



Cholamandalam Investment and Finance Company Limited

Corporate Presentation – September 2018



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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 ₹ 182 bn¹

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 AUM of ₹ 477 bn as of Sep 2018 and a healthy RoA of 4.0%
- Operating income CAGR of 14% over FY14 to FY18

4

Diversified Footprint

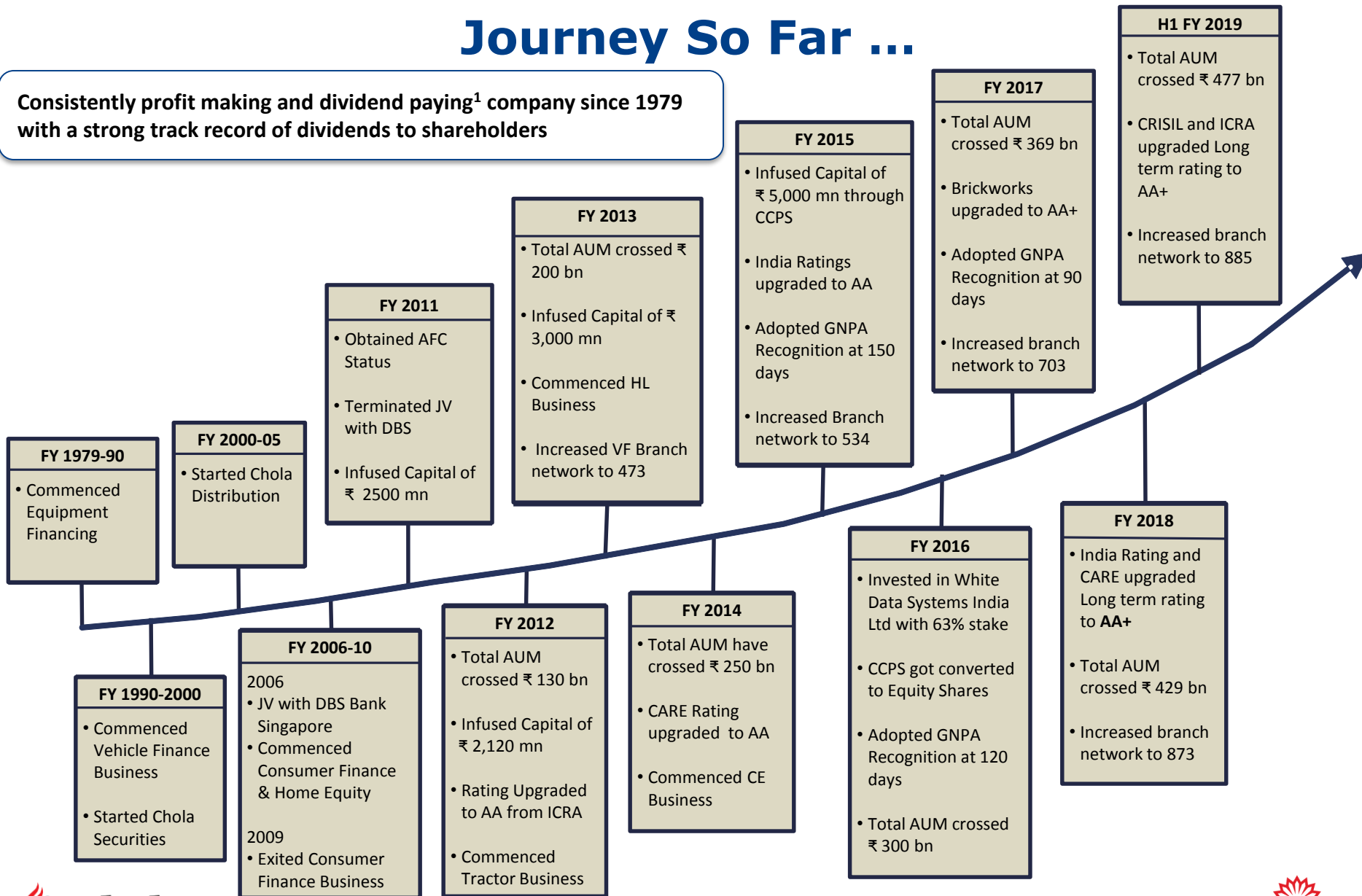
- Operates from 885 branches across 27 states and 79% presence across Tier III, IV, V, and VI towns
- One of the leading NBFCs in Asset Financing Business

1. Market data as on 28th Sep 2018. Source: BSE

* At 3 months overdue

Journey So Far ...

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



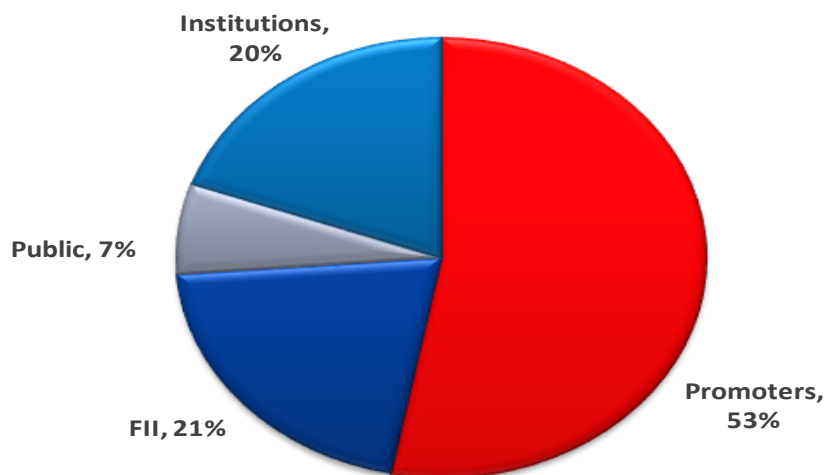
Major Companies – Murugappa Group

Company Name	Market Capitalisation	Description
 Chola <i>Enter a better life</i>	<ul style="list-style-type: none"> ₹ 1,82,767 mn (US\$ 2,533mn) 	<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, home loans, stock broking & distribution of financial products
 Coromandel	<ul style="list-style-type: none"> ₹ 1,16,161 mn (US\$ 1,610mn) 	<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"> ₹ 72,443 mn (US\$ 1,004 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"> ₹ 35,111mn (US\$ 487 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)
 INDIA	<ul style="list-style-type: none"> ₹ 54,077mn (US\$ 750 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
 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 28th Sep 2018. Source: BSE and Conversion Rate of 1USD = Rs.72.15 as on 28th Sep 2018 Source: RBI

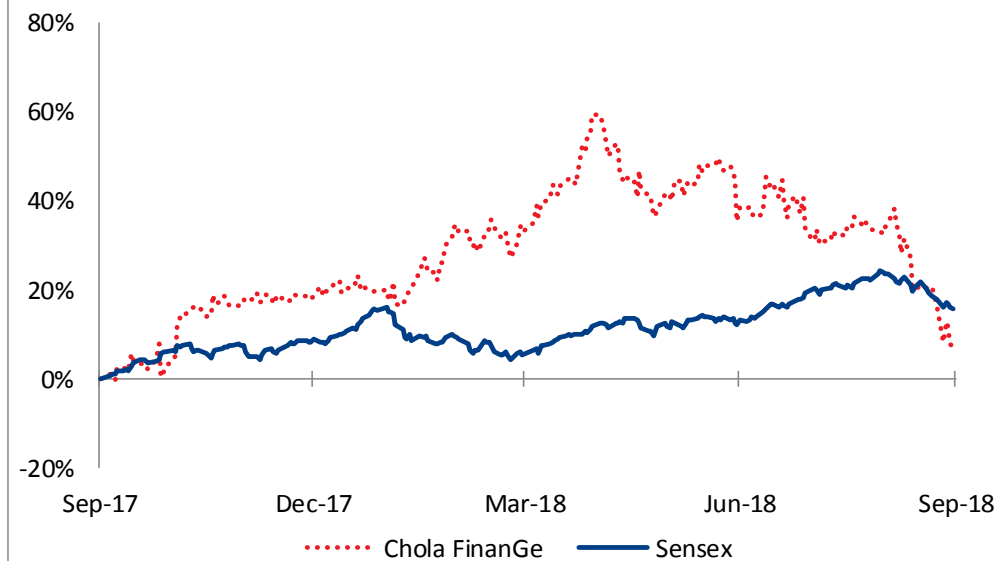
Shareholding

Shareholding Pattern



- Promoters share holding of 53.07% includes
 - TI Financial Holdings Limited – 46.39%,
 - Ambadi Investments Private Ltd – 4.43%
 - Others - 2.24%

Chola Finance - Share Price Growth



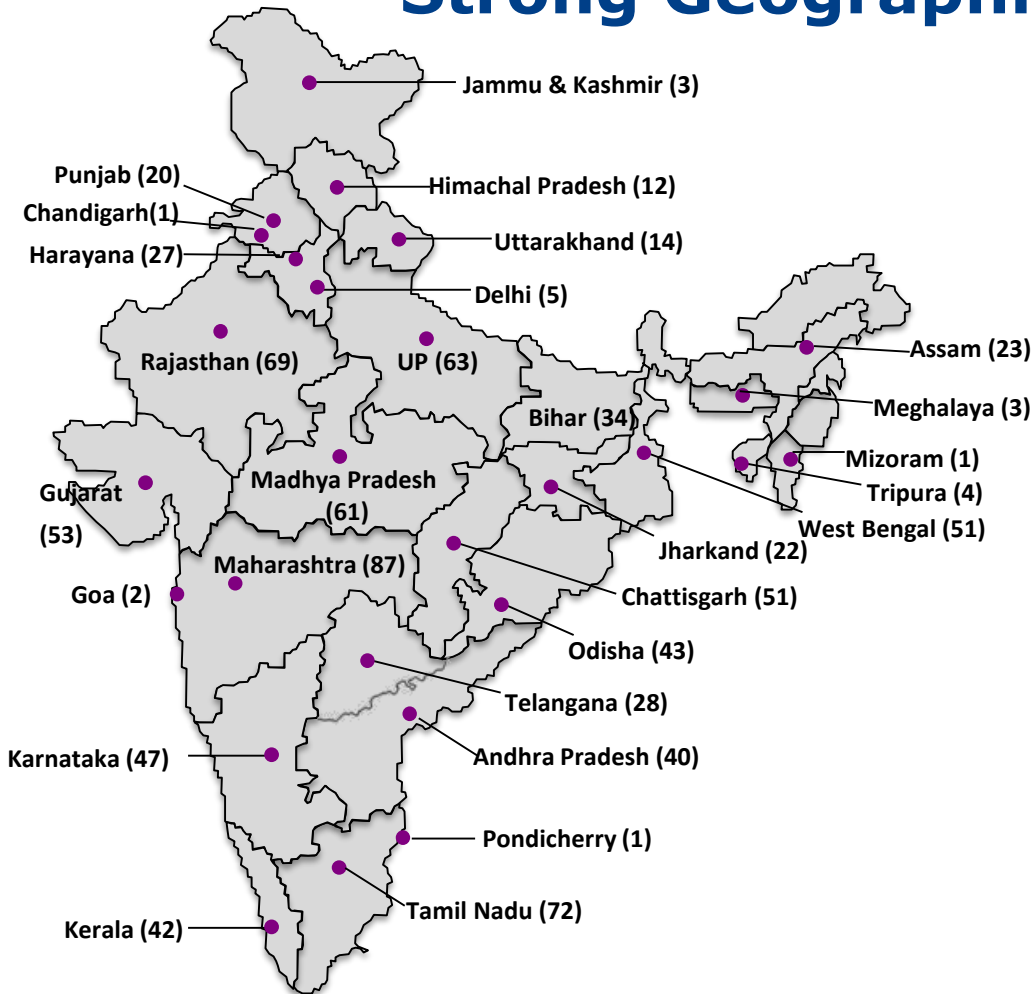
	Sep 17	Jan 18	Apr 18	Jul 18	Sep 18
Chola FinanGe (₹ / share)	1,092	1,318	1,489	1,463	1,169
BSE Sensex	31,284	33,813	33,019	37,337	36,227

