

Chola Investment to Launch Home Finance Unit Soon

Co looks to maintain 25% YoY growth rate in vehicle loans

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Chennai: Cholamandalam Investment and Finance (CIFL), the financial arm of the ₹32,900-crore, Chennai-headquartered Murugappa Group, will be looking to maintain a 25% year-on-year growth rate in its key business segment of vehicle loan disbursements irrespective of challenging market conditions, executive director and fourth-generation Murugappa family scion Arun Alagappan told ET.

The company will also be launching its home finance subsidiary in the coming quarters, subject to approval from the National Housing Board, he said.

The non-banking finance sector has been sluggish in the last few quarters due to a slowdown in the sale of commercial vehicles, rising fuel costs and fewer rentals due to the central government's relaxations on overloading norms, among other concerns, according to analysts. Nevertheless, CIFL is poised to deliver consistent quarterly performances due to the company's stable asset quality and steadily rising disbursements, according to Alagappan.

In the quarter ended December 2018, the company's vehicle finance business clocked a volume of ₹6,240 crore against ₹5,607 crore in the third quarter FY18, reporting a growth of 11%.

"The third quarter last year (FY 2018) gives a high base, so that is why the growth seems to be moderated. But if you look at the year-on-year growth we are at 27%. Actually our target is 22-25% growth, so we are in line with what we committed. I am sure we will keep this 25% target intact going forward," he said.

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CIFL reported a volume of ₹17,447 crore in vehicle finance for the nine-month period ending Decem-

ber 2018 against ₹13,720 crore for the same period in the previous year, at a growth of 27% year on year.

The company in a statement said that it had outperformed the industry with a 48% quarter-on-quarter growth in the number of new vehicles financed compared to the average 7% increase in the industry.

CIFL posted a 39% growth in net profit at ₹304 crore for the quarter ended December 31, 2018 compared to ₹219 crore a year-ago period, while assets under management grew 32% to ₹52,868 crore.

