



Cholamandalam Investment and Finance Company Limited

Corporate Presentation – March 2016



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Chola
Enter a better life



CORPORATE OVERVIEW



murugappa

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 ₹ 100bn¹

2

Exceptional Lineage

- A part of the ₹ 269 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 ₹ 321 bn as of Mar 2016 with Net NPA of 2.1% and a healthy RoA of 2.3%
- Operating income CAGR of 24% over FY12 to FY16

4

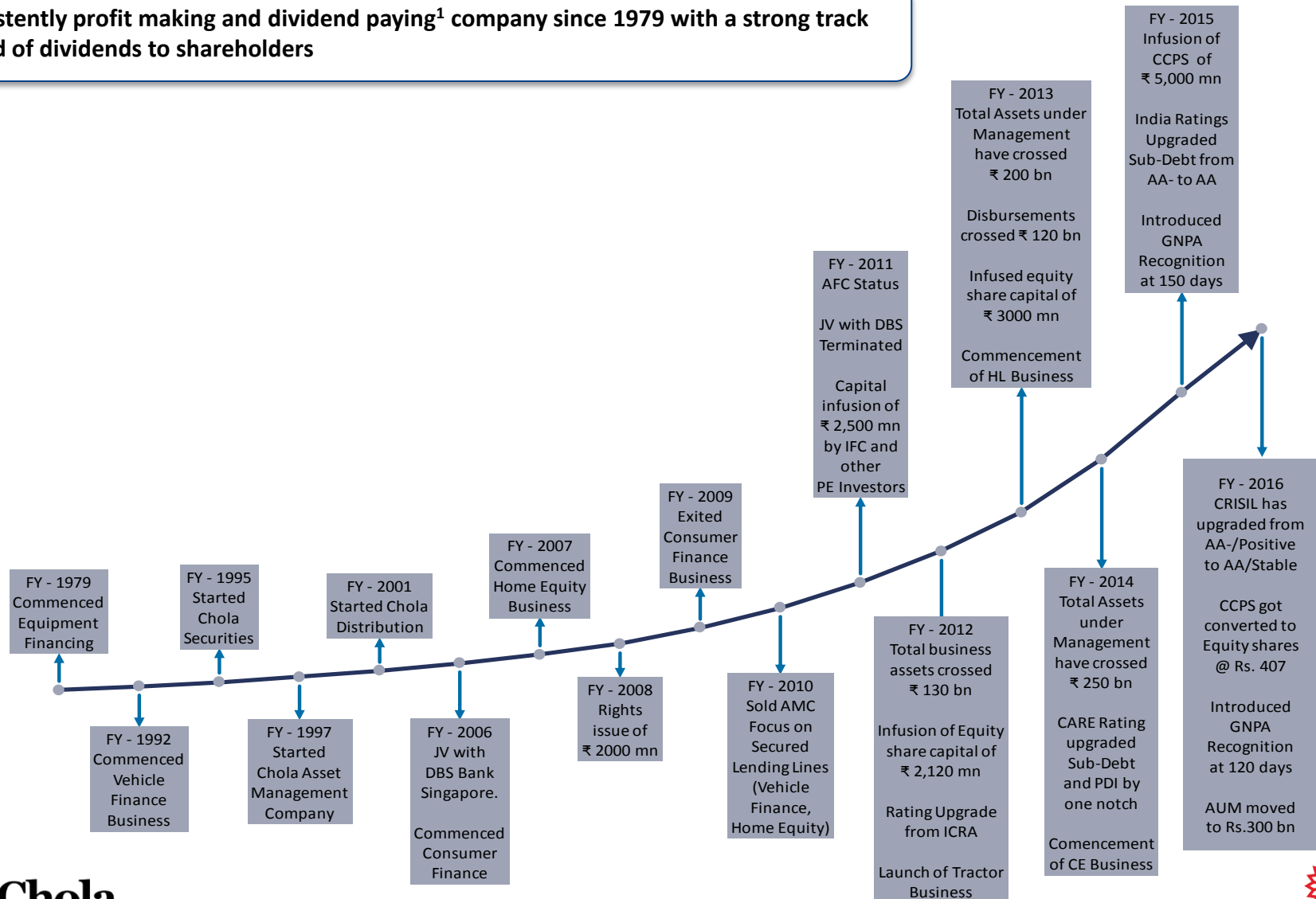
Diversified Footprint

- Operates from 534 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 31st Mar 2016. Source: BSE Sensex

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 28% on capital.

Major Companies – Murugappa Group

Company Name	Market Capitalisation	Description
 Chola <i>Enter a better life</i>	<ul style="list-style-type: none"> ₹ 1,11,402 mn (US\$ 1,679 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"> ₹ 70,711mn (US\$ 1,066 mn) 	<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"> ₹ 55,322 mn (US\$ 834 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.
 PARRYS	<ul style="list-style-type: none"> ₹ 38,321 mn (US\$ 578 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)
 CUMI	<ul style="list-style-type: none"> ₹ 33,025 mn (US\$ 498 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.
 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 31st Mar 2016. Source: BSE Sensex and Conversion Rate of 1USD = Rs.66.3329 as on 31st Mar 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 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.

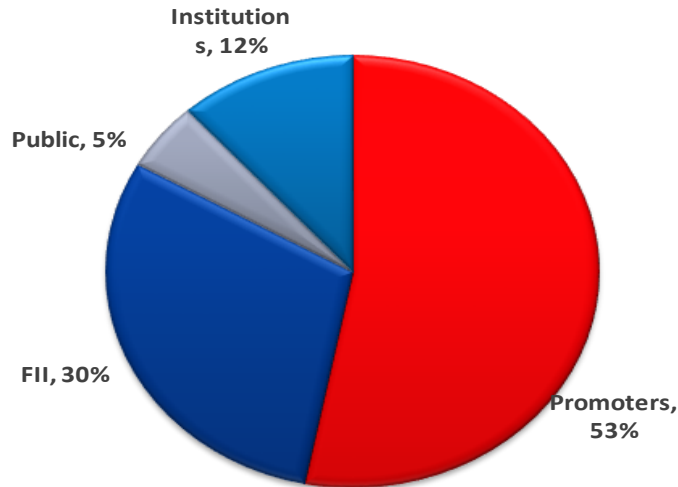


Ms. Bharati Rao – Independent Director

- 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.

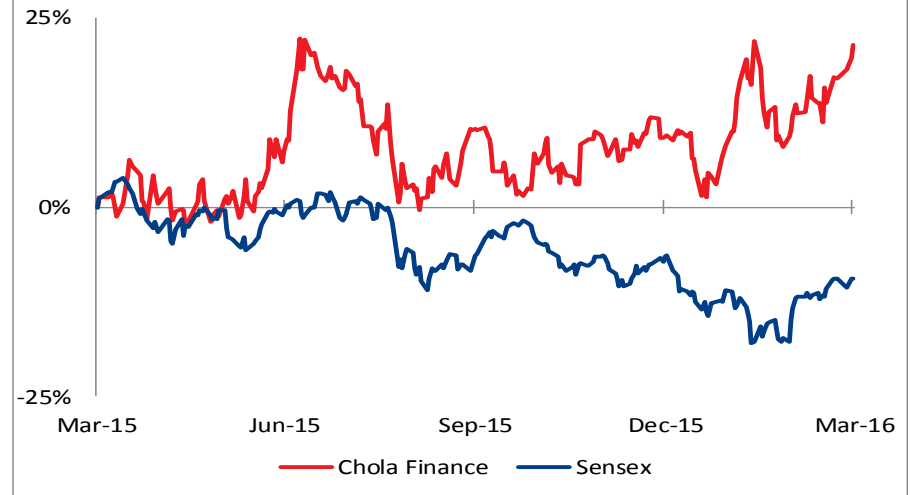
Corporate Overview

Shareholding Pattern



- Promoters share holding of 53.1% includes
 - Tube Investments – 46.26%,
 - Ambadi Holdings Private Ltd – 4.62%
 - Others - 2.26%

Chola Finance - Share Price Growth



	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16
Chola Finance (₹/share)	588	632	648	642	713
BSE Sensex	27,957	27,781	26,155	26,118	25,342

Investor Ratios	FY13	FY14	FY15	FY16
Earnings Per share (₹)	23	25	30	38
Book value per share (₹)	137	160	203	234
Market price per share (₹)	271	288	588	713
Market capitalisation (₹ mn)	38,832	41,253	84,420	1,11,402
Price to Earnings (P/E) Ratio	11.9	11.3	19.5	19.0
Price to Book Value (P/BV)	2.0	1.8	2.9	3.0

- Market price and Market Capitalisation based on share price as on 31st Mar 2016

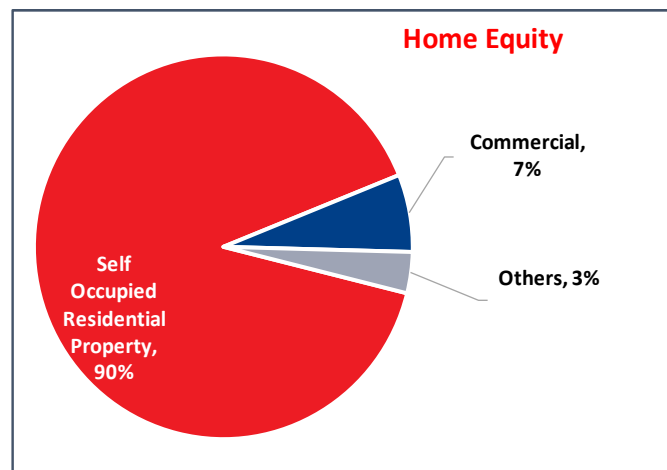
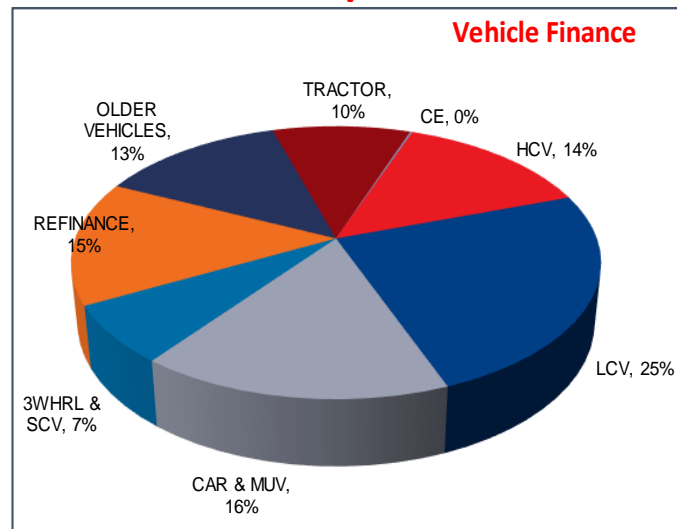
Corporate Overview

