



**Cholamandalam Investment and Finance Company Limited**

**Corporate Presentation – September 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 ₹ 101bn<sup>1</sup>

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 ₹ 291 bn as of Sep 2015 with Net NPA of 3.0% and a healthy RoA of 2.0%
- Operating income CAGR of 27% over FY12 to FY15

4

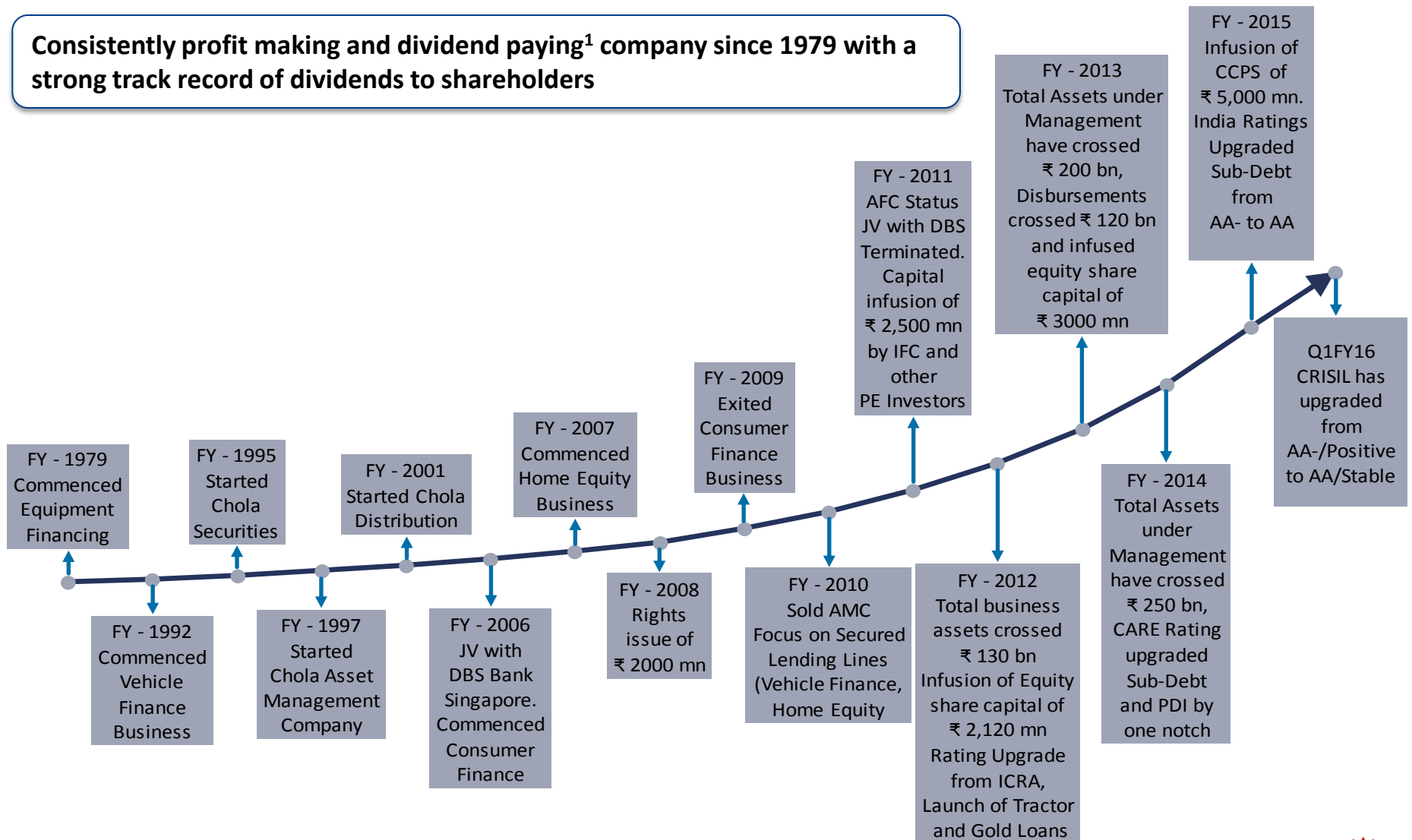
## Diversified Footprint

- 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 30<sup>th</sup> Sep 2015. Source: BSE Sensex

# 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>₹ 1,01,192 mn (US\$ 1,539 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, stock broking &amp; distribution of financial products</li> </ul>
 <b>INDIA</b>	<ul style="list-style-type: none"> <li>₹ 76,367 mn (US\$ 1,162 mn)</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>Coromandel</b>	<ul style="list-style-type: none"> <li>₹ 45,092 mn (US\$ 686 mn)</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>CUMI</b>	<ul style="list-style-type: none"> <li>₹ 30,004 mn (US\$ 456 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>PARRYS</b>	<ul style="list-style-type: none"> <li>₹ 23,067 mn (US\$ 351 mn)</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>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 2015. Source: BSE Sensex and Conversion Rate of 1USD = Rs.65.7418 as on 30<sup>th</sup> Sep 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.

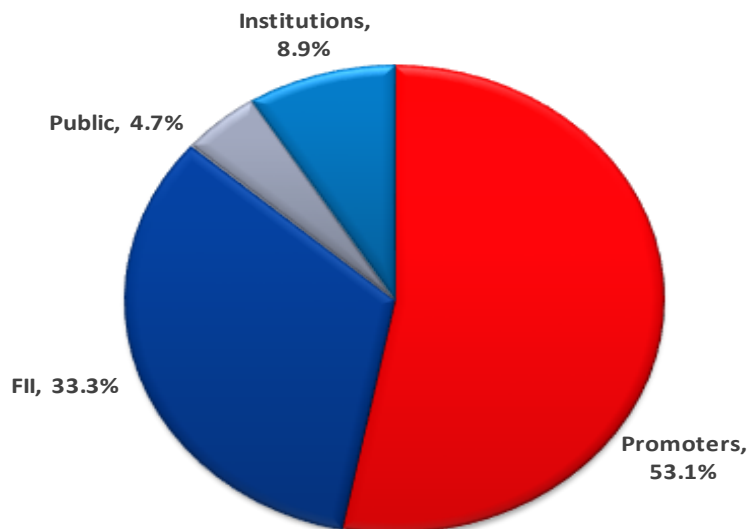


## Ms. Bharati Rao – Independent Director

- 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.

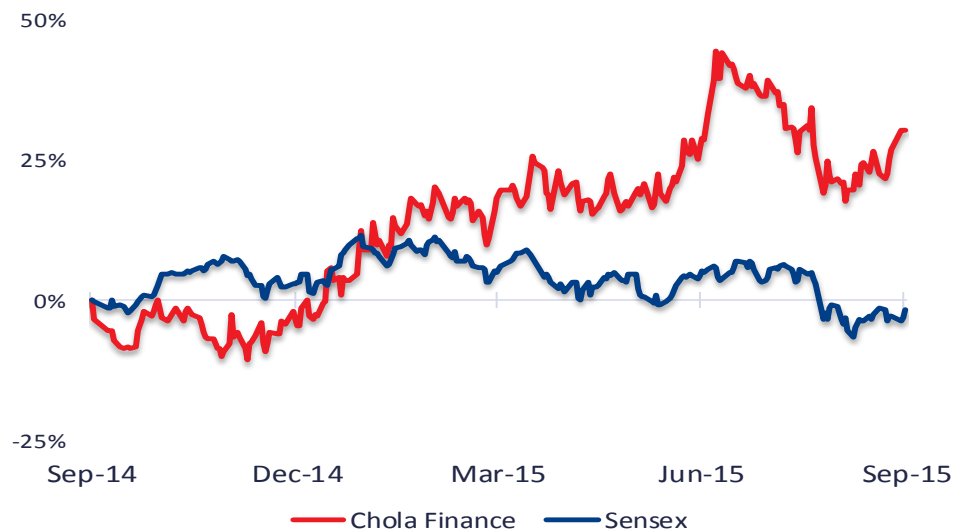
# Corporate Overview

## Shareholding Pattern



- Promoters share holding of 53.1% includes
  - Tube Investments – 46.27%,
  - Ambadi Holdings Private Ltd – 4.62%
  - Others - 2.26%

## Chola Finance - Share Price Growth



	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15
Chola Finance (₹/share)	497	474	576	632	648
BSE Sensex	26,631	27,499	27,976	27,781	26,155

Investor Ratios	FY13	FY14	FY15	H1 FY15	H1 FY16
Earnings Per share (₹)	23	25	30	26	31
Book value per share (₹)	137	160	203	192	218
Market price per share (₹)	271	288	588	497	648
Market capitalisation (₹ mn)	38,832	41,253	84,420	71,376	1,01,192
Price to Earnings (P/E) Ratio	11.9	11.3	19.5	19.0	20.7
Price to Book Value (P/BV)	2.0	1.8	2.9	2.6	3.0

- Market price and Market Capitalisation based on share price as on 30th Sep 2015

