



**Cholamandalam Investment and Finance Company Limited**

**Corporate Presentation – March 2017**



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**Chola**  
*Enter a better life*



## **CORPORATE OVERVIEW**



**murugappa**

# 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 ₹ 151bn<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 ₹ 370 bn as of Mar 2017 with Net NPA of \*3.2% and a healthy RoA of 3.9%
- Operating income CAGR of 13% over FY13 to FY17

4

## Diversified Footprint

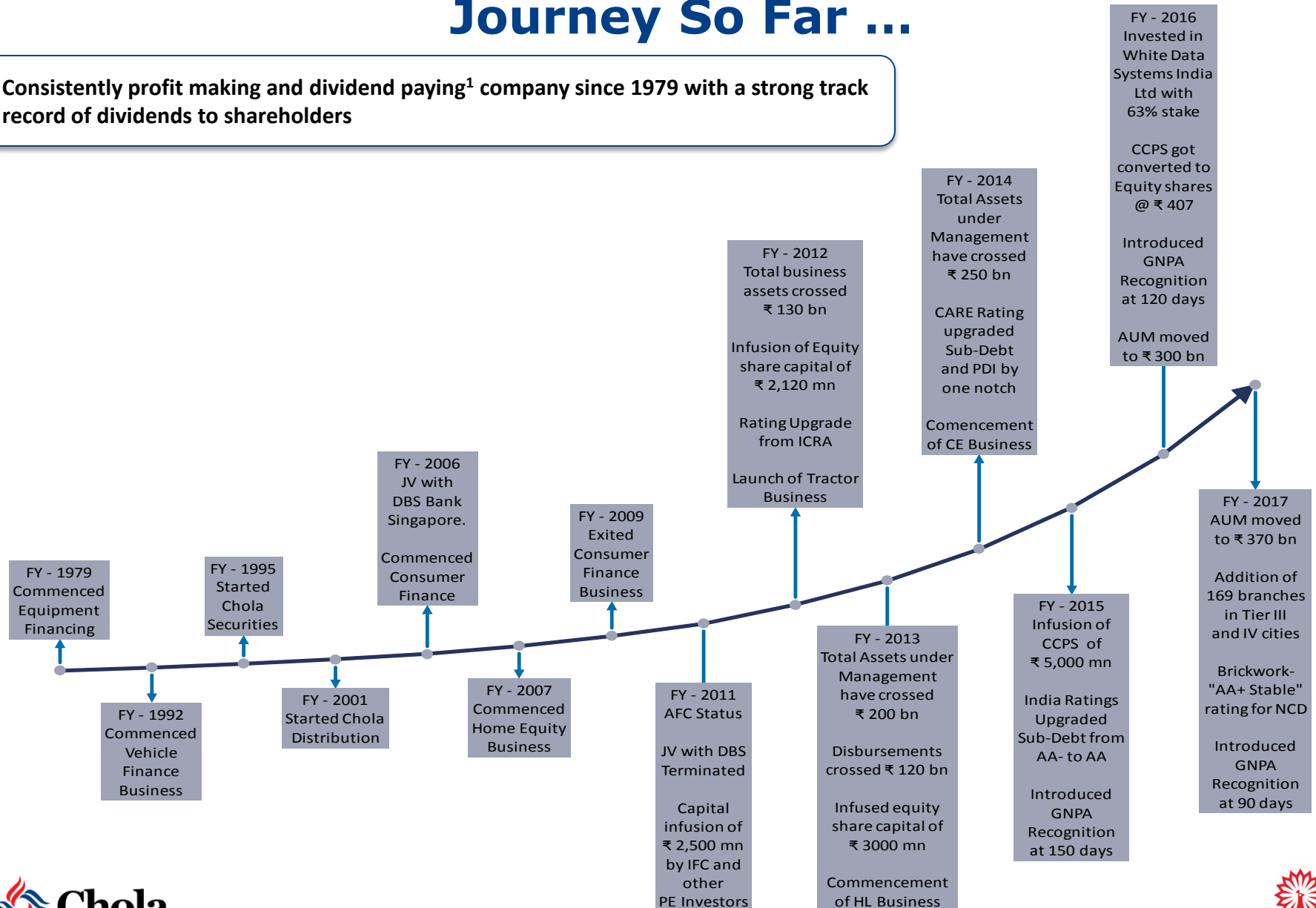
- Operates from 703 branches across 25 states and 90% presence across Tier III, IV, V, and VI towns
- One of the leading NBFCs in rural / semi urban areas

1. Market data as on 31<sup>st</sup> Mar 2017. Source: BSE

\* 90 days


# Journey So Far ...

Consistently profit making and dividend paying<sup>1</sup> 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
 <b>Chola</b> <i>Enter a better life</i>	<ul style="list-style-type: none"> <li>₹ 1,50,722 mn (US\$ 2,325 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>
 <b>INDIA</b>	<ul style="list-style-type: none"> <li>₹ 1,14,749mn (US\$ 1,770mn)</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>
 <b>Coromandel</b>	<ul style="list-style-type: none"> <li>₹ 91,234 mn (US\$ 1,407 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>
 <b>CUMI</b>	<ul style="list-style-type: none"> <li>₹ 54,900 mn (US\$ 847 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>
 <b>PARRYS</b>	<ul style="list-style-type: none"> <li>₹ 49,839 mn (US\$ 769 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>
 <b>Chola MS</b> GENERAL INSURANCE	<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 31<sup>st</sup> Mar 2017. Source: BSE and Conversion Rate of 1USD = Rs.64.8386 as on 31<sup>st</sup> Mar 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 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.

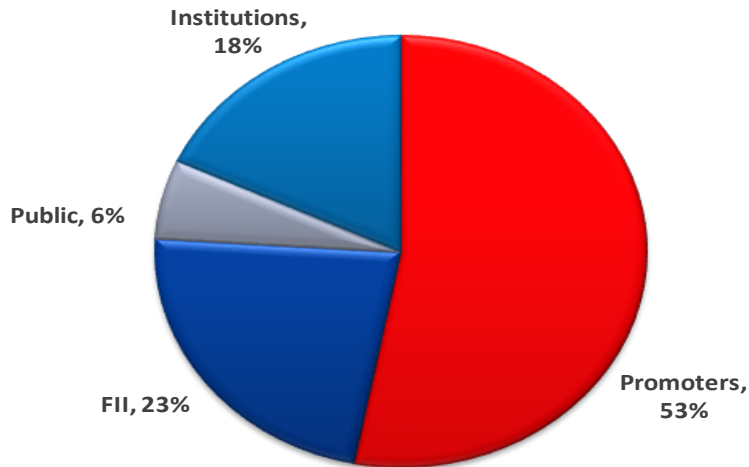


## **Ms. Bharati Rao – Independent Director**

- 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.

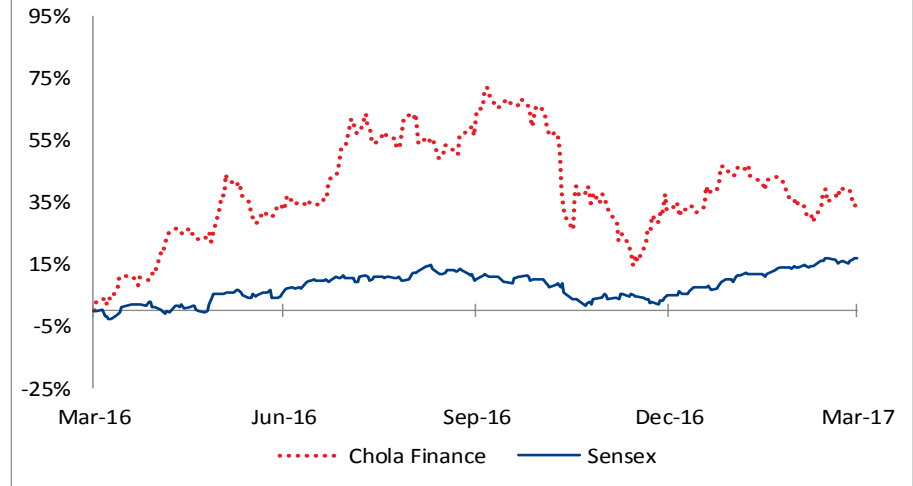
# Corporate Overview

## Shareholding Pattern



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

## Chola Finance - Share Price Growth



	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17
Chola Finance (₹/share)	713	946	1,176	945	964
BSE Sensex	25,342	27,000	27,866	26,626	29,621

Investor Ratios	FY14	FY15	FY16	FY17
Earnings Per share (₹)	25	30	38	46
Book value per share (₹)	160	203	234	276
Market price per share (₹)	288	588	713	964
Market capitalisation (₹ mn)	41,253	84,420	1,11,402	1,50,722
Price to Earnings (P/E) Ratio	11.3	19.5	19.0	21.0
Price to Book Value (P/BV)	1.8	2.9	3.0	3.5

- \* EPS is annualised
- Market price and Market Capitalisation based on share price as on 31<sup>st</sup> Mar 2017

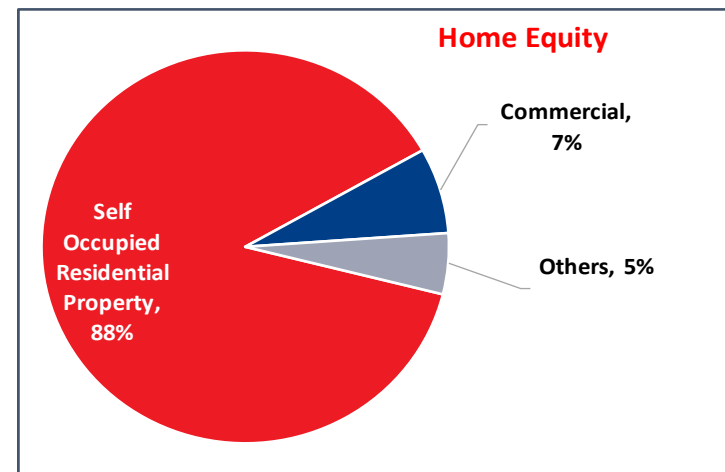
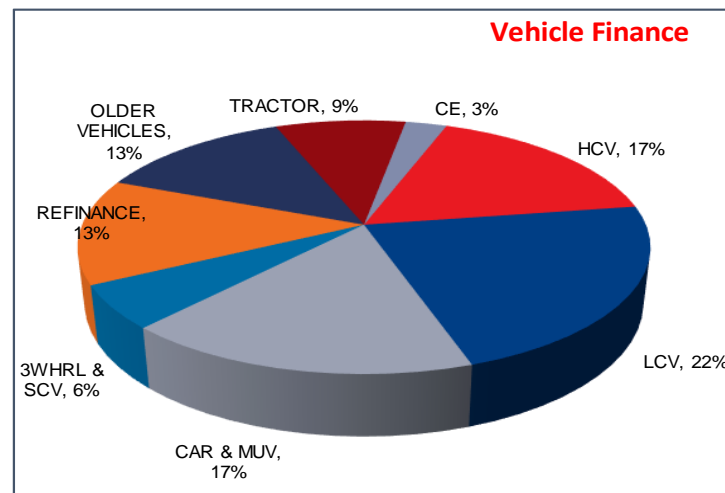
# Corporate Overview

