

Chola to open 100 branches this year

Expect demand for vehicle finance to be robust in the coming quarters, says CFO

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Cholamandalam Investment and Finance Company is planning to open about 100 branches across the country this year as it expects robust growth in the vehicle-financing segment. This will take the total number of branches to 800.

The Murugappa Group financial services company expects growth to gather mo-

mentum in the coming quarters.

“Good monsoon will lead to strong rural income and that will boost demand. Government spending may increase in view of upcoming elections. Strong GDP growth will drive demand in the vehicle segment and hence we expect vehicle credit to be extremely robust,” D Arul Selvan, Chief Financial Officer, Cholamandalam, told *BusinessLine*.

A strong pan-India presence and well-diversified vehicle portfolio have been its strengths. A significant number of its branches is in small towns.

Some years back, there was heavy dependence on the light commercial vehicle

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(LCV) segment, which made up a large part of its vehicle book. It has expanded the offerings to cars, tractors, two-wheelers, construction equipment, used trucks and three-wheelers and is now able to balance its focus according to growth areas.

In the first quarter of this fiscal, growth in cars, two-wheelers and tractors helped the company grow its book at a time when the demand for medium and heavy commer-

cial vehicles was weak. Its total assets under management (AUM) in the vehicle segment grew 17 per cent at about ₹24,394 crore in Q1 of this fiscal compared with the year-ago period. Vehicle financing makes up 70 per cent of its total AUM.

“We are significantly better than the rest of the industry players with regard to vehicle finance. In LAP (loan against property), we are almost on par with the rest of the industry,” said Arul Selvan.

He attributed the company's better asset quality record to choice of customers, spreading risks across sectors, strong geographical presence and leveraging technology.