

Cholamandalam Investment and Finance Company Limited

Corporate Presentation - March 2019



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Murugappa Group Overview



Murugappa Group in a Nutshell



Years of
Existence



Consolidate
Turnover
(FY18)



Group Market
cap (as on 31st
Mar 2018)



Sectors



Businesses



Listed
Companies



Geographical
Presence

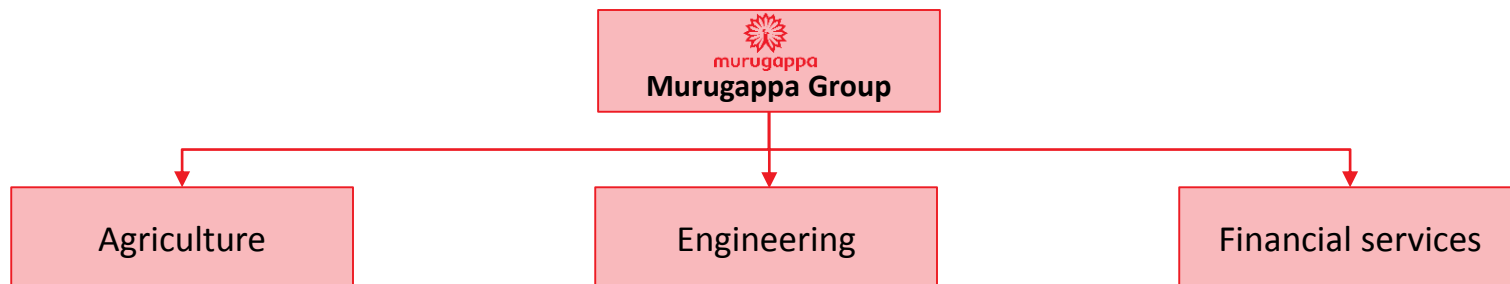


Manufacturing
Locations



Work force

Murugappa Group Overview



Sector Performance—FY17-18

	Agriculture	Engineering	Financial services
Market Cap(Cr.)	19,863	10,886	22,659
Total Income (Cr.)	15,509	7,602	9,603
PAT(Cr.)	679	363	1,216

Major Companies

	Coromandel	PARRY'S	CUMI	INDIA	Chola
Market Cap(Cr.)	14,270	3,643	7,632	7,161	22,625
Total Income (Cr.)	11,049	4,460	2,418	5,151	5,425
PAT(Cr.)	664	15	220	156	974

Corporate Overview



SPIRIT OF MURUGAPPA



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

Cholamandalam Investment & Finance Company Limited



8 lakh + customers

Helping customers enter better life

2 lakh customers in year 2000 to 8 lakh plus customers till date



23,000+ employees

Strong employees force to serve more customers

200 plus employees in year 2000 to 23,000 employees today



Rs. 54+k Cr. AUM

Healthy ROA of 3.7%

PAT - CAGR of 28% from
FY15 to FY19



Rs. 22 Cr. market cap

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 22K Cr. in
2019



900 branches

Strong geographical presence

Across 27 states & 79% presence across tier III—
VI towns



Diversified product
portfolio

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



Highly experienced
management

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

Our journey so far

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

FY 1979-90

- Commenced equipment financing

FY 2000-05

- Started Chola distribution

FY 2011

- Obtained AFC status
- Terminated JV with DBS
- Infused capital of ₹2500M

FY 2013

- Total AUM crossed ₹20k Cr.
- Infused capital of ₹300 Cr.
- Commenced HL Business
- Increased VF branch network to 473

FY 2015

- Infused capital of ₹500 Cr. through CCPS
- India ratings upgraded to AA
- Adopted GNPA recognition at 150 Days
- Increased branch network to 534

FY 2017

- Total AUM crossed ₹ 37k Cr.
- Adopted GNPA recognition at 90 days
- Increased branch network to 703

FY 2019

- Total AUM crossed ₹54k Cr.
- CRISIL and ICRA upgraded long term rating to AA+
- PAT crossed Rs.1000 crores
- Increased branch network to 900

FY 1990-2000

- Commenced vehicle finance business
- Started Chola securities

FY 2006-10

- 2006
- JV with DBS bank Singapore commenced consumer finance and home equity

2009

- Exited consumer finance business

FY 2012

- Total AUM crossed ₹13k Cr.
- Infused capital of ₹212 Cr.
- Rating upgraded to AA from ICRA
- Commenced tractor business

FY 2014

- Total AUM crossed ₹25K Cr.
- CARE rating upgraded to AA
- Commenced CE Business

FY 2016

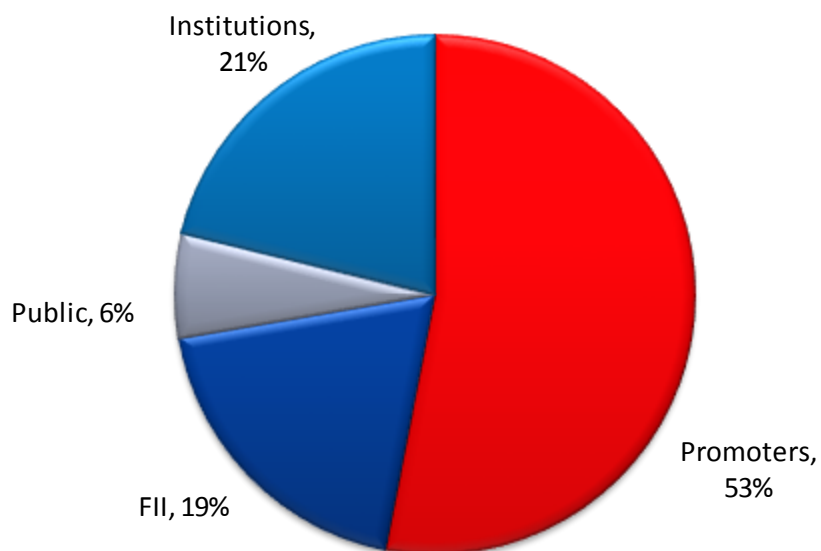
- Invested in White Data Systems India Ltd with 63% stake
- CCPS got converted to equity shares
- Adopted GNPA recognition at 120 days
- Total AUM crossed ₹30K Cr.

FY 2018

- India Rating and CARE upgraded long term rating to AA+
- Total AUM Crossed ₹42k Cr.
- Increased branch network to 873

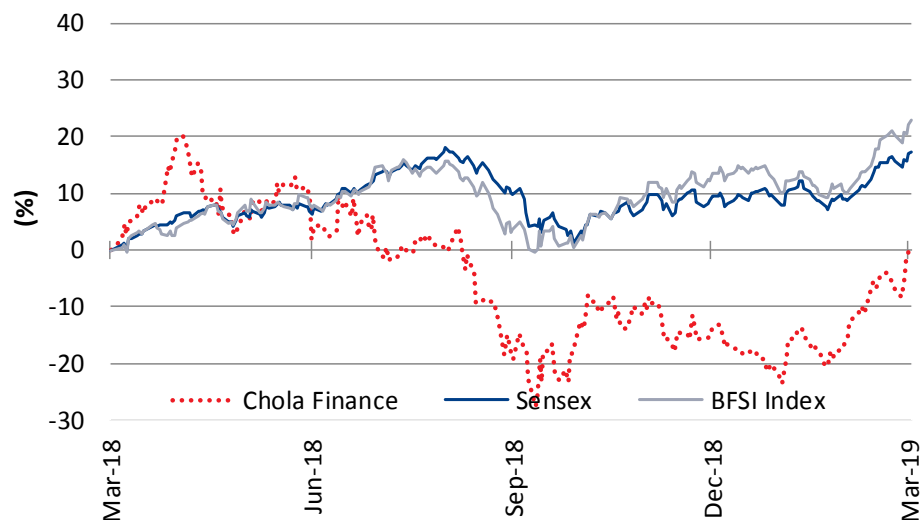
Shareholding

Shareholding Pattern



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

Chola Finance—share price Growth



	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
CIFCL (₹/Share)	1,450	1,513	1,169	1,260	1,448
BSE Sensex	32,969	35,423	36,227	36,068	38,673
BFSI Index	10,208	11,007	10,577	11,586	12,544

Business Profile and AUM as on 31st Mar 2019

**Business AUM
Rs. 54,279Cr**

**Vehicle Finance Rs.
40,588Cr**

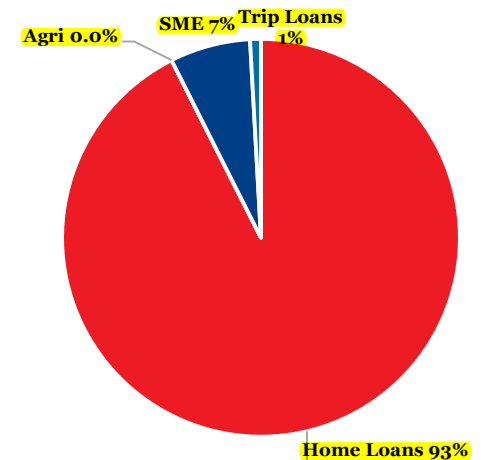
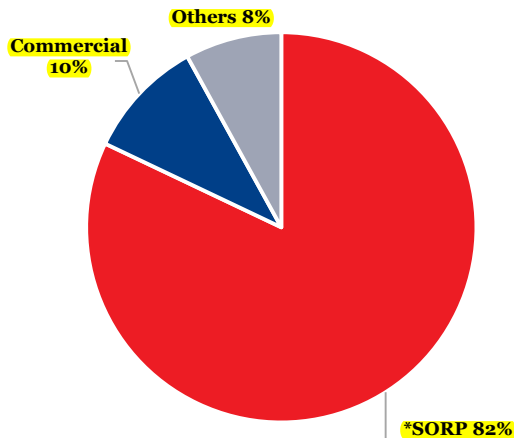
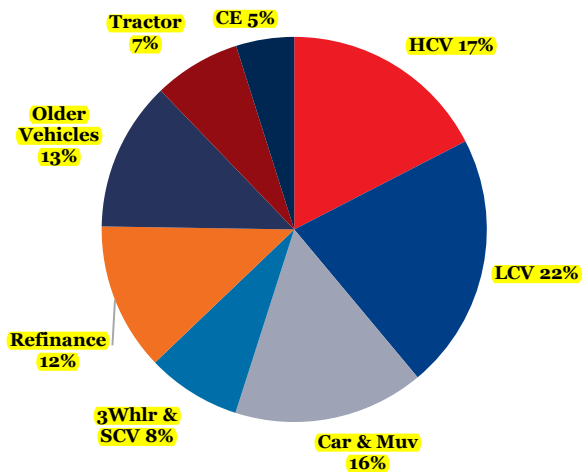
74%

**Home Equity
Rs. 11,626Cr**

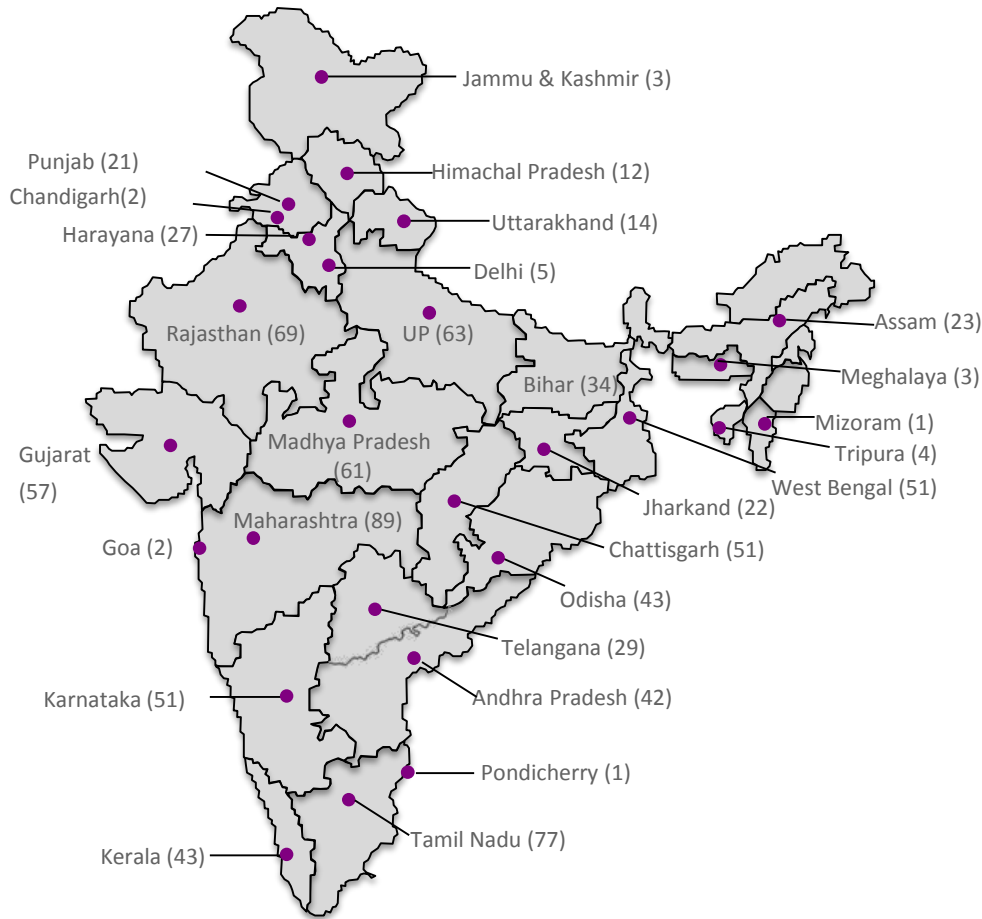
21%

**Others
Rs. 2,065Cr**

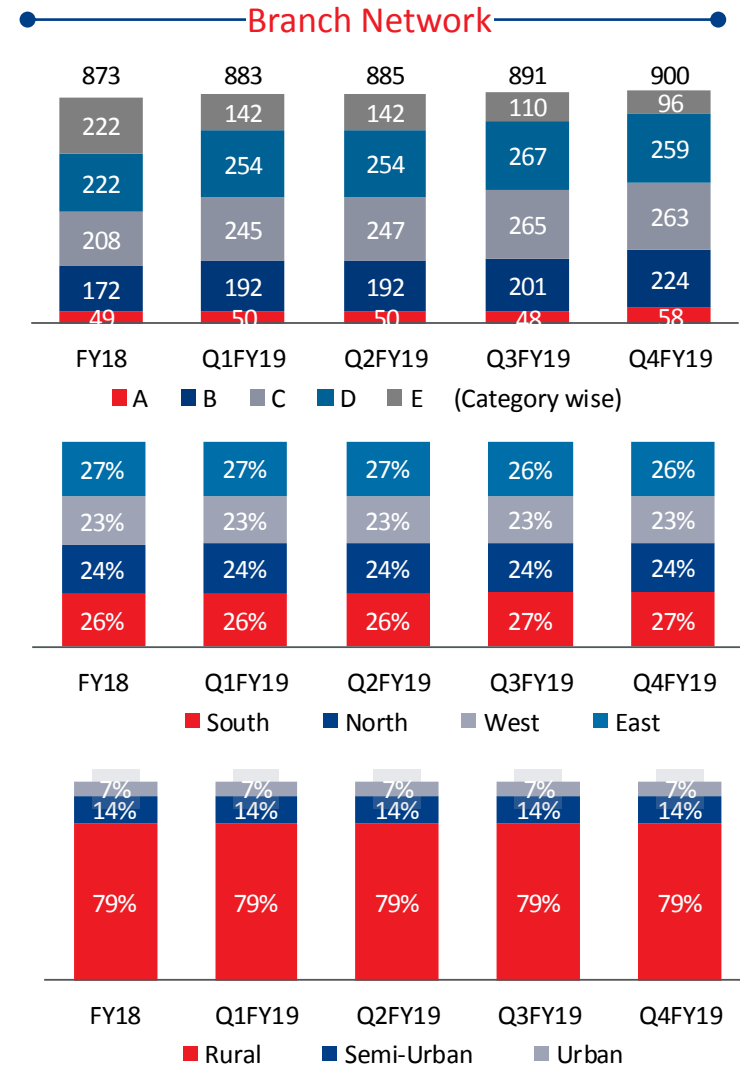
5%



Strong Geographical Presence



- 900 branches across 27 states/Union territories: 880 VF, 231 HE (225 co-located with VF) and 160 HL (146 co-located with VF).
- 79% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns



Financial Performance



Performance Highlights— Q4 & FY 19

	Disbursements	Profit after Tax	ROTA (PBT)	Book Value	EPS ¹	ROE ¹
Q4 19	₹ 8,893 Cr	₹ 292 Cr	3.5%	₹395	₹74.7	19.4%
Q4 18	₹ 8,007Cr	₹ 285 Cr	4.3%	₹326	₹73.0	23.2%
	↑ 11 %	↑ 2%	↓	↑ 21%	↑ 2%	↓
FY 19	₹ 30,451 Cr	₹ 1,186 Cr	3.7%	₹395	₹75.9	20.9%
FY 18	₹ 25,114Cr	₹ 918Cr	3.7%	₹326	₹58.8	19.6%
	↑ 21 %	↑ 29%	↔	↑ 21%	↑ 29%	↑

Financial Snapshot (IGAAP)—10 Years

₹ Cr

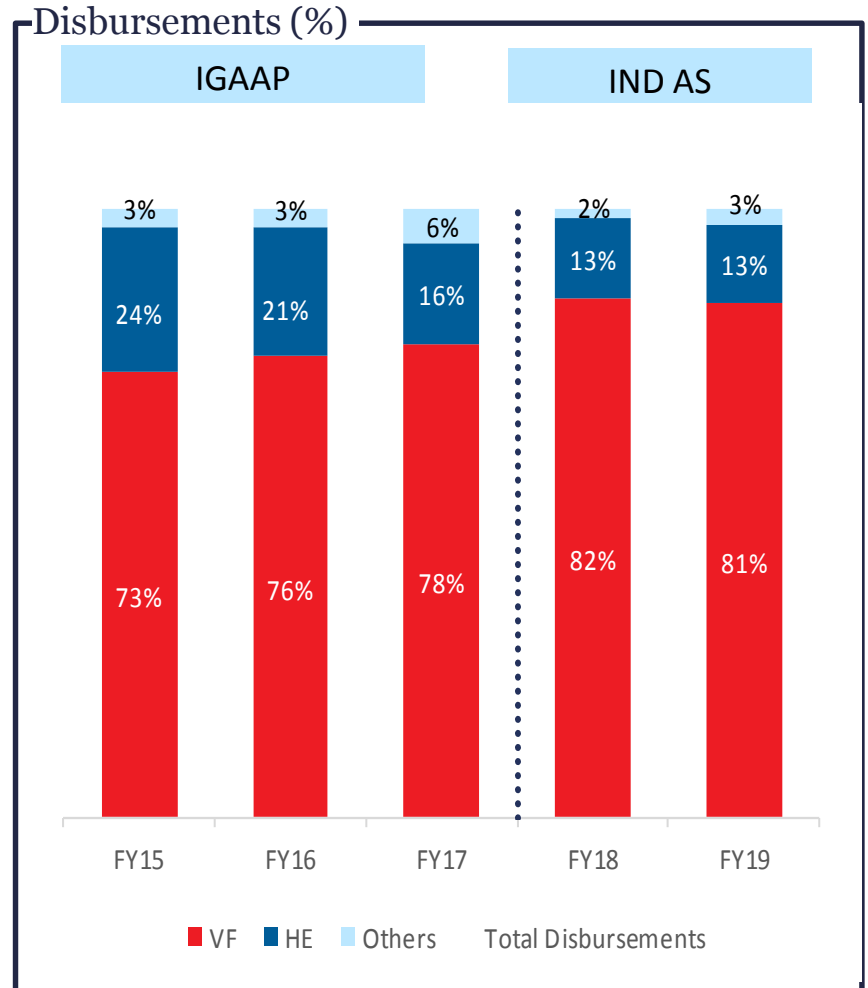
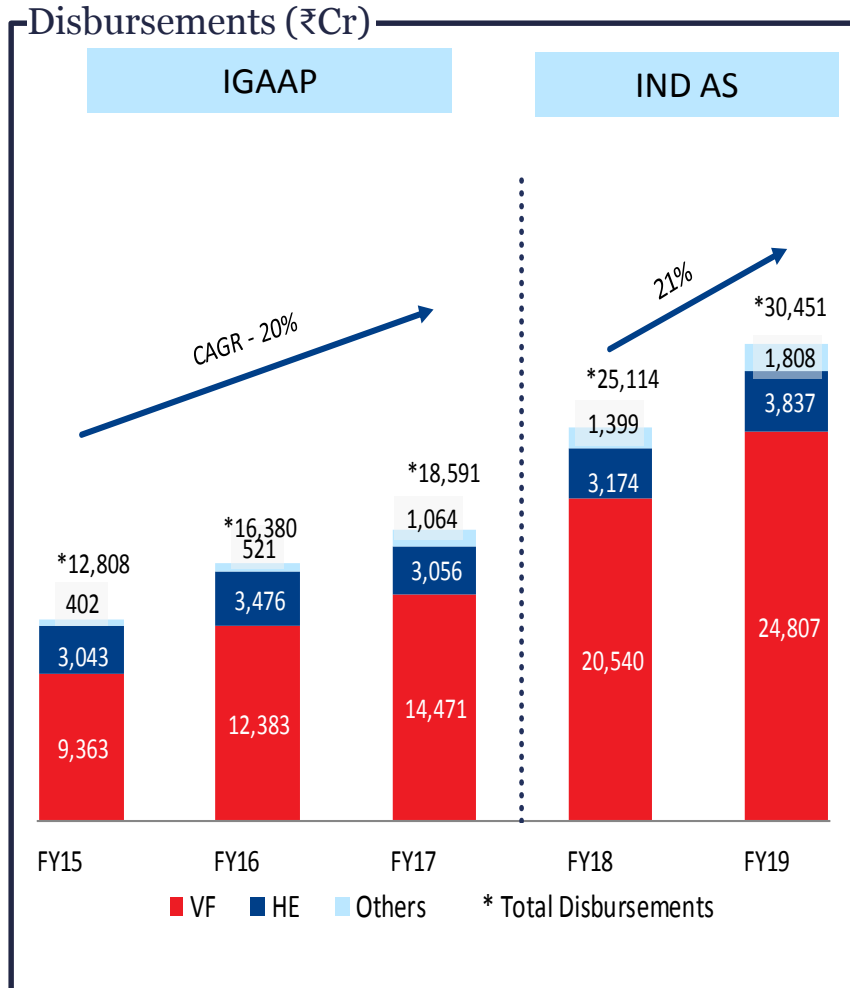
CAGR
(5 years) CAGR
(10 years)