Business Segments Overview

AUM * (₹ mn)	FY13	FY14	FY15	FY16	YoY Growth
Vehicle Finance					
On Book	1,19,907	1,41,787	1,49,215	1,79,144	20%
Assigned	23,778	28,857	27,171	21,859	-20%
Managed Assets	1,43,685	1,70,645	1,76,386	2,01,003	14%
% of Total	76%	73%	69%	68%	
Home Equity					
On Book	41,861	46,588	64,487	68,734	7%
Assigned	1,508	12,016	8,312	19,784	138%
Managed Assets	43,369	58,604	72,799	88,518	22%
% of Total	23%	25%	29%	30%	
Others					
On Book	2,927	3,285	5,340	6,983	31%
Assigned	-	-	-	-	0%
Managed Assets	2,927	3,285	5,340	6,983	31%
% of Total	2%	1%	2%	3%	
Total					
On Book	1,64,695	1,91,661	2,19,043	2,54,861	16%
Assigned	25,287	40,874	35,482	41,643	17%
Managed Assets	1,89,981	2,32,534	2,54,525	2,96,504	16%

* Assets are net of provisions.

Portfolio Breakup



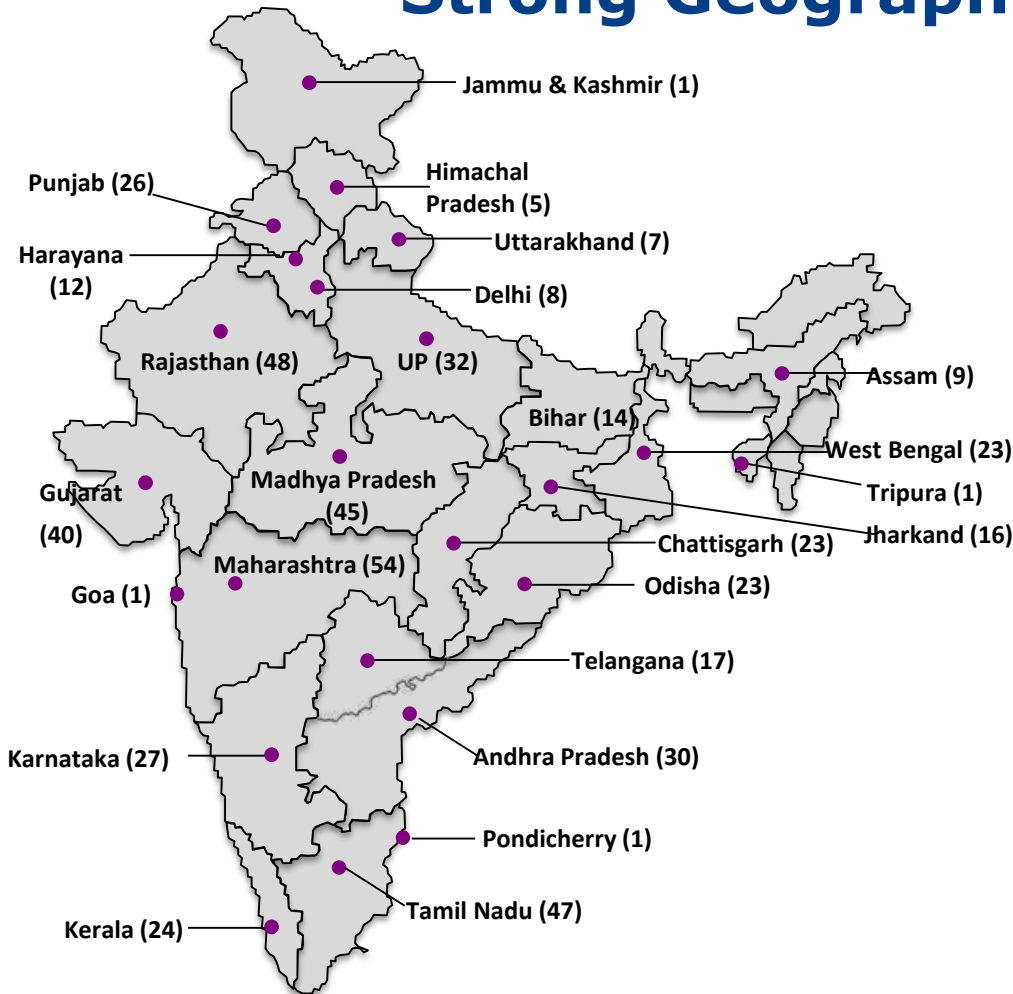
Corporate Overview

	FY13	FY14	FY15	FY16	YoY
Disbursements (₹ mn)					Growth
Vehicle Finance	98,820	1,01,281	93,627	1,23,830	32%
Home Equity	21,612	28,097	30,434	34,764	14%
Gold	591	-	618	-	-
MSME	132	1,371	2,490	3,253	31%
Home Loans	28	393	892	1,746	96%
Agri	-	-	15	209	
Total	1,21,183	1,31,142	1,28,076	1,63,803	28%
AUM (₹ mn)					
On Book	1,64,695	1,91,661	2,19,043	2,54,861	16%
Assigned	25,287	40,874	35,482	41,643	17%
Total	1,89,981	2,32,534	2,54,525	2,96,504	16%
Networth (₹ mn)					
Equity Share Capital	1,432	1,433	1,437	1,562	9%
Reserves and Surplus *	18,216	21,514	30,289	35,012	16%
Total	19,648	22,947	31,727	36,574	15%
Profitability (₹ mn)					
Gross Income	25,557	32,628	36,912	41,937	14%
NIM	11,447	14,918	17,308	21,429	24%
PBT	4,508	5,502	6,572	8,708	32%
PAT	3,065	3,640	4,352	5,685	31%
Asset Ratios					
Gross Yield	16.9%	16.8%	16.9%	17.1%	
NIM	7.6%	7.7%	7.9%	8.7%	
Expenses	3.8%	3.4%	3.4%	3.4%	
Losses and Provisions	0.8%	1.5%	1.5%	1.7%	
ROTA (PBT)	3.0%	2.8%	3.0%	3.6%	

- 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 accelerated provisioning as follows:

	FY15	FY16
Provision for Loan Loss -	5 months+	4 months+
Standard Asset Provision -	0.30%	0.35%
Accelerated Provision -	-	54 Cr.

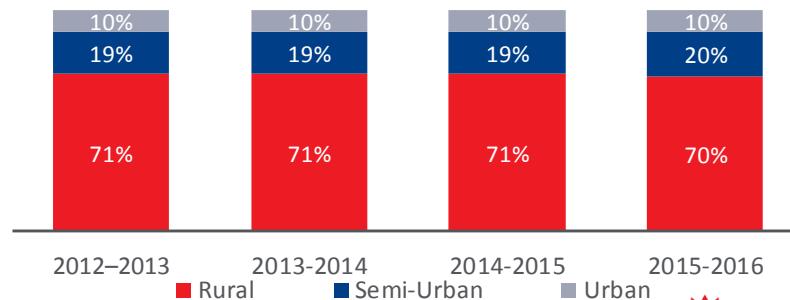
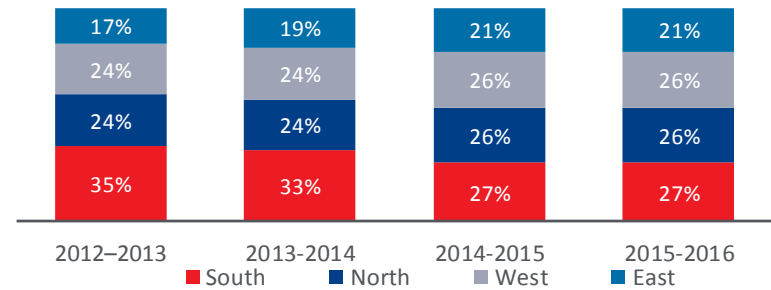
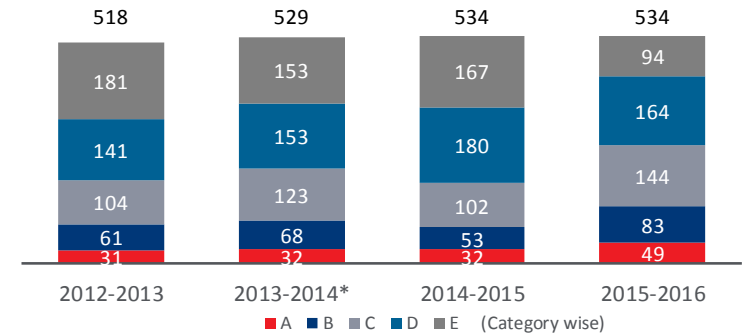
Strong Geographical Presence



- 534 branches across 25 states/Union territories: 529 VF and 92 HE (87 co-located with VF & HE).
- 90% 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 31st Mar, 2016.
 * 45 Gold loan branches not considered in FY 2014.

