



Cholamandalam Investment and Finance Company Limited

Corporate Presentation – December 2015



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CORPORATE OVERVIEW



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 ₹ 302 bn as of Dec 2015 with Net NPA of 2.8% and a healthy RoA of 2.1%
- Operating income CAGR of 27% over FY12 to FY15

4

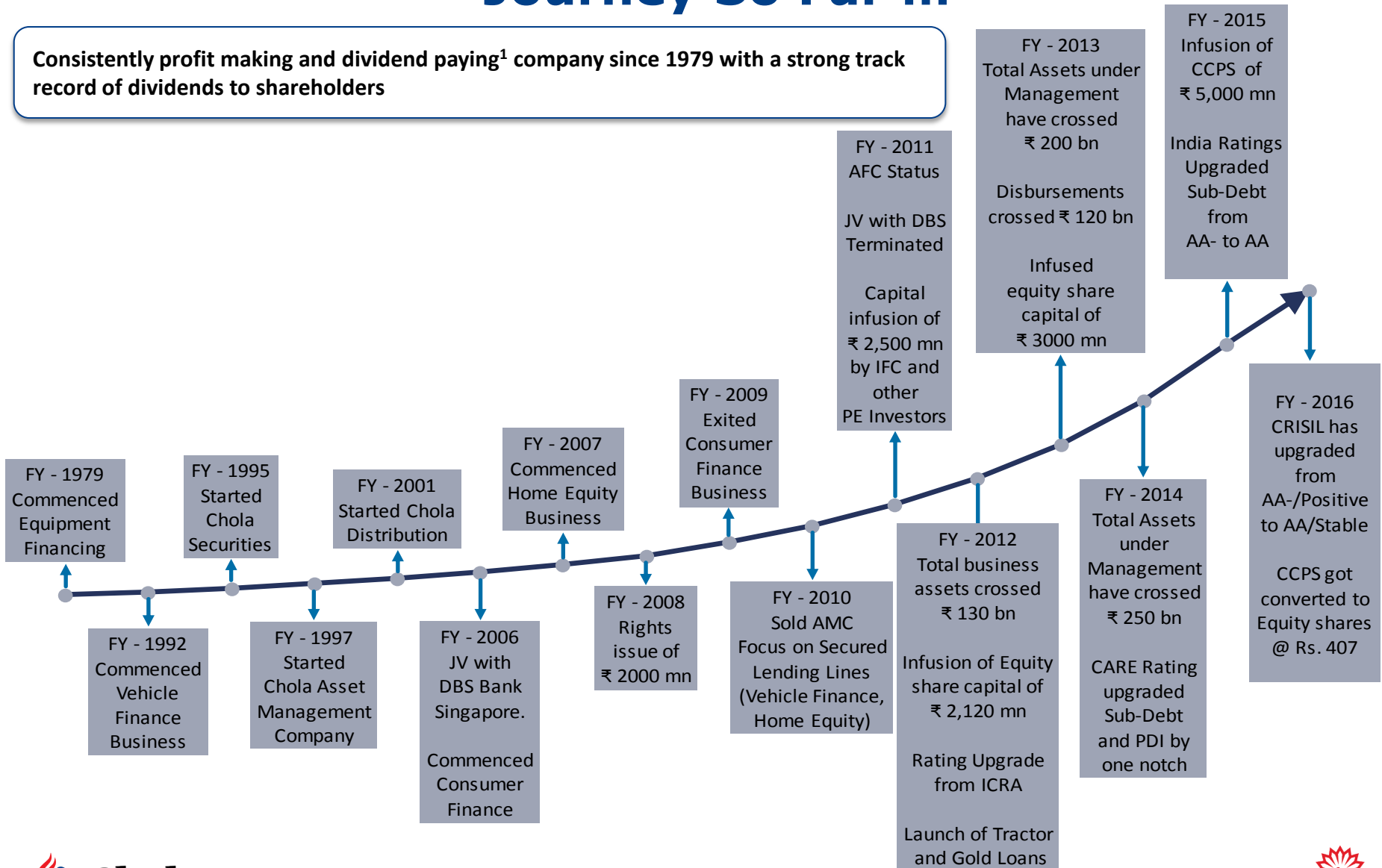
Diversified Footprint

- 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 Dec 2015. 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 29% on capital.

Major Companies – Murugappa Group

Company Name	Market Capitalisation	Description
	<ul style="list-style-type: none"> ₹ 1,00,207 mn (US\$ 1,511 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
	<ul style="list-style-type: none"> ₹ 80,199 mn (US\$ 1,209 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
	<ul style="list-style-type: none"> ₹ 54,997 mn (US\$ 829 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.
	<ul style="list-style-type: none"> ₹ 34,855 mn (US\$ 526 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)
	<ul style="list-style-type: none"> ₹ 34,689 mn (US\$ 523 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.
	<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 Dec 2015. Source: BSE Sensex and Conversion Rate of 1USD = Rs.66.326 as on 31st Dec 2015 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.

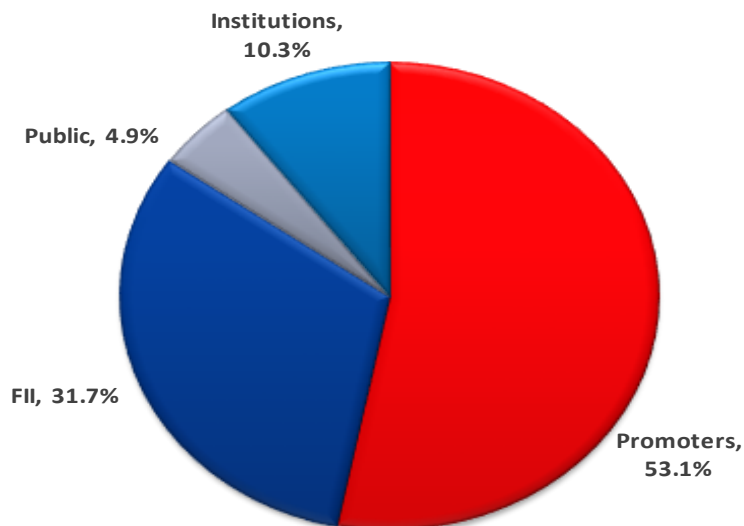


Ms. Bharati Rao – Independent Director

- 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.

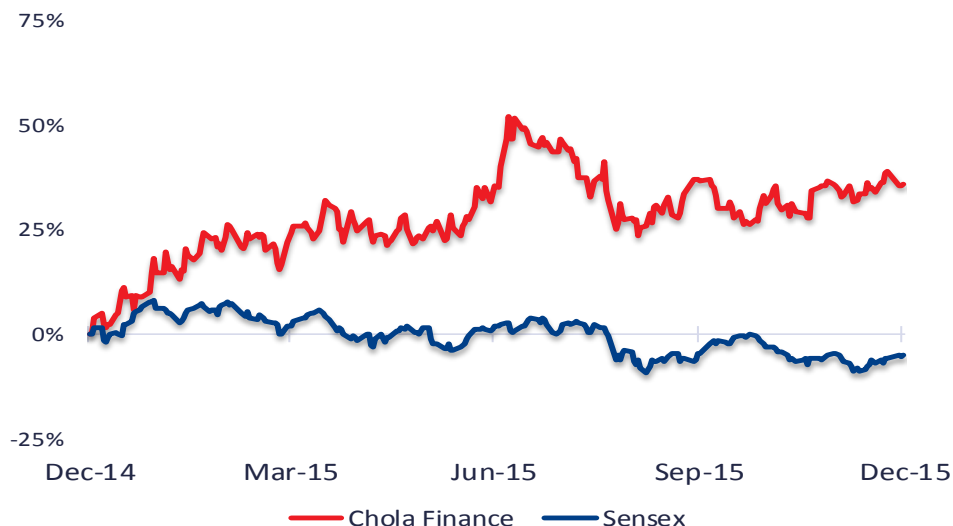
Corporate Overview

Shareholding Pattern



- Promoters share holding of 53.1% includes
 - Tube Investments – 46.28%,
 - Ambadi Holdings Private Ltd – 4.62%
 - Others - 2.26%

Chola Finance - Share Price Growth



	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15
Chola Finance (₹/share)	474	576	632	648	642
BSE Sensex	27,499	27,976	27,781	26,155	26,118

Investor Ratios	FY13	FY14	FY15	YTD Dec 14	YTD Dec 15
Earnings Per share (₹)	23	25	30	28	33
Book value per share (₹)	137	160	203	199	227
Market price per share (₹)	271	288	588	474	642
Market capitalisation (₹ mn)	38,832	41,253	84,420	68,031	1,00,207
Price to Earnings (P/E) Ratio	11.9	11.3	19.5	17.2	19.2
Price to Book Value (P/BV)	2.0	1.8	2.9	2.4	2.8

- Market price and Market Capitalisation based on share price as on 31st Dec 2015

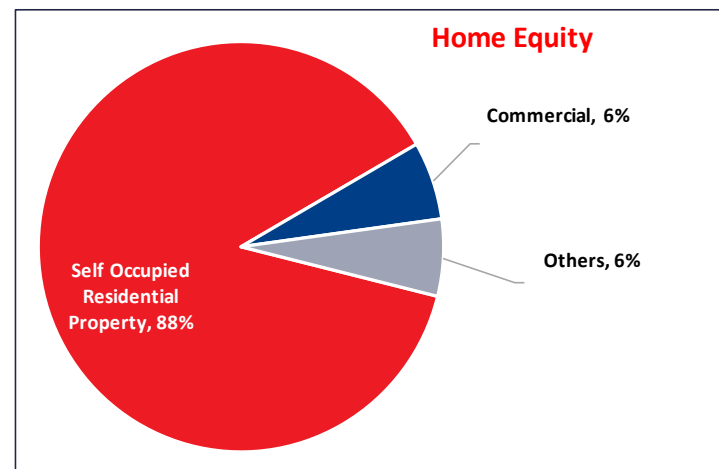
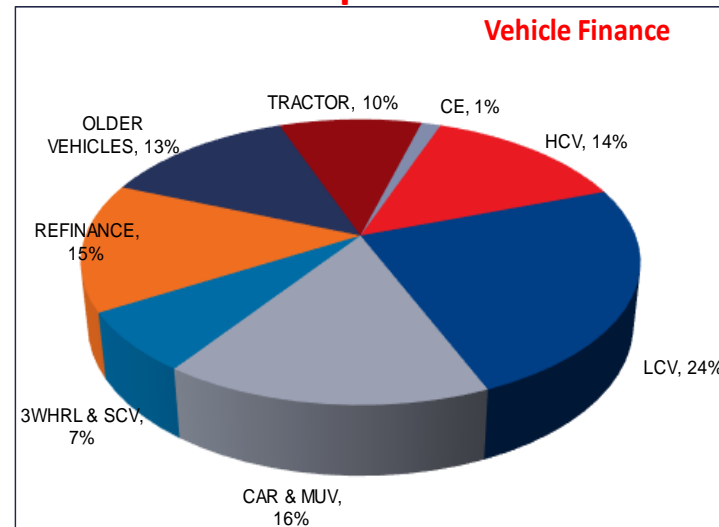
Corporate Overview