Financials Snapshot	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	YoY	CAGR (5 years)	CAGR (10 years)
Assets under management	6,033	6,851	9,124	13,462	18,998	23,253	25,453	29,650	34,167	42,879	25%	17%	24%
Total Income	1,121	930	1,202	1,788	2,556	3,263	3,691	4,194	4,660	5,426	16%	16%	19%
Interest expenses	589	495	568	988	1,405	1,763	1,950	2,040	2,221	2,294	3%	7%	16%
Net Income	532	435	634	800	1,150	1,500	1,741	2,154	2,439	3,132	28%	20%	22%
Operating Expenses	312	274	334	437	510	583	616	714	898	1,137	27%	18%	15%
Loan Losses & Provision	203	130	200	73	189	366	468	569	436	512	18%	9%	11%
Profit before tax	17	31	100	290	451	550	657	871	1,106	1,483	34%	28%	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	367	785	*1,072	*1,417	*1,965	2,295	*3,173	3,657	4,285	5,150			
CAR (%)	15.1	14.8	*16.7	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4			
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)	7.1	1.8	5.7	14.4	22.9	25.4	30.1	37.5	46.0	62.3			
Market Capitalisation	132	623	2,059	2,453	3,883	4,125	8,423	11,140	15,072	22,662			

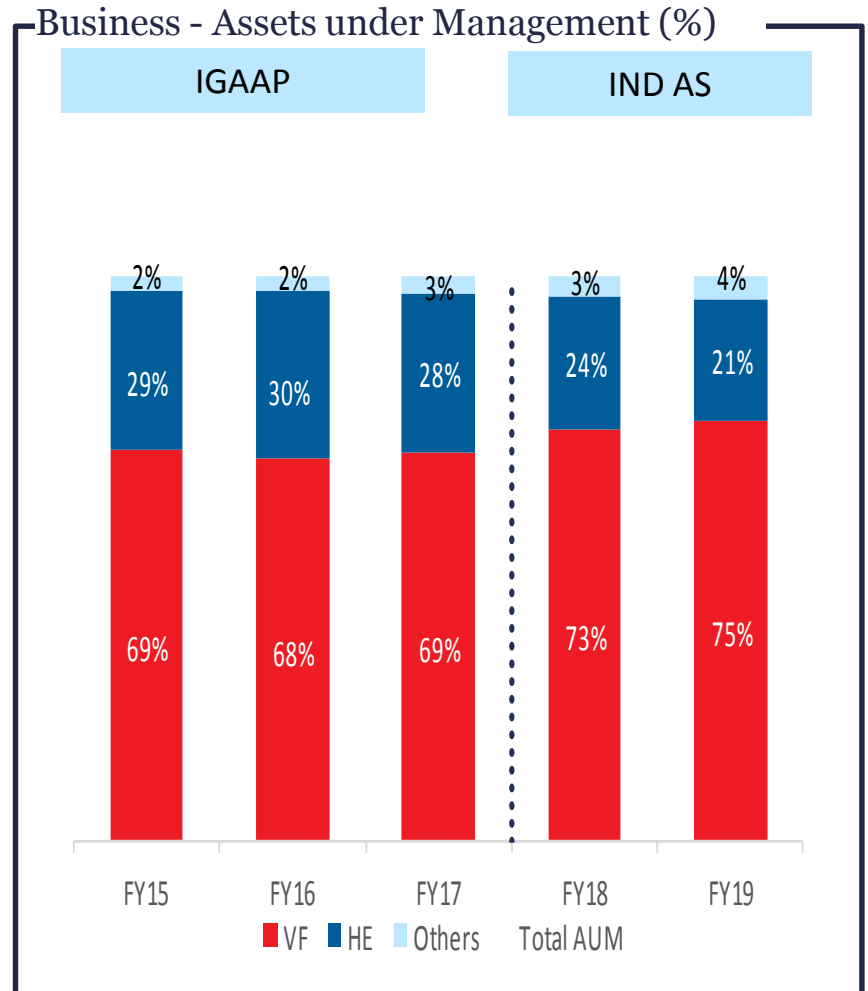
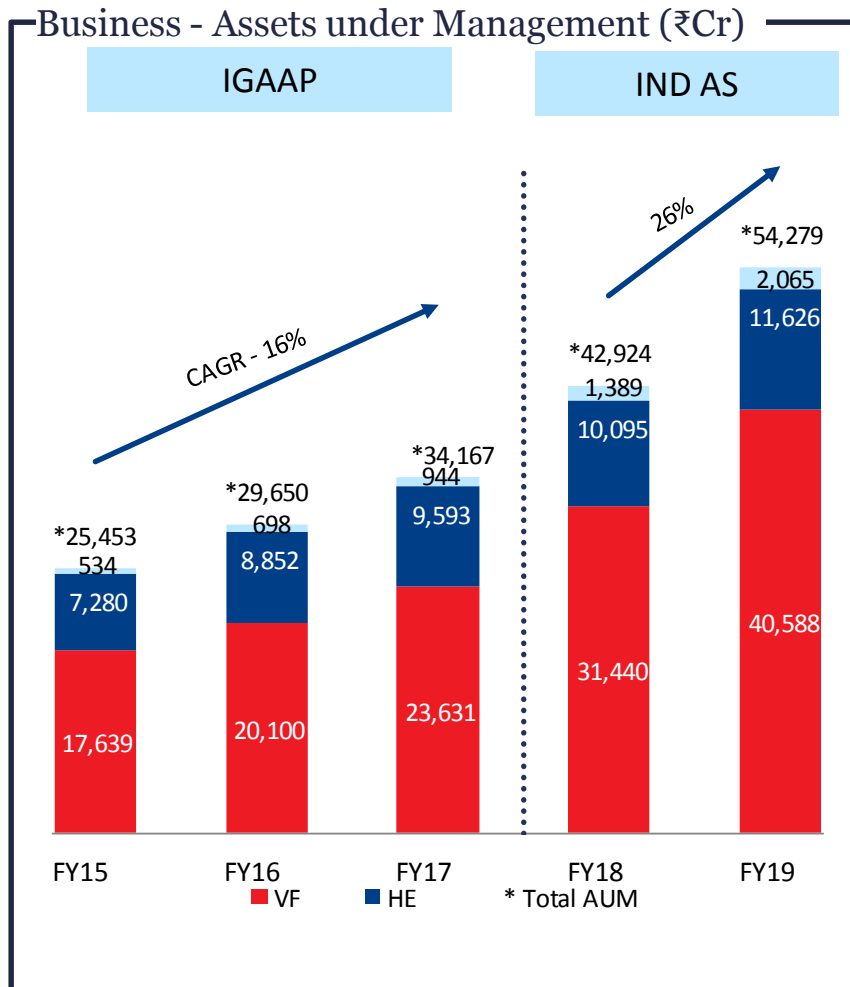
* Capital Infusion

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

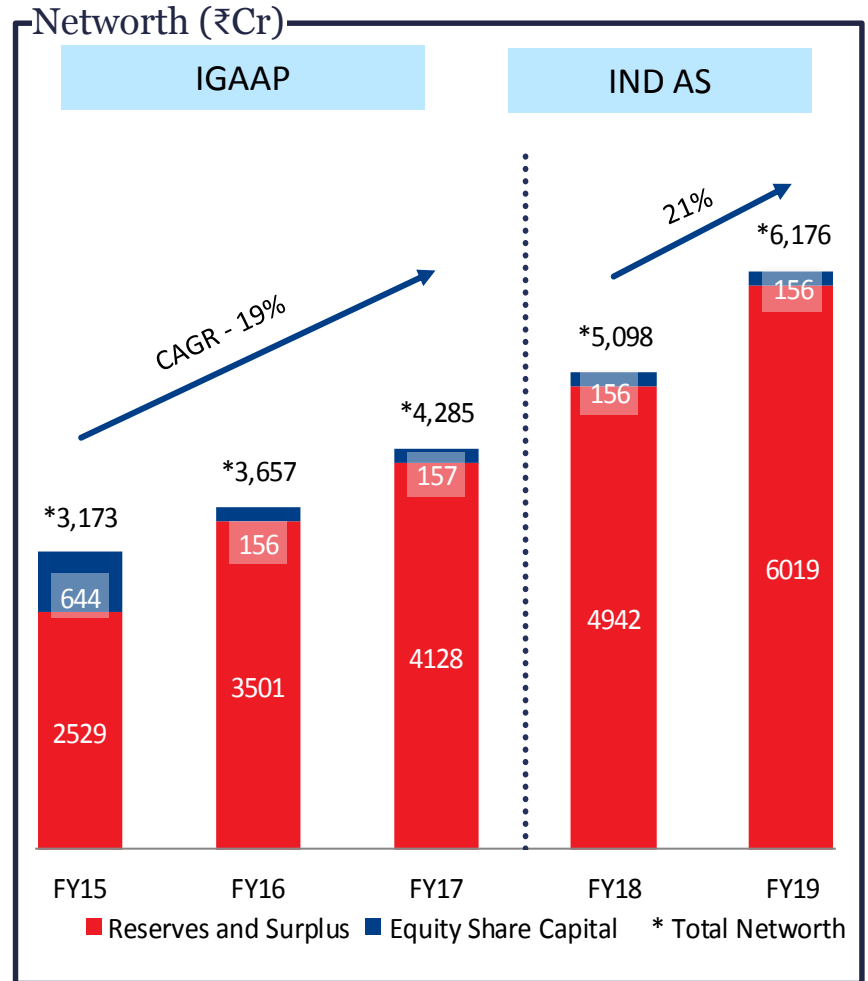
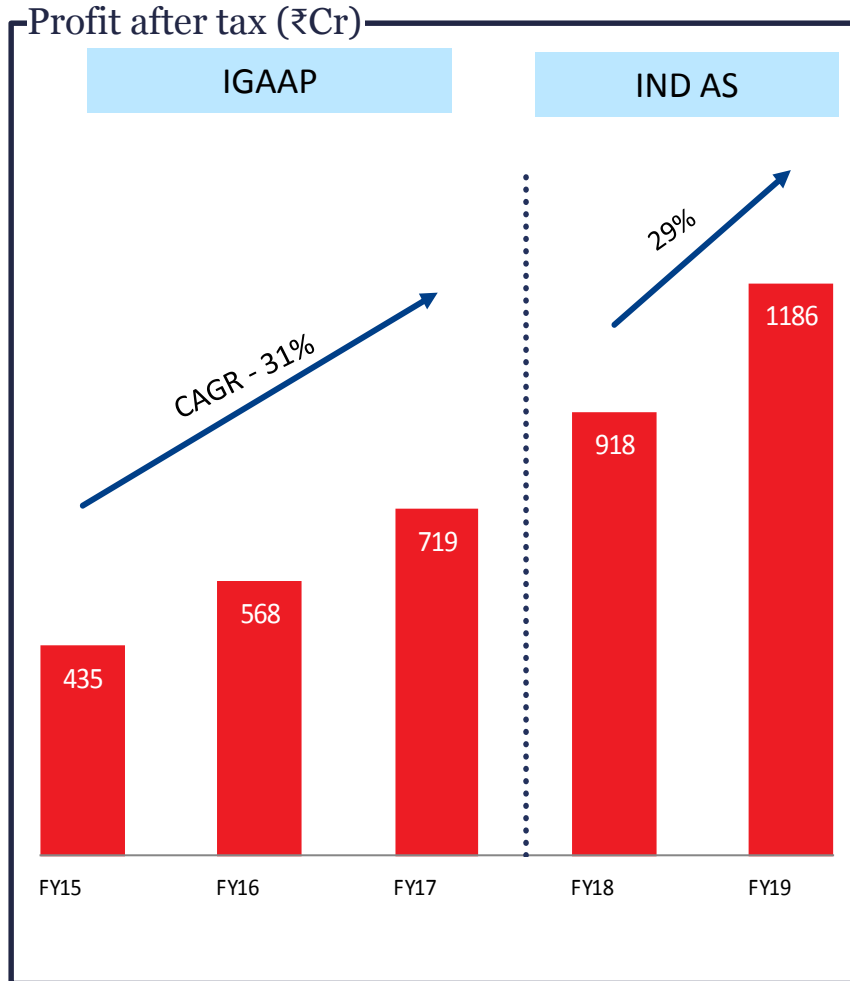
Chola: Financial Summary (I)



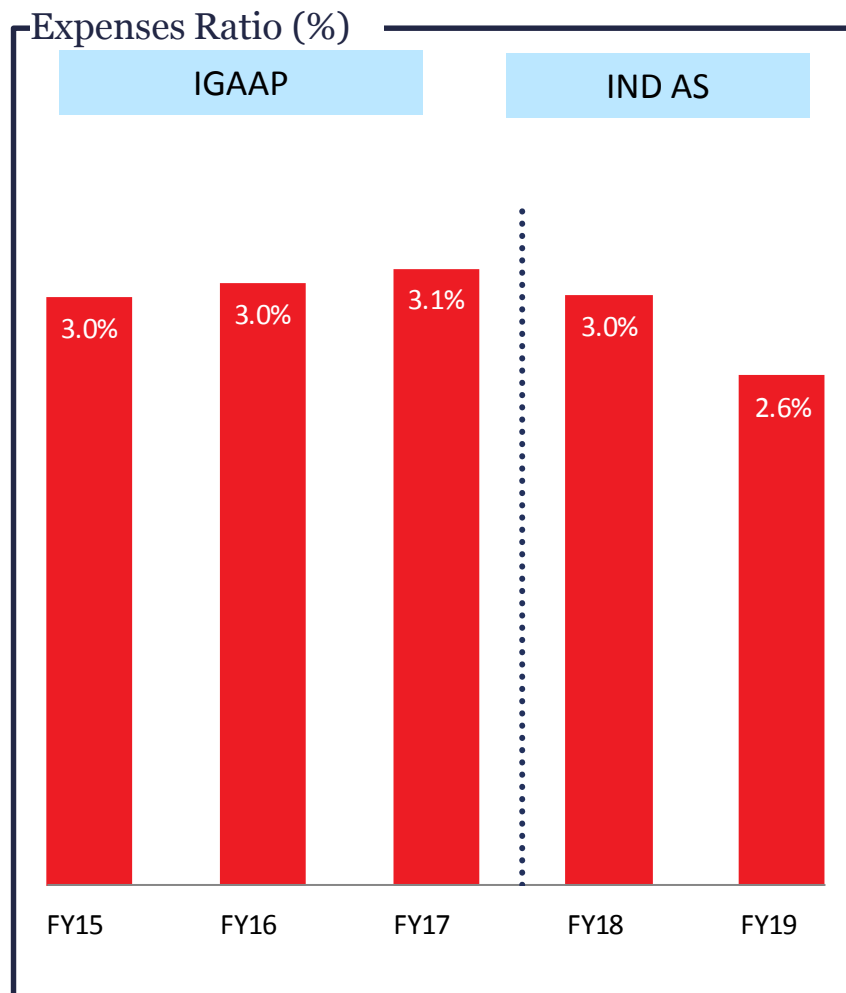
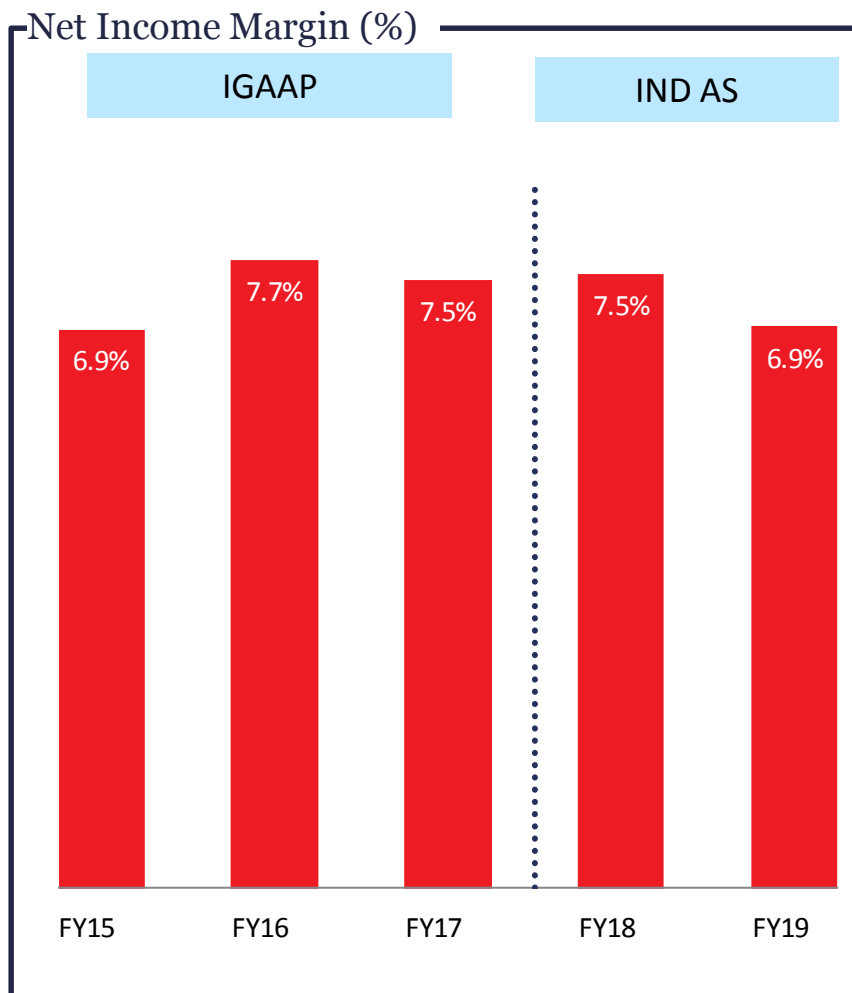
Chola: Financial Summary (I)



Chola: Financial Summary (II)

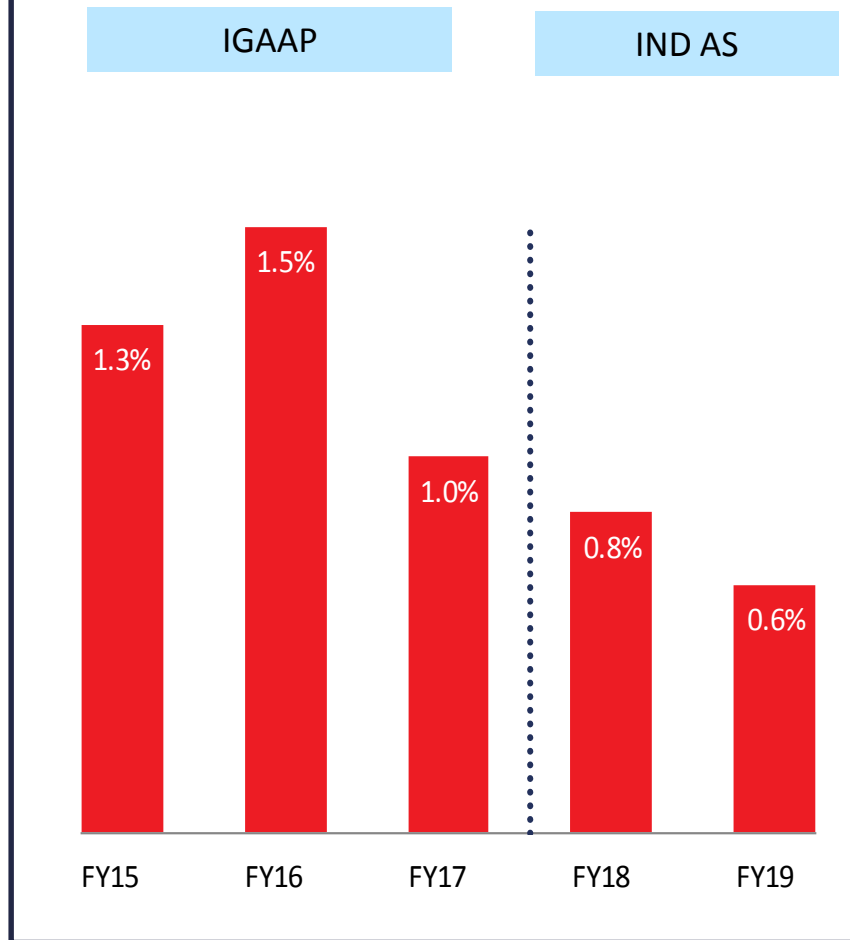


Chola: Financial Summary (III)