## Business Segments Overview

AUM * (₹ mn)	FY14	FY15	FY16	FY17	YoY Growth
<b>Vehicle Finance</b>					
On Book	1,41,787	1,49,215	1,79,144	2,02,709	13%
Assigned	28,857	27,171	21,859	33,597	54%
<b>Managed Assets</b>	<b>1,70,645</b>	<b>1,76,386</b>	<b>2,01,003</b>	<b>2,36,306</b>	<b>18%</b>
% of Total	73%	69%	68%	69%	
<b>Home Equity</b>					
On Book	46,588	64,487	68,734	66,891	-3%
Assigned	12,016	8,312	19,784	29,036	47%
<b>Managed Assets</b>	<b>58,604</b>	<b>72,799</b>	<b>88,518</b>	<b>95,927</b>	<b>8%</b>
% of Total	25%	29%	30%	28%	
<b>Others</b>					
On Book	3,285	5,340	6,983	9,437	35%
Assigned	-	-	-	-	0%
<b>Managed Assets</b>	<b>3,285</b>	<b>5,340</b>	<b>6,983</b>	<b>9,437</b>	<b>35%</b>
% of Total	1%	2%	2%	3%	
<b>Total</b>					
On Book	1,91,661	2,19,043	2,54,861	2,79,036	9%
Assigned	40,874	35,482	41,643	62,633	50%
<b>Managed Assets</b>	<b>2,32,534</b>	<b>2,54,525</b>	<b>2,96,504</b>	<b>3,41,670</b>	<b>15%</b>

\* Assets are net of provisions.

## Portfolio Breakup



# COMPANY PERFORMANCE – AT A GLANCE

	FY14	FY15	FY16	FY17	YoY
<b>Disbursements (₹ mn)</b>					<b>Growth</b>
Vehicle Finance	1,01,281	93,627	1,23,830	1,44,710	17%
Home Equity	28,097	30,434	34,764	30,559	-12%
Gold	-	618	-	-	-
MSME	1,371	2,490	3,253	6,663	105%
Home Loans	393	892	1,746	3,247	86%
Agri	-	15	209	734	251%
<b>Total</b>	<b>1,31,142</b>	<b>1,28,076</b>	<b>1,63,803</b>	<b>1,85,913</b>	<b>13%</b>
<b>AUM (₹ mn) *</b>					
On Book	1,91,661	2,19,043	2,54,861	2,79,036	9%
Assigned	40,874	35,482	41,643	62,633	50%
<b>Total</b>	<b>2,32,534</b>	<b>2,54,525</b>	<b>2,96,504</b>	<b>3,41,670</b>	<b>15%</b>
<b>Networth (₹ mn)</b>					
Equity Share Capital	1,433	1,437	1,562	1,563	0%
Reserves and Surplus ^	21,514	30,289	35,012	41,565	19%
<b>Total</b>	<b>22,947</b>	<b>31,727</b>	<b>36,574</b>	<b>43,129</b>	<b>18%</b>
<b>Profitability (₹ mn)</b>					
Gross Income	32,628	36,912	41,937	46,603	11%
NIM	14,918	17,308	21,429	24,295	13%
PBT	5,502	6,572	8,708	11,056	27%
PAT	3,640	4,352	5,685	7,187	26%
<b>Asset Ratios</b>					
Gross Yield	16.8%	16.9%	17.1%	16.5%	
NIM	7.7%	7.9%	8.7%	8.6%	
Expenses	3.4%	3.4%	3.4%	3.6%	
Losses and Provisions	1.5%	1.5%	1.7%	1.1%	
ROTA (PBT)	2.8%	3.0%	3.6%	3.9%	
ROTA (PAT)	1.9%	2.0%	2.3%	2.6%	

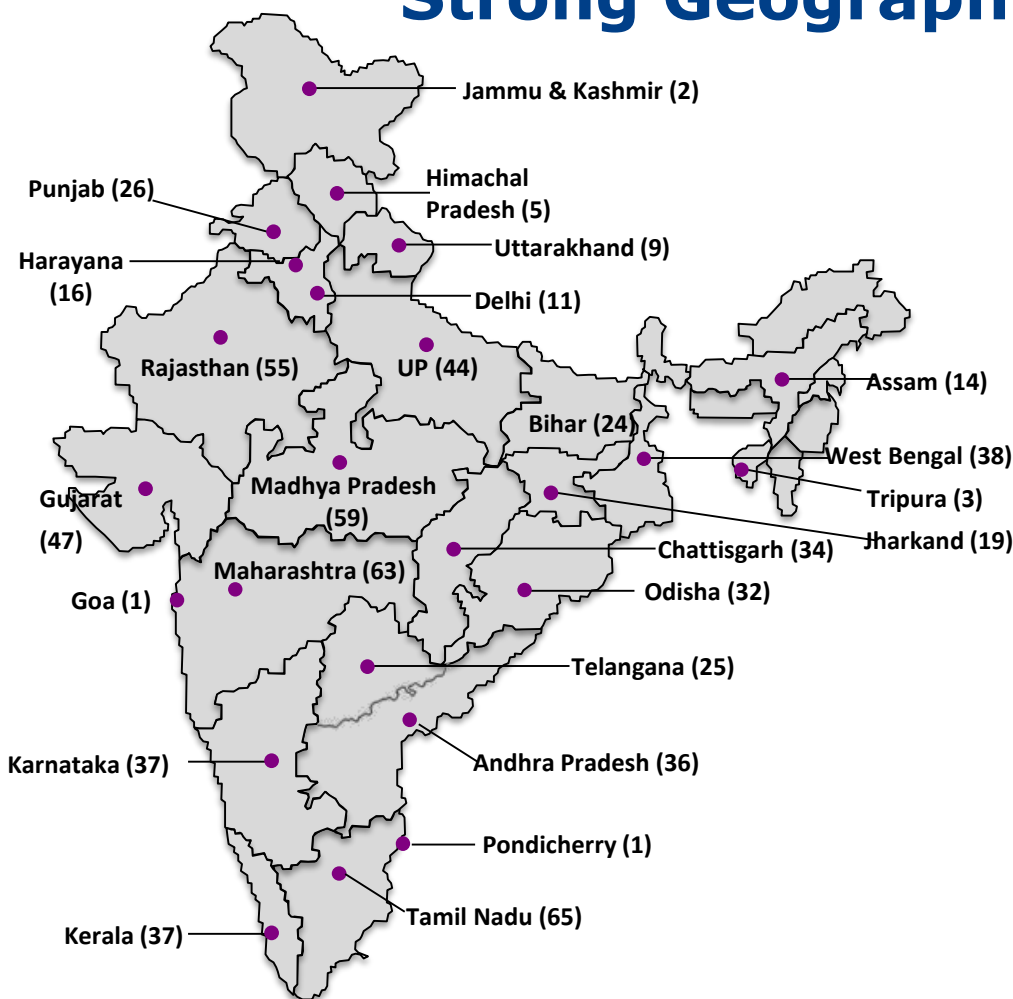
\* AUM refers to Own assets + off balance sheet items which have been securitised/sold on a bilateral assignment basis less provisions.

^ 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:

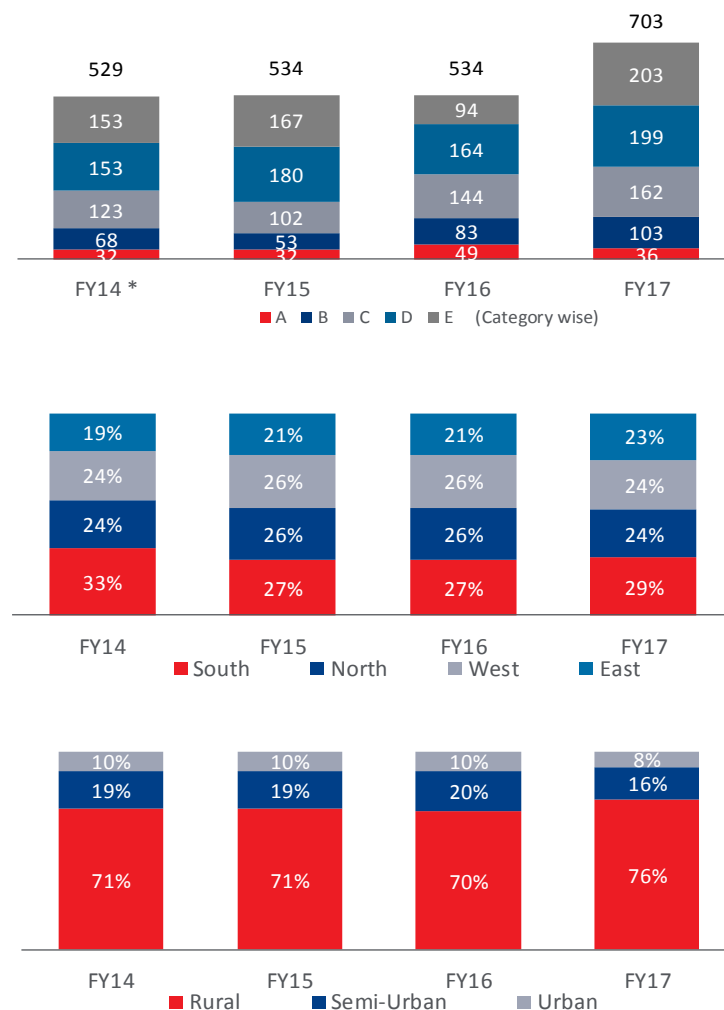
	FY14	FY15	FY16	FY17
• Provision for Loan Loss -	6 months+	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.40%
• Addl Provision (for 3 months overdue) -	-	-	54 Cr.	-

