



**Cholamandalam Investment and Finance Company Limited**

**Corporate Presentation – September 2017**



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## CORPORATE OVERVIEW



# Company Highlights

1

## Positioning

- Established in 1978, one of India's leading NBFC's, focused in the rural and semi-urban sector with a market capitalisation of ₹ 170bn<sup>1</sup>

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

6

## Management

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

3

## Robust Sector Growth

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



5

## Robust Operating Profile

- Total Balance Sheet Assets of ₹ 394 bn as of Sep 2017 with Net NPA of \*2.89% and a healthy RoA of 4.4 %
- Operating income CAGR of 13% over FY13 to FY17

4

## Diversified Footprint

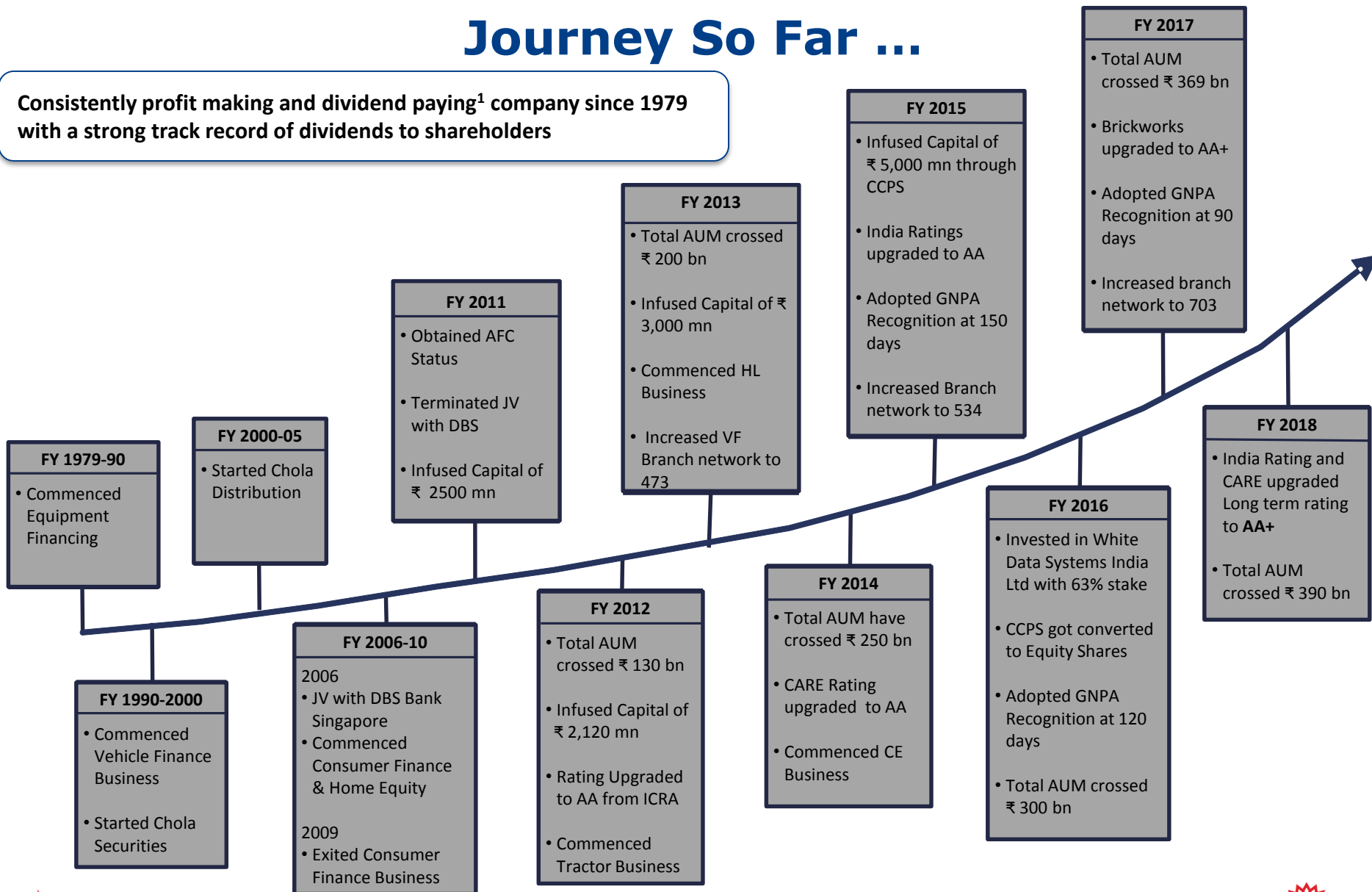
- Operates from 725 branches across 25 states and 87.5% presence across Tier III IV, V, and VI towns
- One of the leading NBFCs in Asset Financing Business

1. Market data as on 30<sup>th</sup> Sep 2017. Source: BSE

\* At 3 months overdue

# Journey So Far ...

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



# Major Companies – Murugappa Group

Company Name	Market Capitalisation	Description
 <b>Chola</b> <i>Enter a better life</i>	<ul style="list-style-type: none"> <li>₹ 1,70,657 mn (US\$ 2,611 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, home loans, stock broking &amp; distribution of financial products</li> </ul>
 <b>Coromandel</b>	<ul style="list-style-type: none"> <li>₹ 126,213 mn (US\$ 1,931mn)</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>INDIA</b>	<ul style="list-style-type: none"> <li>₹ 1,03,963mn (US\$ 1,591mn)</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>PARRYS</b>	<ul style="list-style-type: none"> <li>₹ 60,584 mn (US\$ 927mn)</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>CUMI</b>	<ul style="list-style-type: none"> <li>₹ 59,873 mn (US\$ 916 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>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 30<sup>th</sup> Sep 2017. Source: BSE and Conversion Rate of 1USD = Rs.65.3552 as on 30<sup>th</sup> Sep 2017 Source: RBI

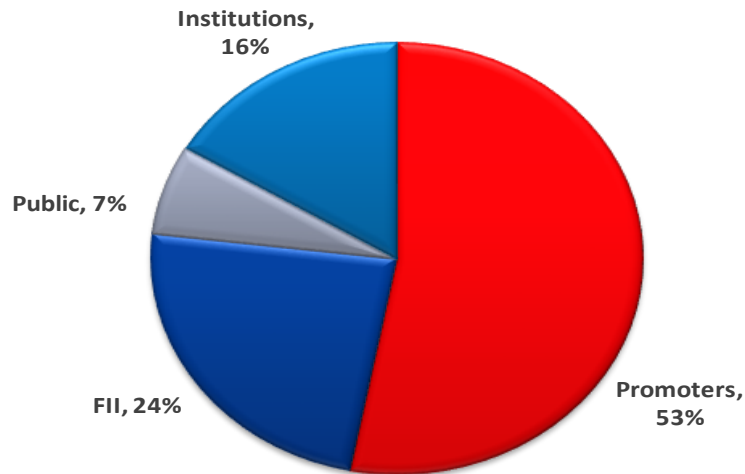
# SPIRIT OF CHOLA



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

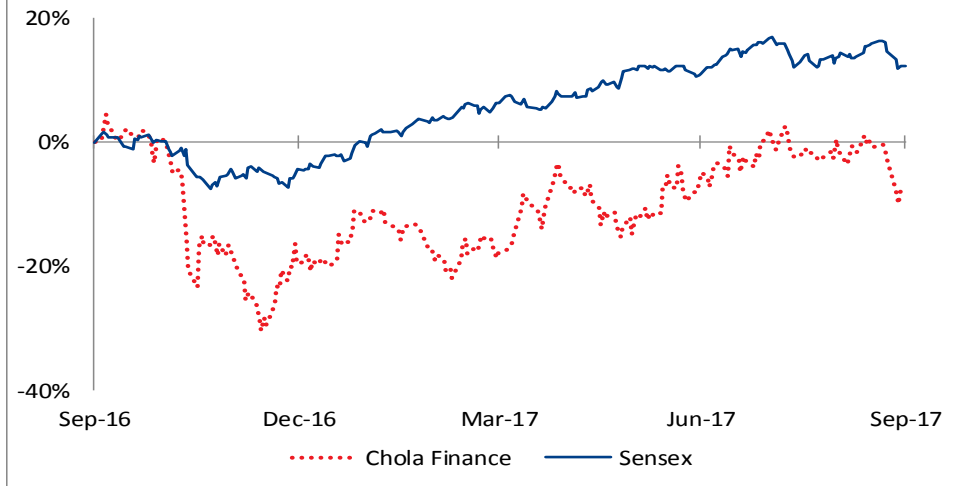
# Corporate Overview

## 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



	Sep 16	Dec 16	Mar 17	Jun 17	Sep 17
Chola Finance (₹/share)	1,176	945	964	1,119	1,092
BSE Sensex	27,866	26,626	29,621	30,922	31,284

Investor Ratios	FY15	FY16	FY17	H1FY17	H1FY18
Earnings Per share (₹)	30	38	46	43	55
Book value per share (₹)	203	234	276	256	298
Market price per share (₹)	588	713	964	1,176	1,092
Market capitalisation (₹ mn)	84,420	1,11,402	1,50,722	1,83,709	1,70,657
Price to Earnings (P/E) Ratio	19.5	19.0	21.0	27.3	19.7
Price to Book Value (P/BV)	2.9	3.0	3.5	4.6	3.7

\* EPS is annualised

- Market price and Market Capitalisation based on share price as on 30<sup>th</sup> Sep 2017



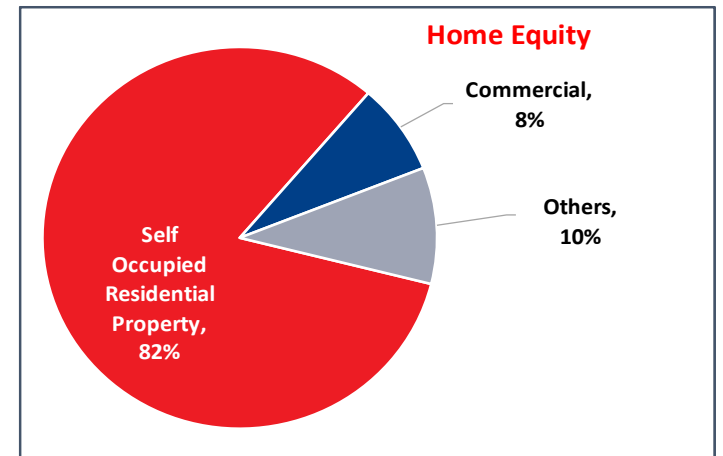
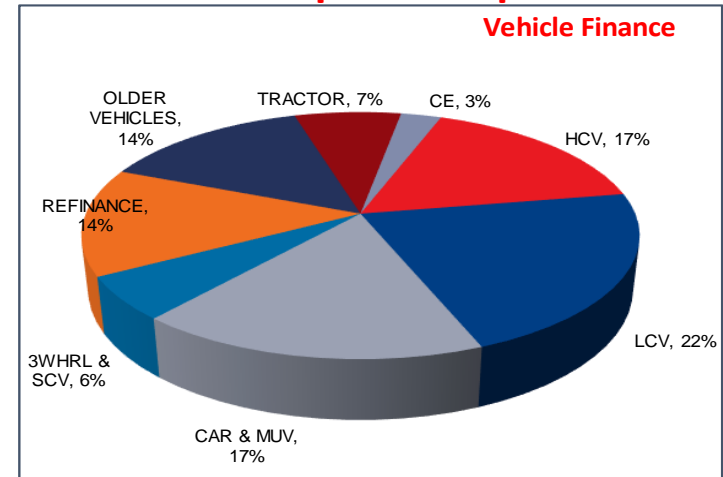
# Corporate Overview

## Business Segments Overview

Business AUM * (₹ mn)	FY15	FY16	FY17	H1FY17	H1FY18	YoY Growth
<b>Vehicle Finance</b>						
On Book	1,49,215	1,79,144	2,02,709	1,93,539	2,26,897	17%
Assigned	27,171	21,859	33,597	21,269	30,096	42%
<b>Managed Assets</b>	<b>1,76,386</b>	<b>2,01,003</b>	<b>2,36,306</b>	<b>2,14,808</b>	<b>2,56,993</b>	<b>20%</b>
% of Total	69%	68%	69%	67%	70%	
<b>Home Equity</b>						
On Book	64,487	68,734	66,891	72,409	69,434	-4%
Assigned	8,312	19,784	29,036	23,278	26,900	16%
<b>Managed Assets</b>	<b>72,799</b>	<b>88,518</b>	<b>95,927</b>	<b>95,687</b>	<b>96,334</b>	<b>1%</b>
% of Total	29%	30%	28%	30%	27%	
<b>Others</b>						
On Book	5,340	6,983	9,437	8,421	11,573	37%
Assigned	-	-	-	-	-	0%
<b>Managed Assets</b>	<b>5,340</b>	<b>6,983</b>	<b>9,437</b>	<b>8,421</b>	<b>11,573</b>	<b>37%</b>
% of Total	2%	2%	3%	3%	3%	
<b>Total</b>						
On Book	2,19,043	2,54,861	2,79,036	2,74,369	3,07,904	12%
Assigned	35,482	41,643	62,633	44,547	56,996	28%
<b>Managed Assets</b>	<b>2,54,525</b>	<b>2,96,504</b>	<b>3,41,670</b>	<b>3,18,916</b>	<b>3,64,900</b>	<b>14%</b>

\* Assets are net of provisions.

