



Cholamandalam Investment and Finance Company Limited

Corporate Presentation – June 2017



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CORPORATE OVERVIEW



Company 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 ₹ 175bn¹

2

Exceptional Lineage

- A part of the ₹ 300 bn Murugappa Group – founded in 1900, one of India's leading business conglomerates with 28 businesses including 8 listed companies and workforce of 40,000 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 Balance Sheet Assets of ₹ 378 bn as of Jun 2017 with Net NPA of *3.2% and a healthy RoA of 4.4%
- Operating income CAGR of 13% over FY14 to FY17

4

Diversified Footprint

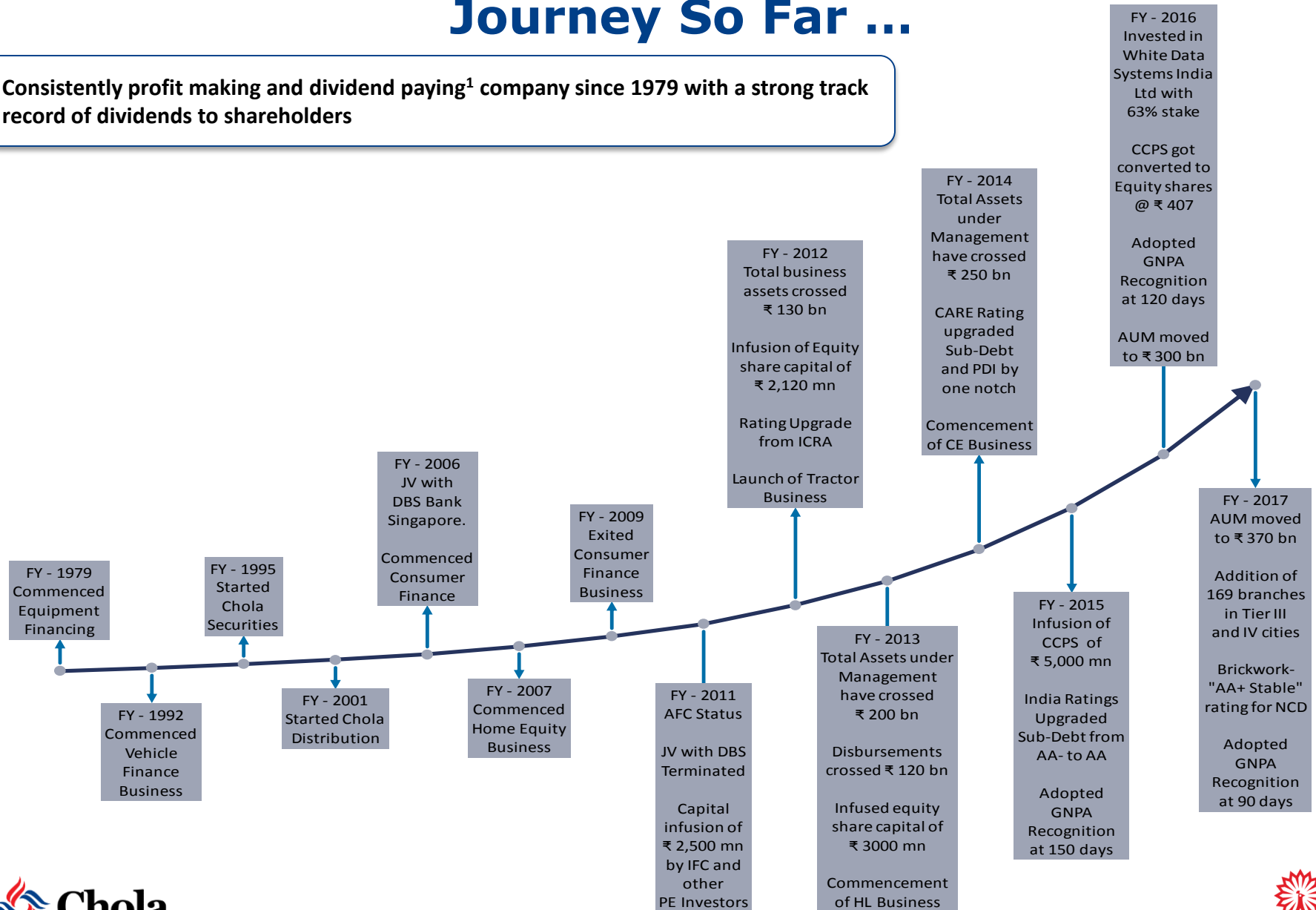
- Operates from 703 branches across 25 states and 90% presence across Tier III, IV, V, and VI towns
- One of the leading NBFCs in rural / semi urban areas

1. Market data as on 30th Jun 2017. Source: BSE

* 3 months

Journey So Far ...

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



1. Except 2009, average dividend payout for the last 10 years is 30% on capital.

Major Companies – Murugappa Group

Company Name	Market Capitalisation	Description
 Chola <i>Enter a better life</i>	<ul style="list-style-type: none"> ₹ 1,74,883 mn (US\$ 2,701 mn) 	<ul style="list-style-type: none"> 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 & distribution of financial products
 INDIA	<ul style="list-style-type: none"> ₹ 1,22,211mn (US\$ 1,888mn) 	<ul style="list-style-type: none"> 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
 Coromandel	<ul style="list-style-type: none"> ₹ 1,22,061 mn (US\$ 1,885 mn) 	<ul style="list-style-type: none"> Coromandel International Limited is the leading phosphatic fertilizer company in India, with a production capacity 3.2 mn tonnes of phosphatic fertilizer.
 CUMI	<ul style="list-style-type: none"> ₹ 94,896 mn (US\$ 1,466 mn) 	<ul style="list-style-type: none"> 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.
 PARRYS	<ul style="list-style-type: none"> ₹ 54,815 mn (US\$ 847 mn) 	<ul style="list-style-type: none"> 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)
 Chola MS GENERAL INSURANCE	<ul style="list-style-type: none"> Unlisted 	<ul style="list-style-type: none"> Cholamandalam MS General Insurance Company Limited is a JV of Murugappa Group with Mitsui Sumitomo Insurance Group of Japan, (5th largest insurance group across the globe)

Note: Market data as on 30th Jun 2017. Source: BSE and Conversion Rate of 1USD = Rs.64.7379 as on 30th Jun 2017 Source: RBI

SPIRIT OF CHOLA



"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 Bachelor of Science 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 two Diploma in Computer Studies from the University of Cambridge and the National Centre for Information Technology, United Kingdom. Was a Member of the Singapore Institute of Management.
- Is the former Chairman and Managing Director of Canara Bank and Indian Bank. Chairman of Canara Bank subsidiaries in Insurance, Mutual Fund, Venture Capital, Factoring, Computer Services, Online Trading & Broking; Indian Bank subsidiaries in Merchant Banking, Housing and Mutual Fund. Vice Chairman of Commercial Bank of India, Moscow (a joint venture of State Bank of India and Canara Bank)
- Has over 47 years of varied experience in the fields of banking, finance, economics, technology, human resource, marketing, treasury and administration.
- Has over nine years of international banking experience in Singapore and Indonesia.
- 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.
- Member of Overseeing Committee (under the aegis of the Reserve Bank of India to review resolution of NPAs) and is an Expert Member of the Independent Oversight Committee of the Governing Board for Listing Function of National Stock Exchange of India Limited.
- Has received various awards including Best Bank in Public Sector, Corporate Governance, Corporate Social Responsibility and Best performance awards for Financing to SMEs, Agriculture, Exports during his tenure with Indian Bank and Canara Bank from His Excellency President of India, Hon'ble Prime Minister, Finance Minister, Minister for Commerce and RBI Governor.
- Joined the Board of Chola in July, 2010.



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

- Graduate in Commerce, Associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.
- 33 years of experience in the areas of corporate finance, legal, projects and general management.
- Position: Director-Finance of the Murugappa Group, Member of Murugappa Corporate Board and director on the Boards of Tube Investments of India Ltd., Cholamandalam MS General Insurance Company Ltd. and Cholamandalam MS Risk Services Limited.
- Joined the Board of Chola in December, 2006.



Mr. Vellayan Subbiah, Managing Director

- Holds a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan.
- Has over 23 years of experience in the varied fields of technology, projects and financial services.
- Has worked with McKinsey and Company, 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, Havels India Limited, White Data Systems India Private Limited and certain other Murugappa Group companies.
- Joined the Board of Chola in August, 2010.

Management – Board Level



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

- Holds a 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 39 years of experience in the diverse areas of abrasives, manufacturing, electronics, strategy & business development, technology, R&D and human resources.
- Is a member of American Institute of Chemical Engineers, Indian Institute of Chemical Engineers, Plastics & Rubber Institute and Indian Ceramics Society.



Mr. Nalin Mansukhlal Shah – Independent Director

- Is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales.
- Has over 34 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 is currently a member of the Institute's Expert Advisory Committee and 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 was also the RBI's representative on the Governing Council of the Banking Codes and Standards Board of India for three years.
- 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.
- Has over 34 years of experience in corporate finance and banking.
- 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.
- 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.

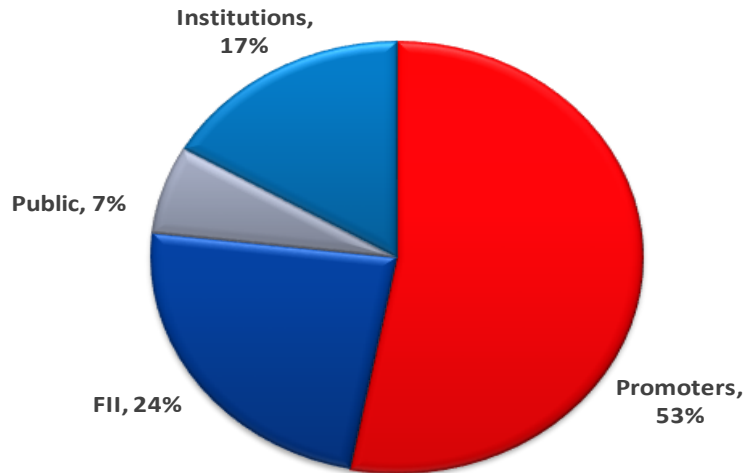


Ms. Bharati Rao – Independent Director

- Is a post graduate in Economics and a Certified Associate of the Indian Institute of Banking & Finance.
- Has over 45 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 Limited, SBI Capital Markets Ltd., SBI Caps (UK), SBICAP Securities Ltd., SBI Global Factors Ltd., Tata Tele Services Ltd., Neuland Laboratories Ltd., Wheels India Ltd. and Delphi-TVS Diesel Systems Ltd.
- Joined the Board of Chola in July, 2014.