SPIRIT OF CHOLA



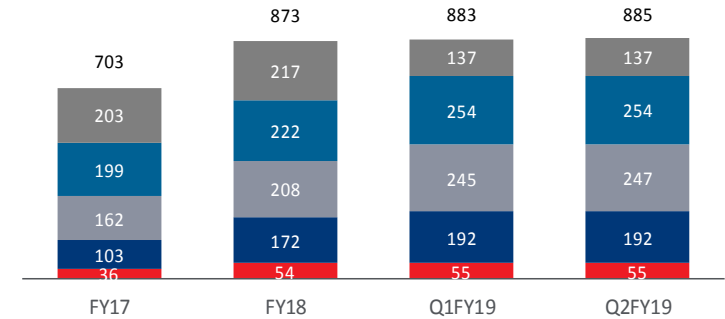
"The fundamental principle of economic activity is that no man you transact with will lose, then you shall not."

Strong Geographical Presence

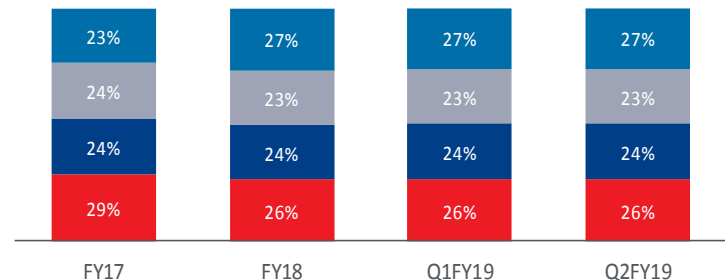


- 885 branches across 27 states/Union territories: 879 VF, 177 HE (171 co-located with VF) and 139 HL (co-located with VF).
- 79% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns
- Strong Pan India presence

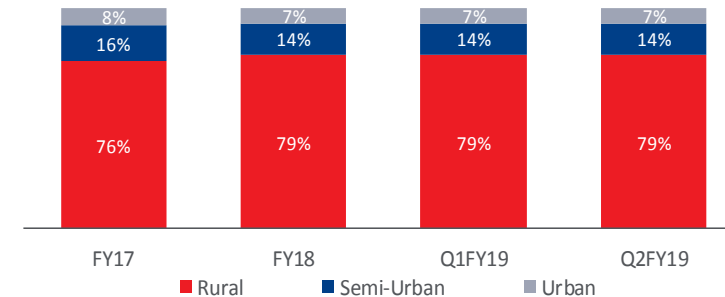
Branch Network



■ A ■ B ■ C ■ D ■ E (Category wise)

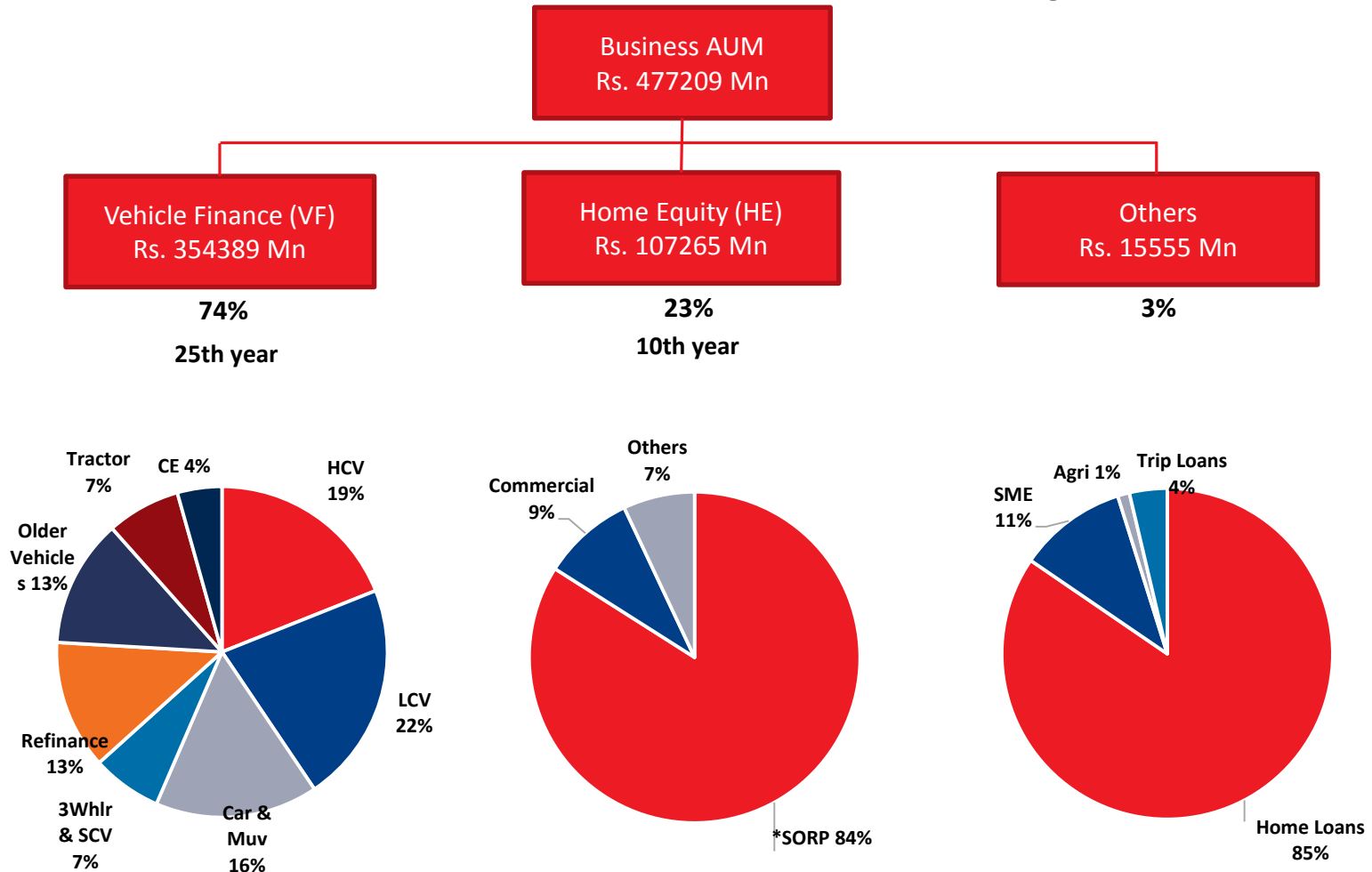


■ South ■ North ■ West ■ East



■ Rural ■ Semi-Urban ■ Urban

Business Profile & AUM as on 30th Sep 2018



*SORP – Self Occupied Residential Property



Financial Performance



Financial Snapshot (IGAAP) – 10 Years

Rs. in Mn

Financials Snapshot	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	YoY	CAGR (10 years)
Assets under management	60,328	68,506	91,242	1,34,620	1,89,981	2,32,534	2,54,525	2,96,504	3,41,670	4,28,790	25%	24%
Total Income	11,206	9,295	12,018	17,882	25,557	32,628	36,912	41,937	46,603	54,258	16%	19%
Interest expenses	5,889	4,949	5,683	9,882	14,053	17,633	19,502	20,400	22,209	22,936	3%	16%
Net Income	5,317	4,346	6,336	8,000	11,504	14,996	17,410	21,537	24,394	31,322	28%	22%
Operating Expenses	3,117	2,735	3,340	4,368	5,103	5,833	6,160	7,141	8,979	11,365	27%	15%
Loan Losses & Provision	2,030	1,298	1,995	731	1,893	3,661	4,678	5,688	4,360	5,124	18%	11%
Profit before tax	170	313	1,001	2,901	4,508	5,502	6,572	8,708	11,056	14,833	34%	64%
Ratios												
Net Income to assets	8.8%	7.0%	8.8%	7.4%	7.6%	7.7%	7.9%	8.7%	8.6%	9.7%		
Expense to assets	5.1%	4.4%	4.6%	4.1%	3.8%	3.4%	3.4%	3.4%	3.6%	4.0%		
Losses and provisions	3.3%	2.1%	2.8%	0.7%	0.8%	1.5%	1.5%	1.7%	1.1%	1.1%		
Return on assets (PBT)	0.3%	0.5%	1.4%	2.7%	3.0%	2.8%	3.0%	3.6%	3.9%	4.6%		
Networth	3665	7850	*10720	*14173	*19648	22947	*31733	36574	42849	51502		
CAR	15.12	14.80	*16.67	*18.08	*19.04	17.23	*21.24	19.68	18.64	18.36		
Return on equity	10.6	2.3	6.7	13.9	18.1	17.1	15.8	16.7	18.1	20.8		
Earnings per share (Basic)	7.05	1.79	5.67	14.39	22.89	25.43	30.09	37.5	46.01	62.32		
Market Capitalisation	1,317	6,226	20,588	24,529	38,832	41,253	84,226	1,11,402	1,50,722	2,26,624		