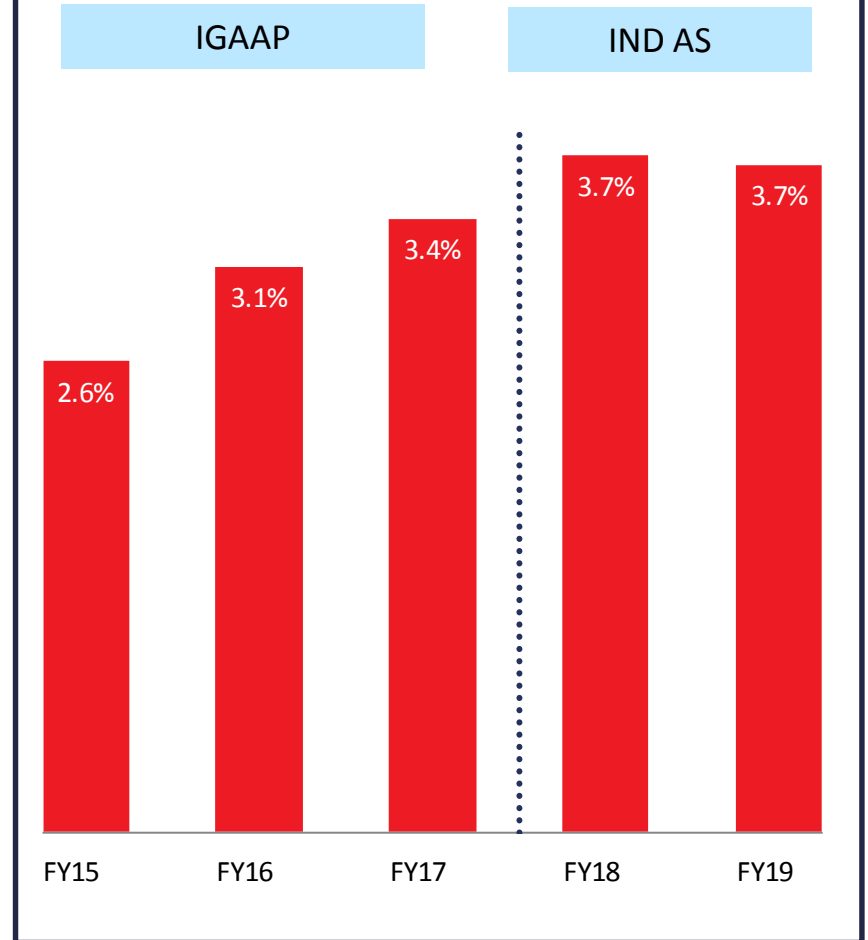


Chola: Financial Summary (IV)

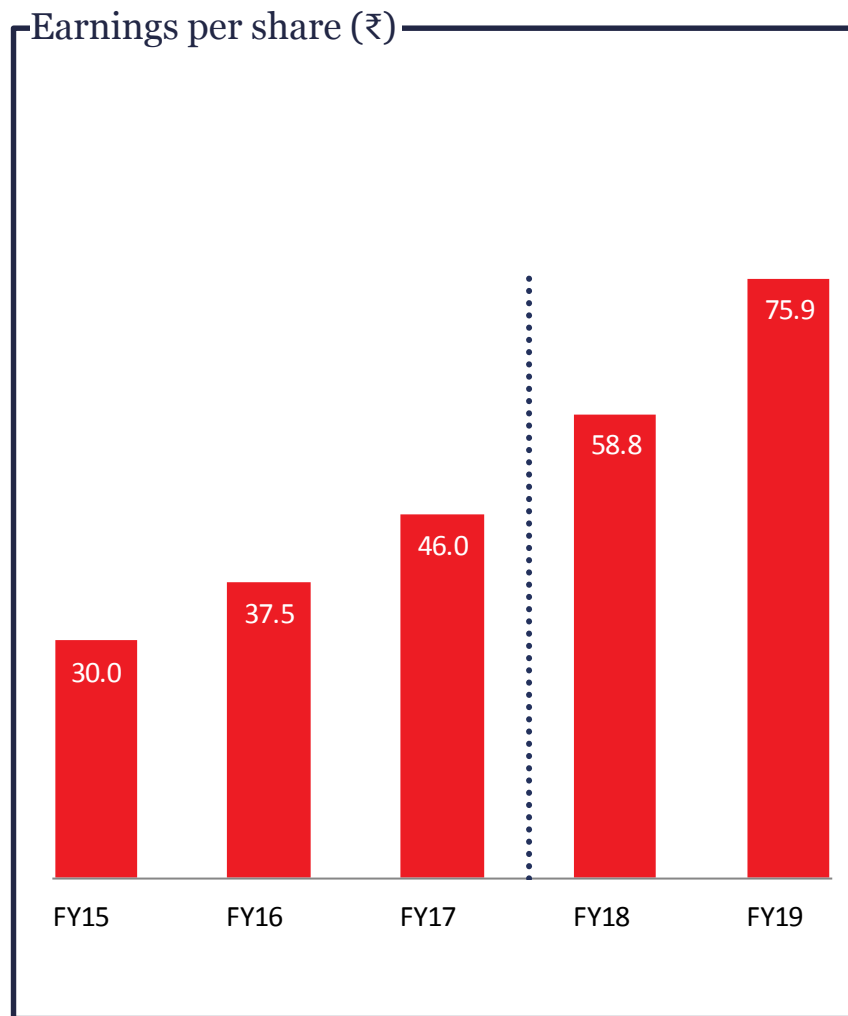
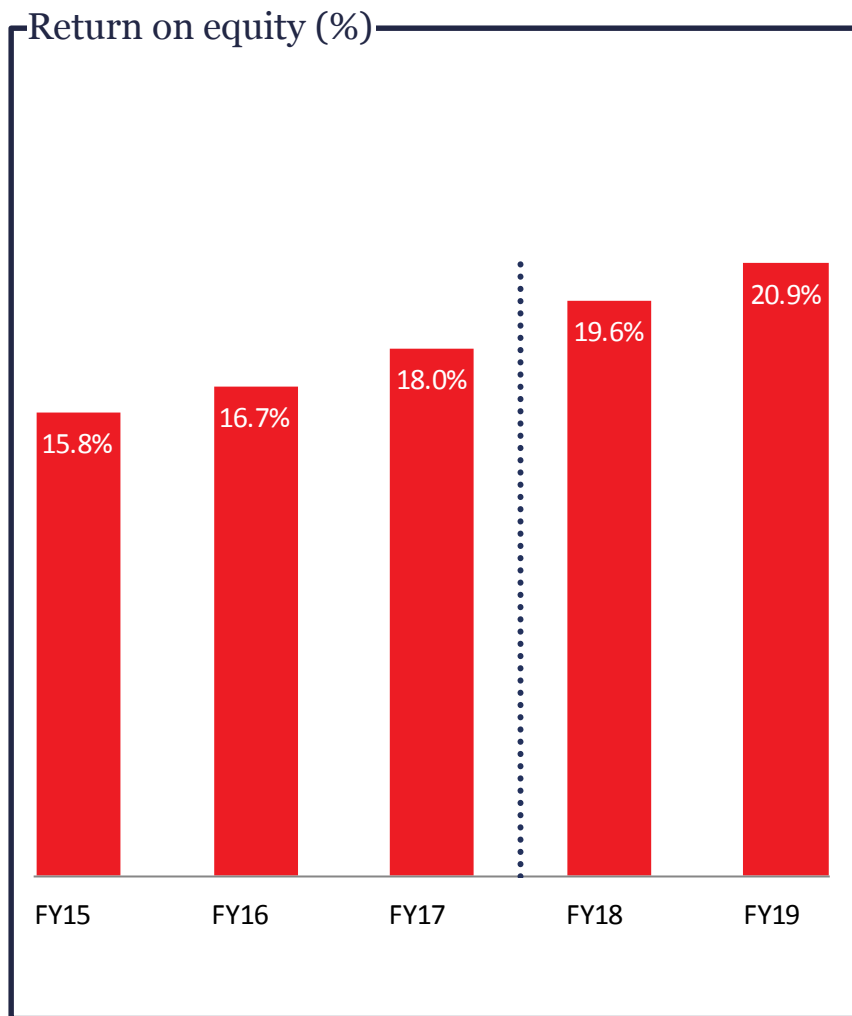
Loan Losses & Provisions (%)



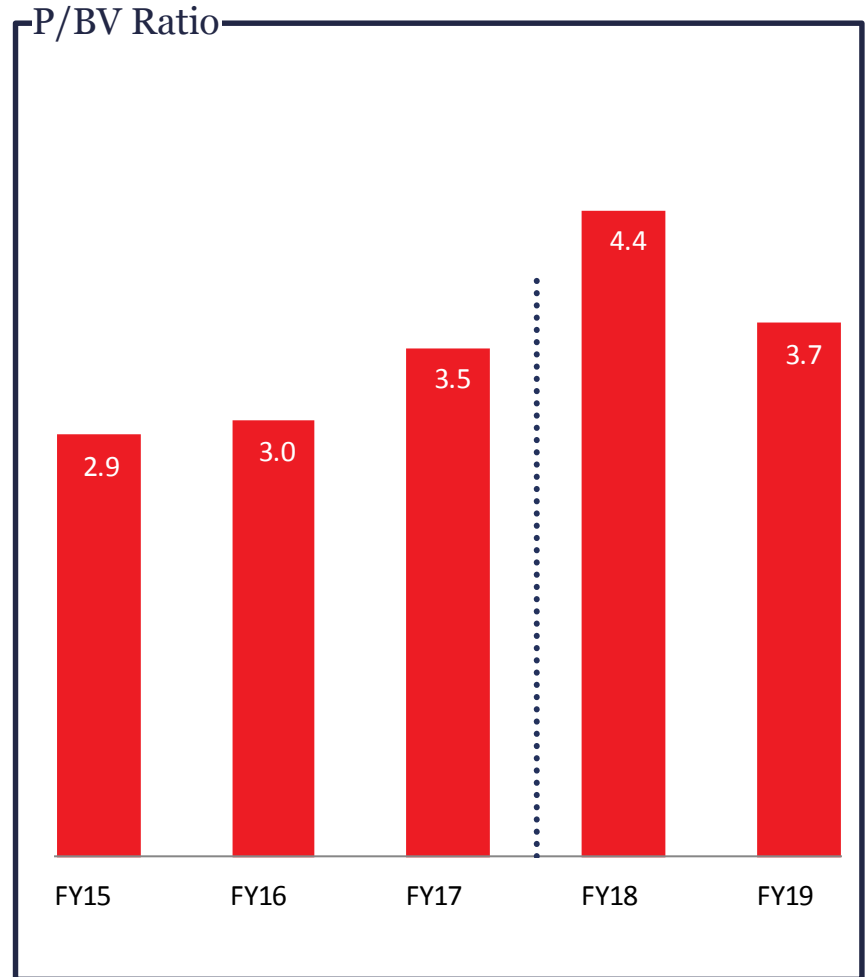
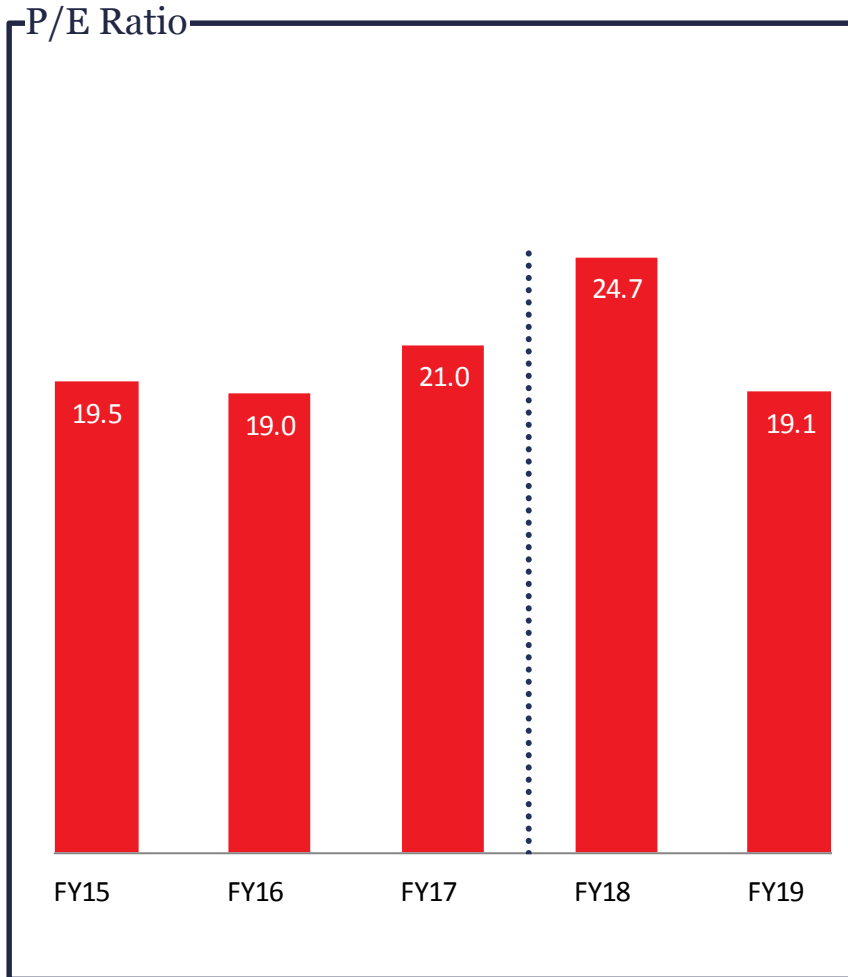
ROTA PBT (%)



Chola: Financial Summary (V)



Chola: Financial Summary (VI)



Note: Ratios have come down due to fluctuation in market price

Profit and Loss Statement (As per IND AS)

₹ Cr

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	Q4FY18	Q4FY19	FY18	FY19	Growth % Q3-o-Q3	Growth % Q4-o-Q4	Growth % (YTD) Y-o-Y
Disbursements	4,853	7,014	5,492	6,899	6,761	7,644	8,007	8,893	25,114	30,451	13%	11%	21%
Closing Assets (Managed)	35,890	46,709	37,259	52,486	39,770	52,591	43,629	57,560	43,629	57,560	32%	32%	32%
Closing Assets (Balance Sheet)	34,974	45,666	36,453	51,517	39,034	51,123	42,958	55,889	42,958	55,889	31%	30%	30%
Operating Income	1,306	1,606	1,339	1,675	1,379	1,826	1,456	1,885	5,480	6,993	32%	29%	28%
Finance Charges	628	795	649	857	669	951	713	986	2,659	3,589	42%	38%	35%
Net Income	678	811	689	819	709	875	743	899	2,820	3,404	23%	21%	21%
Expenses	248	282	271	290	282	316	314	382	1,115	1,270	12%	22%	14%
Loan Losses and Std Assets Prov	106	91	109	69	90	96	-1	56	304	311	7%		2%
Profit Before Tax	324	439	310	459	338	463	429	461	1,401	1,823	37%	7%	30%
Taxes	115	154	106	155	118	159	144	169	483	637	35%	18%	32%
Profit After Tax	210	285	204	305	219	304	285	292	918	1,186	39%	2%	29%
Asset Ratios													
Income	15.2%	14.6%	14.9%	13.7%	14.5%	14.1%	14.4%	14.3%	14.6%	14.2%			
Cost of Funds	7.3%	7.2%	7.2%	7.0%	7.0%	7.4%	7.1%	7.5%	7.1%	7.3%			
Net Income Margin	7.9%	7.3%	7.7%	6.7%	7.5%	6.8%	7.4%	6.8%	7.5%	6.9%			
Expense	2.9%	2.6%	3.0%	2.4%	3.0%	2.4%	3.1%	2.9%	3.0%	2.6%			
Losses & Provisions	1.2%	0.8%	1.2%	0.6%	0.9%	0.7%	0.0%	0.4%	0.8%	0.6%			
ROTA-PBT	3.8%	4.0%	3.4%	3.8%	3.6%	3.6%	4.3%	3.5%	3.7%	3.7%			
ROTA-PAT	2.4%	2.6%	2.3%	2.5%	2.3%	2.4%	2.82%	2.21%	2.5%	2.4%			
Gross - Stage 3	1,896	1,617	1,883	1,623	1,670	1,648	1,476	1,439	1,476	1,439			
ECL Provisions - Stage 3	561	555	606	566	575	576	507	546	507	546			
Coverage Ratio - Stage 3	29.6%	34.3%	32.2%	34.8%	34.5%	35.0%	34.3%	38.0%	34.3%	38.0%			

Balance Sheet (As per IND AS)

Particulars	Mar-18	Mar-19
ASSETS		
Financial Assets	43,391	56,627
Cash and Bank balance	888	3,675
Derivative financial instruments	6	89
Receivables	94	43
Loans	42,253	52,622
Investments	73	73
Other Financial Assets	77	124
Non- Financial Assets	698	800
Current tax assets (Net)	160	157
Deferred tax assets (Net)	362	453
Property, Plant and Equipment	140	143
Intangible assets	25	33
Other Non-Financial Assets	12	14
TOTAL	44,090	57,426
EQUITY AND LIABILITIES		
Financial Liabilities	38,878	51,124
Derivative financial instruments	77	8
Trade Payables - Others	171	207
Other Payables - Others	101	129
Debt Securities	14,374	14,184
Borrowings(Other than Debt Securities)	20,166	32,124
Subordinated Liabilities	3,790	4,259
Other Financial Liabilities	200	212
Non-Financial Liabilities	114	127
Shareholders fund	5,098	6,176
TOTAL	44,090	57,426

₹ Cr

Provision analysis: IND AS vs IGAAP

₹ Cr

Particulars	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
As per IGAAP					
GNPA	1,325	1,448	1,428	1,450	1,245
NNPA	740	812	792	790	626
Provision	585	636	636	659	620
GNPA%	3.0%	3.1%	3.0%	2.8%	2.3%
NNPA%	1.7%	1.8%	1.6%	1.5%	1.1%
Provision Coverage%	44.2%	43.9%	44.6%	45.5%	49.8%
Standard Assets Provn	145	156	161	172	187
Standard Assets Provn %	0.40%	0.40%	0.40%	0.40%	0.40%
Total Provision	730	792	797	831	806
As per IND AS					
Gross Asset - Stage 3	1,476	1,617	1,623	1,648	1,439
Stage 3 Assets to Total Gross Assets	3.4%	3.6%	3.4%	3.3%	2.7%
ECL provision - Stage 3	507	555	566	576	546
Coverage Ratio (%) - Stage 3	34.3%	34.3%	34.8%	35.0%	38.0%
Gross Asset - Stage 1&2	41,602	43,624	46,083	48,261	52,102
ECL provision - Stage 1&2	355	367	348	371	384
Coverage Ratio (%) - Stage 1&2	0.9%	0.8%	0.8%	0.8%	0.7%
Total ECL Provision	862	922	913	947	931

Business Overview



Vehicle Finance



Vehicle Finance: FY 19 Performance (As per IND AS)

Disbursements

- Disbursements has grown 21% in FY19 as compared to FY18

Assets under management

- Assets have grown by 29% as on Mar 2019

Loss and provisions

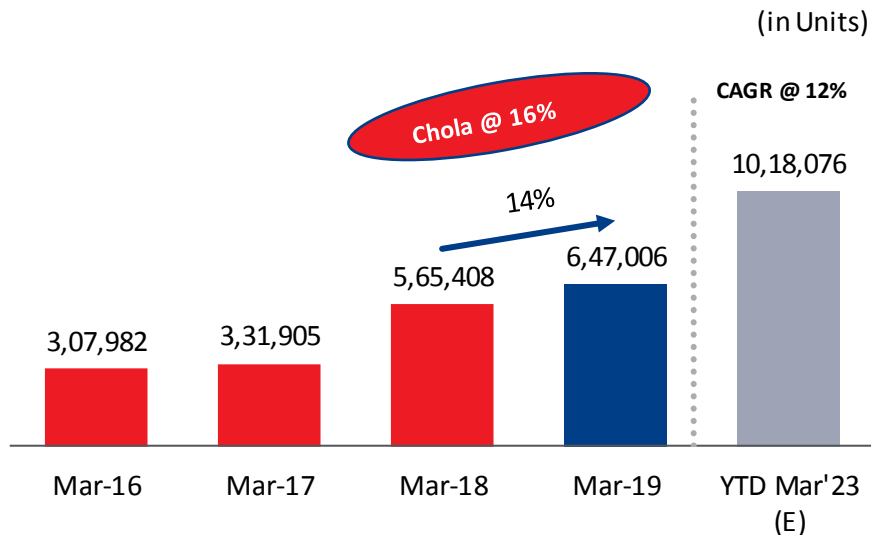
- Loan losses has been maintained at 0.8% as compared to FY18

Profit before tax

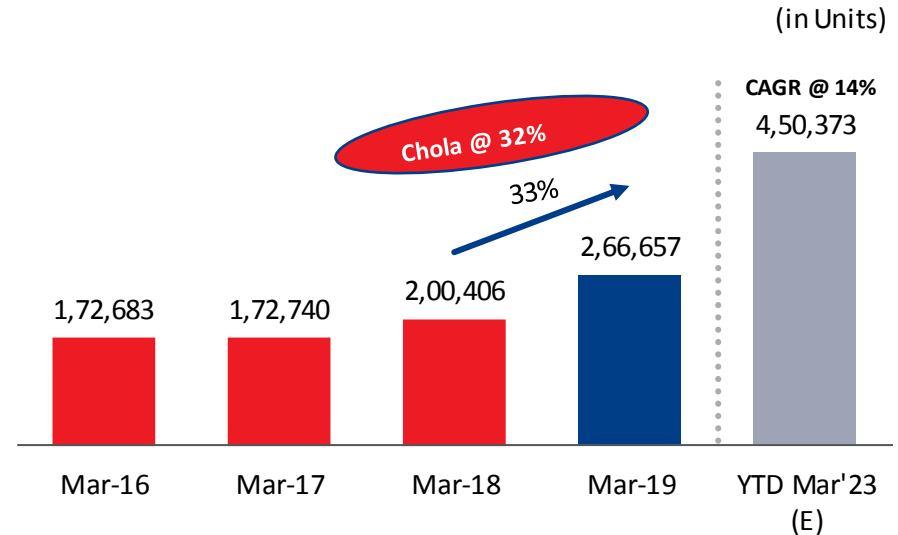
- PBT for FY19 has grown 28% as compared to FY18.