## Portfolio Breakup – 30-Sep-2017



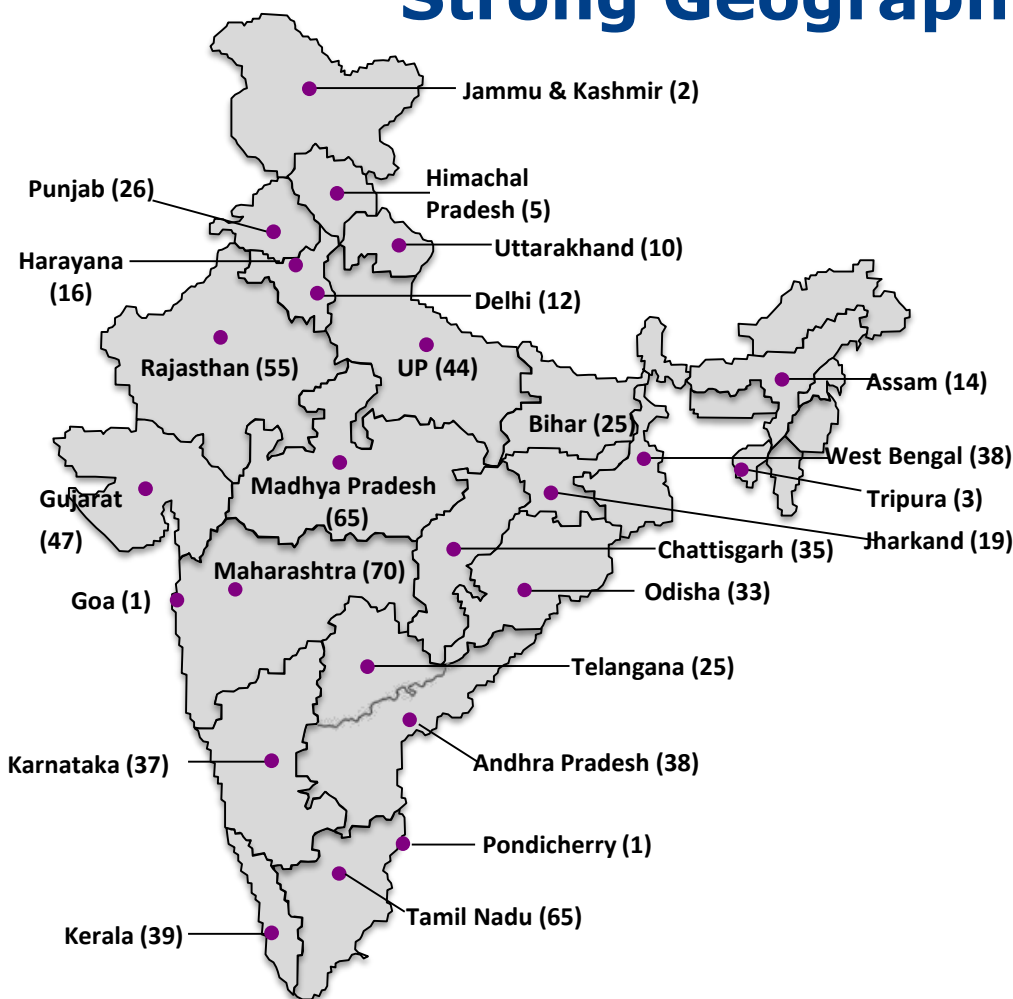
# COMPANY PERFORMANCE – AT A GLANCE

	FY15	FY16	FY17	H1FY17	H1FY18	YoY
<b>Disbursements (₹ mn)</b>						<b>Growth</b>
Vehicle Finance	93,627	1,23,830	1,44,710	65,733	81,135	23%
Home Equity	30,434	34,764	30,559	18,927	15,695	-17%
MSME	2,490	3,253	6,663	3,420	3,180	-7%
Home Loans	892	1,746	3,247	1,523	2,643	74%
Agri, New Initiatives & Others	633	209	734	446	800	79%
<b>Total</b>	<b>1,28,076</b>	<b>1,63,803</b>	<b>1,85,913</b>	<b>90,049</b>	<b>1,03,453</b>	<b>15%</b>
<b>Business AUM (₹ mn) *</b>						
On Book	2,19,043	2,54,861	2,79,036	2,74,369	3,07,904	12%
Assigned	35,482	41,643	62,633	44,547	56,996	28%
<b>Total</b>	<b>2,54,525</b>	<b>2,96,504</b>	<b>3,41,670</b>	<b>3,18,916</b>	<b>3,64,900</b>	<b>14%</b>
<b>Networth (₹ mn)</b>						
Equity Share Capital	1,437	1,562	1,565	1,563	1,564	0%
Reserves and Surplus ^	30,289	35,012	41,284	38,397	45,044	17%
<b>Total</b>	<b>31,727</b>	<b>36,574</b>	<b>42,849</b>	<b>39,961</b>	<b>46,608</b>	<b>17%</b>
<b>Profitability (₹ mn)</b>						
Gross Income	36,912	41,937	46,603	22,712	25,308	11%
NIM	17,308	21,429	24,295	11,537	14,331	24%
PBT	6,572	8,708	11,056	5,171	6,653	29%
PAT	4,352	5,685	7,187	3,367	4,338	29%
<b>Asset Ratios</b>						
Gross Yield	16.9%	17.1%	16.5%	16.5%	16.8%	
NIM	7.9%	8.7%	8.6%	8.4%	9.5%	
Expenses	3.4%	3.4%	3.6%	3.5%	3.9%	
Losses and Provisions	1.5%	1.7%	1.1%	1.1%	1.2%	
ROTA (PBT)	3.0%	3.6%	3.9%	3.8%	4.4%	

- Business AUM refers to Own assets + off balance sheet items which have been securitised/sold on a bilateral assignment basis less provisions.
- FY 15 – Disbursements include Rs.618M of Gold Loans which has since been dis-continued
- ^ 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:

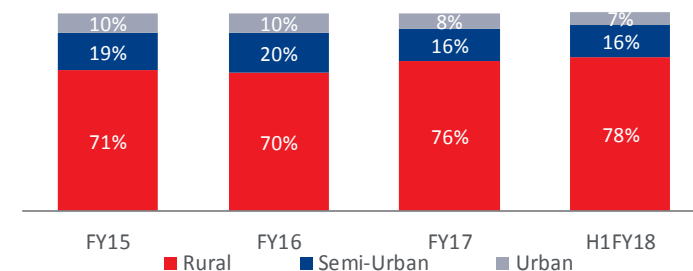
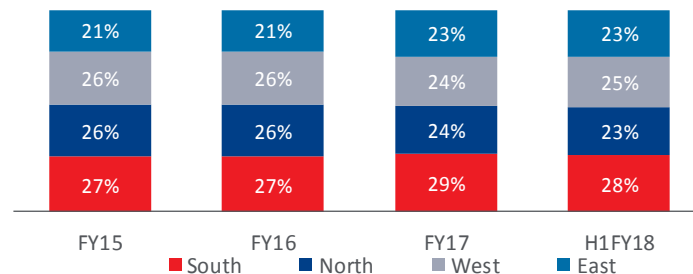
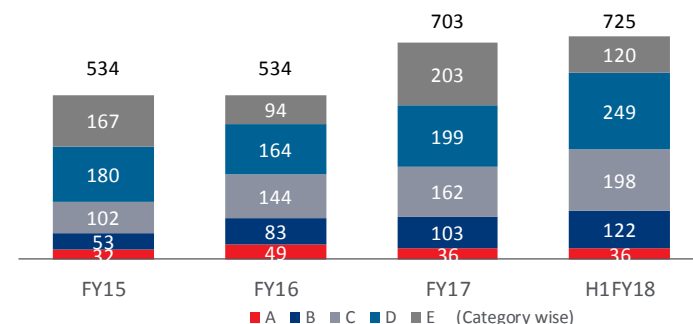
	FY15	FY16	FY17	H1FY17	H1FY18
• Provision for Loan Loss -	5 months+	4 months+	3 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%	0.35%	0.40%
• Addl Provision (for 3 months overdue) -	-	54 Cr.	-	-	-

# Strong Geographical Presence



- 725 branches across 25 states/Union territories: 720 VF, 138 HE (133 co-located with VF) and 94 HL (co-located with VF).
- 87.5% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns
- Strong Pan India presence

## Branch Network



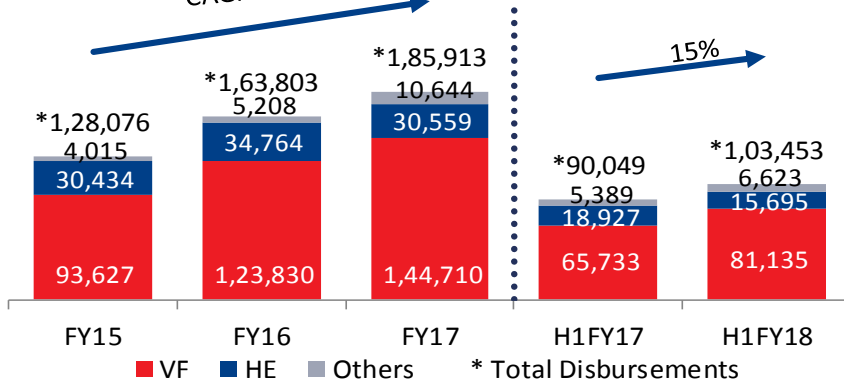
# Chola - Financial Summary

## Disbursements

(₹ mn)

CAGR - 20%

15%

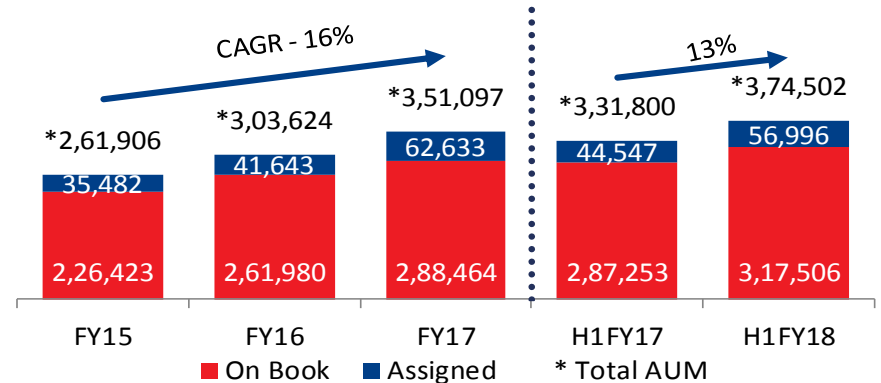


## Assets Under Management

(₹ mn)