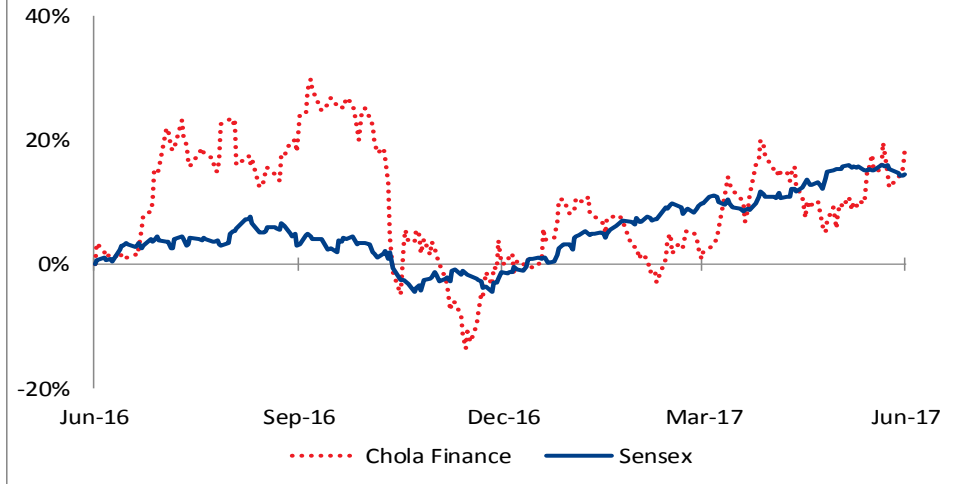
Corporate Overview

Shareholding Pattern



- Promoters share holding of 53.13% includes
 - Tube Investments – 46.22%,
 - Ambadi Holdings Private Ltd – 4.62%
 - Others - 2.24%

Chola Finance - Share Price Growth



	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17
Chola Finance (₹/share)	946	1,176	945	964	1,119
BSE Sensex	27,000	27,866	26,626	29,621	30,922

Investor Ratios	FY15	FY16	FY17	Q1FY17	Q1FY18
Earnings Per share (₹)	30	38	46	43	53
Book value per share (₹)	203	234	276	245	289
Market price per share (₹)	588	713	964	946	1,119
Market capitalisation (₹ mn)	84,420	1,11,402	1,50,722	1,47,787	1,74,883
Price to Earnings (P/E) Ratio	19.5	19.0	21.0	22.2	21.1
Price to Book Value (P/BV)	2.9	3.0	3.5	3.9	3.9

* EPS is annualised

- Market price and Market Capitalisation based on share price as on 30th Jun 2017

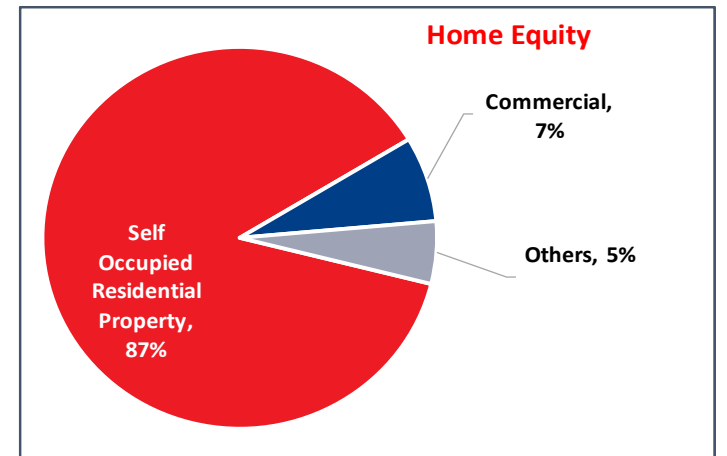
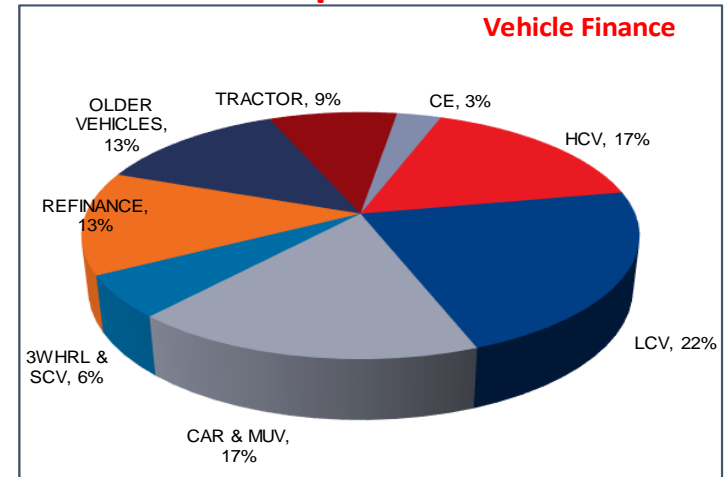
Corporate Overview

Business Segments Overview

AUM * (₹ mn)	FY15	FY16	FY17	Q1FY17	Q1FY18	YoY Growth
Vehicle Finance						
On Book	1,49,215	1,79,144	2,02,709	1,87,650	2,07,462	11%
Assigned	27,171	21,859	33,597	20,576	36,480	77%
Managed Assets	1,76,386	2,01,003	2,36,306	2,08,226	2,43,942	17%
% of Total	69%	68%	69%	68%	70%	
Home Equity						
On Book	64,487	68,734	66,891	71,952	66,005	-8%
Assigned	8,312	19,784	29,036	20,518	29,803	45%
Managed Assets	72,799	88,518	95,927	92,470	95,808	4%
% of Total	29%	30%	28%	30%	27%	
Others						
On Book	5,340	6,983	9,437	7,559	10,203	35%
Assigned	-	-	-	-	-	0%
Managed Assets	5,340	6,983	9,437	7,559	10,203	35%
% of Total	2%	2%	3%	2%	3%	
Total						
On Book	2,19,043	2,54,861	2,79,036	2,67,162	2,83,671	6%
Assigned	35,482	41,643	62,633	41,094	66,283	61%
Managed Assets	2,54,525	2,96,504	3,41,670	3,08,256	3,49,954	14%

* Assets are net of provisions.

Portfolio Breakup – 30-Jun-2017



COMPANY PERFORMANCE – AT A GLANCE

	FY15	FY16	FY17	Q1FY17	Q1FY18	YoY
Disbursements (₹ mn)						Growth
Vehicle Finance	93,627	1,23,830	1,44,710	33,261	38,190	15%
Home Equity	30,434	34,764	30,559	9,914	7,397	-25%
Gold	618	-	-	-	-	-
MSME	2,490	3,253	6,663	1,648	1,576	-4%
Home Loans	892	1,746	3,247	745	1,218	63%
Agri	15	209	734	40	97	143%
New Initiatives	-	-	-	-	51	-
Total	1,28,076	1,63,803	1,85,913	45,608	48,530	6%
AUM (₹ mn) *						
On Book	2,19,043	2,54,861	2,79,036	2,67,162	2,83,671	6%
Assigned	35,482	41,643	62,633	41,094	66,283	61%
Total	2,54,525	2,96,504	3,41,670	3,08,256	3,49,954	14%
Networth (₹ mn)						
Equity Share Capital	1,437	1,562	1,563	1,563	1,564	0%
Reserves and Surplus ^	30,289	35,012	41,565	36,676	43,632	19%
Total	31,727	36,574	43,129	38,239	45,195	18%
Profitability (₹ mn)						
Gross Income \$	35,042	39,679	44,819	10,513	11,835	13%
NIM \$	15,438	19,171	22,511	5,032	6,425	28%
PBT	6,572	8,708	11,056	2,537	3,181	25%
PAT	4,352	5,685	7,187	1,657	2,066	25%
Asset Ratios						
Gross Yield \$	16.0%	16.2%	15.9%	15.7%	16.2%	
NIM \$	7.1%	7.8%	8.0%	7.5%	8.8%	
Expenses	2.6%	2.5%	3.0%	2.5%	3.1%	
Losses and Provisions	1.5%	1.7%	1.1%	1.2%	1.3%	
ROTA (PBT)	3.0%	3.6%	3.9%	3.8%	4.4%	
ROTA (PAT)	2.0%	2.3%	2.6%	2.5%	2.8%	

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

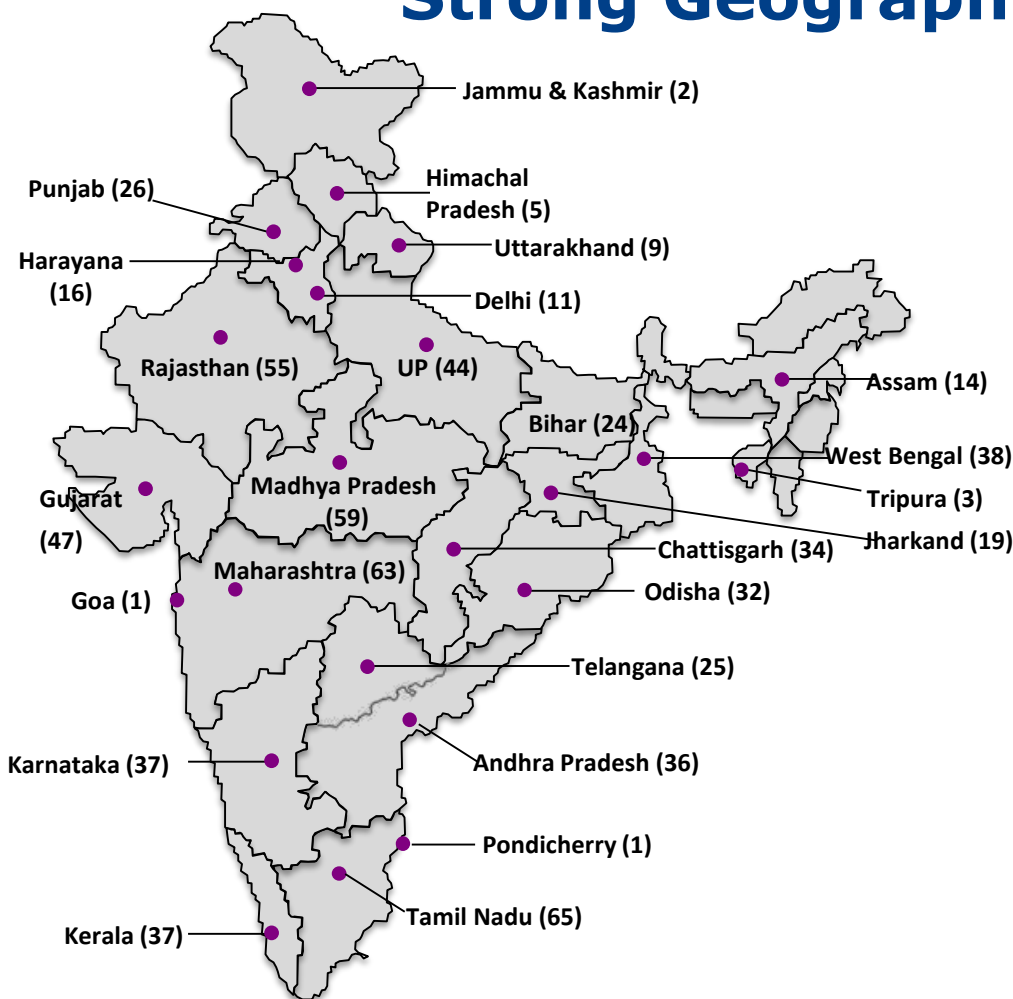
^ FY15 – Reserve & Surplus includes Compulsory Convertible Preference Shares of Rs.5000mn (converted to Equity in Sep 2015 @ ₹ 407).

\$ net off Business origination and outsource cost.