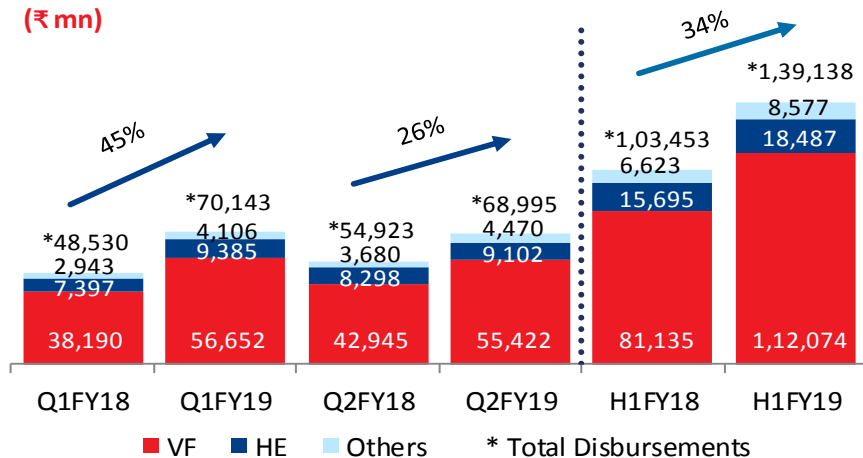
* Capital Infusion

All figures are as per IGAAP for comparability over the past period

Chola – Financial Summary

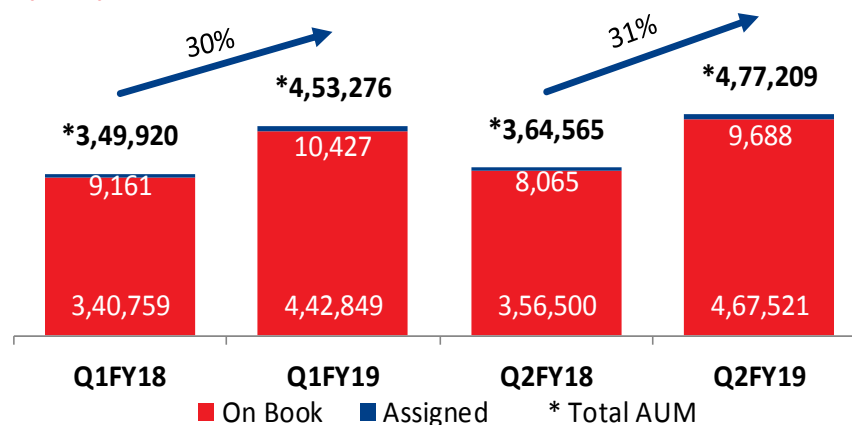
Disbursements

(₹ mn)



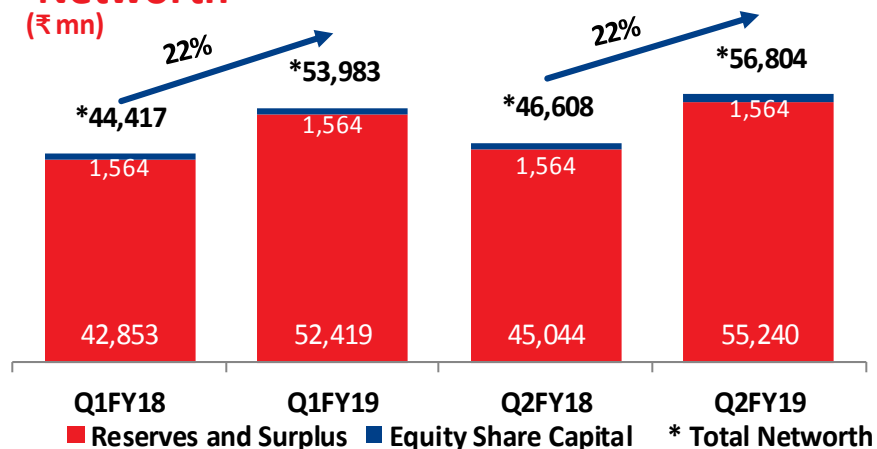
Assets Under Management

(₹ mn)



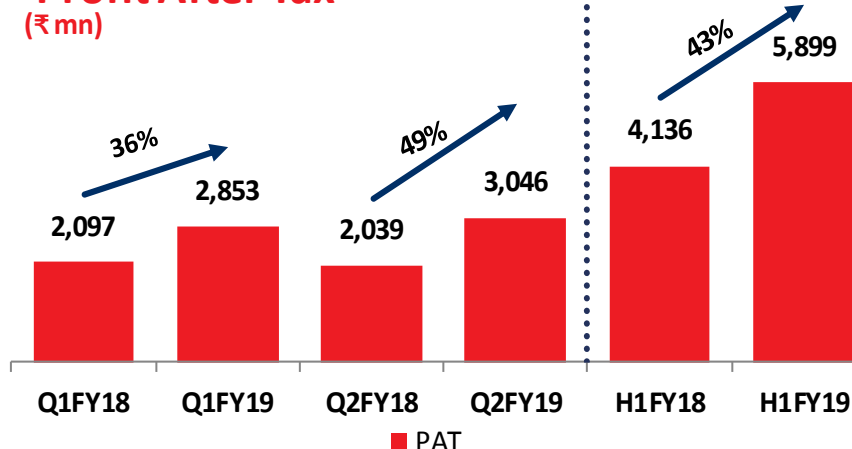
Networth

(₹ mn)



Profit After Tax

(₹ mn)



Profit and Loss Statement (As per IND AS)

In mn

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	H1FY18	H1FY19	Growth % Q1-o-Q1	Growth % Q2-o-Q2	Growth % Y-o-Y
Disbursements	48,530	70,143	54,923	68,995	1,03,453	1,39,138	45%	26%	34%
Closing Assets (Managed)	3,60,757	4,68,931	3,74,167	5,27,505	3,74,167	5,27,505	30%	41%	41%
Closing Assets (Balance Sheet)	3,51,596	4,58,505	3,66,102	5,17,817	3,66,102	5,17,817	30%	41%	41%
Operating Income	13,131	16,205	13,503	16,747	26,634	32,951	23%	24%	24%
Finance Charges	6,326	8,018	6,561	8,639	12,887	16,657	27%	32%	29%
Net Income	6,805	8,186	6,942	8,108	13,747	16,294	20%	17%	19%
Expenses	2,483	2,815	2,706	2,902	5,189	5,717	13%	7%	10%
Loan Losses and Std Assets Prov	1,080	983	1,135	612	2,215	1,594	-9%	-46%	-28%
Profit Before Tax	3,242	4,388	3,101	4,595	6,343	8,983	35%	48%	42%
Taxes	1,145	1,535	1,062	1,549	2,207	3,084	34%	46%	40%
Profit After Tax	2,097	2,853	2,039	3,046	4,136	5,899	36%	49%	43%
Asset Ratios									
Income	15.3%	14.6%	15.0%	14.3%	15.1%	14.5%			
Cost of Funds	7.4%	7.2%	7.3%	7.4%	7.3%	7.3%			
Net Income Margin	7.9%	7.4%	7.7%	6.9%	7.8%	7.2%			
Expense	2.9%	2.5%	3.0%	2.5%	2.9%	2.5%			
Losses & Provisions	1.3%	0.9%	1.3%	0.5%	1.3%	0.7%			
ROTA-PBT	3.8%	4.0%	3.4%	3.9%	3.6%	4.0%			
ROTA-PAT	2.4%	2.6%	2.3%	2.6%	2.3%	2.6%			
Gross - Stage 3	18,817	16,201	18,667	16,083	18,667	16,083			
ECL Provisions - Stage 3	5,717	5,912	6,197	5,915	6,197	5,915			
Coverage Ratio - Stage 3	30.4%	36.5%	33.2%	36.8%	33.2%	36.8%			

Balance Sheet (As per IND AS)

Rs. Mn

Particulars	Sep-17	Mar-18	Sep-18
ASSETS			
Financial Assets	3,70,854	4,35,536	5,28,283
Cash and Cash Equivalents	3,367	2,538	47,360
Bank balances	6,984	6,341	6,330
Derivative financial instruments	-	-	2,101
Loans	3,56,493	4,21,985	4,67,516
Investments	2,580	3,195	3,789
Other Financial Assets	1,429	1,477	1,187
Non- Financial Assets	6,960	7,473	7,624
Current tax assets (Net)	751	1,596	1,111
Deferred tax assets (Net)	3,627	3,696	3,896
Investment Property	0	0	0
Property, Plant and Equipment	1,253	1,401	1,367
Intangible assets	222	207	160
Other Non-Financial Assets	1,107	573	1,090
TOTAL	3,77,814	4,43,009	5,35,907

Balance Sheet (Cont'd)(As per IND AS)

Rs. Mn

EQUITY AND LIABILITIES			
Financial Liabilities	3,30,715	3,91,273	4,78,361
Derivative financial instruments	1,028	706	-
Trade payables	1,670	2,582	2,394
Debt Securities	1,50,629	1,45,553	1,66,505
Borrowings(Other than Debt Securities)	1,41,992	2,03,643	2,67,525
Subordinated Liabilities	33,639	36,155	39,619
Other Financial Liabilities	1,758	2,635	2,318
Non-Financial Liabilities	585	676	742
Shareholders fund	46,514	51,060	56,804
Share Application Money pending Allotment	0.2	-	-
TOTAL	3,77,814	4,43,009	5,35,907

Performance Highlights – Q2FY19 & H1FY19

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS*

ROE*

Q2-FY19

₹ 68,995 mn

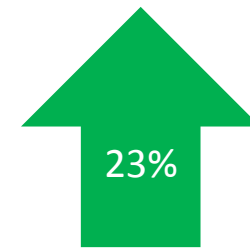
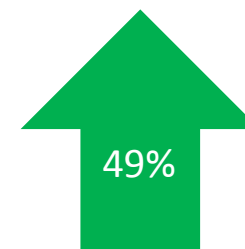
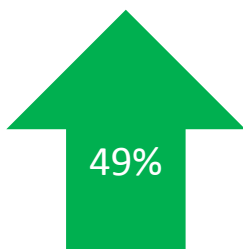
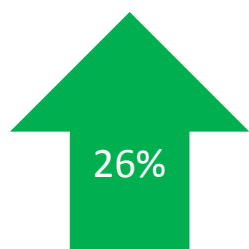
₹ 3,046 mn

3.9%

₹363.3

₹77.9

21.8%



Q2-FY18

₹ 54,923 mn

₹ 2,039 mn

3.4%

₹298.2

₹52.2

17.7%

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS*

ROE*

H1-FY19

₹ 1,39,138 mn

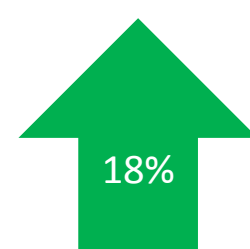
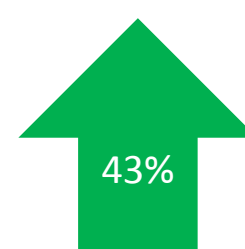
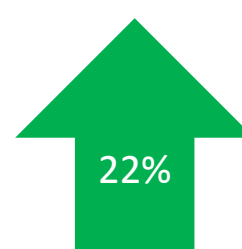
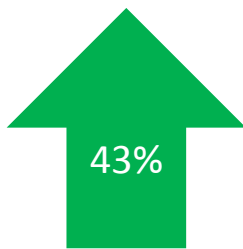
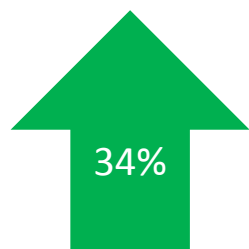
₹ 5,899 mn