CAGR - 16%

13%

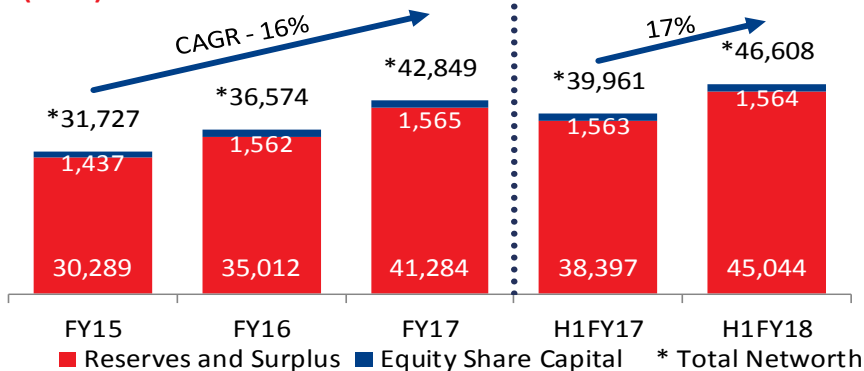


## Networth

(₹ mn)

CAGR - 16%

17%

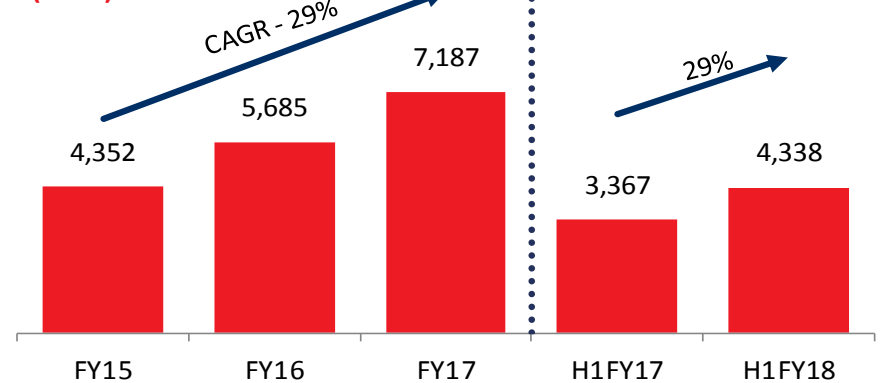


## Profit After Tax

(₹ mn)

CAGR - 29%

29%



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

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

**FY15**  
5 months+  
0.30%  
-

**FY16**  
4 months+  
0.35%  
54 Cr.

**FY17**  
3 months  
0.40%  
-

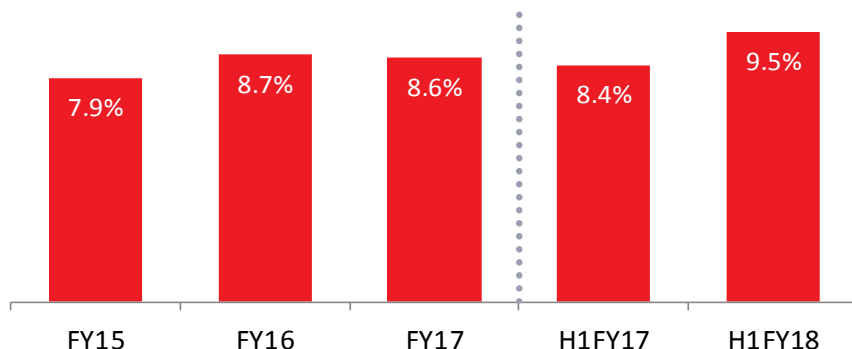
**H1FY 17**  
4 months  
0.35%  
-

**H1FY18**  
3 months  
0.40%  
-

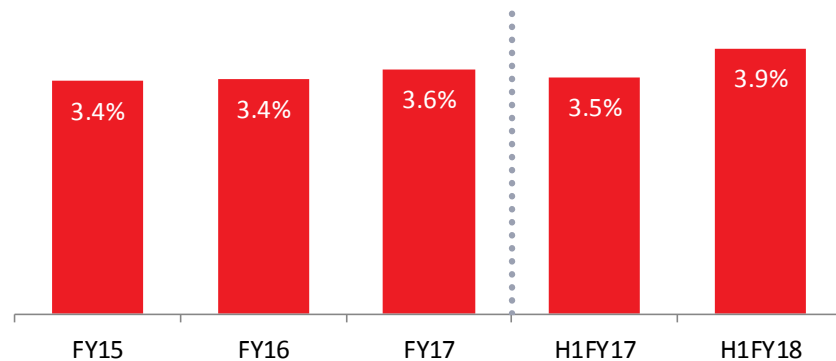
# Chola - Financial Summary (Cont'd)

## Net Income Margin (A)

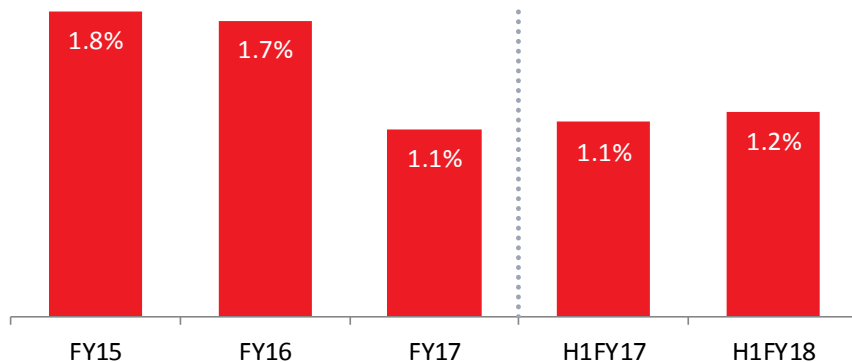
(Operating Income - Finance Charges)



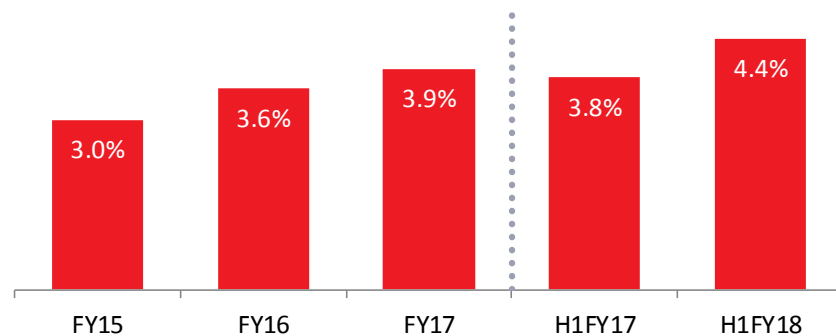
## Expense Ratio (B)



## Losses and Provisions (C)



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



**Note:** ROTA (PBT) is after considering additional provisions as follows:

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

**FY15**  
5 months+  
0.30%  
-

**FY16**  
4 months+  
0.35%  
54 Cr.

**FY17**  
3 months+  
0.40%  
-

**H1FY17**  
4months+  
0.35%  
-

**H1FY18**  
3months+  
0.40%  
-

# Performance Highlights – Q2FY18 & H1FY18

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS\*

ROE\*

Q2-FY18

₹ 54,923 mn

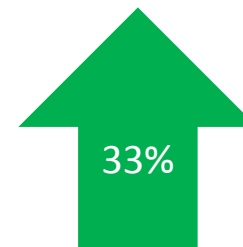
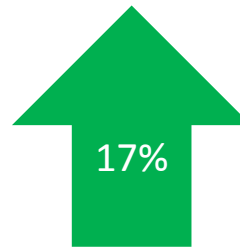
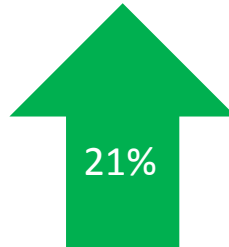
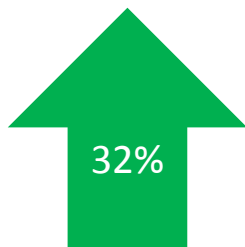
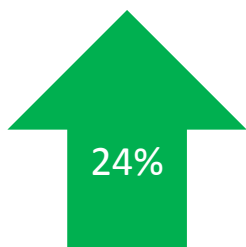
₹ 2,272 mn

4.50%

₹ 298.2

₹ 57.69

19.7%



Q2-FY17

₹ 44,441 mn

₹ 1,709 mn

3.72%

₹ 255.7

₹ 43.4

17.3%

Disbursements

Profit after Tax

ROTA (PBT)

Book Value

EPS\*

ROE\*

H1-FY18

₹ 103,453 mn

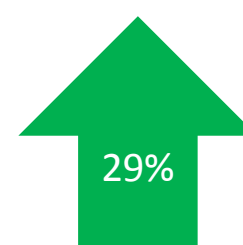
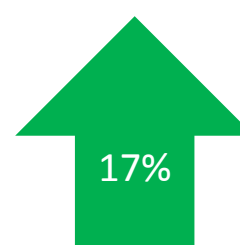
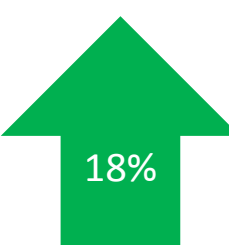
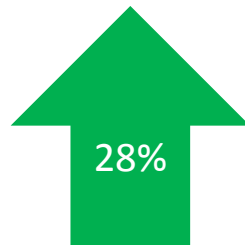
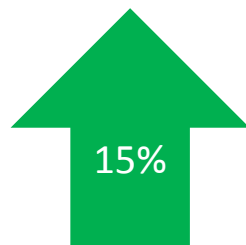
₹ 4,338 mn

4.43%

₹ 298.2

₹ 55.37

19.3%



H1-FY17

₹ 90,049 mn

₹ 3,367 mn

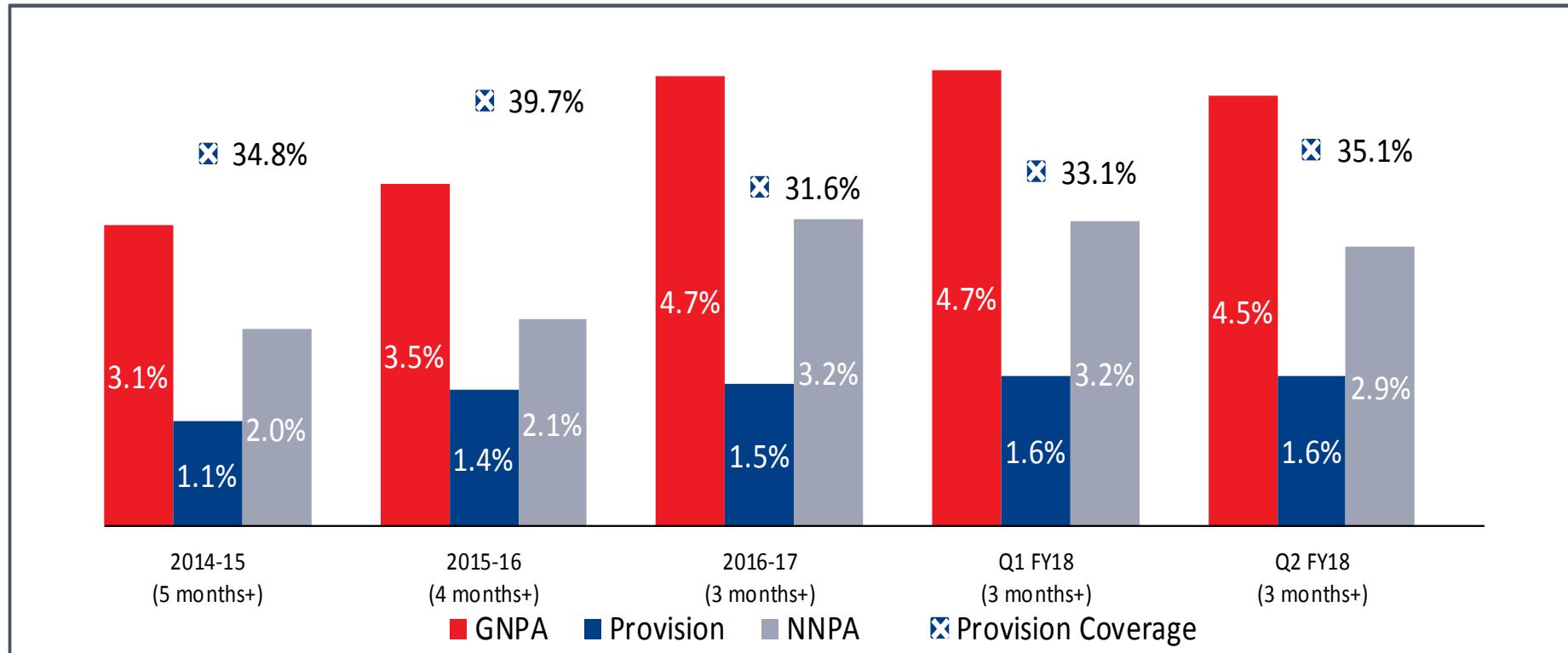
3.75%

₹ 255.7

₹ 43

17.6%

# ASSET QUALITY



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

# Highlights – H1FY18

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Disbursements	Disbursement for H1FY18 stood at Rs. 103,453 mn, a growth of <b>15% YoY</b> .
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PAT	PAT for H1FY18 stood at Rs. 4,320 mn, a growth of <b>28% YoY</b> .
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RoE	Return on equity at <b>19.3%</b> in H1FY18, a growth of 8% YoY.
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AUM	Total assets under management has crossed <b>Rs 390bn</b>
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Rating Upgrade	India Ratings and CARE have upgraded long-term debt rating from AA to <b>AA+</b>
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NPA recognition	GNPA recognition at 3 months is ahead of RBI regulation
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Awards and Recognitions	<p>CII award for “<b>Top 26 Innovative Organizations</b>”</p> <p><b>Company with Great Managers – 2017</b> by People Business and Times Group</p> <p><b>The Golden Tigers Award for Excellence in CSR</b> by World CSR Congress</p> <p><b>National award for Excellence in CSR</b> by World Federation of CSR Professionals</p> <p>Featured in <b>ASSOCHAM 9<sup>th</sup> Global and CSR Sustainability Compendium-16-17</b></p>
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## BUSINESS OVERVIEW



