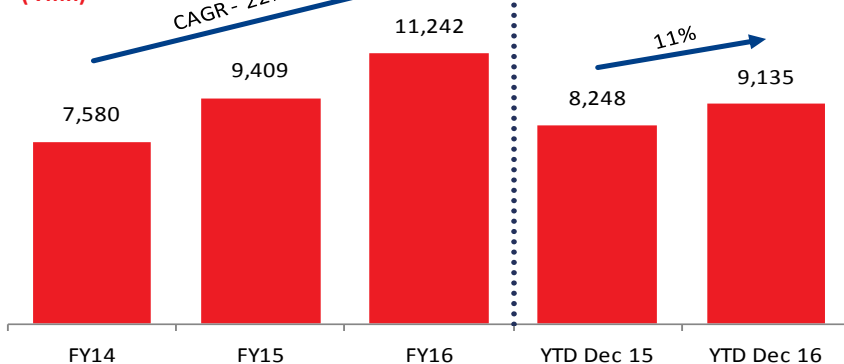
## Assets Under Management

(₹ mn)



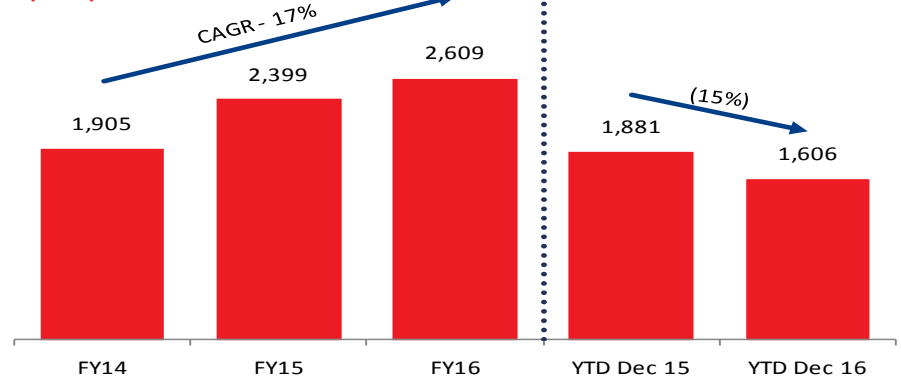
## Income

(₹ mn)



## Profit Before Tax

(₹ mn)



**Note:** PBT is after considering additional provisions as follows:

- Provision for Loan Loss -
- Standard Asset Provision -

AUM is Net of provisions.

FY14  
6 months+  
0.25%

FY15  
5 months+  
0.30%

FY16  
4 months+  
0.35%

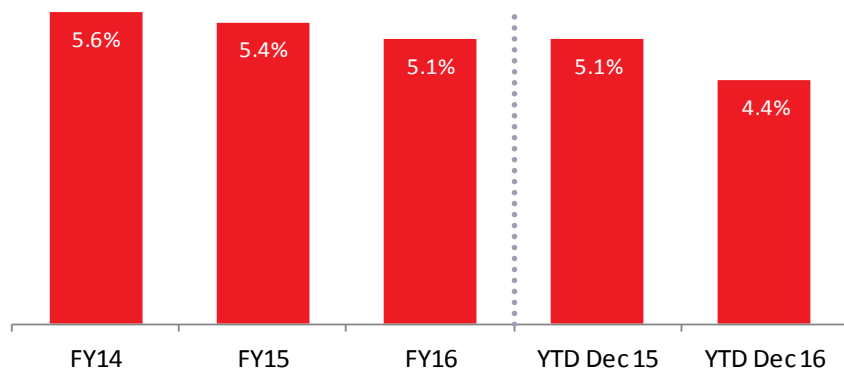
YTD Dec 15  
4 months+  
0.35%

YTD Dec 16  
4 months+  
0.35%

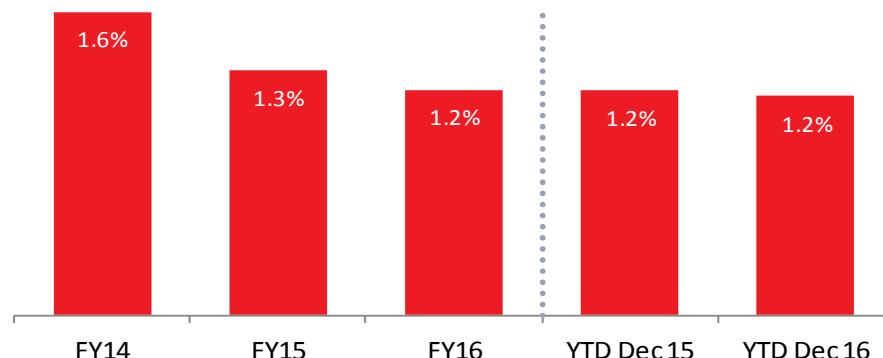
# Home Equity - Financial Summary (Cont'd)