4.0%

₹363.3

₹75.5

21.8%



H1-FY18

₹ 1,03,453 mn

₹ 4,136 mn

3.6%

₹ 298.2

₹52.9

18.5%

PROVISION ANALYSIS – IND AS vs IGAAP

In mn

Particulars	Jun-17	Sep-17	Mar-18	Jun-18	Sep-18
As per IGAAP					
GNPA	16,827	16,526	12,779	13,768	13,472
NNPA	11,261	10,728	7,222	7,782	7,506
Provision	5,566	5,798	5,557	5,986	5,966
GNPA%	4.7%	4.5%	2.9%	3.0%	2.8%
NNPA%	3.2%	2.9%	1.7%	1.7%	1.6%
Provision Coverage%	33.1%	35.1%	43.5%	43.5%	44.3%
Standard Assets Provn	1,107	1,206	1,451	1,561	1,607
Standard Assets Provn %	0.40%	0.40%	0.40%	0.40%	0.40%
Total Provision	6,673	7,004	7,008	7,547	7,573
As per IND AS					
Gross Asset - Stage 3	18,817	18,667	14,958	16,201	16,083
Stage 3 Assets to Total Gross Assets	5.4%	5.1%	3.5%	3.6%	3.4%
ECL provision - Stage 3	5,717	6,197	5,434	5,912	5,915
Coverage Ratio (%) - Stage 3	30.4%	33.2%	36.3%	36.5%	36.8%
Gross Asset - Stage 1&2	3,30,882	3,47,407	4,16,013	4,36,232	4,60,822
ECL provision - Stage 1&2	3,223	3,378	3,552	3,670	3,476
Coverage Ratio (%) - Stage 1&2	1.0%	1.0%	0.9%	0.8%	0.8%
Total ECL Provision	8,940	9,575	8,986	9,582	9,390



BUSINESS OVERVIEW



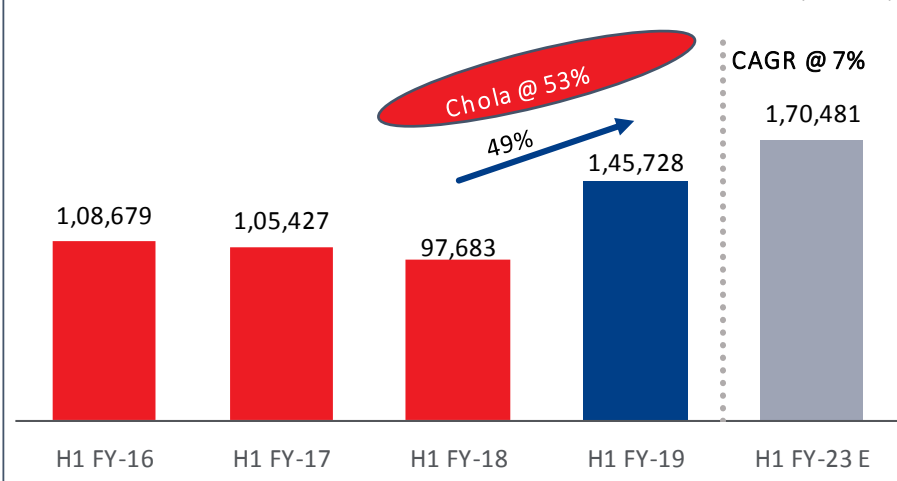


Vehicle Finance



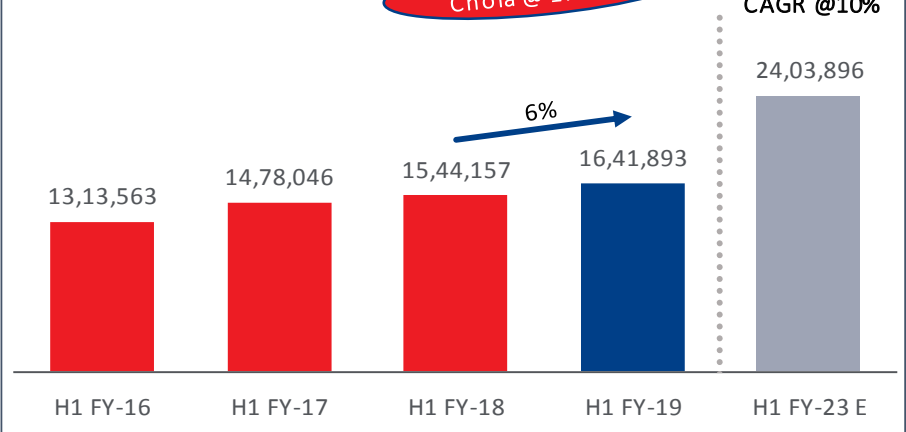
Vehicle Finance - Industry

Trend in Domestic M & HCV Sales



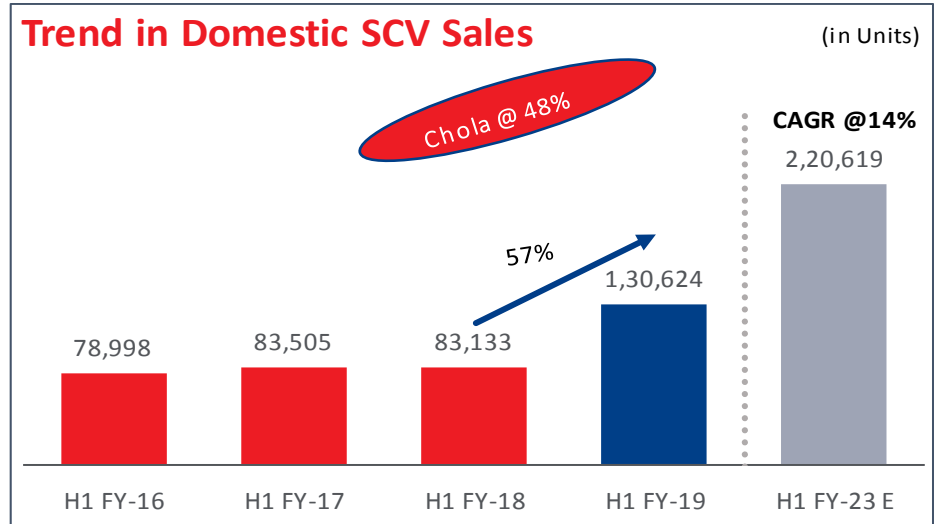
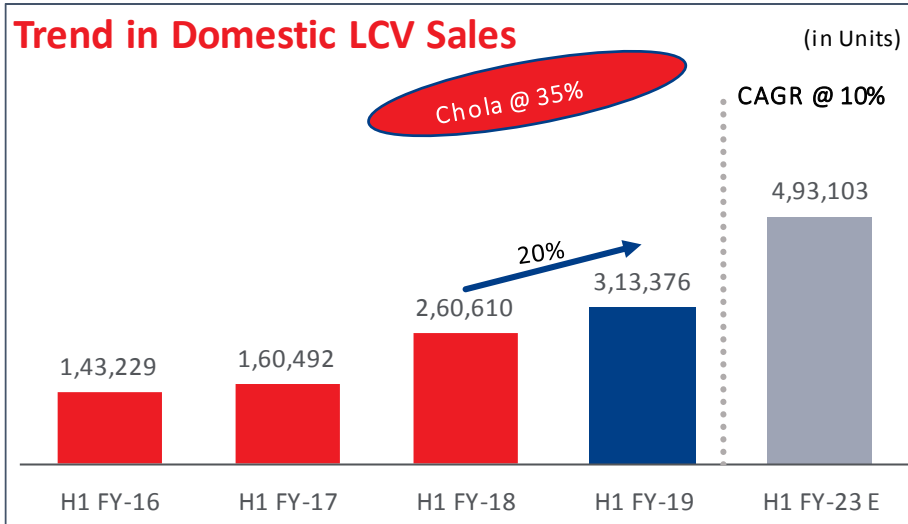
- Improved industrial activity, steady agricultural output, and the government's focus on infrastructure will aid growth.
- Pick up in construction and mining activities would also continue to drive demand.

Trend in Domestic Car & MUV Sales



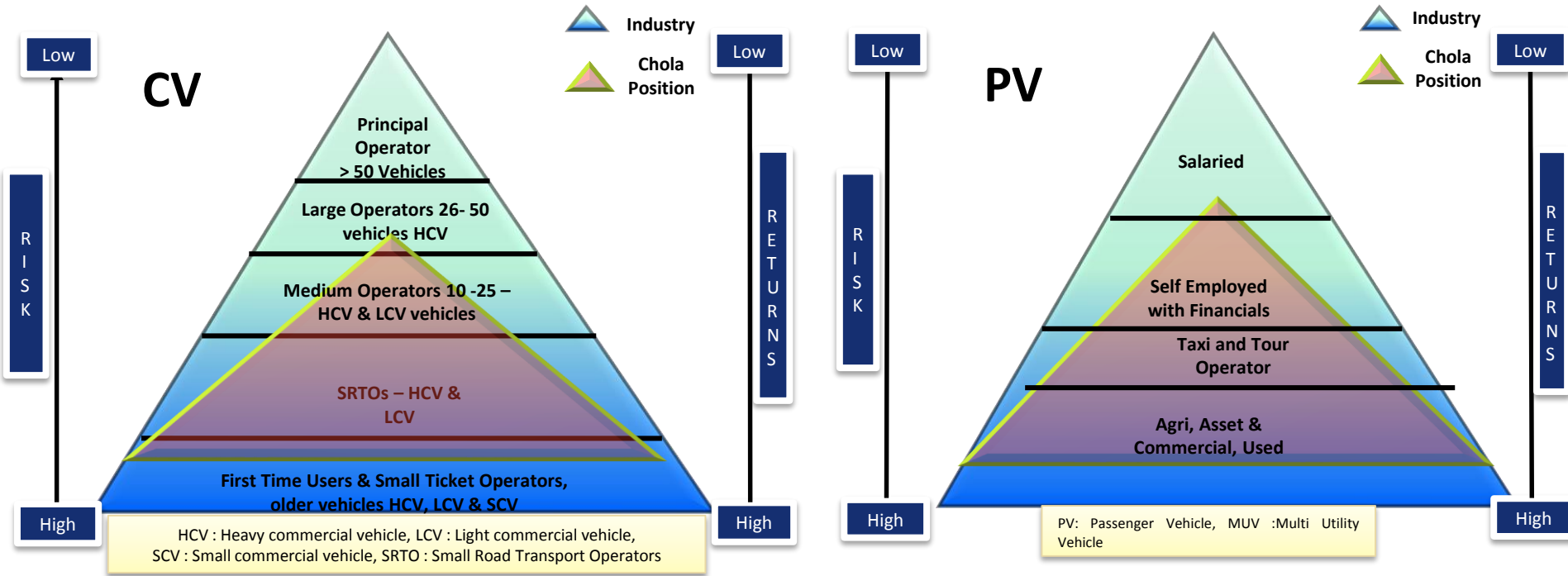
- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration by 35% in the next 5 years (20 vehicles per 1000 to 27 vehicles per 1000 population)

Vehicle Finance - Industry



- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will drive for growth
- GST roll out and its impact on logistic sector is expected to aid growth in the medium term
- Changes in warehousing pattern post GST, through increasing adoption of hub and spoke model, is driving the need for faster and efficient trucks.
- Substitution of three-wheelers to SCVs, which enables higher carrying capacity and lower TAT and make it more cost efficient.
- Bus Sales to be supported by growing urban population, demand from schools and corporates and increased inter-city travel.