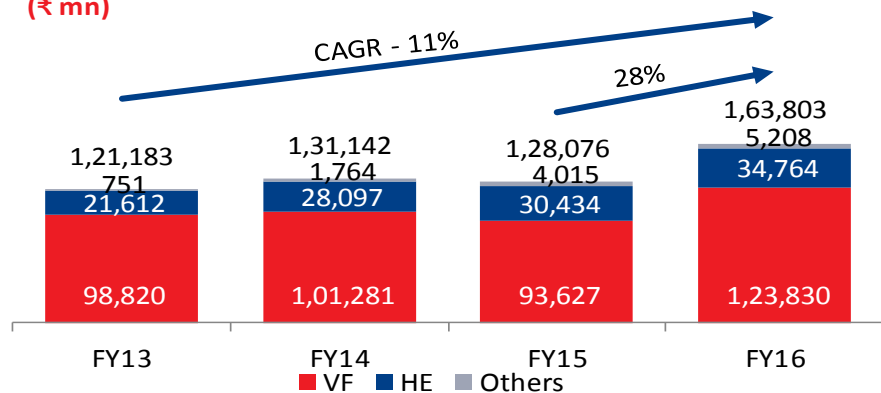
Branch Network



Chola - Financial Summary

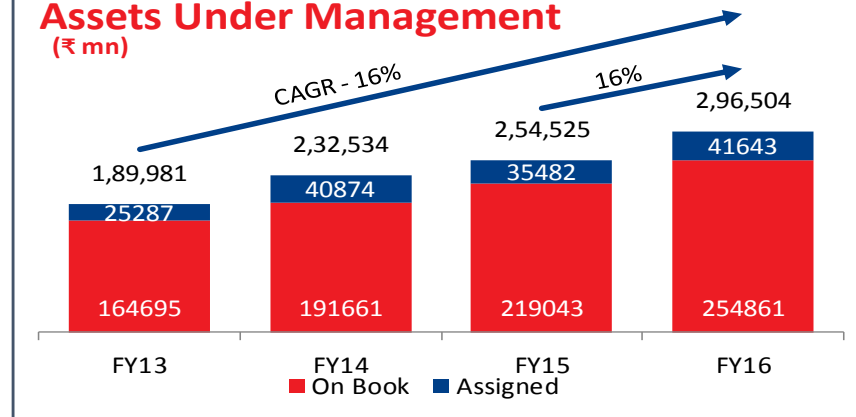
Disbursements

(₹ mn)



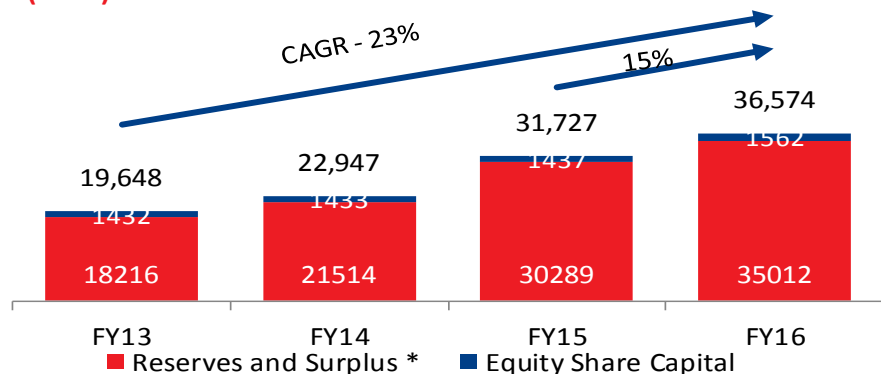
Assets Under Management

(₹ mn)



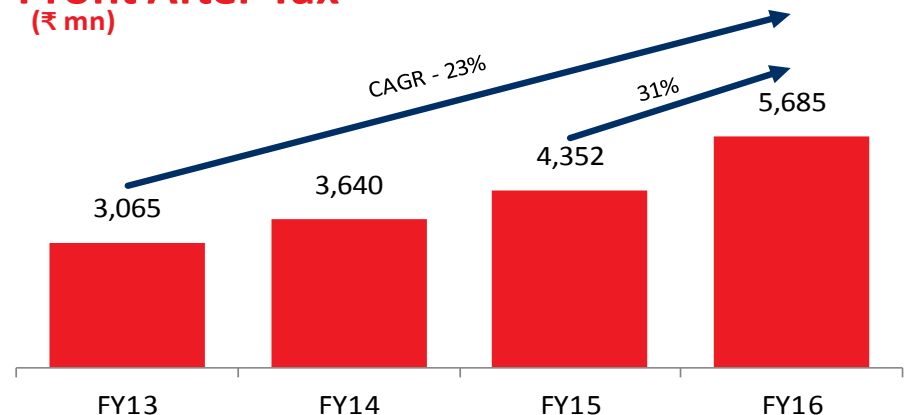
Networth

(₹ mn)



Profit After Tax

(₹ mn)



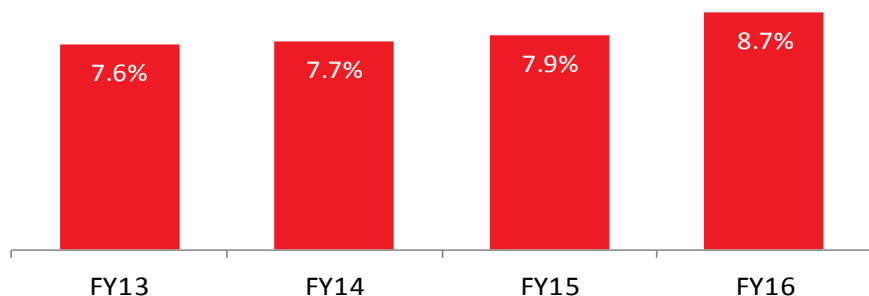
Note: PAT is after considering accelerated provisioning as follows:

	FY15	FY16
• Provision for Loan Loss -	5 months+	4 months+
• Standard Asset Provision -	0.30%	0.35%
• Accelerated Provision -	-	54 Cr.

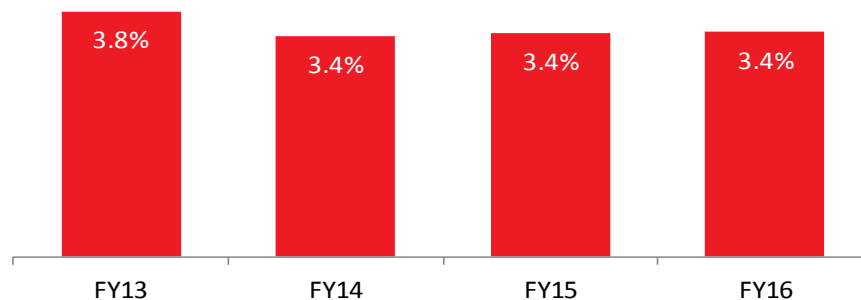
* Includes CCPS in FY15

Chola - Financial Summary (Cont'd)

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



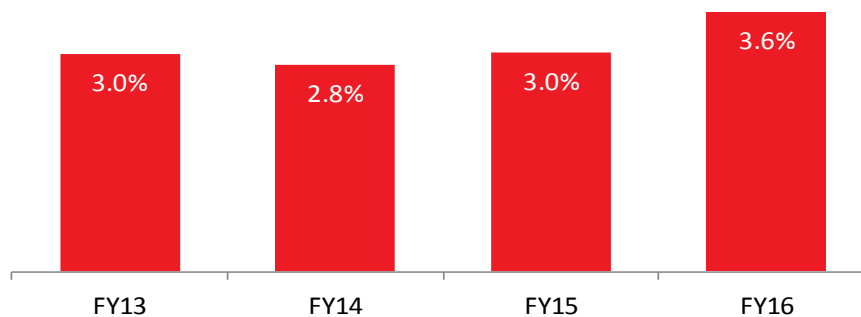
Expense Ratio (B)



Losses and Provisions (C)



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



Note: Losses & Provisions & ROTA are after considering accelerated provisioning as follows:

	<u>FY15</u>	<u>FY16</u>
• Provision for Loan Loss -	5 months+	4 months+
• Standard Asset Provision -	0.30%	0.35%
• Accelerated Provision -	-	54 Cr.

 Indicates Accelerated NPA Provision for less than 5 months overdue & incremental Standard assets Provision (>0.3%)

