



GOING PHYGITAL

AUGMENTING PHYSICAL PRESENCE WITH DIGITAL LEADERSHIP

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

CORPORATE PRESENTATION - SEPTEMBER 2019

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Murugappa Group Overview



Murugappa Group in a Nutshell



Years of
Existence



Consolidated
Turnover
(FY19)



Group Market
cap (as on 31st
Mar 2019)



Sectors



Businesses



Listed
Companies



Geographical
Presence

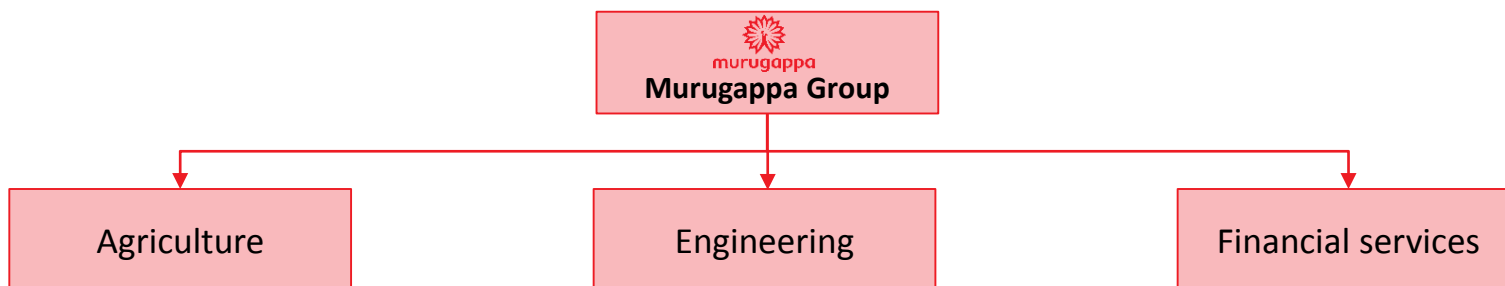


Manufacturing
Locations









Work force

Murugappa Group Overview



Sector Performance—FY18-19

Market Cap(Cr.)	14,796	14,141	33,169
Turnover (Cr.)	16,442	8,165	11,654
PAT(Cr.)	799	487	1,446

						
Market Cap(Cr.)	11,876	2,920	5,660	7,192	24,021	NA
Turnover (Cr.)	13,159	3,283	2,656	5,464	7,109	4,428
PAT(Cr.)	721	79	248	251	1,197	179

Note: Market Capital in Financial services incl. Chola Investments and Chola Financial Holdings.
 Market data as on 30th Sep 2019.
 Source: BSE