## Net Income Margin (A)

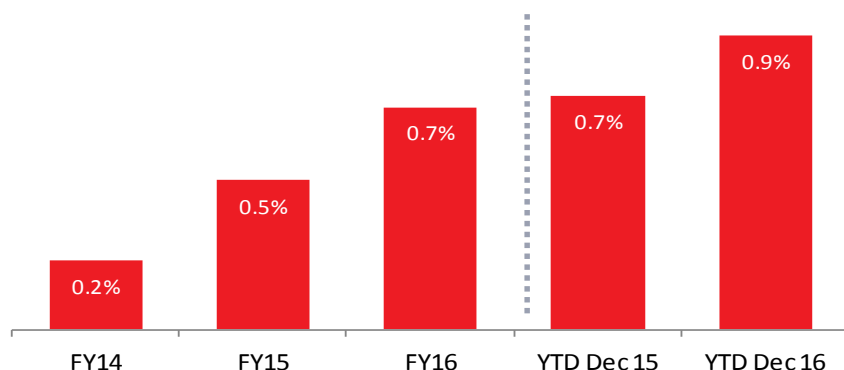
(Operating Income - Finance Charges)



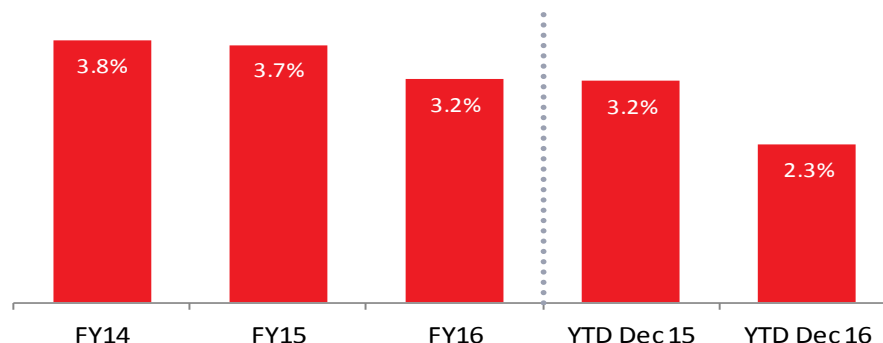
## Expense Ratio (B)



## Losses and Provisions (C)



## ROTA (PBT) (D) = (A) - (B) - (C)



**Note:** Losses & Provisions & ROTA are after considering additional provisions as follows:

	FY14	FY15	FY16	YTD Dec 15	YTD Dec 16
• Provision for Loan Loss -	6 months+	5 months+	4 months+	4 months+	4 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.35%	0.35%