Performance Highlights – Q4FY16 & FY16

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS

ROE

Q4-FY16

₹ 49,413 mn

₹ 1,920 mn

4.6%

₹ 234.2

₹ 49.3

21.5%

41%

43%

27%

15%

30%

22%

Q4-FY15

₹ 35,089 mn

₹ 1,356 mn

3.6%

₹ 203.5

₹ 37.9

17.6%

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS

ROE

FY16

₹ 1,63,803 mn

₹ 5,685 mn

3.6%

₹ 234.2

₹ 37.5

16.7%

28%

31%

18%

15%

25%

5%

FY15

₹ 1,28,076 mn

₹ 4,352 mn

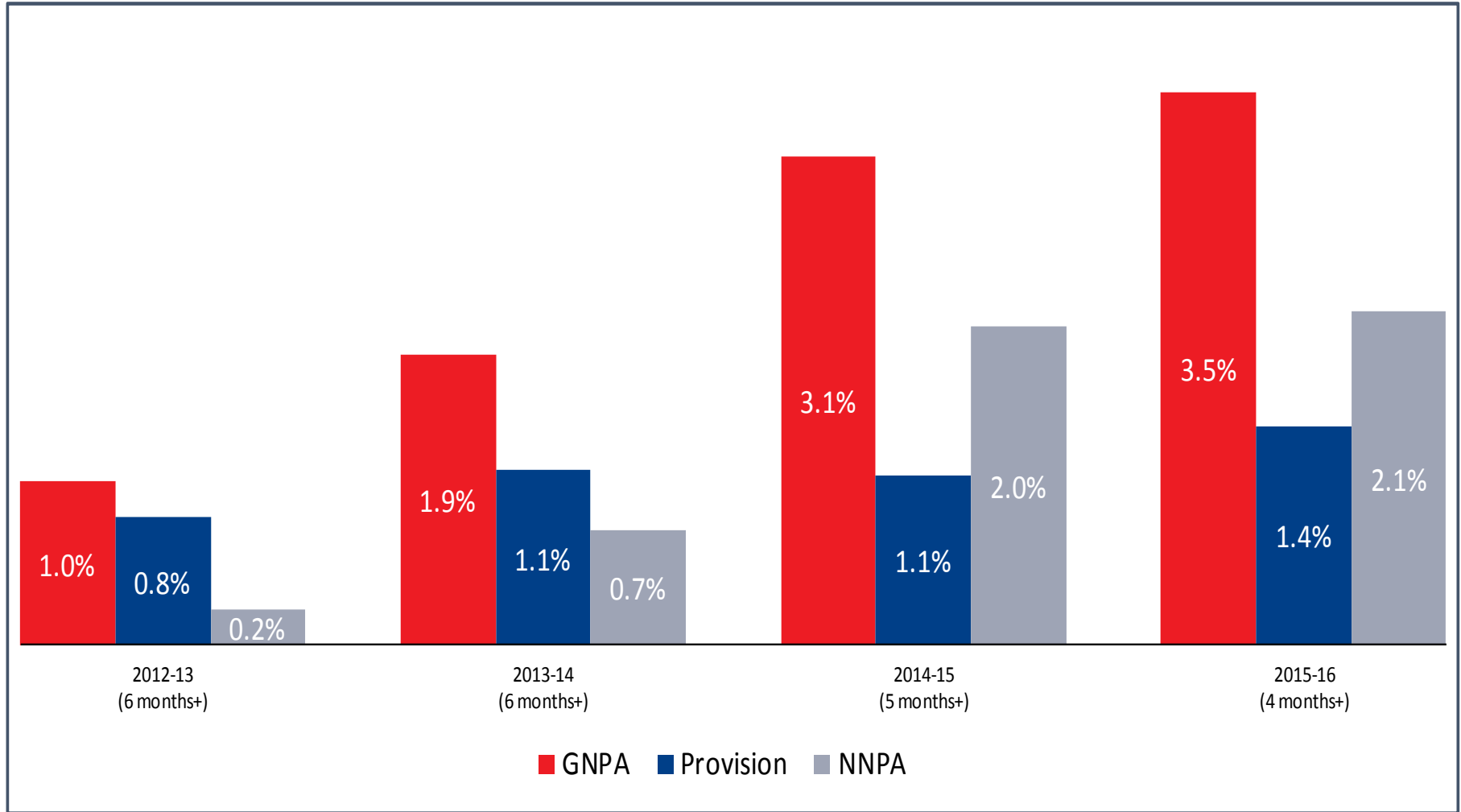
3.0%

₹ 203.5

₹ 30.1

15.8%

Portfolio Performance



Update: FY16

Disbursements

Disbursement for FY16 stood at Rs. 16380 Cr, a growth of 28% YoY.

PAT

PAT for FY16 stood at Rs. 569 Cr, a growth of 31% YoY.

RoE

Return on equity at 16.7% in FY16, a growth of 5% YoY.

New business

Invested Rs. 8 Cr in White Data System India Private Limited in March 2016

Provisioning norms

Adoption of Accelerated provisioning of 4th month overdue and accelerated standard asset provisioning @ 0.35%. Additional provision of Rs. 54 Cr created on standard assets for complying the requirement of movement to 3rd month overdue.

New Business

Rural financing business has completed its first year of operation with a disbursement of Rs. 21 Cr.