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



10.5 lakh + customers

Helping customers enter better life

2 lakh customers in year 2000 to 10.5 lakh plus customers till date



26,756 employees

Strong employees force to serve more customers

200 plus employees in year 2000 to 26,600 employees today



Rs. 59+k Cr. AUM

Healthy ROA of 3.4%

PAT - CAGR of 28% from FY15 to FY19



Rs. 24K Cr. market cap

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 24K Cr. in 2019



1029 branches

Strong geographical presence

Across 27 states & 80% presence across tier III—VI towns



Diversified product portfolio

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

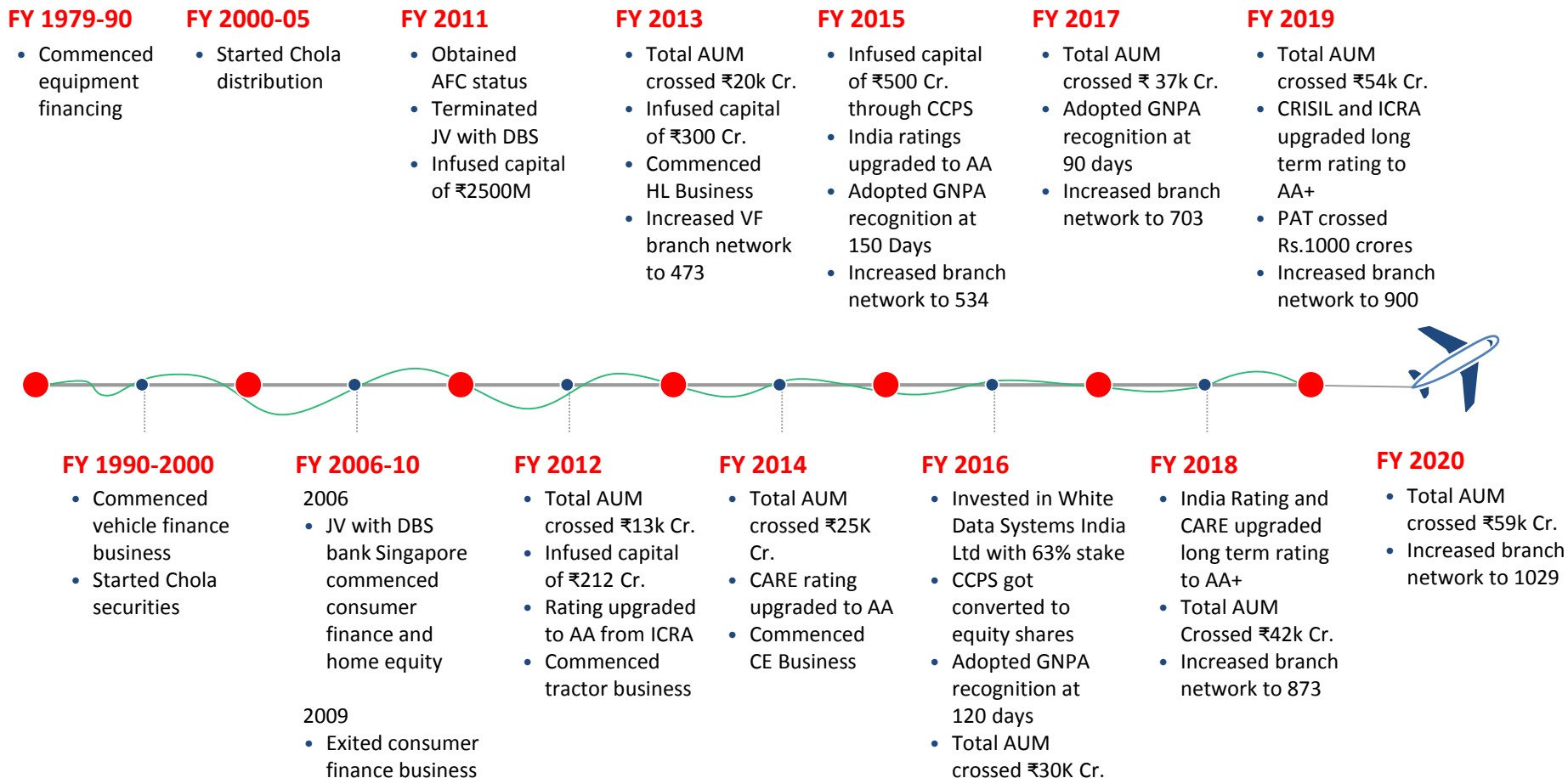


Highly experienced management

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

Our journey so far

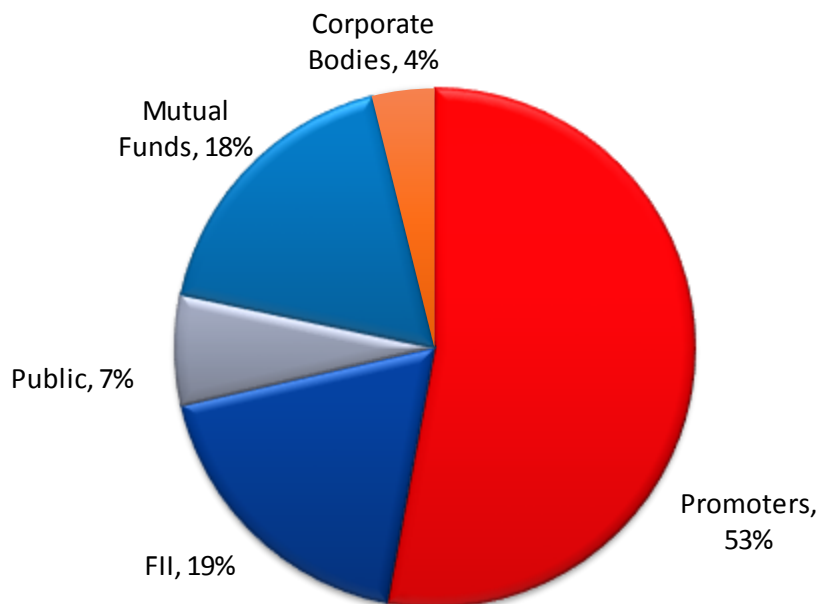
Consistently profit making and dividend paying¹ company since 1979 with a strong track record and dividends to shareholders



1. Except 2009, average dividend payout for the last 10 years is 35% on capital+ 2. Total AUM—Assets under Management

Shareholding

Shareholding Pattern



- Promoters share holding of 52.94% includes
 - Cholamandalam Financial Holdings Limited – 46.50%,
 - Ambadi Investments Private Ltd – 4.31%
 - Others - 2.13%

Top 10 Institutional Holders

- Oppenheimer
- HDFC Mutual Fund
- SBI Mutual Fund
- Birla Sun Life Mutual Fund
- Cartica Capital
- Matthews International
- L&T Mutual Fund
- HDFC Standard Life Insurance Co Ltd
- Axis Mutual Fund
- VAN ECK

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
CIFCL (₹/Share)	234	252	290	286	307
Growth (%)	-23%	8%	15%	-1%	7%

Business Profile and AUM as on 30th Sep 2019

Business AUM
Rs. 59,292Cr

Vehicle Finance Rs.
43,901Cr

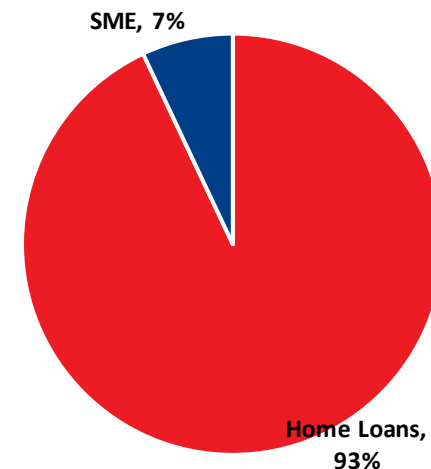
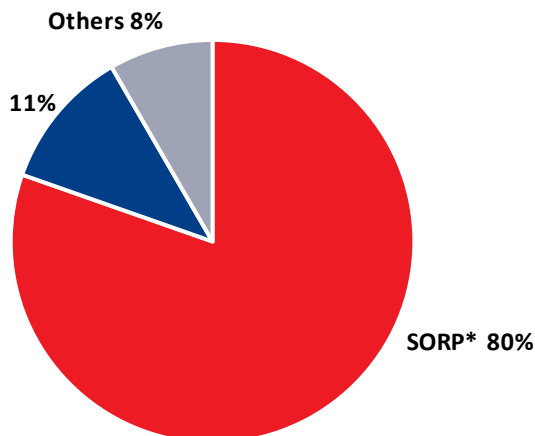
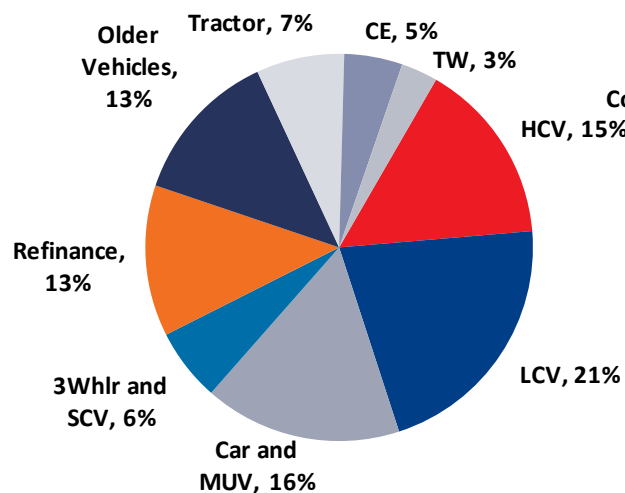
74%