# Strong Geographical Presence



- 703 branches across 25 states/Union territories: 698 VF and 123 HE (118 co-located with VF).
- 86% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns
- Strong Pan India presence

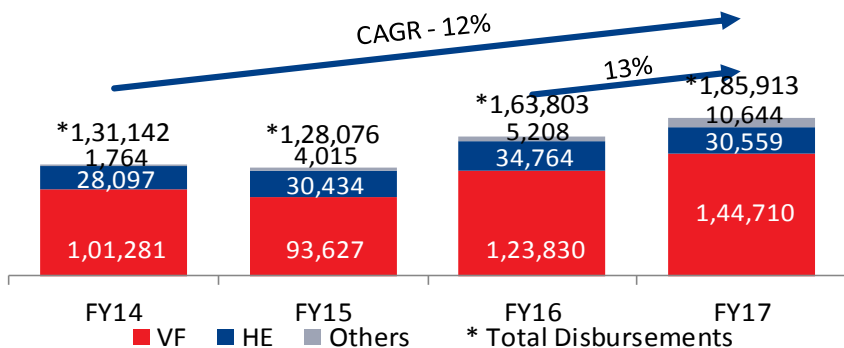
## Branch Network



# Chola - Financial Summary

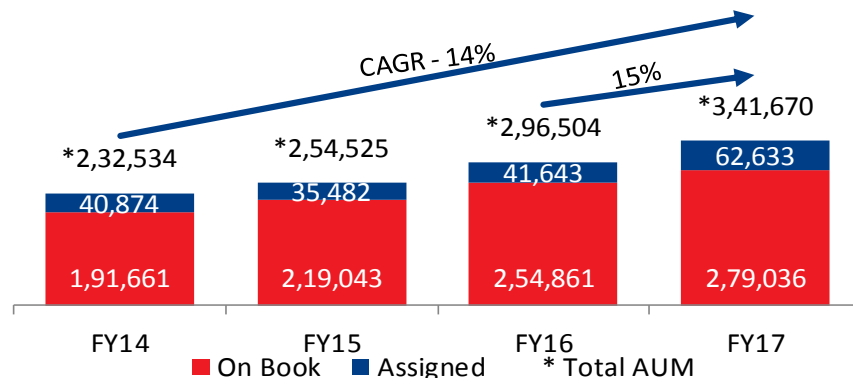
## Disbursements

(₹ mn)



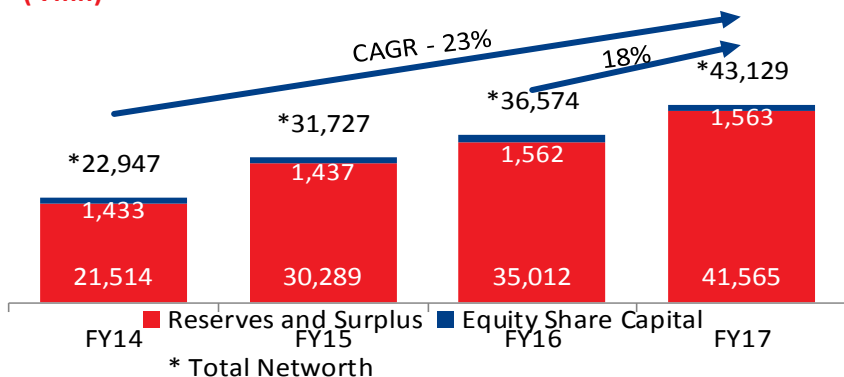
## Assets Under Management

(₹ mn)



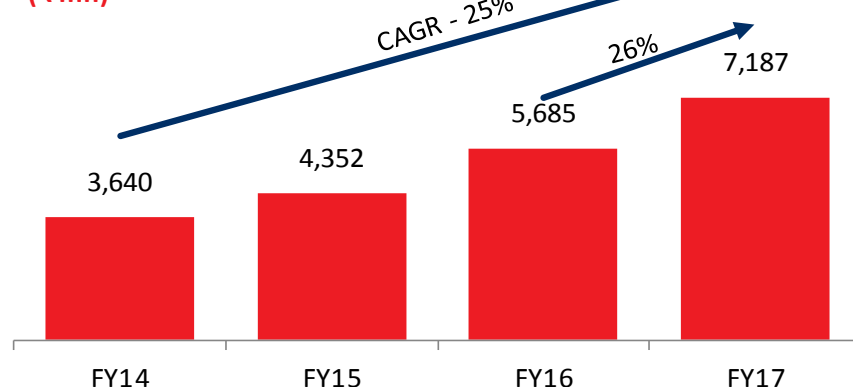
## Networth

(₹ mn)



## Profit After Tax

(₹ mn)



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

- 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.

FY17

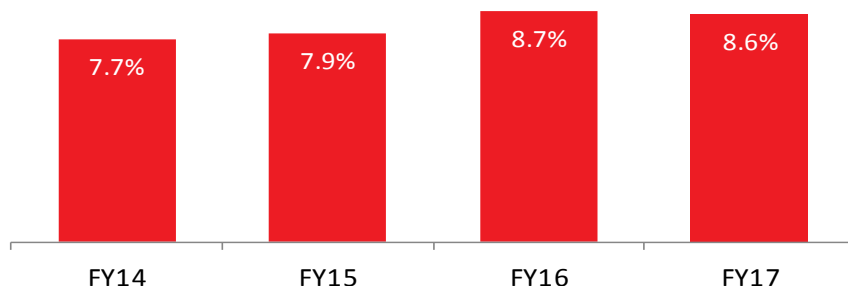
3 months

0.40%

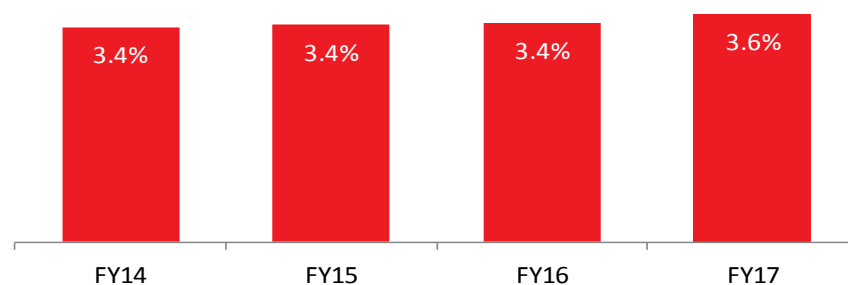
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# Chola - Financial Summary (Cont'd)

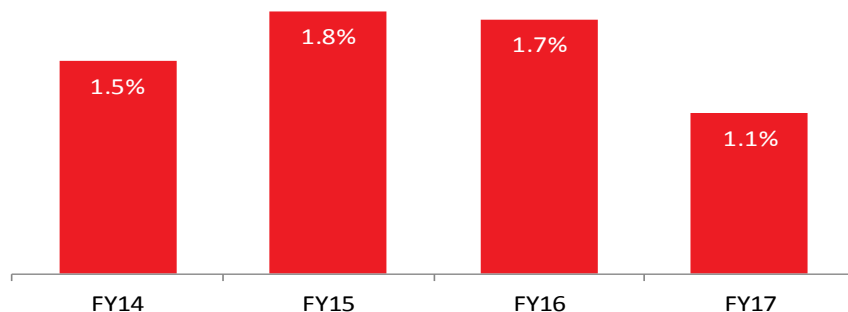
## Net Income Margin (A) (Operating Income - Finance Charges)



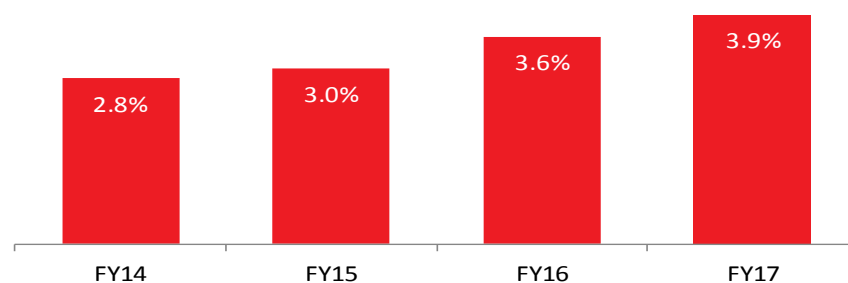
## Expense Ratio (B)



## 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>FY17</u>
• Provision for Loan Loss -	6 months+	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.40%
• Addl Provision (for 3 months overdue) -	-	-	54 Cr.	-

# Performance Highlights – Q4FY17 & FY17

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS\*

ROE\*

Q4-FY17

₹ 52,130 mn

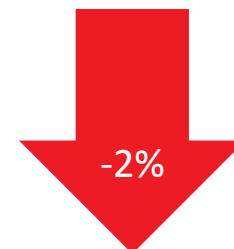
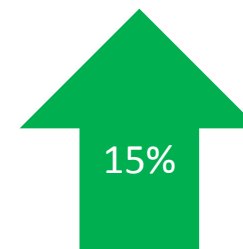
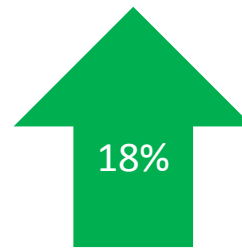
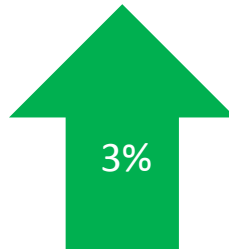
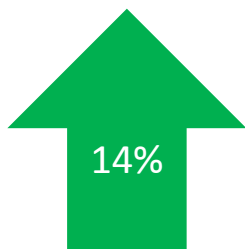
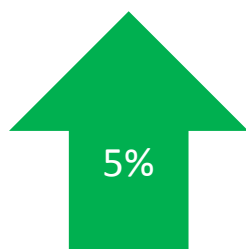
₹ 2,195 mn