BUSINESS OVERVIEW



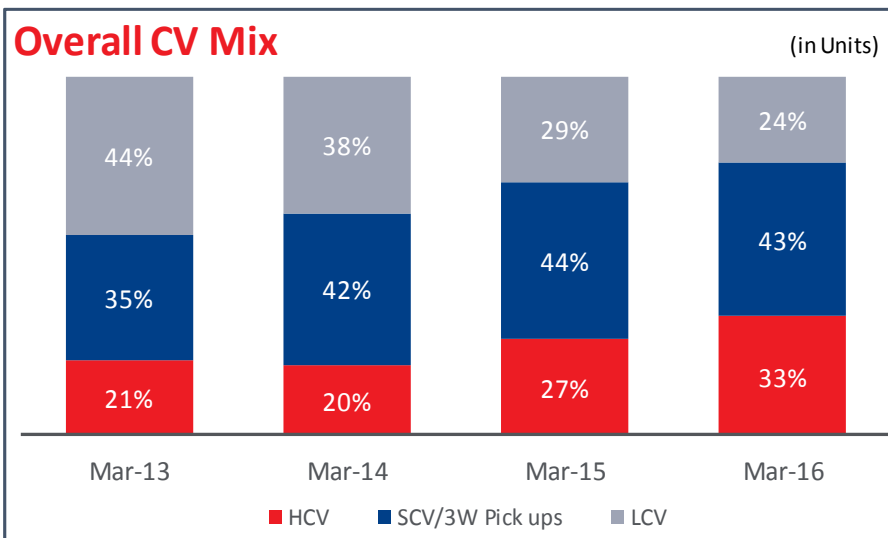


Vehicle Finance

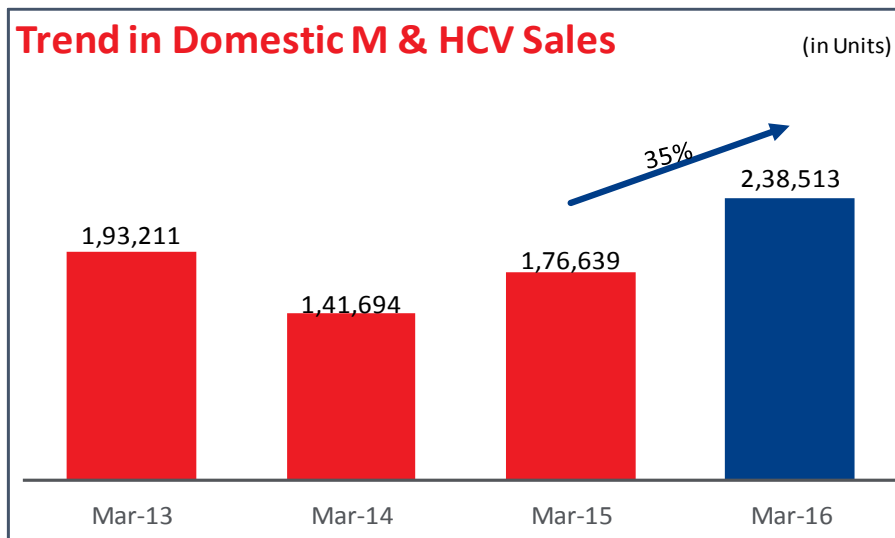


Vehicle Finance - Industry

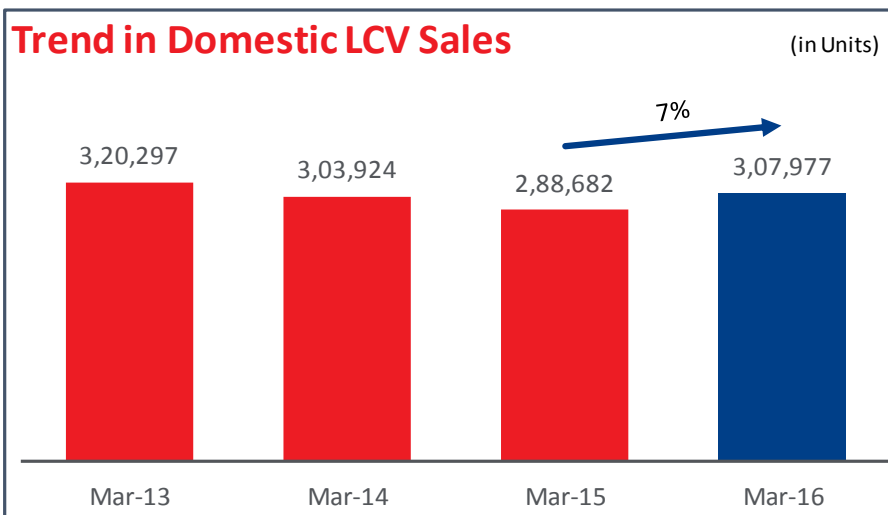
Overall CV Mix



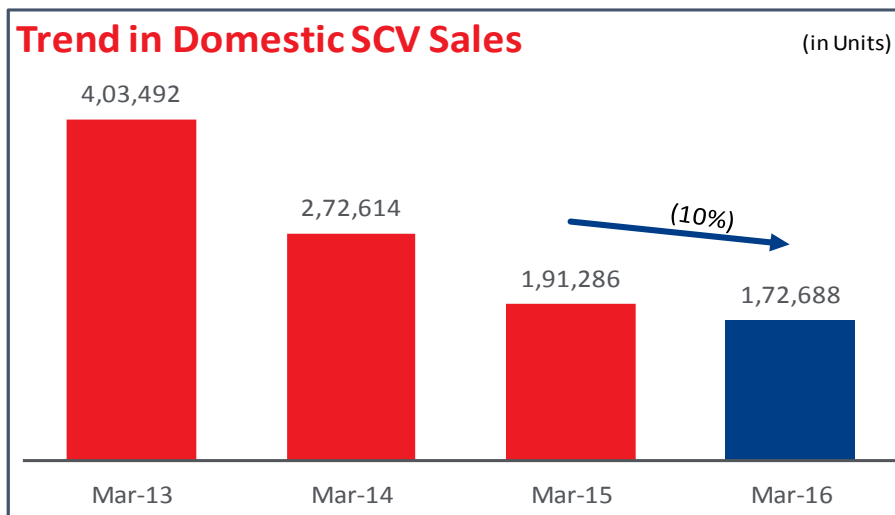
Trend in Domestic M & HCV Sales



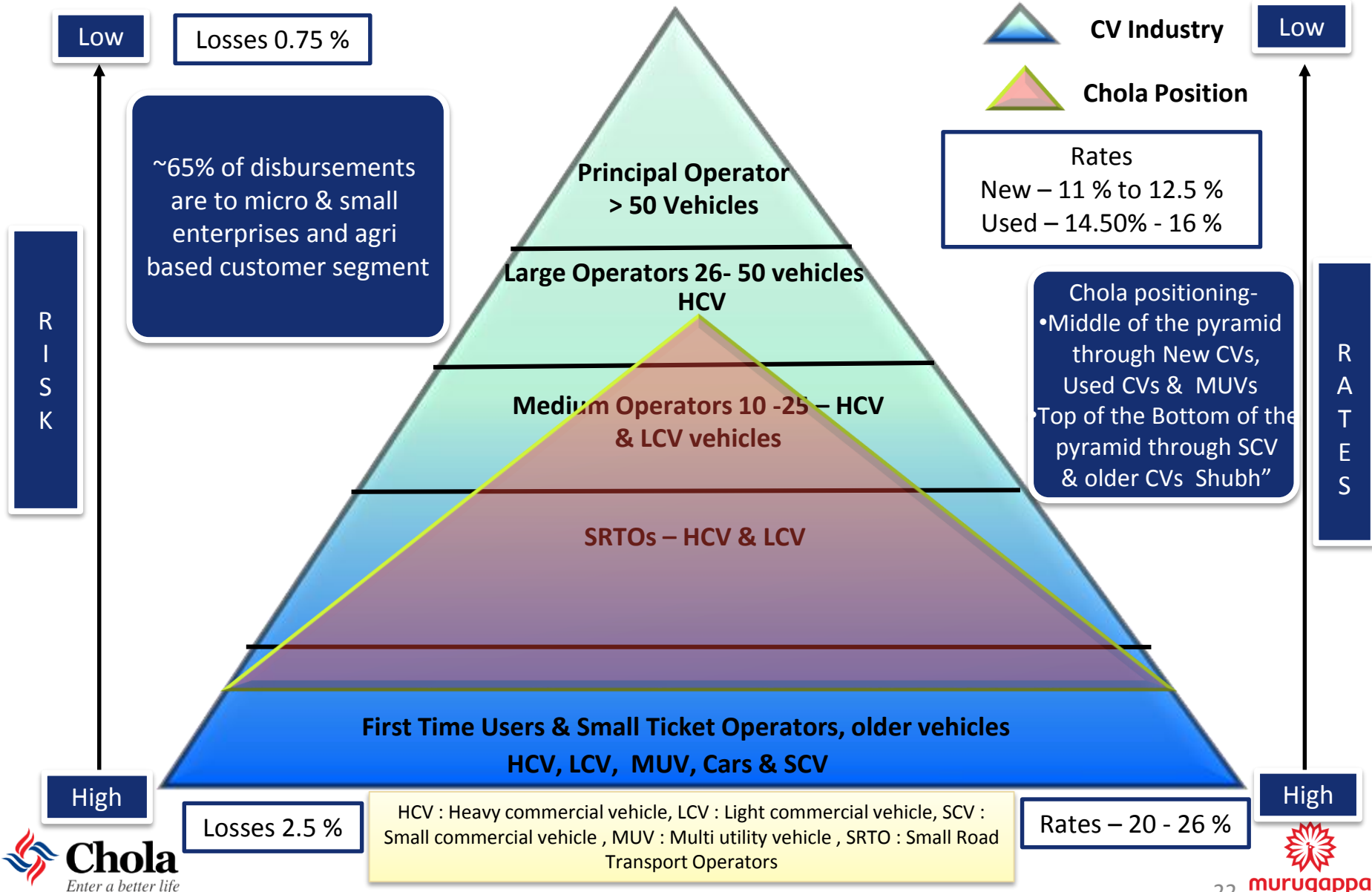
Trend in Domestic LCV Sales



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

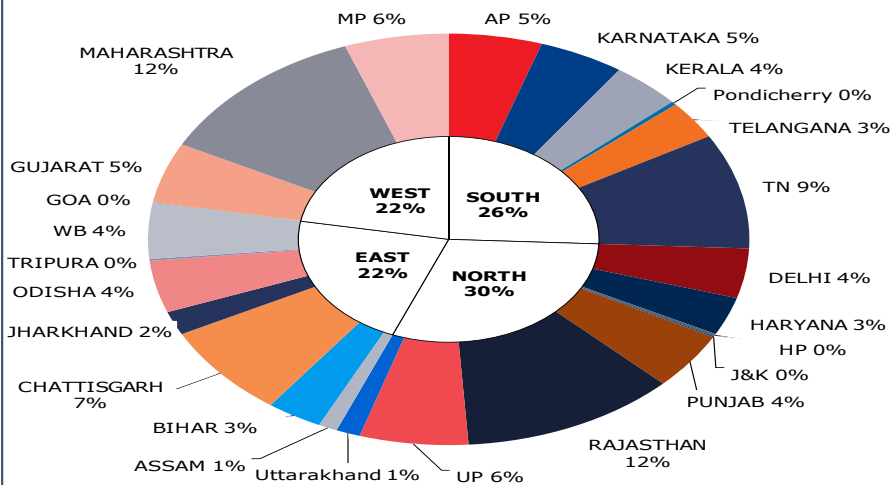
Strong collection management



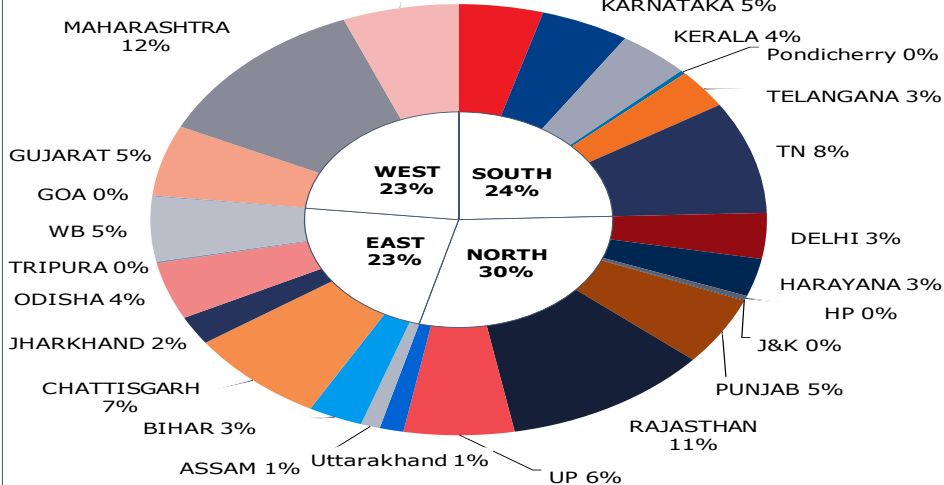
Vehicle Finance - Disbursement / Portfolio Mix – FY16

Well diversified across geography & product segments

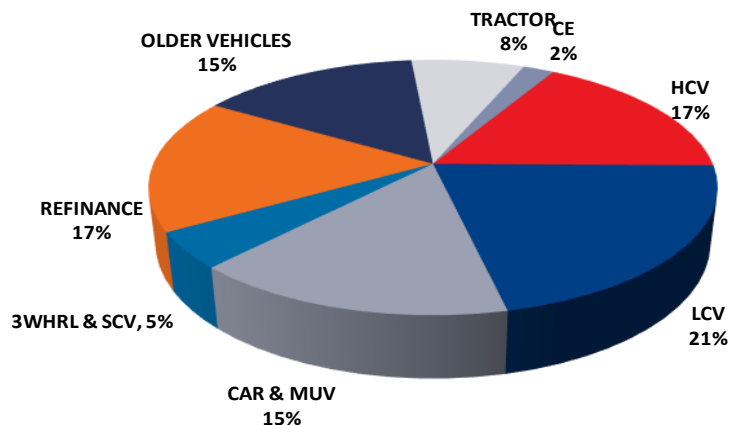
Disbursements - State wise



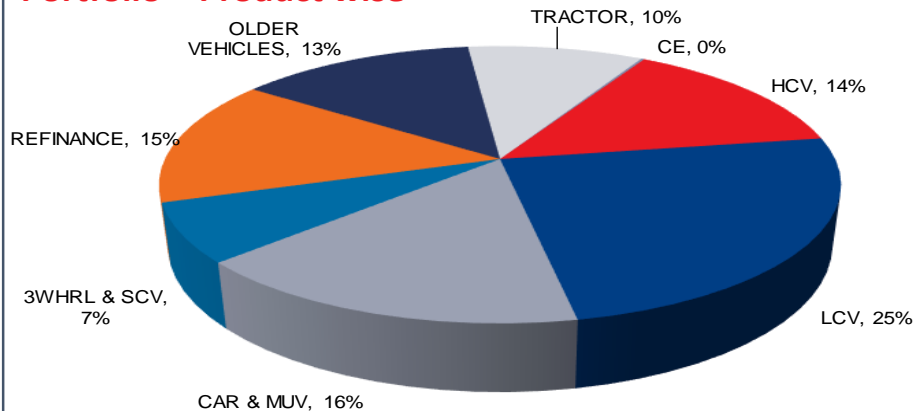
Portfolio – State wise



Disbursements - Product wise



Portfolio – Product wise

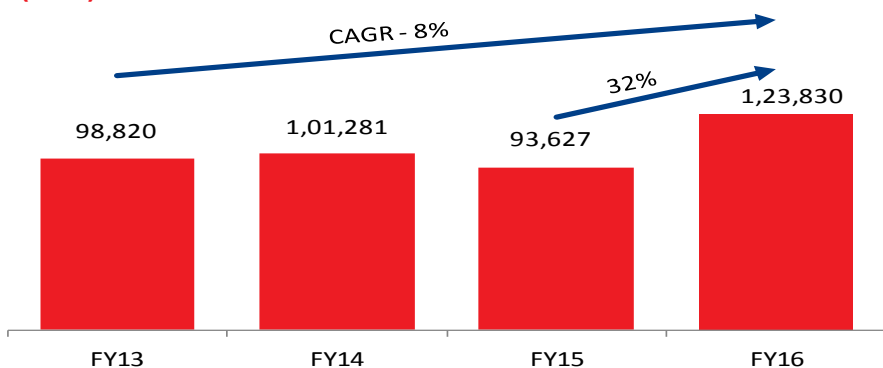


Vehicle Finance - Financial Summary

Maintaining a healthy growth in Disbursement and PBT while coping with a sustained slowdown in the SCV segment

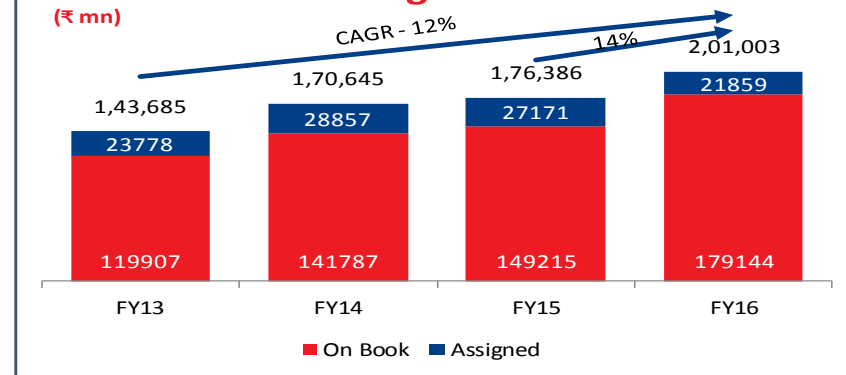
Disbursements

(₹ mn)