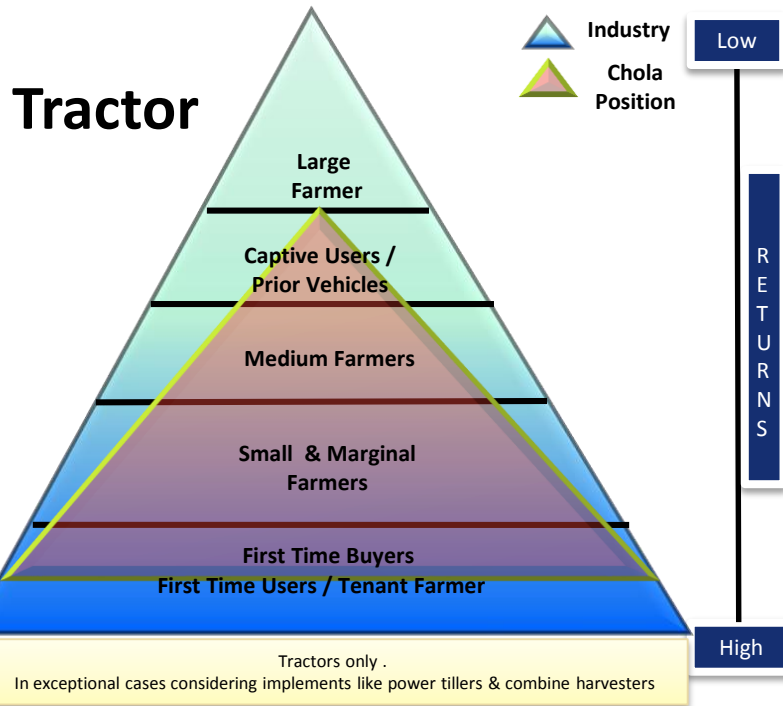
Vehicle Finance – Business Model & Positioning



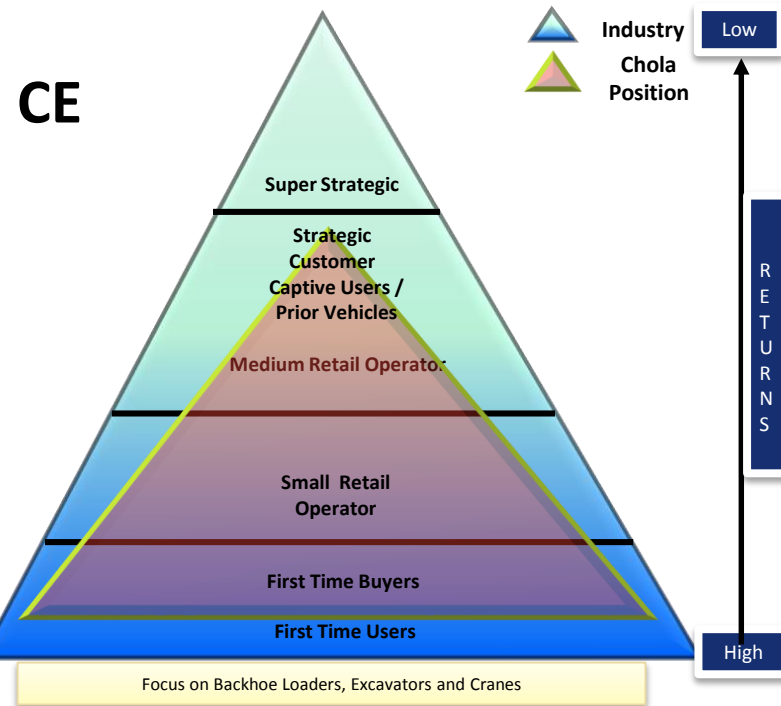
- ~65% of disbursements are to micro & small enterprises and agri -based customer segment
- Chola positioning-
 - Middle of the pyramid through New CVs, Used CVs
 - Top of the Bottom of the pyramid through SCV & older CVs Shubh

- ~ 66% of disbursements are to Chola Existing, Agri & Commercial usage customers
- ~ 34% disbursements are to Self Employed with financials
- Chola positioning-
 - Middle of the pyramid is into Agri, Asset & Commercial.

Vehicle Finance – Business Model & Positioning



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



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

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

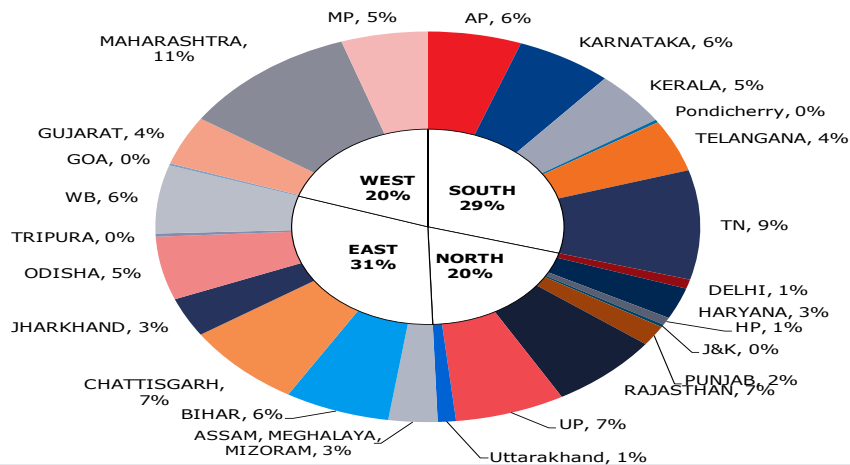
Strong collection management



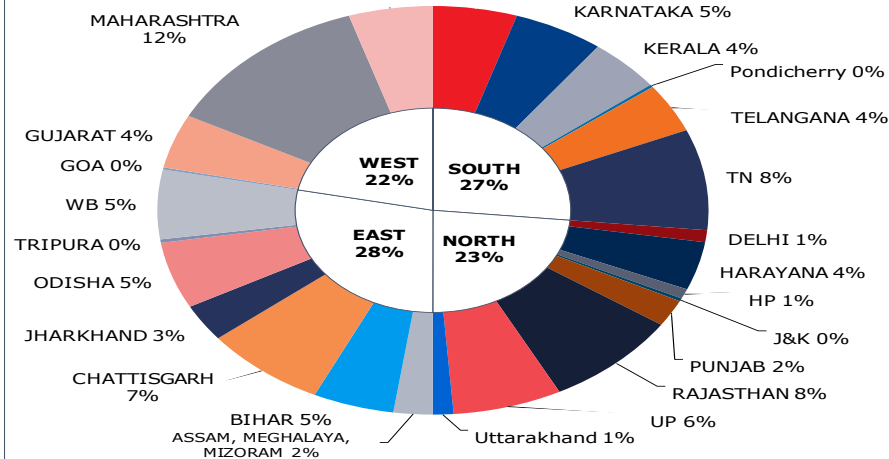
Vehicle Finance - Disbursement / Portfolio Mix – H1FY19

Well diversified across geography & product segments

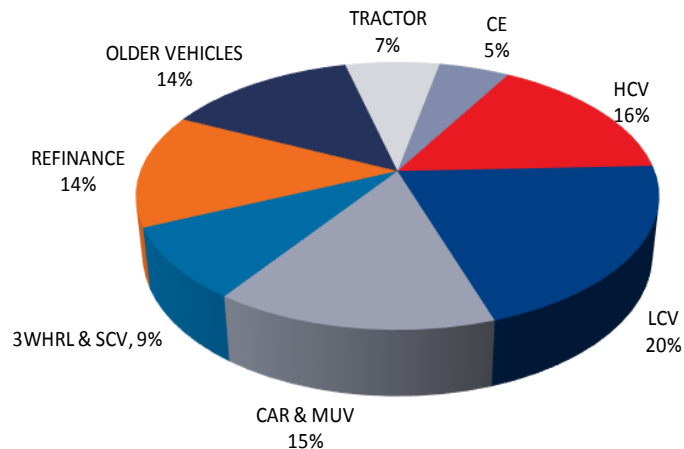
Disbursements - State wise



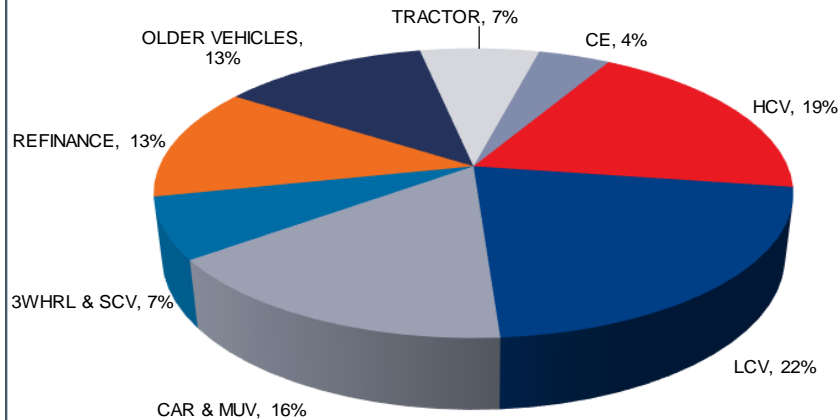
Portfolio - State wise



Disbursements - Product wise



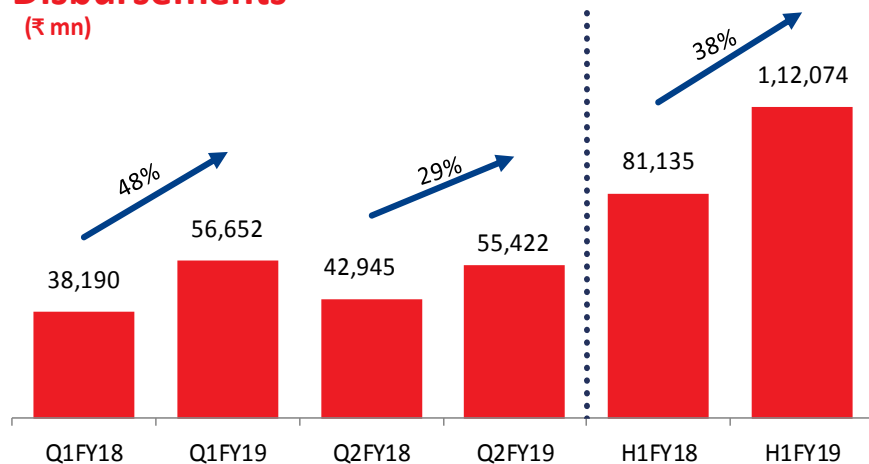
Portfolio - Product wise



Vehicle Finance - Financial Summary H1FY19 (As per IND AS)