4.7%

₹ 276.0

₹ 57.0

21.0%



Q4-FY16

₹ 49,413 mn

₹ 1,920 mn

4.6%

₹ 234.2

₹ 49.3

21.4%

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS\*

ROE\*

FY 17

₹ 1,85,913mn

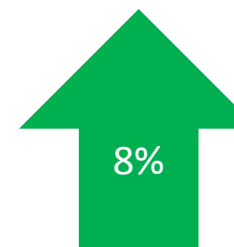
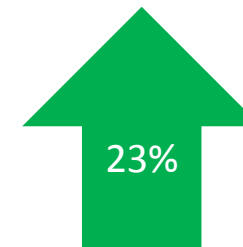
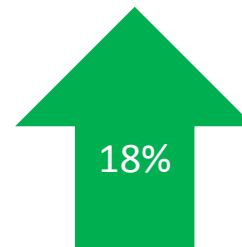
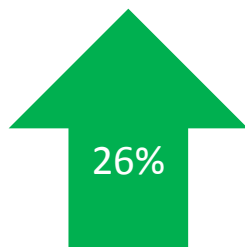
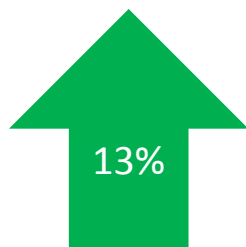
₹ 7,187 mn

3.9%

₹ 276.0

₹ 46.0

18.0%



FY16

₹ 1,63,803 mn

₹ 5,685 mn

3.6%

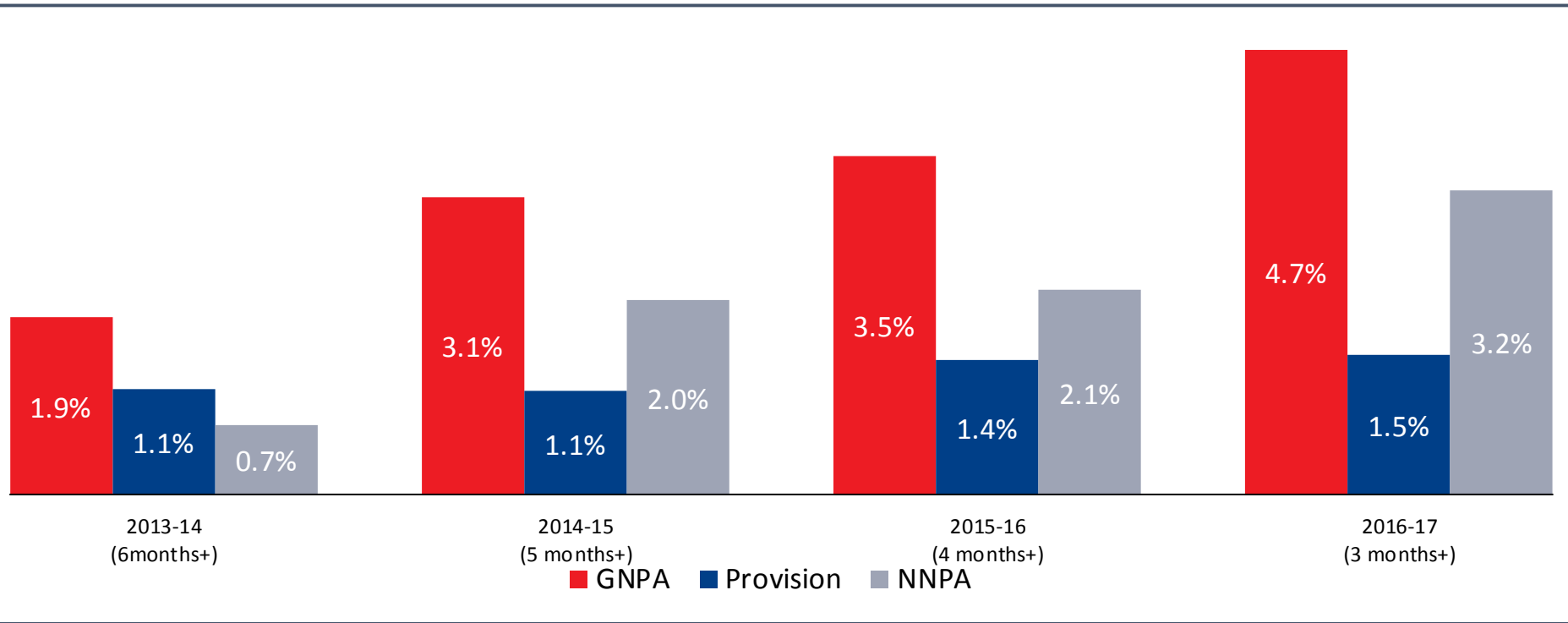
₹ 234.2

₹ 37.5

16.6%



# ASSET QUALITY



## Update: FY 17

### Disbursements

- Disbursement for FY17 stood at Rs. 1,85,913 mn, a growth of 13% YoY.

### PAT

- PAT for FY17 stood at Rs. 7,187 mn, a growth of 26% YoY.

### RoE

- Return on equity at 18.0% in FY17, a growth of 8% YoY.

### AUM

- AUM has crossed Rs.3,70,000 mn

### NPA recognition

- Introduced GNPA recognition at 90 days which is ahead of one year as per RBI regulation

### Branch Expansion

- The company has expanded its network by adding 169 branches in Tier III, IV, V and VI cities