Home Equity
Rs. 12,612Cr

21%

Others
Rs. 2,779Cr

5%

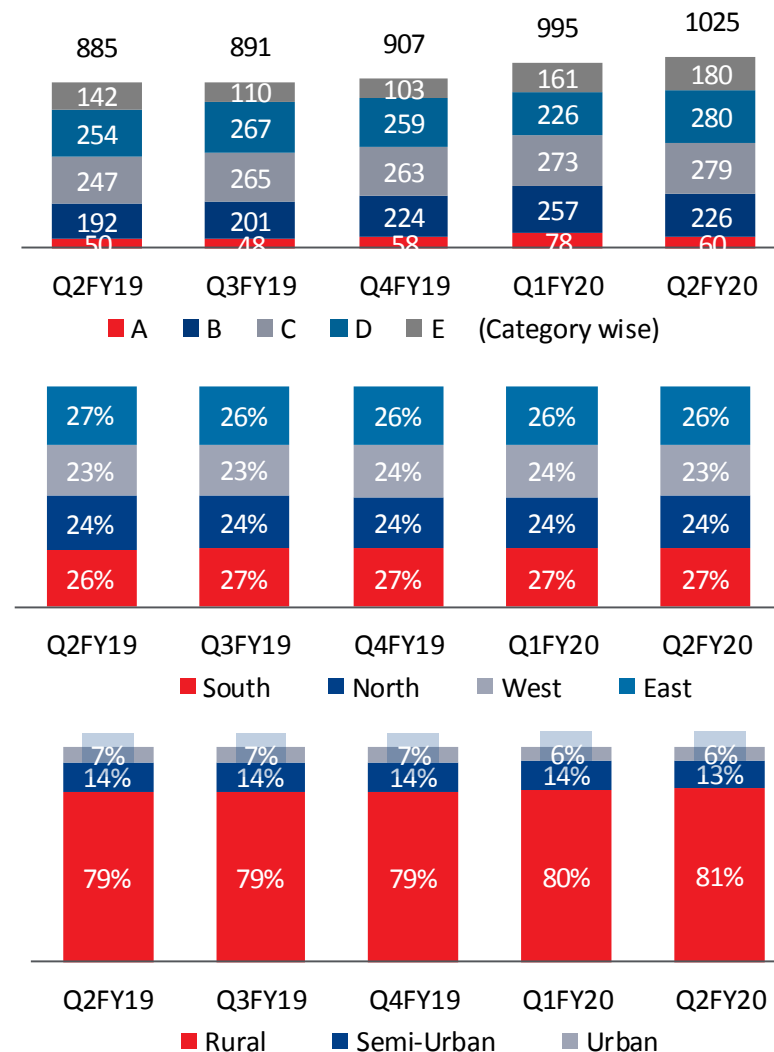
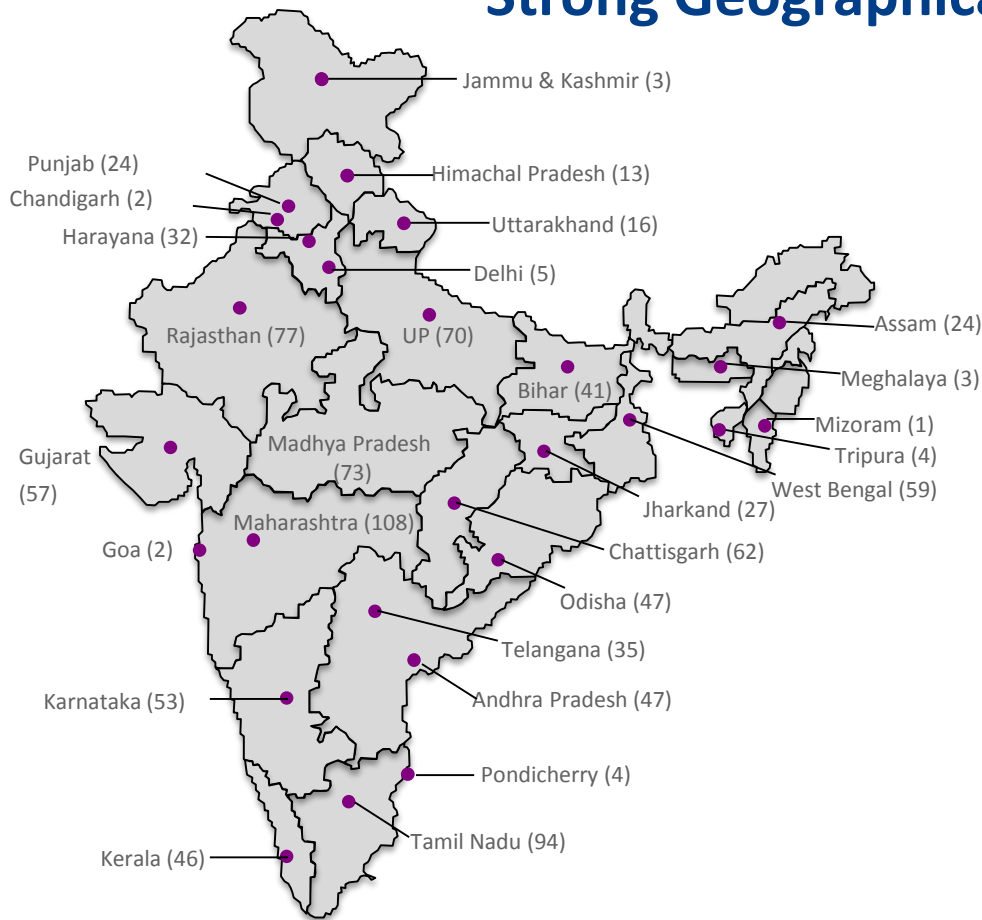


SORP: Self Occupied Residential Property
SCV: Small Commercial Vehicle
TW: Two Wheeler
HCV: Heavy Commercial Vehicle

LCV: Light Commercial Vehicle

CE: Commercial Equipment
MUV: Multi Utility Vehicle
SME: Small & Medium Enterprise

Strong Geographical Presence



- 1029 branches across 27 states/Union territories: 1019 VF, 250 HE (244 co-located with VF), 189 HL co-located with VF and 4 Regional offices in Tamil Nadu.
- 89% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns