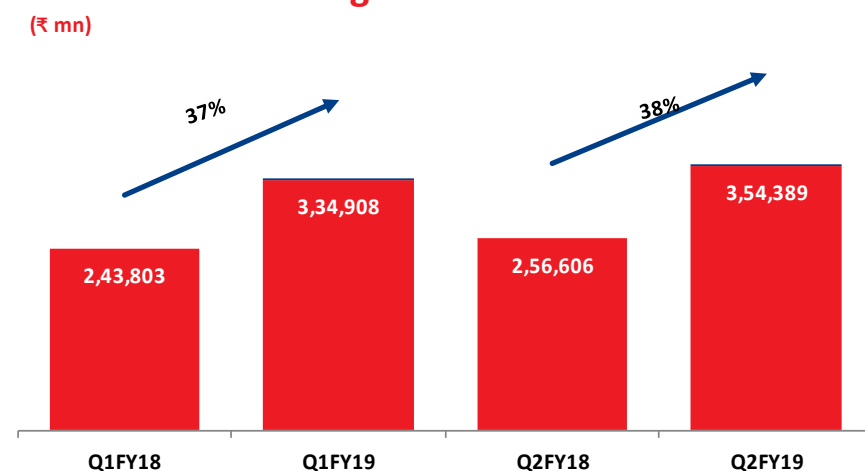
Disbursements

(₹ mn)



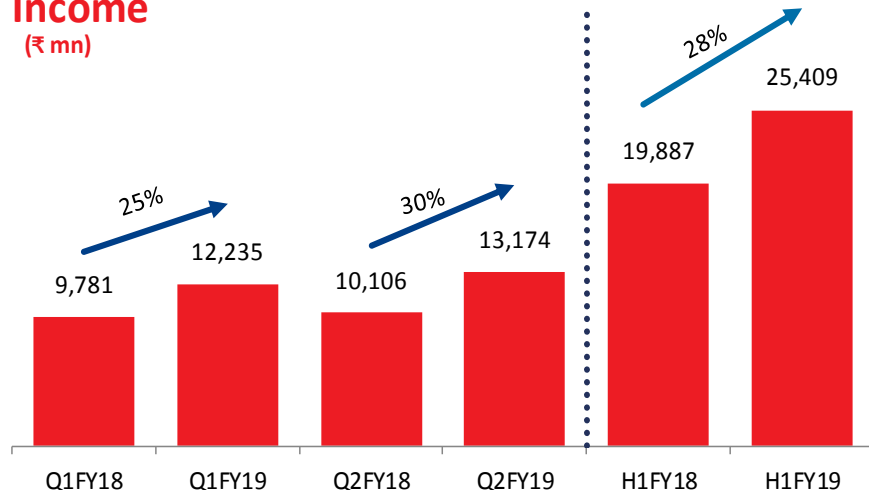
Assets Under Management

(₹ mn)



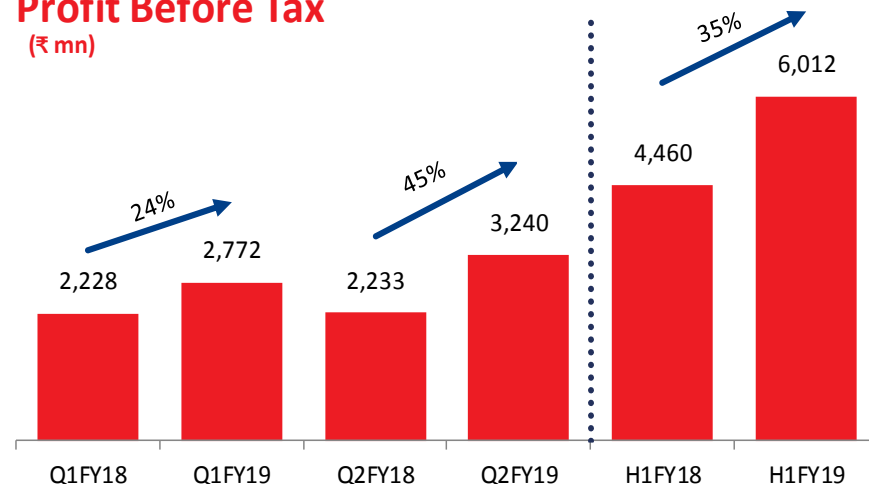
Income

(₹ mn)



Profit Before Tax

(₹ mn)



Profit and Loss Statement – Vehicle Finance (As per IND AS)

In mn

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	H1FY18	H1FY19	Growth % Q1-o-Q1	Growth % Q2-o-Q2	Growth % Y-o-Y
Disbursements	38,190	56,652	42,945	55,422	81,135	1,12,074	48%	29%	38%
Closing Assets (Managed)	2,43,803	3,34,906	2,56,606	3,54,389	2,56,606	3,54,389	37%	38%	38%
Operating Income	9,781	12,235	10,106	13,174	19,887	25,409	25%	30%	28%
Finance Charges	4,750	6,395	4,886	6,761	9,636	13,156	35%	38%	37%
Net Income	5,031	5,840	5,220	6,413	10,251	12,253	16%	23%	20%
Expenses	2,138	2,317	2,274	2,497	4,413	4,814	8%	10%	9%
Loan Losses and Std Assets Prov	665	752	713	676	1,378	1,428	13%	-5%	4%
Profit Before Tax	2,228	2,772	2,233	3,240	4,460	6,012	24%	45%	35%
Asset Ratios									
Income	16.4%	15.1%	16.1%	15.2%	16.2%	15.2%			
Cost of Funds	8.0%	7.9%	7.8%	7.8%	7.8%	7.9%			
Net Income Margin	8.4%	7.2%	8.3%	7.4%	8.3%	7.3%			
Expense	3.6%	2.9%	3.6%	2.9%	3.6%	2.9%			
Losses & Provisions	1.1%	0.9%	1.1%	0.8%	1.1%	0.9%			
ROTA-PBT	3.7%	3.4%	3.6%	3.8%	3.6%	3.6%			



Home Equity



Home Equity - Industry outlook



- NBFCs' Loan against property book likely to grow at 12-15% in FY19
- Pricing related pressure is expected to be higher in the second half of FY 19 due to narrowing funding avenues and higher systemic rates
- As per ICRA, Mortgage finance penetration is expected to grow 300-500 bps over next 5yrs from current 10%.



- Moody's said that rising interest rates for LAP over the rest of 2018, together with cautious underwriting in light of rising delinquencies
- The larger NBFCs have moderated their ticket sizes, in view of the asset quality concerns and increased competitive pressure.



- ICRA notes that twin effects of increased borrowing rates and expected shrinkage in funding sources could impact growth to an extent.

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

- 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 to drive focus
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions



Home Equity – H1FY19 Performance (As per IND AS)

Disbursements

- In H1FY19, Disbursements has grown by 18%, over H1FY18.

Asset under management

- The business has grown the Assets by 11% in H1FY19 (YoY). Pre-closures are being controlled by better customer engagement, however it continues to be pain point for the business impacting the growth

Loss and provisions

- Overall GNPA has dropped in this quarter
- NCL in H1FY19 has dropped by 91% (YoY) and by 163% in Q2FY19 as compared to Q2FY18.

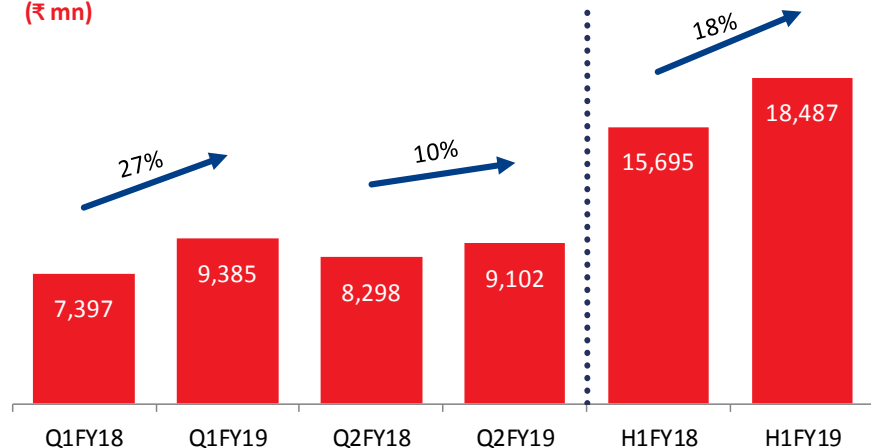
Profit before tax

- Profit for the half year has grown at 25% on YOY basis and in Q2FY19 it has grown by 46% compared to Q2FY18

Home Equity - Financial Summary H1FY19 (As per IND AS)

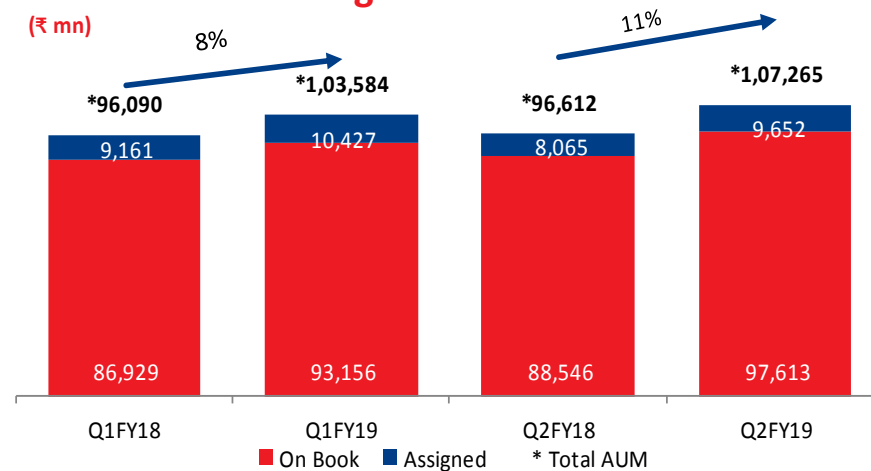
Disbursements

(₹ mn)



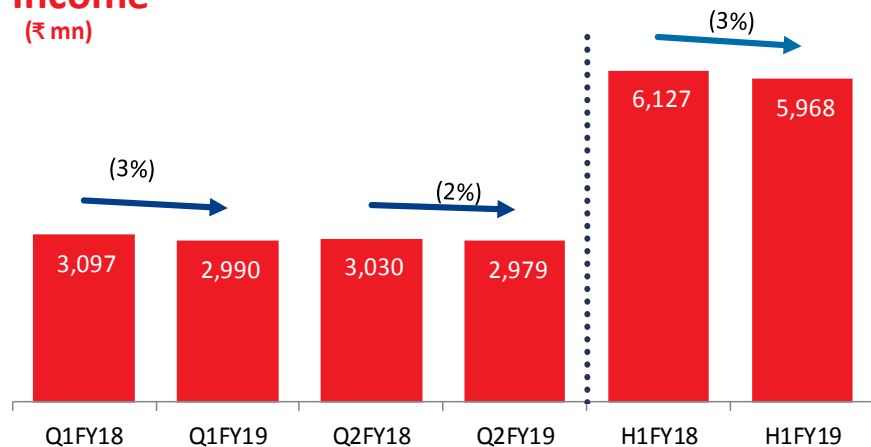
Assets Under Management

(₹ mn)