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

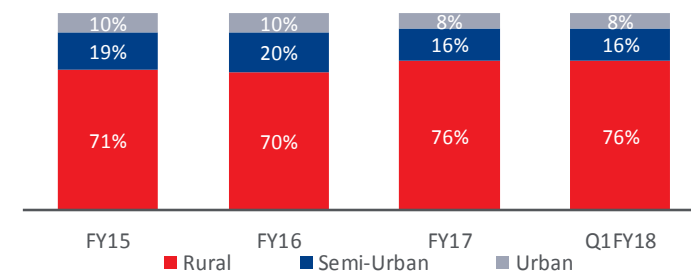
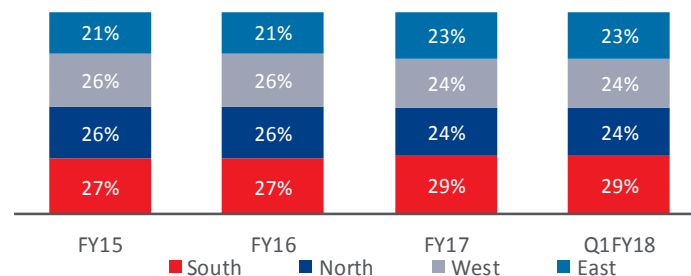
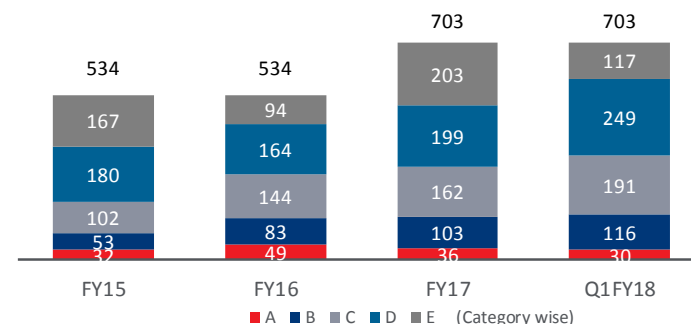
	FY15	FY16	FY17
• Provision for Loan Loss -	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%
• Addl Provision (for 3 months overdue) -	-	54 Cr.	-

Strong Geographical Presence



- 703 branches across 25 states/Union territories: 698 VF and 134 HE (129 co-located with VF).
- 86% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns
- Strong Pan India presence

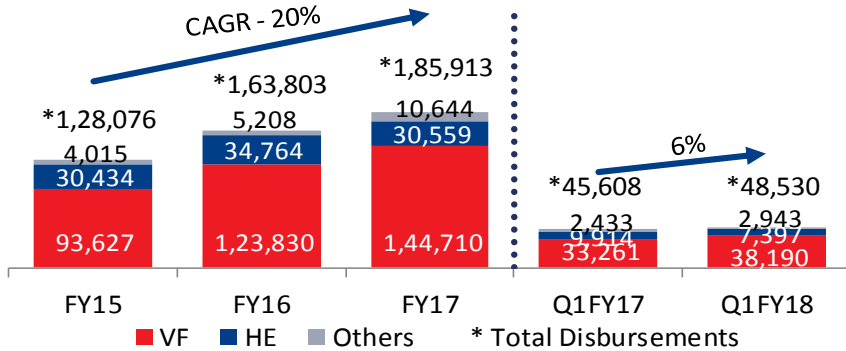
Branch Network



Chola - Financial Summary

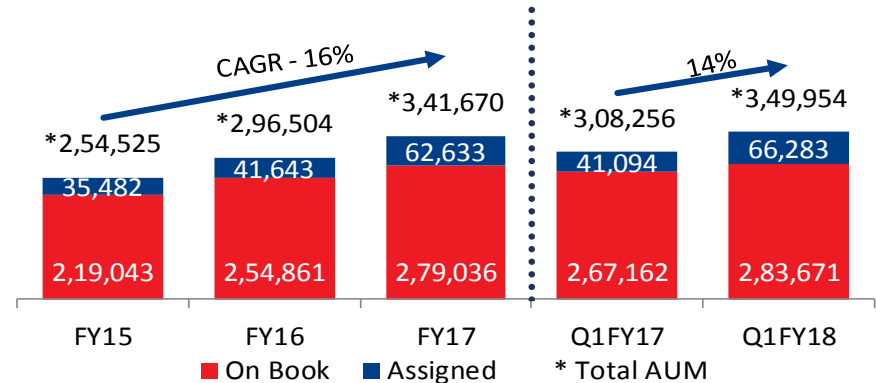
Disbursements

(₹ mn)



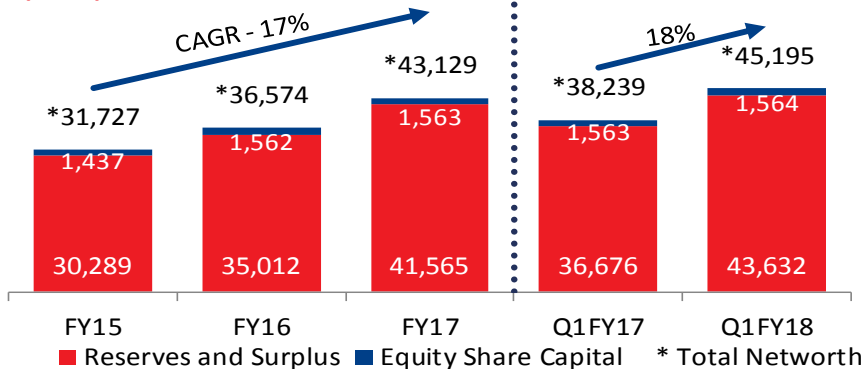
Assets Under Management

(₹ mn)



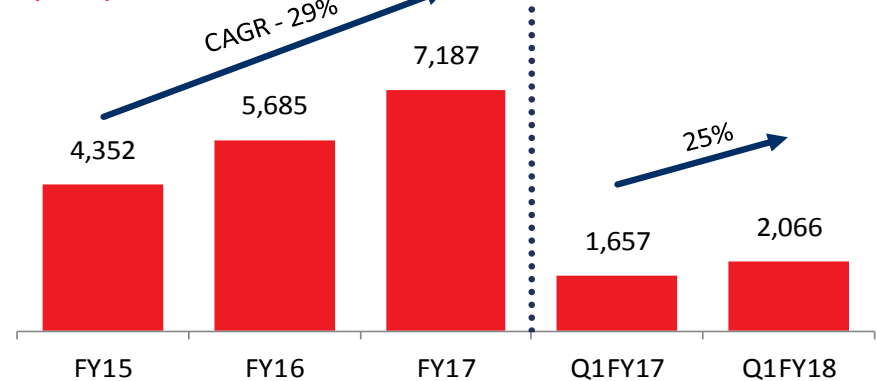
Networth

(₹ mn)



Profit After Tax

(₹ mn)

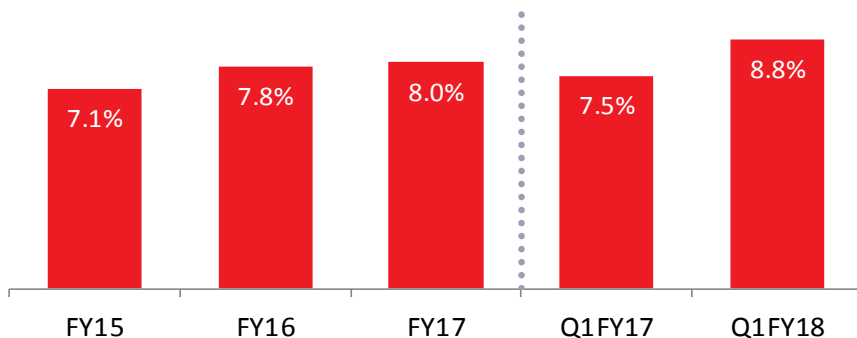


Note: PAT is after considering additional provisions as follows:

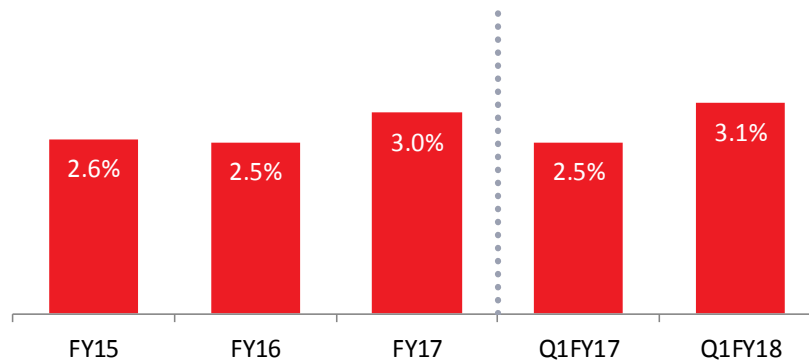
	FY15	FY16	FY17
• Provision for Loan Loss -	5 months+	4 months+	3 months
• Standard Asset Provision -	0.30%	0.35%	0.40%
• Addl Provision (for 3 months overdue) -	-	54 Cr.	-

Chola - Financial Summary (Cont'd)

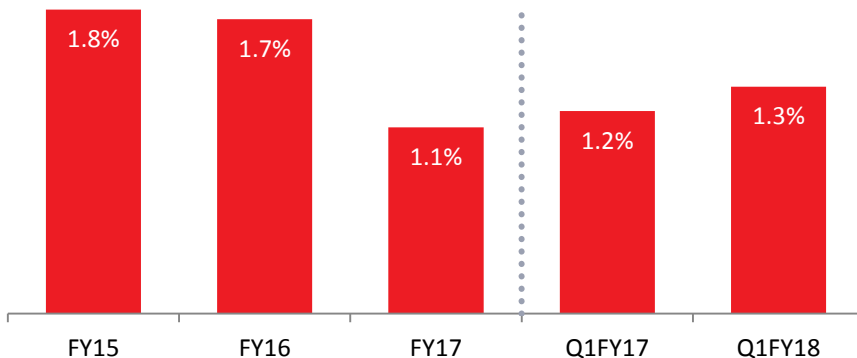
Net Income Margin (A)* (Operating Income - Finance Charges)



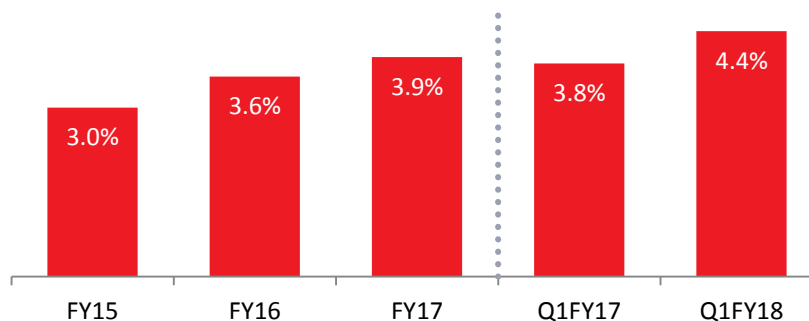
Expense Ratio (B)



Losses and Provisions (C)



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



* net off Business origination and Outsource cost

Note: PAT is after considering additional provisions as follows:

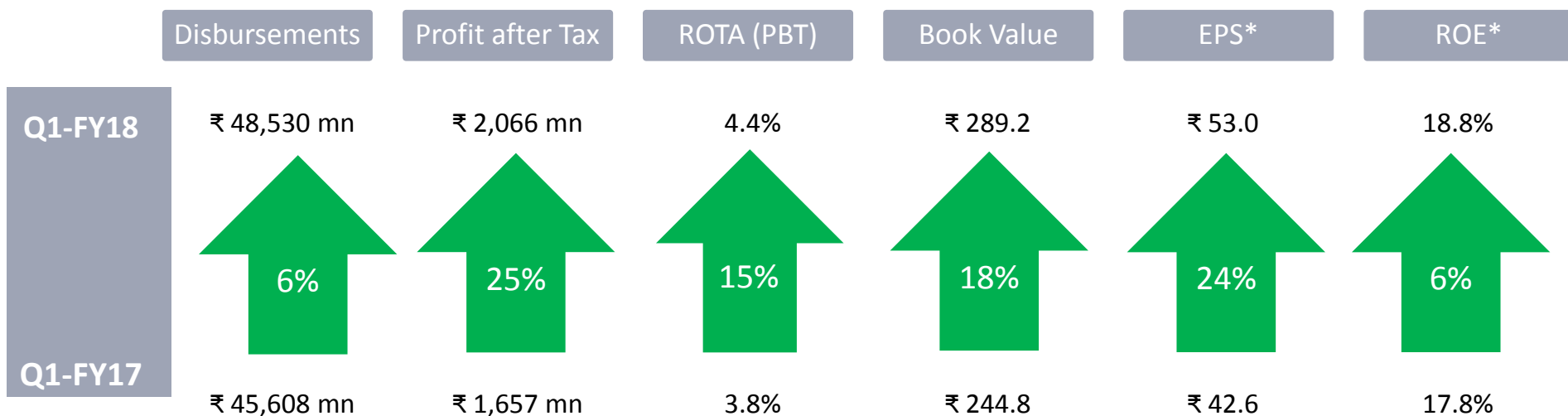
- Provision for Loan Loss -
- Standard Asset Provision -
- Addl Provision (for 3 months overdue) -