Auto Industry Outlook

Trend in Domestic LCV Sales



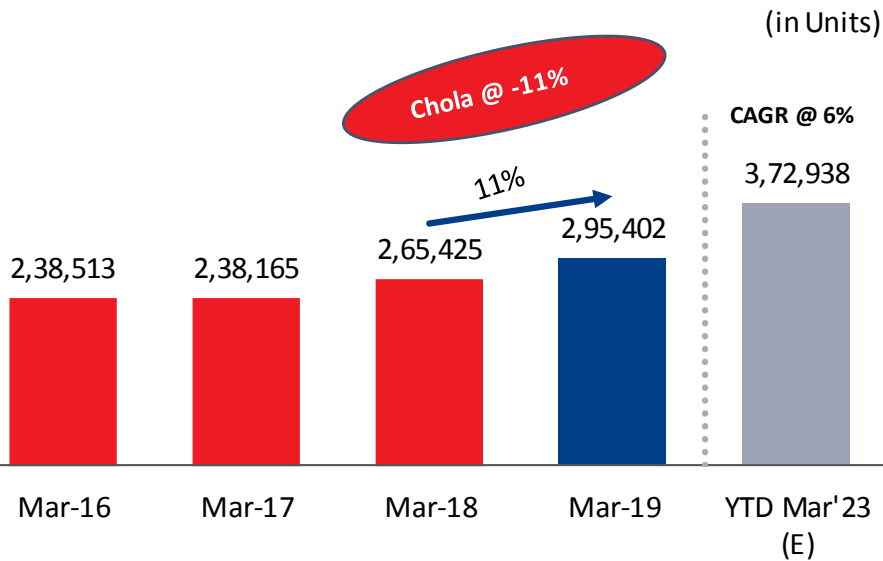
Trend in Domestic SCV Sales



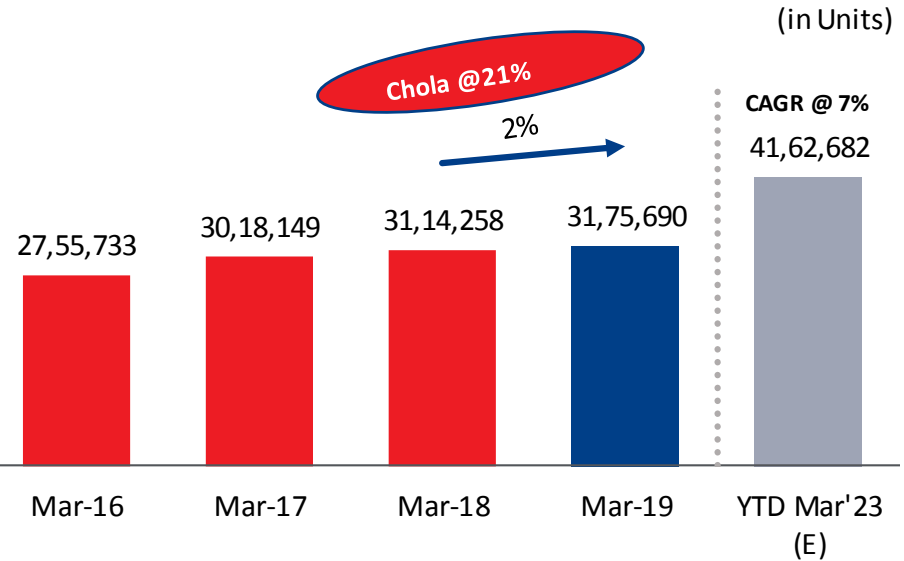
- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will drive growth
- GST roll out and its impact on logistic sector is expected to aid growth in the medium term
- Changes in warehousing pattern post GST, through increasing adoption of hub and spoke model, is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

Auto Industry Outlook

Trend in Domestic HCV Sales



Trend in Domestic Car & MUV Sales

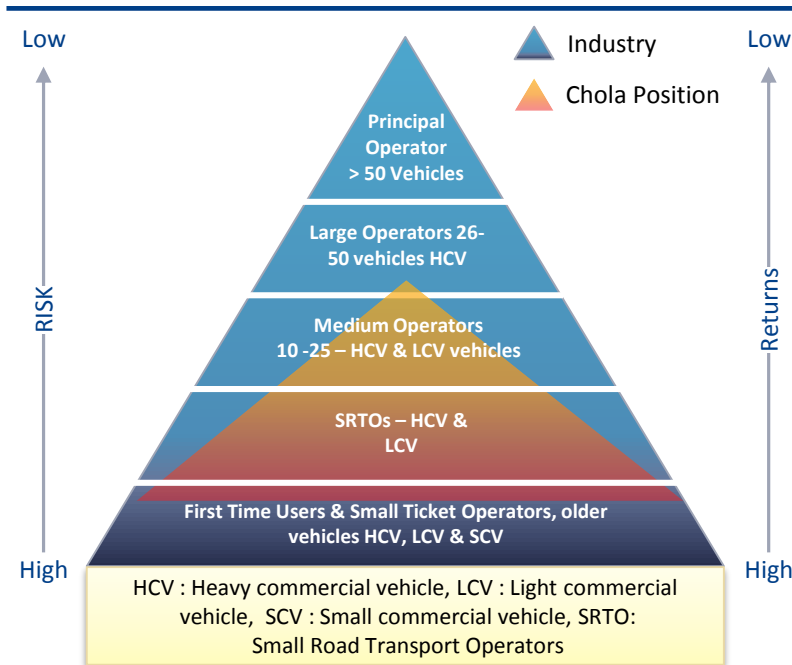


- Improved industrial activity, steady agricultural output, and the government's focus on infrastructure will aid growth
- Pick up in construction and mining activities would also continue to drive demand

- 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)

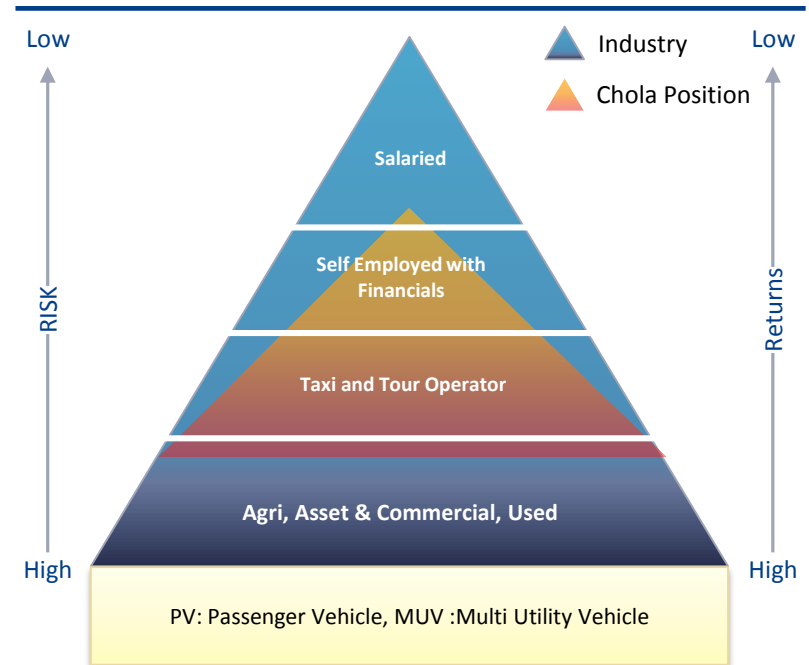
Vehicle Finance—Business Model & Positioning

CV



- ~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

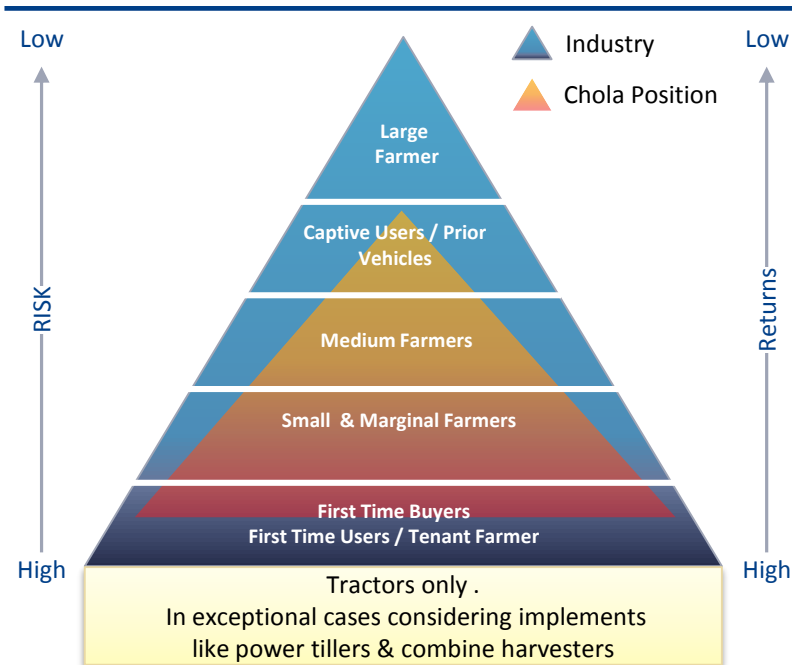
PV



- ~ 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

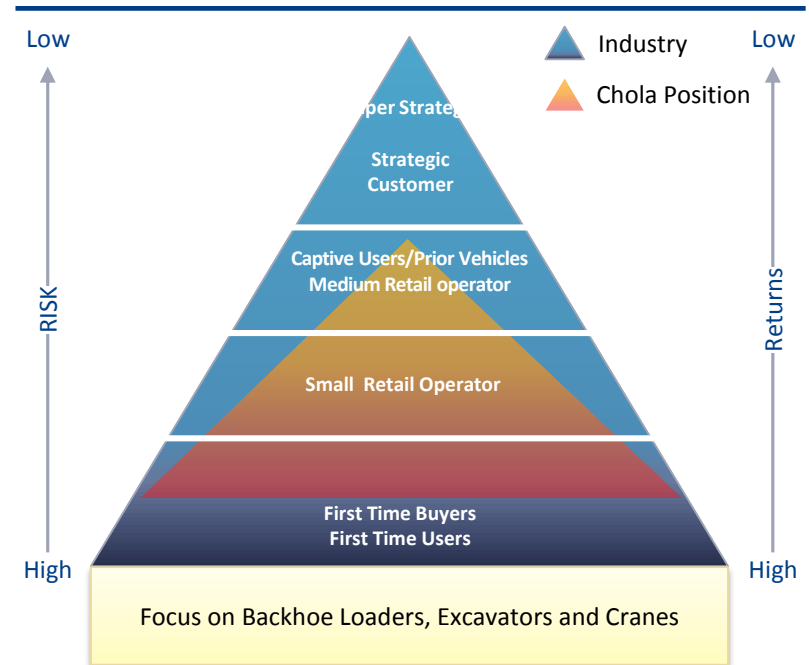
Vehicle Finance—Business Model & Positioning

Tractor



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

CE

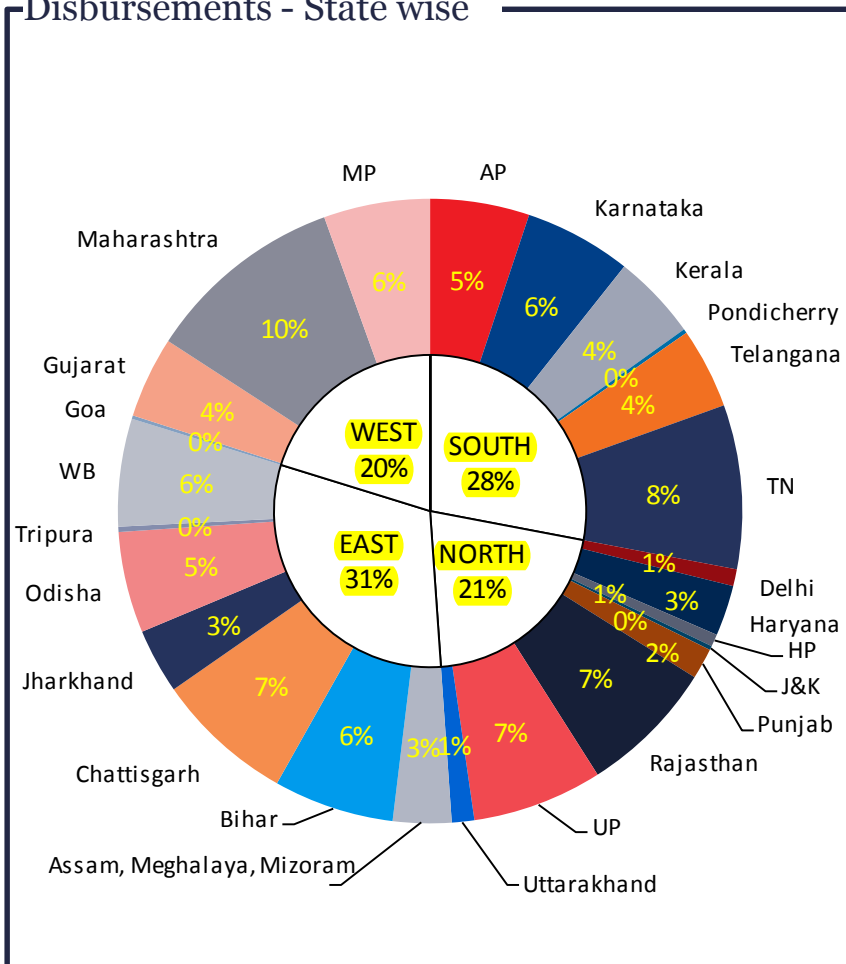


- ~ 69% of disbursements are to retail customer segment
- Application –
 - Captive
 - Hiring
- New & Used

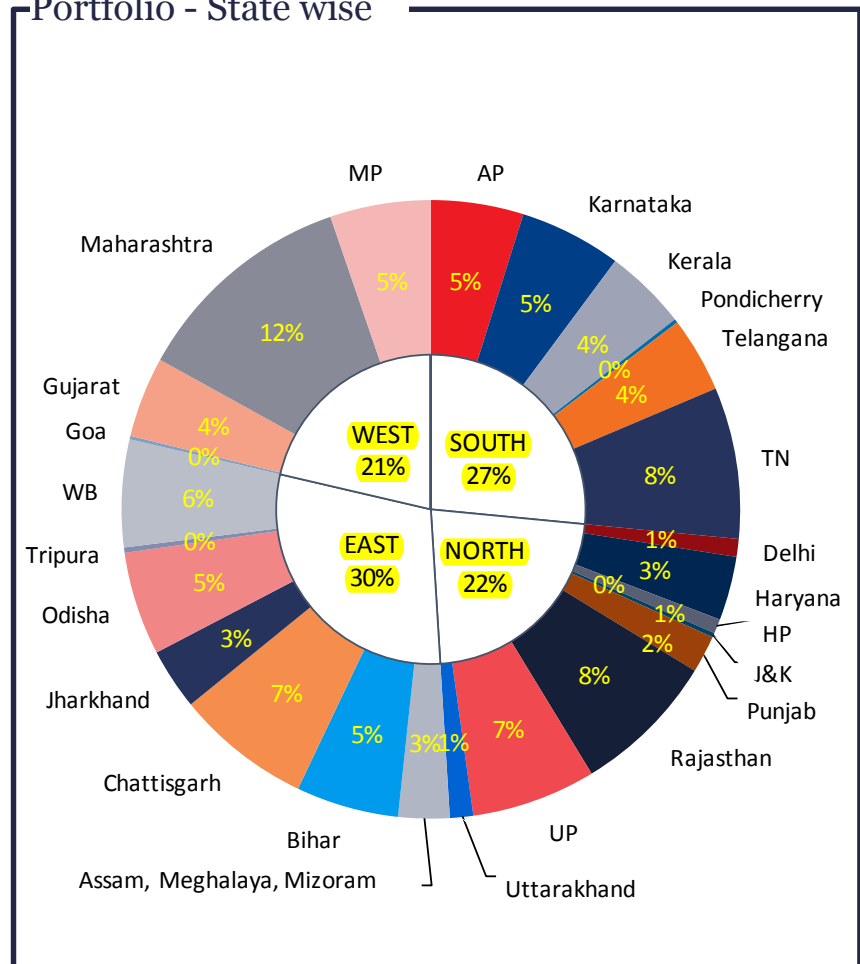
Vehicle Finance - Disbursement/Portfolio Mix – FY19

Well diversified across geography & product segments

Disbursements - State wise



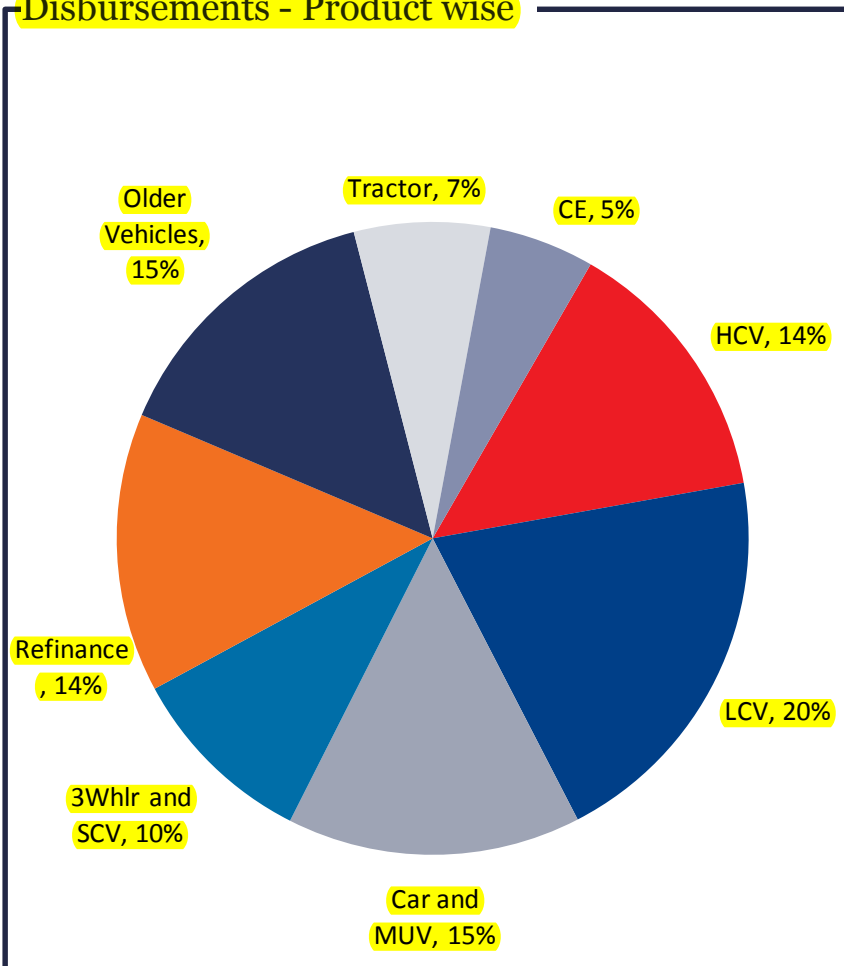
Portfolio - State wise



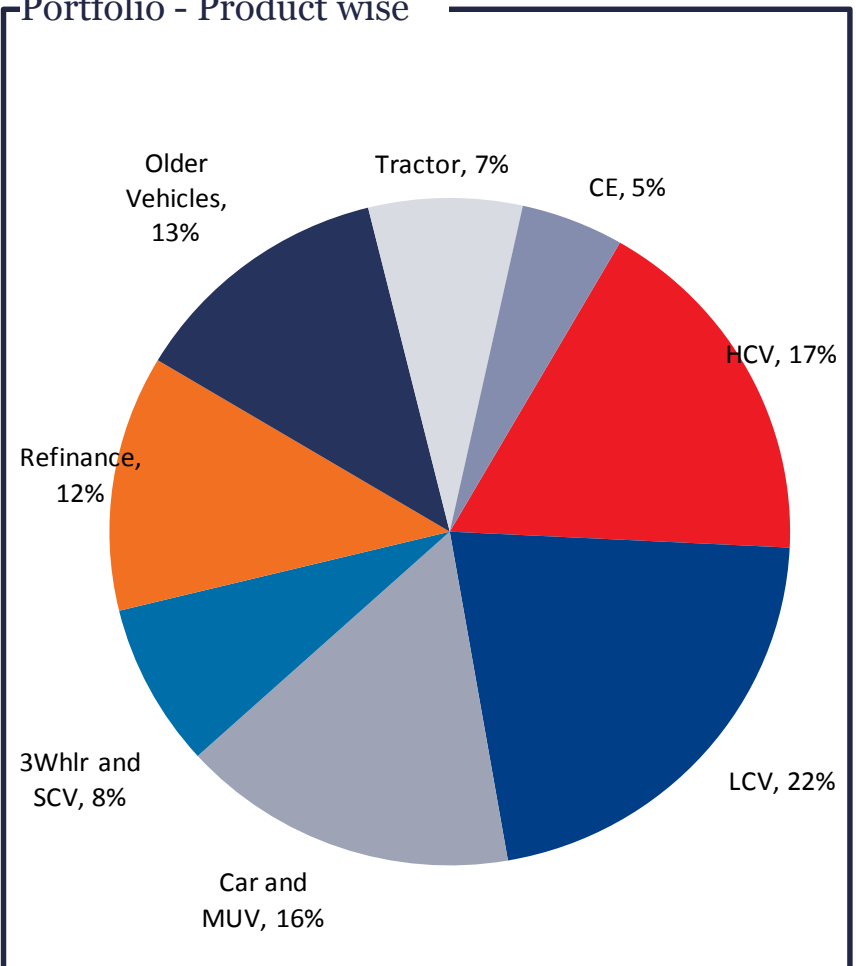
Vehicle Finance - Disbursement/Portfolio Mix – FY19