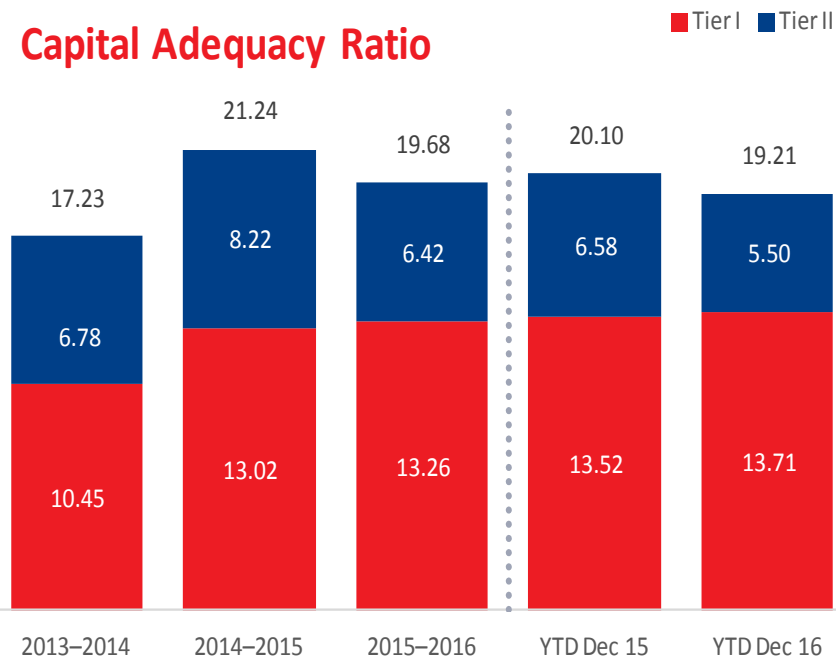


## Funding Profile



# CAR, Credit Rating and ALM Statement

## Capital Adequacy Ratio



## ALM Statement as on Dec 2016

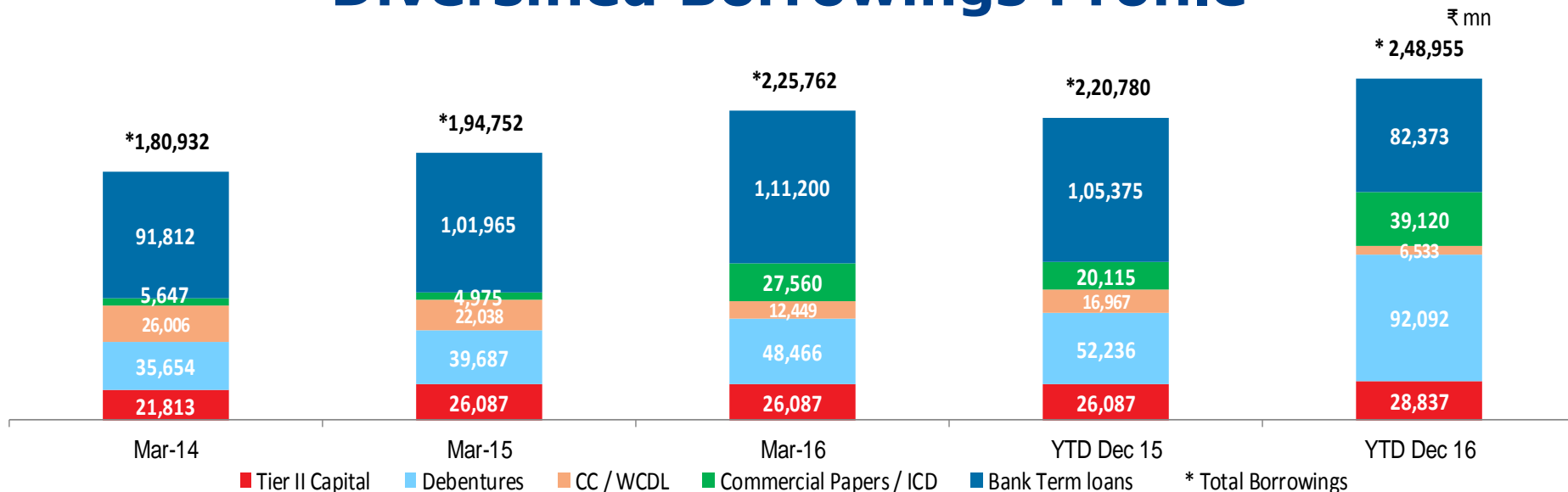
Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1–14 Days	4,615	7,994	3,379	3,379
15–30/31 Days	13,839	13,947	108	3,487
Over 1–2 Months	19,643	19,742	99	3,586
Over 2–3 Months	11,910	12,020	109	3,695
Over 3–6 Months	17,192	18,212	1,021	4,716
Over 6 Months to 1 Year	39,206	53,117	13,911	18,627
Over 1–3 Years	1,28,839	1,27,073	(1,766)	16,861
Over 3–5 Years	13,096	17,287	4,191	21,051
Over 5 Years	13,656	33,225	19,570	40,621
Over 20 Years	41,588	967	(40,621)	-
<b>Total</b>	<b>3,03,583</b>	<b>3,03,583</b>	<b>-</b>	<b>-</b>

Cumulative mismatch is significantly lower than the RBI stipulated levels of 15% and positive cumulative mismatch in all buckets

## • Credit Ratings

- The Company carries a credit rating of [ICRA] A1+ and [CRISIL] A1+ for Short Term Instruments
- For long term instruments – (NCD's) rated with [ICRA] AA / Positive and CARE AA and IND AA Stable
- For Subordinated debt, the Company is rated with [ICRA] AA / Positive, IND AA Stable, CARE AA and CRISIL AA/ Stable
- For Perpetual Debt, the Company is rated with [ICRA] AA - / Positive and CARE AA- and IND AA- Stable
- For NCD's, Company is rated with AA+ Stable by Brickwork Ratings India Private Limited