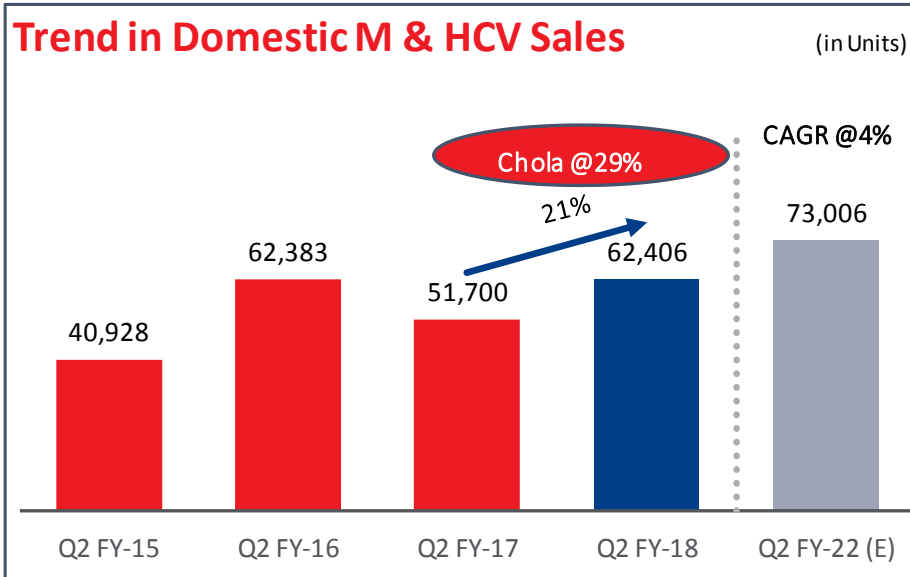


## Vehicle Finance



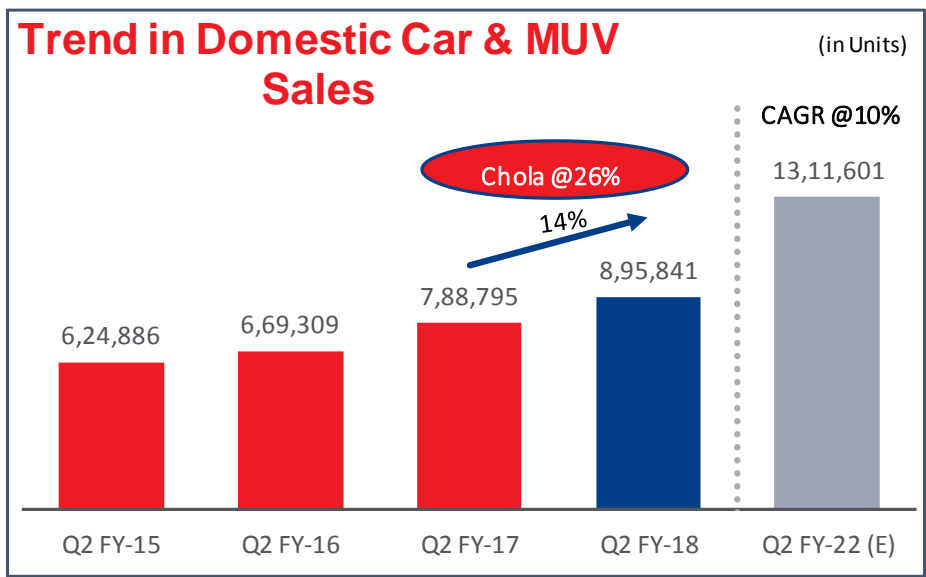
# Vehicle Finance - Industry

## Trend in Domestic M & HCV Sales



- Expected to grow at slow pace, after stellar growth for two consecutive years.
- Replacement demand continues to remain low currently and is expected to increase with improved industrial activity and agricultural output.
- Improvement in road infrastructure is expected to increase the daily running of trucks and will lead to higher fleet utilization, leading to lower demand for MHCVs.

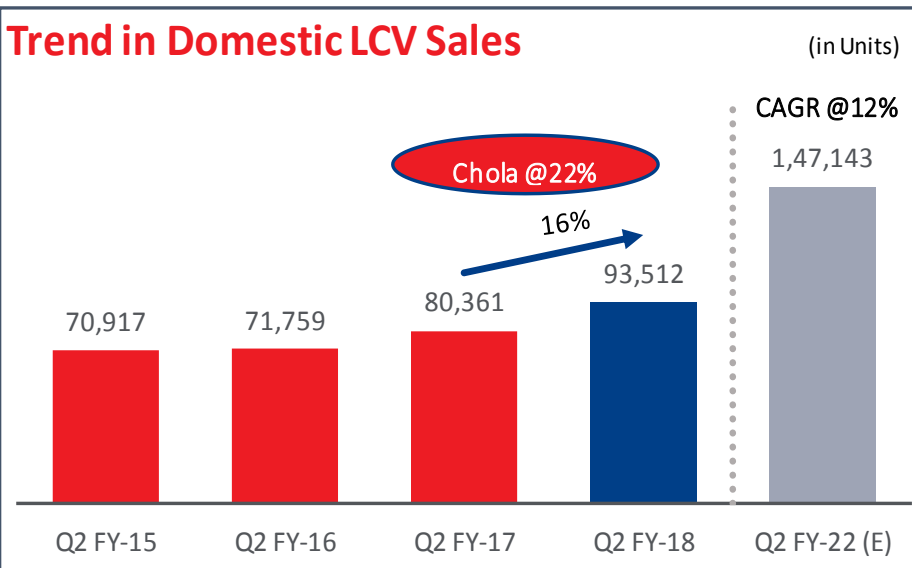
## Trend in Domestic Car & MUV Sales



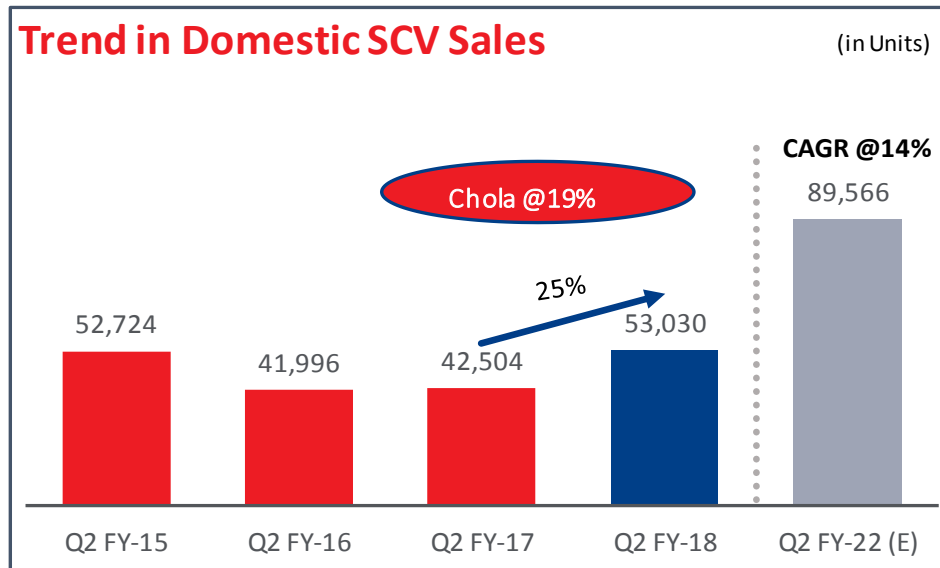
- Increased affordability will raise the number of addressable households from 73Mn currently to 94Mn in 2020-21.
- Improved vehicle penetration by 35% in the next 5 years (20 vehicles per 1000 to 27 vehicles per 1000 population)
- Expected increase in vehicle prices in 2020-21 (BS-VI becomes mandatory), supported by income growth and lower cost of capital.

# Vehicle Finance - Industry

## Trend in Domestic LCV Sales

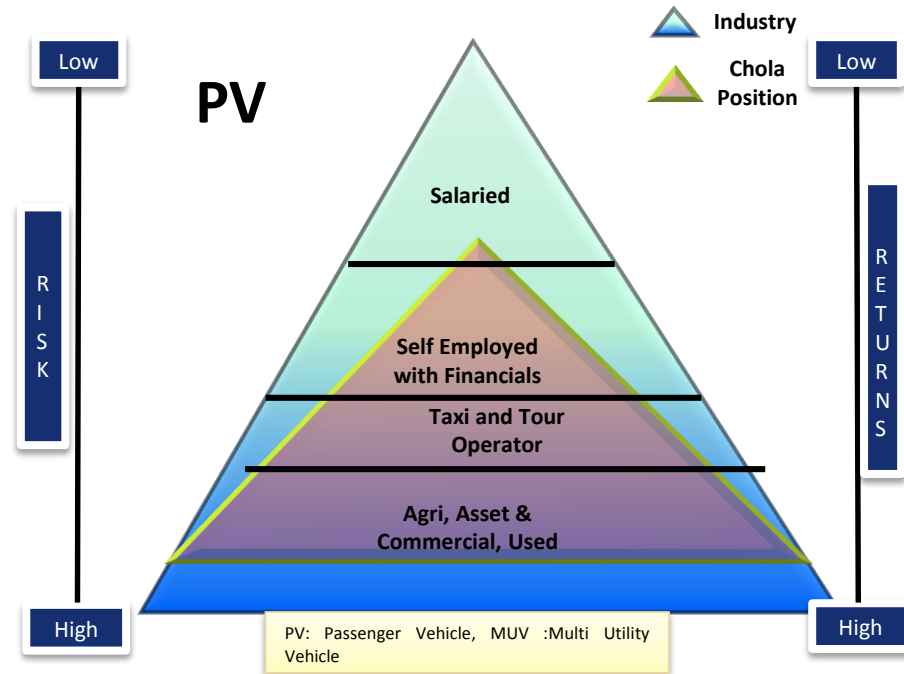
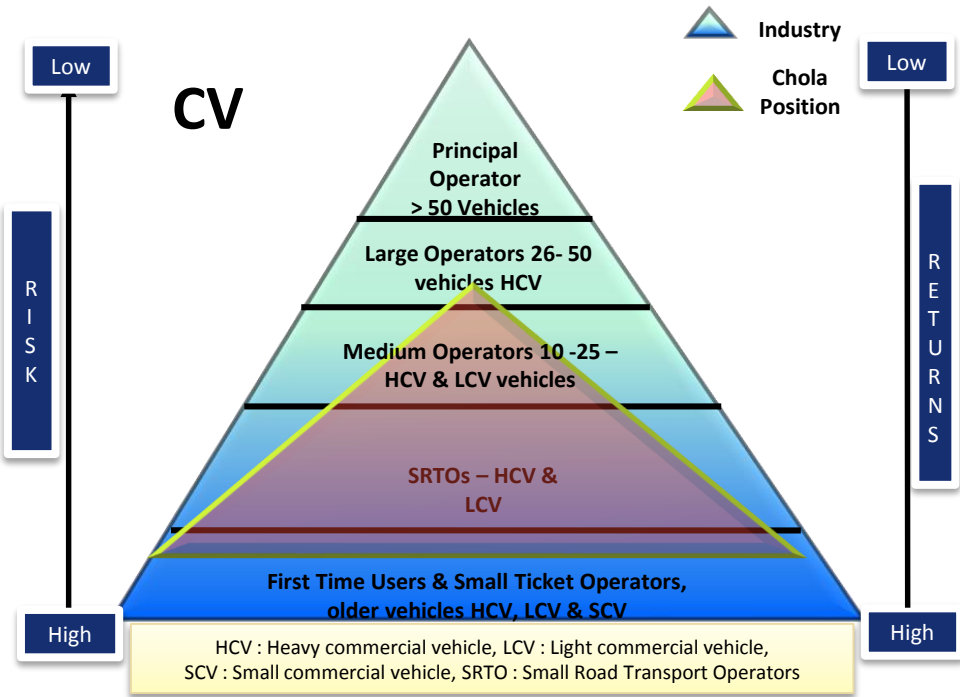


## Trend in Domestic SCV Sales



- Increase in rural consumption and urban expenditure is expected to boost demand.
- Rise in consumption of consumer durables and FMCG Products is expected to drive LCV sales.
- Increasing adoption of hub and spoke model, will enable increased use of LCVs and SCVs to distribute freight over last mile.
- 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.