Well diversified across geography & product segments

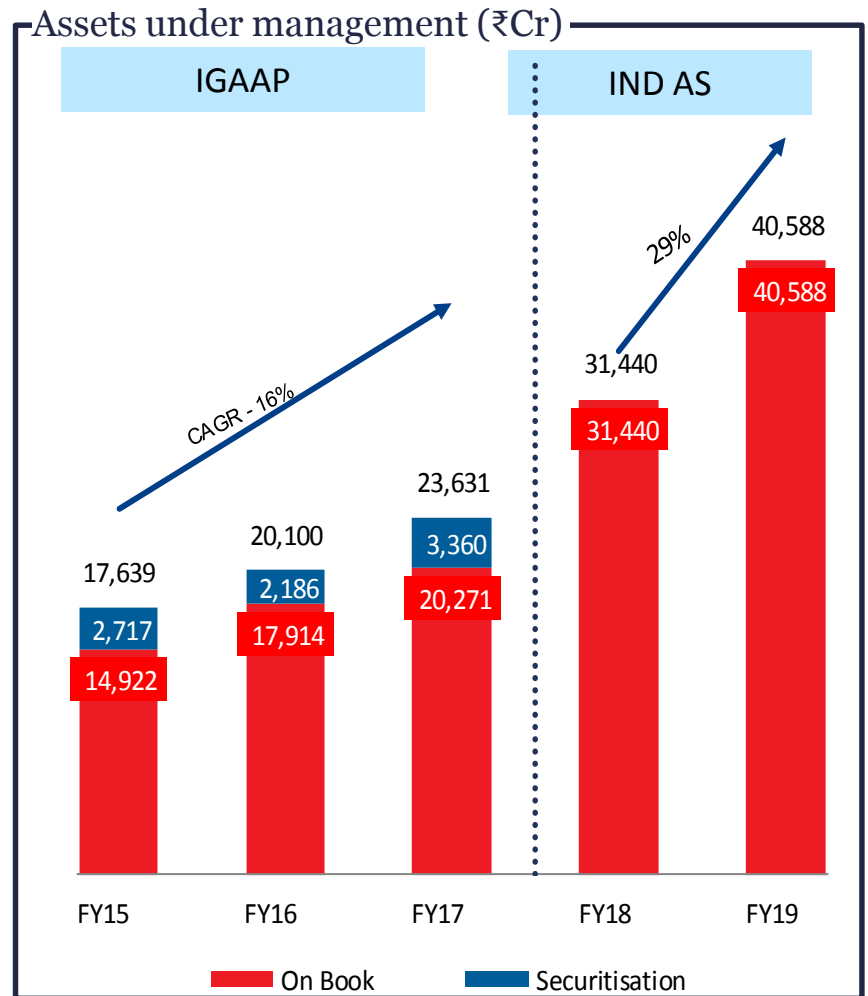
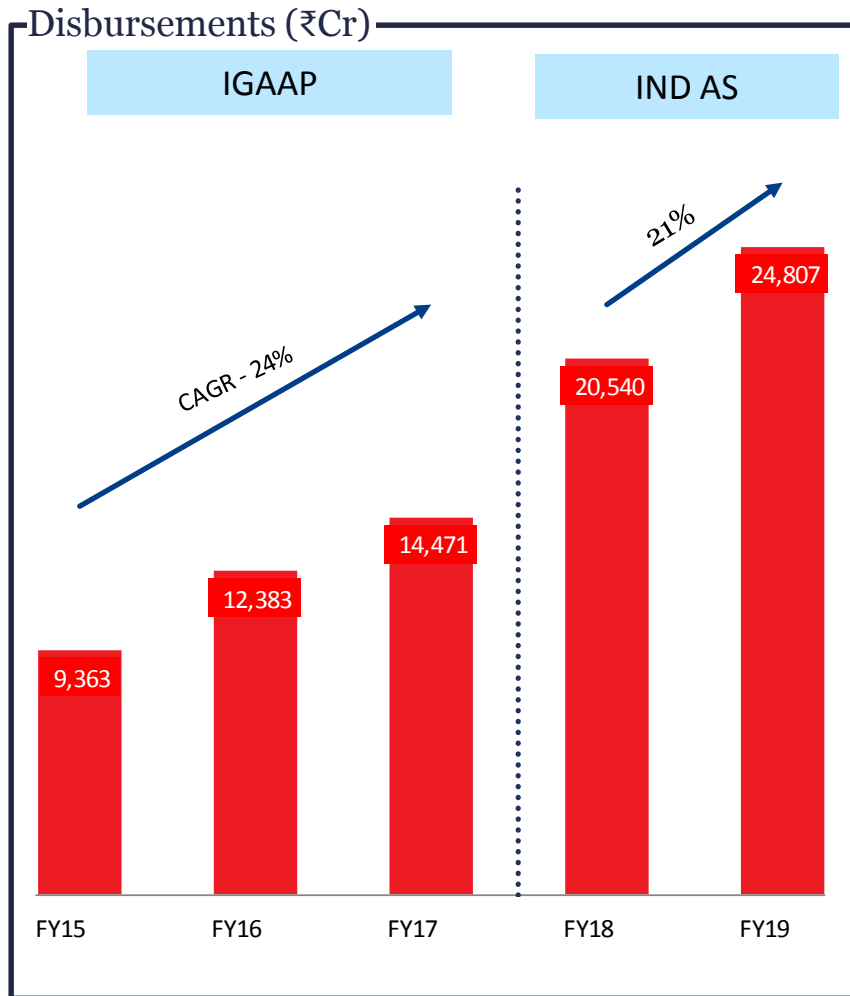
Disbursements - Product wise



Portfolio - Product wise

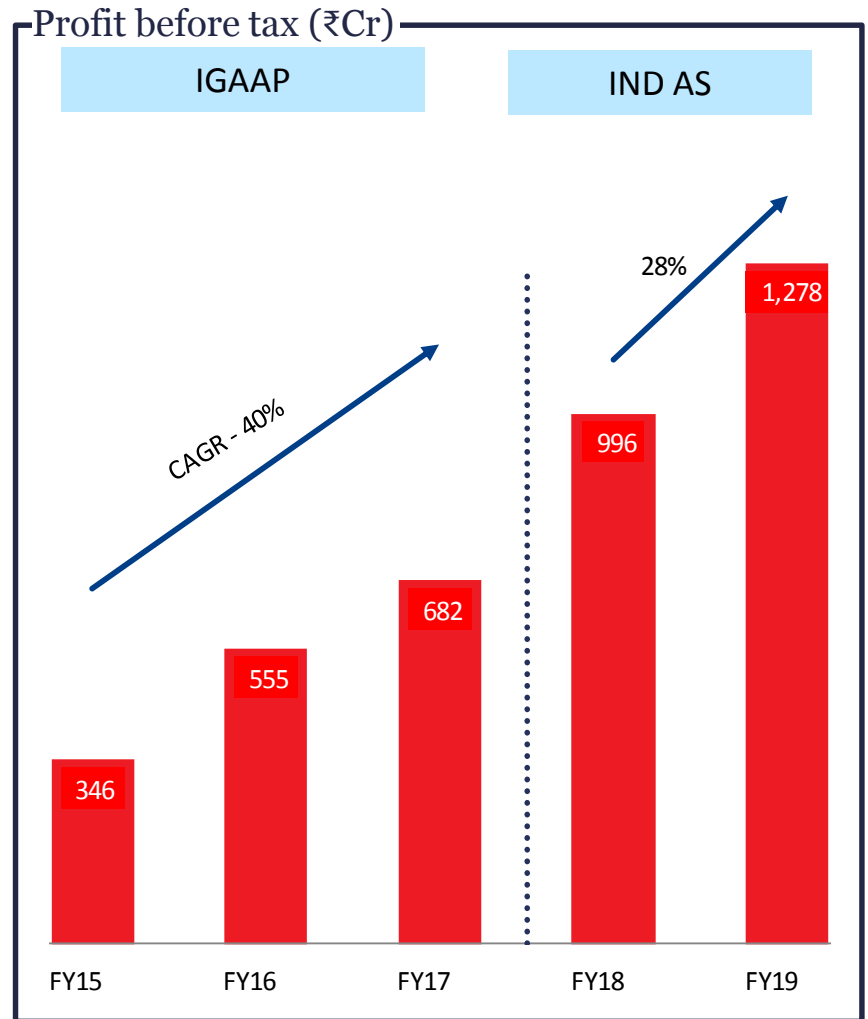
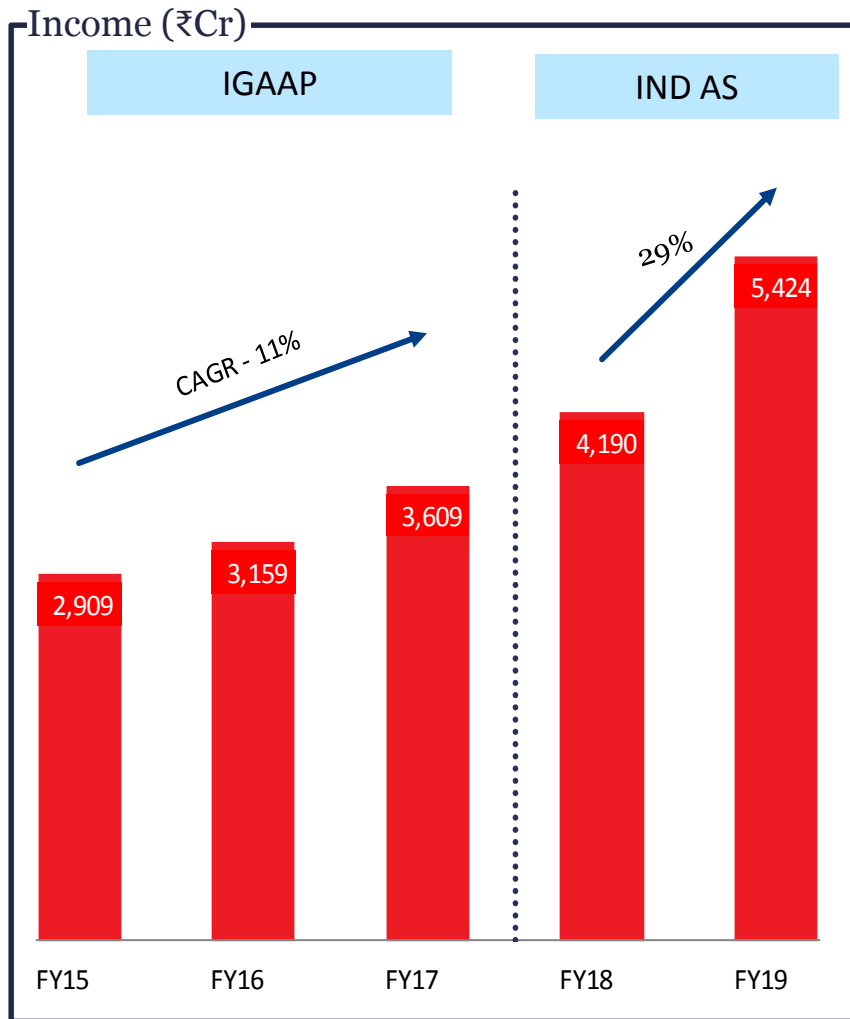


Vehicle Finance: Financial summary FY19 (I)

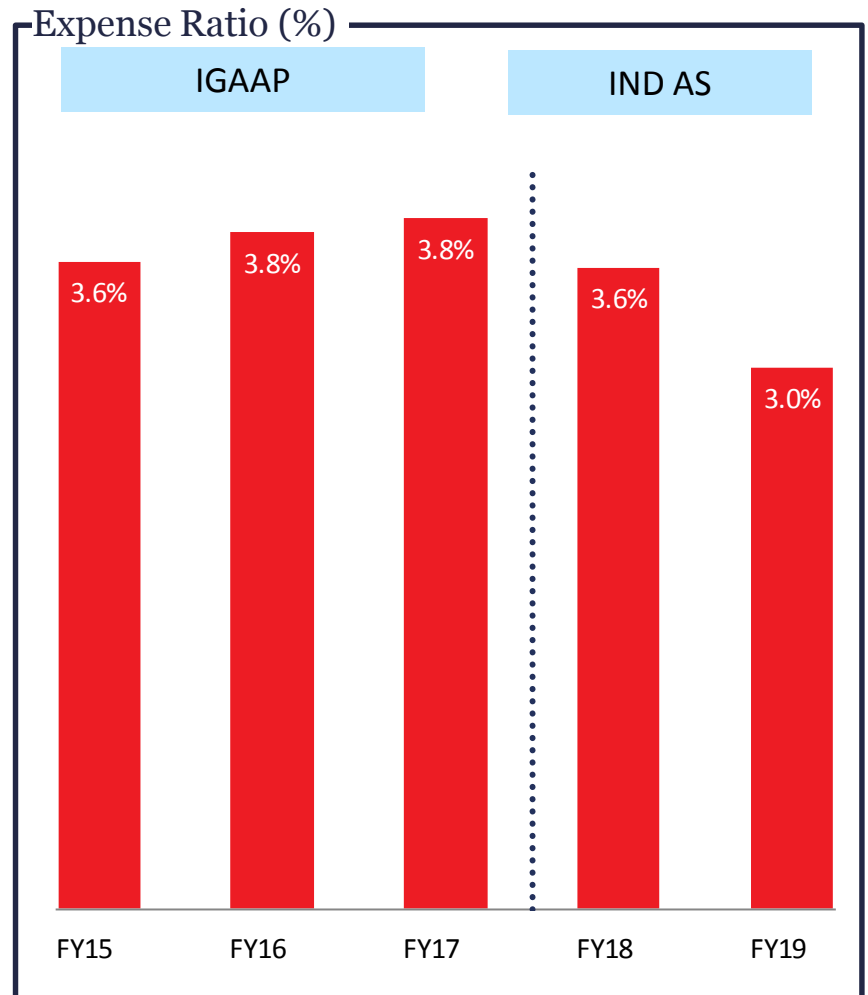
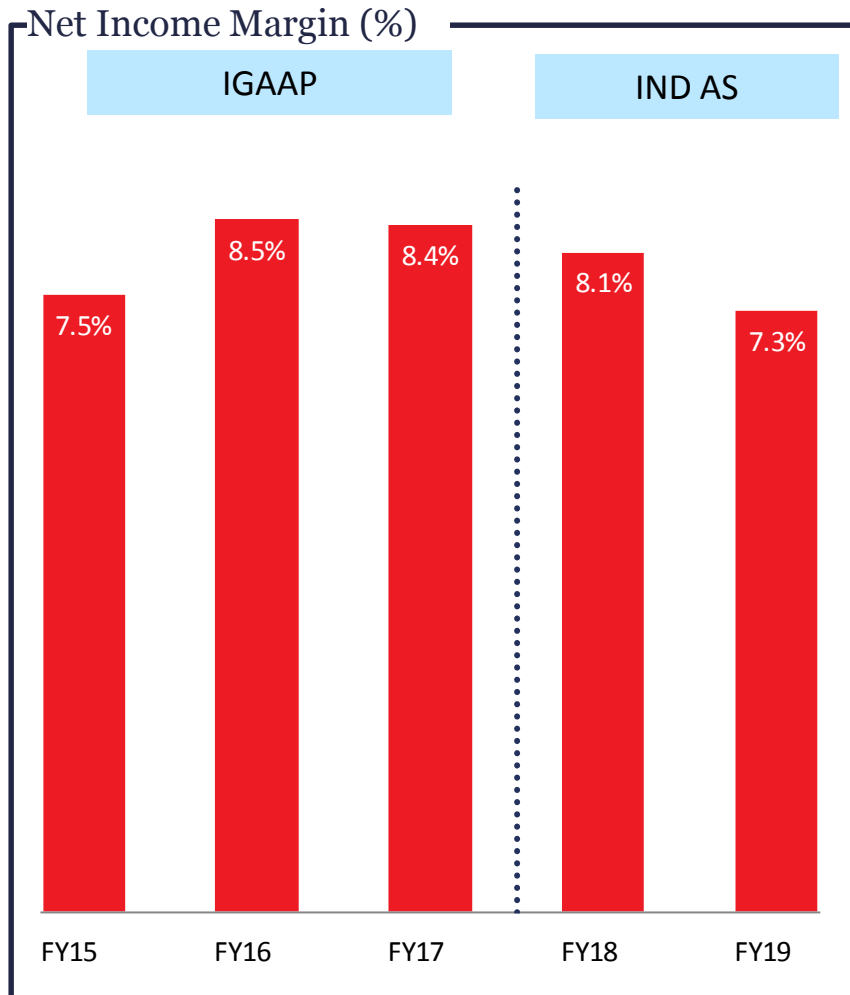


Note: Under IND AS, Securitisation is treated as On Balance sheet and hence not shown separately

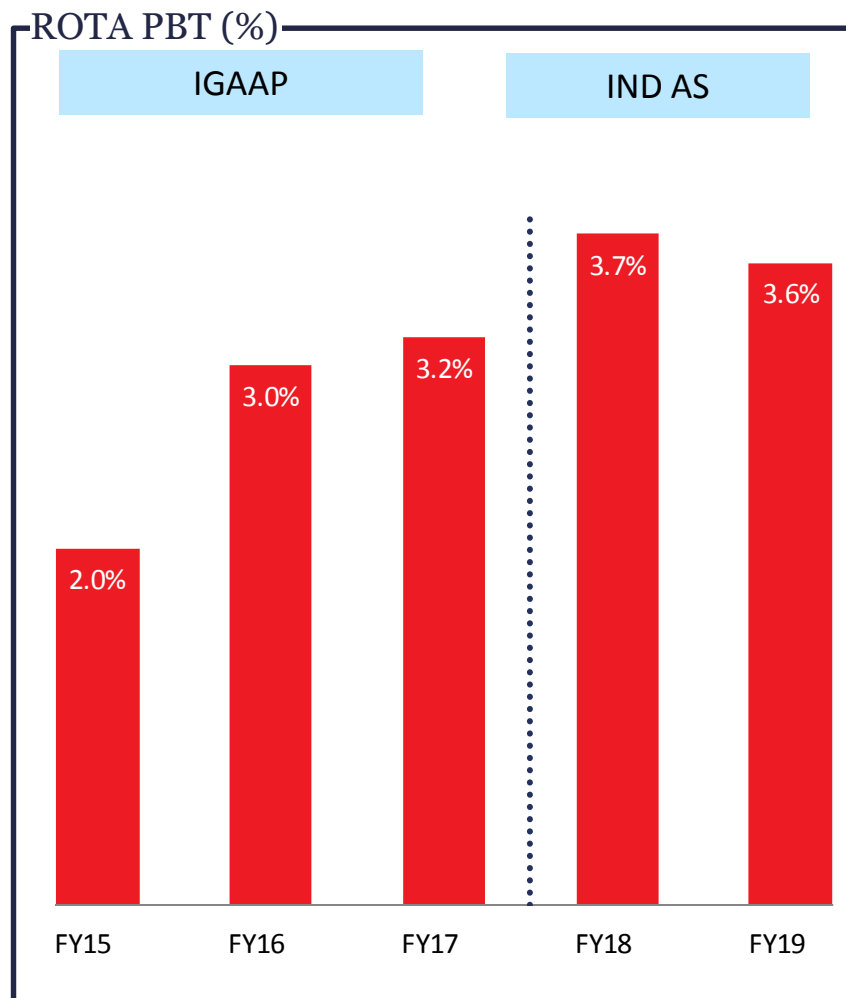
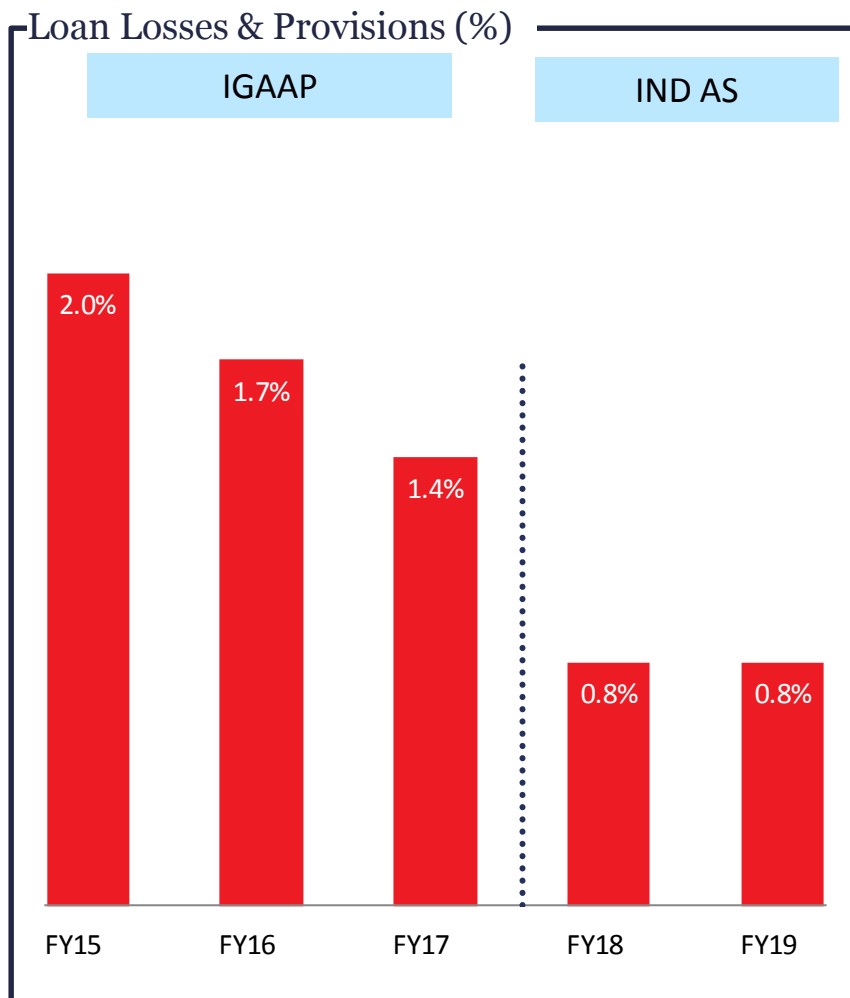
Vehicle Finance: Financial summary FY19 (II)



Vehicle Finance: Financial summary FY19 (III)



Vehicle Finance: Financial summary FY19 (IV)



Profit and Loss Statement: Vehicle Finance

(As per IND AS)

₹ Cr

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	Q4FY18	Q4FY19	FY18	FY19	Growth % Q4-o-Q4	Growth % (YTD) Y-o-Y
Disbursements	3,819	5,665	4,295	5,542	5,607	6,240	6,820	7,360	20,540	24,807	8%	21%
Closing Assets (Managed)	24,388	33,494	25,673	35,449	27,966	37,476	31,440	40,588	31,440	40,588	29%	29%
Operating Income	978	1,223	1,010	1,322	1,056	1,394	1,145	1,485	4,190	5,424	30%	29%
Finance Charges	475	640	489	676	517	730	565	757	2,045	2,803	34%	37%
Net Income	503	584	521	646	540	664	580	728	2,144	2,621	25%	22%
Expenses	214	232	227	250	255	268	251	325	948	1,074	29%	13%
Loan Losses and Std Assets	67	75	71	72	52	82	11	40	201	269	254%	34%
Profit Before Tax	223	277	223	324	232	314	317	363	996	1,278	14%	28%
Asset Ratios												
Income	16.4%	15.1%	16.0%	15.2%	15.6%	15.2%	15.6%	15.4%	15.7%	15.2%		
Cost of Funds	7.9%	7.9%	7.7%	7.8%	7.6%	7.9%	7.7%	7.9%	7.7%	7.9%		
Net Income Margin	8.4%	7.2%	8.3%	7.4%	8.0%	7.2%	7.9%	7.6%	8.1%	7.3%		
Expense	3.6%	2.9%	3.6%	2.9%	3.8%	2.9%	3.4%	3.4%	3.6%	3.0%		
Losses & Provisions	1.1%	0.9%	1.1%	0.8%	0.8%	0.9%	0.2%	0.4%	0.8%	0.8%		
ROTA-PBT	3.7%	3.4%	3.5%	3.7%	3.4%	3.4%	4.3%	3.8%	3.7%	3.6%		

Home Equity



Home Equity— FY19 Performance (As per IND AS)

Disbursements

- Disbursements has grown 21% in FY19 as compared to FY18

Asset under management

- The business has grown the Assets by 15% in FY19. Pre-closures are being controlled by better customer engagement, though it continues to grow.