# Diversified Borrowings Profile



Particulars	Mar-14	Mar-15	Mar-16	YTD Dec 15	YTD Dec 16
Bank Term Loans	51%	52%	49%	48%	33%
Commercial papers/ ICD	3%	3%	12%	9%	16%
CC/WCDL	14%	11%	6%	8%	2%
Debentures	20%	21%	21%	23%	37%
Tier II Capital	12%	13%	12%	12%	12%

- Consistent investment grade rating of debt instruments since inception
- Long term relationships with banks ensured continued lending
- A consortium of 21 banks with tied-up limits of ₹ 39,000 mn



## Business Enablers



# Technology

## Overview:

The company deploys a hybrid resource model that optimises use of vendor platforms and resources and at the same time allows us to retain control over technology function.

Treating IT as a strategic enabler, we optimise its role in enhancing customer experience and also our internal productivity.

Robust disaster recovery setup implemented for all our business critical applications.

## Applications (Cont'd)

Planning & Budgeting – Provides a world class planning tool using Hyperion for inclusive budgeting by utilising both top-down and bottom-up approach. This further speeds-up data accessibility, thereby enhancing analysis and business planning.

Rural Finance - Lending product to manage Agriculture loans. Helps on-field disbursement and collections from Agri customers.

Credit Scoring & Risk Based Pricing Model - Business Rules driven credit system which helps in automated credit and pricing decision using a scoring model.

## Applications:

Our core lending platform (FinnOne Suite) has been upgraded to the latest technology version, to keep on par with the latest mobility solutions.

MIS Application – A Hyperion based near real time application (with causal analysis), that will enable managers at all levels to track their business performance and take corrective actions in real time.

Dealer Portal – Online medium for dealers to manage their interactions and financial dealings .



## Technology Optimisation Initiatives

**Mobility Solution (Tablet Based)** – Building a comprehensive solution spanning Sales, Credit, Collections for VF & HE businesses. Instant decisions by way of online credit scores, dedupe and CIBIL.

The project would equip our entire sales force with a high speed connectivity enabled tablet, making significant impact on our reach and TAT, with optimised resource utilisation.

Customer Facing Mobile Application - Effective and efficient channel to interact with customers from applying loan to collections and customer service .

# Risk Management

## Risk Management Committee (RMC):

- RMC comprises Chairman, three Independent Directors and the Managing Director besides the senior management as members.
- Meets at least 4 times in a year and oversees the overall risk management framework, the annual charter and implementation of various risk management initiatives.
- RMC minutes and risk management processes are shared with the Board on periodic basis

## Risk Management (contd..)

- ALCO meets every month to discuss treasury operations related risk exposures within the financial risk management framework of the Company
- Operational risk is managed through comprehensive internal control and systems.
  - Robust Disaster Recovery Plan in place and is periodically tested.
  - Implemented a Business Continuity Framework to ensure the maintenance on recovery of operations when confronted with adverse events

## Risk Management:

- Established Risk Management Framework
- Comprehensive Risk registers have been prepared for all units identifying risks with mitigants and KRI triggers
- Institutionalised formal Risk reporting framework- top risks being reviewed by RMC (quarterly) and Sr. Management (monthly) to understand the level of risk and act upon suitably.
- Credit appraisal process includes detailed risk assessment of the borrowers. Post sanction monitoring helps to identify portfolio trends and implement necessary policy changes



## Internal Control Systems

- DOAs and SOPs for all business and functions are in place, Strong IT security system and Audit to ensure Information security
- In-house and independent internal audit team carry out comprehensive audit of HO & branches with a pre-approved plan and audit schedule to evaluate the extent of SOP compliance to locate gaps
- An independent fraud control unit ensures robust mechanism of fraud control and detection supported by a disciplinary committee reporting to Audit Committee and Board