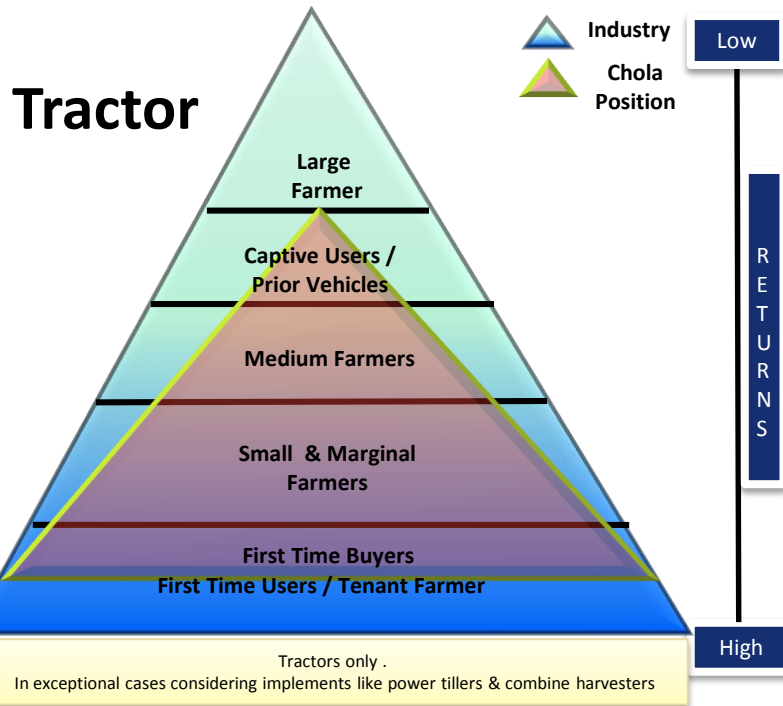
# Vehicle Finance – Business Model & Positioning



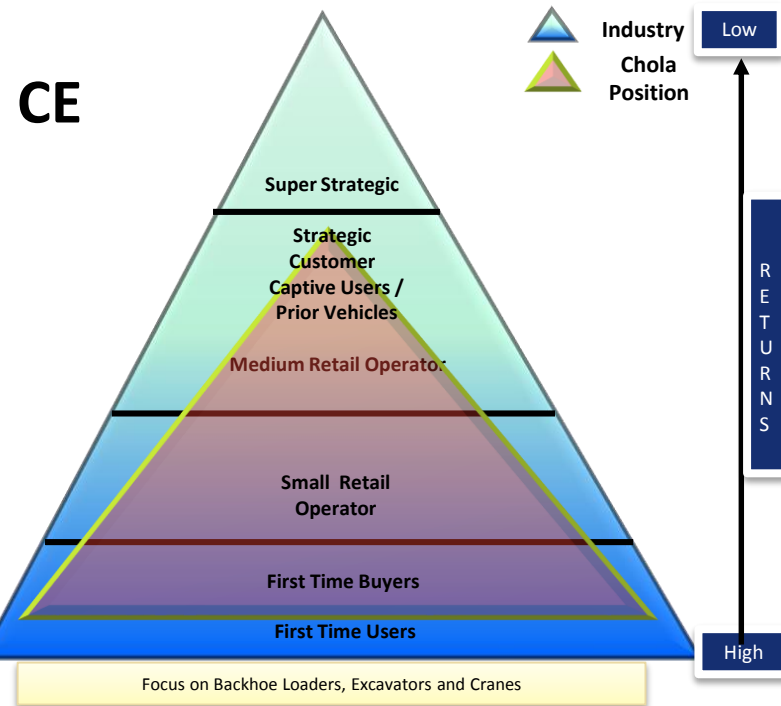
- ~65% of disbursements are to micro & small enterprises and agri -based customer segment
- Chola positioning-
  - Middle of the pyramid through New CVs, Used CVs
  - Top of the Bottom of the pyramid through SCV & older CVs Shubh

- ~ 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

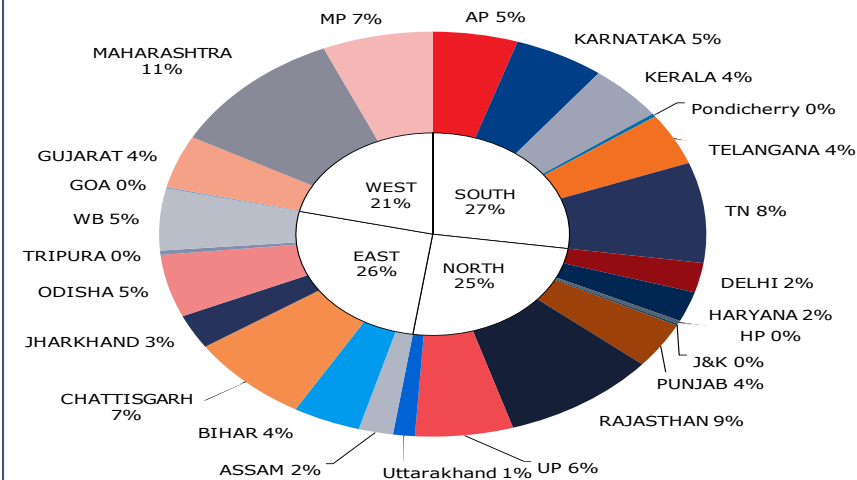
Strong collection management



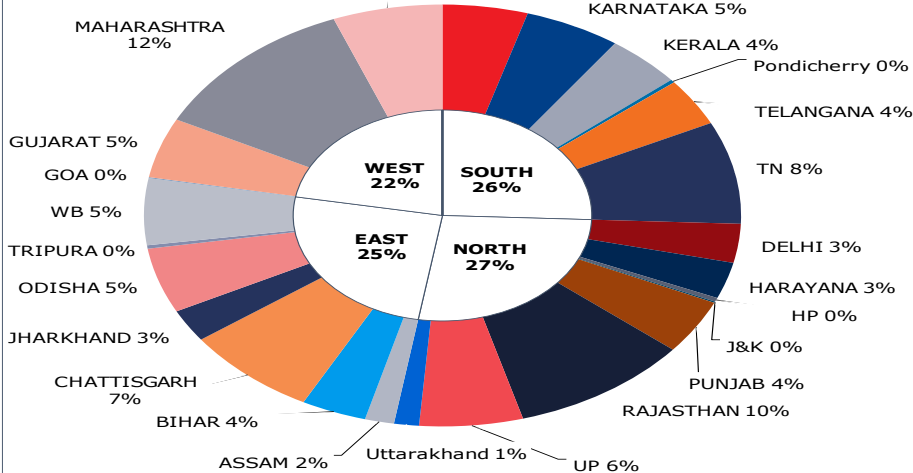
# Vehicle Finance - Disbursement / Portfolio Mix – H1FY18

Well diversified across geography & product segments

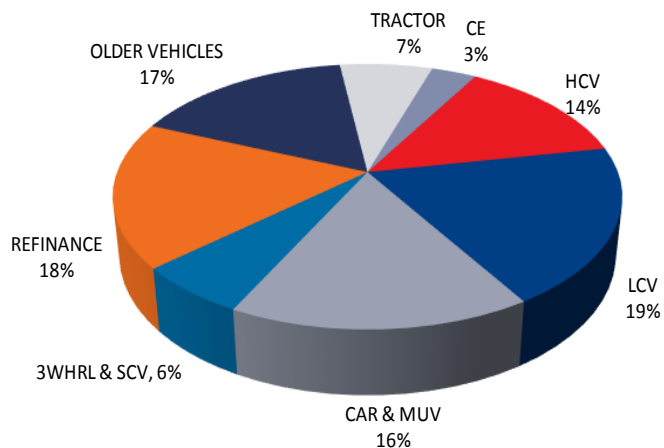
**Disbursements - State wise**



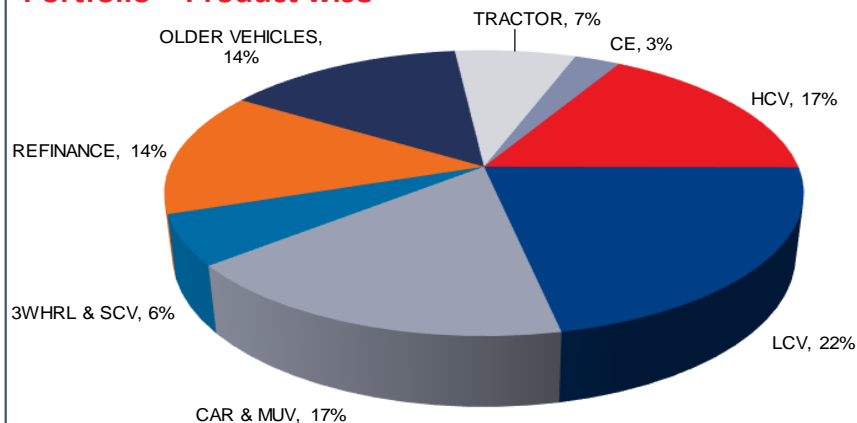
**Portfolio – State wise**



**Disbursements - Product wise**



**Portfolio – Product wise**

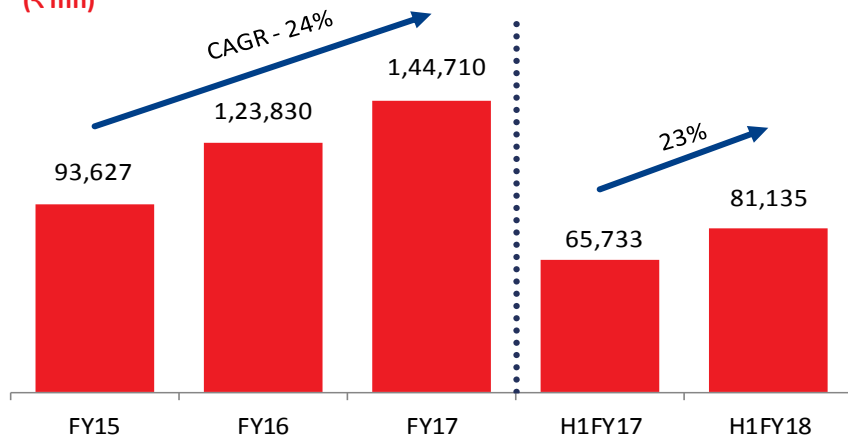




# Vehicle Finance - Financial Summary

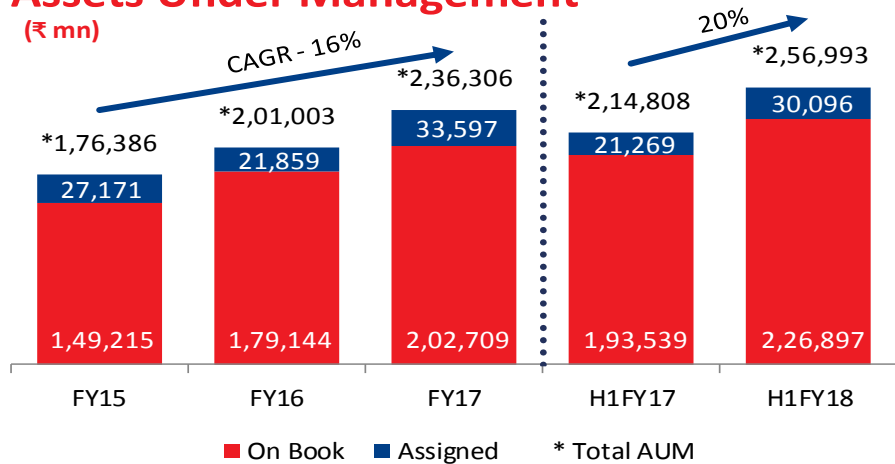
## Disbursements

(₹ mn)