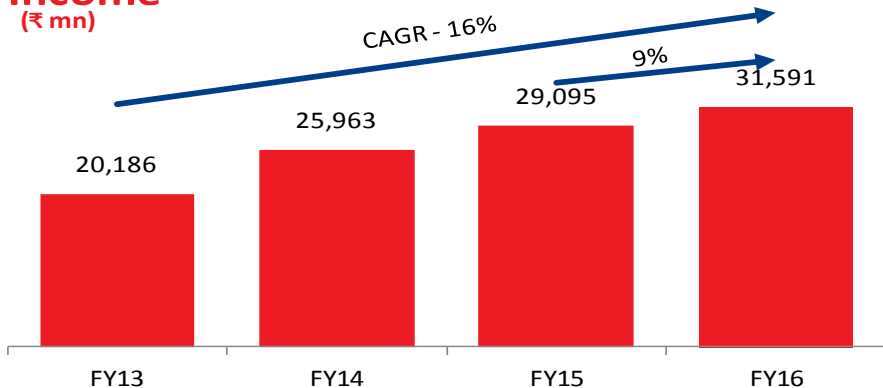
Assets Under Management

(₹ mn)



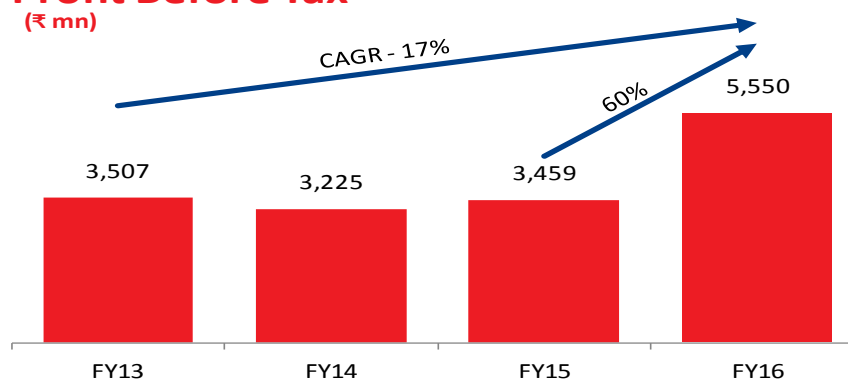
Income

(₹ mn)



Profit Before Tax

(₹ mn)



Note: PBT is after considering accelerated provisioning as follows:

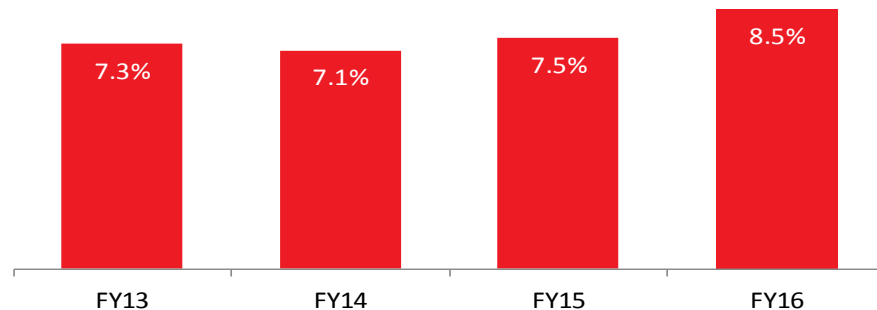
	FY15
• Provision for Loan Loss -	5 months+
• Standard Asset Provision -	0.30%
• Accelerated Provision -	-

	FY16
	4 months+
	0.35%
	54 Cr.

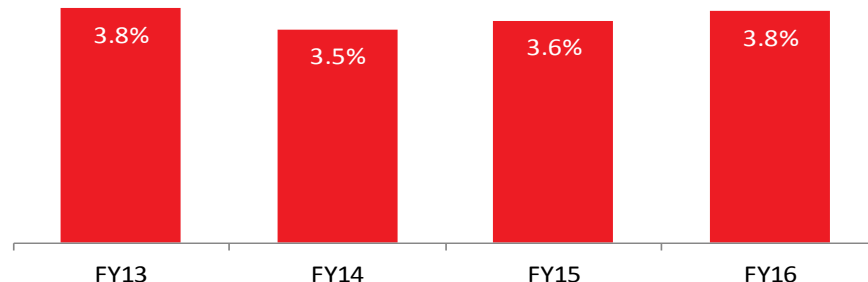
AUM is Net of provisions.

Vehicle Finance - Financial Summary (Cont'd)

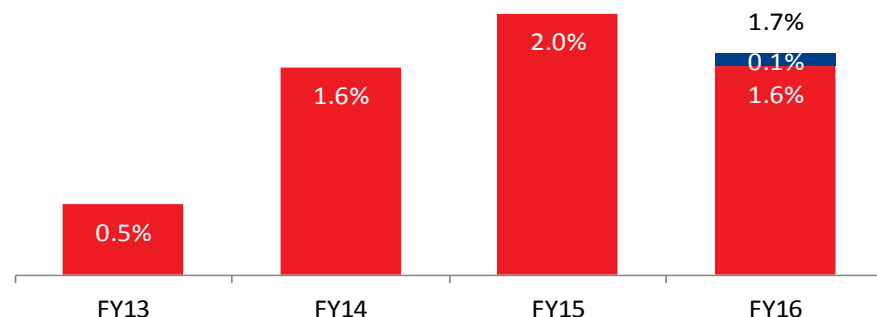
Net Income Margin (A) (Operating Income - Finance Charges)



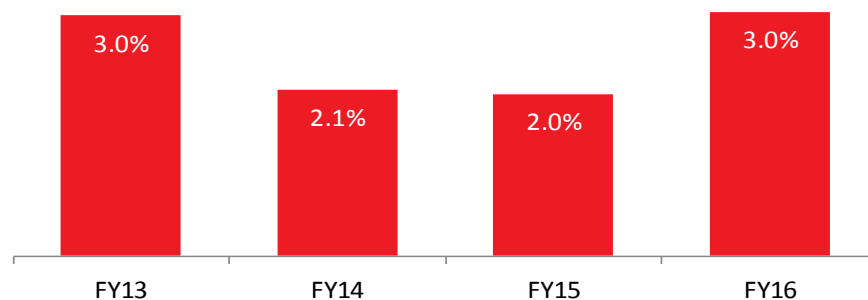
Expense Ratio (B)



Losses and Provisions (C)




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



Note: Losses & Provisions & ROTA are after considering accelerated provisioning as follows:

	<u>FY15</u>	<u>FY16</u>
• Provision for Loan Loss -	5 months+	4 months+
• Standard Asset Provision -	0.30%	0.35%
• Accelerated Provision -	-	54 Cr.

 Indicates Accelerated NPA Provision for less than 5 months overdue & incremental Standard assets Provision (>0.3%)



Home Equity



Home Equity - Overview



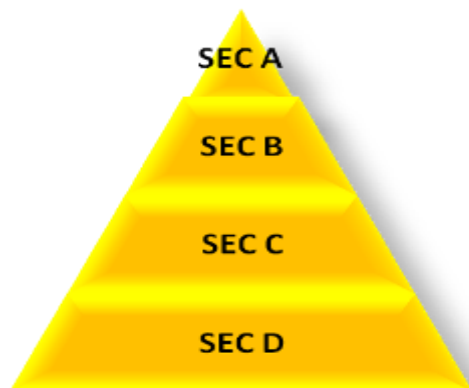
Asset Class

- 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

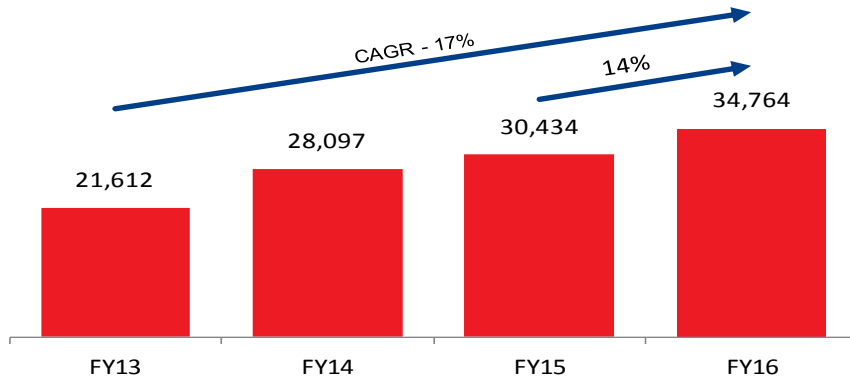
Structure

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

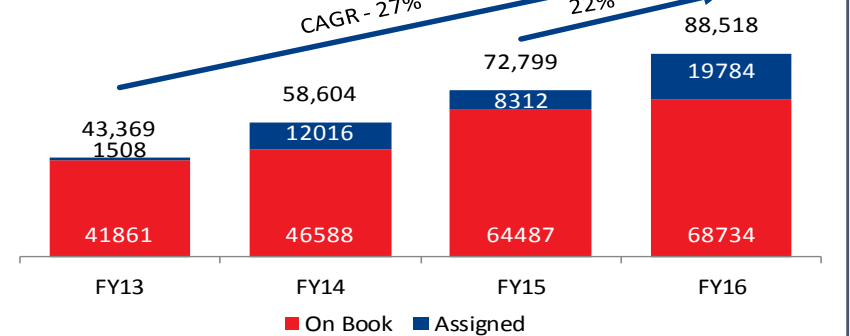


Home Equity - Financial Summary

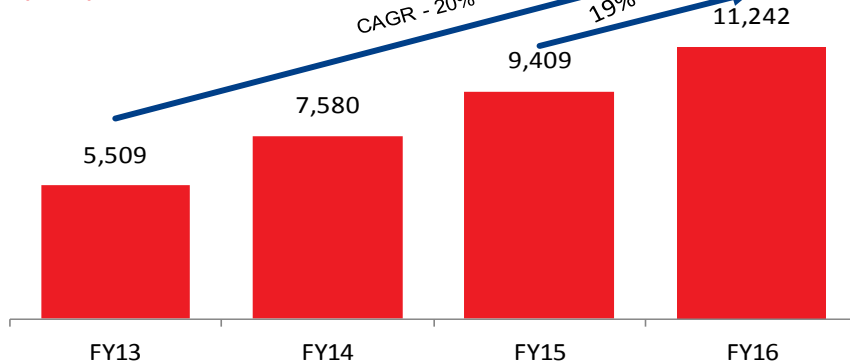
Disbursements (₹ mn)