Business Segments Overview

AUM * (₹ mn)	FY13	FY14	FY15	YTD Dec 14	YTD Dec 15	YoY Growth
Vehicle Finance						
On Book	1,19,907	1,41,787	1,49,215	1,53,338	1,71,718	12%
Assigned	23,778	28,857	27,171	20,764	17,180	-17%
Managed Assets	1,43,685	1,70,645	1,76,386	1,74,102	1,88,898	8%
<i>% of Total</i>	<i>76%</i>	<i>73%</i>	<i>69%</i>	<i>70%</i>	<i>67%</i>	
Home Equity						
On Book	41,861	46,588	64,487	59,158	70,377	19%
Assigned	1,508	12,016	8,312	9,180	14,432	57%
Managed Assets	43,369	58,604	72,799	68,338	84,810	24%
<i>% of Total</i>	<i>23%</i>	<i>25%</i>	<i>29%</i>	<i>28%</i>	<i>30%</i>	
Others						
On Book	2,927	3,285	5,340	4,924	6,333	29%
Assigned	-	-	-	-	-	0%
Managed Assets	2,927	3,285	5,340	4,924	6,333	29%
<i>% of Total</i>	<i>2%</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>	
Total						
On Book	1,64,695	1,91,661	2,19,043	2,17,420	2,48,428	14%
Assigned	25,287	40,874	35,482	29,944	31,612	6%
Managed Assets	1,89,981	2,32,534	2,54,525	2,47,363	2,80,040	13%

* Assets are net of provisions.

Portfolio Breakup



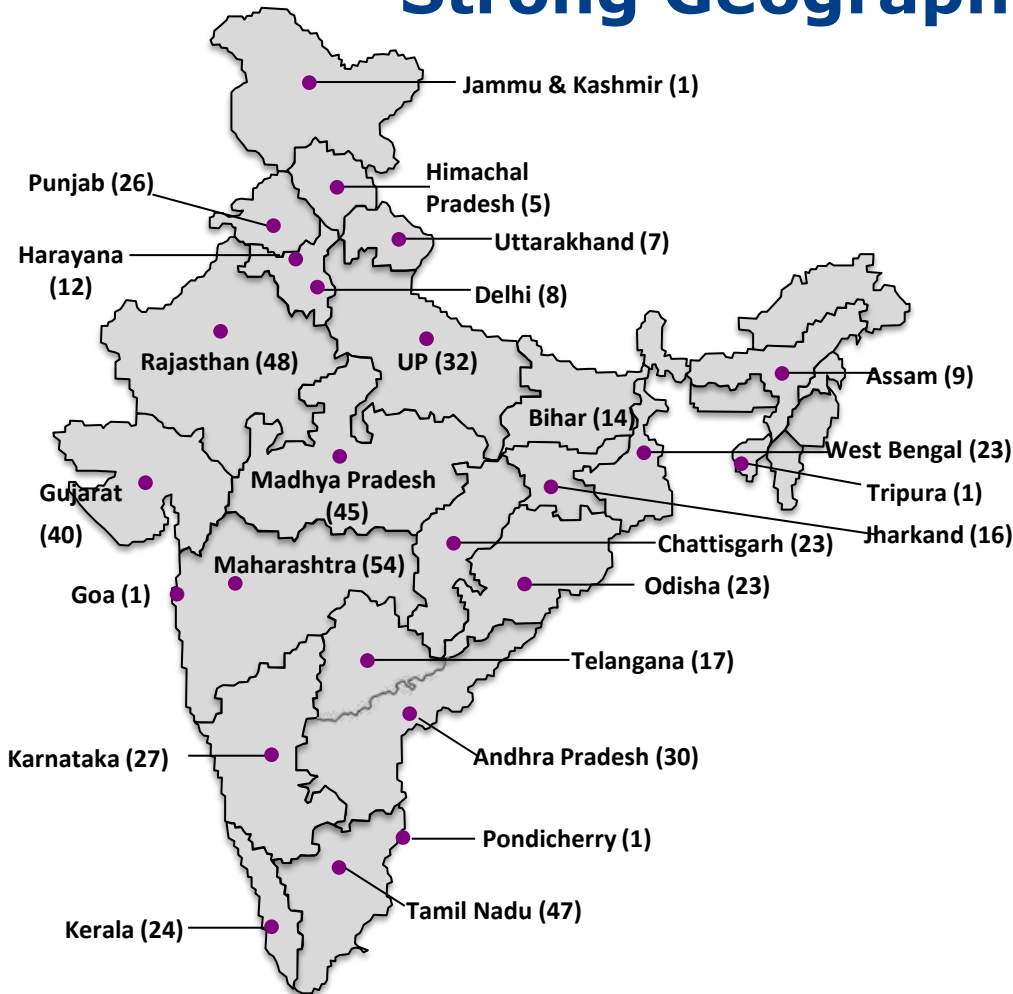
Corporate Overview

	FY13	FY14	FY15	YTD Dec 14	YTD Dec 15	YoY Growth
Disbursements (₹ mn)						
Vehicle Finance	98,820	1,01,281	93,627	67,985	86,230	27%
Home Equity	21,612	28,097	30,434	21,864	24,826	14%
Gold	591	-	618	618	-	-
MSME	132	1,371	2,490	1,924	1,949	1%
Home Loans	28	393	892	589	1,189	102%
Agri	-	-	15	7	195	
Total	1,21,183	1,31,142	1,28,076	92,987	1,14,389	23%
AUM (₹ mn)						
On Book	1,64,695	1,91,661	2,19,043	2,17,420	2,48,428	14%
Assigned	25,287	40,874	35,482	29,944	31,612	6%
Total	1,89,981	2,32,534	2,54,525	2,47,363	2,80,040	13%
Networth (₹ mn)						
Equity Share Capital	1,432	1,433	1,437	1,437	1,562	9%
Reserves and Surplus *	18,216	21,514	30,289	29,562	33,931	15%
Total	19,648	22,947	31,727	30,999	35,493	14%
Profitability (₹ mn)						
Gross Income	25,557	32,628	36,912	27,532	30,573	11%
Net Income Margin	11,447	14,918	17,308	12,789	15,395	20%
PBT	4,508	5,502	6,572	4,538	5,746	27%
PAT	3,065	3,640	4,352	2,995	3,764	26%
Asset Ratios						
Gross Yield	16.9%	16.8%	16.9%	16.9%	17.0%	1%
NIM	7.6%	7.7%	7.9%	7.8%	8.5%	9%
Expenses	3.8%	3.4%	3.4%	3.4%	3.5%	3%
Losses and Provisions	0.8%	1.5%	1.5%	1.6%	1.8%	12%
ROTA (PBT)	3.0%	2.8%	3.0%	2.8%	3.2%	15%

- AUM refers to Own assets + off balance sheet items which have been securitised/sold on a bilateral assignment basis less provisions.
- FY13 - Infusion of Rs. 147 million as share capital and Rs.2853 million as securities premium
- FY15 - Infusion of Rs. 5000 million as Compulsory Convertible Preference Shares (converted to Equity in Sep 2015 @ ₹ 407)
- NIM, Losses & Provisions & ROTA (PBT) for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated standard asset provisioning @ 0.30%.
- NIM, Losses & Provisions & ROTA (PBT) for YTD Dec 15 is after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

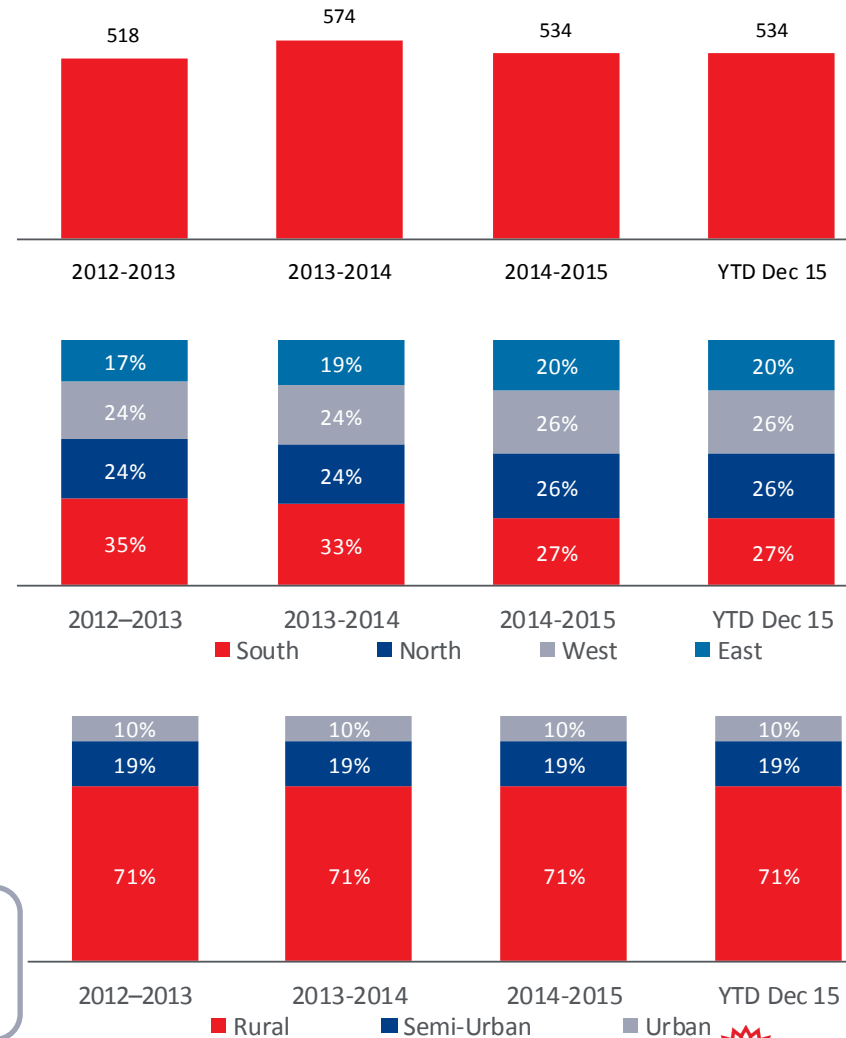
* - includes CCPS in FY15 and YTD Dec 14