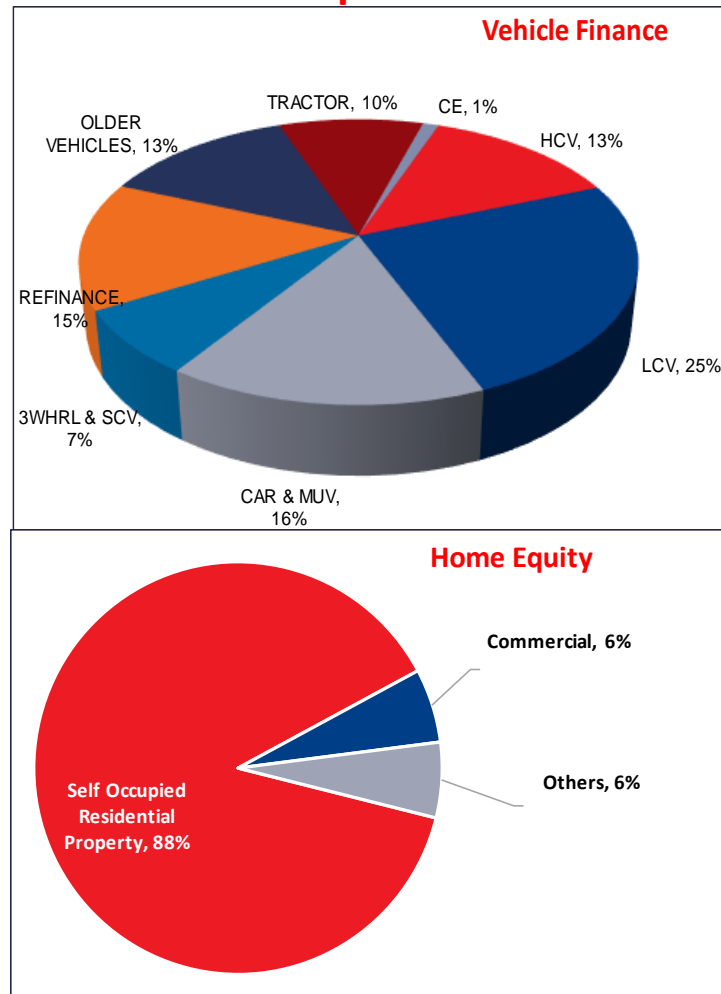
# Corporate Overview

## Business Segments Overview

AUM * (₹ mn)	FY13	FY14	FY15	H1 FY15	H1 FY16	YoY Growth
<b>Vehicle Finance</b>						
On Book	1,19,907	1,41,787	1,49,215	1,52,264	1,60,592	5%
Assigned	23,778	28,857	27,171	22,414	21,325	-5%
<b>Managed Assets</b>	<b>1,43,685</b>	<b>1,70,645</b>	<b>1,76,386</b>	<b>1,74,678</b>	<b>1,81,917</b>	<b>4%</b>
<b>% of Total</b>	<b>62%</b>	<b>67%</b>	<b>69%</b>	<b>71%</b>	<b>68%</b>	
<b>Home Equity</b>						
On Book	41,861	46,588	64,487	54,781	64,999	19%
Assigned	1,508	12,016	8,312	10,083	15,902	58%
<b>Managed Assets</b>	<b>43,369</b>	<b>58,604</b>	<b>72,799</b>	<b>64,864</b>	<b>80,902</b>	<b>25%</b>
<b>% of Total</b>	<b>19%</b>	<b>23%</b>	<b>29%</b>	<b>27%</b>	<b>30%</b>	
<b>Others</b>						
On Book	2,927	3,285	5,340	5,143	5,823	13%
Assigned	-	-	-	-	-	0%
<b>Managed Assets</b>	<b>2,927</b>	<b>3,285</b>	<b>5,340</b>	<b>5,143</b>	<b>5,823</b>	<b>13%</b>
<b>% of Total</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	
<b>Total</b>						
On Book	1,64,695	1,91,661	2,19,043	2,12,188	2,31,414	9%
Assigned	25,287	40,874	35,482	32,497	37,227	15%
<b>Managed Assets</b>	<b>1,89,981</b>	<b>2,32,534</b>	<b>2,54,525</b>	<b>2,44,685</b>	<b>2,68,641</b>	<b>10%</b>

\* Assets are net of provisions.

## Portfolio Breakup

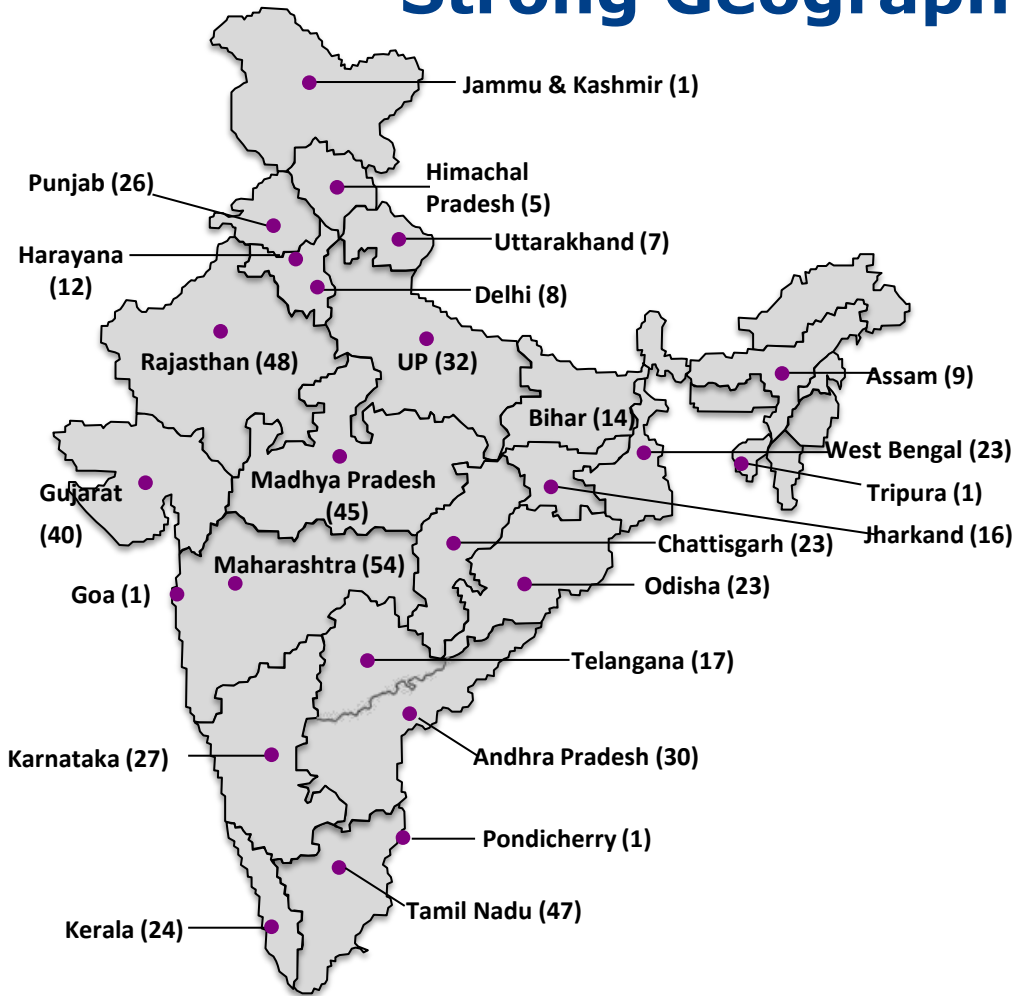


# Corporate Overview

	FY13	FY14	FY15	H1 FY15	H1 FY16	YoY Growth
<b>Disbursements (₹ mn)</b>						
Vehicle Finance	98,820	1,01,281	93,627	45,088	53,782	19%
Home Equity	21,612	28,097	30,434	14,324	16,003	12%
Gold	591	-	618	618	-	-
MSME	132	1,371	2,490	1,747	1,117	-36%
Home Loans	28	393	892	391	737	88%
Agri	-	-	15	-	154	
<b>Total</b>	<b>1,21,183</b>	<b>1,31,142</b>	<b>1,28,076</b>	<b>62,168</b>	<b>71,793</b>	<b>15%</b>
<b>AUM (₹ mn)</b>						
On Book	1,64,695	1,91,661	2,19,043	2,12,188	2,31,414	9%
Assigned	25,287	40,874	35,482	32,497	37,227	15%
<b>Total</b>	<b>1,89,981</b>	<b>2,32,534</b>	<b>2,54,525</b>	<b>2,44,685</b>	<b>2,68,641</b>	<b>10%</b>
<b>Networth (₹ mn)</b>						
Share Capital	1,432	1,433	6,437	1,434	1,562	-76%
Reserves and Surplus	18,216	21,514	25,289	22,477	32,473	44%
<b>Total</b>	<b>19,648</b>	<b>22,947</b>	<b>31,727</b>	<b>23,911</b>	<b>34,035</b>	<b>42%</b>
<b>Profitability (₹ mn)</b>						
Gross Income	25,557	32,628	36,912	17,885	20,035	12%
Net Income Margin	11,447	14,918	17,308	8,140	9,966	22%
PBT	4,508	5,502	6,572	2,851	3,537	24%
PAT	3,065	3,640	4,352	1,882	2,307	23%
<b>Asset Ratios</b>						
Gross Yield	16.9%	16.8%	16.9%	16.8%	17.0%	1%
NIM	7.6%	7.7%	7.9%	7.6%	8.5%	10%
Expenses	3.8%	3.4%	3.4%	3.4%	3.6%	5%
Losses and Provisions	0.8%	1.5%	1.5%	1.6%	1.9%	20%
ROTA (PBT)	3.0%	2.8%	3.0%	2.7%	3.0%	12%

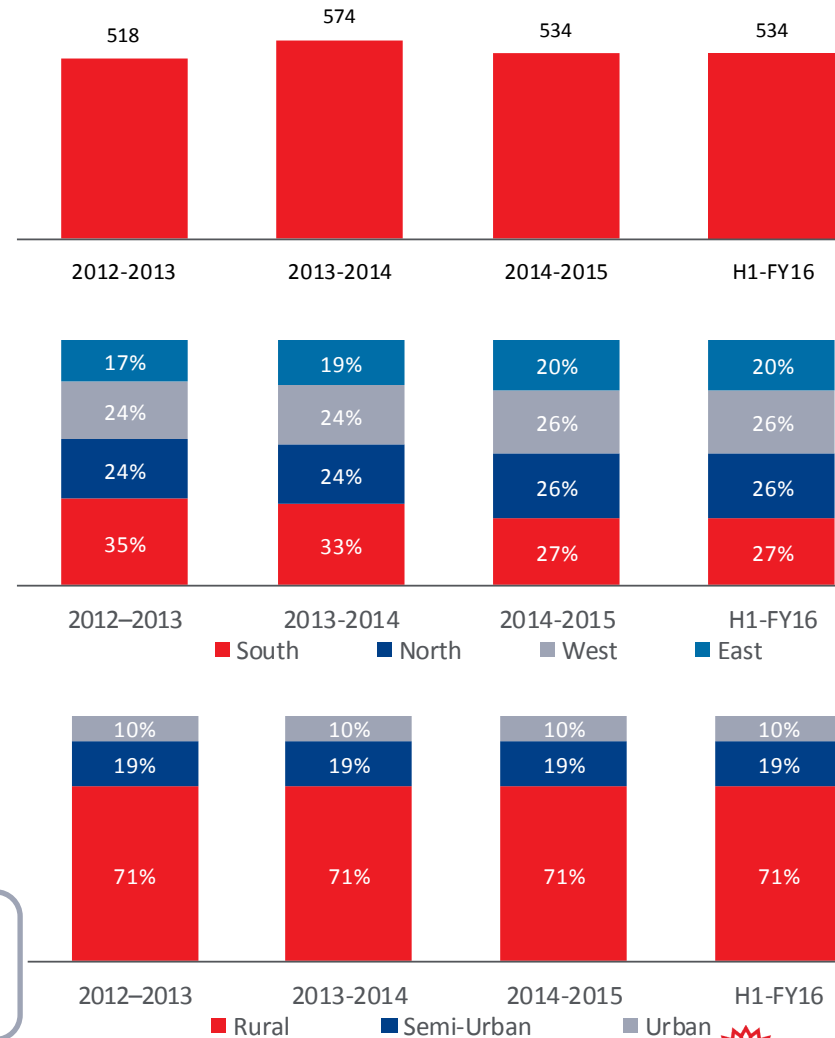
- AUM refers to Own assets + off balance sheet items which have been securitised/sold on a bilateral assignment basis less provisions.
- FY13 - Infusion of Rs. 147 million as share capital and Rs.2853 million as securities premium
- FY15 - Infusion of Rs. 5000 million as Compulsory Convertible Preference Shares (converted to Equity 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 H1 FY16 is after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

# Strong Geographical Presence



- 534 branches across 25 states/Union territories
- 90% locations are in Tier-II, Tier-III and Tier-IV towns
- Strong PAN India presence