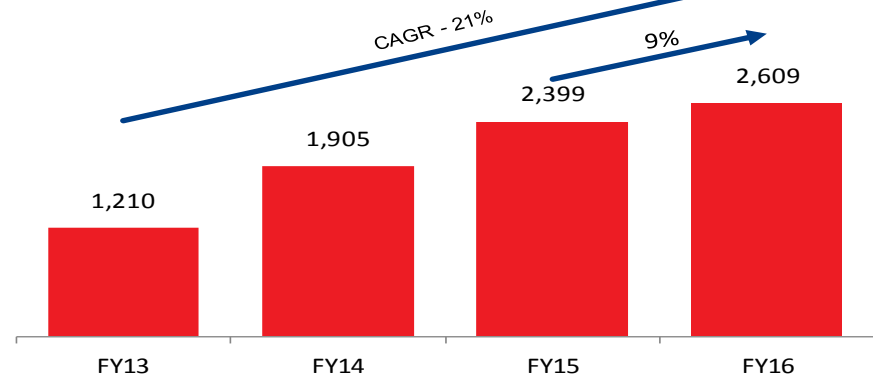
Assets Under Management (₹ mn)



Income (₹ mn)



Profit Before Tax (₹ mn)



Note: PBT is after considering accelerated provisioning as follows:

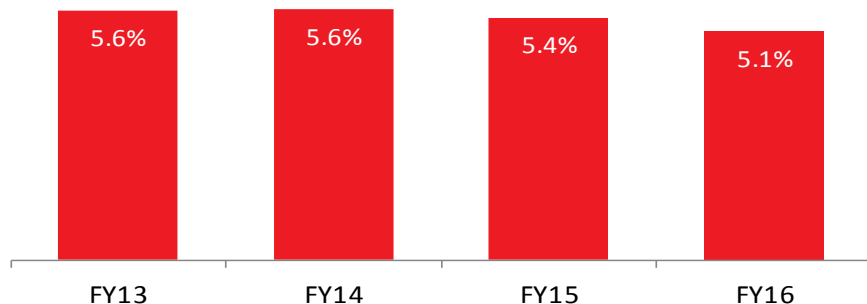
	FY15
• Provision for Loan Loss -	5 months+
• Standard Asset Provision -	0.30%
• Accelerated Provision -	-

	FY16
• Provision for Loan Loss -	4 months+
• Standard Asset Provision -	0.35%
• Accelerated Provision -	54 Cr.

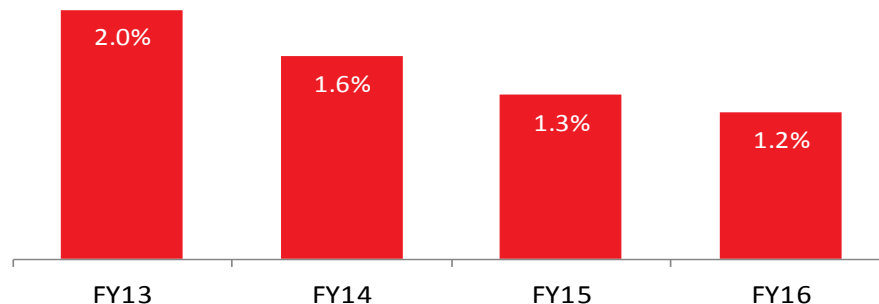
AUM is Net of provisions.

Home Equity - Financial Summary (Cont'd)

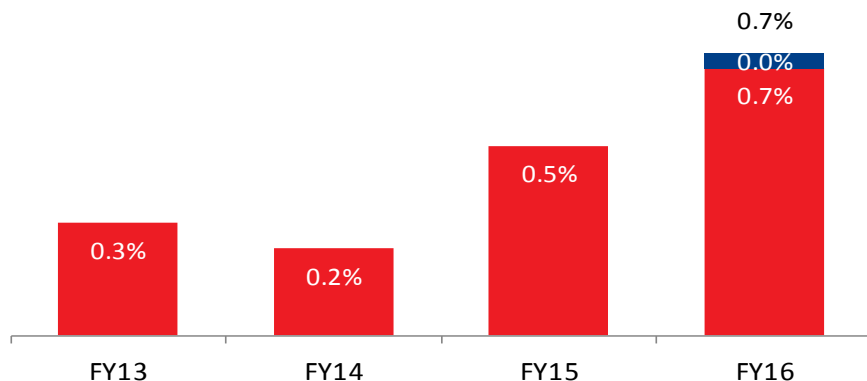
Net Income Margin (A)
(Operating Income - Finance Charges)



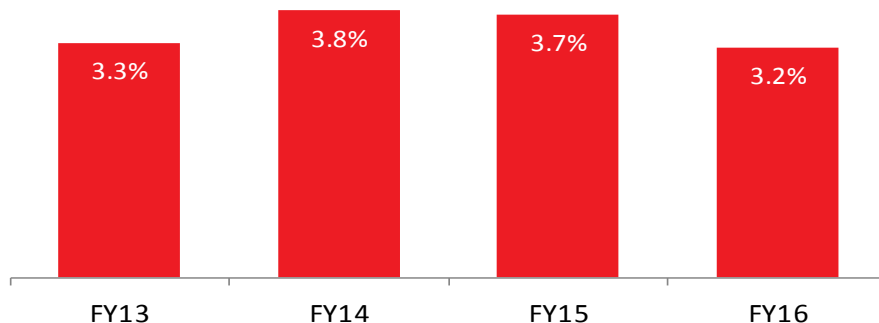
Expense Ratio (B)



Losses and Provisions (C)



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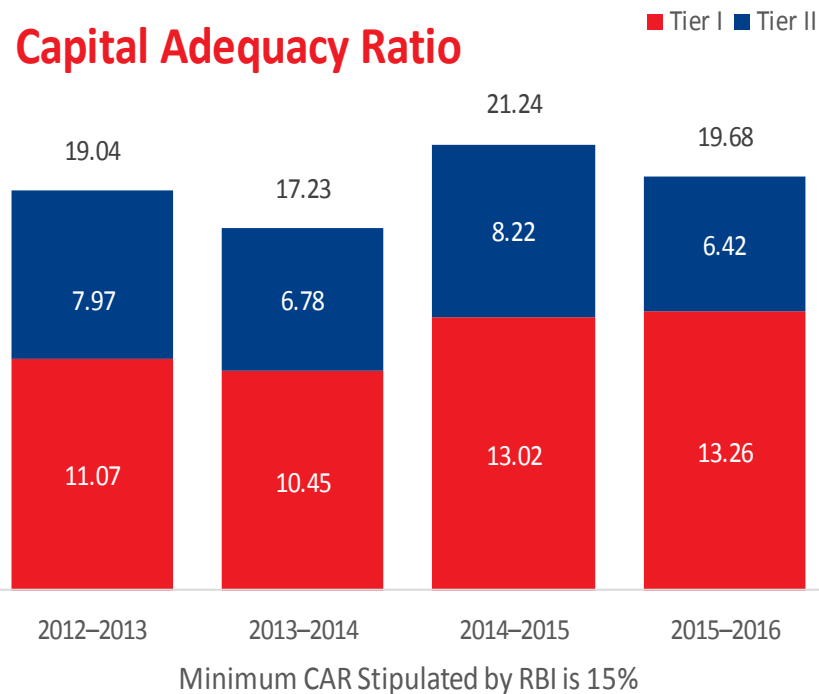


Funding Profile



CAR, Credit Rating and ALM Statement

Capital Adequacy Ratio



ALM Statement as on Mar 2016

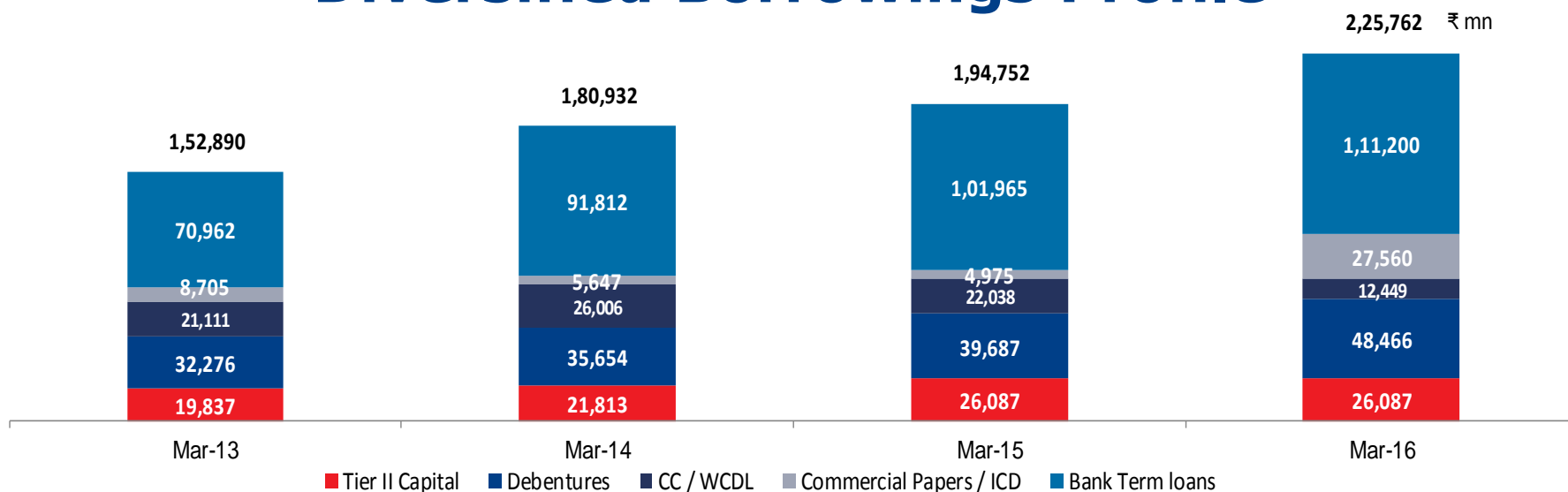
Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	4,747	9,155	4,409	4,409
15-30/31 Days	1,147	3,146	1,999	6,408
Over 1-2 Months	11,126	10,247	(879)	5,529
Over 2-3 Months	18,014	16,493	(1,522)	4,008
Over 3-6 Months	31,305	29,381	(1,924)	2,083
Over 6 Months to 1 Year	59,265	57,824	(1,441)	643
Over 1-3 Years	84,727	89,983	5,256	5,899
Over 3-5 Years	9,115	20,119	11,005	16,904
Over 5 Years	18,229	37,637	19,408	36,312
Over 20 Years	36,959	647	(36,312)	-
Total	2,74,632	2,74,632	-	-