### New Initiative

- Launch of Trip Loan



## BUSINESS OVERVIEW



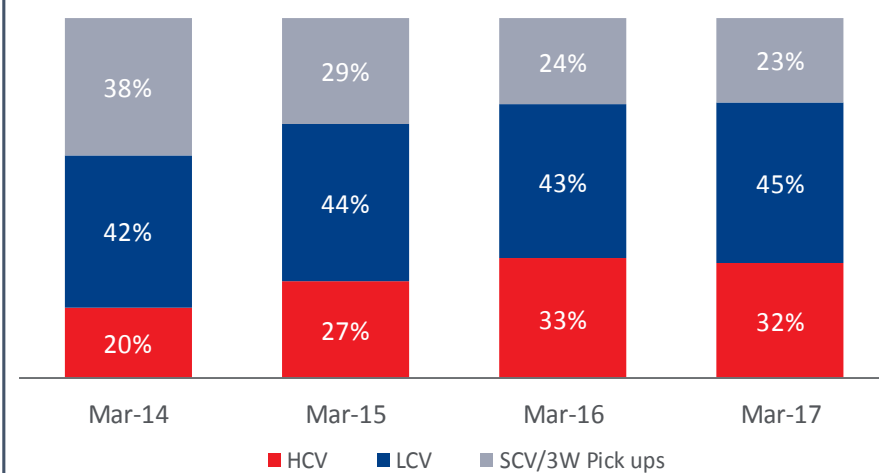


## Vehicle Finance

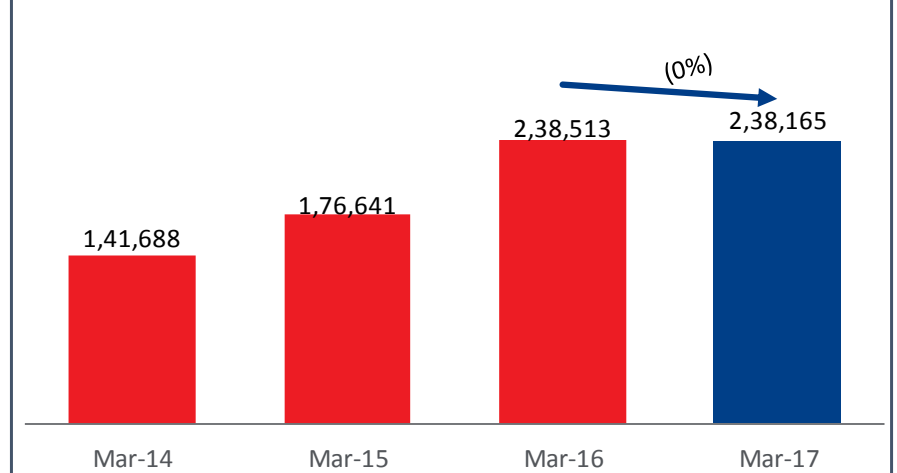


# Vehicle Finance - Industry

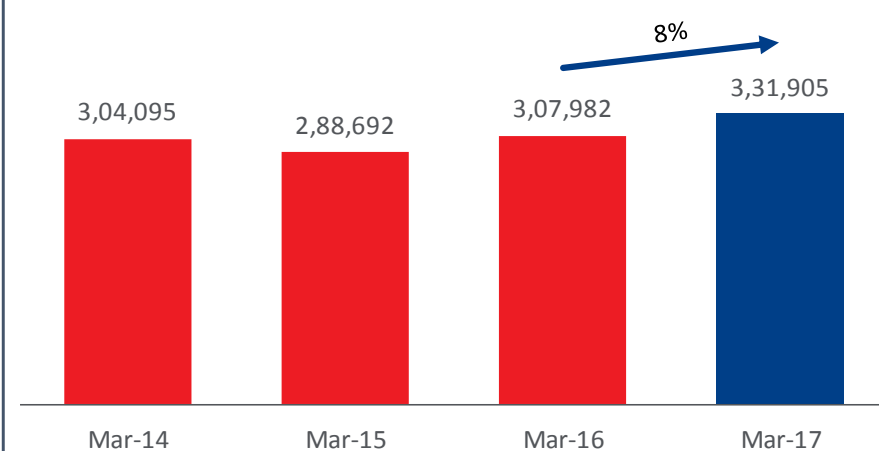
**Overall CV Mix**



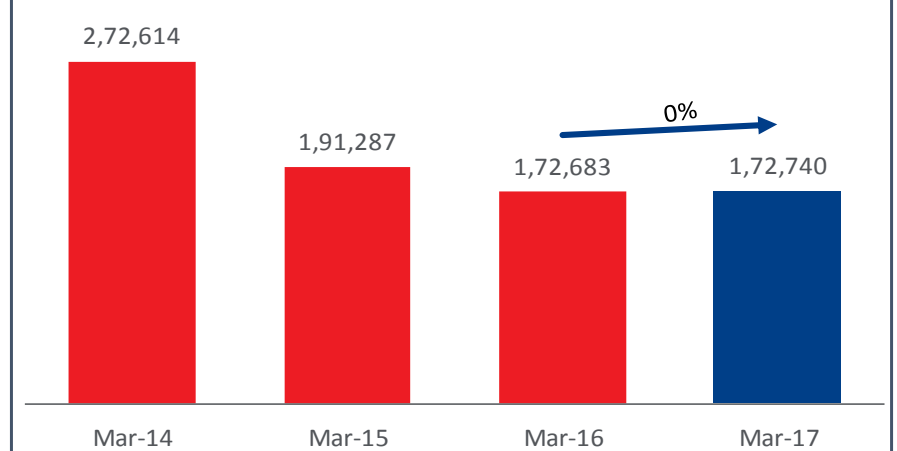
**Trend in Domestic M & HCV Sales**



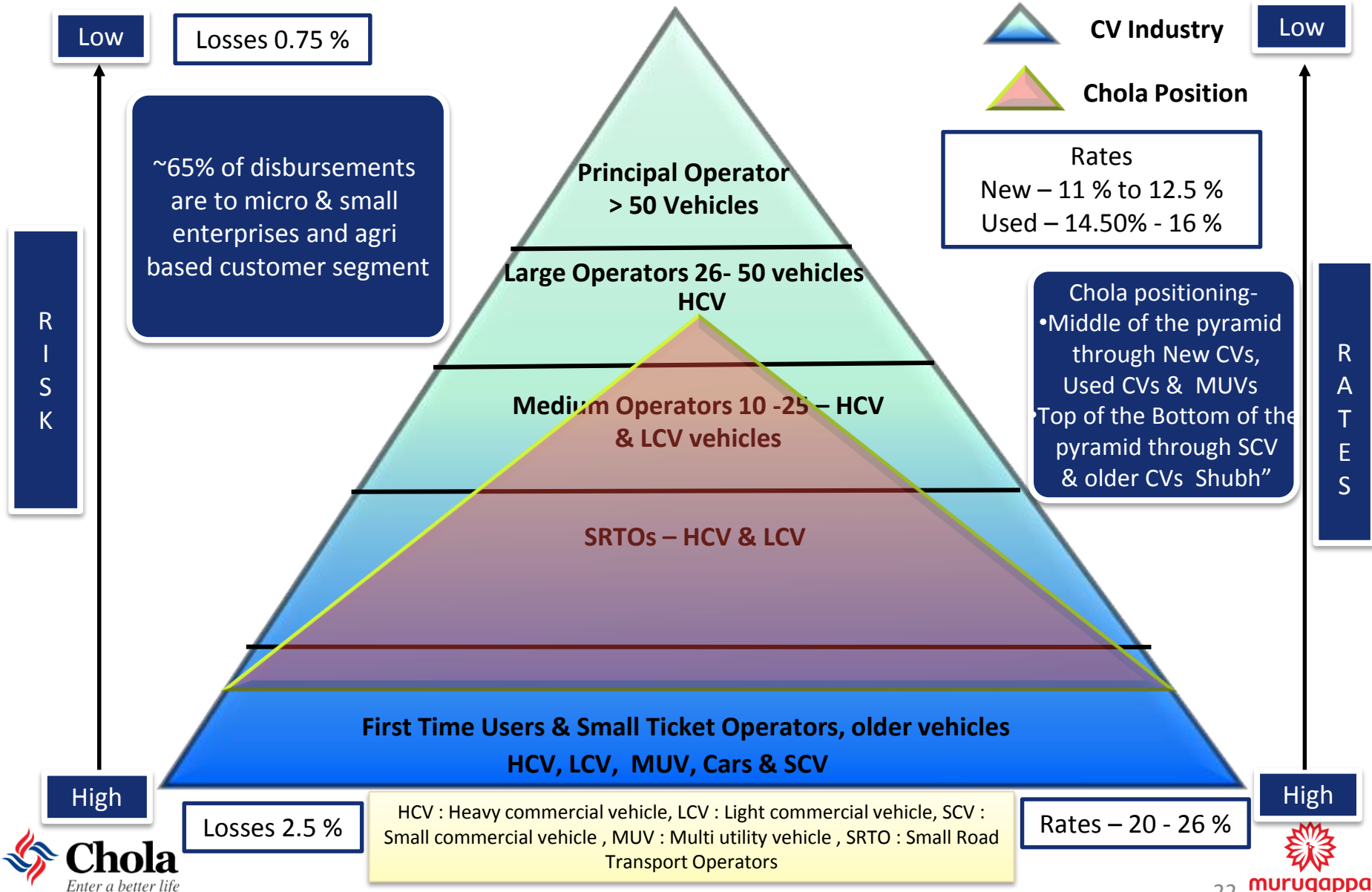
**Trend in Domestic LCV Sales**



**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

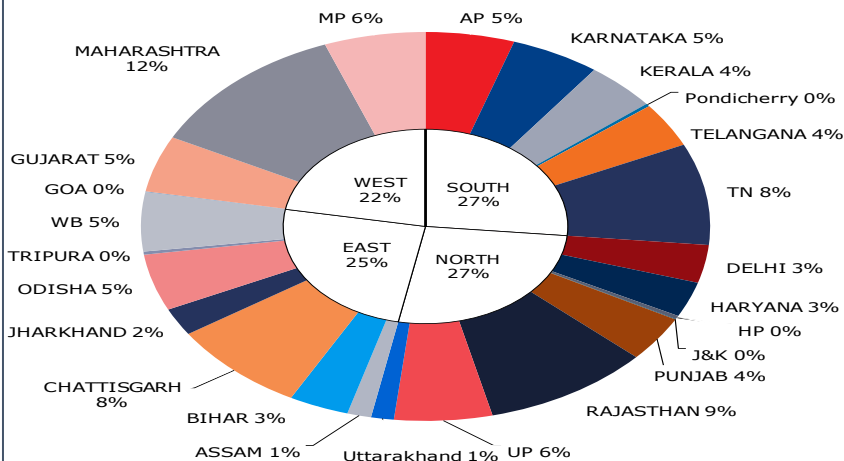




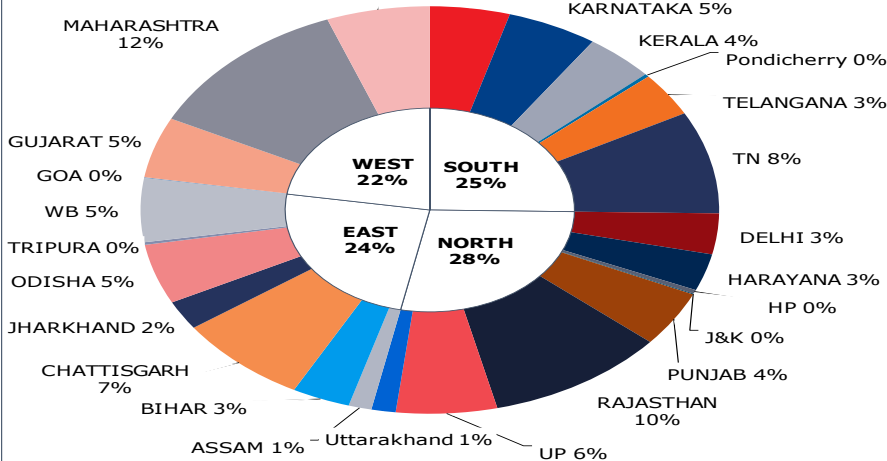
# Vehicle Finance - Disbursement / Portfolio Mix – FY17