Note: Figures in brackets represents no. of branches as on 30th Sep, 2019

Financial Performance



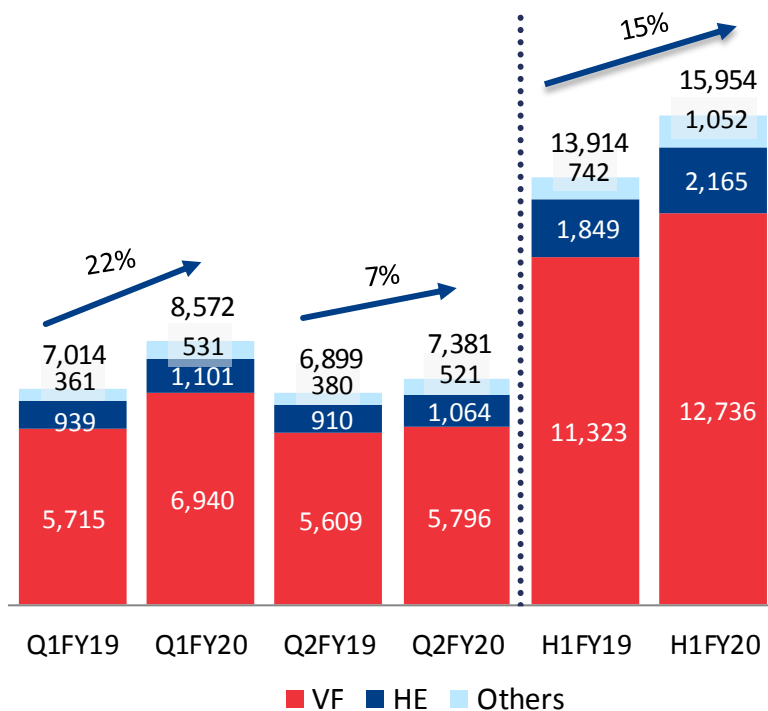
Financial Snapshot — 10 Years

Financials Snapshot	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	YoY	CAGR (5 years)	CAGR (10 years)
	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	INDAS	INDAS			
Disbursements	3,866	5,731	8,889	12,118	13,114	12,808	16,380	18,591	25,114	30,451	21%	24%	26%
Assets under management	6,851	9,124	13,462	18,998	23,253	25,452	29,650	34,167	42,924	54,279	26%	21%	26%
Total Income	930	1,202	1,767	2,556	3,263	3,691	4,194	4,660	5,480	6,993	28%	17%	25%
Interest expenses	504	568	988	1,411	1,771	1,960	2,051	2,231	2,659	3,589	35%	16%	24%
Net Income	426	634	778	1,145	1,492	1,731	2,143	2,430	2,820	3,404	21%	18%	26%
Operating Expenses	200	334	437	570	658	749	845	1,013	1,115	1,270	14%	14%	23%
Operating Profit Before Loan Losses	226	300	342	575	834	982	1,298	1,416	1,705	2,134	25%	21%	28%
Loan Losses & Provision	191	176	18	124	283	325	427	311	304	311	2%	-1%	6%
Profit before tax	31	100	290	451	550	657	871	1,106	1,401	1,823	30%	29%	57%
Profit after tax	15	62	173	307	364	435	568	719	918	1,186	29%	28%	62%
Ratios													
Net Income to assets (%)	6.9	8.8	7.2	7.6	7.7	6.9	7.7	7.5	7.5	6.9			
Expense to assets (%)	3.2	4.6	4.1	3.8	3.4	3.0	3.0	3.1	3.0	2.6			
Losses and provisions (%)	3.1	2.4	0.2	0.8	1.5	1.3	1.5	1.0	0.8	0.6			
Return on assets (PBT) (%)	0.5	1.4	2.7	3.0	2.8	2.6	3.1	3.4	3.7	3.7			
Networth	785	*1072	*1417	*1965	2295	*3173	3657	4285	5098	6176			
Tier I	9.5	10.8	11.0	11.1	10.5	13.0	13.3	13.6	13.2	12.6			
CAR (%)	14.8	*16.7	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4	17.4			
Return on equity (%)	2.3	6.7	13.9	18.1	17.1	15.8	16.7	18.1	19.6	20.9			
Earnings per share (Basic)	1.8	5.7	14.4	22.9	25.4	30.1	37.5	46.0	58.8	75.9			
Dividend	1.00	1.50	2.50	3.50	3.50	3.50	4.50	5.50	6.50	6.50			
Market Capitalisation	623	2059	2453	3883	4125	8423	11140	15072	22667	22624			
GNPA (%)	5.5	2.6	0.9	1.0	1.9	3.1	3.5	4.7	3.4	2.7			
NNPA (%)	1.7	0.3	0.3	0.2	0.7	2.0	2.1	3.2	2.2	1.7			
NPA Recognition	6month	6month	6month	6month	6month	5month	4month	3month	3month	3month			
Branch Network	171	236	375	518	574	534	534	703	873	900			

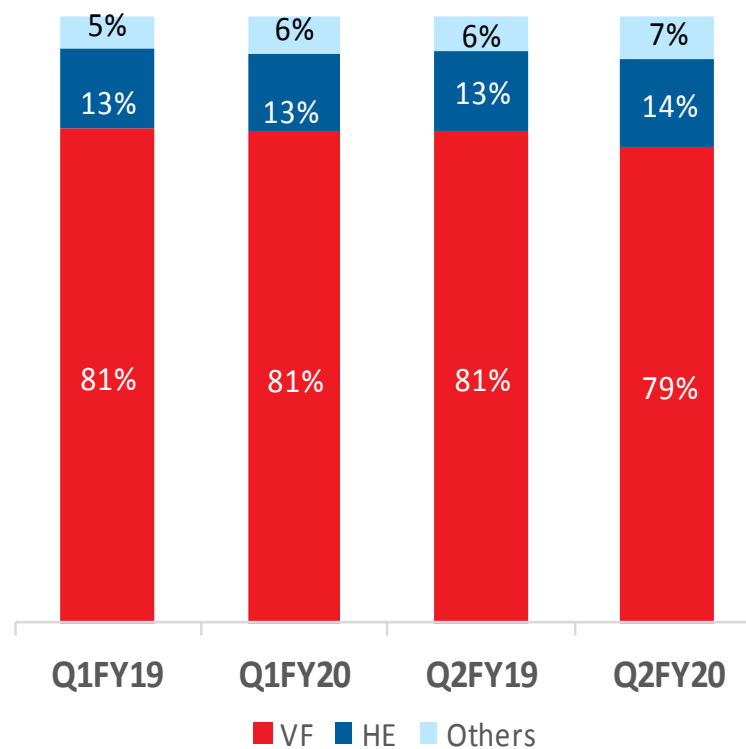
* Capital Infusion

Chola: Financial Summary (I)

Disbursements (₹Cr)

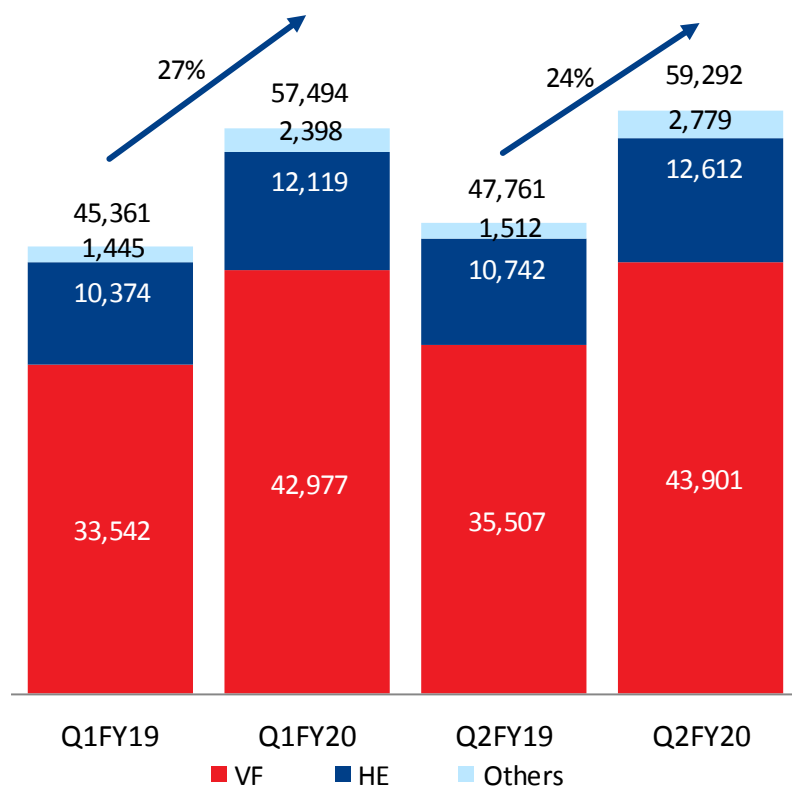


Disbursements (%)

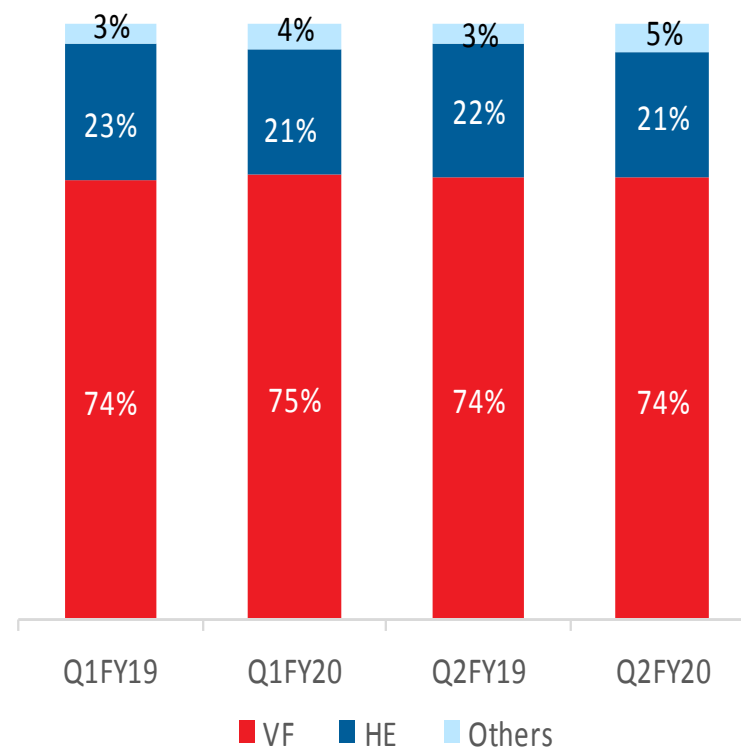


Chola: Financial Summary (II)