## Branch Network

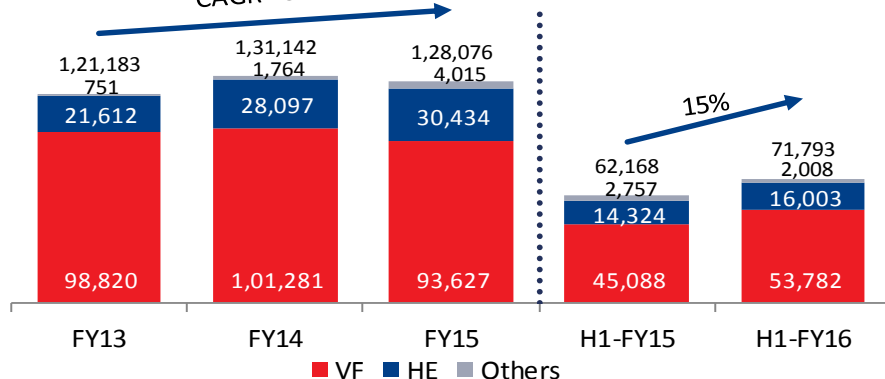


# Chola - Financial Summary

## Disbursements

(₹ mn)

CAGR - 3%

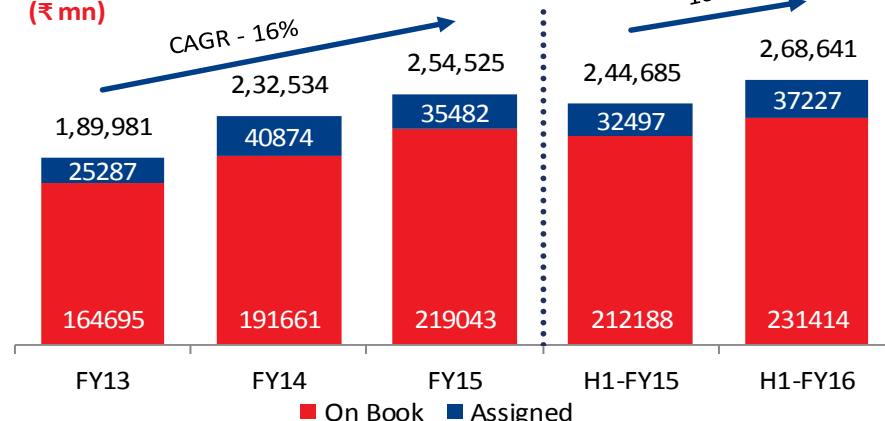


## Assets Under Management

(₹ mn)

CAGR - 16%

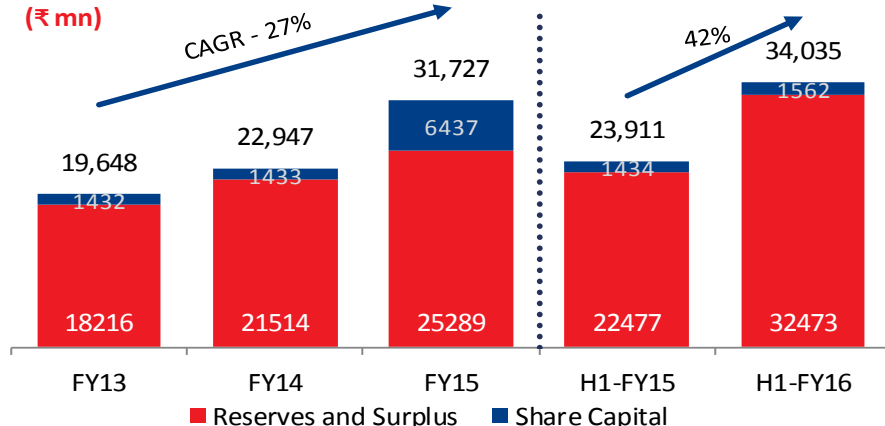
10%



## Networth

(₹ mn)

CAGR - 27%

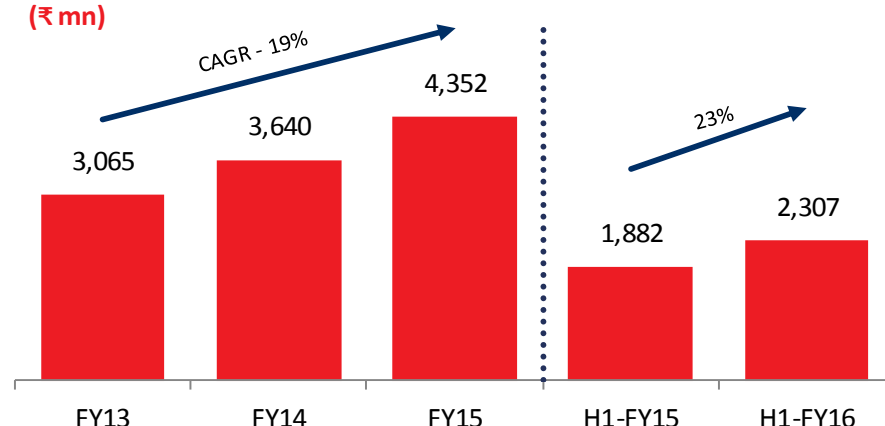


## Profit After Tax

(₹ mn)

CAGR - 19%

23%



### Note:

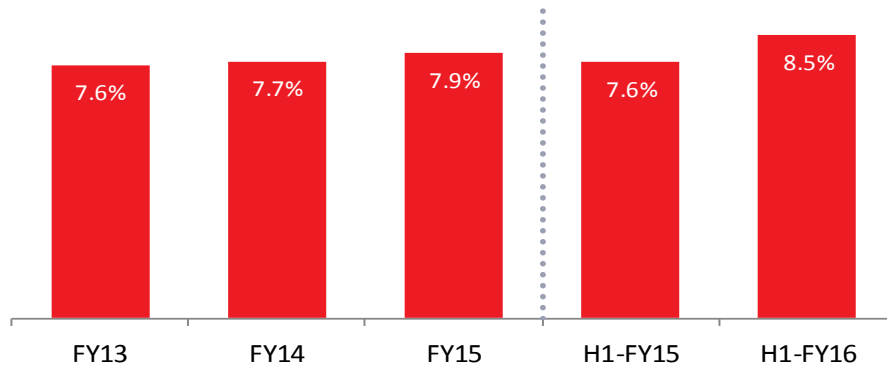
PAT for FY15 is after considering accelerated provisioning of 5 months overdue and accelerated Standard assets provisioning @ 0.30%.

PAT for H1 FY16 is after considering accelerated provisioning of 4 months overdue and accelerated Standard assets provisioning @ .35%.

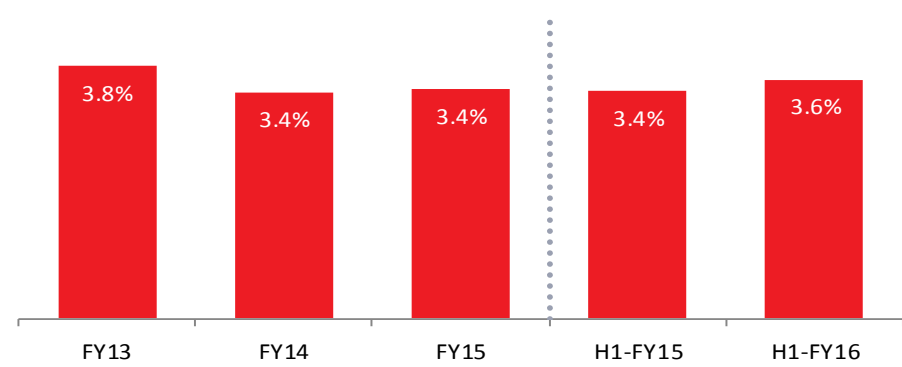
# Chola - Financial Summary (Cont'd)

## Net Income Margin (A)

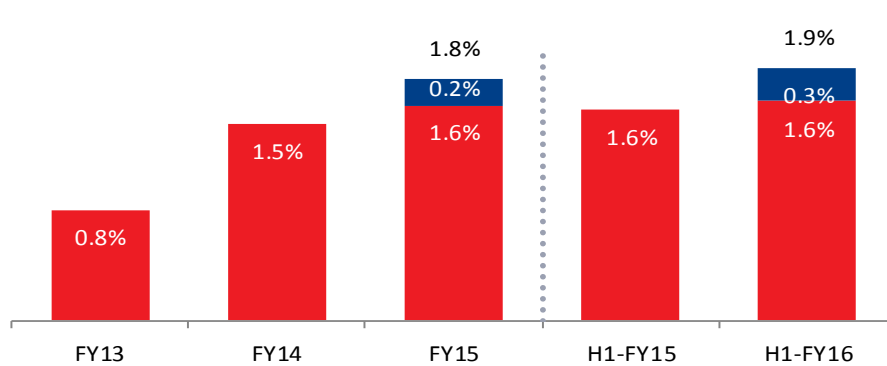
(Operating Income - Finance Charges)



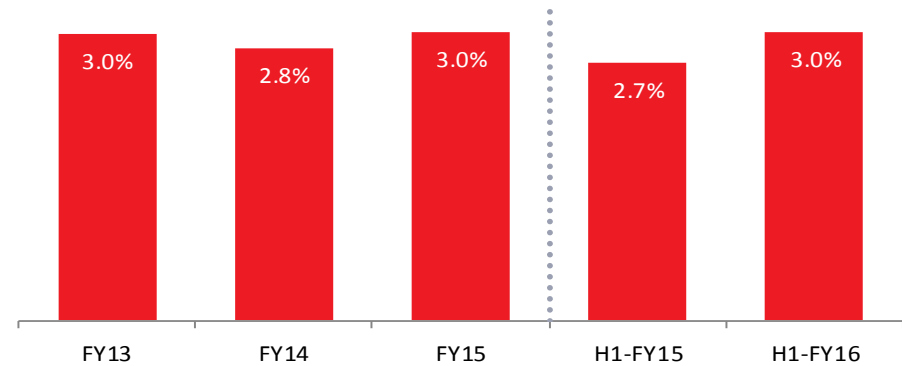
## Expense Ratio (B)



## 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 H1 FY16 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

# Performance Highlights – Q2 & H1FY16

Disbursements

Profit after Tax

ROTA (PBT)

Book Value<sup>#</sup>

EPS<sup>^</sup>

ROE<sup>\*</sup>

Q2-FY16

₹ 36,718 mn

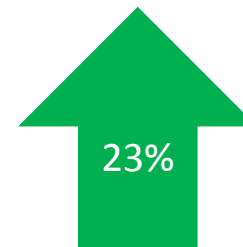
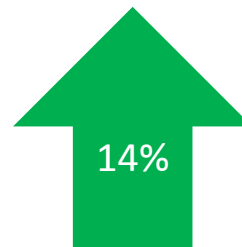
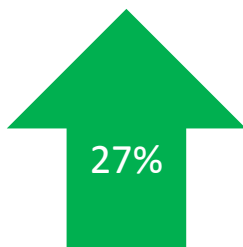
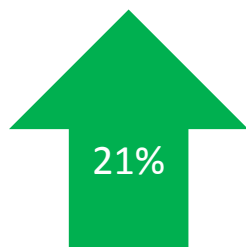
₹ 1,205 mn