Well diversified across geography & product segments

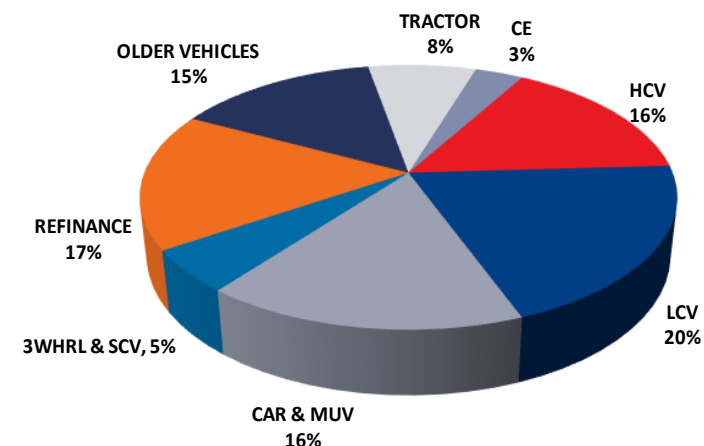
**Disbursements - State wise**



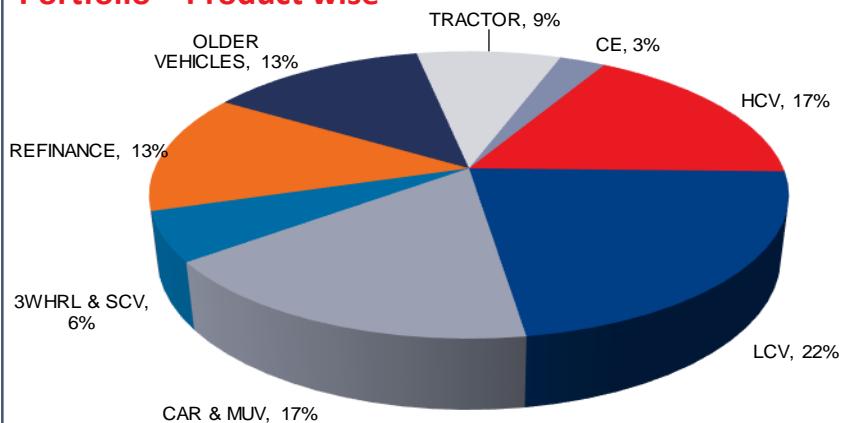
**Portfolio – State wise**



**Disbursements - Product wise**



**Portfolio – Product wise**

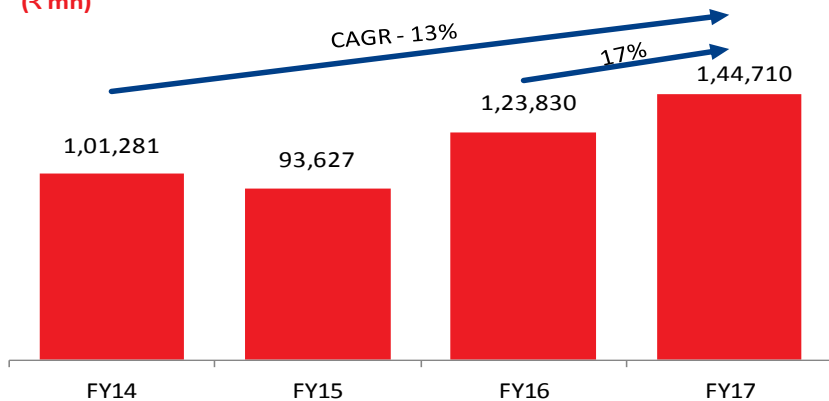




# Vehicle Finance - Financial Summary

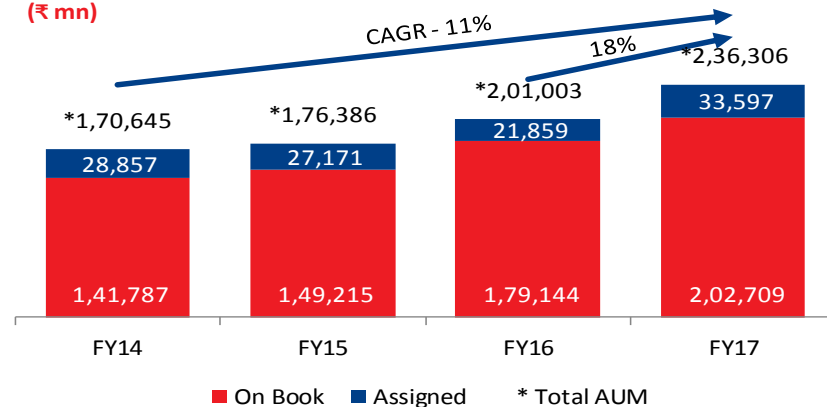
## Disbursements

(₹ mn)



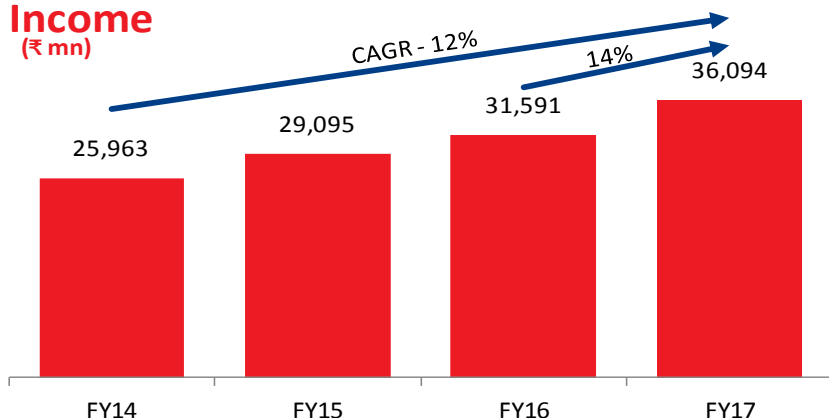
## Assets Under Management

(₹ mn)



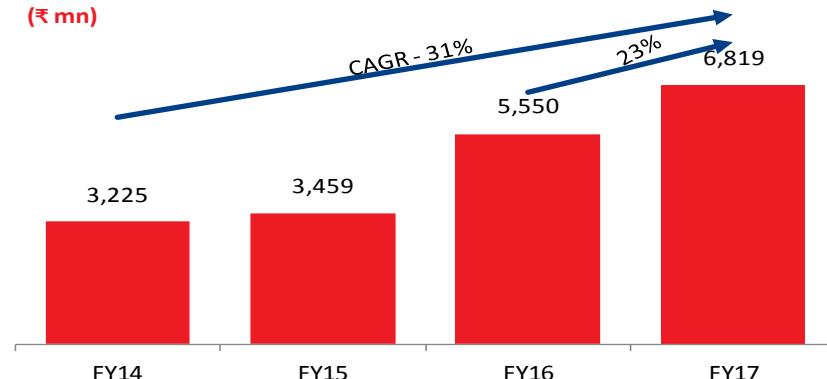
## Income

(₹ mn)



## Profit Before Tax

(₹ mn)



**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%

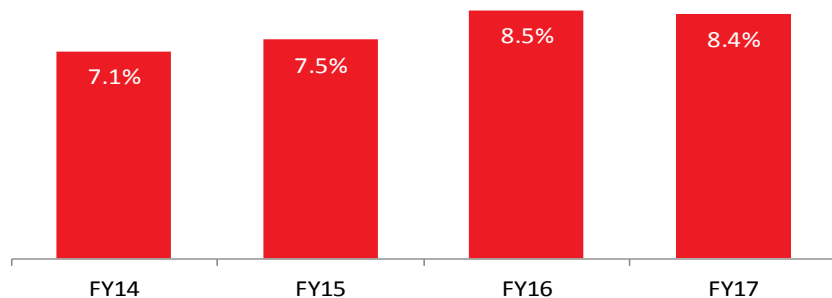
FY15  
5 months+  
0.30%

FY16  
4 months+  
0.35%

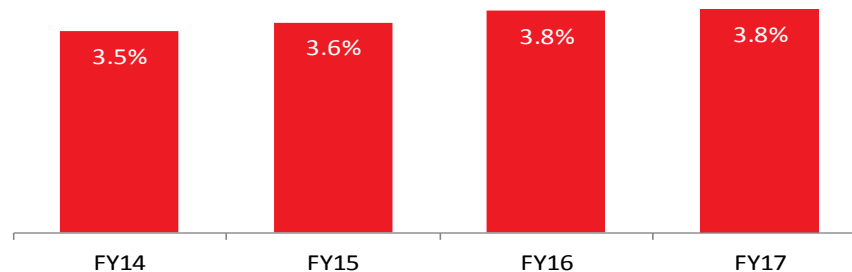
FY17  
3 months+  
0.40%

# Vehicle Finance - Financial Summary (Cont'd)

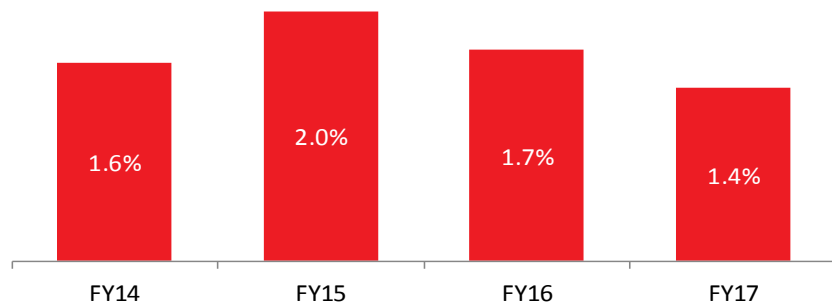
**Net Income Margin (A)**  
(Operating Income - Finance Charges)



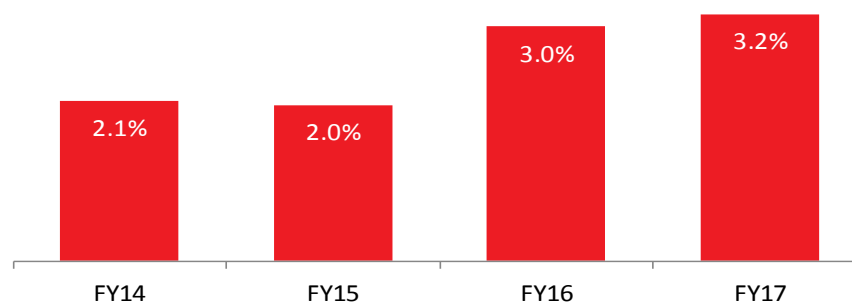
**Expense Ratio (B)**



**Losses and Provisions (C)**



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



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

	FY14	FY15	FY16	FY17
• Provision for Loan Loss -	6 months+	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.40%