Strong Geographical Presence



- 534 branches across 25 states/Union territories: 529 VF and 83 HE (78 co-located with VF & HE).
- 90% locations are in Tier-II, Tier-III and Tier-IV towns
- Strong Pan India presence

Branch Network

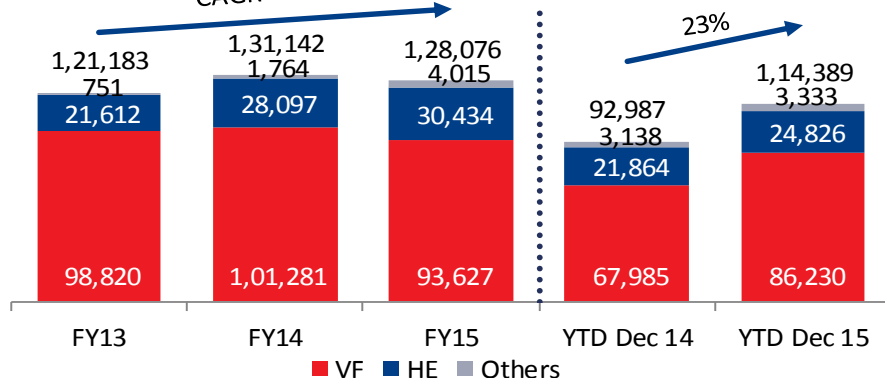


Chola - Financial Summary

Disbursements

(₹ mn)

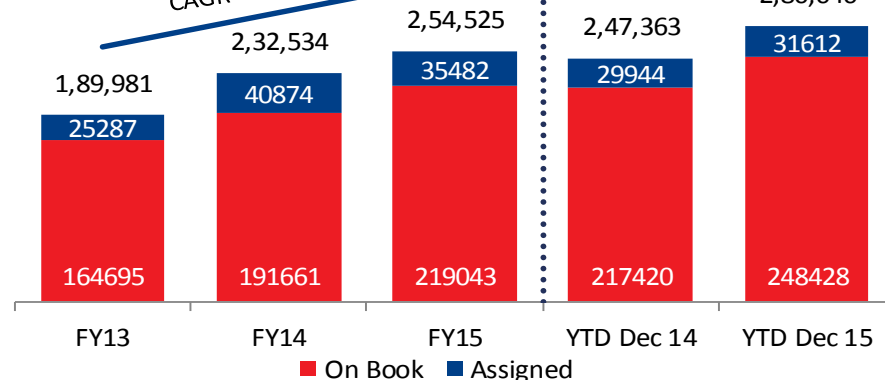
CAGR - 3%



Assets Under Management

(₹ mn)

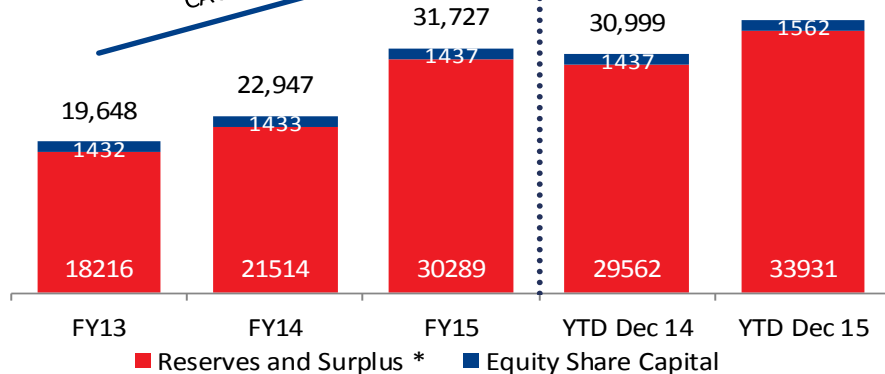
CAGR - 16%



Networth

(₹ mn)

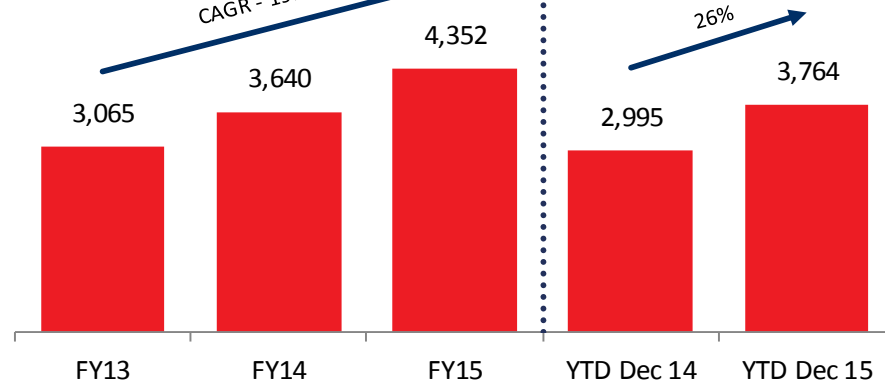
CAGR - 27%



Profit After Tax

(₹ mn)

CAGR - 19%



* - includes CCPS in FY15 and YTD Dec 14

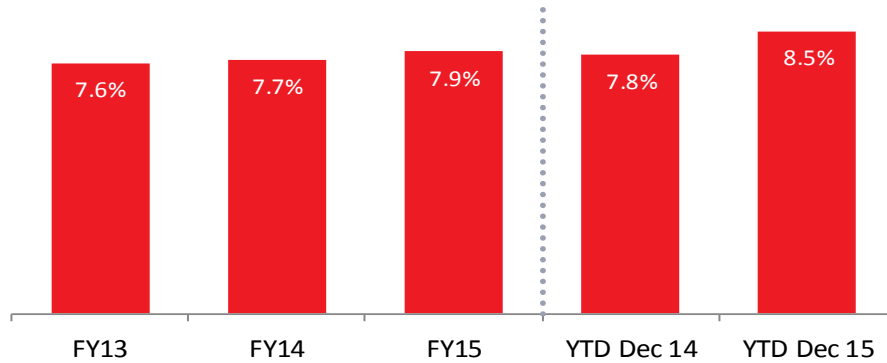
Note:

PAT for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated Standard assets provisioning @ 0.30%.

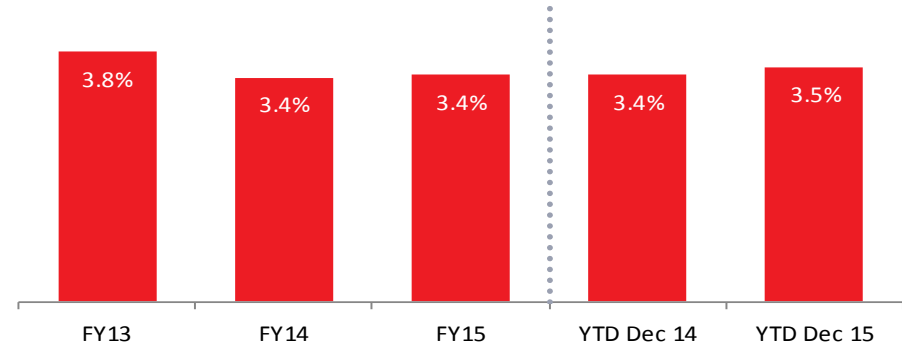
PAT for YTD Dec 15 is after considering accelerated provisioning of 4 months overdue and accelerated Standard assets provisioning @ 0.35%.

Chola - Financial Summary (Cont'd)

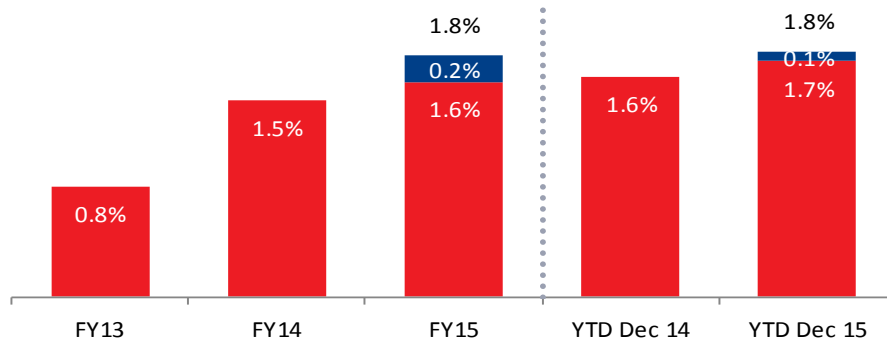
Net Income Margin (A) (Operating Income - Finance Charges)



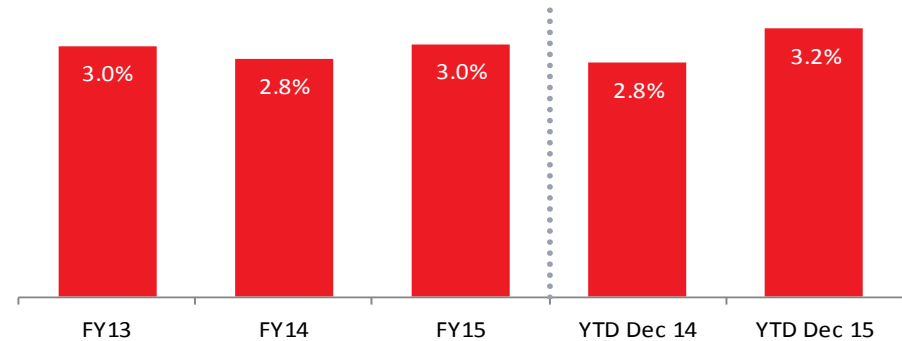
Expense Ratio (B)



Losses and Provisions (C)



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



Indicates Accelerated NPA Provision for less than 6 months overdue & incremental Standard assets Provision (>0.25%)

Note:

NIM, Losses & Provisions & ROTA (PBT) for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated standard asset provisioning @ 0.30%.