3.1%

₹218.1

₹ 32.2

14.3%



Q2-FY15

₹ 30,285 mn

₹ 951 mn

2.7%

₹ 191.7

₹ 26.3

14.7%

Disbursements

Profit after Tax

ROTA (PBT)

Book Value<sup>#</sup>

EPS<sup>^</sup>

ROE<sup>\*</sup>

H1-FY16

₹ 71,793 mn

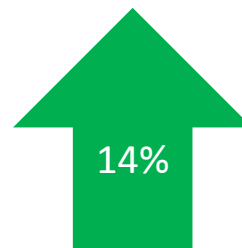
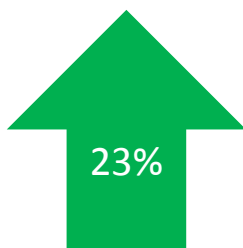
₹ 2,307 mn

3.0%

₹218.1

₹ 31.3

14.0%



H1-FY15

₹ 62,168 mn

₹ 1,882 mn

2.7%

₹ 191.7

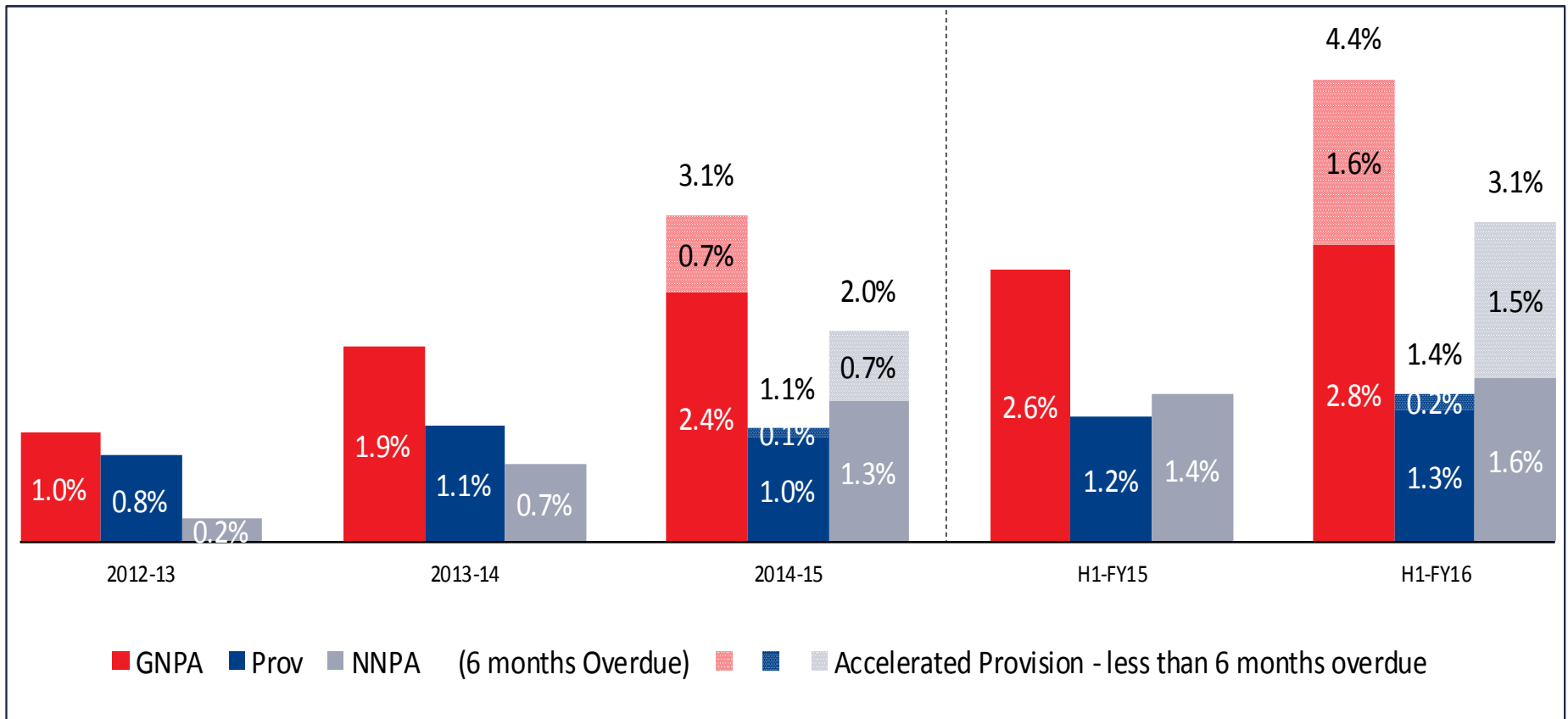
₹ 26.2

15.3%

<sup>^</sup> EPS is annualised

<sup>\*</sup>ROE is calculated on Profit after Tax; drop is due to Capital Infusion

# Portfolio Performance



# Update: H1 FY16

## Disbursements

Disbursements for H1 FY16 - ₹ 72 bn

## PAT

PAT has increased by 23% in H1 FY16 compared to 4% in H1 FY15

## RoE\*

Return on equity 14.0% in H1 FY16 compared to 15.3% in H1 FY15

## Equity Infusion

1% Compulsorily Convertible Preference Shares ("CCPS") amounting to Rs. 500 Cr have been converted into 12,285,012 equity shares of Rs 10 each on September 2, 2015, at a conversion price of ₹ 407 per share

## Provisioning norms

Accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%. Impact on PBT Rs. 53.58 Cr

## Payment Bank

CDSL ( Subsidiary of CIFCL) was granted in-principle approval by the RBI to set up a Payments Bank.

\*ROE is calculated on Profit after Tax; drop is due to Capital Infusion



## BUSINESS OVERVIEW





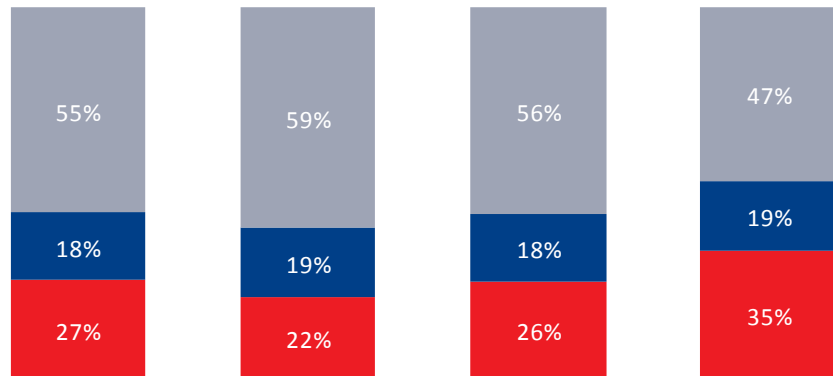
## Vehicle Finance



# Vehicle Finance - Industry

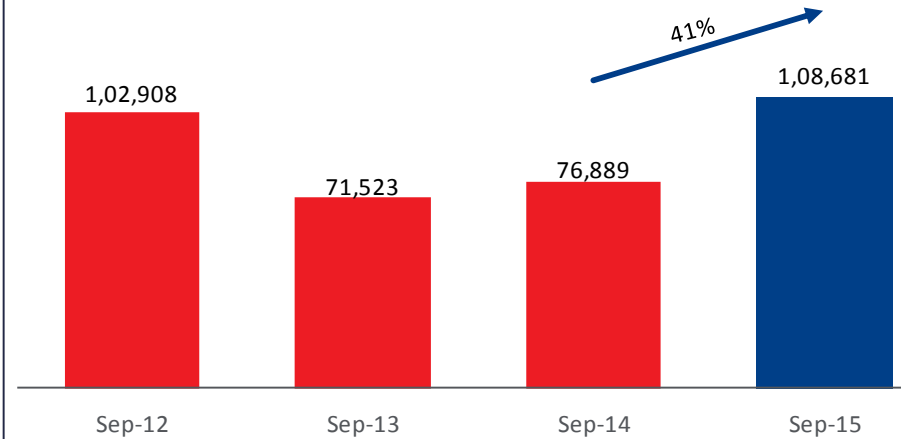
Overall CV Mix

(in Units)



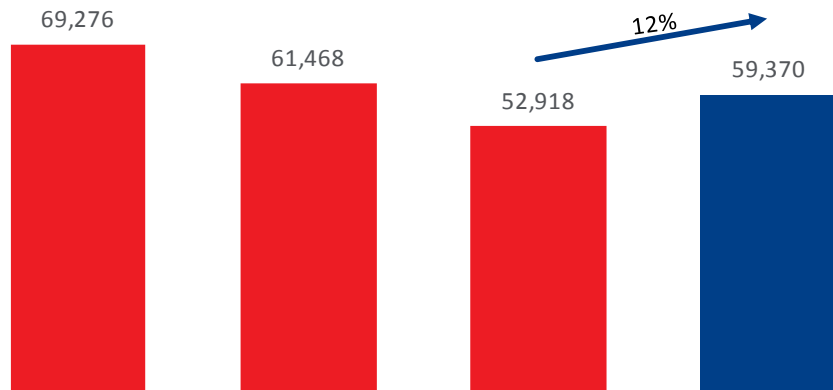
Trend in Domestic M & HCV Sales

(in Units)



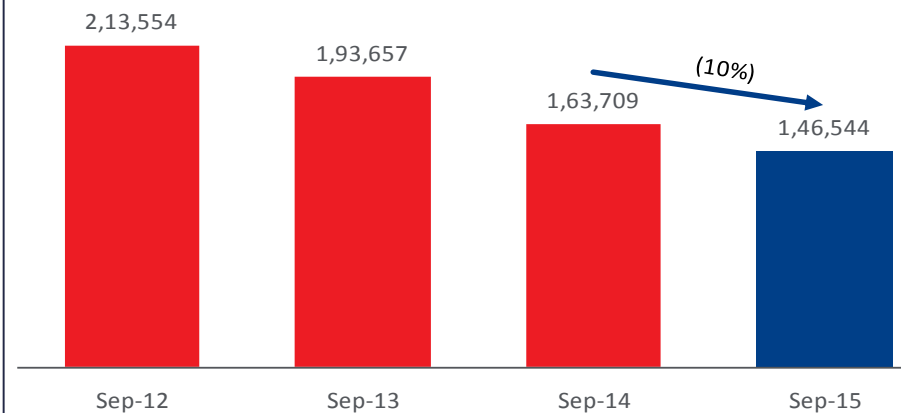
Trend in Domestic LCV Sales

(in Units)