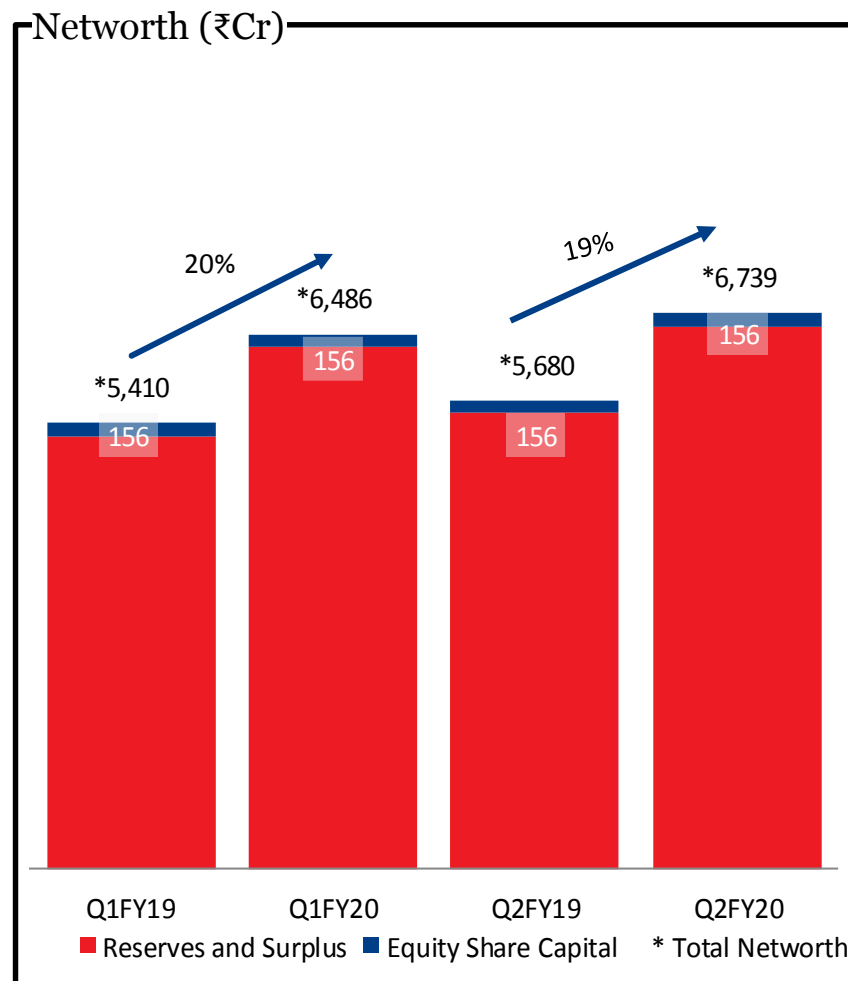
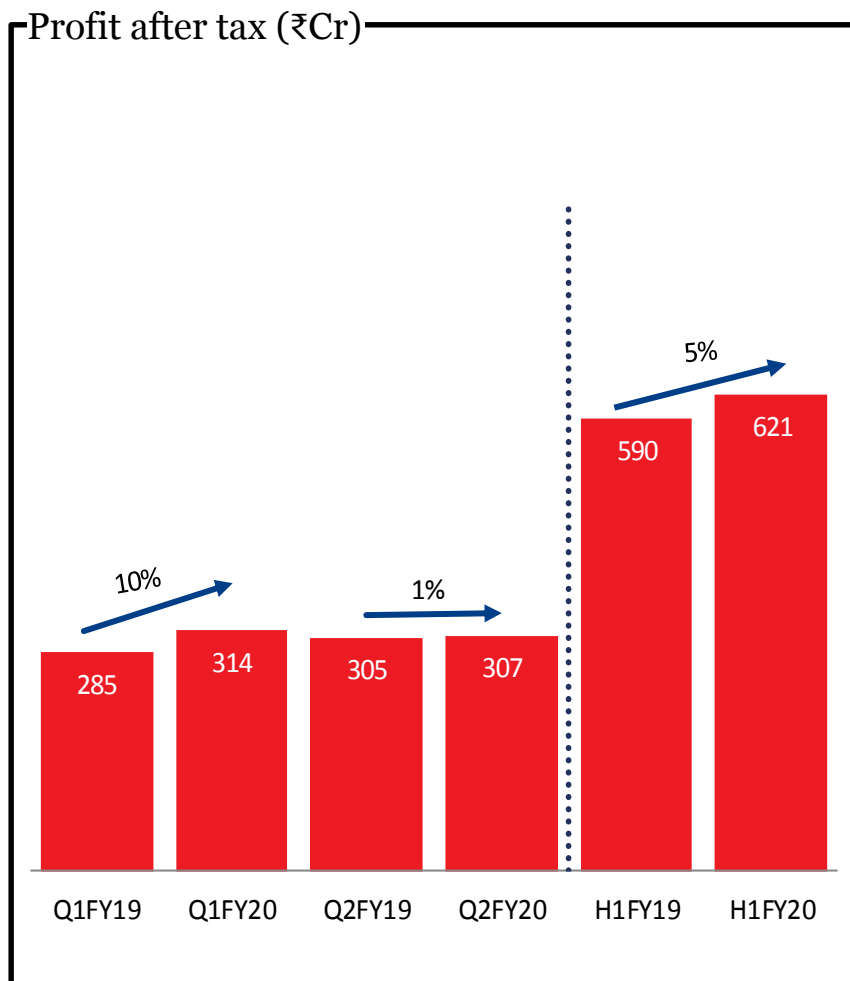
Business - Assets under Management (₹Cr)



Business - Assets under Management (%)