FY15
5 months+
0.30%
-

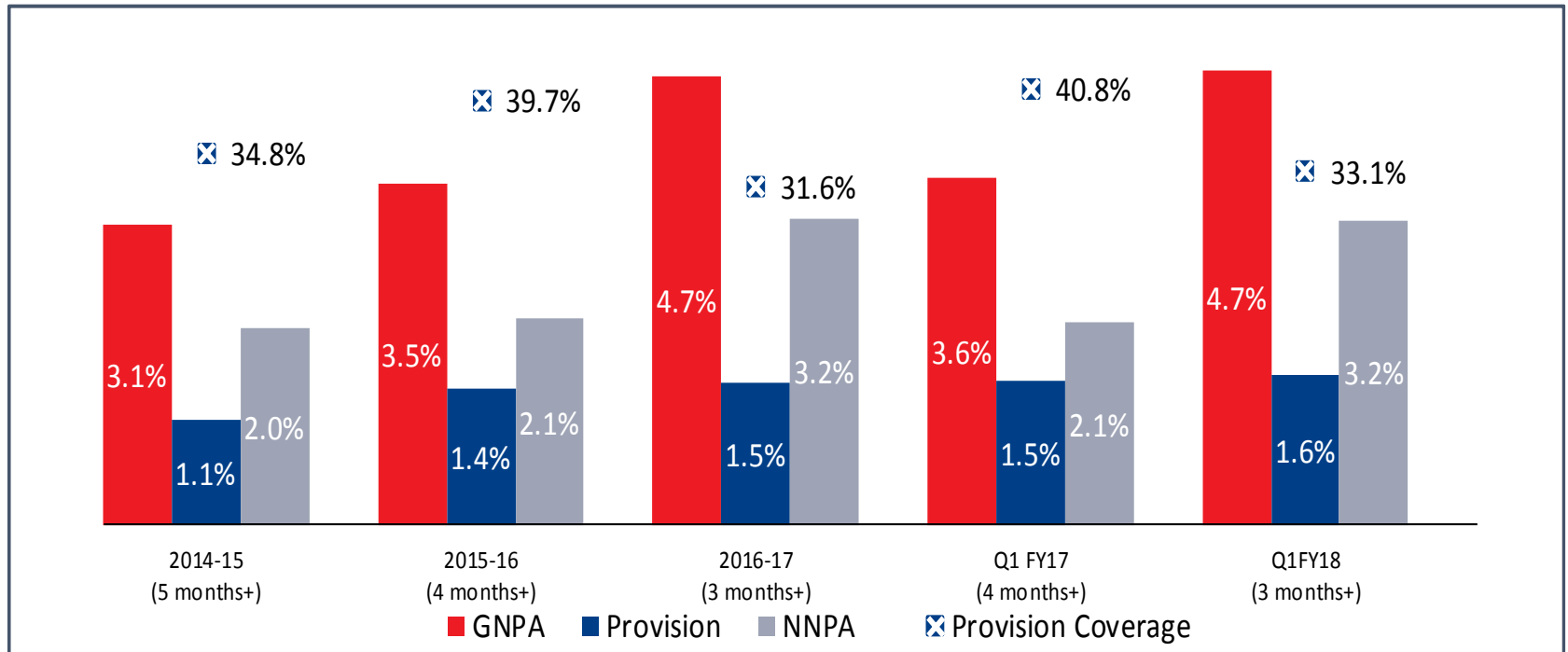
FY16
4 months+
0.35%
54 Cr.

FY17
3 months+
0.40%
-

Performance Highlights – Q1FY18 Vs Q1FY17



ASSET QUALITY



Note: Provision coverage is calculated on provision created towards GNPA assets only and does not include provision created towards income reversals.

Highlights – Q1FY18

Disbursements

- Disbursement for Q1FY18 stood at Rs. 48,530 mn, a growth of 6% YoY.

PAT

- PAT for Q1FY18 stood at Rs. 2,066 mn, a growth of 25% YoY.

RoE

- Return on equity at 18.8% in Q1FY18, a growth of 6% YoY.

AUM

- AUM has crossed Rs 3,49,000 mn

NPA recognition

- Additional GNPA recognition at 3 months is ahead of one year as per RBI regulation

New Initiative

- Launch of mobile app (Gaadi Bazaar) and Vishesh which is a credit solution on prepaid card model



BUSINESS OVERVIEW





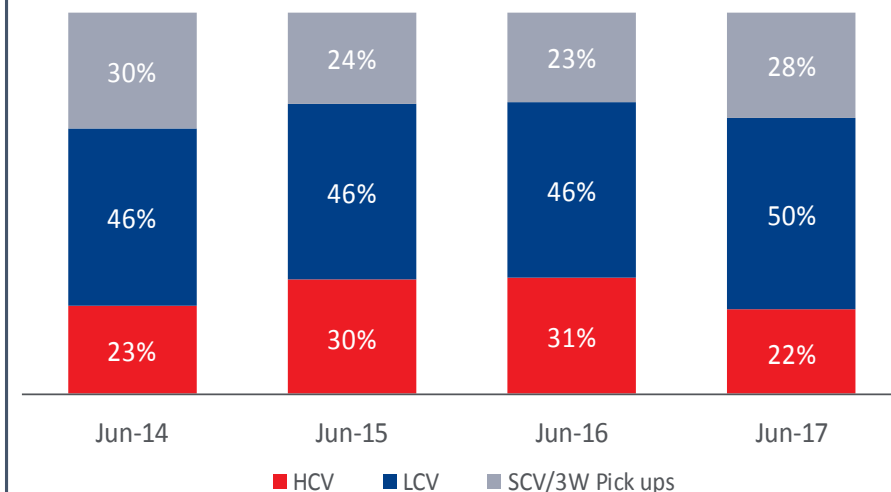
Vehicle Finance



Vehicle Finance - Industry

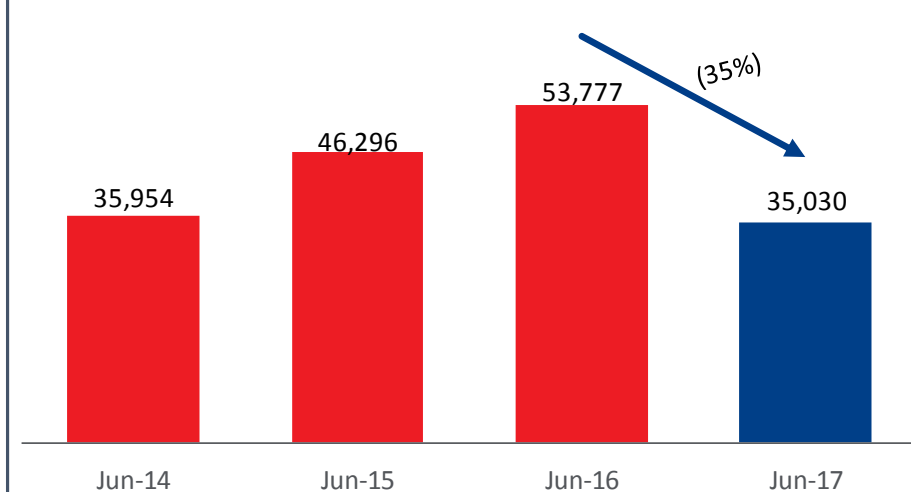
Overall CV Mix

(in Units)



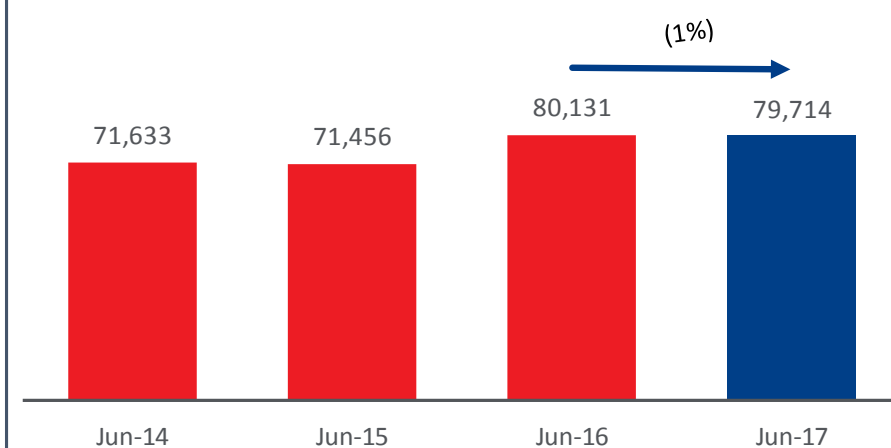
Trend in Domestic M & HCV Sales

(in Units)



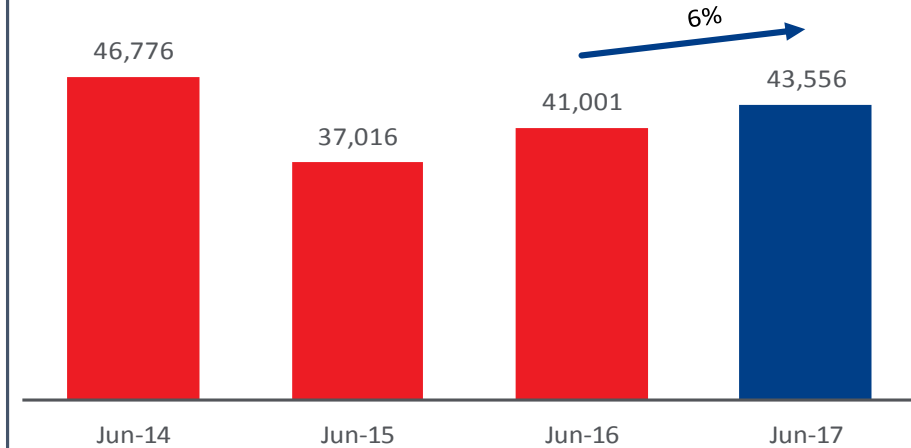
Trend in Domestic LCV Sales

(in Units)