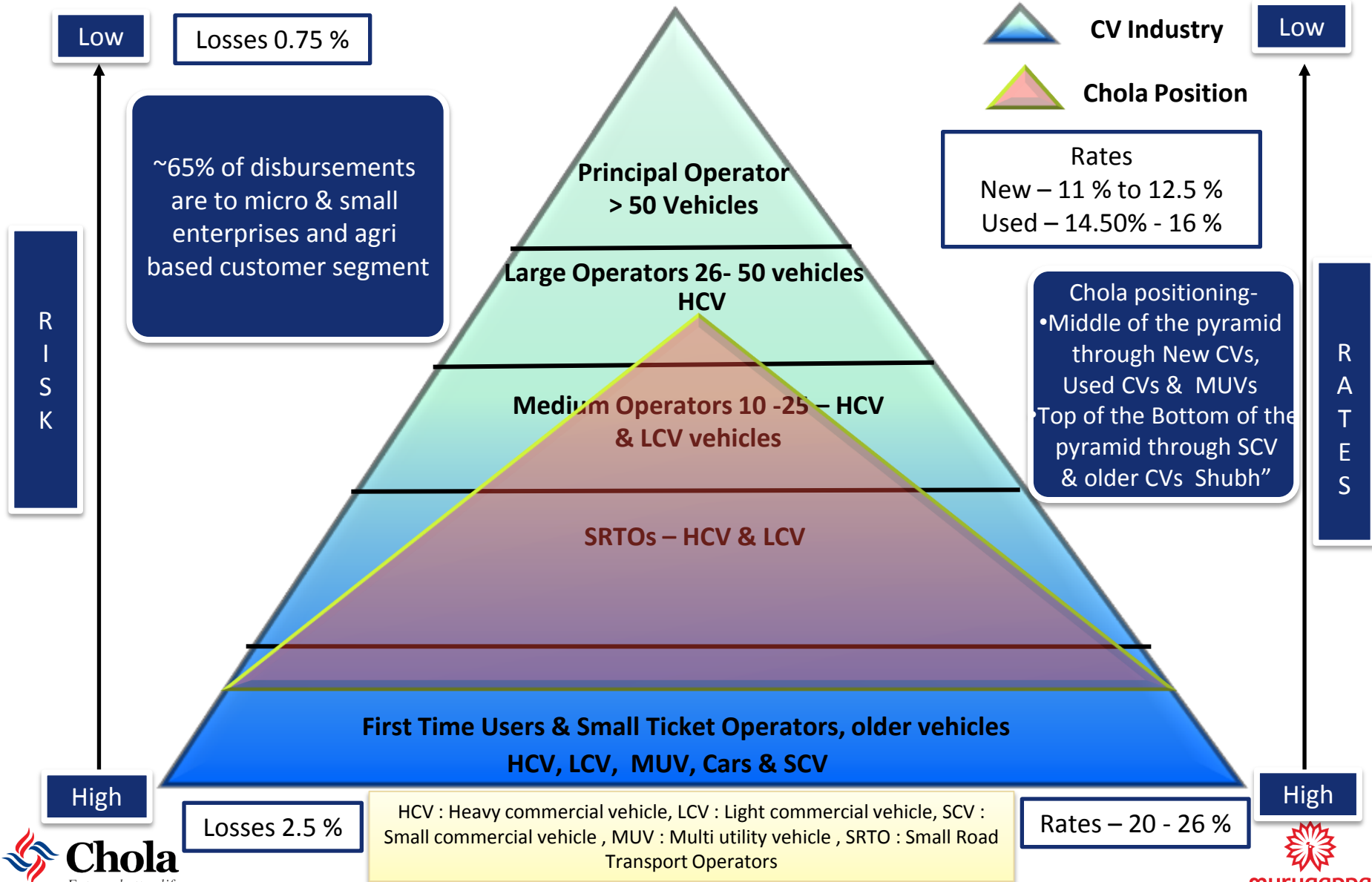


Trend in Domestic SCV Sales

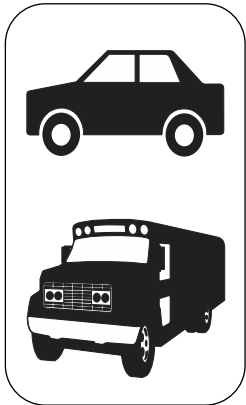
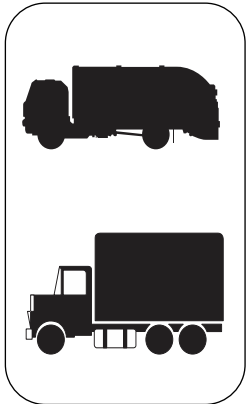
(in Units)



# 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

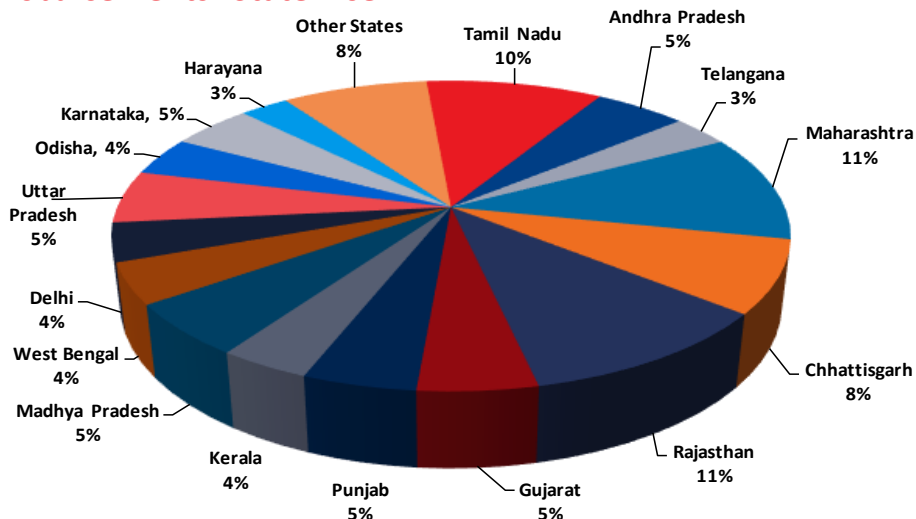
Customised products offered for our target customers

Strong collection management

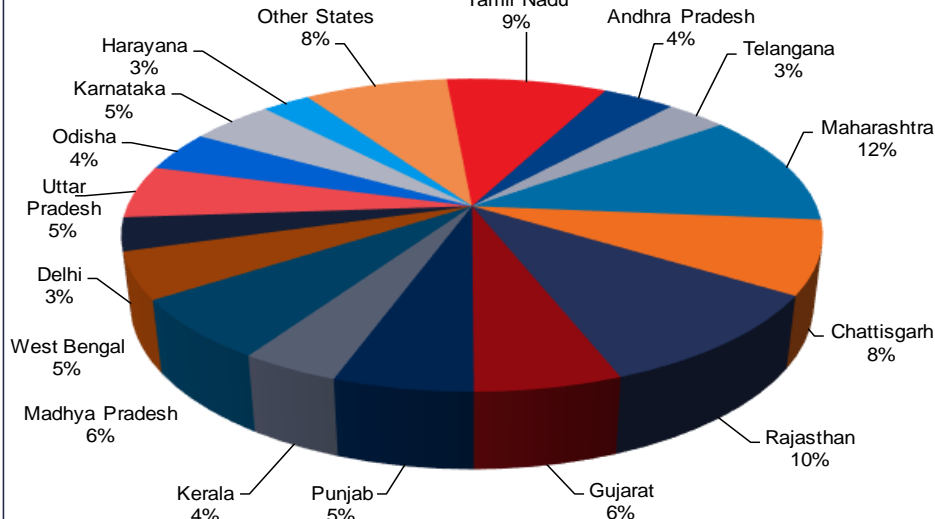
# Vehicle Finance - Disbursement / Portfolio Mix – YTD Sep-15

Well diversified across geography & product segments

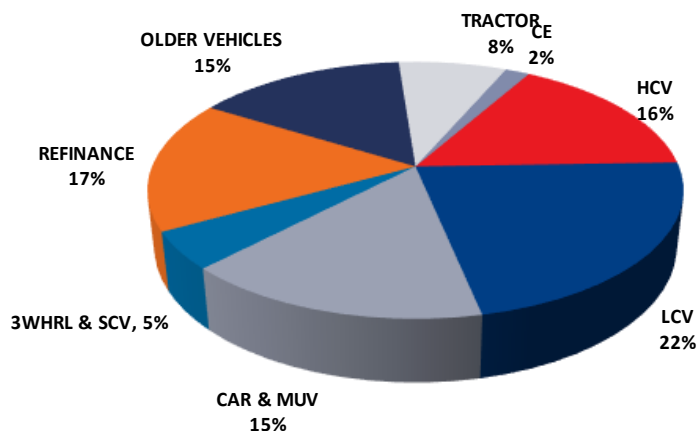
## Disbursements - Statewise



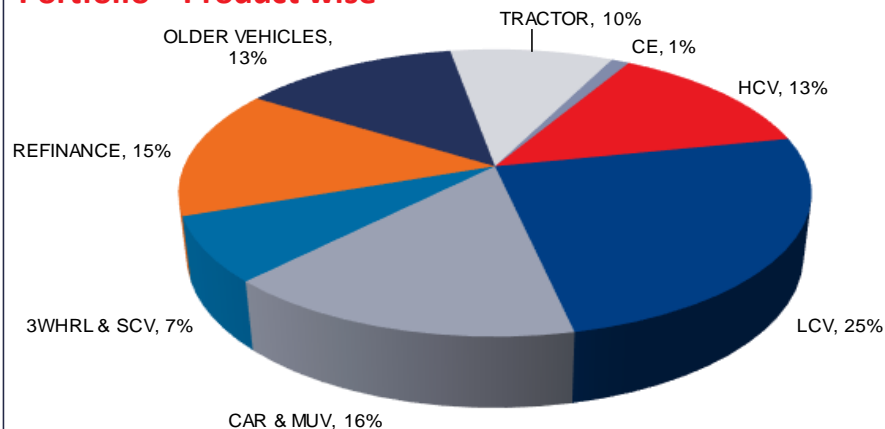
## Portfolio - State wise



## Disbursements - Product wise



## Portfolio - Product wise



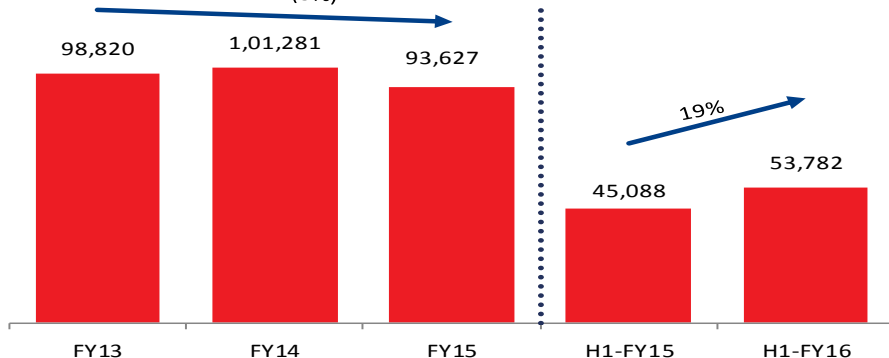
# Vehicle Finance - Financial Summary

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

## Disbursements

(₹ mn)

CAGR - (3%)