NIM, Losses & Provisions & ROTA (PBT) for YTD Dec 15 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

Performance Highlights – Q3 & YTD Dec 15

Disbursements

Profit after Tax

ROTA (PBT)

Book Value[#]

EPS[^]

ROE^{*}

Q3-FY16

₹ 42,597 mn

₹ 1,457 mn

3.6%

₹ 227.6

₹ 37.1

16.7

38%

31%

23%

14%

22%

-3%

Q3-FY15

₹ 30,819 mn

₹ 1,113mn

3.0%

₹ 198.8

₹ 30.4

17.2

Disbursements

Profit after Tax

ROTA (PBT)

Book Value[#]

EPS[^]

ROE^{*}

YTD
Dec 15

₹ 1,14,389 mn

₹ 3,764 mn

3.2%

₹227.6

₹ 33.4

14.9

23%

26%

14%

14%

21%

-8%

YTD
Dec 14

₹ 92,987 mn

₹ 2,995 mn

2.8%

₹ 198.8

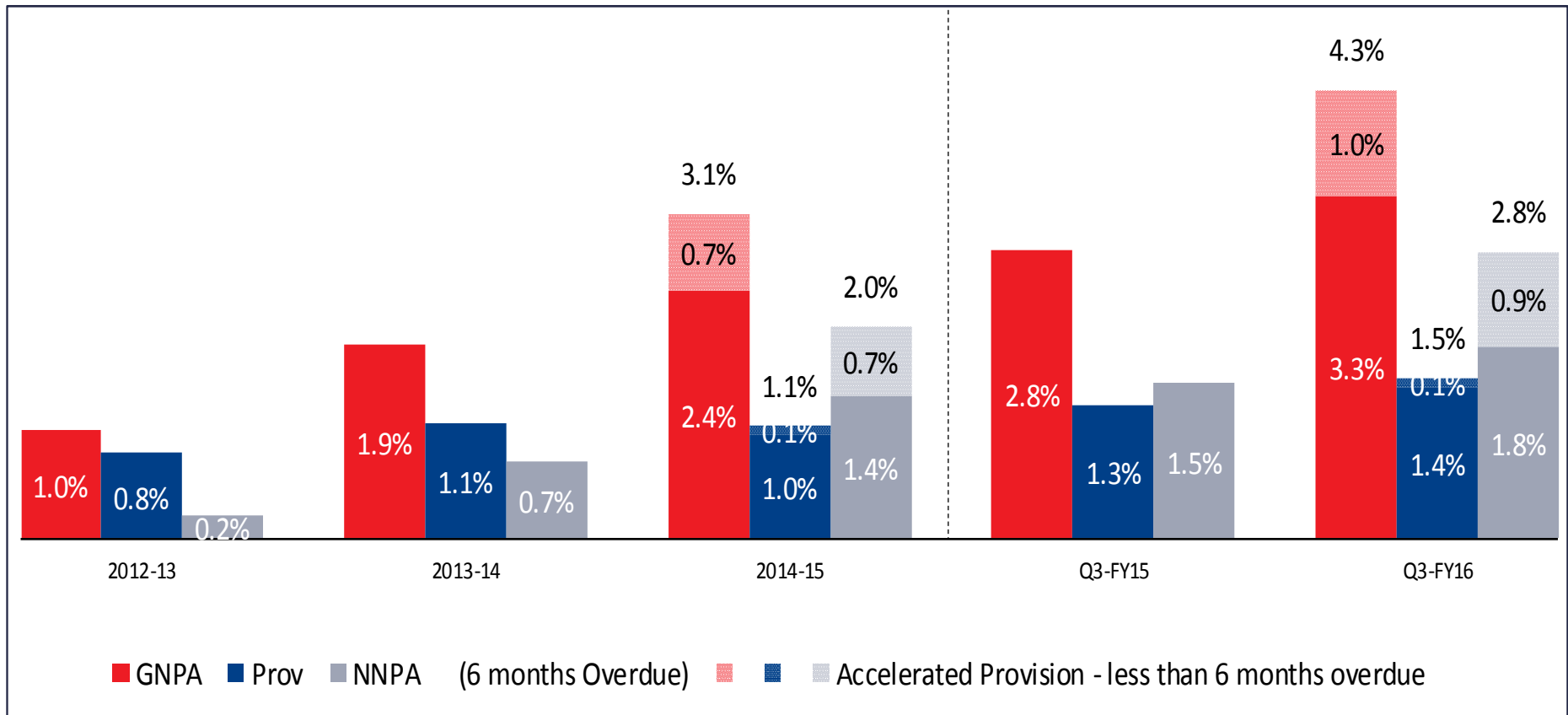
₹ 27.5

16.2

[^] EPS is annualised

^{*}ROE is calculated on Profit after Tax; drop is due to Capital Infusion

Portfolio Performance





BUSINESS OVERVIEW





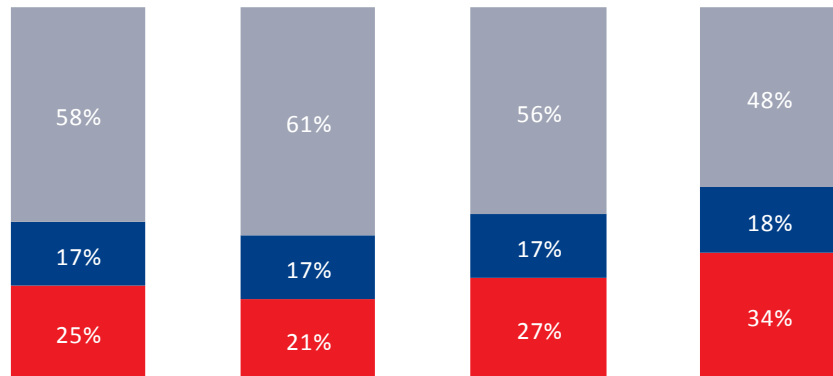
Vehicle Finance



Vehicle Finance - Industry

Overall CV Mix

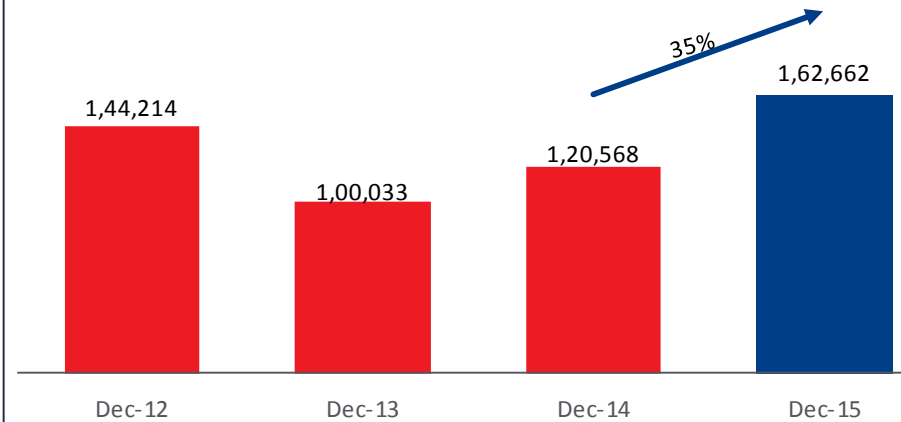
(in Units)



■ HCV ■ SCV/3W Pick ups ■ LCV

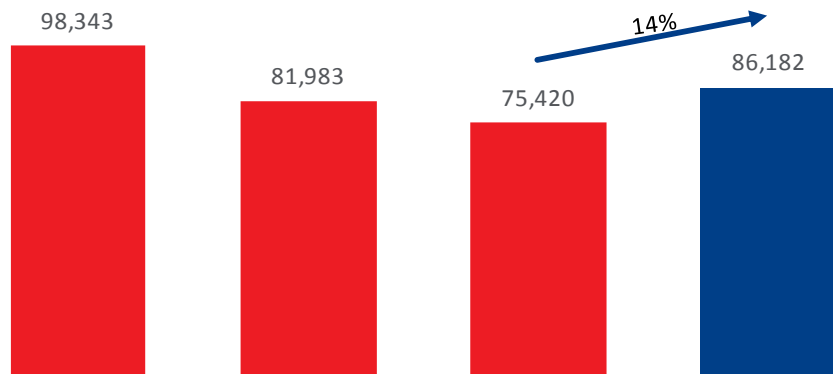
Trend in Domestic M & HCV Sales

(in Units)



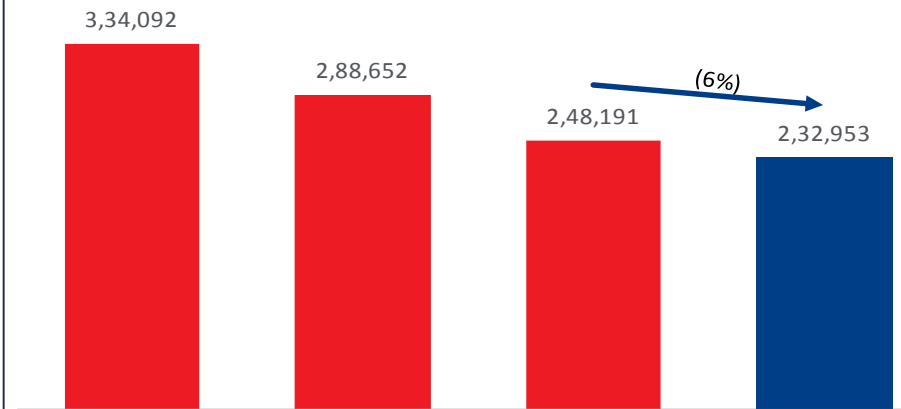
Trend in Domestic LCV Sales

(in Units)