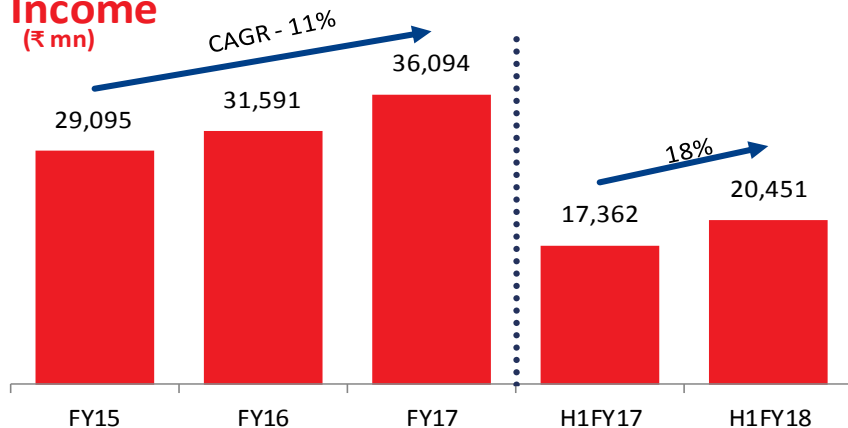
## Assets Under Management

(₹ mn)



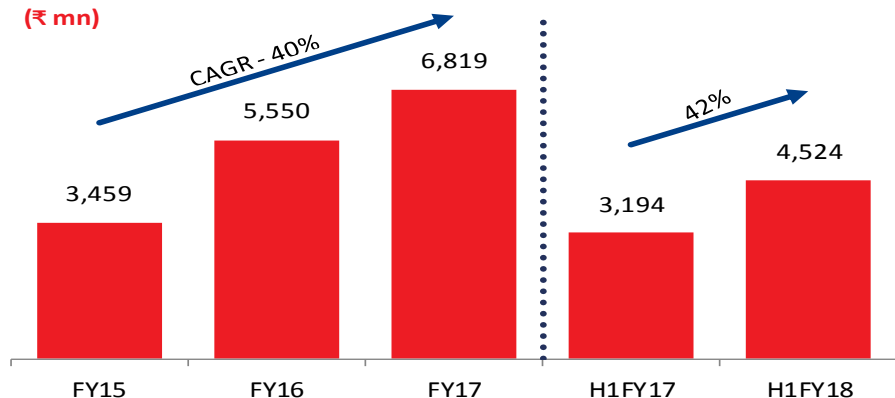
## Income

(₹ 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.

**FY15**  
5 months+  
0.30%

**FY16**  
4 months+  
0.35%

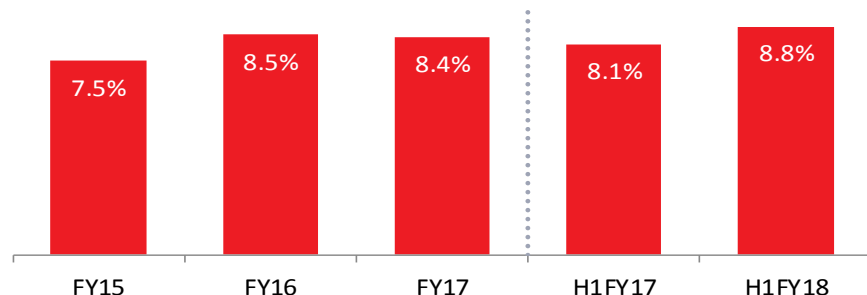
**FY17**  
3 months+  
0.40%

**H1FY17**  
4 months+  
0.35%

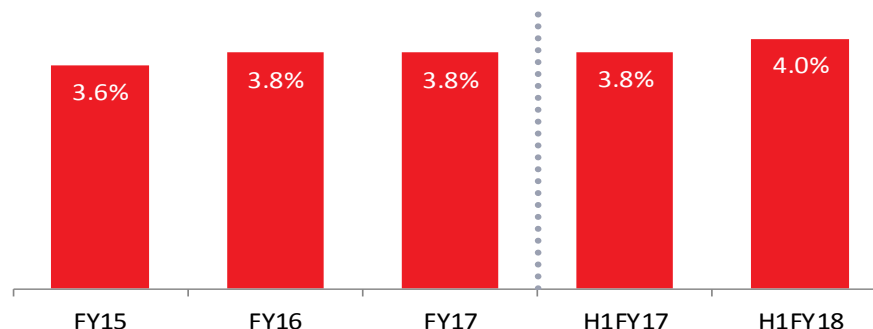
**H1FY18**  
3 months+  
0.40%

# Vehicle Finance - Financial Summary (Cont'd)

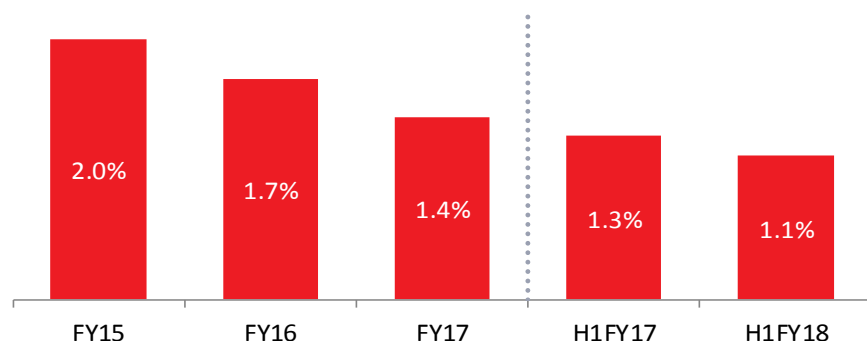
## Net Income Margin (A) (Operating Income - Finance Charges)



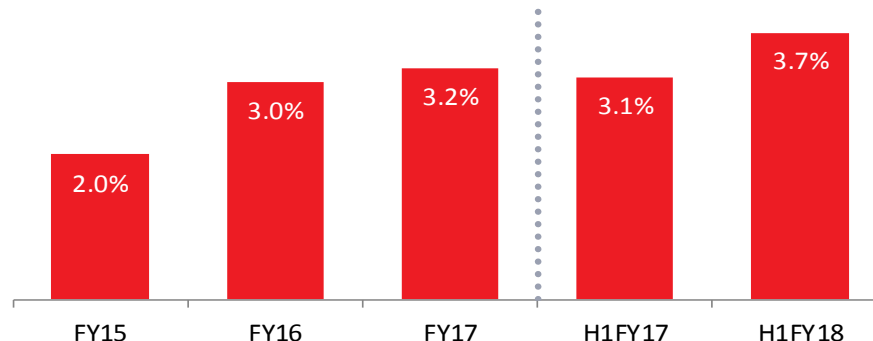
## Expense Ratio (B)



## Losses and Provisions (C)



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



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

	FY15	FY16	FY17	H1FY17	H1FY18
• Provision for Loan Loss -	5 months+	4 months+	3 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%	0.35%	0.40%



## Home Equity



# Home Equity - Overview



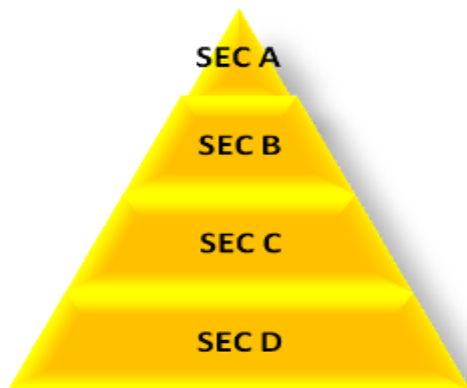
## Asset Class

- Self Occupied Residential Property
- Long tenor loans serviced across 138 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

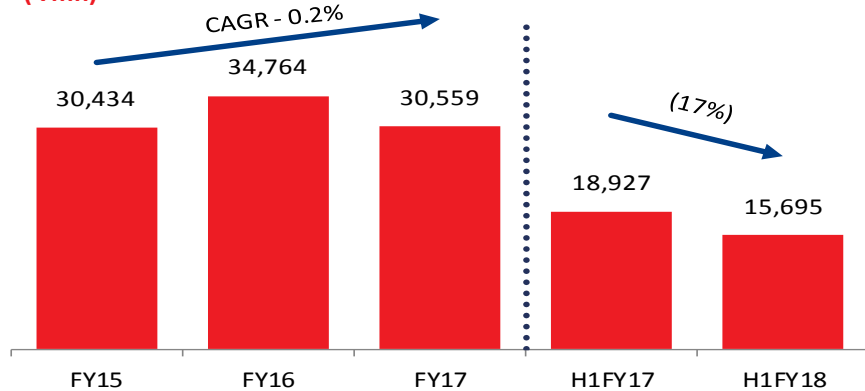
- Separate verticals for sales, credit & collections
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions



# Home Equity - Financial Summary

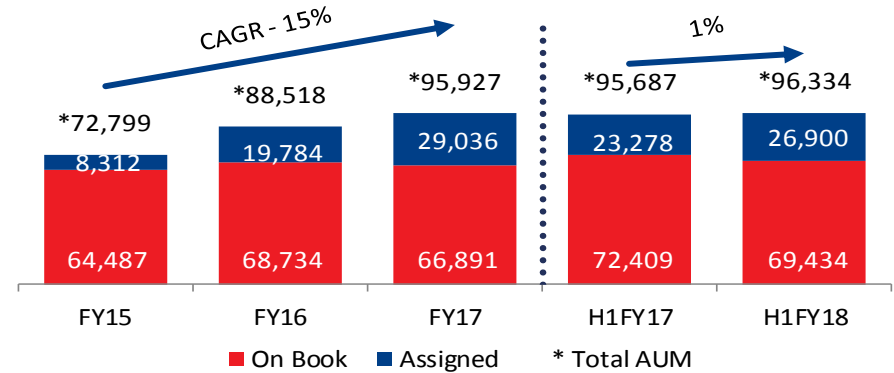
## Disbursements

(₹ mn)



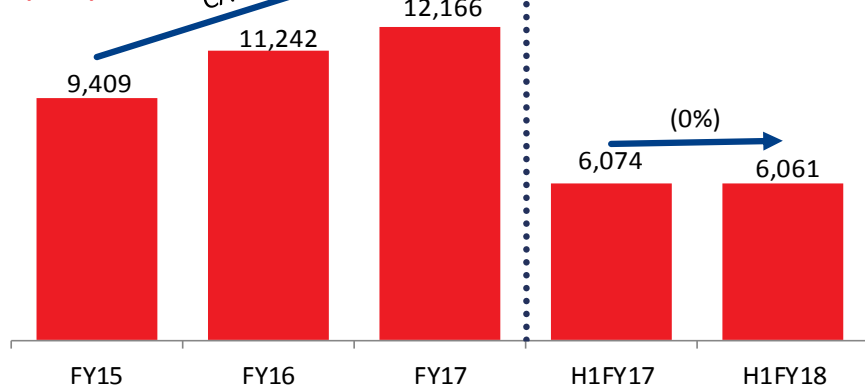
## Assets Under Management

(₹ mn)