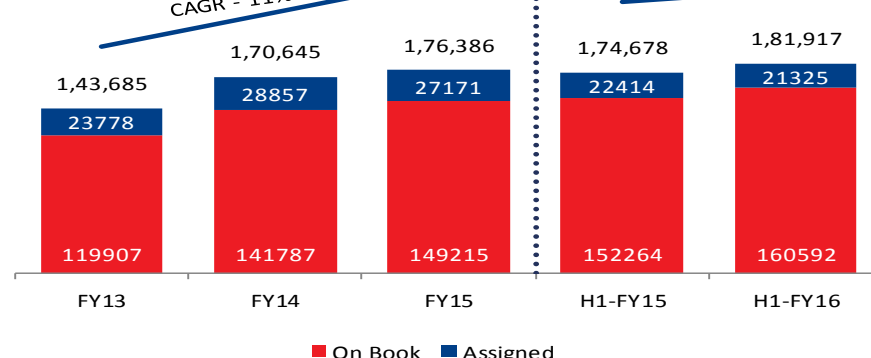


## Assets Under Management

(₹ mn)

CAGR - 11%

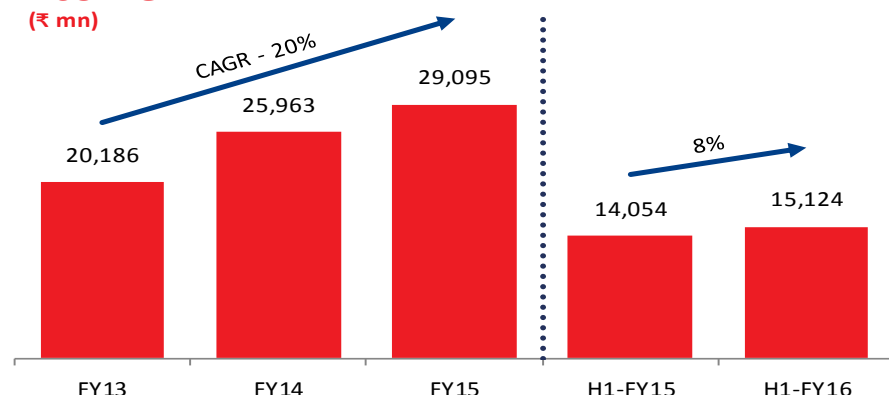
4%



## Income

(₹ mn)

CAGR - 20%

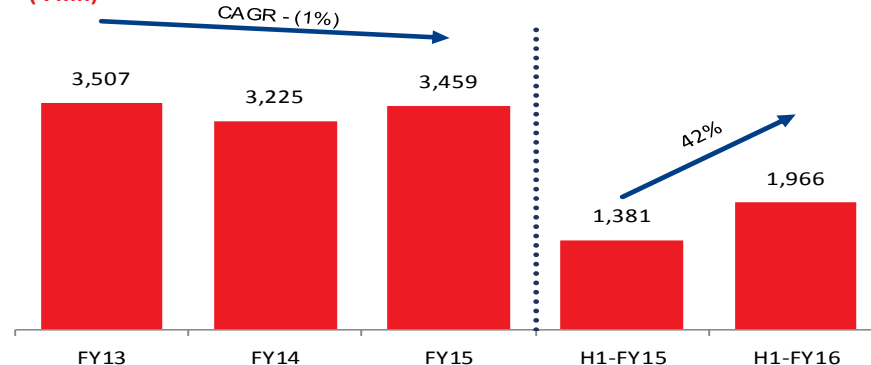


## Profit Before Tax

(₹ mn)

CAGR - (1%)

42%



### Note:

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

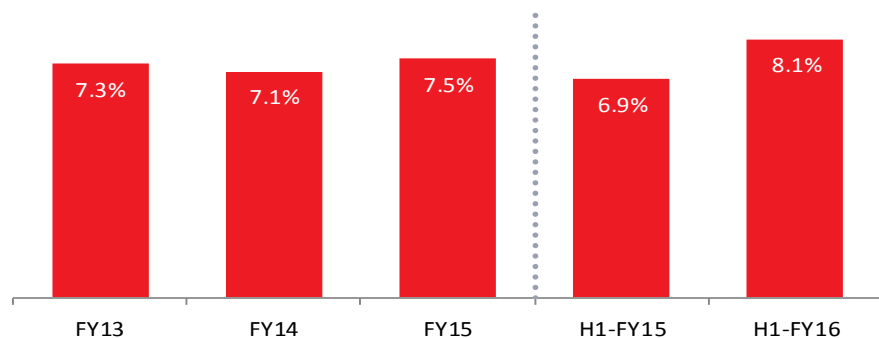
Income & PBT for H1 FY16 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

AUM is Net of provisions.

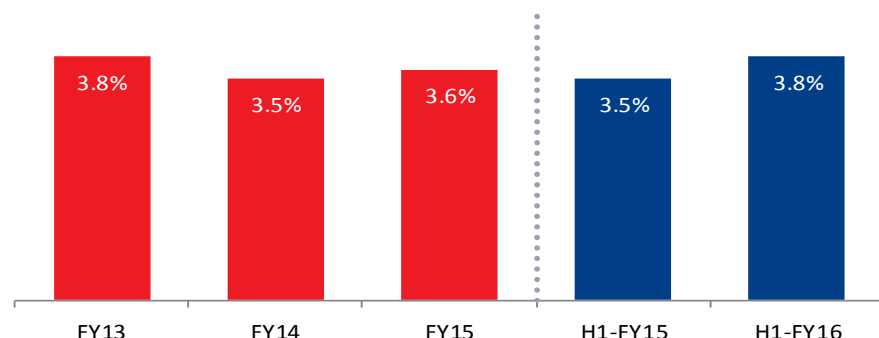
# Vehicle Finance - Financial Summary (Cont'd)

## Net Income Margin (A)

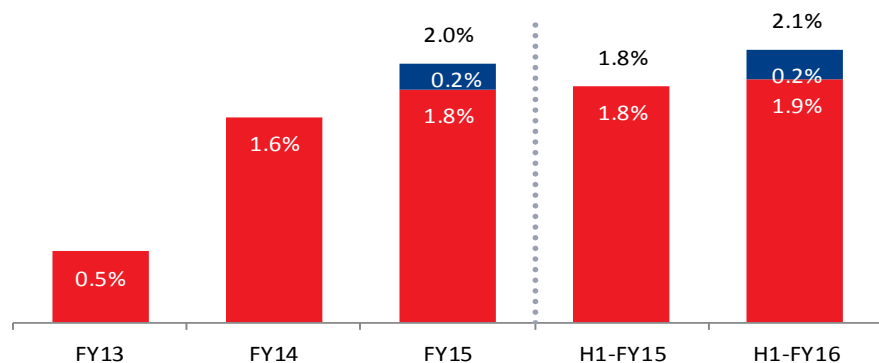
(Operating Income - Finance Charges)



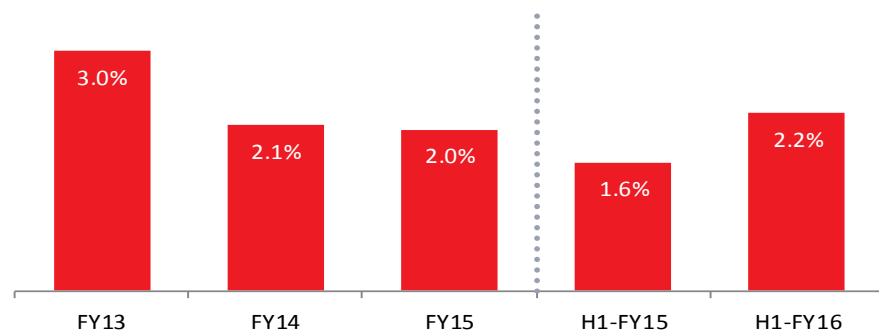
## Expense Ratio (B)



## 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 H1 FY16 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.



## Home Equity



# Home Equity - Overview



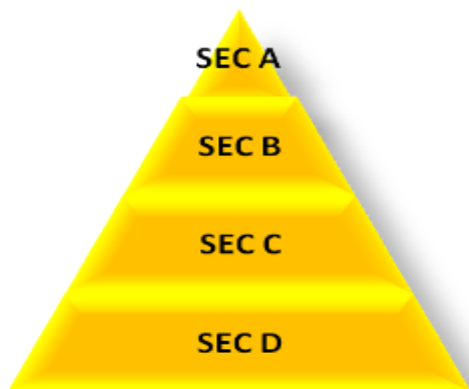
## Asset Class

- Self Occupied Residential Property
- Long tenor loans serviced across 80 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 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

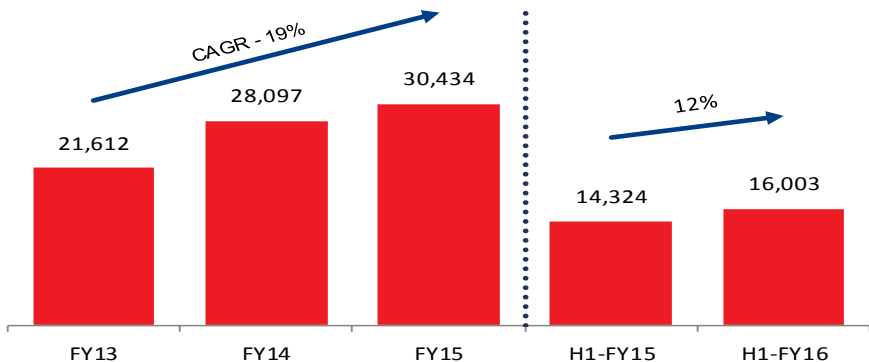
- Separate verticals for sales, credit & collections
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions



# Home Equity - Financial Summary

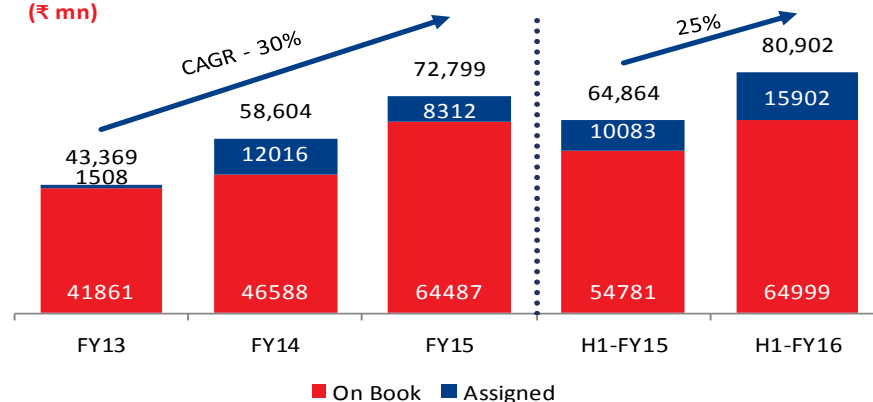
## Disbursements

(₹ mn)