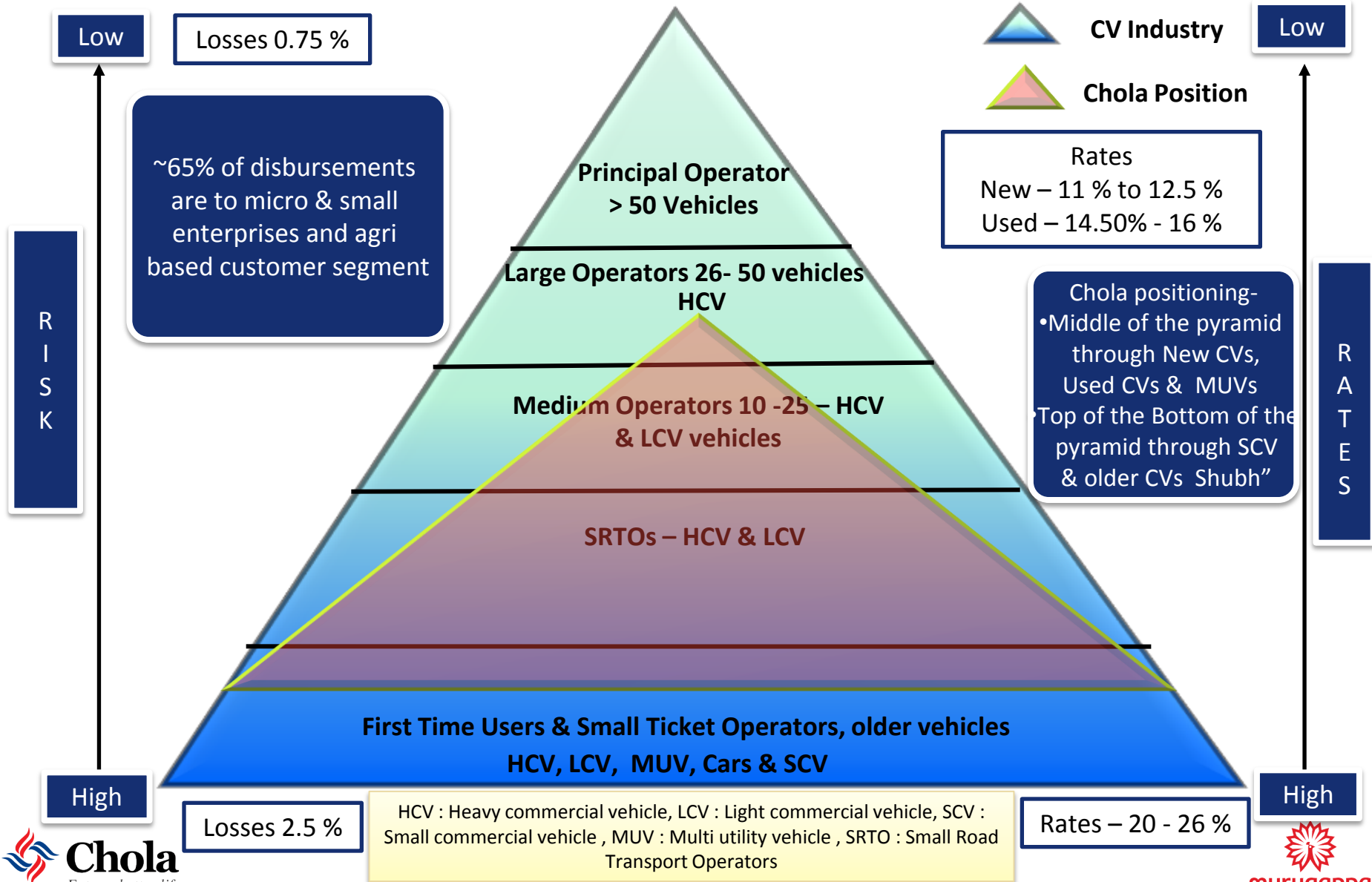


Trend in Domestic SCV Sales

(in Units)



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

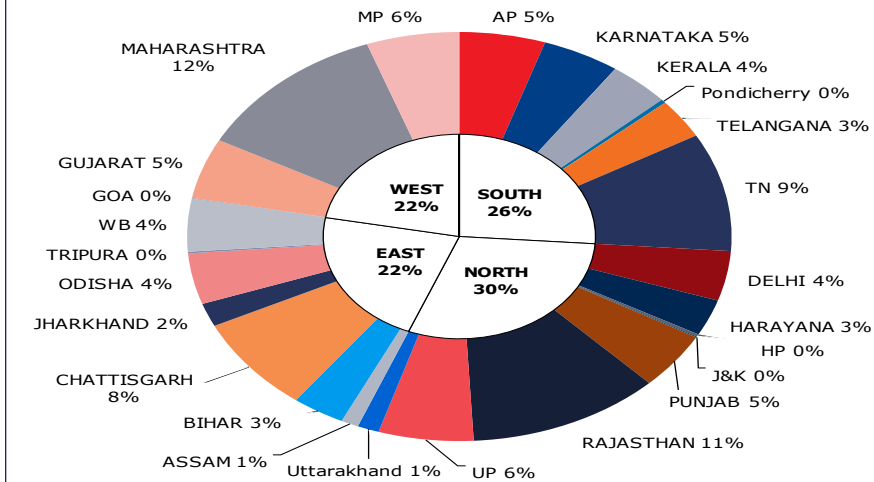
Strong collection management



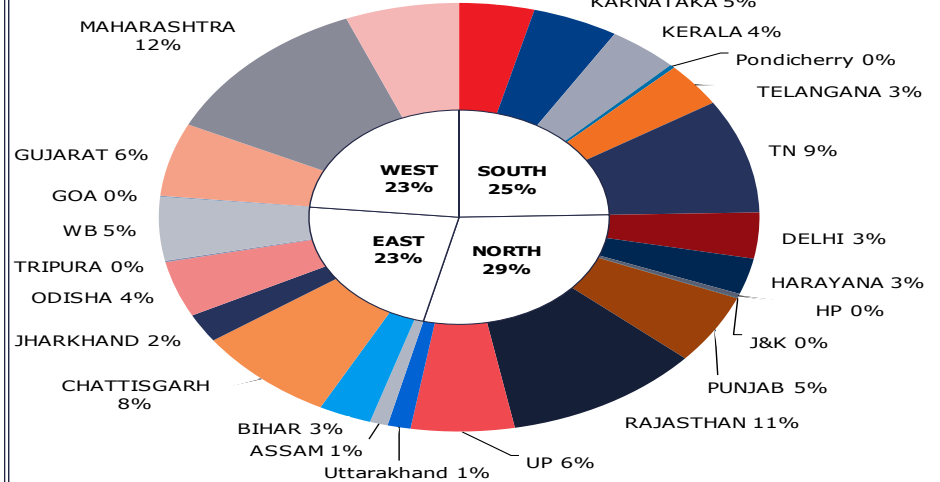
Vehicle Finance - Disbursement / Portfolio Mix – YTD Dec-15

Well diversified across geography & product segments

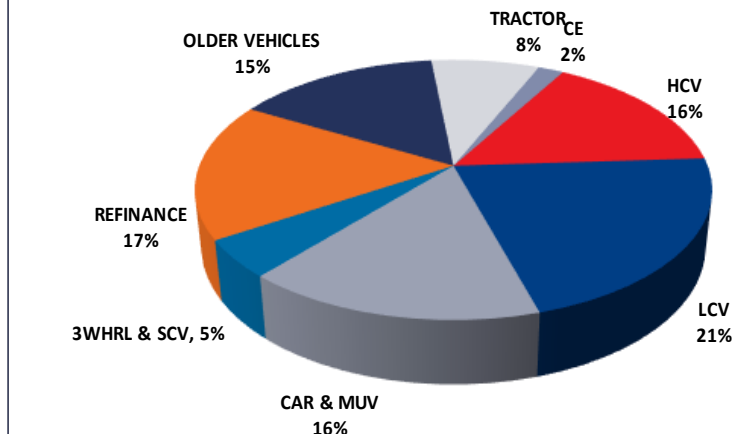
Disbursements - State wise



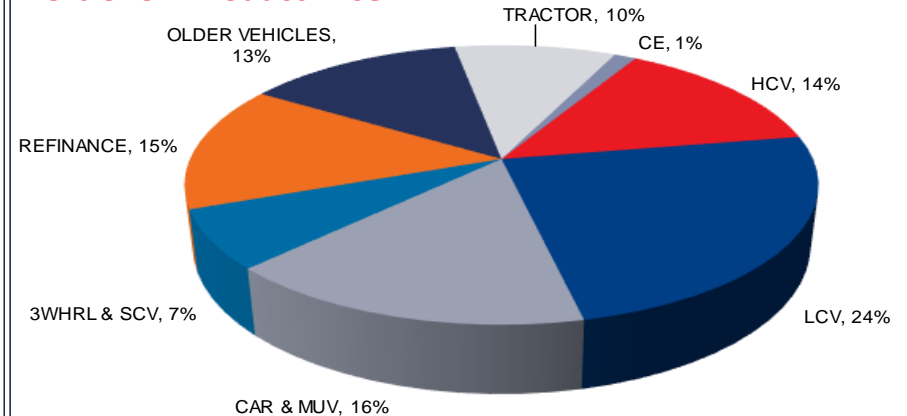
Portfolio – State wise



Disbursements - Product wise



Portfolio – Product wise



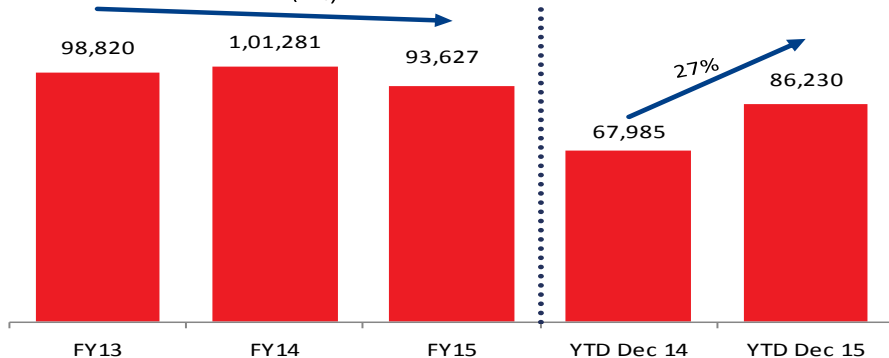
Vehicle Finance - Financial Summary

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

Disbursements

(₹ mn)

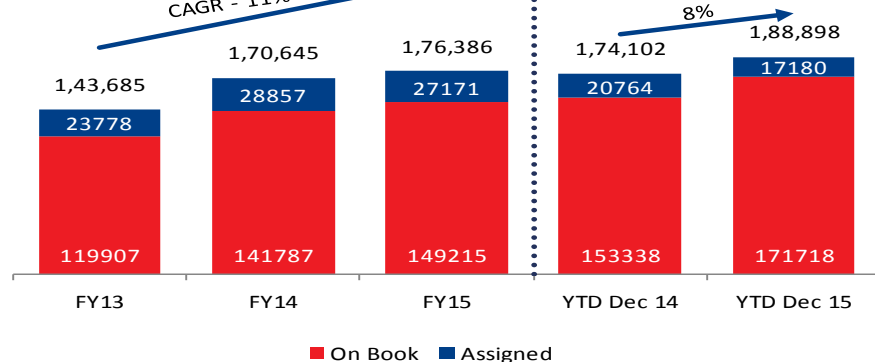
CAGR - (3%)