Loss and provisions

- Loan losses reduced to 0.01% from 1.1% YoY

Profit before tax

- PBT for FY19 has grown 38% as compared to FY18

Home Equity: Industry outlook



- NBFCs' Loan against property book likely to grow at 12–15% in FY19

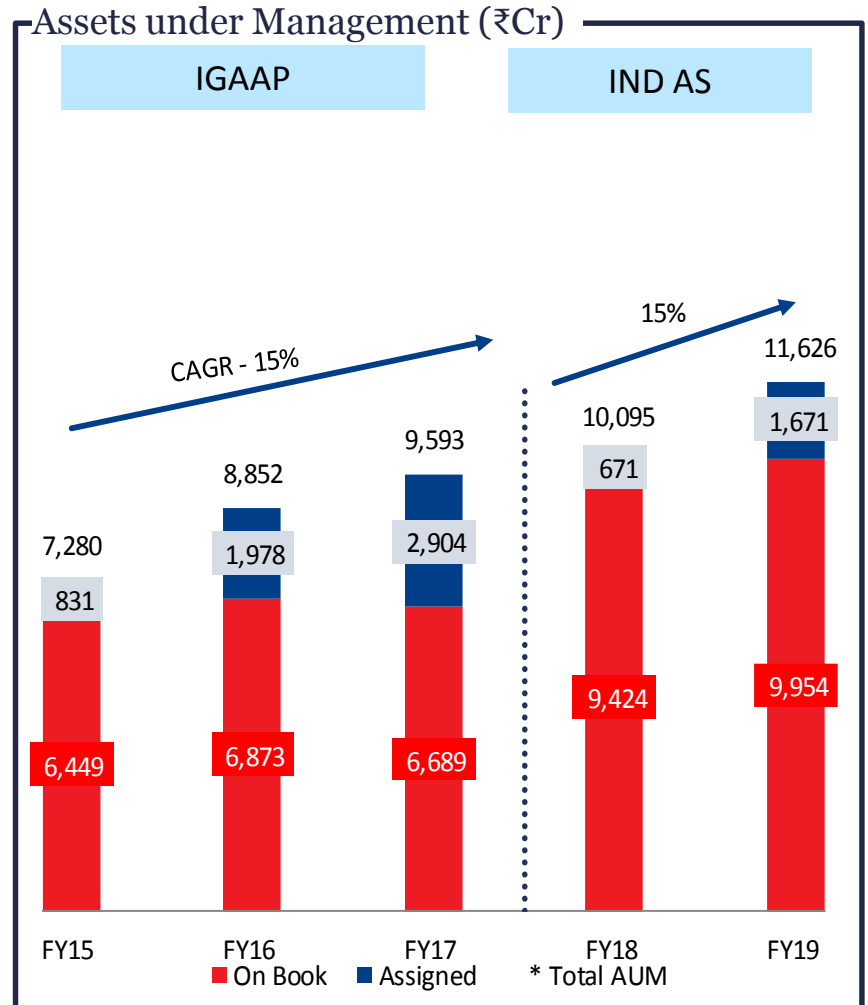
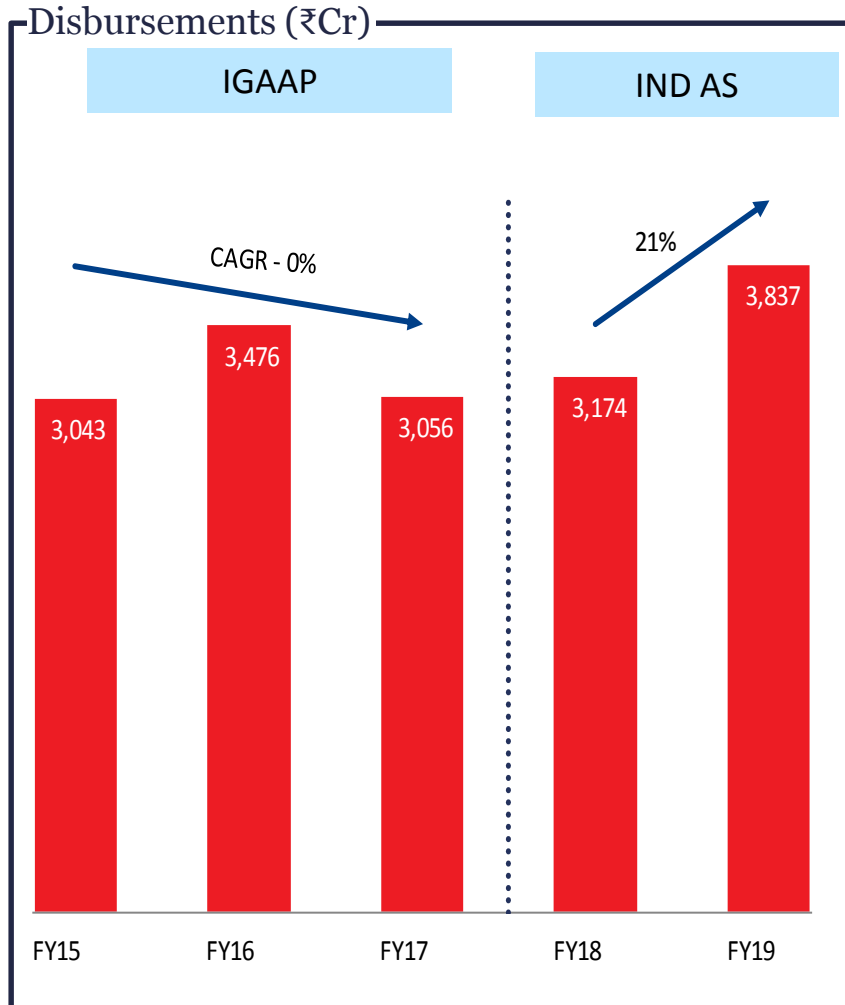


- Moody's said that rising interest rates for LAP over the rest of 2018, together with cautious underwriting in light of rising delinquencies
- The larger NBFCs have moderated their ticket sizes, in view of the asset quality concerns and increased competitive pressure

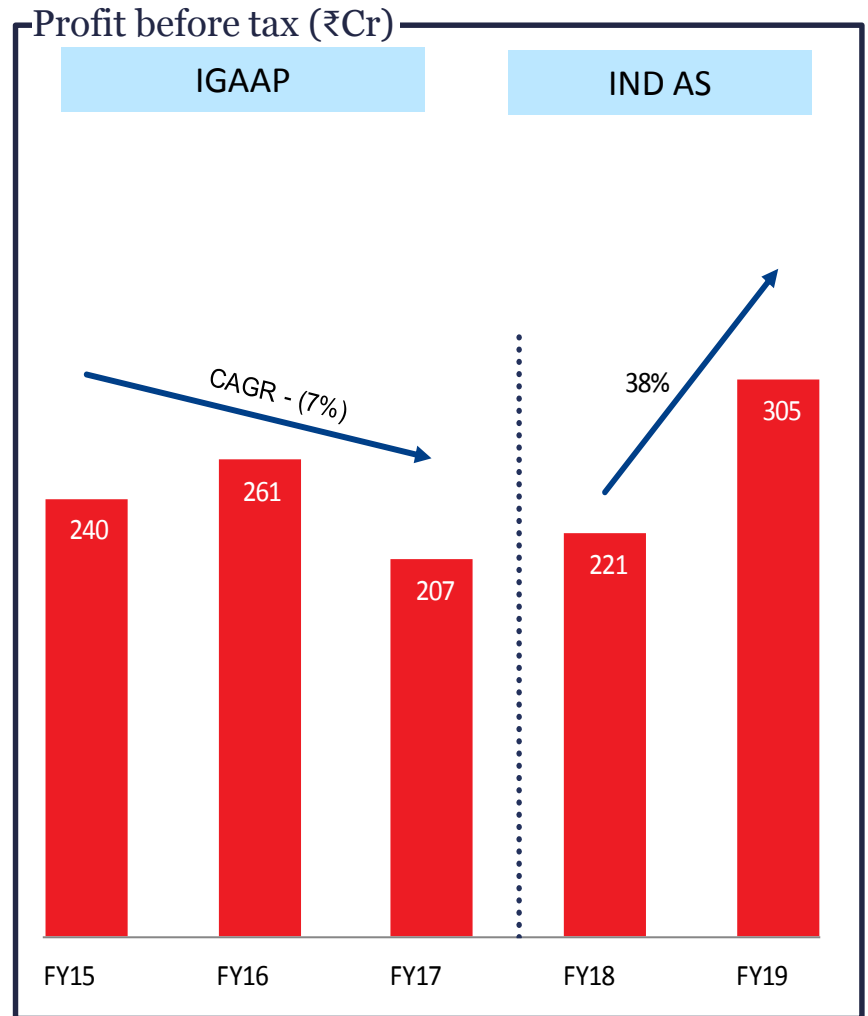
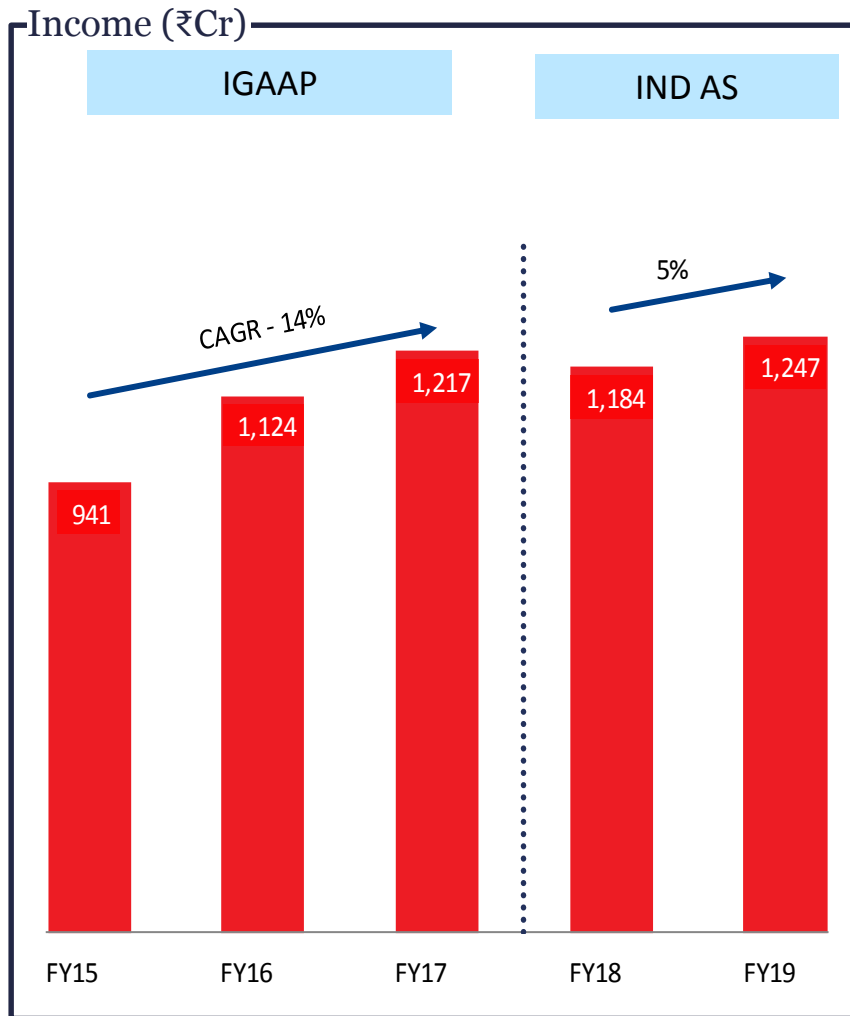


- ICRA notes that twin effects of increased borrowing rates and expected shrinkage in funding sources could impact growth to an extent

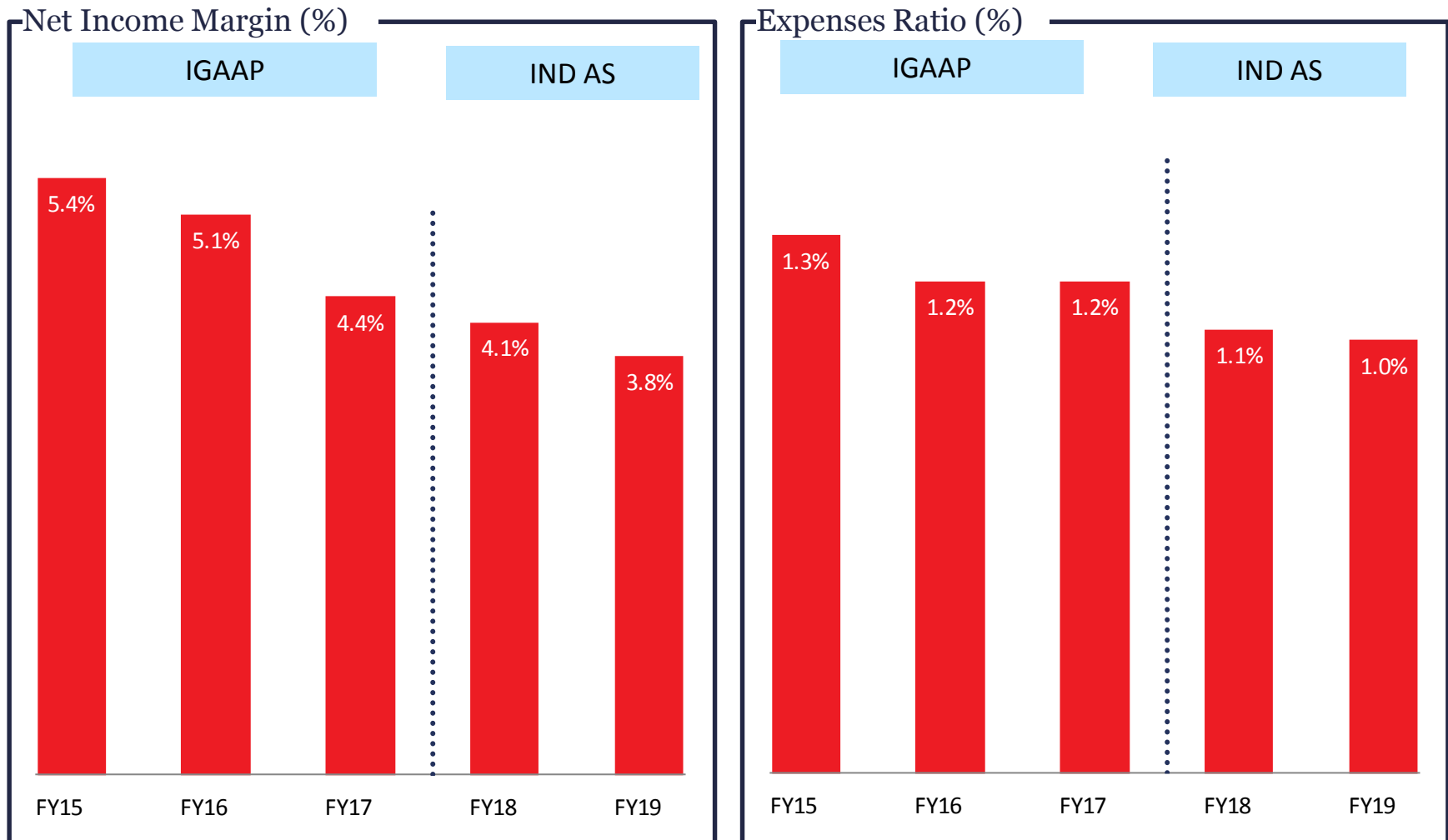
Home Equity—Financial Summary FY19 (I)



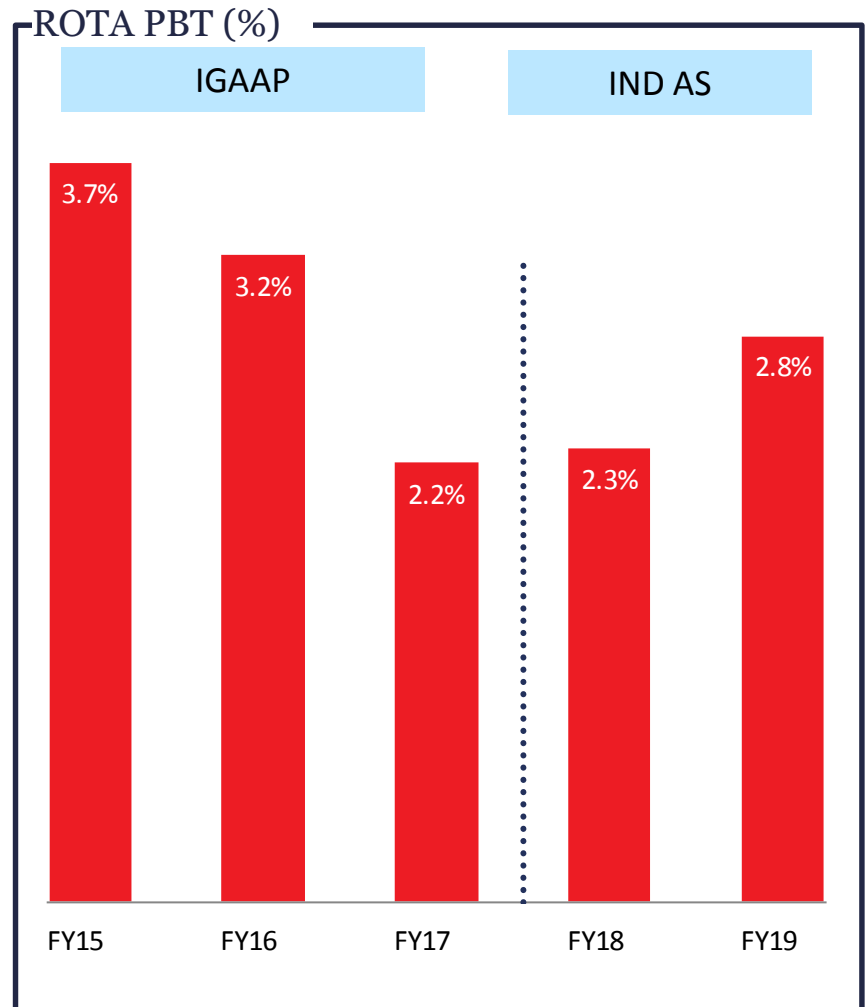
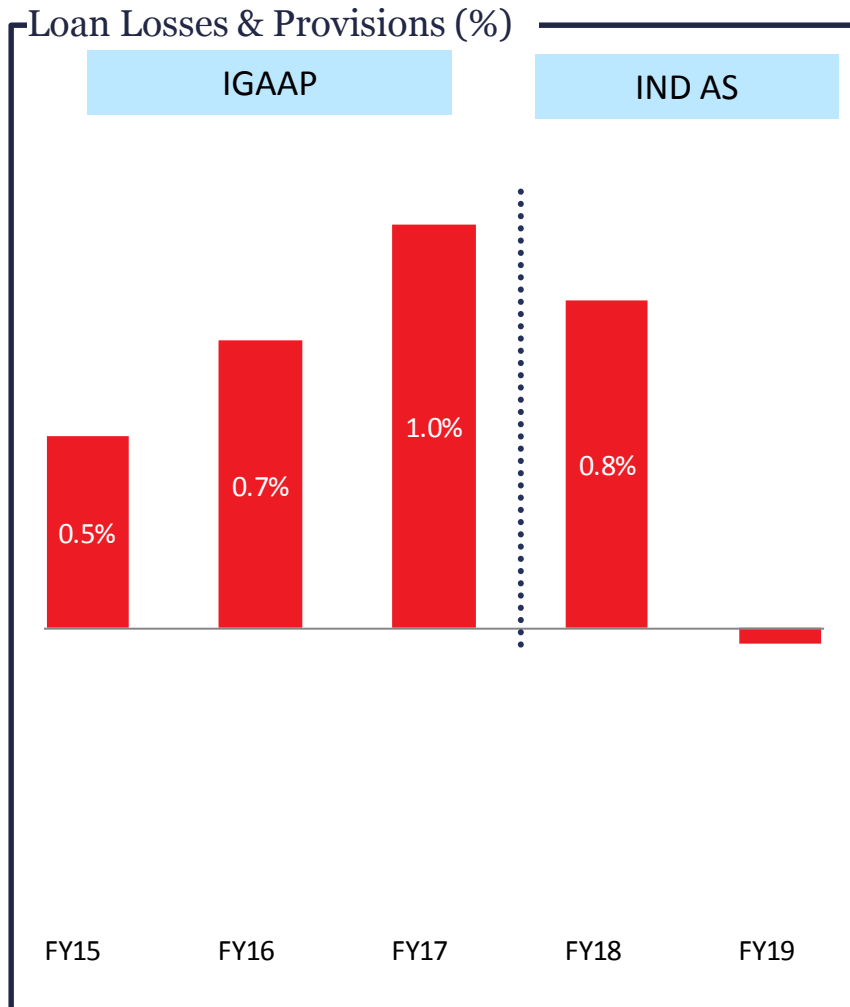
Home Equity—Financial Summary FY19 (II)