## Home Equity



# Home Equity - Overview



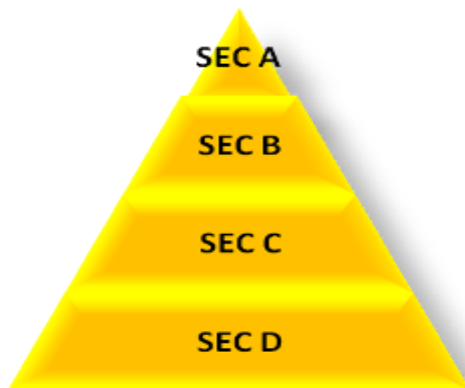
## Asset Class

- 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

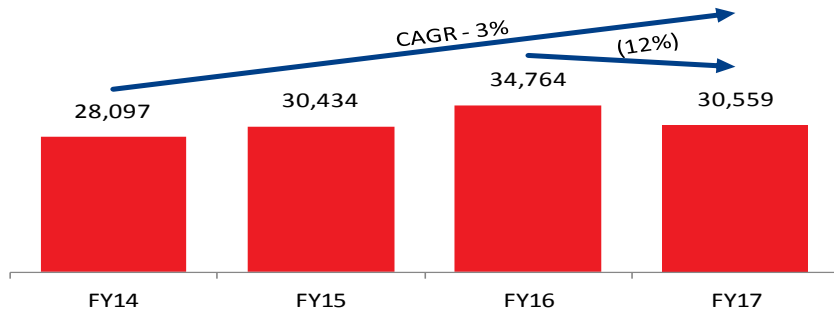
## Structure

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

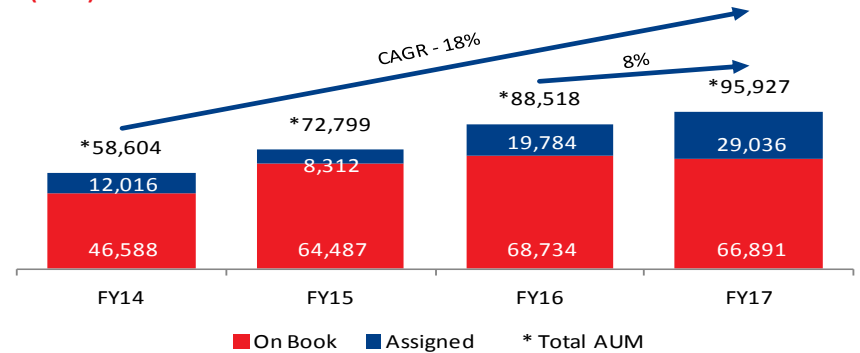


# Home Equity - Financial Summary

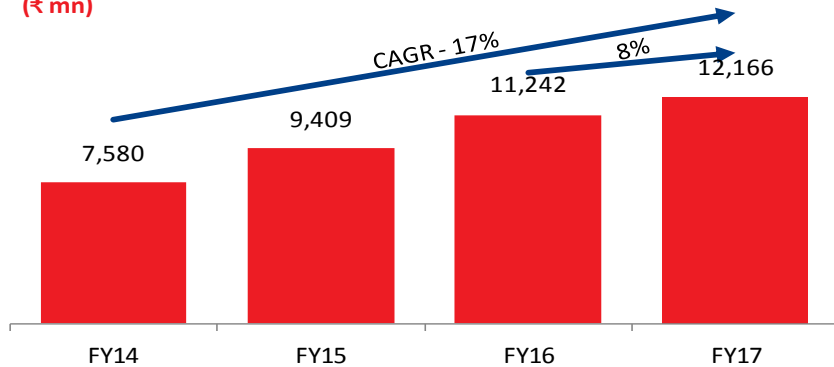
## Disbursements (₹ mn)



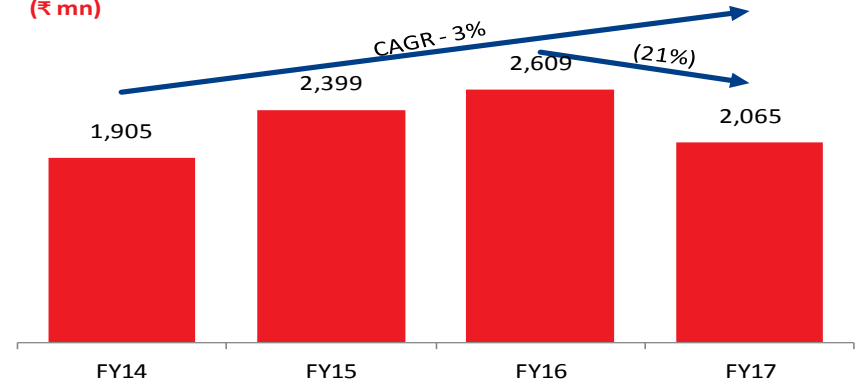
## Assets Under Management (₹ mn)



## Income (₹ mn)



## Profit Before Tax (₹ mn)



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

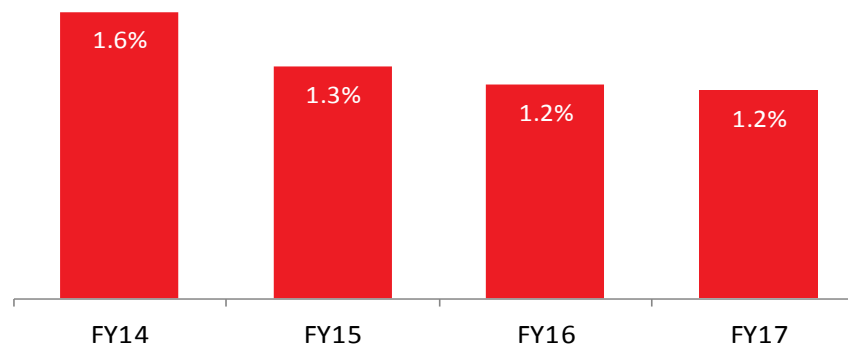
	FY14	FY15	FY16	FY17
• Provision for Loan Loss -	6 months+	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.40%
AUM is Net of provisions.				

# Home Equity - Financial Summary (Cont'd)

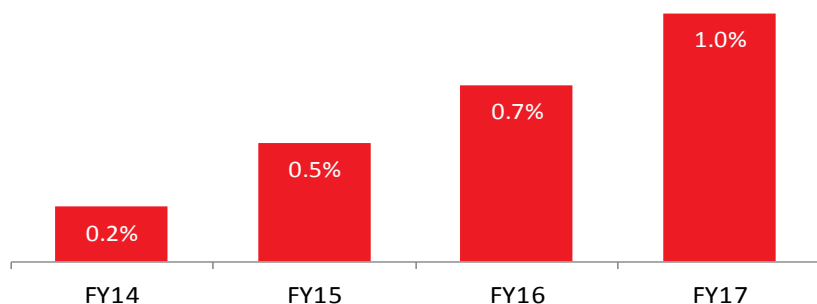
**Net Income Margin (A)**  
(Operating Income - Finance Charges)



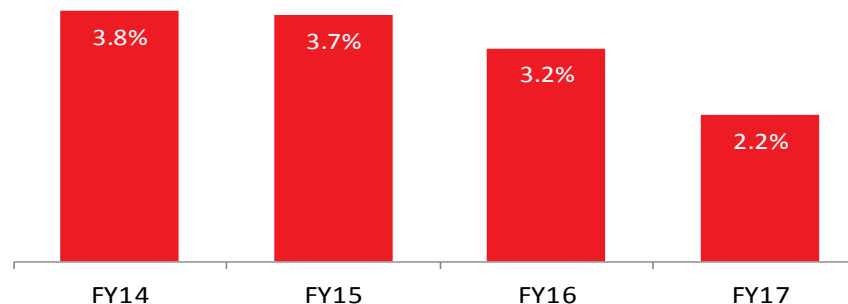
**Expense Ratio (B)**



**Losses and Provisions (C)**



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



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

	FY14	FY15	FY16	FY17
• Provision for Loan Loss -	6 months+	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.40%



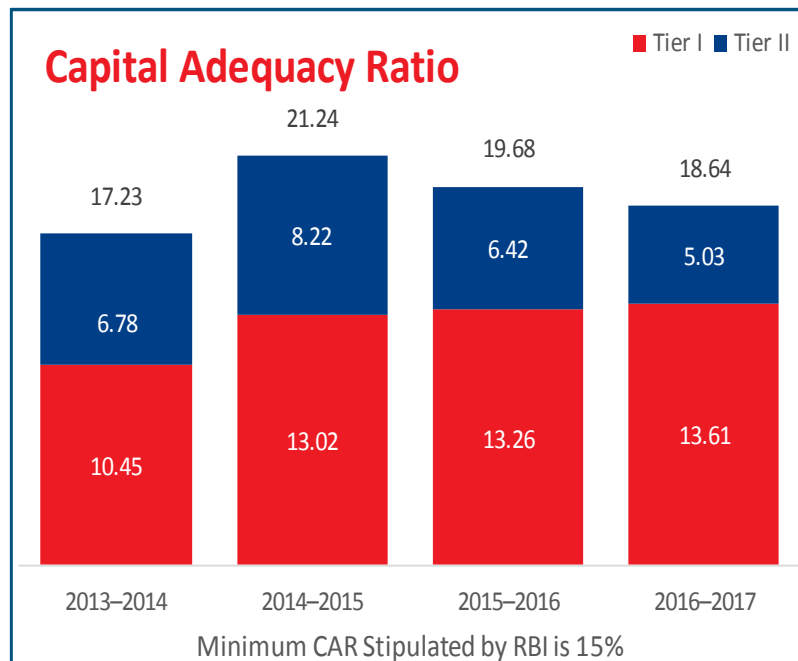


## Funding Profile





# CAR, Credit Rating and ALM Statement



ALM Statement as on Mar 2017

Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	6,430	9,387	2,957	2,957
15-30/31 Days	2,583	2,975	391	3,348
Over 1-2 Months	10,799	11,039	241	3,589
Over 2-3 Months	12,038	12,144	106	3,695
Over 3-6 Months	21,801	22,202	401	4,097
Over 6 Months to 1 Year	51,141	51,304	163	4,259
Over 1-3 Years	1,27,836	1,25,499	(2,336)	1,923
Over 3-5 Years	14,386	33,732	19,346	21,269
Over 5 Years	12,759	33,466	20,707	41,976
Over 20 Years	43,077	1,101	(41,976)	-
<b>Total</b>	<b>3,02,849</b>	<b>3,02,849</b>	<b>-</b>	<b>-</b>

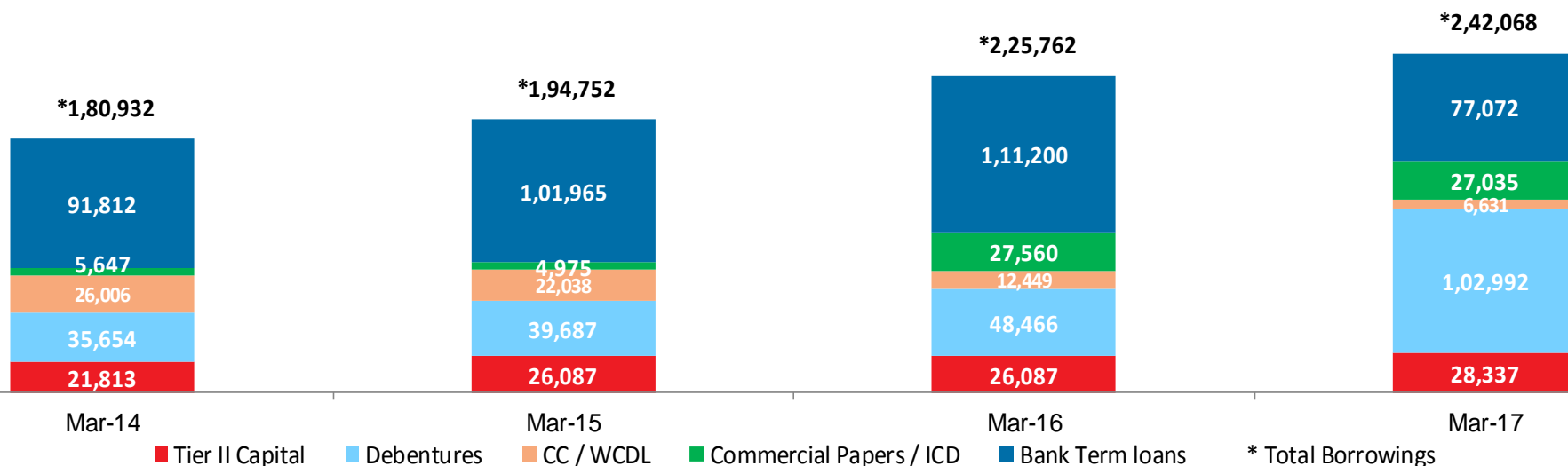
Cumulative mismatch is significantly lower than the RBI stipulated levels of 15% and positive cumulative mismatch in all buckets

## • 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

₹ mn



Particulars	Mar-14	Mar-15	Mar-16	Mar-17
Bank Term Loans	51%	52%	49%	32%
Commercial papers/ ICD	3%	3%	12%	11%
CC/WCDL	14%	11%	6%	3%
Debentures	20%	21%	21%	42%
Tier II Capital	12%	13%	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:

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.