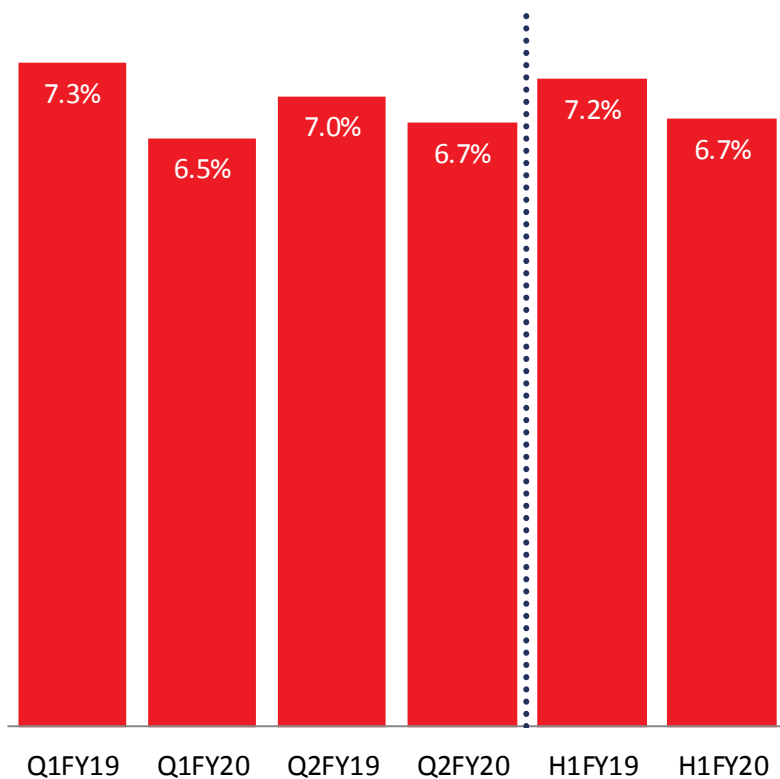
Chola: Financial Summary (III)



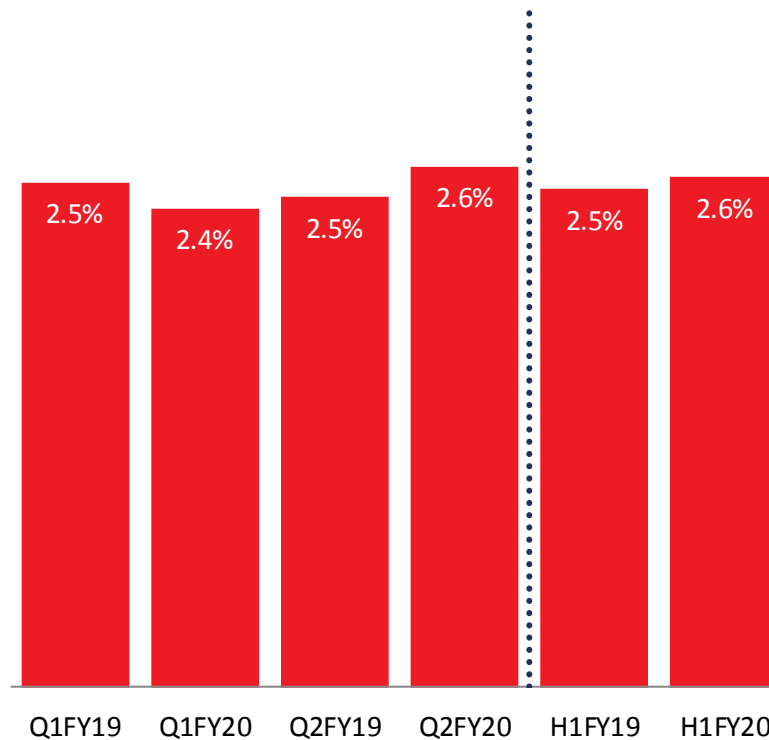
Note: Consequent to change in tax rate, deferred tax has been reassessed and the consequential impact has been fully absorbed resulting in impact of Rs.80 Crs for Q2FY20 and Rs.127 Crs for H1FY20.

Chola: Financial Summary (IV)

Net Income Margin (%)

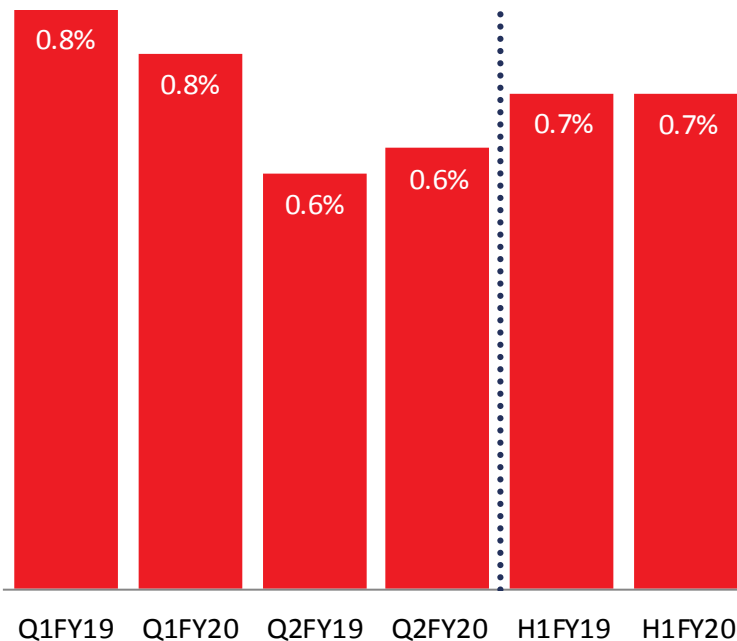


Expenses Ratio (%)

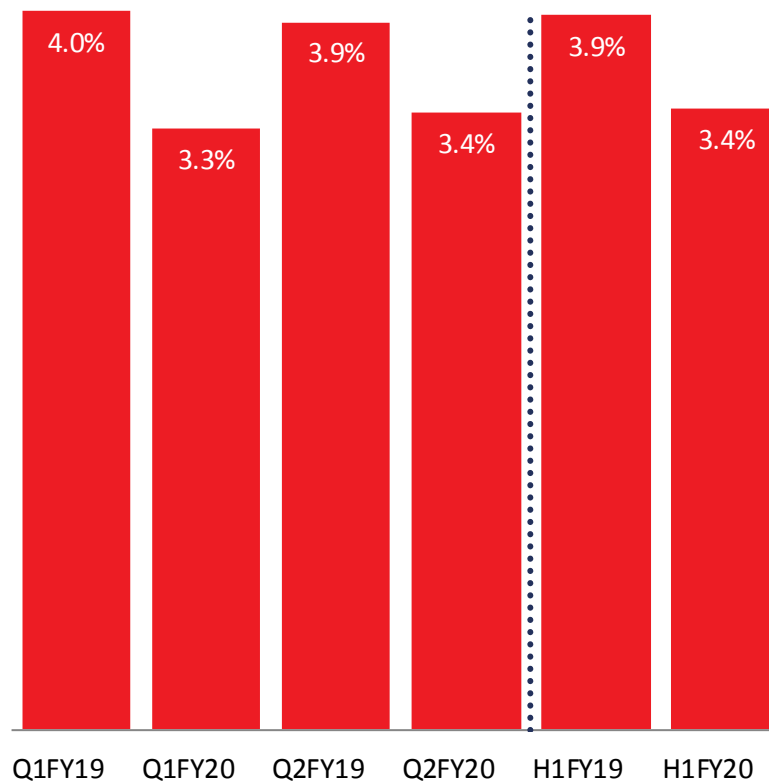


Chola: Financial Summary (V)

Loan Losses & Provisions (%)