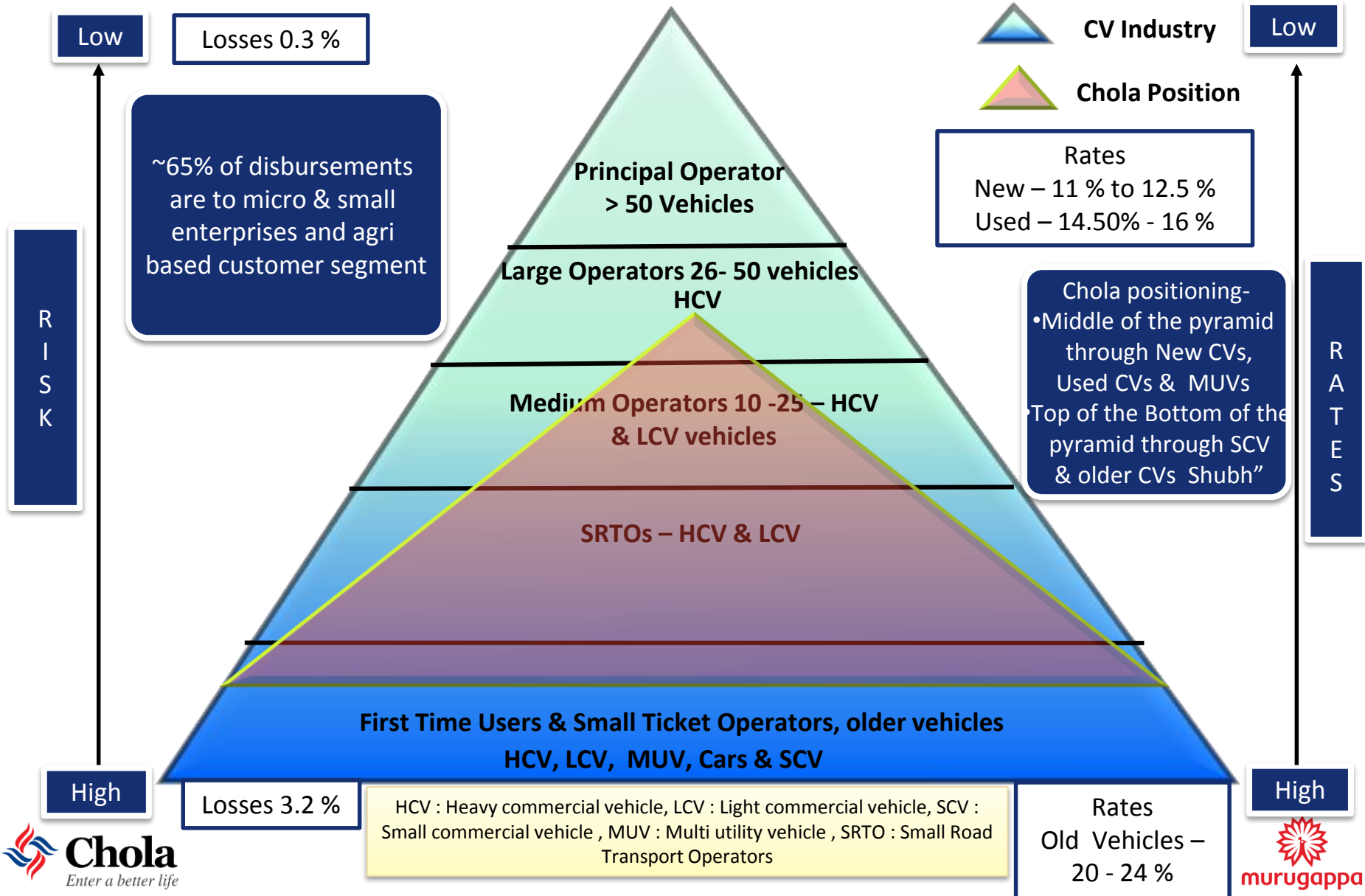


Trend in Domestic SCV Sales

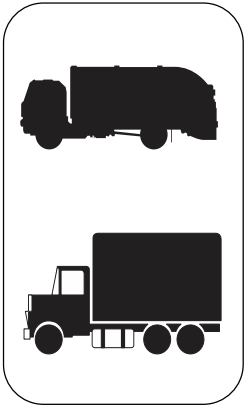
(in Units)



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

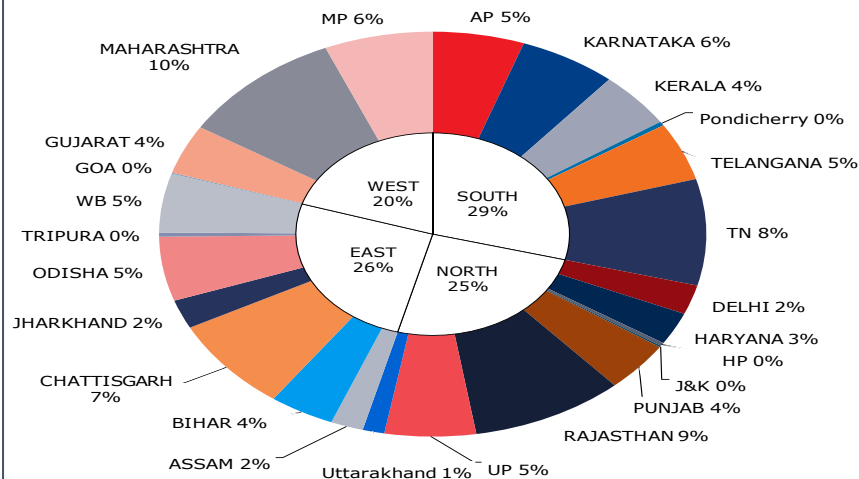
Customised products offered for our target customers

Strong collection management

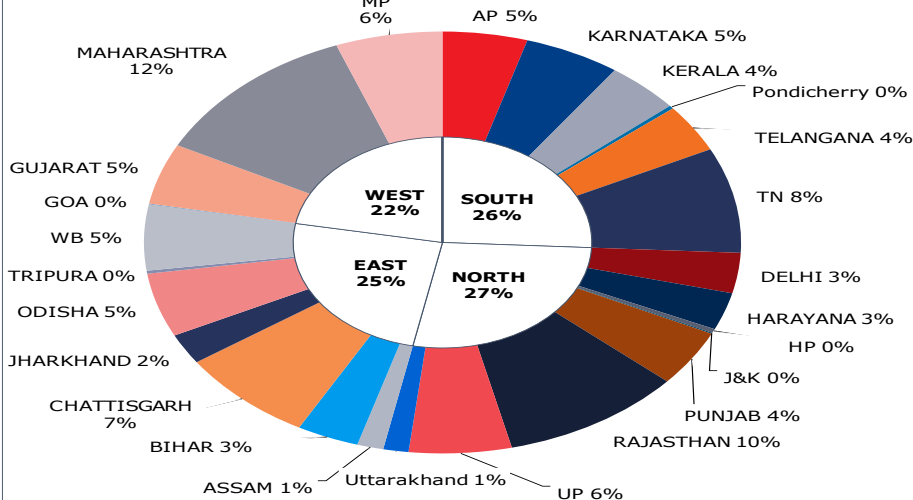
Vehicle Finance - Disbursement / Portfolio Mix – Q1FY18

Well diversified across geography & product segments

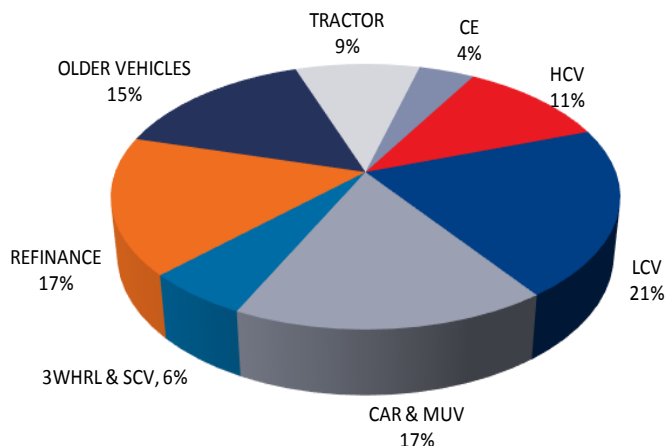
Disbursements - State wise



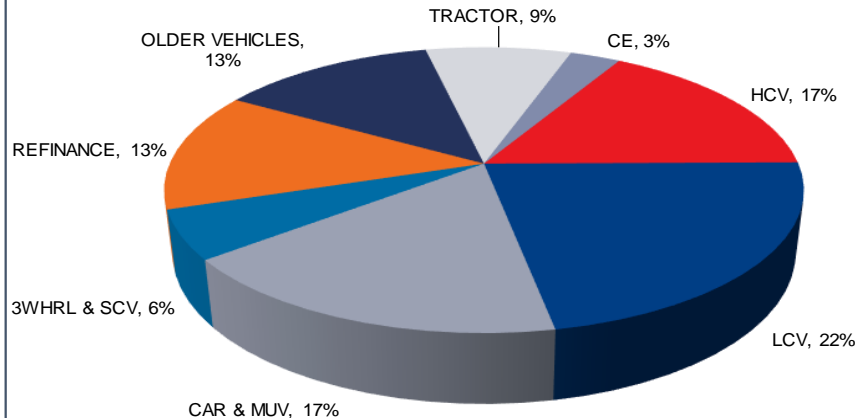
Portfolio – State wise



Disbursements - Product wise



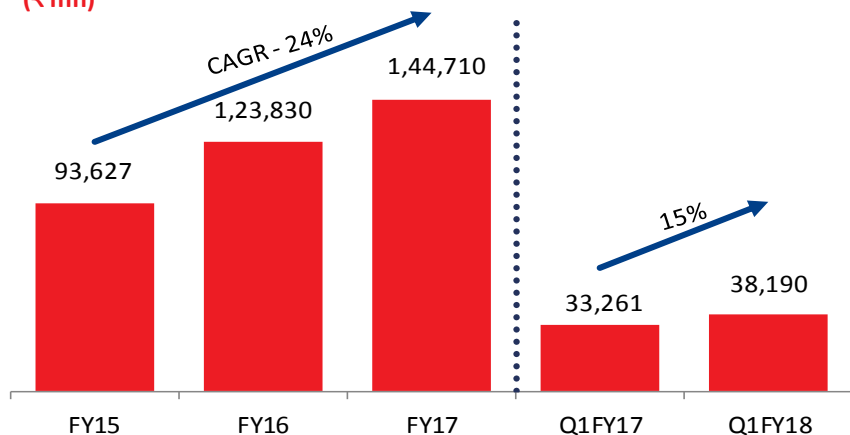
Portfolio – Product wise



Vehicle Finance - Financial Summary

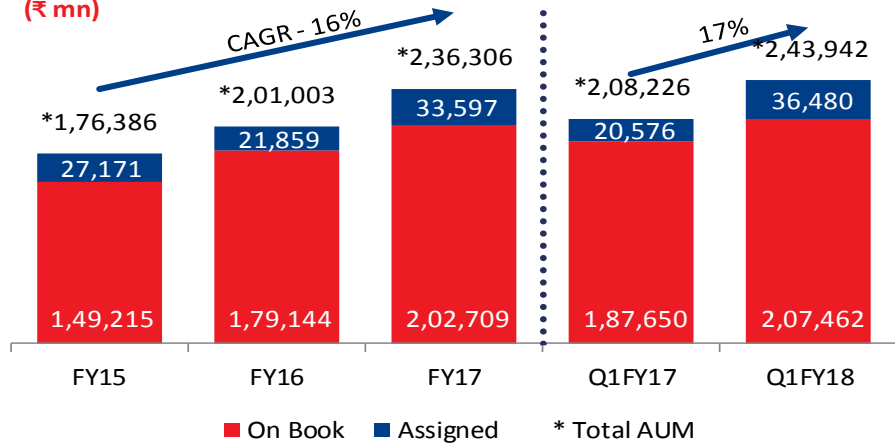
Disbursements

(₹ mn)