Assets Under Management

(₹ mn)

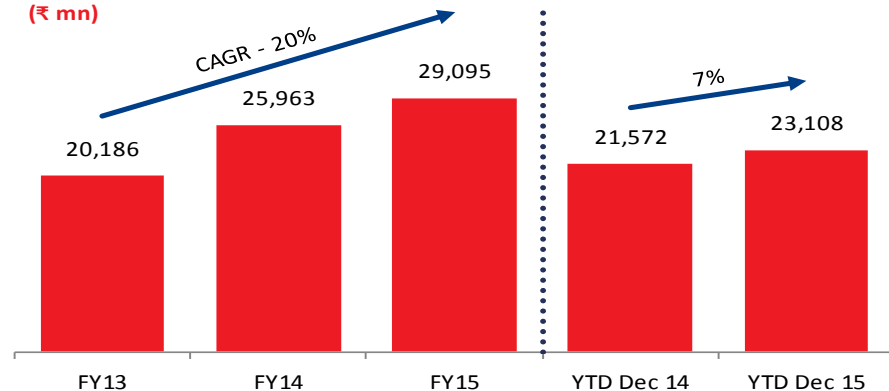
CAGR - 11%



Income

(₹ mn)

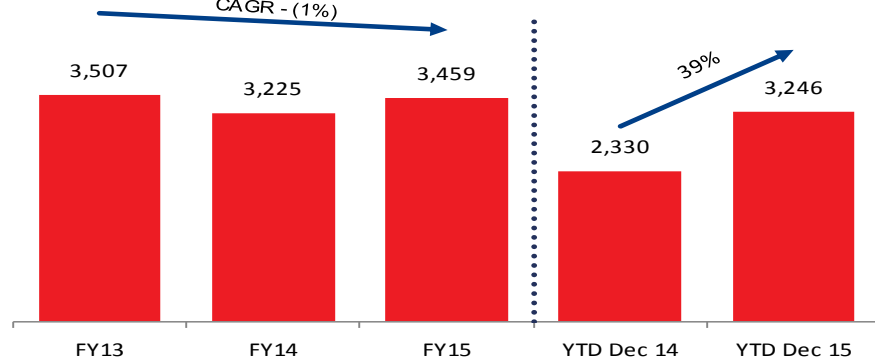
CAGR - 20%



Profit Before Tax

(₹ mn)

CAGR - (1%)



Note:

Income & PBT for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated standard asset provisioning @ 0.30%.

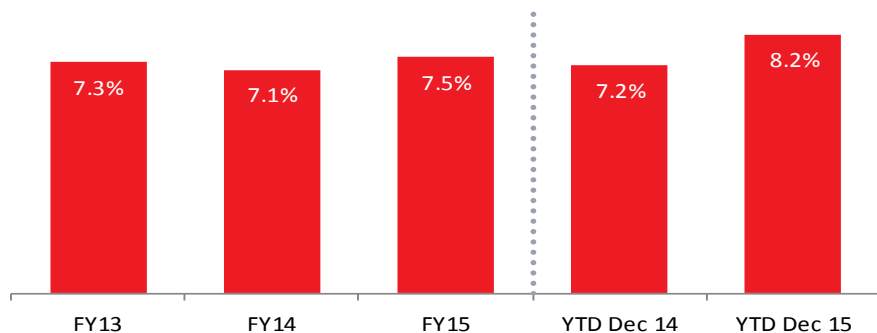
Income & PBT for YTD Dec 15 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

AUM is Net of provisions.

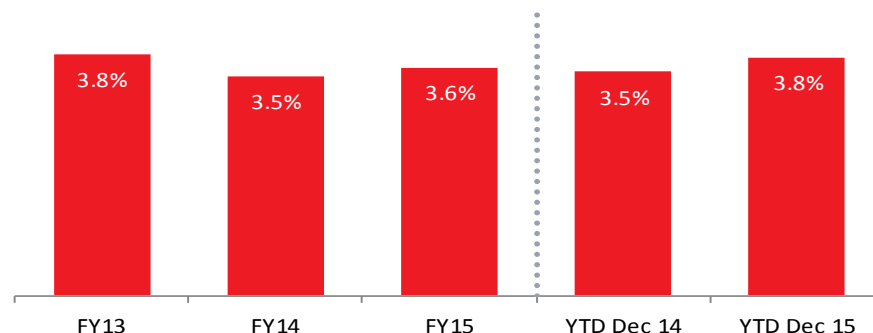
Vehicle Finance - Financial Summary (Cont'd)

Net Income Margin (A)

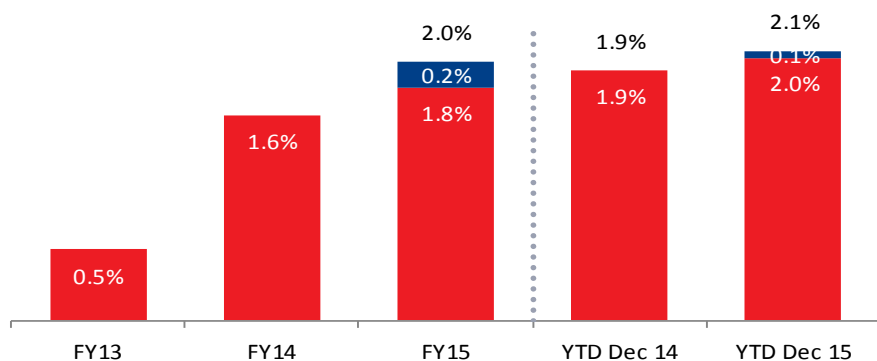
(Operating Income - Finance Charges)



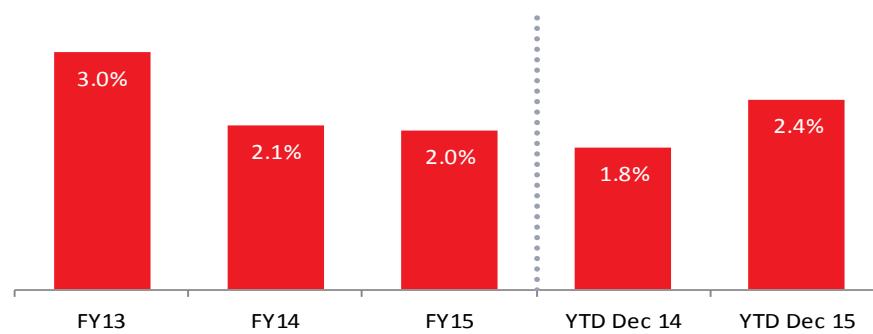
Expense Ratio (B)



Losses and Provisions (C)



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



Indicates Accelerated NPA Provision for less than 6 months overdue & incremental Standard assets Provision (>0.25%)

Note:

NIM, Losses & Provisions & ROTA (PBT) for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated standard asset provisioning @ 0.30%.

NIM, Losses & Provisions & ROTA (PBT) for YTD Dec 15 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.



Home Equity



Home Equity - Overview



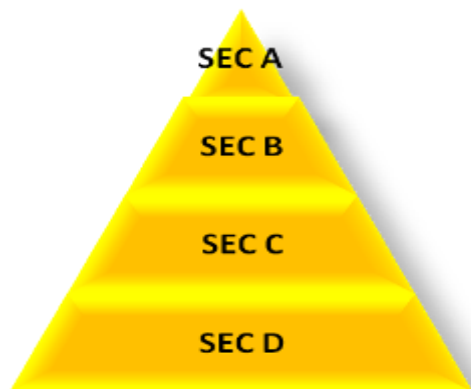
Asset Class

- 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

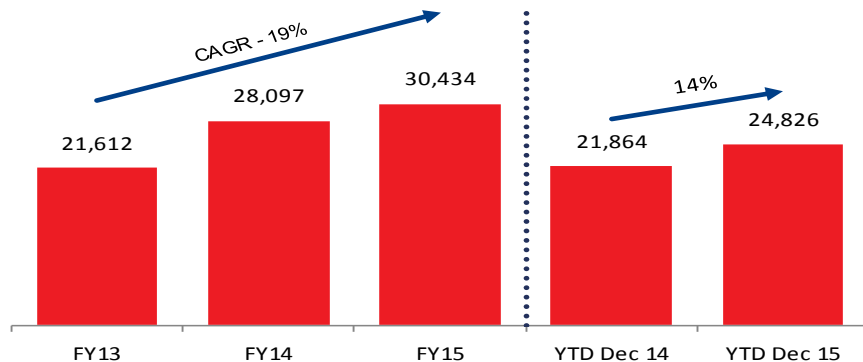
- Separate verticals for sales, credit & collections
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions



Home Equity - Financial Summary

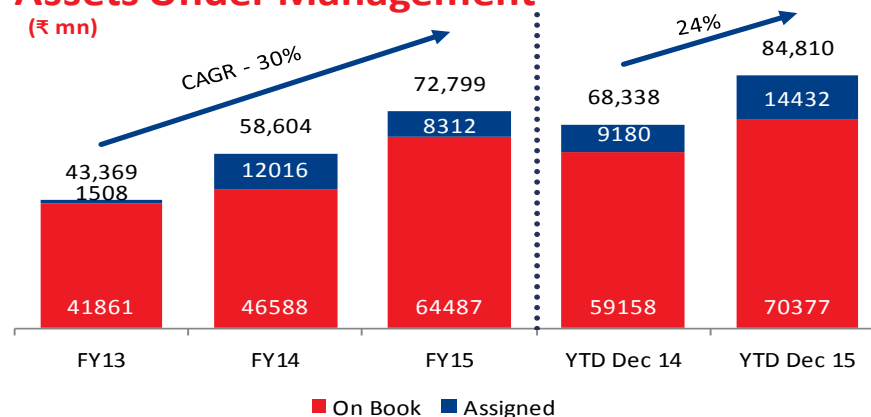
Disbursements

(₹ mn)