## Financial Performance



# Profit and Loss Account

₹ mn

Particulars	FY14	FY15	FY16	YTD Dec 15	YTD Dec 16
Disbursements	1,31,142	1,28,076	1,63,803	1,14,389	1,33,783
Operating Income	32,628	36,912	41,937	30,573	34,469
Finance Charges	17,711	19,604	20,508	15,178	16,833
<b>Net Income Margin</b>	<b>14,918</b>	<b>17,308</b>	<b>21,429</b>	<b>15,395</b>	<b>17,637</b>
Expenses	6,582	7,489	8,449	6,363	7,379
Loan Losses and Std Assets Prov	2,833	3,247	4,272	3,286	2,578
Profit Before Tax	5,502	6,572	8,708	5,746	7,680
Taxes	1,862	2,221	3,023	1,982	2,688
<b>Profit After Tax</b>	<b>3,640</b>	<b>4,352</b>	<b>5,685</b>	<b>3,764</b>	<b>4,992</b>
<b>Key Income Ratios</b>					
NIM to Income	45.7%	46.9%	51.1%	50.4%	51.2%
Optg Exp to Income	20.2%	20.3%	20.1%	20.8%	21.4%
<b>ROTA–PBT</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.6%</b>	<b>3.2%</b>	<b>3.6%</b>
<b>ROTA–PAT</b>	<b>1.9%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.1%</b>	<b>2.4%</b>

**Note:** Losses & Provisions, PBT, PAT & ROTA are after considering additional provisions as follows:

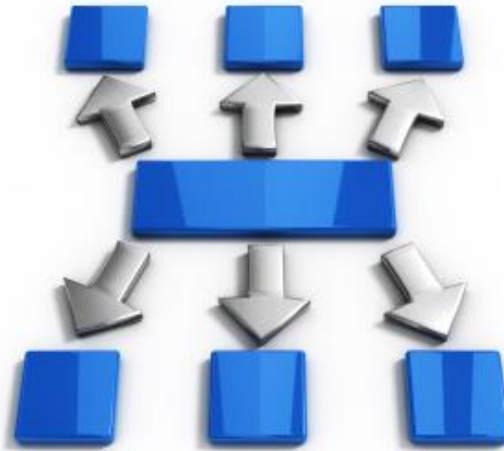
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>YTD Dec 15</u>	<u>YTD Dec 16</u>
• Provision for Loan Loss -	6 months+	5 months+	4 months+	4 months+	4 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.35%	0.35%
• Addl Provision (for 3 months overdue)-	-	-	54 Cr.	-	60 Cr.

YTD Dec 16 expenses include one time provision of Rs.28 crs, towards estimated VAT liability (tax & interest) in respect of sale of repossessed vehicles during the period 2008-2016 in Maharashtra.

# Balance Sheet

₹ mn

Particulars	Mar-14	Mar-15	Mar-16	Dec-15	Dec-16
<b>Equity and Liabilities</b>					
Shareholders' Funds	22,947	31,733	36,574	35,493	41,588
Current Liabilities	92,760	78,892	1,27,214	1,07,881	1,09,518
Non-current Liabilities	99,761	1,28,106	1,15,095	1,27,205	1,57,447
<b>Total</b>	<b>2,15,468</b>	<b>2,38,732</b>	<b>2,78,883</b>	<b>2,70,578</b>	<b>3,08,552</b>
<b>Assets</b>					
Non-current Assets					
Fixed Assets	729	683	1,113	976	1,298
Non-current Investments	661	602	647	575	1,203
Deferred Tax Asset (Net)	1,296	1,836	2,815	2,466	3,078
Receivable under Financing Activity	1,30,790	1,54,680	1,81,877	1,77,439	2,00,213
Other Non-current Assets & Loans and Advances	6,839	6,678	5,157	4,954	5,706
	<b>1,40,316</b>	<b>1,64,479</b>	<b>1,91,608</b>	<b>1,86,411</b>	<b>2,11,499</b>
<b>Current Assets</b>					
Current Investments	163	73	19	22	130
Cash and Bank Balances	8,008	3,407	4,905	4,191	4,677
Receivable under Financing Activity	63,491	67,156	77,225	75,386	87,793
Other Current Assets & Loans and Advances	3,490	3,618	5,126	4,569	4,453
	<b>75,152</b>	<b>74,253</b>	<b>87,275</b>	<b>84,168</b>	<b>97,053</b>
<b>Total</b>	<b>2,15,468</b>	<b>2,38,732</b>	<b>2,78,883</b>	<b>2,70,578</b>	<b>3,08,552</b>
De-recognised Assets	40,874	35,482	41,643	31,612	44,044
<b>Total Assets Under Management</b>	<b>2,56,342</b>	<b>2,74,215</b>	<b>3,20,526</b>	<b>3,02,191</b>	<b>3,52,596</b>