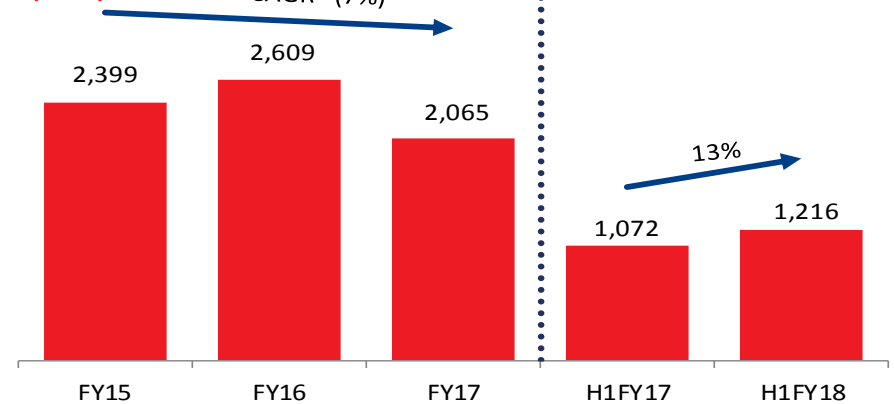
## Income

(₹ mn)



## Profit Before Tax

(₹ mn)

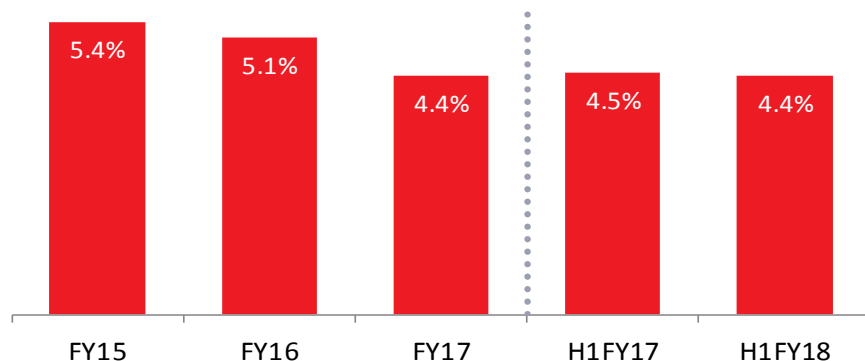


**Note:** PBT is after considering additional provisions as follows:

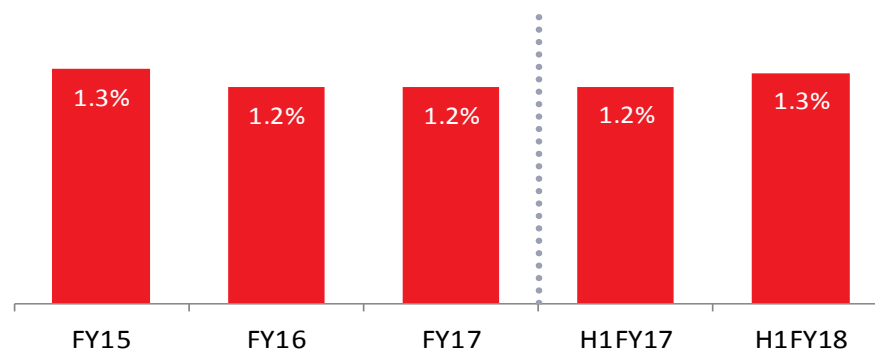
	FY15	FY16	FY17	H1FY17	H1FY18
• Provision for Loan Loss -	5 months+	4 months+	3 months+	4 months+	3 months+
Standard Asset Provision -	0.30%	0.35%	0.40%	0.35%	0.40%
AUM is Net of provisions.					

# Home Equity - Financial Summary (Cont'd)

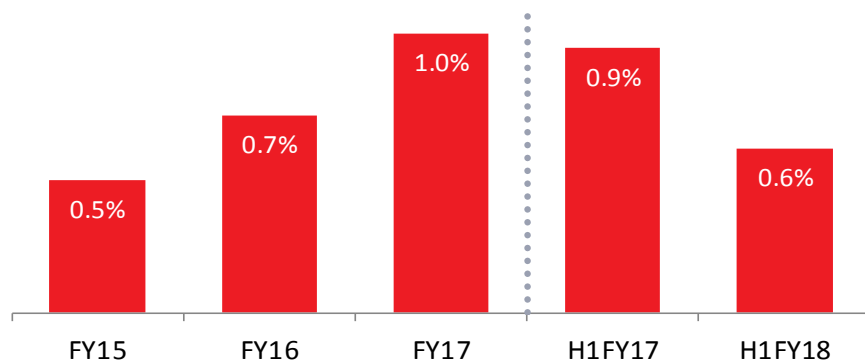
**Net Income Margin (A)**  
(Operating Income - Finance Charges)



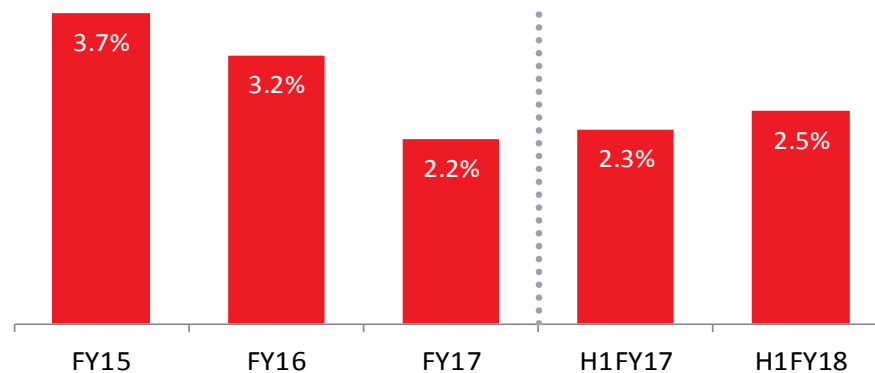
**Expense Ratio (B)**



**Losses and Provisions (C)**



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



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

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>H1FY17</u>	<u>H1FY18</u>
• Provision for Loan Loss -	5 months+	4 months+	3 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%	0.35%	0.40%



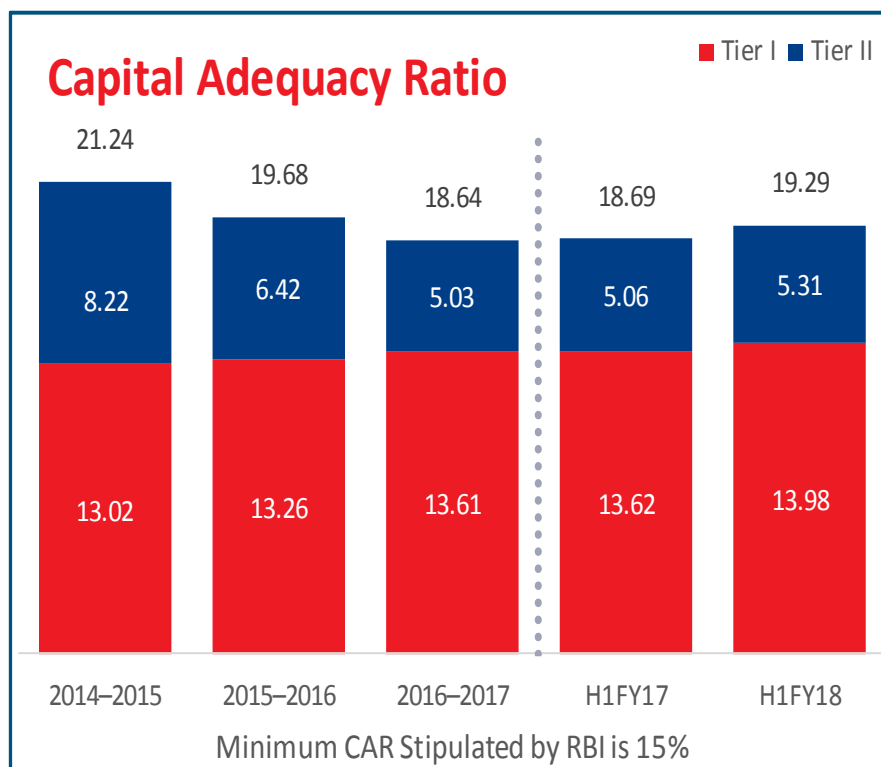


## Funding Profile





# CAR, Credit Rating and ALM Statement



ALM Statement as on Sep 2017

₹ mn

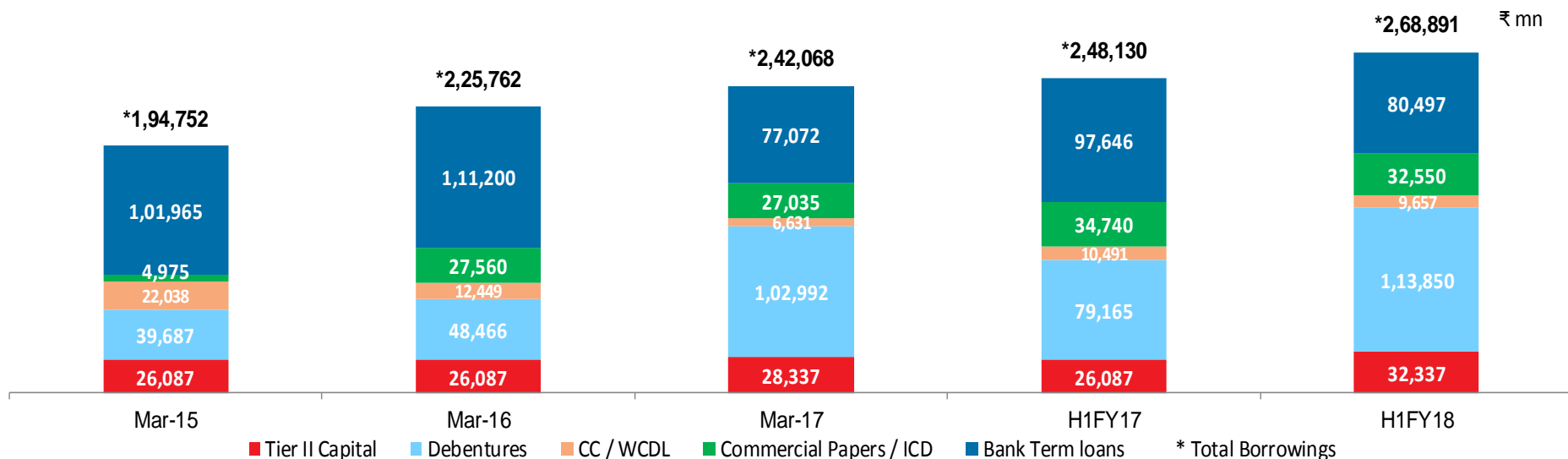
Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	5,085	11,995	6,910	6,910
15-30/31 Days	8,023	8,486	463	7,373
Over 1-2 Months	10,495	10,573	78	7,451
Over 2-3 Months	14,388	14,523	136	7,587
Over 3-6 Months	28,884	29,835	951	8,537
Over 6 Months to 1 Year	60,627	60,674	47	8,584
Over 1-3 Years	1,30,165	1,40,908	10,744	19,328
Over 3-5 Years	13,937	27,624	13,687	33,015
Over 5 Years	15,013	28,453	13,440	46,454
Over 20 Years	47,569	1,114	(46,454)	-
<b>Total</b>	<b>3,34,185</b>	<b>3,34,185</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 as AA+ by India Ratings, CARE, Brickwork Ratings and AA/Positive by ICRA
- 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 IND AA, CARE AA and [ICRA] AA - / Positive

# Diversified Borrowings Profile



Particulars	Mar-15	Mar-16	Mar-17	H1 FY17	H1 FY18
Bank Term Loans	52%	49%	32%	39%	30%
Commercial papers/ ICD	3%	12%	11%	14%	12%
CC/WCDL	11%	6%	3%	4%	4%
Debentures	21%	21%	42%	32%	42%
Tier II Capital	13%	12%	12%	11%	12%

- Debt instruments rating has improved by one notch
- Long term relationships with banks ensured continued lending
- A consortium of 15 banks with tied-up limits of ₹ 32,500 mn



## Business Enablers



# Technology Updates

## Technology Infrastructure

### Delivering resilient & scalable environment

- Link load balancer for network resilience
- Storage enhancements to improve End-of-Month batch performance
- Network backbone upgrade to support 10/40Gbps
- Red Hat Directory Services for ID management and user self-service

## Systems of Record

### Stable foundation for core products & services

- New instance setup to support
  - Vishesh
  - Trip Loan
  - SME
- Hyperion branch level planning & Profitability dashboard with drill-down capability
- NPA & ALM report automation

## Systems of Engagement

### Digitally connect employees, partners, & customers

- CFA – UPI & Tech Process integration for payments, CSEC & i-Loads deep linking
- LEAP – 2-wheeler express credit, UN sanctions check, legal notice management
- Gaadi Bazaar – Buy/Sell/Auction vehicles – web & Android app
- Dealer Plus – Web/Android/iOS solution for user cars with IBB, OSB, and Fast Lane integration

## Compliance, Innovation & People

### Balance innovation & technology risk

- IT staff trained on Agile & DevOps
- SIEM Phase 1 with Net-Access - server log analysis and incident correlation
- VAPT execution for external-facing applications & key infrastructure
- Internal gap analysis and response to RBI guideline for NBFCs
- Weekly round-table for knowledge sharing & employee engagement

# Risk Management

## Risk Management Committee (RMC):

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

## Risk Management (contd..)

- Post sanction monitoring helps to identify portfolio trends and implement necessary policy changes
  - Operational risk is managed through comprehensive internal control and systems.
- Robust Disaster Recovery Plan in place and is periodically tested.
- Implemented a Business Continuity Framework to ensure the maintenance on recovery of operations when confronted with adverse events

## Risk Management:

- Established Risk Management Framework
- Comprehensive Risk registers have been prepared for all units identifying risks with mitigants and KRI triggers
- Institutionalized formal Risk Reporting framework – Chola Composite Risk index highlights the top risks which is reviewed by RMC (quarterly) and Sr. Management (monthly) to understand the level of risk and act upon suitably.
- Robust automated credit underwriting process includes detailed risk assessment of the borrowers.