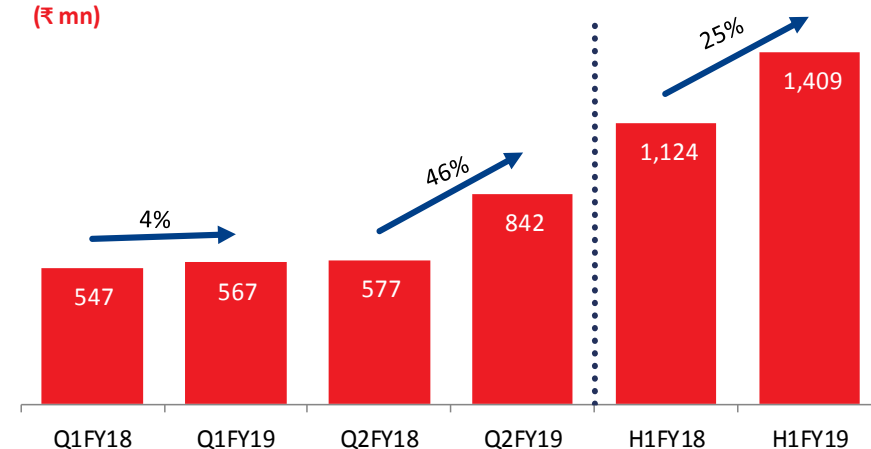
Income

(₹ mn)



Profit Before Tax

(₹ mn)



Profit and Loss Statement – Home Equity (As per IND AS)

In mn

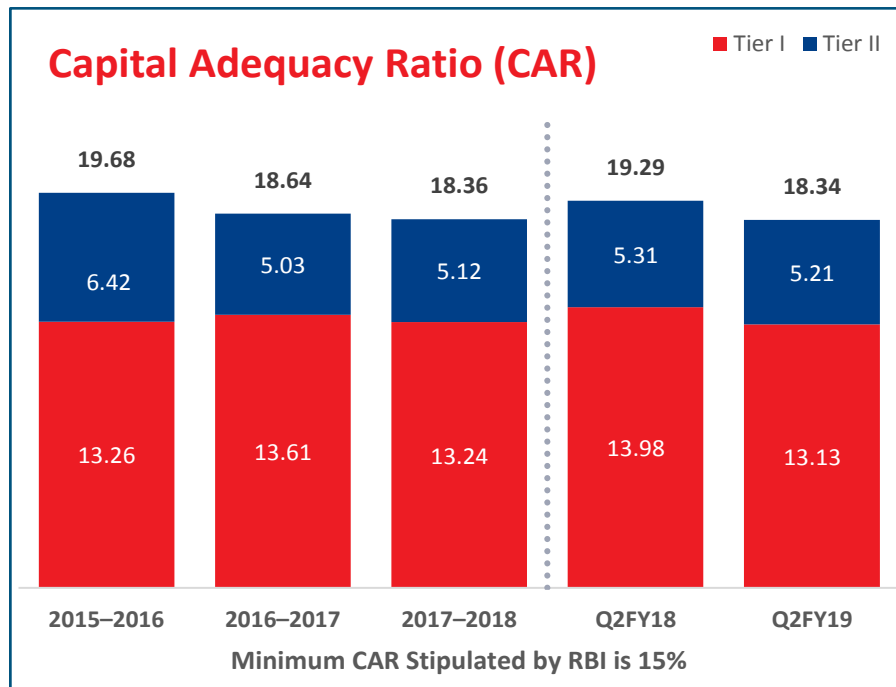
Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	H1FY18	H1FY19	Growth % Q1-o-Q1	Growth % Q2-o-Q2	Growth % Y-o-Y
Disbursements	7,397	9,385	8,298	9,102	15,695	18,487	27%	10%	18%
Closing Assets (Managed)	96,090	1,03,584	96,612	1,07,265	96,612	1,07,265	8%	11%	11%
Operating Income	3,097	2,990	3,030	2,979	6,127	5,968	-3%	-2%	-3%
Finance Charges	1,984	1,955	1,963	2,049	3,947	4,003	-1%	4%	1%
Net Income	1,113	1,035	1,066	930	2,180	1,965	-7%	-13%	-10%
Expenses	248	264	246	240	494	505	7%	-2%	2%
Loan Losses and Std Assets Prov	319	203	243	-153	562	51	-36%	-163%	-91%
Profit Before Tax	547	567	577	842	1,124	1,409	4%	46%	25%
Asset Ratios									
Income	13.0%	11.8%	12.6%	11.3%	12.8%	11.5%			
Cost of Funds	8.3%	7.7%	8.1%	7.8%	8.2%	7.7%			
Net Income Margin	4.7%	4.1%	4.4%	3.5%	4.5%	3.8%			
Expense	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%			
Losses & Provisions	1.3%	0.8%	1.0%	-0.6%	1.2%	0.1%			
ROTA-PBT	2.3%	2.2%	2.4%	3.2%	2.3%	2.7%			



Funding Profile



CAR, Credit Rating and ALM Statement



ALM Statement as on Sep 2018

₹ mn

Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	8,459	18,822	10,364	10,364
15-30/31 Days	16,284	26,633	10,348	20,712
Over 1-2 Months	21,925	21,935	11	20,723
Over 2-3 Months	19,071	19,360	289	21,012
Over 3-6 Months	36,505	49,872	13,367	34,379
Over 6 Months to 1 Year	70,572	85,580	15,008	49,388
Over 1-3 Years	2,31,684	2,12,755	(18,929)	30,458
Over 3-5 Years	40,725	50,728	10,003	40,462
Over 5 Years	33,064	48,149	15,085	55,547
Over 20 Years	56,835	1,289	(55,547)	-
Total	5,35,123	5,35,123	-	-
Positive cumulative mismatch in all buckets				

Loan Type	INDIA RATINGS	CARE	ICRA	CRISIL
ST CP/WCDL	-	CARE A1+^	[ICRA]A1+	[CRISIL]A1+
LT NCD/CC	IND AA + (ind) stable*	CARE AA+*	[ICRA]AA Positive	[CRISIL]AA+
Tier II SD	IND AA + (ind) stable	CARE AA+	[ICRA]AA+/ Stable	[CRISIL]AA/ Stable
Tier I PDI	IND AA (ind)	CARE AA	[ICRA]AA/ Stable	-

^ CP Rating

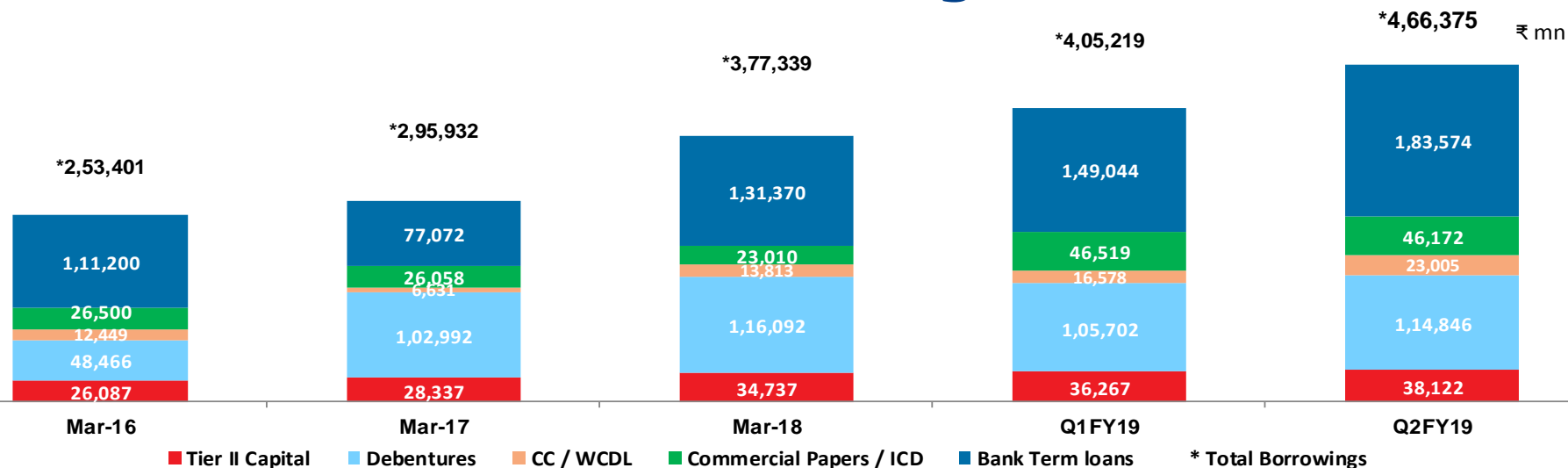
* NCD Rating

ALM Statement as of 30th September 2018

In Mn

Particulars	1 m	>1 to 2m	>2 to 3m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Cash Equivalents	28,344	10,251	8,202	5	145	1	-	-	46,949
Advances	13,937	10,726	11,011	49,470	83,958	2,07,678	49,065	37,882	4,63,724
Trade Receivable & Others	3,174	959	147	397	1,478	5,077	1,664	11,556	24,450
A. Total Inflows	45,455	21,935	19,360	49,872	85,580	2,12,755	50,728	49,437	5,35,123
B. Cumulative Total Inflows	45,455	67,390	86,750	1,36,622	2,22,203	4,34,958	4,85,686	5,35,123	
Borrowin Repayment	20,958	20,751	18,028	34,873	68,192	2,30,112	40,725	32,367	4,66,007
Capital Reserves and Surplus	-	-	-	-	-	-	-	56,835	56,835
Other Outflows	3,785	1,174	1,042	1,632	2,380	1,572	-	697	12,281
C. Total Outflows	24,743	21,925	19,071	36,505	70,572	2,31,684	40,725	89,899	5,35,123
D. Cumulative Total Outflows	24,743	46,668	65,738	1,02,243	1,72,815	4,04,499	4,45,224	5,35,123	
E. GAP (A - C)	20,712	11	289	13,367	15,008	-18,929	10,003	-40,462	
F. Cumulative GAP (B - D)	20,712	20,723	21,012	34,379	49,388	30,459	40,462	-0	
Cumulative GAP as % (F/D)	83.71%	44.40%	31.96%	33.62%	28.58%	7.53%	9.09%	0.00%	

Diversified Borrowings Profile



Particulars	Mar-16	Mar-17	Mar-18	Jun-18	Sep-18
Bank Term Loans	44%	26%	35%	37%	39%
Commercial papers/ ICD	10%	9%	6%	11%	10%
CC/WCDL	5%	2%	4%	4%	5%
Debentures	19%	35%	31%	26%	25%
Tier II Capital	10%	10%	9%	9%	8%
Securitisation	11%	19%	15%	13%	13%

- Long term relationships with banks ensured continued lending
- A consortium of 15 banks with tied-up limits of ₹ 28,250 mn



Business Enablers



Technology Updates

Technology Infrastructure

Delivering resilient & scalable environment

- Widen the coverage of asset management software to improve the tracking mechanisms and service supports.
- Completed the DR drill for all newly deployed business applications
- Network infrastructure upgraded to support higher bandwidth, improve resilience and be future ready
- Refreshed compute and storage infrastructure to support higher volumes on core lending platforms