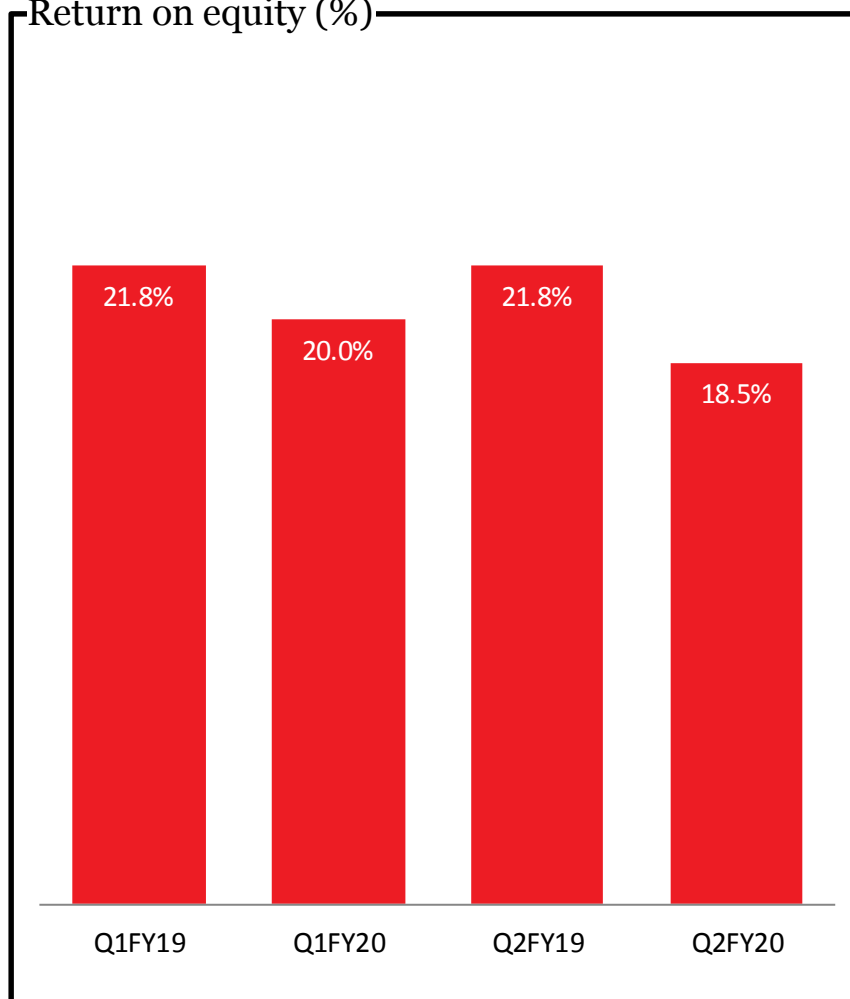


ROTA PBT (%)

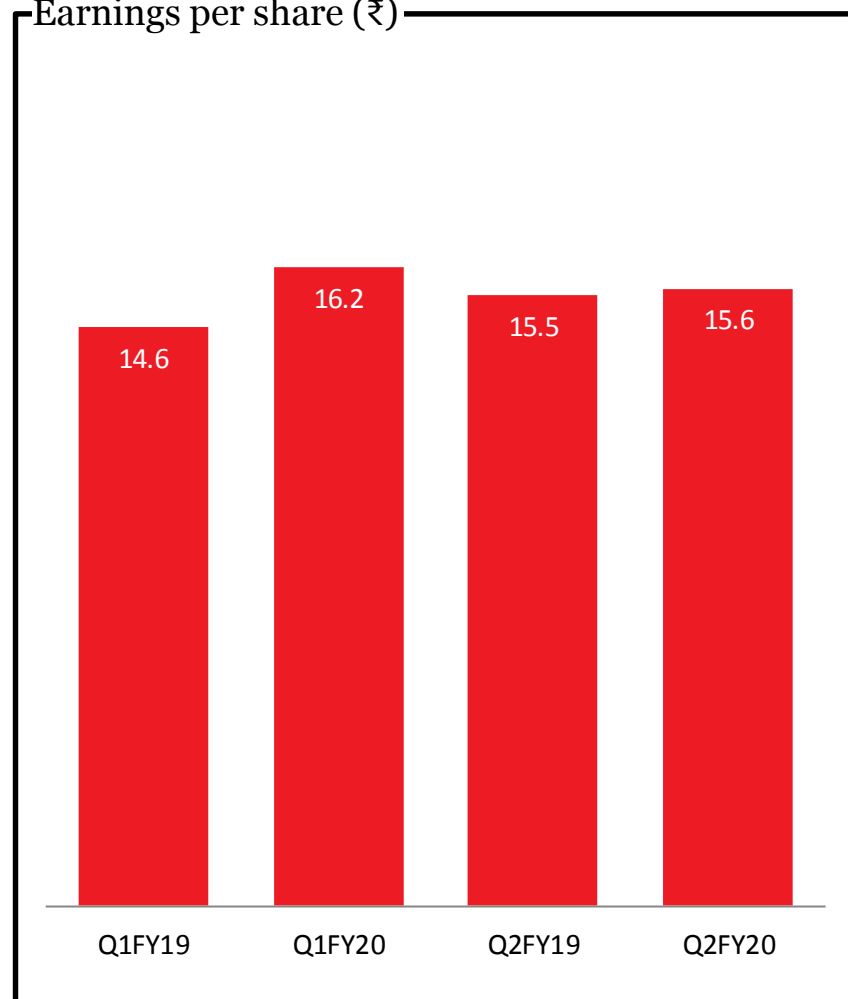


Chola: Financial Summary (VI)