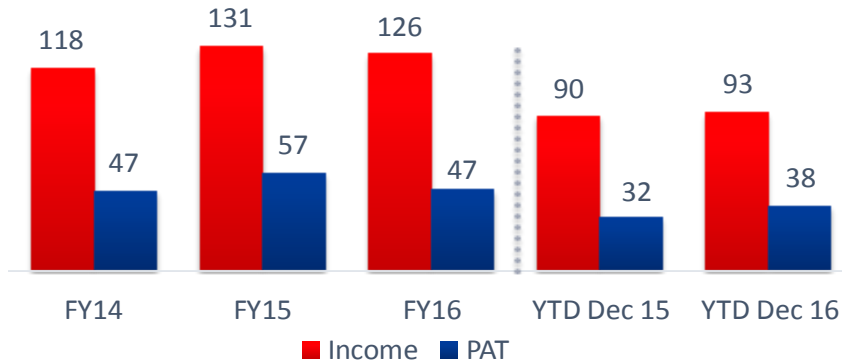
## Subsidiaries



# Subsidiaries

## Cholamandam Distribution Services Ltd

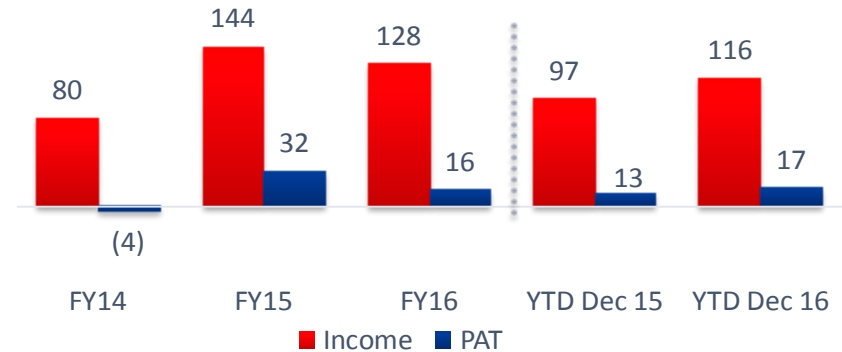
₹ mn



- Wealth management services for mass affluent and affluent customer segments.
- Retail Distribution of a wide range of financial products – Investments, Life Insurance, General Insurance, Home loan & mortgage products.

## Cholamandam Securities Ltd

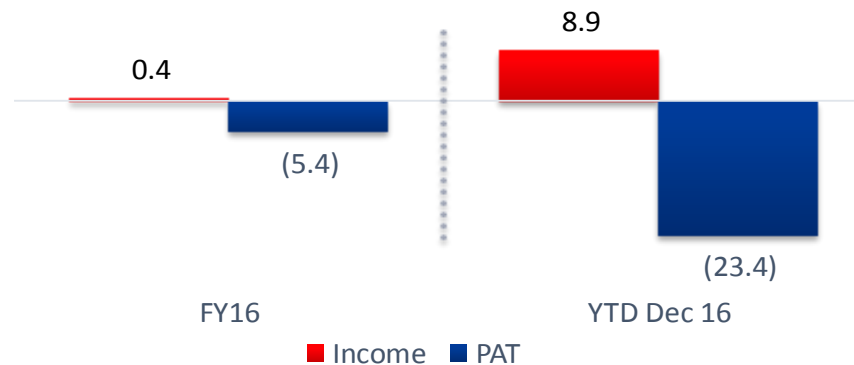
₹ mn



- Broking services to HNIs and Institutional Investors
- Presence across 15 metros and mini metros

## White Data Systems India Pvt Ltd

₹ mn



- Freight aggregating business

# NPA Provisioning Standards

## RBI Norms

5 to 20.99 Months – 10%  
21 to 32.99 Months – 20%  
33 to 56.99 Months – 30%  
Above 57 Months – 50%

## Vehicle Finance

### VF Prime, CE

4 to 5.99 Months – 10%  
6 to 23.99 Months – 25%  
Above 24 Months – 100%

### Older Vehicles

4 to 5.99 Months – 10%  
6 to 11.99 Months – 40%  
Above 12 Months – 100%

### Tractor

4 to 5.99 Months – 10%  
6 to 11.99 Months – 25%  
12 to 23.99 Months – 40%  
Above 24 Months – 100%

## Home Equity

### Home Equity & Home Loan

4 to 5.99 Months – 10%  
6 to 23.99 Months – 25%  
24 to 59.99 Months – 50%  
Above 60 Months – 100%

# 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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