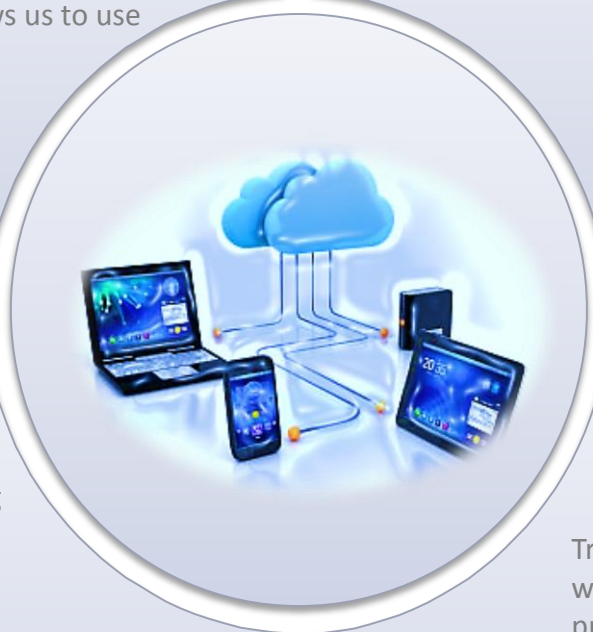
## Analytics

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.



# 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	FY17
<b>Disbursements</b>	<b>1,31,142</b>	<b>1,28,076</b>	<b>1,63,803</b>	<b>1,85,913</b>
Operating Income	32,628	36,912	41,937	46,603
Finance Charges	17,711	19,604	20,508	22,308
<b>Net Income Margin</b>	<b>14,918</b>	<b>17,308</b>	<b>21,429</b>	<b>24,295</b>
Expenses	6,582	7,489	8,449	10,133
Loan Losses and Std Assets Prov	2,833	3,247	4,272	3,106
Profit Before Tax	5,502	6,572	8,708	11,056
Taxes	1,862	2,221	3,023	3,868
<b>Profit After Tax</b>	<b>3,640</b>	<b>4,352</b>	<b>5,685</b>	<b>7,187</b>
<b>Key Income Ratios</b>				
NIM to Income	45.7%	46.9%	51.1%	52.1%
Optg Exp to Income	20.2%	20.3%	20.1%	21.7%
<b>ROTA-PBT</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.6%</b>	<b>3.9%</b>
<b>ROTA-PAT</b>	<b>1.9%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.6%</b>

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

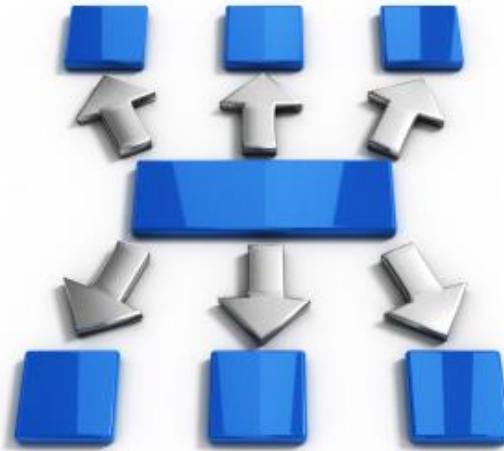
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>
• Provision for Loan Loss -	6 months+	5 months+	4 months+	3 months+
• Standard Asset Provision -	0.25%	0.30%	0.35%	0.40%
• Addl Provision (for 3 months overdue)-	-	-	54 Cr.	

# Balance Sheet

₹ mn

Particulars	Mar-14	Mar-15	Mar-16	Mar-17
<b>Equity and Liabilities</b>				
Shareholders' Funds	22,947	31,733	36,574	43,129
Current Liabilities	92,760	78,892	1,27,214	1,05,206
Non-current Liabilities	99,761	1,28,106	1,15,095	1,58,877
<b>Total</b>	<b>2,15,468</b>	<b>2,38,732</b>	<b>2,78,883</b>	<b>3,07,211</b>
<b>Assets</b>				
Non-current Assets				
Fixed Assets	729	683	1,113	1,401
Non-current Investments	661	602	647	1,924
Deferred Tax Asset (Net)	1,296	1,836	2,815	3,152
Receivable under Financing Activity	1,30,790	1,54,680	1,81,877	1,99,400
Other Non-current Assets & Loans and Advances	6,839	6,678	5,157	6,588
	<b>1,40,316</b>	<b>1,64,479</b>	<b>1,91,608</b>	<b>2,12,464</b>
<b>Current Assets</b>				
Current Investments	163	73	19	461
Cash and Bank Balances	8,008	3,407	4,905	4,870
Receivable under Financing Activity	63,491	67,156	77,225	84,753
Other Current Assets & Loans and Advances	3,490	3,618	5,126	4,664
	<b>75,152</b>	<b>74,253</b>	<b>87,275</b>	<b>94,747</b>
<b>Total</b>	<b>2,15,468</b>	<b>2,38,732</b>	<b>2,78,883</b>	<b>3,07,211</b>
De-recognised Assets	40,874	35,482	41,643	62,633
<b>Total Assets Under Management</b>	<b>2,56,342</b>	<b>2,74,215</b>	<b>3,20,526</b>	<b>3,69,845</b>

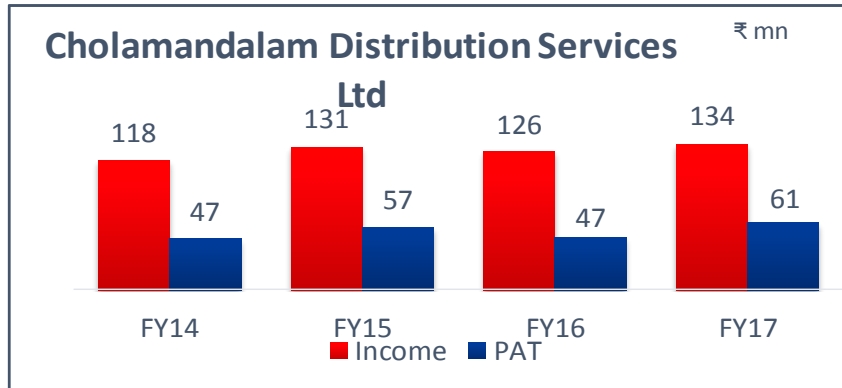




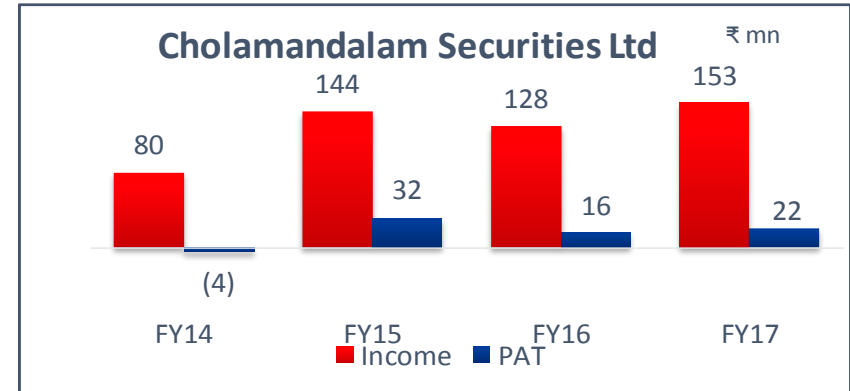
## Subsidiaries



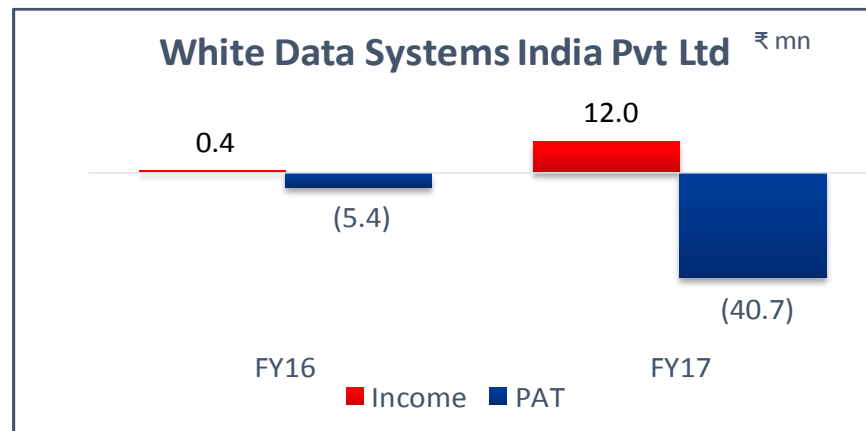
# Subsidiaries



- 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

## Our Registered Office:

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Chennai 600001.

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

Land Line: 044 – 3000 7172

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## 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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*Enter a better life*



**Thank You**



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