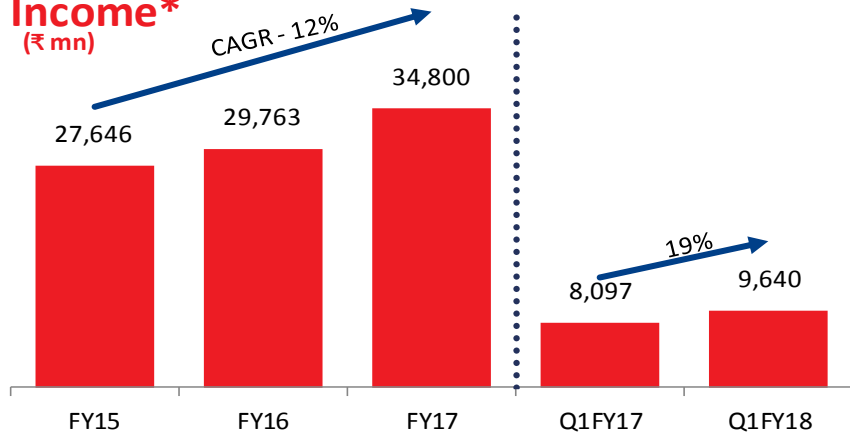
Assets Under Management

(₹ mn)



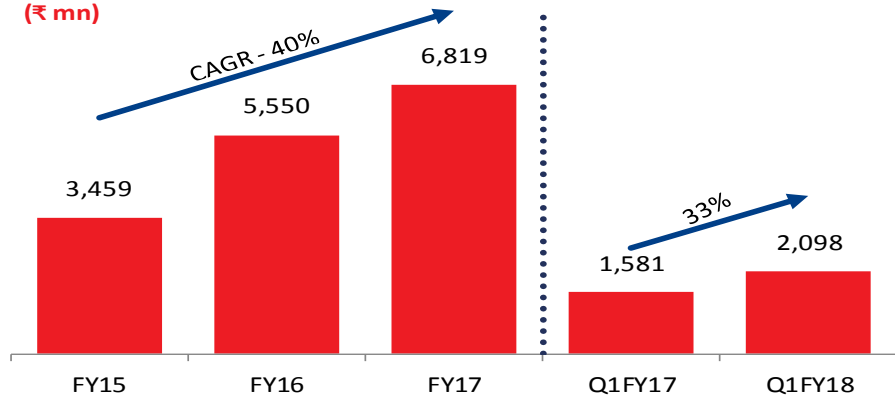
Income*

(₹ mn)



Profit Before Tax

(₹ mn)

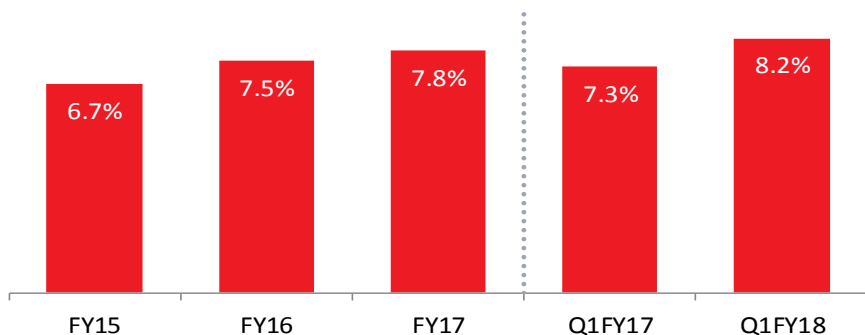


- net off Business origination and Outsource cost.
- **Note:** PBT is after considering additional provisions as follows:

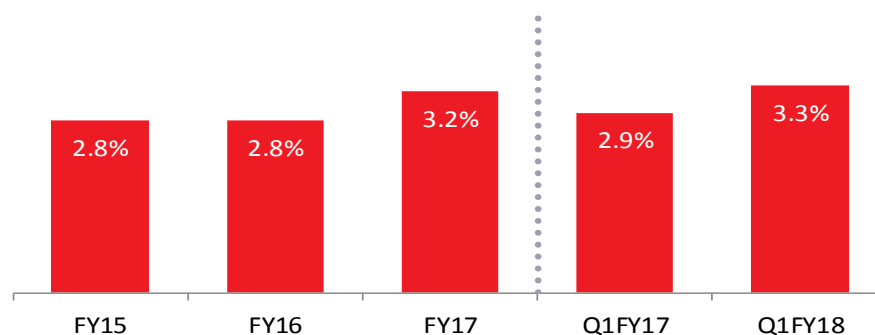
	FY15	FY16	FY17
• Provision for Loan Loss -	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%
AUM is Net of provisions.			

Vehicle Finance - Financial Summary (Cont'd)

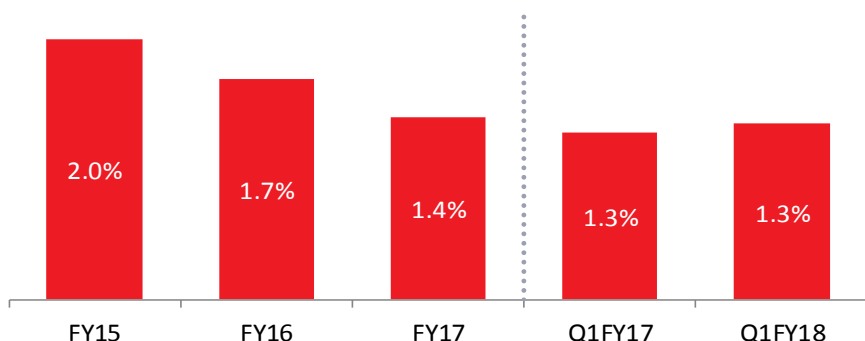
Net Income Margin (A)*
(Operating Income - Finance Charges)



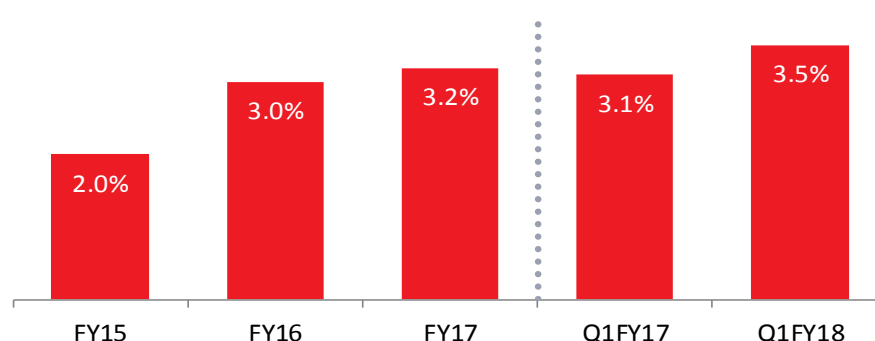
Expense Ratio (B)



Losses and Provisions (C)



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



* net off Business origination and Outsource cost.

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

	FY15	FY16	FY17
• Provision for Loan Loss -	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%



Home Equity



Home Equity - Overview



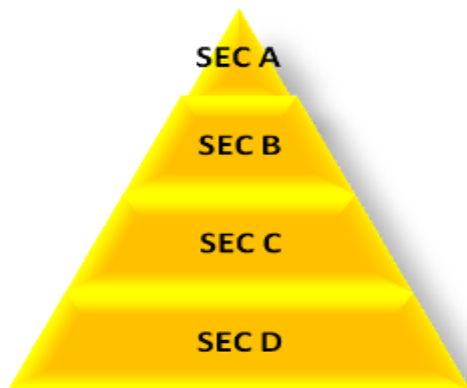
Asset Class

- Self Occupied Residential Property
- Long tenor loans serviced across 134 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

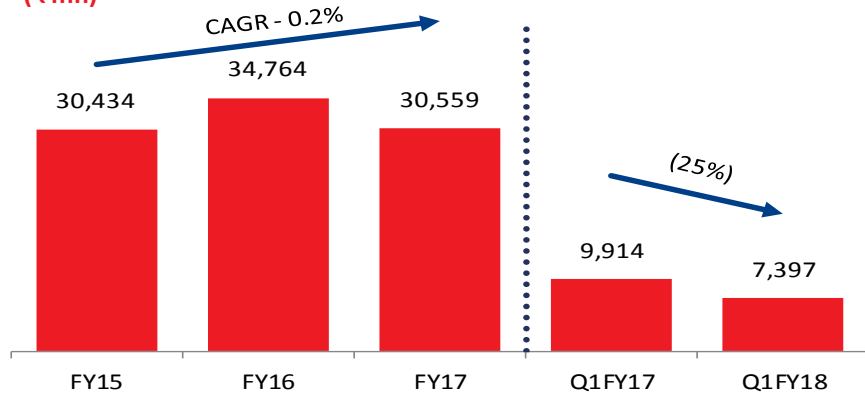
- Separate verticals for sales, credit & collections
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions



Home Equity - Financial Summary

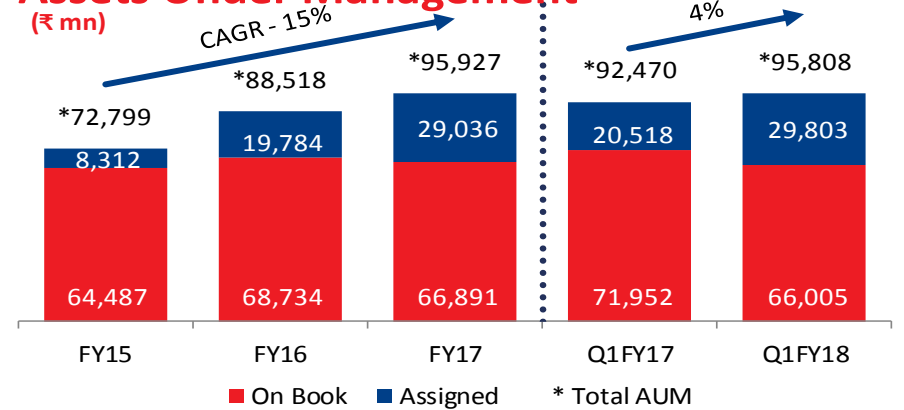
Disbursements

(₹ mn)



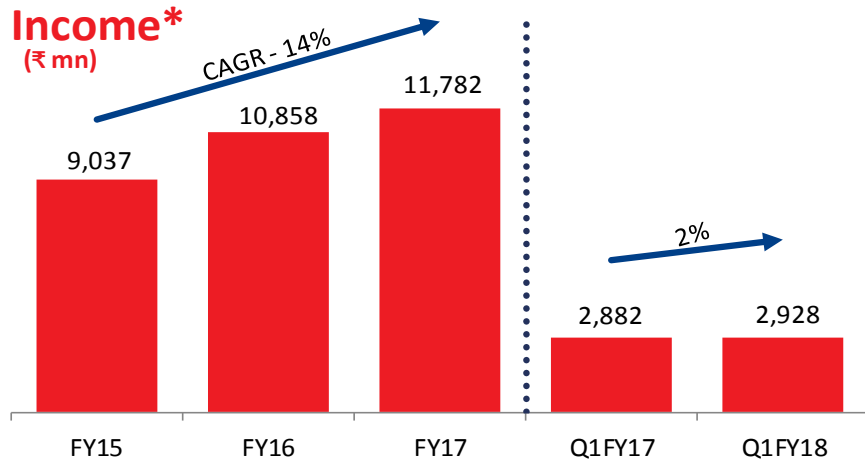
Assets Under Management

(₹ mn)



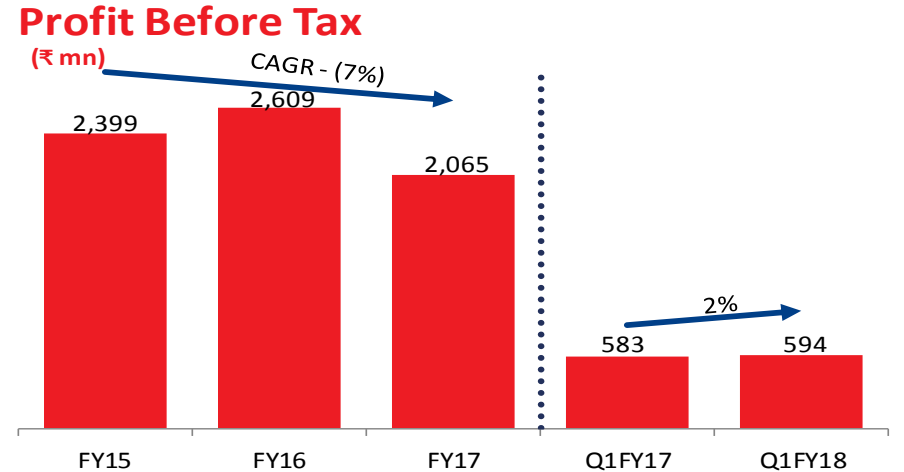
Income*

(₹ mn)



Profit Before Tax

(₹ mn)



* net off Business origination and Outsource cost.