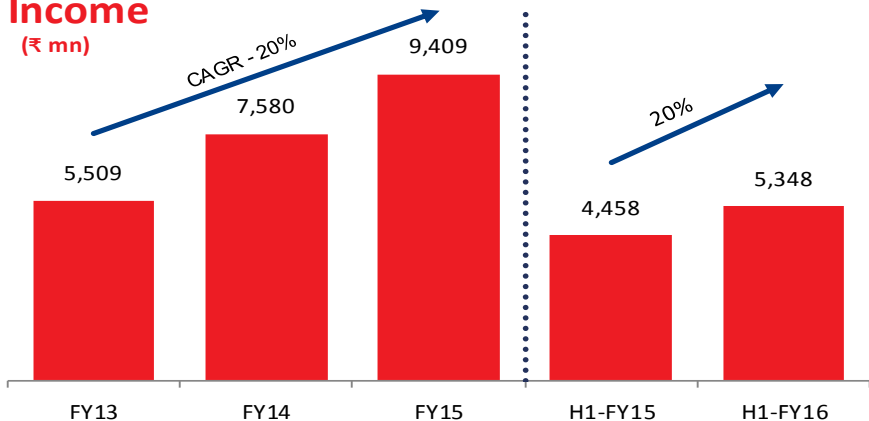
## Assets Under Management

(₹ mn)



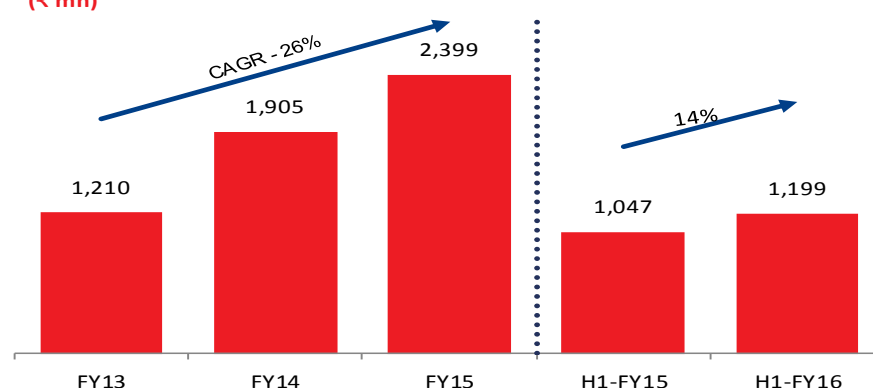
## Income

(₹ 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%.

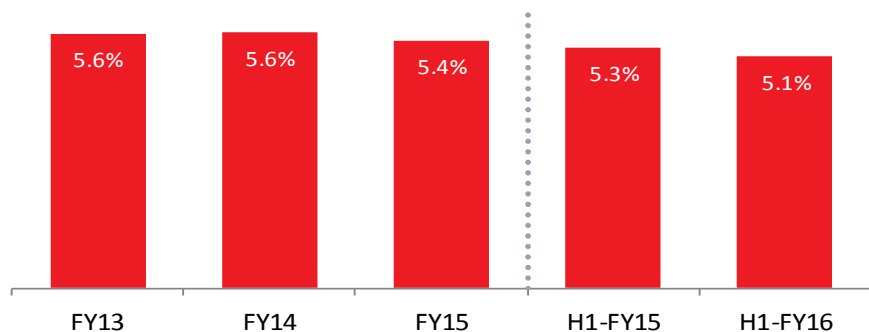
Income & PBT for H1 FY16 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

AUM is Net of provisions.

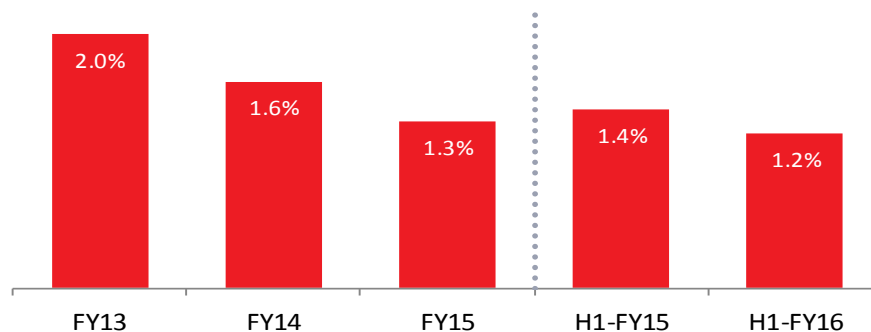
# Home Equity - Financial Summary (Cont'd)

## Net Income Margin (A)

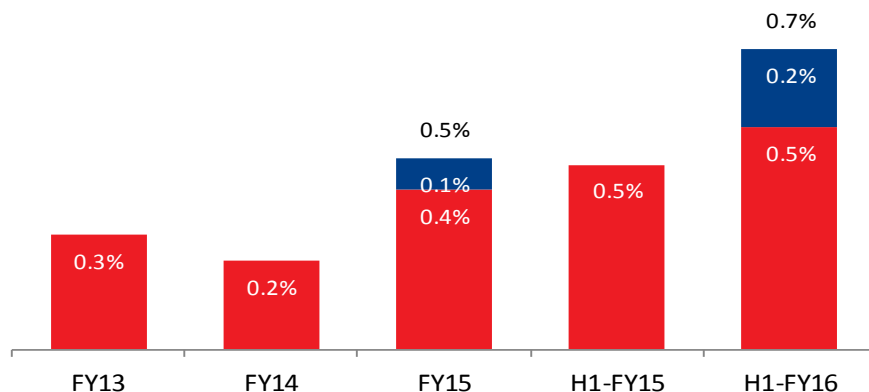
(Operating Income - Finance Charges)



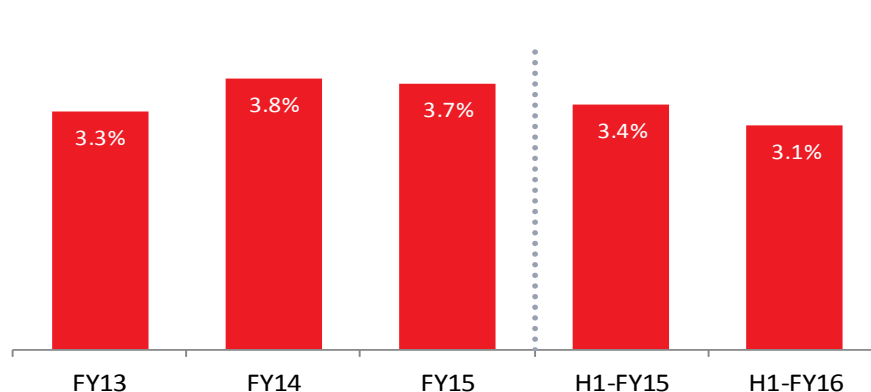
## Expense Ratio (B)



## Losses and Provisions (C)



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



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

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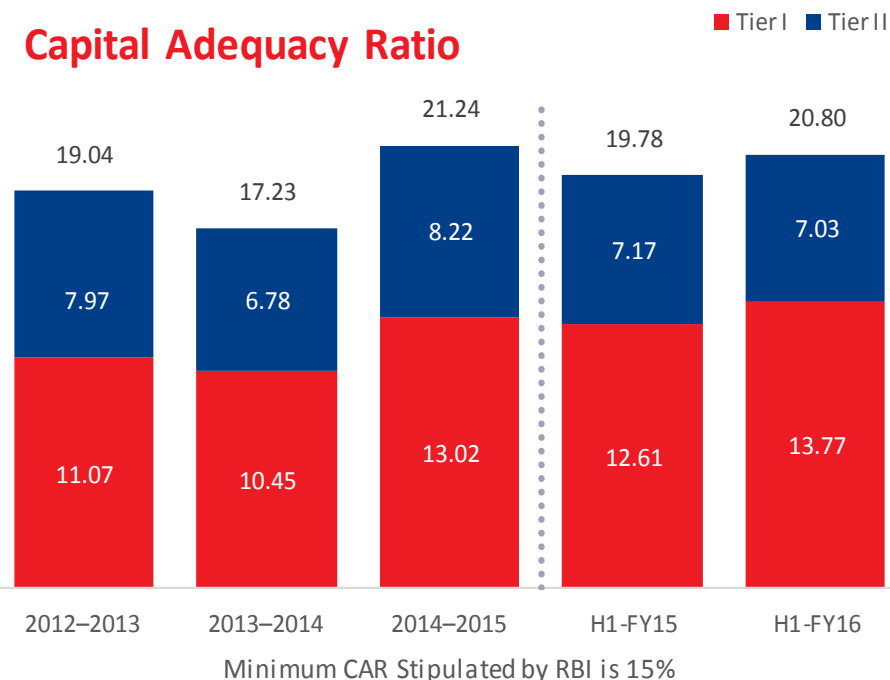


## Funding Profile



# CAR, Credit Rating and ALM Statement

## Capital Adequacy Ratio



## ALM Statement as on Sep 2015

Time Buckets	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 Days	7,124	9,125	2,001	2,001
15-30/31 Days	824	2,428	1,605	3,606
Over 1-2 Months	3,664	5,994	2,330	5,936
Over 2-3 Months	12,843	12,855	13	5,948
Over 3-6 Months	18,332	18,382	50	5,998
Over 6 Months to 1 Year	56,772	53,343	(3,429)	2,569
Over 1-3 Years	88,763	94,283	5,520	8,089
Over 3-5 Years	7,770	17,378	9,608	17,697
Over 5 Years	53,572	35,876	(17,697)	-
<b>Total</b>	<b>2,49,664</b>	<b>2,49,664</b>	<b>-</b>	<b>-</b>

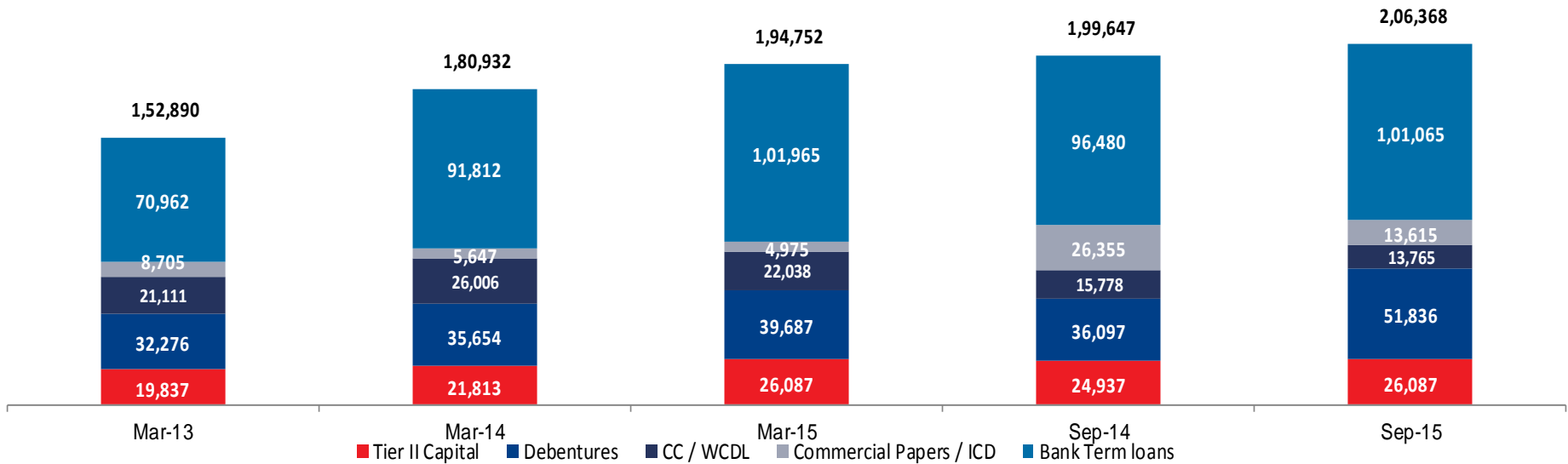
Cumulative mismatch is significantly lower than the RBI stipulated levels of 15% and positive cumulative mismatch in all buckets