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 / Stable and CARE AA
- For Subordinated debt, the Company is rated with [ICRA] AA / Stable, India Ratings IND AA Stable, CARE AA and CRISIL AA/ Stable
- For Perpetual Debt, the Company is rated with [ICRA] AA - / Stable and CARE AA-

Diversified Borrowings Profile



Particulars	Mar-13	Mar-14	Mar-15	Mar-16
Bank Term Loans	46%	51%	52%	49%
Commercial papers/ ICD	14%	14%	3%	12%
CC/WCDL	6%	3%	11%	6%
Debentures	21%	20%	20%	21%
Tier II Capital	13%	12%	13%	12%

- Consistent investment grade rating of debt instruments since inception
- Long term relationships with banks ensured continued lending
- A consortium of 25 banks with approved limits of ₹ 40,000 mn



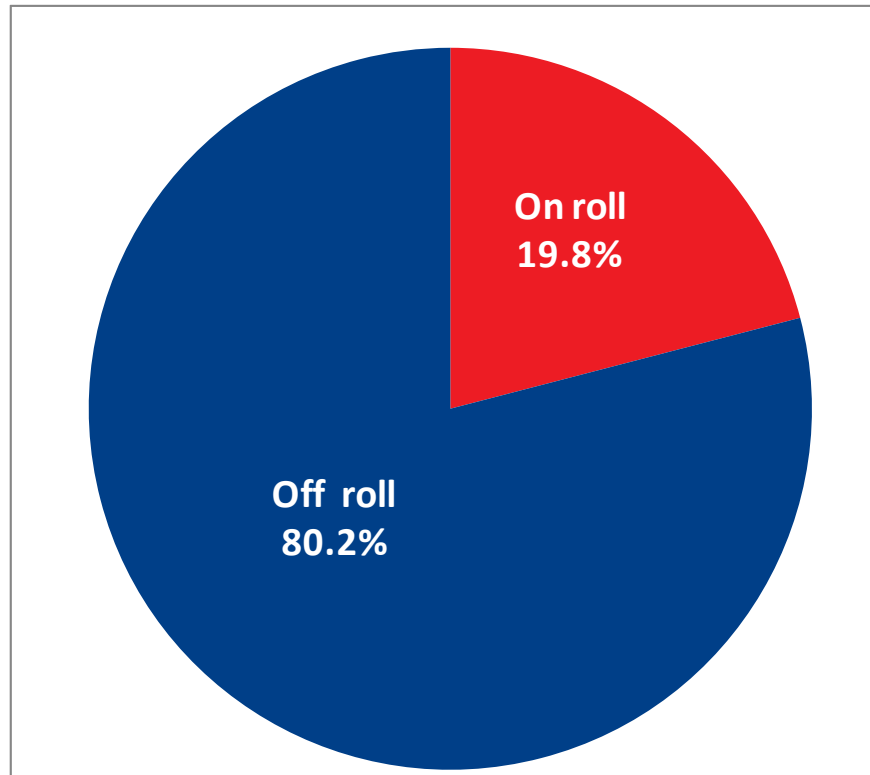
Business Enablers



Human Resources

Employee Strength of Chola

as on 31st Mar 2016 - 13590



We have 2886 on roll employees which includes 240 professionals (CA,CS, ICWA, Lawyers and engineers) and 494 MBAs

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:

Our core lending platform (FinnOne Suite) is being redeveloped 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 .

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 Model - Business Rules driven credit system which helps in automated credit decision using a scoring model.



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	FY13	FY14	FY15	FY16
Disbursements	1,21,183	1,31,142	1,28,076	1,63,803
Operating Income	25,557	32,628	36,912	41,937
Finance Charges	14,110	17,711	19,604	20,508
Net Income Margin	11,447	14,918	17,308	21,429
Expenses	5,696	6,582	7,489	8,449
Loan Losses and Std Assets Prov	1,243	2,833	3,247	4,272
Profit Before Tax	4,508	5,502	6,572	8,708
Taxes	1,443	1,862	2,221	3,023
Profit After Tax	3,065	3,640	4,352	5,685
Key Income Ratios				
NIM to Income	44.8%	45.7%	46.9%	51.1%
Optg Exp to Income	22.3%	20.2%	20.3%	20.1%
ROTA-PBT	3.0%	2.8%	3.0%	3.6%
ROTA-PAT	2.0%	1.9%	2.0%	2.3%

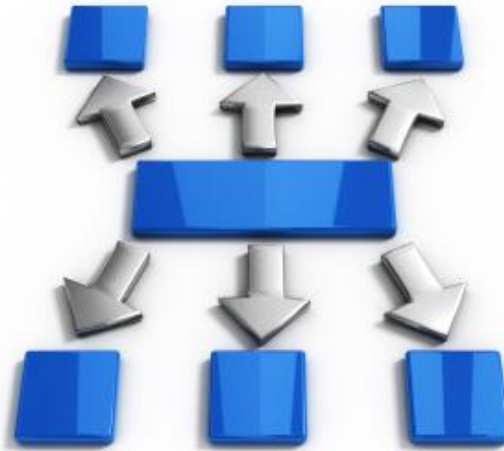
Note: Losses & Provisions, PBT, PAT & ROTA are after considering accelerated provisioning as follows:

	<u>FY15</u>	<u>FY16</u>
• Provision for Loan Loss -	5 months+	4 months+
• Standard Asset Provision -	0.30%	0.35%
• Accelerated Provision -	-	54 Cr.

Balance Sheet

₹ mn

Particulars	Mar-13	Mar-14	Mar-15	Mar-16
Equity and Liabilities				
Shareholders' Funds	19,648	22,947	31,733	36,574
Current Liabilities	77,847	92,760	78,892	1,27,214
Non-current Liabilities	84,354	99,761	1,28,106	1,15,095
Total	1,81,848	2,15,468	2,38,732	2,78,883
Assets				
Non-current Assets				
Fixed Assets	707	729	683	1,113
Non-current Investments	744	661	602	647
Deferred Tax Asset (Net)	689	1,296	1,836	2,815
Receivable under Financing Activity	1,14,736	1,30,790	1,54,680	1,81,877
Other Non-current Assets & Loans and Advances	5,116	6,839	6,678	5,157
	1,21,991	1,40,316	1,64,479	1,91,608
Current Assets				
Current Investments	1,501	163	73	19
Cash and Bank Balances	3,890	8,008	3,407	4,905
Receivable under Financing Activity	51,523	63,491	67,156	77,225
Other Current Assets & Loans and Advances	2,943	3,490	3,618	5,126
	59,857	75,152	74,253	87,275
Total	1,81,848	2,15,468	2,38,732	2,78,883
De-recognised Assets	25,287	40,874	35,482	41,643
Total Assets Under Management	2,07,135	2,56,342	2,74,215	3,20,526



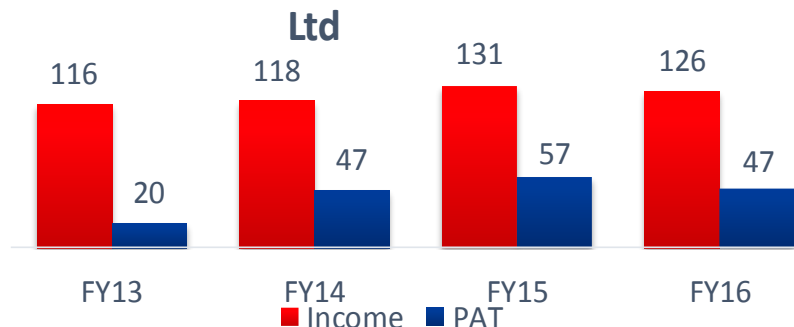
Wealth Management



Wealth Management

Cholamandalam Distribution Services Ltd

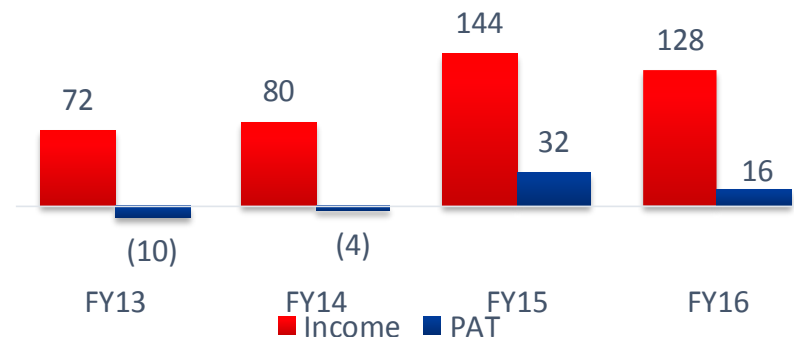
₹ mn



- Wealth management services for mass affluent and affluent customer segments.
- Retail Distribution of a wide range of products – Investments, Life Insurance, General Insurance, Home loan & mortgage products.
- Has national presence, with 8 offices across the country

Cholamandalam Securities Ltd

₹ mn



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

NPA Provisioning Standards

RBI Norms

(as on 31st Mar 2016)

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

Vehicle Finance

VF Prime, CE

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

Shubh

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

Tractor

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

Home Equity

Home Equity & Home Loan

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

Contact Us

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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

Arulselvan D-Executive Vice President & CFO – arulselvanD@chola.murugappa.com

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Chola

Enter a better life



Thank You



murugappa