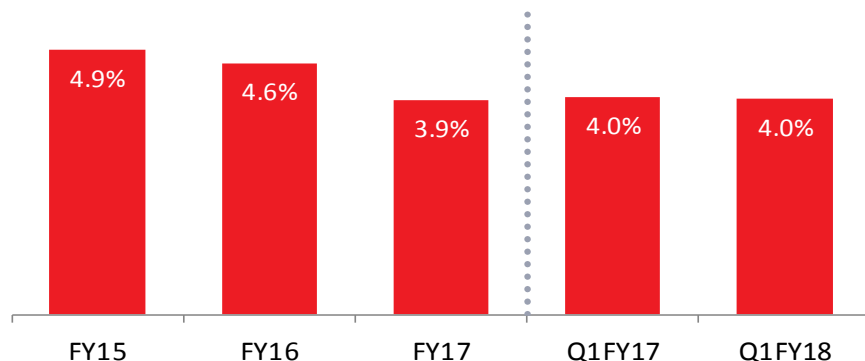
Note: PBT is after considering additional provisions as follows:

	FY15	FY16	FY17
• Provision for Loan Loss -	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%

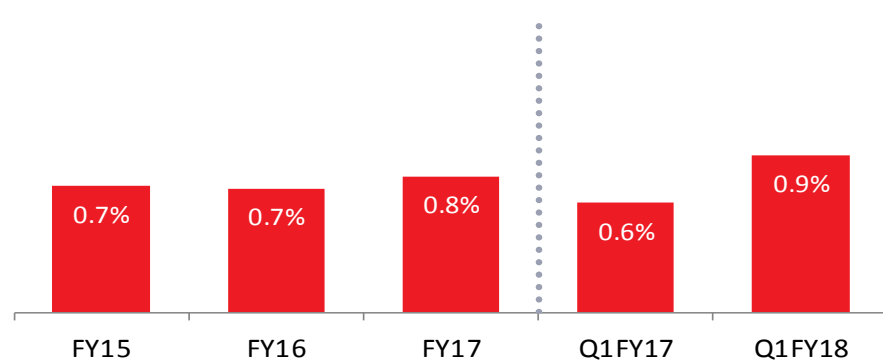
AUM is Net of provisions.

Home Equity - Financial Summary (Cont'd)

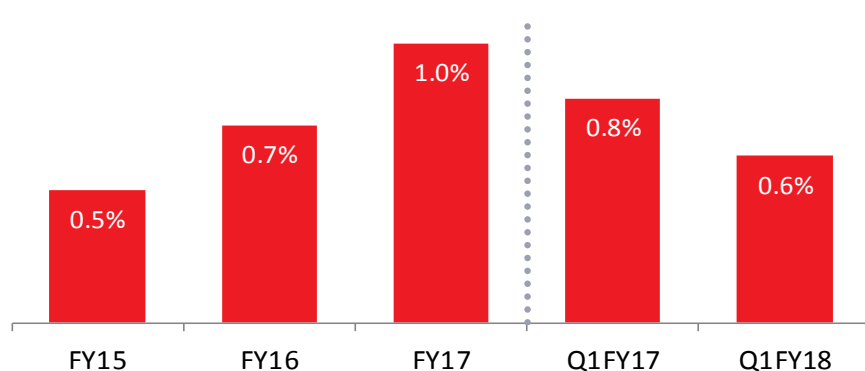
Net Income Margin (A)*
(Operating Income - Finance Charges)



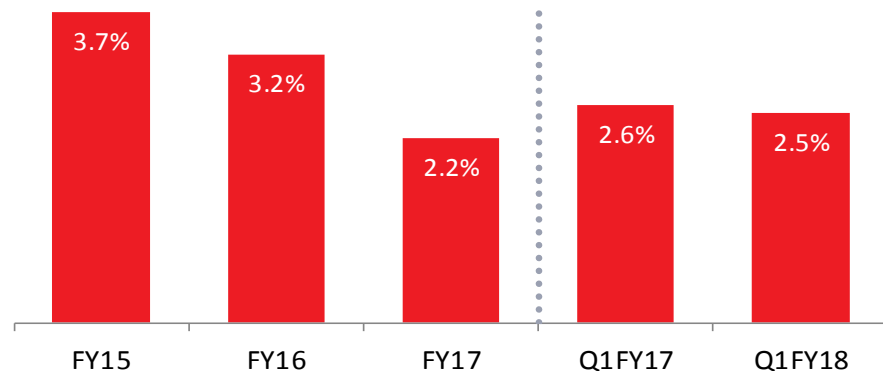
Expense Ratio (B)



Losses and Provisions (C)



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



* net off Business origination and Outsource cost.

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

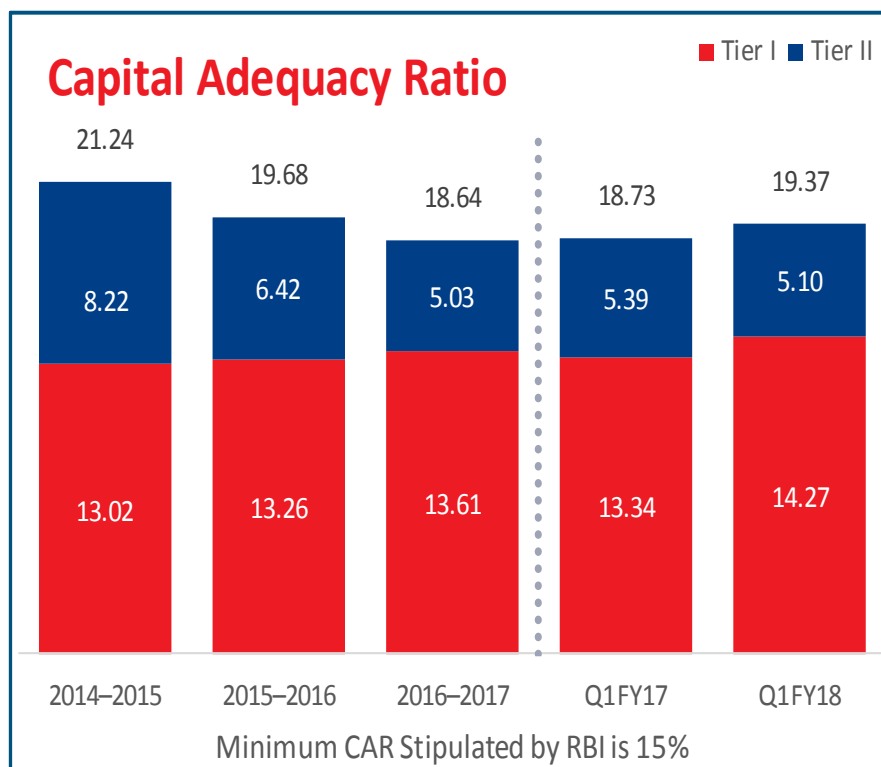
	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>
• Provision for Loan Loss -	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%



Funding Profile



CAR, Credit Rating and ALM Statement



ALM Statement as on Jun 2017

₹ mn

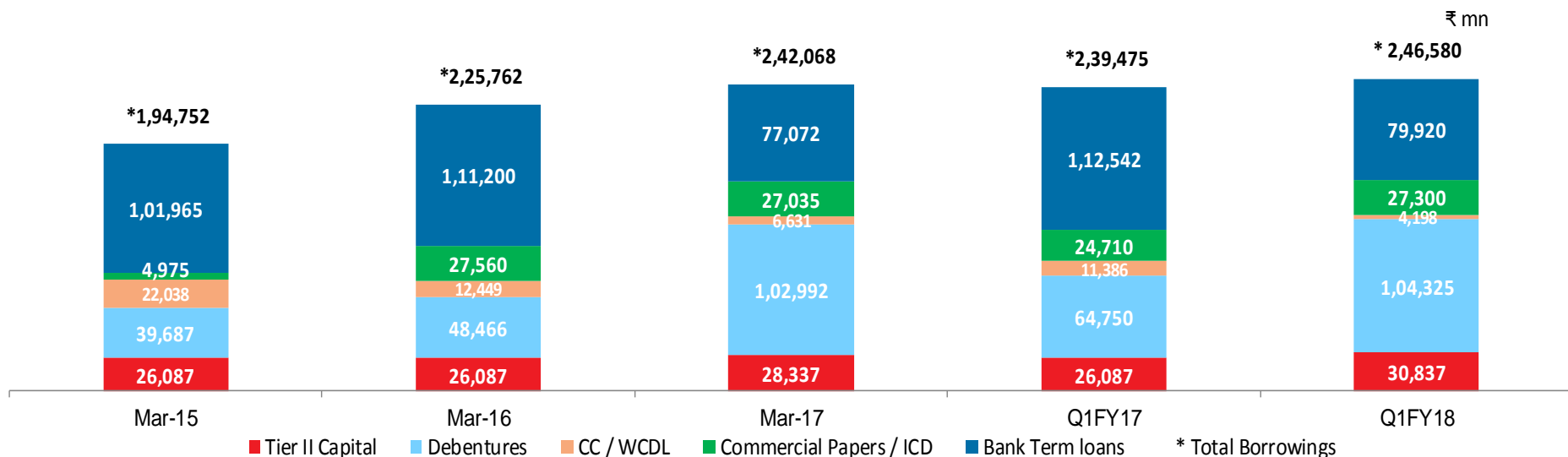
Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	7,135	8,155	1,019	1,019
15-30/31 Days	7,521	8,874	1,354	2,373
Over 1-2 Months	10,462	9,303	(1,159)	1,214
Over 2-3 Months	12,565	11,990	(575)	639
Over 3-6 Months	18,354	21,954	3,601	4,239
Over 6 Months to 1 Year	57,225	55,616	(1,610)	2,629
Over 1-3 Years	1,22,833	1,26,437	3,604	6,234
Over 3-5 Years	11,127	29,042	17,915	24,149
Over 5 Years	14,903	34,819	19,917	44,066
Over 20 Years	45,232	1,167	(44,066)	-
Total	3,07,356	3,07,356	-	-

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-15	Mar-16	Mar-17	Q1 FY17	Q1 FY18
Bank Term Loans	52%	49%	32%	47%	32%
Commercial papers/ ICD	3%	12%	11%	10%	11%
CC/WCDL	11%	6%	3%	5%	2%
Debentures	21%	21%	42%	27%	42%
Tier II Capital	13%	12%	12%	11%	13%

- Consistent investment grade rating of debt instruments since inception
- Long term relationships with banks ensured continued lending
- A consortium of 20 banks with tied-up limits of ₹ 38,500 mn



Business Enablers



Technology

Overview:

Digitization has been the core focus for the technology function across mobility, analytics, applications and infrastructure domains. The organization strongly believes that digital technology would be an integral component for business growth.