Home Equity—Financial Summary FY19 (III)



Home Equity—Financial Summary FY19 (IV)



Profit and Loss Statement: Home Equity (*On Book*)

(As per IND AS)

₹ Cr

Particulars	Q1FY18	Q1FY19	Q2FY18	Q2FY19	Q3FY18	Q3FY19	Q4FY18	Q4FY19	FY18	FY19	Growth % Q4-o-Q4	Growth % (YTD) Y-o-Y
Disbursements	740	939	830	910	799	954	806	1,034	3,174	3,837	28%	21%
Closing Assets (Balance Sheet)	8,697	9,331	8,858	9,773	9,071	9,718	9,424	9,954	9,424	9,954	6%	6%
Operating Income	277	312	272	268	261	315	271	301	1,081	1,196	11%	11%
Finance Charges	170	170	172	170	169	185	172	182	682	707	6%	4%
Net Income	107	142	101	98	92	130	99	119	399	489	21%	22%
Expenses	25	26	25	25	29	17	53	48	131	116	-10%	-11%
Loan Losses and Std Assets Prov	26	6	19	-15	35	6	-10	-2	71	-4	-79%	-106%
Profit Before Tax	56	109	57	88	29	107	56	73	197	377	32%	91%
Asset Ratios												
Income	12.9%	13.4%	12.3%	11.2%	11.6%	12.8%	11.9%	12.4%	12.1%	12.4%		
Cost of Funds	7.9%	7.3%	7.8%	7.1%	7.5%	7.5%	7.5%	7.5%	7.6%	7.3%		
Net Income Margin	5.0%	6.1%	4.6%	4.1%	4.1%	5.3%	4.3%	4.9%	4.5%	5.1%		
Expense	1.1%	1.1%	1.1%	1.0%	1.3%	0.7%	2.3%	2.0%	1.5%	1.2%		
Losses & Provisions	1.2%	0.3%	0.9%	-0.6%	1.6%	0.3%	-0.4%	-0.1%	0.8%	-0.05%		
ROTA-PBT	2.6%	4.7%	2.6%	3.7%	1.3%	4.4%	2.4%	3.0%	2.2%	3.9%		

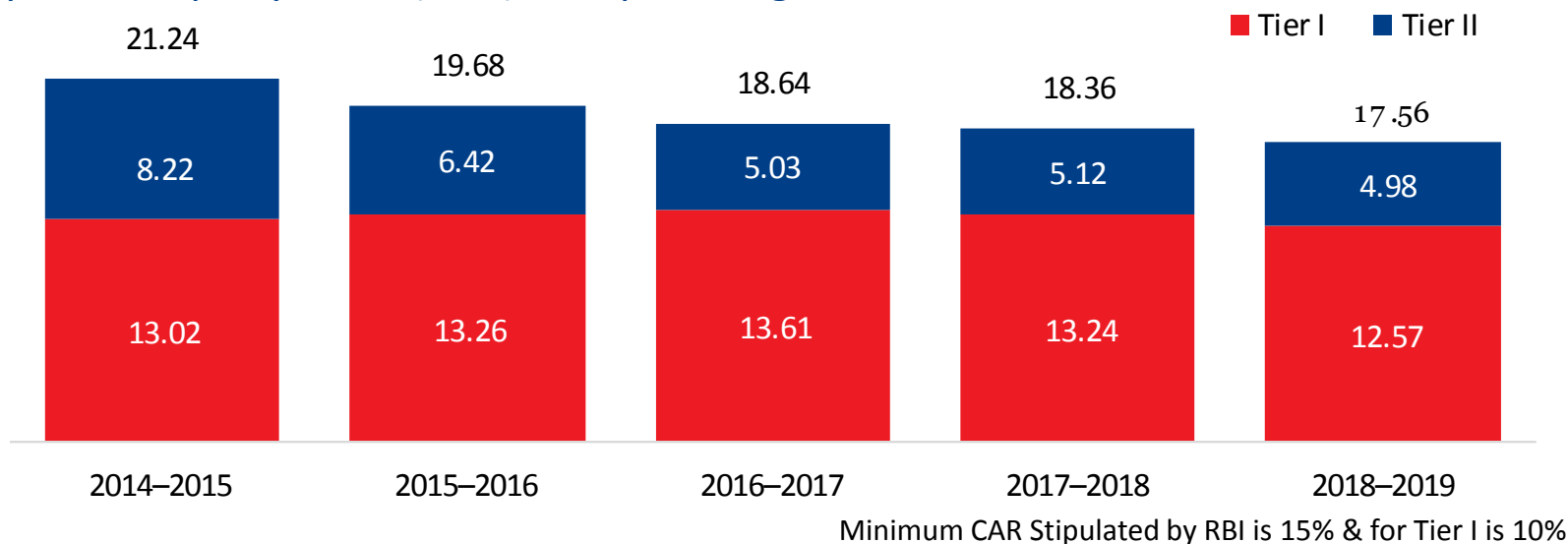
Note: Operating Income includes assignment gain of Rs.42.88 Cr in Q1 FY19, Rs.31.02 Cr in Q3FY19 and Rs.12.80 Cr in Q4FY19 and full year is Rs.86.70 Cr.

Funding Profile



CAR, Credit Rating

Capital Adequacy Ratio (CAR) – As per RBI guideline



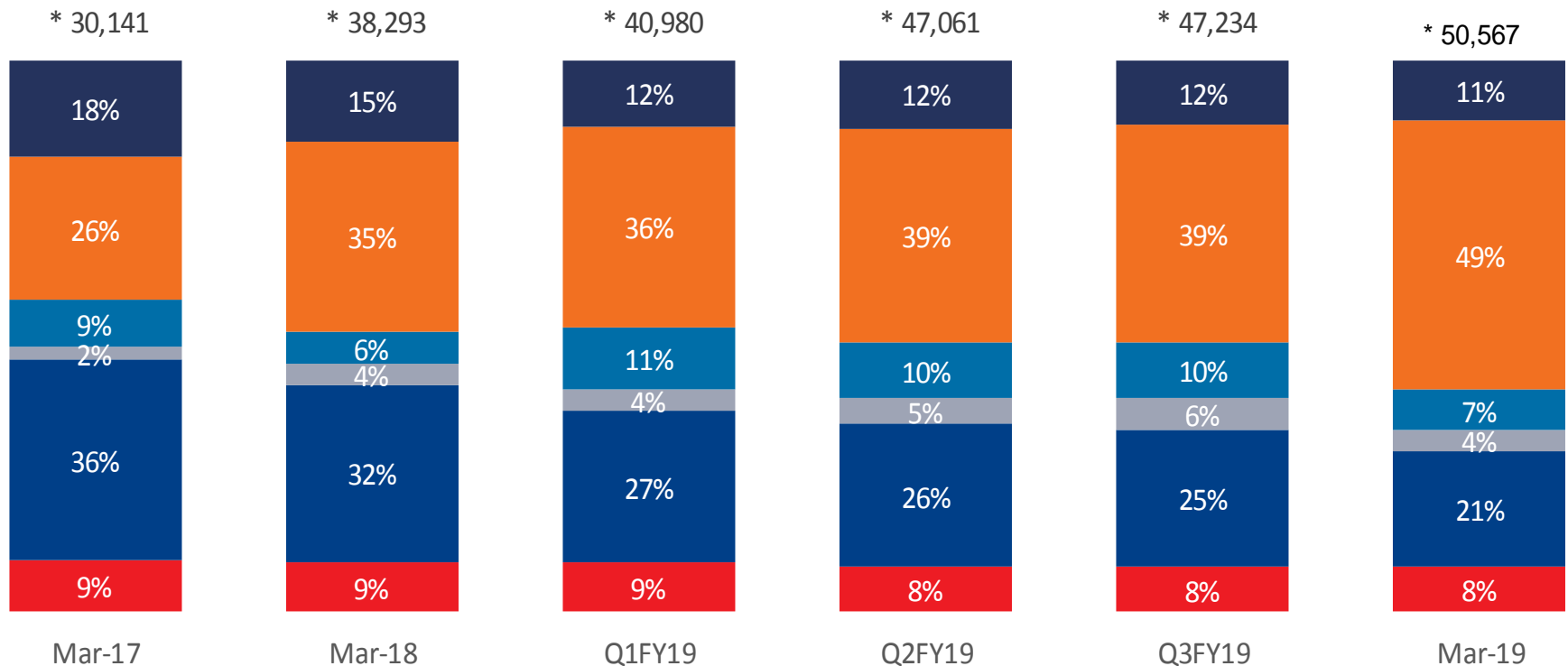
Credit Rating

Loan type	India ratings	Care	ICRA	Crisil
ST CP/WCDL	-	CARE A1+^	[ICRA] A1+	[CRISIL] A1+
LT NCD/CC	IND AA + (ind) stable*	-	[ICRA] 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	-

Diversified Borrowings Profile (I/II)

(₹Cr)

Borrowing mix by instrument type

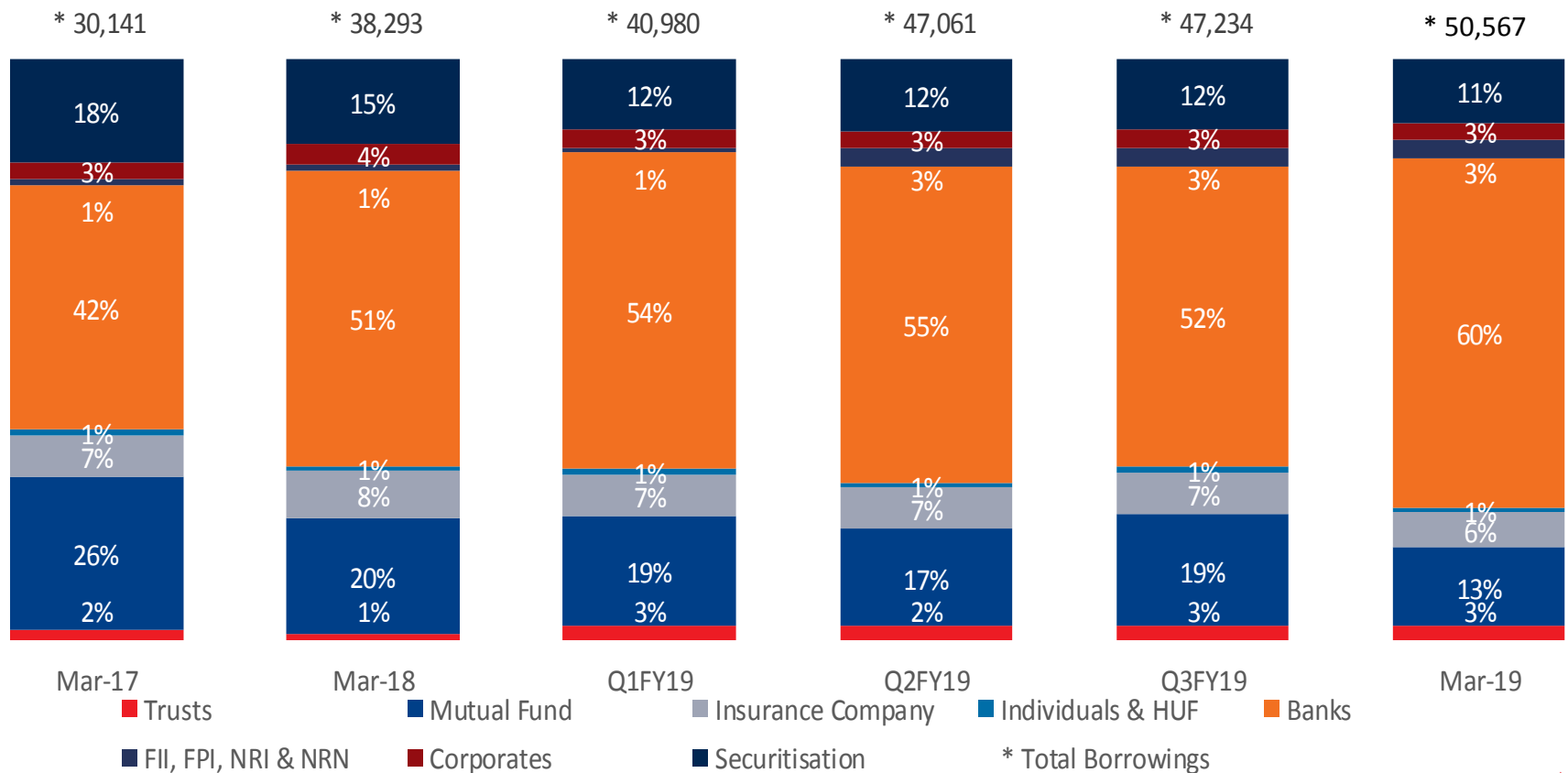


■ Tier II Capital ■ Debtentures ■ CC / WCDL ■ Commercial Papers / ICD ■ Bank Term loans ■ Securitisation * Total Borrowings

Diversified Borrowings Profile (II/II)

Borrowing mix by investor type

(₹Cr)



ALM Statement as of 31st March 2019

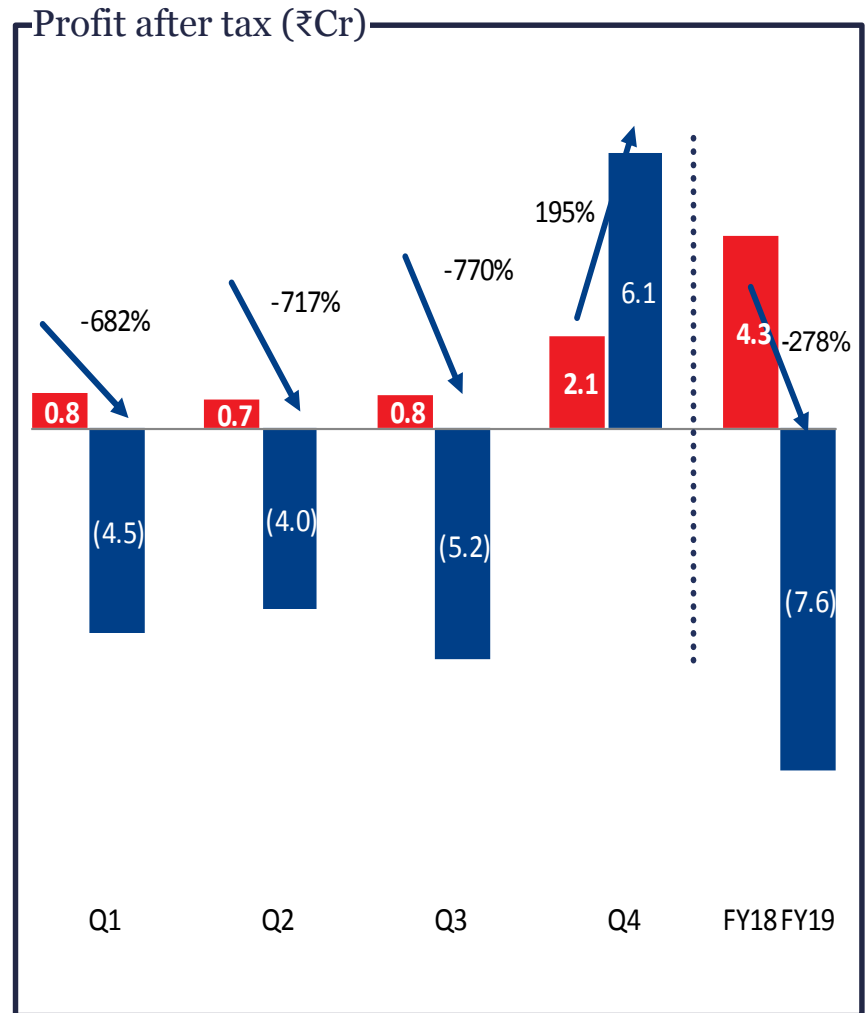
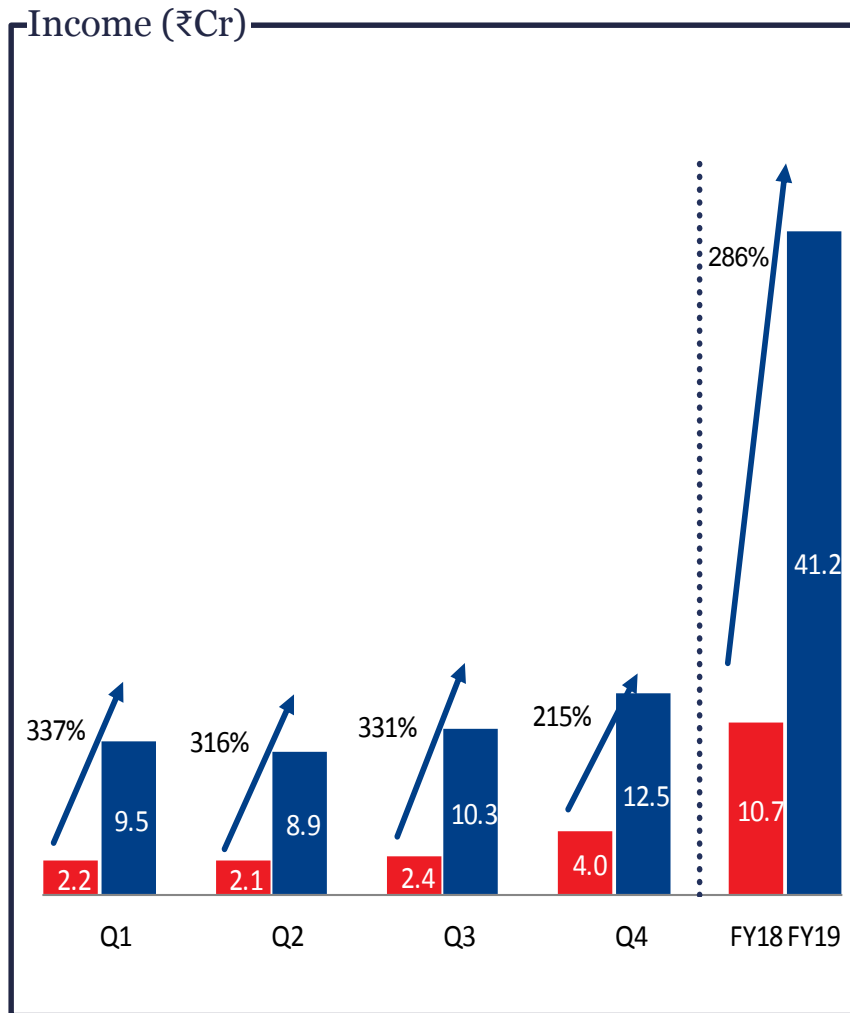
(₹Cr)

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 & Investments	730.00	500.10	810.00	-	940.00	-	-	-	2,980.10
Advances	1,797.77	1,217.22	1,274.00	5,471.02	8,692.55	23,223.42	5,372.53	5,496.25	52,544.76
Trade Receivable & Others	138.40	118.65	14.43	65.58	186.88	372.39	238.85	1,087.52	2,222.70
Total Inflows (A)	2,666.17	1,835.97	2,098.43	5,536.60	9,819.43	23,595.81	5,611.38	6,583.77	57,747.56
Cumulative Total Inflows (B)	2,666.17	4,502.14	6,600.57	12,137.17	21,956.60	45,552.41	51,163.79	57,747.56	
Borrowin Repayment-Bank & Others	295.11	289.99	396.66	1,729.93	5,999.40	18,546.59	4,159.75	983.04	32,400.47
Borrowin Repayment- Market	1,287.91	1,172.60	738.65	2,728.18	3,535.87	4,651.96	1,790.20	1,833.41	17,738.78
Capital Reserves and Surplus	-	-	-	-	-	-	-	6,174.30	6,174.30
Other Outflows	511.86	140.19	65.98	328.84	119.38	197.94	-	69.83	1,434.02
Total Outflows (C)	2,094.88	1,602.78	1,201.29	4,786.95	9,654.65	23,396.49	5,949.95	9,060.58	57,747.56
Cumulative Total Outflows (D)	2,094.88	3,697.66	4,898.95	9,685.90	19,340.55	42,737.04	48,686.99	57,747.56	
E. GAP (A - C)	571.29	233.19	897.14	749.65	164.78	199.32	-338.57	-2,476.81	
F.Cumulative GAP (B - D)	571.29	804.48	1,701.62	2,451.27	2,616.06	2,815.38	2,476.81	-	
Cumulative GAP as % (F/D)	27.27%	21.76%	34.73%	25.31%	13.53%	6.59%	5.09%	0.00%	