## Internal Control Systems

- SOPs for all business and functions are in place, Strong IT security system and Audit to ensure Information security
- In-house and independent internal audit team carry out comprehensive audit of HO & branches with a pre-approved plan and audit schedule to evaluate the extent of SOP compliance to locate gaps
- Independent fraud control unit ensures robust mechanism of fraud control & detection supported by a disciplinary committee reporting to Audit Committee and Board
- Monthly ALCO meeting to discuss treasury related risk exposures within the financial risk management framework of the Company



## Financial Performance



# Profit and Loss Statement – Quarterly

Particulars				₹ mn	
	Q2FY18	Q1FY18	Q2FY17	Growth % Q-o-Q	Growth % Y-o-Y
<b>Disbursements</b>	<b>54,923</b>	<b>48,530</b>	<b>44,441</b>	<b>13%</b>	<b>24%</b>
<b>Closing Assets (Managed)</b>	<b>3,74,502</b>	<b>3,60,791</b>	<b>3,31,800</b>	<b>4%</b>	<b>13%</b>
<b>Closing Assets (Balance Sheet)</b>	<b>3,17,506</b>	<b>2,94,508</b>	<b>2,87,253</b>	<b>8%</b>	<b>11%</b>
Operating Income	12,960	12,349	11,626	5%	11%
Finance Charges	5,567	5,410	5,694	3%	-2%
<b>Net Income</b>	<b>7,392</b>	<b>6,939</b>	<b>5,932</b>	<b>7%</b>	<b>25%</b>
Expenses	3,089	2,777	2,527	11%	22%
Loan Losses and Std Assets Prov	832	981	772	-15%	8%
Profit Before Tax	3,472	3,181	2,634	9%	32%
Taxes	1,199	1,115	924	8%	30%
<b>Profit After Tax</b>	<b>2,272</b>	<b>2,066</b>	<b>1,709</b>	<b>10%</b>	<b>33%</b>
<b>Key Asset Ratios</b>					
Net Income to Avg. Assets	9.6%	9.5%	8.4%		
Operating exp. to Avg. Assets	4.0%	3.8%	3.6%		
NCL to Avg. Assets	1.1%	1.3%	1.1%		

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

	<u>Q2FY18</u>	<u>Q1FY18</u>	<u>Q2FY17</u>
• Provision for Loan Loss -	3 months+	3 months+	4 months+
• Standard Asset Provision -	0.40%	0.40%	0.35%

# Profit and Loss Statement – Year to Date

₹ mn

Particulars	FY15	FY16	FY17	H1FY17	H1FY18
Disbursements	1,28,076	1,63,803	1,85,913	90,049	1,03,453
Closing Assets (Managed)	2,61,906	3,03,624	3,51,097	3,31,800	3,74,502
Closing Assets (Balance Sheet)	2,26,423	2,61,980	2,88,464	2,87,253	3,17,506
Operating Income	36,912	41,937	46,603	22,712	25,308
Finance Charges	19,604	20,508	22,308	11,175	10,977
<b>Net Income</b>	<b>17,308</b>	<b>21,429</b>	<b>24,295</b>	<b>11,537</b>	<b>14,331</b>
Expenses	7,489	8,449	10,133	4,791	5,866
Loan Losses and Std Assets Prov	3,247	4,272	3,106	1,575	1,812
Profit Before Tax	6,572	8,708	11,056	5,171	6,653
Taxes	2,221	3,023	3,868	1,804	2,315
<b>Profit After Tax</b>	<b>4,352</b>	<b>5,685</b>	<b>7,187</b>	<b>3,367</b>	<b>4,338</b>
<b>Key Income Ratios</b>					
NIM to Income	46.9%	51.1%	52.1%	50.8%	56.6%
Optg Exp to Income	20.3%	20.1%	21.7%	21.1%	23.2%
Optg Exp to Net Income Margin	43.3%	39.4%	41.7%	41.5%	40.9%

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

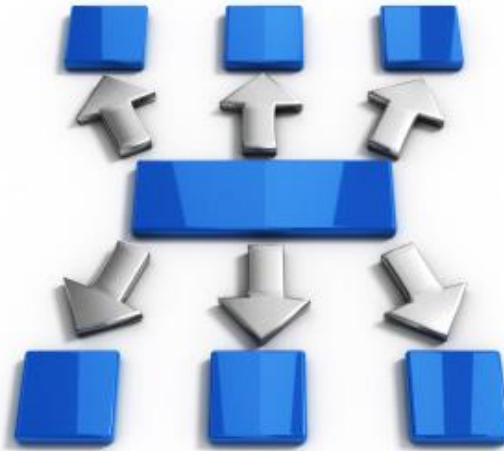
	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>H1FY17</u>	<u>H1FY18</u>
• Provision for Loan Loss -	5 months+	4 months+	3 months+	4 months+	3 months+
• Standard Asset Provision -	0.30%	0.35%	0.40%	0.35%	0.40%
• Addl Provision (for 3 months overdue)--	54 Cr.				



# Balance Sheet

₹ mn

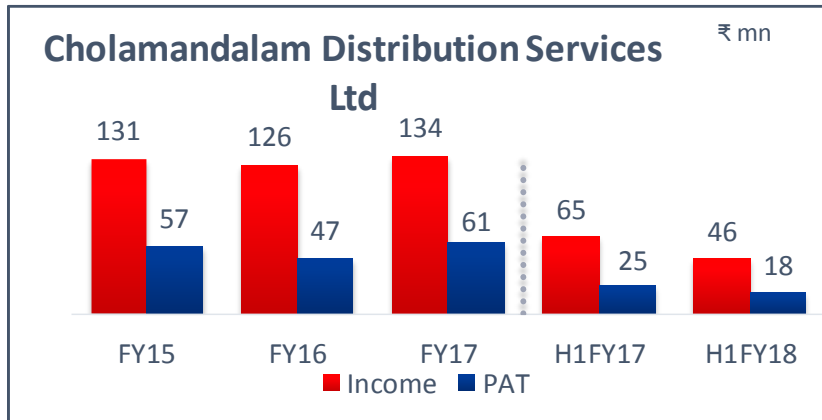
Particulars	Mar-15	Mar-16	Mar-17	Sep-16	Sep-17
<b>Equity and Liabilities</b>					
Shareholders' Funds	31,733	36,574	42,849	39,961	46,608
Current Liabilities	78,892	1,27,214	1,05,206	1,25,181	1,27,450
Non-current Liabilities	1,28,106	1,15,095	1,58,877	1,40,502	1,62,956
<b>Total</b>	<b>2,38,732</b>	<b>2,78,883</b>	<b>3,06,932</b>	<b>3,05,644</b>	<b>3,37,014</b>
<b>Assets</b>					
Non-current Assets					
Fixed Assets	683	1,113	1,401	1,313	1,475
Non-current Investments	602	647	1,924	1,020	1,995
Deferred Tax Asset (Net)	1,836	2,815	3,152	3,108	3,440
Receivable under Financing Activity	1,54,680	1,81,877	1,99,362	1,94,437	2,18,612
Other Non-current Assets & Loans and Advances	6,678	5,157	6,309	4,869	6,301
	<b>1,64,479</b>	<b>1,91,608</b>	<b>2,12,147</b>	<b>2,04,747</b>	<b>2,31,822</b>
<b>Current Assets</b>					
Current Investments	73	19	461	91	583
Cash and Bank Balances	3,407	4,905	4,870	11,547	5,256
Receivable under Financing Activity	67,156	77,225	84,790	84,692	95,090
Other Current Assets & Loans and Advances	3,618	5,126	4,664	4,567	4,262
	<b>74,253</b>	<b>87,275</b>	<b>94,785</b>	<b>1,00,897</b>	<b>1,05,191</b>
<b>Total</b>	<b>2,38,732</b>	<b>2,78,883</b>	<b>3,06,932</b>	<b>3,05,644</b>	<b>3,37,014</b>
De-recognised Assets	35,482	41,643	62,633	44,547	56,996
<b>Total Assets Under Management</b>	<b>2,74,215</b>	<b>3,20,526</b>	<b>3,69,566</b>	<b>3,50,191</b>	<b>3,94,009</b>



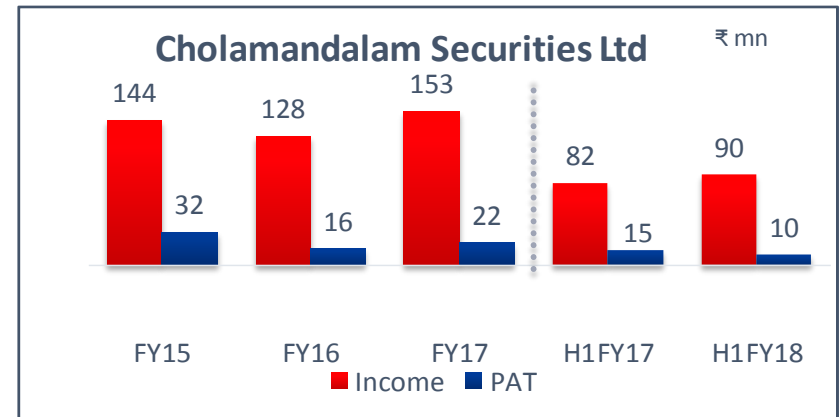
## Subsidiaries



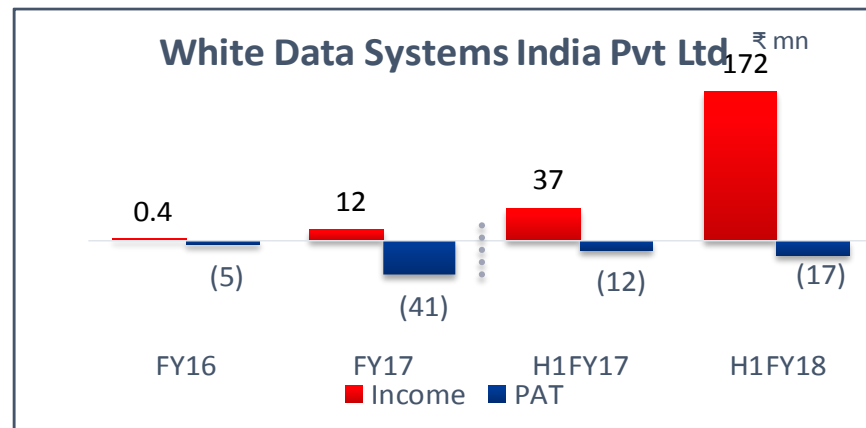
# Subsidiaries



- 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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**murugappa**