We adopt a hybrid technology model that allows us to use best of breed vendor platforms coupled with custom-developed solutions.

Core infrastructure has been enhanced to a more resilient architecture, enabling the solutions to handle some of the highest loads ever seen in the history of the company.

Mobility

With Project LEAP, a Tab based solution has been deployed to over 8500 of our field force - enhancing customer experience and improving operational excellence. Optimal resource utilization and improved TAT has also been achieved with a LEAN before digitize approach.

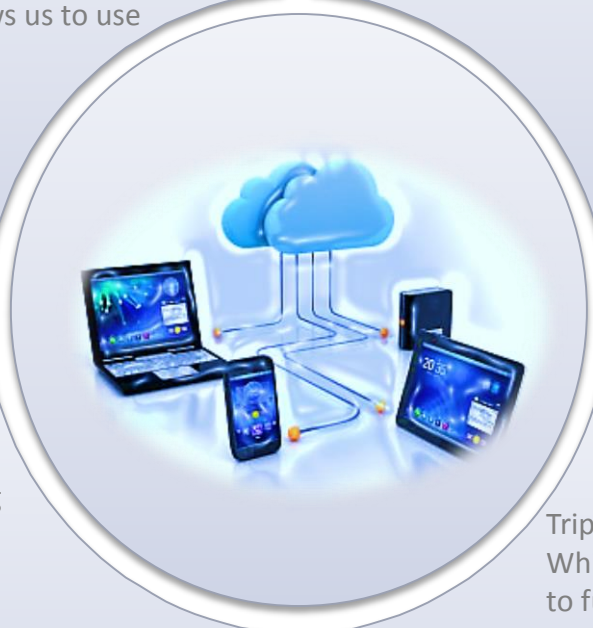
Our mobile application for customers provides 'PayNow' facility to help carry out NEFT/RTGS/Debit Card based payments. POS devices were also deployed across our branches, reinforcing our commitment to Government's digital transaction push.

Applications

The core lending platform (FinnOne) was upgraded to Version 3.12. Similarly, the accounting platform (Oracle Financials) was upgraded to version 12.2.3. The underlying technology stack has also been upgraded suitably.

Analytics

A new MIS solution was launched that delivers better insight into business and financial performance. Intuitive data visualization along with ability to drill down to branch level performance enables us to drive more focused growth.



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

Trip loan product was launched in association with White Data Systems. The platform provides option to fund the working capital needs of the transporter.

GaadiBazaar, a mobile platform for brokers to list used cars and participate in auctions, was launched - deepening broker relations while helping to realize better value for used vehicles.

Vishesh- Revolving credit solution based on prepaid card model has been launched to meet the additional financial needs of the customers.

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..)

- Post sanction monitoring helps to identify portfolio trends and implement necessary policy changes
 - 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
- Institutionalized formal Risk Reporting framework – Chola Composite Risk index highlights the top risks which is reviewed by RMC (quarterly) and Sr. Management (monthly) to understand the level of risk and act upon suitably.
- Robust automated credit underwriting process includes detailed risk assessment of the borrowers.



Internal Control Systems

- 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
- Independent fraud control unit ensures robust mechanism of fraud control & detection supported by a disciplinary committee reporting to Audit Committee and Board
- Monthly ALCO meeting to discuss treasury related risk exposures within the financial risk management framework of the Company



Financial Performance



Profit and Loss Account

Particulars	₹ mn				
	FY15	FY16	FY17	Q1FY17	Q1FY18
Disbursements	1,28,076	1,63,803	1,85,913	45,608	48,530
Operating Income*	35,042	39,679	44,819	10,513	11,835
Finance Charges	19,604	20,508	22,308	5,481	5,410
Net Income Margin	15,438	19,171	22,511	5,032	6,425
Expenses	5,619	6,191	8,349	1,692	2,263
Loan Losses and Std Assets Prov	3,247	4,272	3,106	804	981
Profit Before Tax	6,572	8,708	11,056	2,537	3,181
Taxes	2,221	3,023	3,868	880	1,115
Profit After Tax	4,352	5,685	7,187	1,657	2,066
Key Income Ratios					
NIM to Income	44.1%	48.3%	50.2%	47.9%	54.3%
Optg Exp to Income	16.0%	15.6%	18.6%	16.1%	19.1%
Optg Exp to Net Income Margin	36.4%	32.3%	37.1%	33.6%	35.2%
ROTA-PBT	3.0%	3.6%	3.9%	3.8%	4.4%
ROTA-PAT	2.0%	2.3%	2.6%	2.5%	2.8%

* net off Business origination and Outsource cost

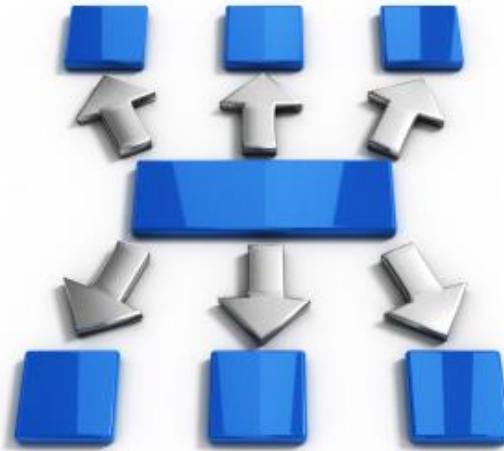
Note: Losses & Provisions, PBT, PAT & ROTA are after considering additional provisions as follows:

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>
• Provision for Loan Loss -	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%
• Addl Provision (for 3 months overdue)-	-	54 Cr.	

Balance Sheet

₹ mn

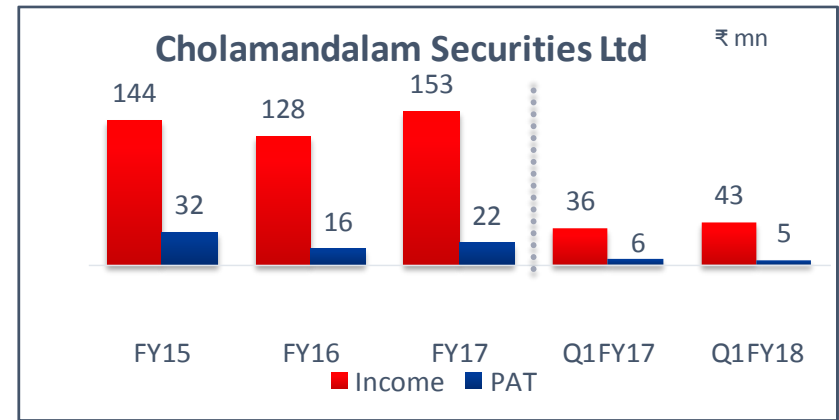
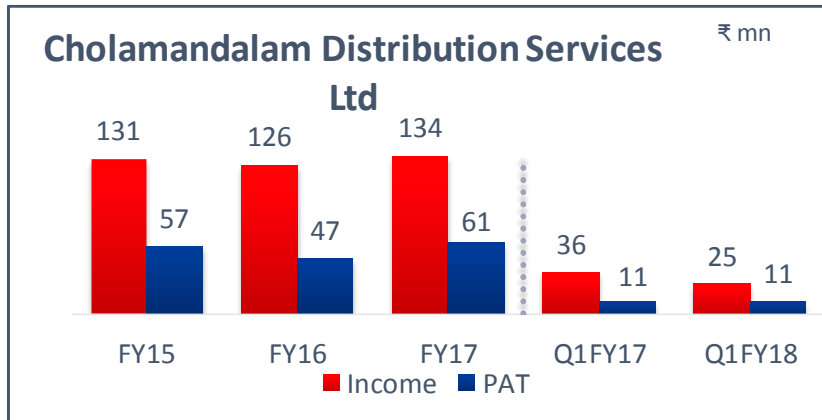
Particulars	Mar-15	Mar-16	Mar-17	Jun-16	Jun-17
Equity and Liabilities					
Shareholders' Funds	31,733	36,574	43,129	38,239	45,195
Current Liabilities	78,892	1,27,214	1,05,206	1,25,328	1,18,361
Non-current Liabilities	1,28,106	1,15,095	1,58,877	1,32,491	1,49,086
Total	2,38,732	2,78,883	3,07,211	2,96,058	3,12,642
Assets					
Non-current Assets					
Fixed Assets	683	1,113	1,401	1,281	1,381
Non-current Investments	602	647	1,924	647	2,193
Deferred Tax Asset (Net)	1,836	2,815	3,152	2,925	3,278
Receivable under Financing Activity	1,54,680	1,81,877	1,99,400	1,90,684	2,02,936
Other Non-current Assets & Loans and Advances	6,678	5,157	6,588	5,202	6,555
	1,64,479	1,91,608	2,12,464	2,00,738	2,16,343
Current Assets					
Current Investments	73	19	461	11	611
Cash and Bank Balances	3,407	4,905	4,870	6,214	5,106
Receivable under Financing Activity	67,156	77,225	84,753	81,034	86,301
Other Current Assets & Loans and Advances	3,618	5,126	4,664	8,061	4,281
	74,253	87,275	94,747	95,320	96,299
Total	2,38,732	2,78,883	3,07,211	2,96,058	3,12,642
De-recognised Assets	35,482	41,643	62,633	41,094	66,283
Total Assets Under Management	2,74,215	3,20,526	3,69,845	3,37,151	3,78,925



Subsidiaries

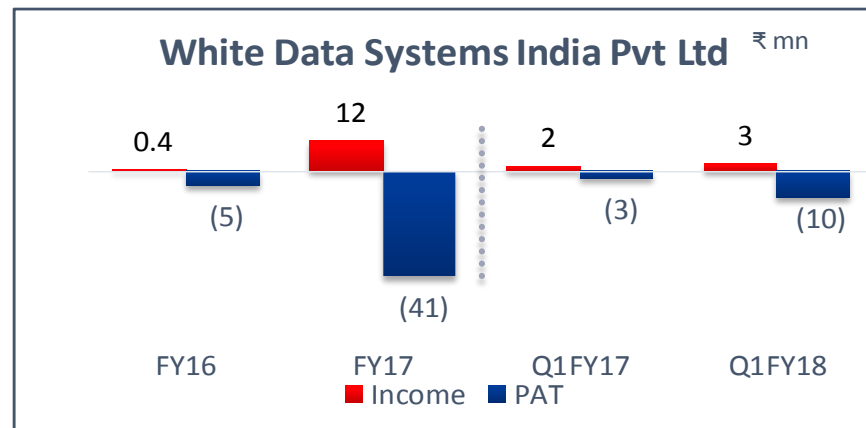


Subsidiaries



- 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.

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



- Freight aggregating business

NPA Provisioning Standards

RBI Norms

3 to 14.99 Months – 10%
15 to 26.99 Months – 20%
27 to 50.99 Months – 30%
Above 51 Months – 50%

Vehicle Finance

VF Prime, CE

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

Older Vehicles

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

Tractor

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

Two Wheelers

3 to 4.99 Months – 50%
5 to 5.99 Months – 70%
Above 6 Months – 100%

Home Equity

Home Equity & Home Loan

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

Other Products

Rural Finance & Unsecured Loans

3 to 5.99 Months – 10%
6 to 8.99 Months – 33.33%
9 to 11.99 Months – 66.67%
Above 12 Months – 100%

Business Finance

3 to 5.99 Months – 10%
6 to 23.99 Months – 25%
24 to 35.99 Months – 50%
Above 36 Months – 100%

Contact Us

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Thank You



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