Systems of Record

Stable foundation for core products & services

- Additional domain specific metrics added to MIS for usage by business and functional stakeholders
- Centralized GST solution and enhancements for IND-AS including subsystem changes are rolled out
- Suspicious Transaction Report and Outlier Monitoring automation carried out
- Additional performance tuning and automation to improve financial closing and reporting related activities

Systems of Engagement

Digitally connect employees, partners, & customers

- Deployed Gen3 enhanced credit scoring model for wider set of VF products
- Customer Mobile Apps – Enhancements to improve the customer experience and application performance
- Field Sales/Collection Mobility solutions – Additional sales and collection metrics added to Real time operational dashboards
- Gaadi Bazaar – Performance and functional improvement to enhance the sale of repo vehicles and functionalities for conducting auctions

Compliance, Innovation & People

Balance innovation & technology risk

- Continue process level reviews and enhancements to comply with RBI master directions
- Completed the competency mapping for the different job functions and roles
- SIEM - Deliver Improved Security with infrastructure & core application monitoring and management
- Skills enhancement focused on Analytics and Big-data related technologies
- Implemented Risk based Data and Application protection for enterprise digital risk management and fraud control

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

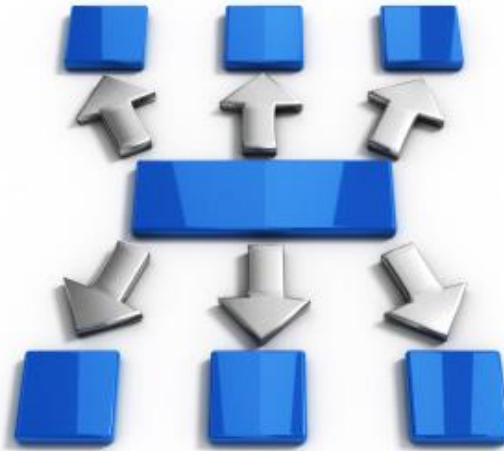
Risk Management:

- 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



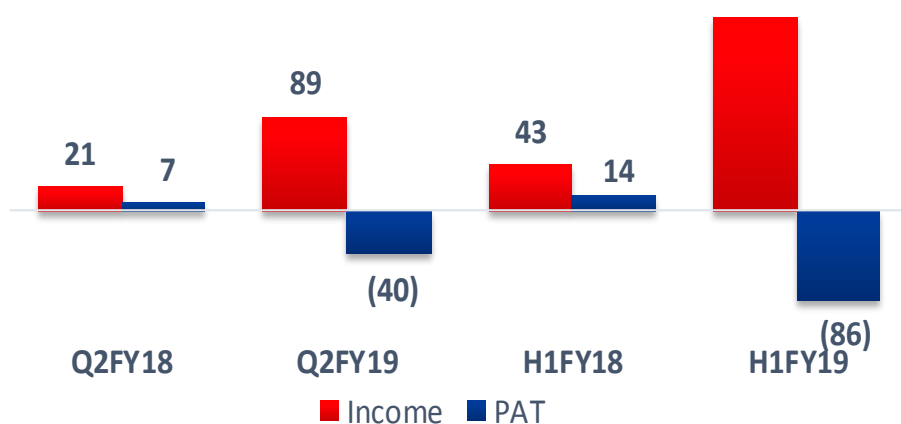
Subsidiaries



Subsidiaries (As per IND AS)

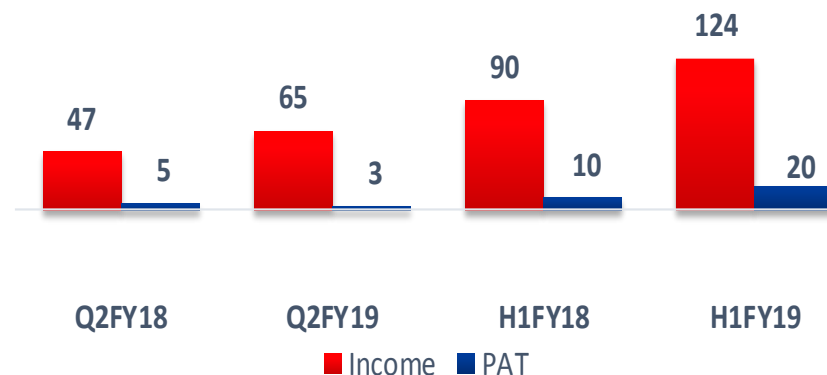
Cholamandalam Home Finance Ltd

₹ mn



Cholamandalam Securities Ltd

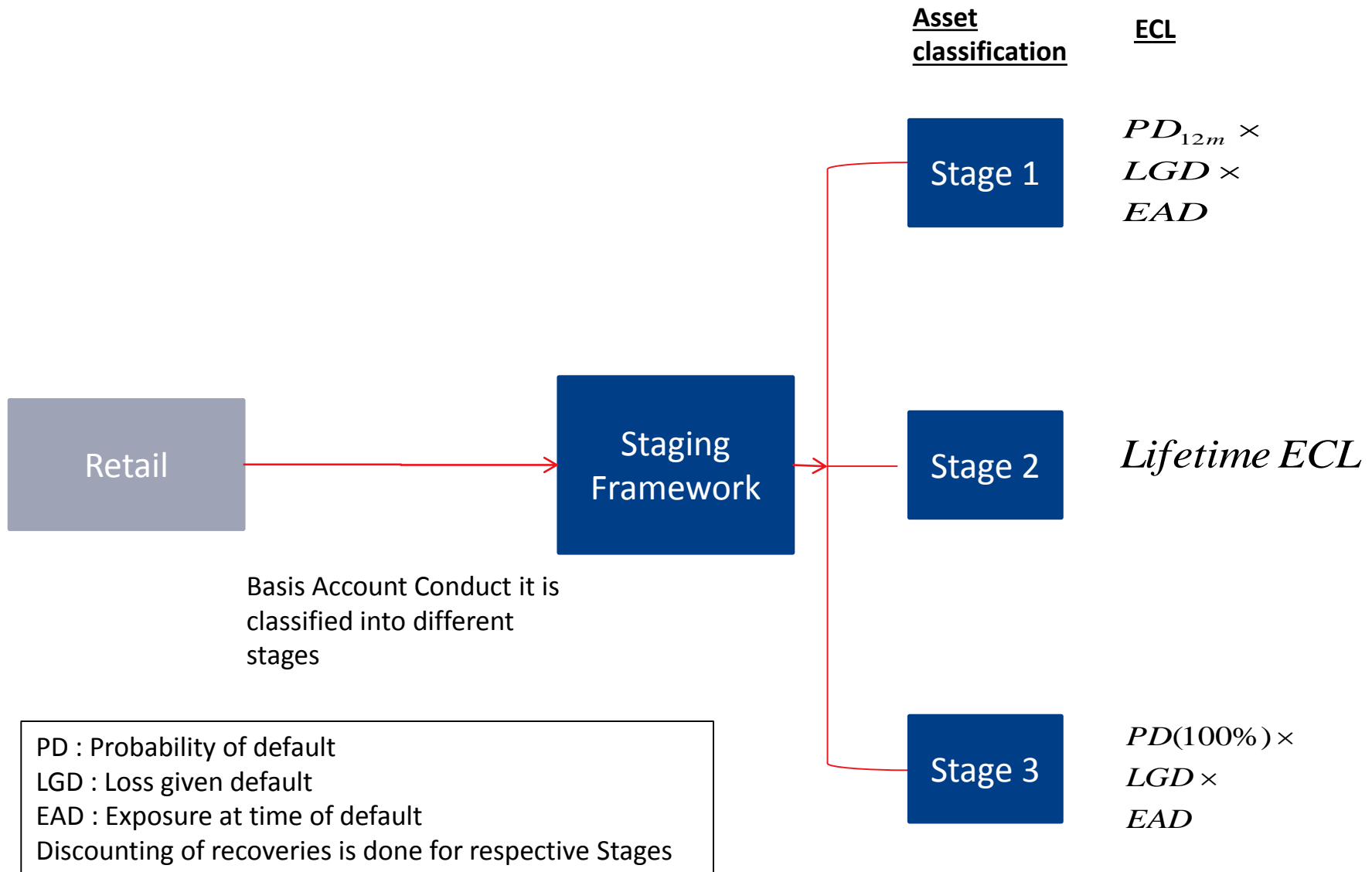
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- Broking services to HNIs and Institutional Investors
- Presence across 15 metros and mini metros

ECL Methodology

Measurement Framework



Measurement Framework

Asset classification

ECL

Description

Stage 1

$$PD_{12m} \times LGD \times EAD$$

- Assets with low risk (0-30 DPD) on reporting date
- Loss estimate based on a 1 year forward estimate

Stage 2

$$\text{Lifetime ECL}$$

- Assets with Significant Increase in Credit Risk (SICR) since initial recognition
- Assets with > 30 DPD and < 90 DPD are considered as Stage 2
- Lifetime expected loss is computed

Stage 3

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

- Assets where default event has already happened as on reporting date
- Assets which have DPD > 90 days as on reporting date are classified into stage 3

Retail Pooling

Cholamandalam Investments
and Finance Co. Ltd.



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

Vehicle Finance

HCV New

LCV/CAR/MUV
New

MLCV/2W/3W
New

HCV Used

LCV/CAR/MUV
Used

MLCV/2W/3W
Used

SHUBH

Tractor

CE

VF portfolio is split basis the product category

Home Equity

HE Delhi

HE Tamil Nadu

HE Punjab /
Haryana /
Chandigarh

HE Rajasthan

HE Gujarat

HE Others

Home Equity portfolio is split
basis geography

Home Loan

Others

Home Loans and other smaller
portfolios are not segmented

Ind AS Transition – Impact in Financials

Items	IGAAP	Ind AS	Impact
Fee Income on Origination	Recognised Upfront on the agreement Sourcing Date <u>Effect: Income from Operations</u>	Amortised Using EIR and recognised across the agreement tenor <u>Effect: Income from Operations</u>	High
Variable Sourcing Cost on Origination	Recognised Upfront on incurred basis <u>Effect: Expenses</u>	Amortised Using EIR and recognised across the agreement tenor <u>Effect: Income from Operations</u>	High
Loan Losses	Incurred Loss approach (NPA Provision & its Income reversal and Std Asset Provision)	Expected Credit Loss approach (Stage I, Stage II and Stage III)	High
Securitisation (Credit enhancement > ECL of the Pool at the time of Sale)	Eligible for de recognition if it meets the True sale criteria of RBI guidelines	Does not qualify for derecognition. Sale amount treated as Secured borrowings	High
Excess Interest Spread on Assignment (qualified for derecognition)	Amortised over the tenor of underlying Asset	Recognised upfront on the date of the transaction	High
Employee Stock Option	Fair Value disclosures to be made	Stock based compensation cost to be determined under Fair Value method and to be accounted accordingly	Medium

Contact Us

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Chola

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Thank You



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