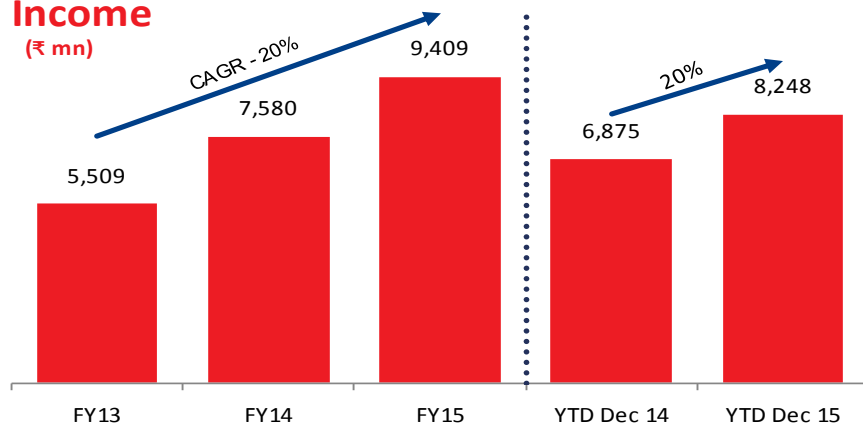
Assets Under Management

(₹ mn)



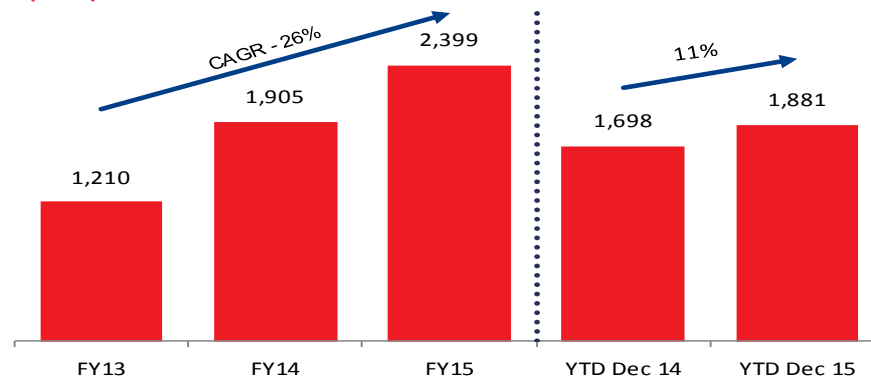
Income

(₹ mn)



Profit Before Tax

(₹ mn)



Note:

Income & PBT for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated standard asset provisioning @ 0.30%.

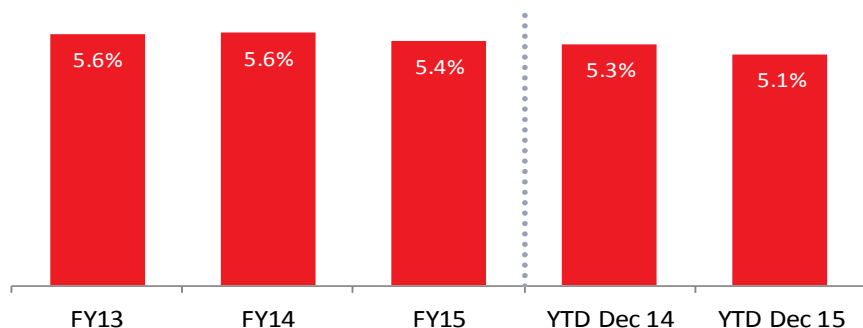
Income & PBT for YTD Dec 15 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

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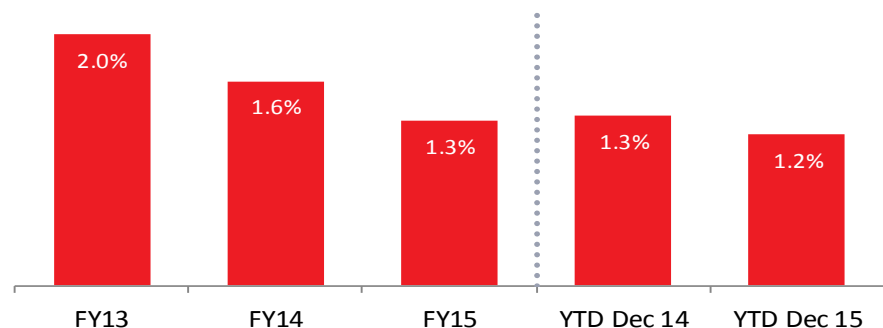
Home Equity - Financial Summary (Cont'd)

Net Income Margin (A)

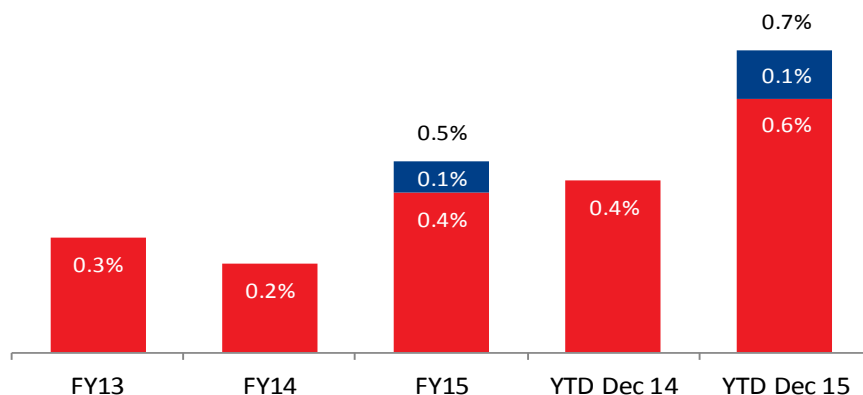
(Operating Income - Finance Charges)



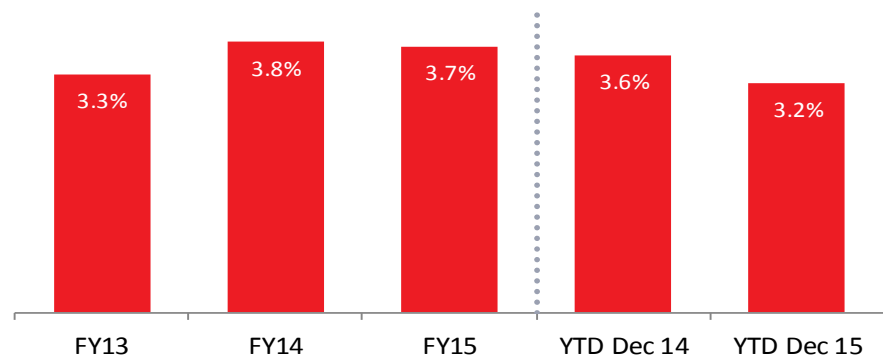
Expense Ratio (B)



Losses and Provisions (C)



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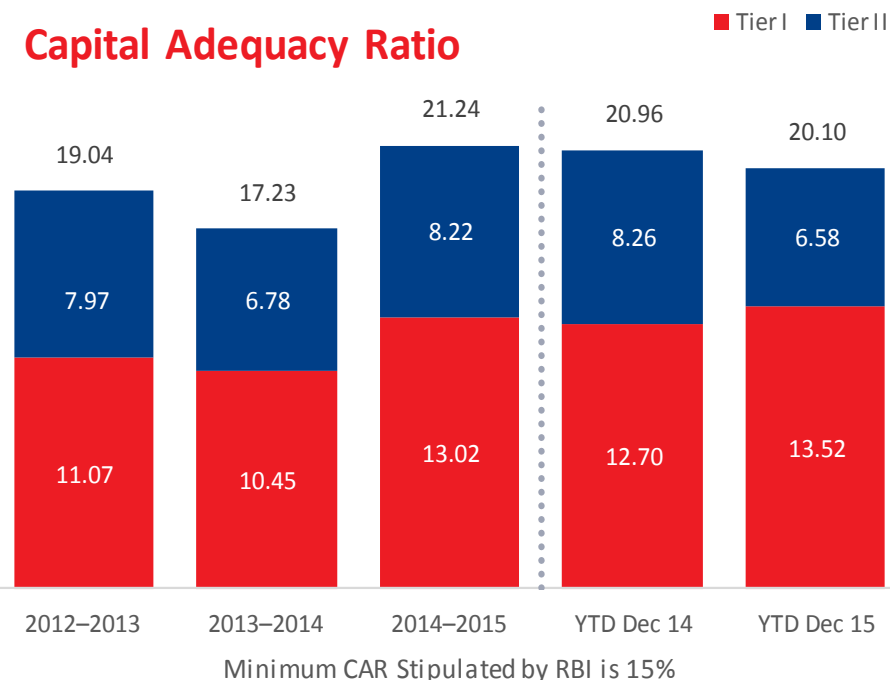


Funding Profile



CAR, Credit Rating and ALM Statement

Capital Adequacy Ratio



ALM Statement as on Dec 2015

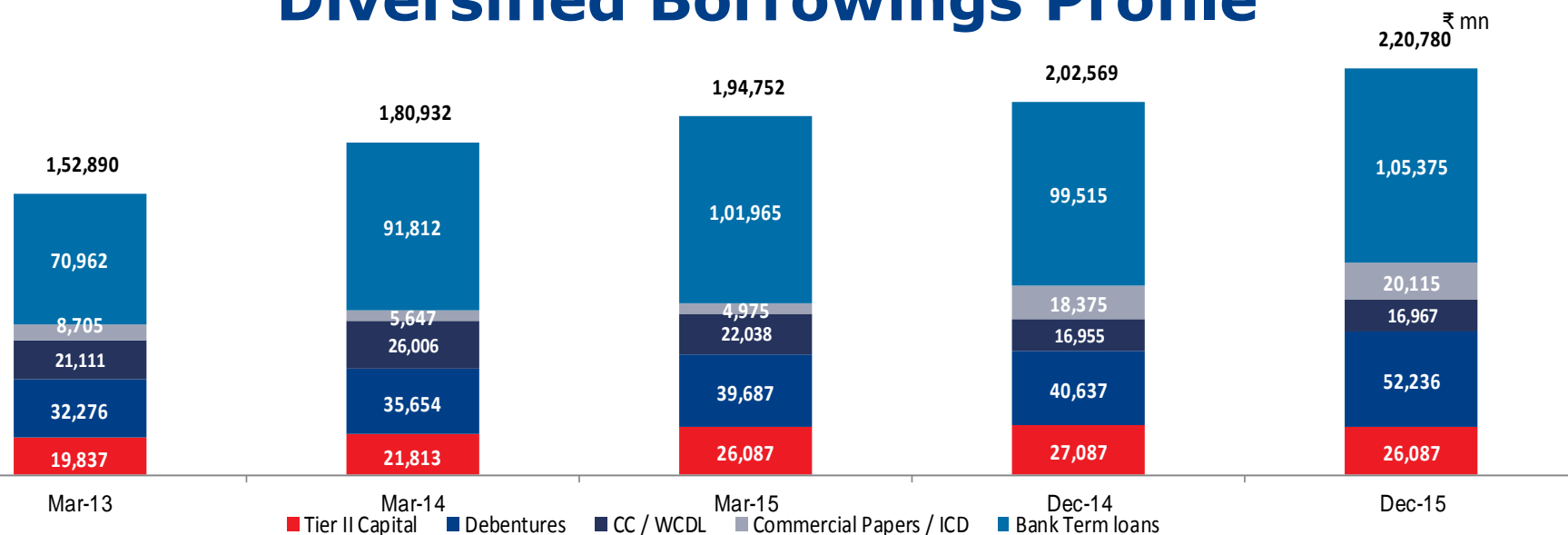
Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	5,687	8,126	2,439	2,439
15-30/31 Days	823	2,751	1,928	4,367
Over 1-2 Months	6,188	6,325	137	4,504
Over 2-3 Months	14,223	14,254	31	4,535
Over 3-6 Months	22,606	23,012	406	4,942
Over 6 Months to 1 Year	57,773	57,814	41	4,983
Over 1-3 Years	96,561	1,00,927	4,365	9,348
Over 3-5 Years	9,233	14,169	4,936	14,284
Over 5 Years	53,532	39,249	(14,284)	-
Total	2,66,626	2,66,626	-	-