## • 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 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

₹ mn



Particulars	Mar-13	Mar-14	Mar-15	H1FY15	H1FY16
Bank Term Loans	46%	51%	52%	48%	49%
Commercial papers/ ICD	14%	14%	12%	8%	7%
CC/WCDL	6%	3%	3%	13%	7%
Debentures	21%	20%	20%	18%	25%
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 23 banks with approved limits of ~ ₹ 34,850 mn



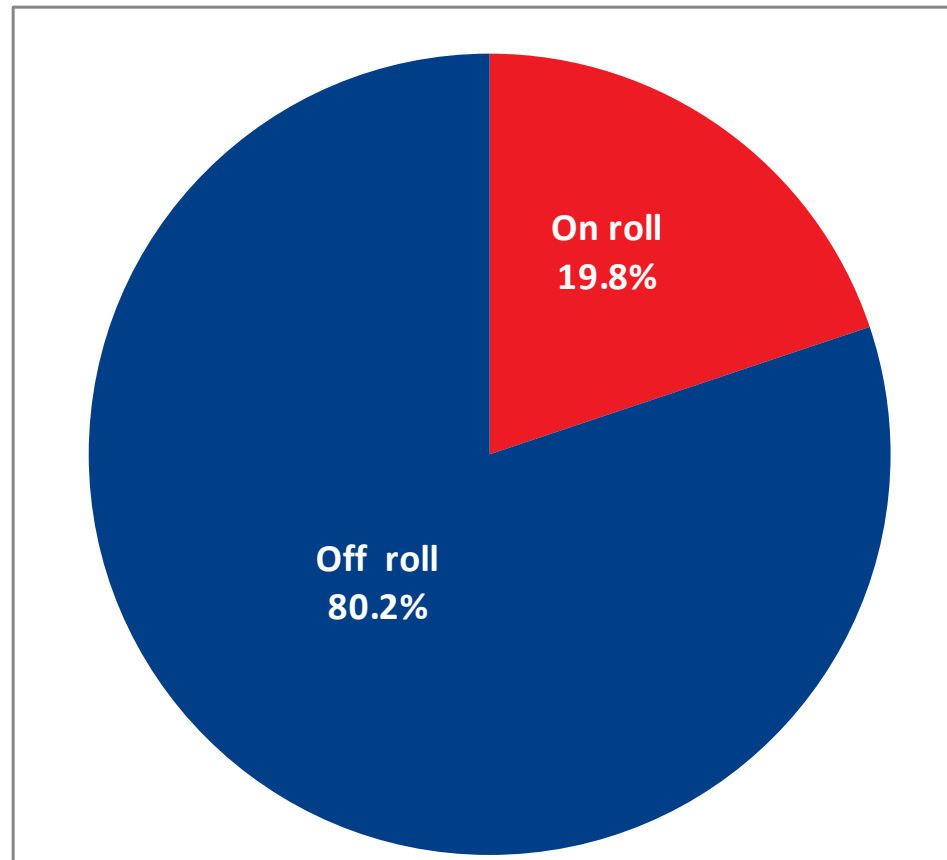
## Business Enablers



# Human Resources

## Employee Strength of Chola

as on 30<sup>th</sup> Sep 2015 - (13134)



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 (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

## 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.



## 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 (Cont'd)

- 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	H1 FY15	H1 FY16
Disbursements	1,21,183	1,31,142	1,28,076	62,169	71,793
Operating Income	25,557	32,628	36,912	17,885	20,035
Finance Charges	14,110	17,711	19,604	9,745	10,068
<b>Net Income Margin</b>	<b>11,447</b>	<b>14,918</b>	<b>17,308</b>	<b>8,140</b>	<b>9,966</b>
Expenses	5,696	6,582	7,489	3,619	4,213
Loan Losses and Std Assets Prov	1,243	2,833	3,247	1,669	2,216
Profit Before Tax	4,508	5,502	6,572	2,851	3,537
Taxes	1,443	1,862	2,221	969	1,229
<b>Profit After Tax</b>	<b>3,065</b>	<b>3,640</b>	<b>4,352</b>	<b>1,882</b>	<b>2,307</b>
<b>Key Income Ratios</b>					
NIM to Income	44.8%	45.7%	46.9%	45.5%	49.7%
Optg Exp to Income	22.3%	20.2%	20.3%	20.2%	21.0%
<b>ROTA–PBT</b>	<b>3.0%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>3.0%</b>
<b>ROTA–PAT</b>	<b>2.0%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>2.0%</b>

**Note:**

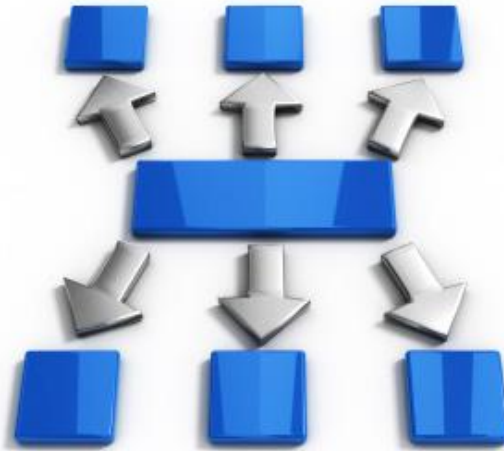
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NIM, Losses & Provisions & ROTA (PBT) for H1 FY16 are after considering accelerated provisioning of 4 months overdue and accelerated standard asset provisioning @ 0.35%.

# Balance Sheet

₹ mn

Particulars	Mar-13	Mar-14	Mar-15	Sep-14	Sep-15
<b>Equity and Liabilities</b>					
Shareholders' Funds	19,648	22,947	31,733	29,878	34,035
Current Liabilities	77,847	92,760	78,892	1,19,658	1,00,981
Non-current Liabilities	84,354	99,761	1,28,106	91,326	1,18,802
<b>Total</b>	<b>1,81,848</b>	<b>2,15,468</b>	<b>2,38,732</b>	<b>2,40,863</b>	<b>2,53,819</b>
<b>Assets</b>					
Non-current Assets					
Fixed Assets	707	729	683	717	647
Non-current Investments	744	661	602	626	579
Deferred Tax Asset (Net)	689	1,296	1,836	1,562	2,436
Receivable under Financing Activity	1,14,736	1,30,790	1,54,680	1,43,371	1,64,553
Other Non-current Assets & Loans and Advances	5,116	6,839	6,678	5,495	4,445
	<b>1,21,991</b>	<b>1,40,316</b>	<b>1,64,479</b>	<b>1,51,771</b>	<b>1,72,660</b>
Current Assets					
Current Investments	1,501	163	73	127	28
Cash and Bank Balances	3,890	8,008	3,407	9,514	5,113
Receivable under Financing Activity	51,523	63,491	67,156	71,737	70,710
Other Current Assets & Loans and Advances	2,943	3,490	3,618	7,713	5,308
	<b>59,857</b>	<b>75,152</b>	<b>74,253</b>	<b>89,092</b>	<b>81,159</b>
<b>Total</b>	<b>1,81,848</b>	<b>2,15,468</b>	<b>2,38,732</b>	<b>2,40,863</b>	<b>2,53,819</b>
De-recognised Assets	25,287	40,874	35,482	32,497	37,227
<b>Total Assets Under Management</b>	<b>2,07,135</b>	<b>2,56,342</b>	<b>2,74,215</b>	<b>2,73,360</b>	<b>2,91,046</b>



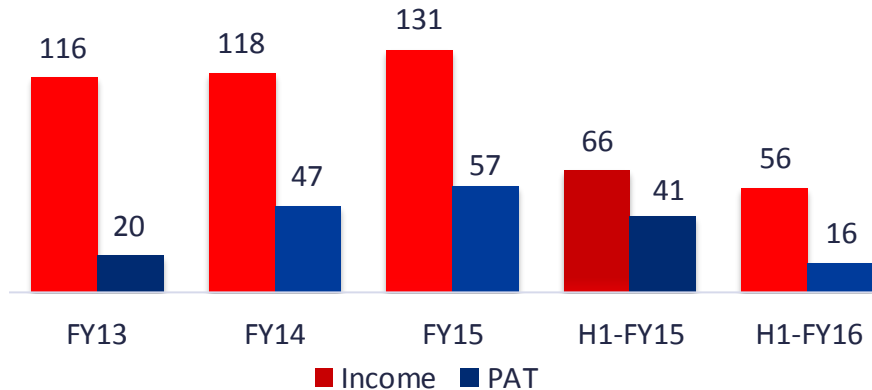
# Wealth Management



# Wealth Management

## Cholamandalam Distribution Services Ltd

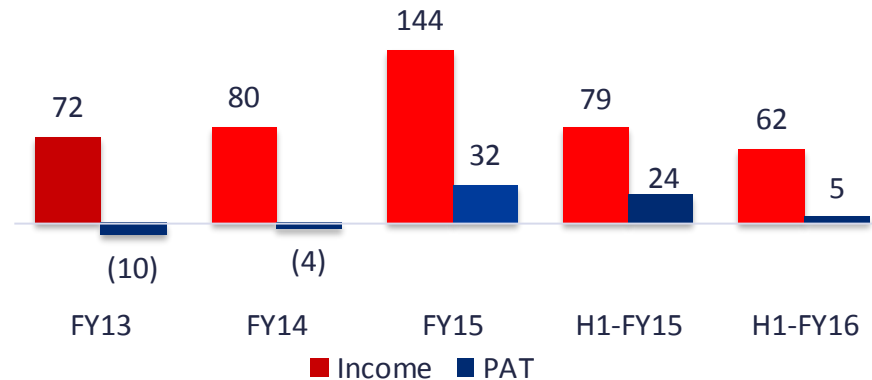
₹ mn



- 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

# Contact Us

## **Our Registered Office:**

Cholamandalam Investment and Finance Company Limited (Chola),

Dare House 1st Floor, No. 2, NSC Bose Road, Parrys,

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](mailto:sujathap@chola.murugappa.com)

**Arulselvan D-Executive Vice President & CFO** – [arulselvanD@chola.murugappa.com](mailto:arulselvanD@chola.murugappa.com)

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**Chola**

*Enter a better life*



**Thank You**



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