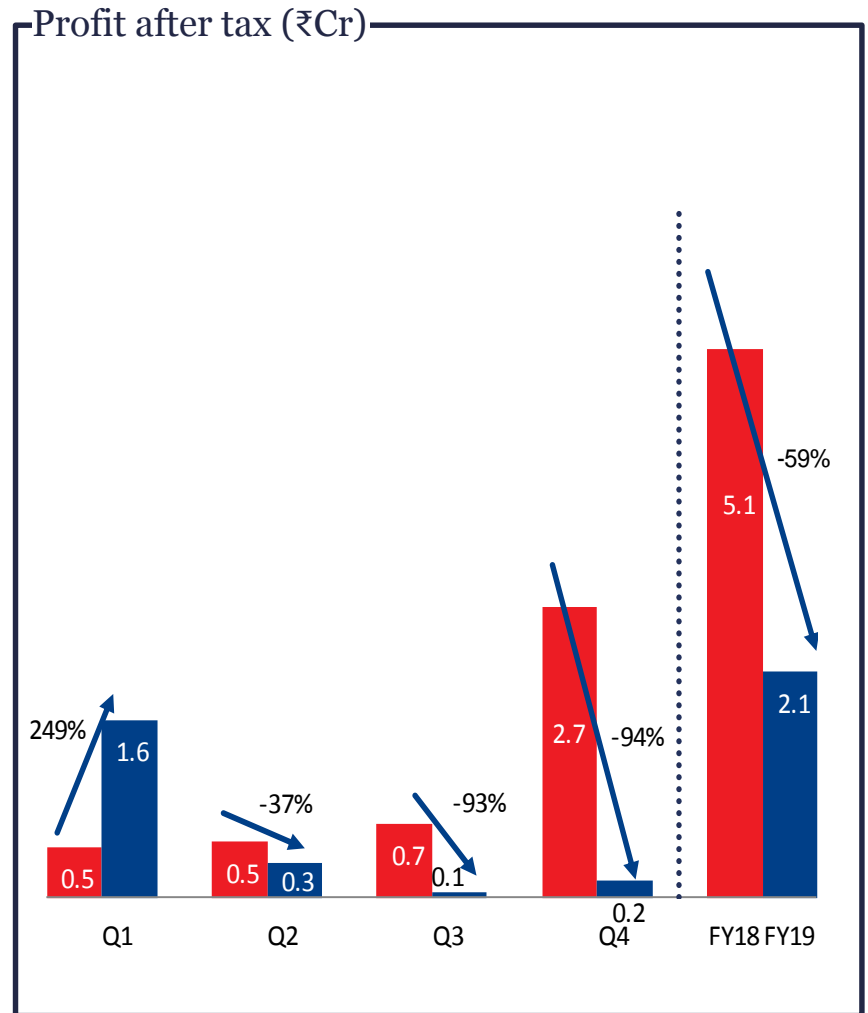
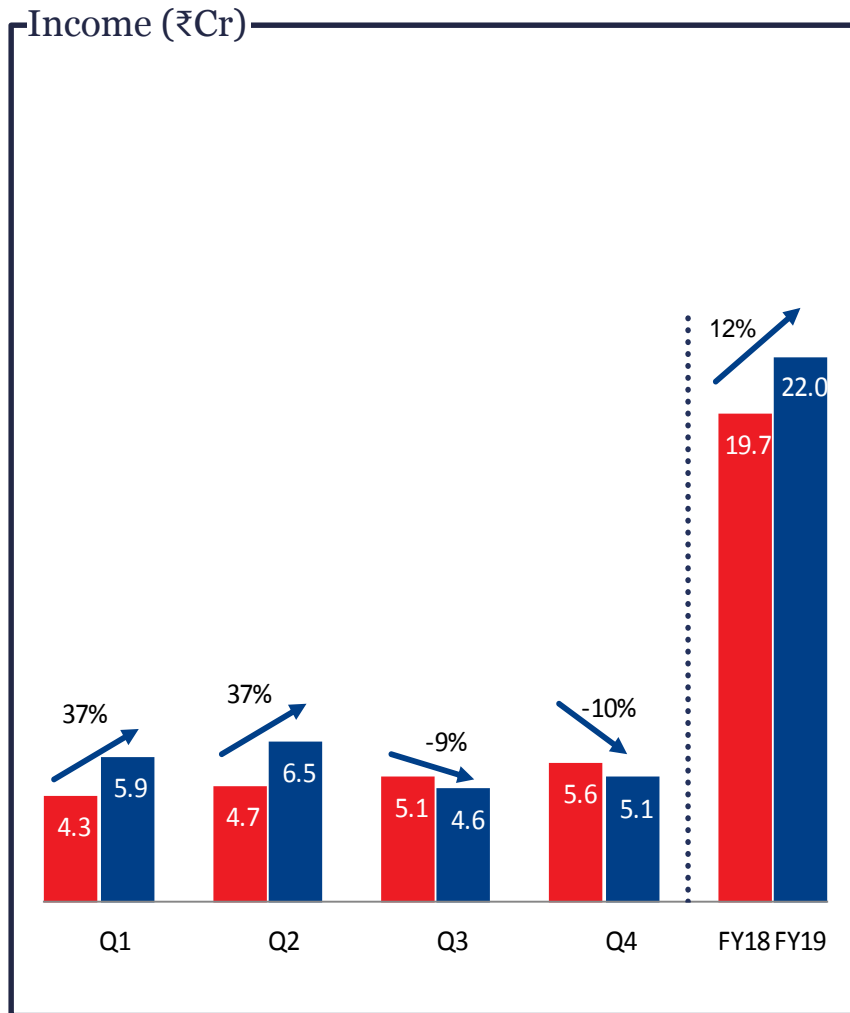
Subsidiaries



CHOLAMANDALAM HOME FINANCE LTD (As per IND AS)



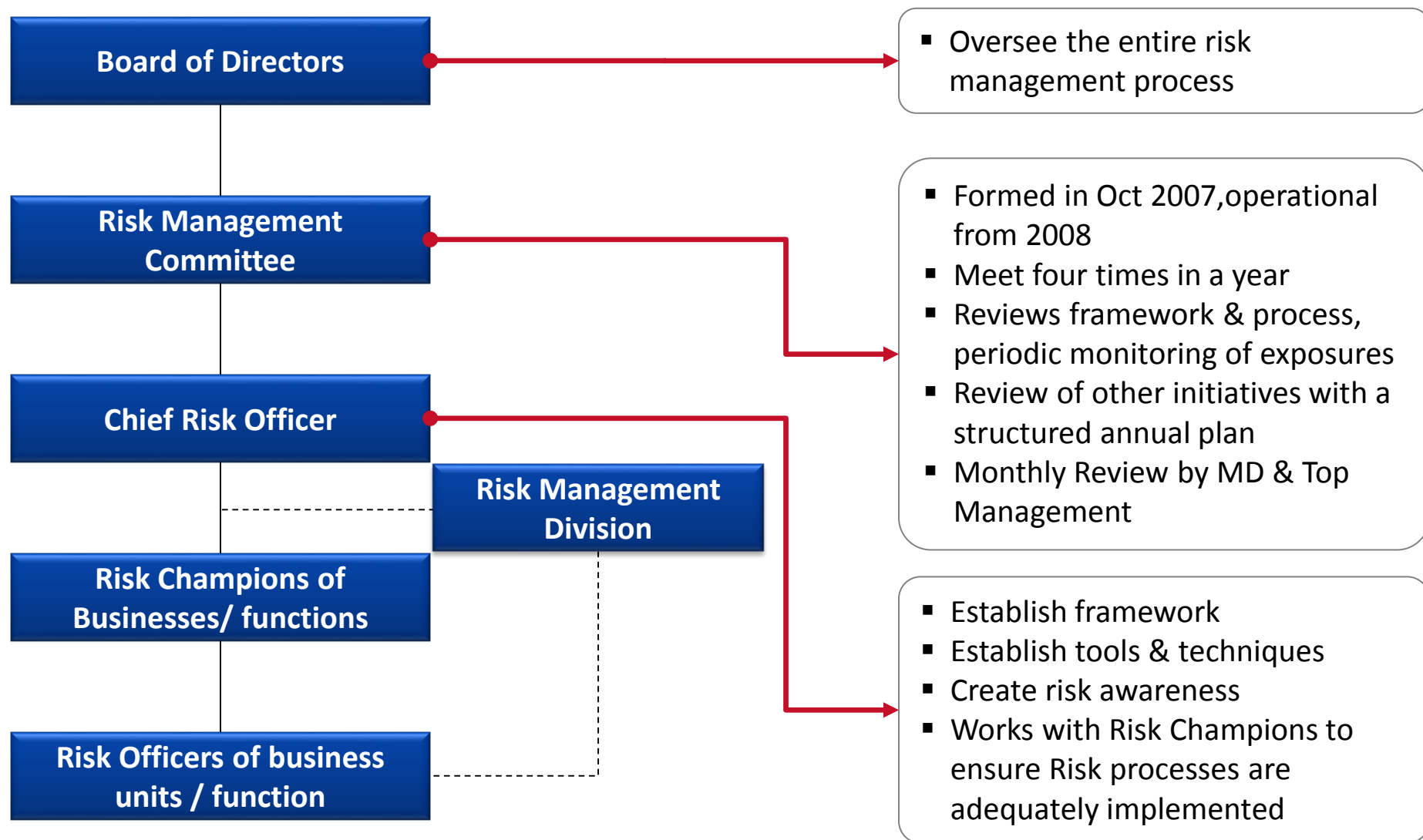
CHOLAMANDALAM SECURITIES LTD (As per IND AS)



Risk Management



Risk Governance Structure



ERM as value centre

- ERM at Chola works as a value centre
- Risk management team engages in defining framework, overseeing enterprise wide risks and building a portfolio for risk appetite based decision making.
- At Chola risk management is an integral part of the existing business process and management systems.

Corporate Process

- Composite risk score for CIFCL
- Functional risk scorecards for various HO functions like Operations, Finance etc.
- Overview of audit & assurance process
- Business continuity plan

Business Process

- Risk registers for various business process to identify laundry list of risks, controls, residual risks and KRIs for monitoring
- Portfolio MIS to monitor credit policies & portfolio quality
- Branch risk scorecards to monitor branch operations
- Risk adjusted product mix strategies

Strategy

- Forward looking macro indicators and its impact on sales and portfolio quality
- New product launch and its risk / reward trade-off
- Stress testing and liquidity buffers
- Portfolio acquisition and sale



HIGHLIGHTS OF THE RISK MANAGEMENT FRAMEWORK

Chola Composite Risk Index, computed using multiple KRIs, helps in risk reporting and monitoring

Company has developed a risk reporting and monitoring mechanism for the risks at business / vertical level which enable itself to reassess the top critical risks in a changing environment

The Index & KRIs are tracked periodically to measure the level & direction of risk

Identification, Prioritization and Assessment of Risk parameters.

Stage 1

QUALITATIVE ASSESSMENT

- Design & Formulate **risk registers** for all SBU's and Individual functions.
- Map risks with **mitigants, KRIs** and **risk improvement plans**.
- Define KRIs for **new process technology & function**.
- Classification of Risk

Annual Review

Monitoring of Risk and Process Indicators to Track Operational Risk Level

Stage 2

RISK MONITORING

- Identify & Monitor **top 20 risks** @ Organisation level – **Chola Composite Risk Index**
- Identify & Monitor **top 10 risk** for individual SBU's / Functions – **Vertical wise Index**

Monthly MD Review,
Quarterly RMC Review.

Identification and Measurement of Risk Events & parameters

Stage 3

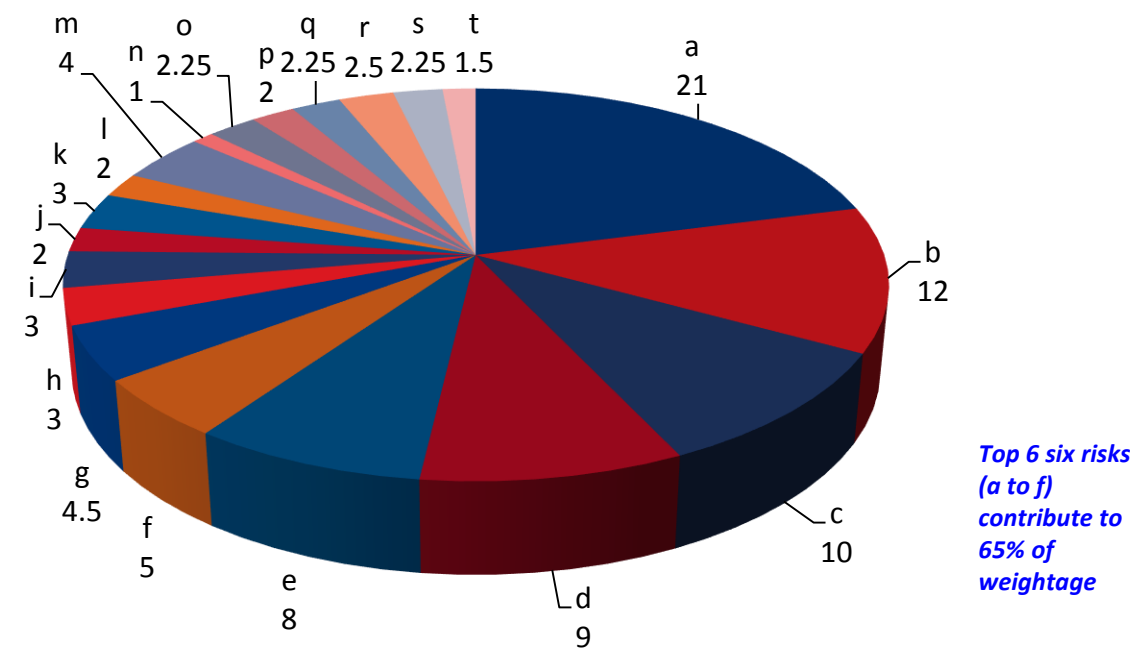
QUANTITATIVE VALIDATION

- Validate **threshold limits @ periodic intervals** to be in line with our Risk appetite statement.
- **Risk Control Self Assessment (RCSA)** is conducted on a Quarterly basis for key controls

Quarterly RCSA

Risk Monitoring : Risk Index Scoring Methodology

Spread of Weightages



Loan losses risk	a	Data Security / business continuity	k
Business Slow down risk	b	Collateral risk	l
Lending Rate Risk	c	Fraud Risk	m
Interest Rate Risk	d	Corporate Finance Risk	n
Liquidity Risk	e	Compliance to Regulatory laws	o
Capital Adequacy Ratio	f	Employee Attrition	p
Risks related to new business verticals	g	Statutory - HR	q
Concentration Risk	h	Legal	r
Document Custody Risk	i	Outsourcing	s
Cash collection risk	j	Pre-closure risk - HE	t

Note : Each identified top risk has further sub-elements

Scoring method

- ❖ Identified Top 20 risks are a combination of credit, market and operational risks.
- ❖ 25% weight is given for operational risks – similar to the weight prescribed by BASEL for operational risks. Weights among operational risks are assigned based on the historical data points
- ❖ For the remaining risks, which are credit and market related, weights are assigned based on the following:
 - Key metrics like Disbursement, Yield, NCL, Collection trend, Borrowing cost etc. are simulated
 - Its impact on PBT is statistically arrived get weights
- ❖ Wherever applicable, weightage are also given based on the benchmark threshold, which is set basis the historical trend

Risk Control Self Assessment (RCSA) Framework

1

Survey

Prepare RCSA checklist by incorporating

- New risks & controls.
- Repetitive events of loss analysis
- Change in process/ Technology

2

Self Assessment

RCSA roll out to branches.

- Process owner
 - ✓ Self-certify
 - ✓ Report Gaps on Risk Controls.
- Functional head
 - ✓ Review & approve self assessment.

3

Post Survey Analysis

Upon 100% Completion of Self Assessment

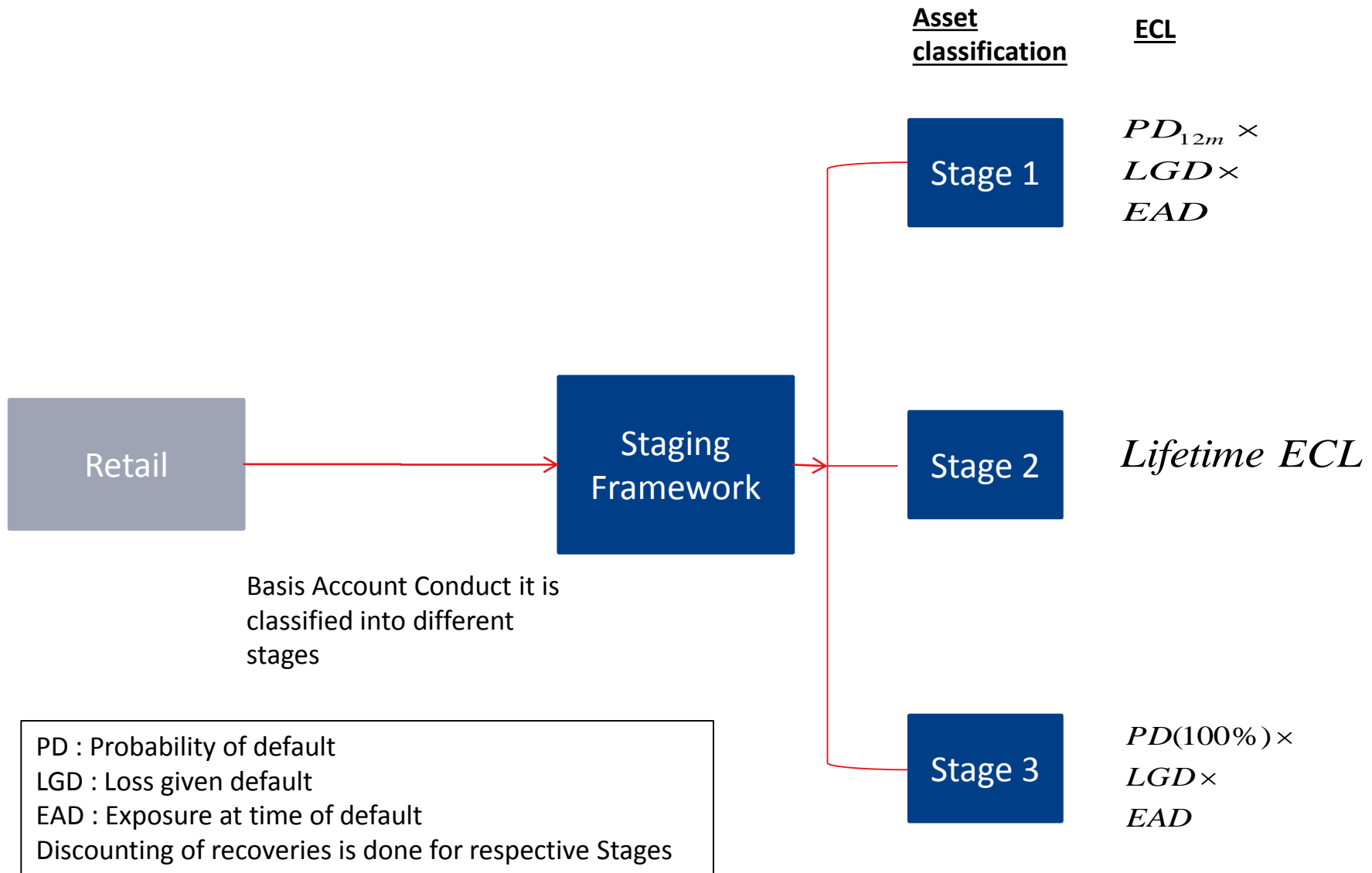
- Prepare Exception Report.
- Gap Identification on Internal Controls .
- Changes in Process/ Approach discussion.
- Map Exceptions with respect to control measures

Business Continuity Planning

BCP Phase	Process
<div data-bbox="54 325 162 429">1</div> <div data-bbox="179 337 552 469">Business Impact analysis</div>	<ul style="list-style-type: none">• Identify critical activities & resources• Estimate Recovery Time Objective• Estimate maximum allowable downtime
<div data-bbox="54 541 162 645">2</div> <div data-bbox="179 544 552 676">Risk Assessment</div>	<ul style="list-style-type: none">• Identify Risk, Threat & Vulnerabilities• Cause & Effect of identified risks on business• Arrive at controls to identified risk
<div data-bbox="54 762 162 866">3</div> <div data-bbox="179 765 552 883">Recovery Strategies</div>	<ul style="list-style-type: none">• Identify Recovery / Alternate Site• Evolve with Incident Management Plan• Chalk out Functional Recovery Plan
<div data-bbox="54 976 162 1080">4</div> <div data-bbox="179 972 552 1105">Test, Monitor & Train</div>	<ul style="list-style-type: none">• Schedule mock drills and identify gaps• Improvise critical process recovery alternatives• Conduct awareness programs at regular intervals

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

$$Lifetime ECL$$

- 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

Chola



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

Vehicle Finance

HCV New

LCV New

MLCV/2W/3W New

CAR/MUV New

USED

SHUBH

Tractor

CE

VF portfolio is split basis the product category

Home Equity

HE Delhi

HE Tamil Nadu

HE Punjab /
Haryana /
Chandigarh

HE Gujarat

HE Others

Home Equity portfolio is split basis geography

Home Loan

Others

Home Loans and other smaller portfolios are not segmented

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Chola

Enter a better life



Thank You



murugappa