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	YTD Dec 14	YTD Dec 15
Bank Term Loans	46%	51%	52%	49%	48%
Commercial papers/ ICD	14%	14%	12%	9%	9%
CC/WCDL	6%	3%	3%	8%	8%
Debentures	21%	20%	20%	21%	23%
Tier II Capital	13%	12%	13%	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



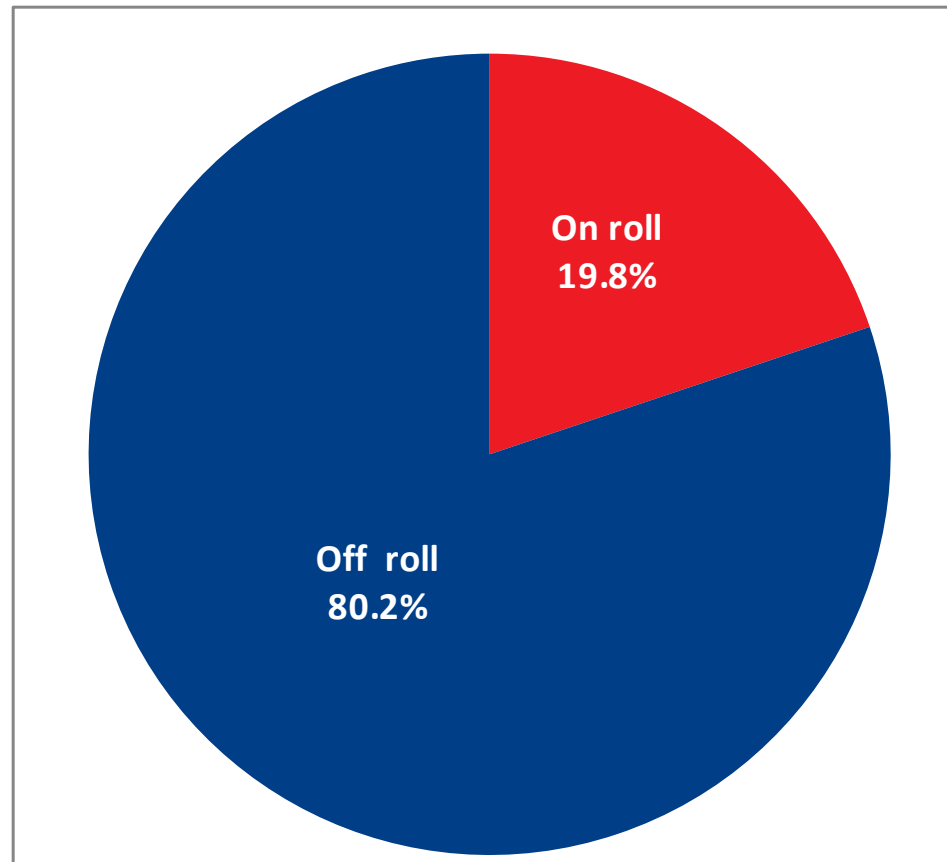
Business Enablers



Human Resources

Employee Strength of Chola

as on 31st Dec 2015 - 13097



We have 2607 on roll employees which includes 236 professionals (CA,CS, ICWA, Lawyers and engineers) and 484 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.

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.

Applications (Cont'd)

Dealer Portal – Online medium for dealers to manage their interactions and financial dealings.

Chola Money - A product for SME customers where interest is charged on reducing principal

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

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	YTD Dec 14	YTD Dec 15
Disbursements	1,21,183	1,31,142	1,28,076	92,987	1,14,389
Operating Income	25,557	32,628	36,912	27,532	30,573
Finance Charges	14,110	17,711	19,604	14,743	15,178
Net Income Margin	11,447	14,918	17,308	12,789	15,395
Expenses	5,696	6,582	7,489	5,585	6,363
Loan Losses and Std Assets Prov	1,243	2,833	3,247	2,666	3,286
Profit Before Tax	4,508	5,502	6,572	4,538	5,746
Taxes	1,443	1,862	2,221	1,543	1,982
Profit After Tax	3,065	3,640	4,352	2,995	3,764
Key Income Ratios					
NIM to Income	44.8%	45.7%	46.9%	46.5%	50.4%
Optg Exp to Income	22.3%	20.2%	20.3%	20.3%	20.8%
ROTA–PBT	3.0%	2.8%	3.0%	2.8%	3.2%
ROTA–PAT	2.0%	1.9%	2.0%	1.8%	2.1%

Note:

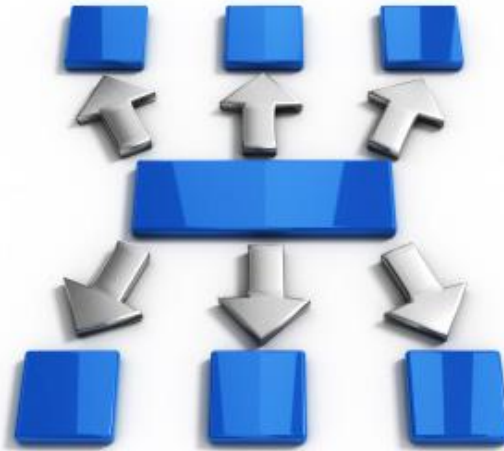
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NIM, Losses & Provisions & ROTA (PBT) for YTD Dec 15 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

Balance Sheet

₹ mn

Particulars	Mar-13	Mar-14	Mar-15	Dec-14	Dec-15
Equity and Liabilities					
Shareholders' Funds	19,648	22,947	31,733	30,999	35,493
Current Liabilities	77,847	92,760	78,892	83,684	1,07,881
Non-current Liabilities	84,354	99,761	1,28,106	1,29,951	1,27,205
Total	1,81,848	2,15,468	2,38,732	2,44,634	2,70,578
Assets					
Non-current Assets					
Fixed Assets	707	729	683	697	977
Non-current Investments	744	661	602	606	575
Deferred Tax Asset (Net)	689	1,296	1,836	1,720	2,466
Receivable under Financing Activity	1,14,736	1,30,790	1,54,680	1,49,951	1,77,439
Other Non-current Assets & Loans and Advances	5,116	6,839	6,678	5,640	4,954
	1,21,991	1,40,316	1,64,479	1,58,613	1,86,411
Current Assets					
Current Investments	1,501	163	73	5,107	22
Cash and Bank Balances	3,890	8,008	3,407	6,051	4,191
Receivable under Financing Activity	51,523	63,491	67,156	70,747	75,386
Other Current Assets & Loans and Advances	2,943	3,490	3,618	4,116	4,569
	59,857	75,152	74,253	86,021	84,168
Total	1,81,848	2,15,468	2,38,732	2,44,634	2,70,578
De-recognised Assets	25,287	40,874	35,482	29,944	31,612
Total Assets Under Management	2,07,135	2,56,342	2,74,215	2,74,578	3,02,191



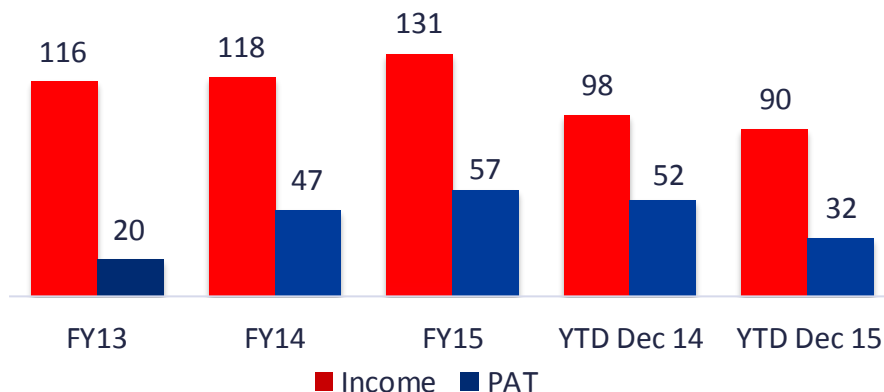
Wealth Management



Wealth Management

Cholamandalam Distribution Services Ltd

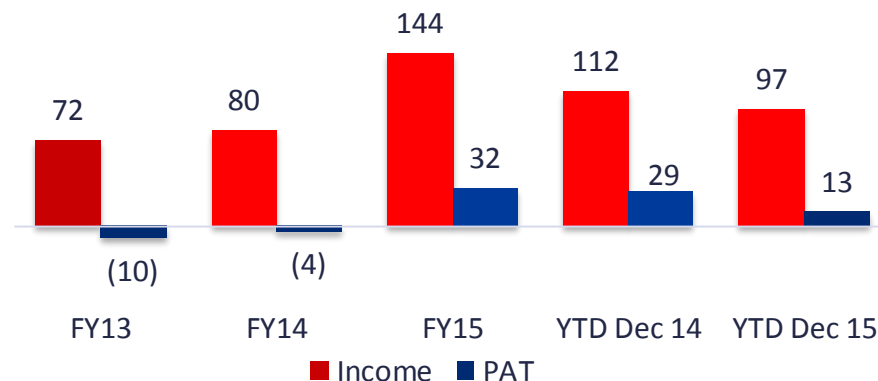
₹ mn



- 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 Dec 2015)

6 to 23.99 Bucket – 10%
24 to 35.99 Bucket – 20%
36 to 59.99 Bucket – 30%
Above 60 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