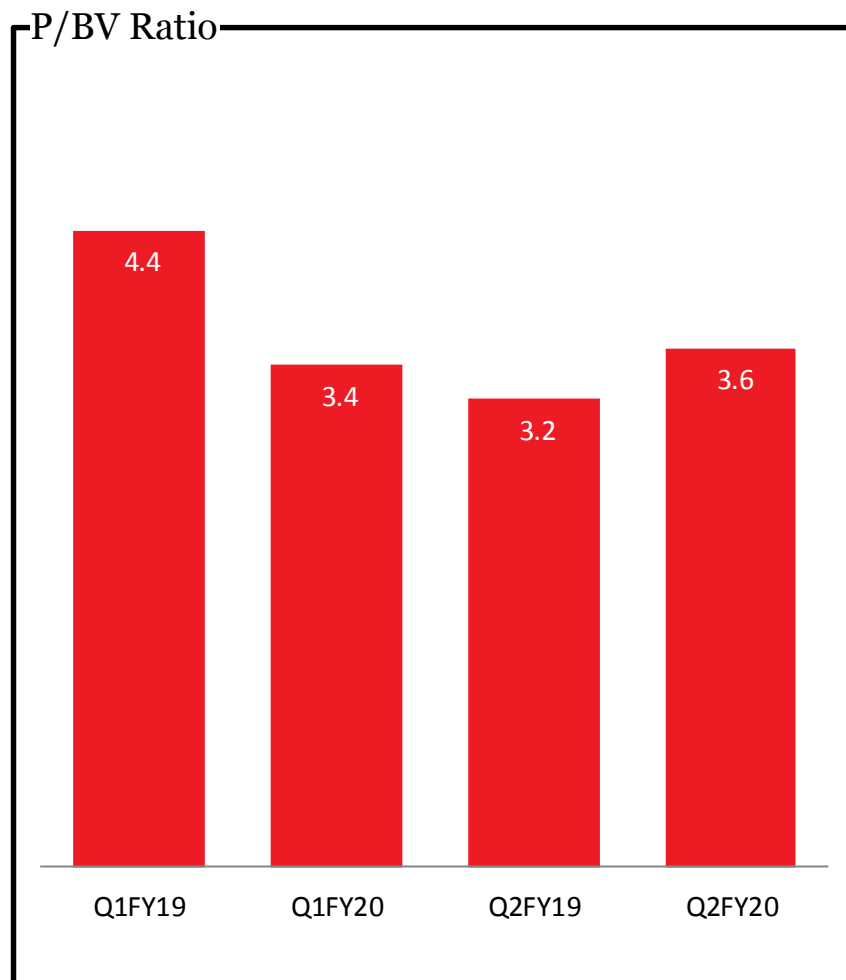
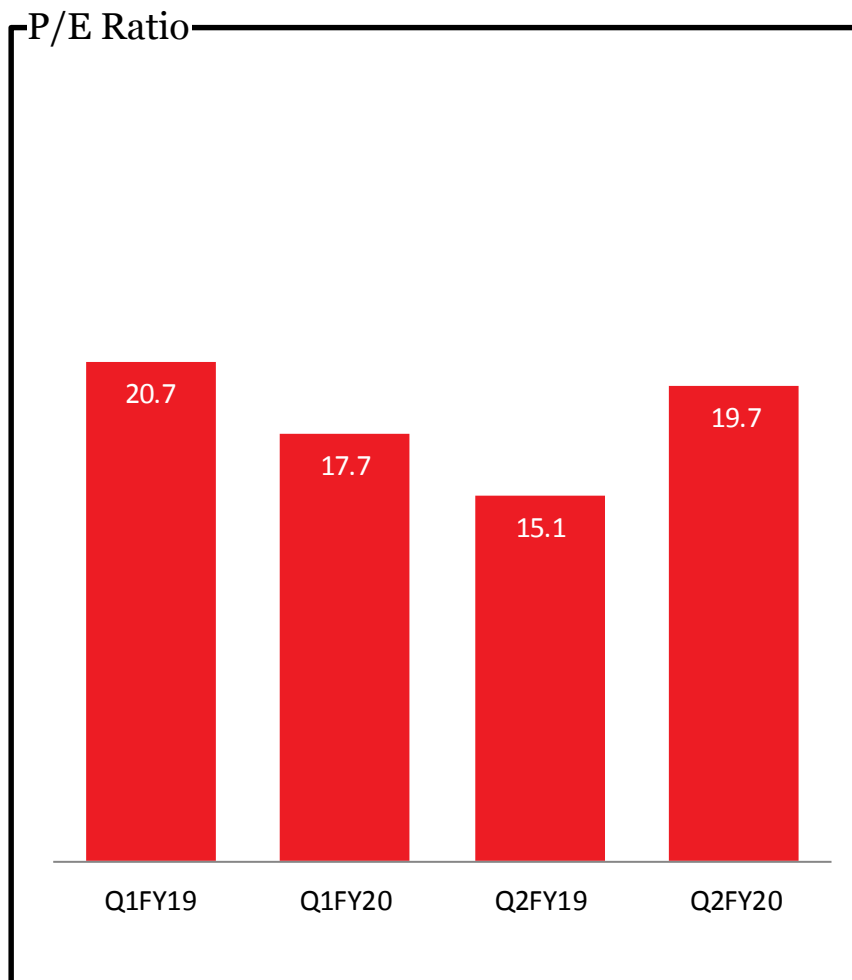
Return on equity (%)



Earnings per share (₹)



Chola: Financial Summary (VII)



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

Profit and Loss Statement (As per IND AS)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Growth % Q2-o-Q2	H1FY19	H1FY20	Growth % H1-o-H1
Disbursements	7,014	8,572	6,899	7,381	7%	13,914	15,954	15%
Closing Assets (Managed)	46,709	62,827	52,486	64,409	23%	52,486	64,409	23%
Closing Assets (Balance Sheet)	45,666	60,600	51,517	60,809	18%	51,517	60,809	18%
Operating Income	1,606	2,030	1,675	2,197	31%	3,281	4,227	29%
Finance Charges	795	1,087	857	1,177	37%	1,652	2,264	37%
Net Income	811	943	819	1,020	25%	1,630	1,963	20%
Expenses	282	350	290	402	38%	572	752	31%
Loan Losses and Std Assets Prov	91	110	69	95	38%	160	205	28%
Profit Before Tax	439	483	459	523	14%	898	1,006	12%
Taxes	154	169	155	216	40%	308	385	25%
Profit After Tax	285	314	305	307	1%	590	621	5%
Asset Ratios								
Income	14.5%	14.0%	14.3%	14.4%		14.4%	14.5%	
Cost of Funds	7.2%	7.5%	7.3%	7.7%		7.3%	7.7%	
Net Income Margin	7.3%	6.5%	7.0%	6.7%		7.2%	6.7%	
Expense	2.5%	2.4%	2.5%	2.6%		2.5%	2.6%	
Losses & Provisions	0.8%	0.8%	0.6%	0.6%		0.7%	0.7%	
ROTA-PBT	4.0%	3.3%	3.9%	3.4%		3.9%	3.4%	
ROTA-PAT	2.6%	2.2%	2.6%	2.0%		2.6%	2.1%	
Gross - Stage 3	1,617	1,671	1,623	1,803		1,623	1,803	
ECL Provisions - Stage 3	555	604	566	621		566	621	
Coverage Ratio - Stage 3	34.3%	36.2%	34.8%	34.4%		34.8%	34.4%	

Note: Consequent to change in tax rate, deferred tax has been reassessed and the consequential impact has been fully absorbed resulting in impact of Rs.80 Crs for Q2FY20 and Rs.127 Crs for H1FY20.

Balance Sheet (As per IND AS)

Particulars	Sep-18	Mar-19	Sep-19	₹ Cr
ASSETS				
Financial Assets	52,828	56,637	62,542	
Cash and Bank balance	5,369	3,675	6,283	
Derivative financial instruments	210	89	133	
Receivables	-	43	55	
Loans	46,752	52,622	55,701	
Investments	379	73	73	
Other Financial Assets	119	135	298	
Non- Financial Assets	762	789	914	
Current tax assets (Net)	111	146	212	
Deferred tax assets (Net)	390	453	379	
Property, Plant and Equipment	137	143	267	
Intangible assets	16	33	29	
Other Non-Financial Assets	109	14	29	
TOTAL	53,591	57,426	63,457	
EQUITY AND LIABILITIES				
Financial Liabilities	47,836	51,124	56,599	
Derivative financial instruments	-	8	13	
Trade Payables - Others	239	207	191	
Other Payables - Others	-	129	68	
Borrowings	47,365	50,567	55,903	
Other Financial Liabilities	232	212	424	
Non-Financial Liabilities	74	127	119	
Shareholders fund	5,680	6,176	6,739	
TOTAL	53,591	57,426	63,457	

Provision analysis: IND AS vs IGAAP

₹ Cr

Particulars	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
As per IGAAP							
GNPA	1,325	1,448	1,428	1,450	1,245	1,517	1,651
NNPA	740	812	792	790	626	808	939
Provision	585	636	636	659	620	710	712
GNPA%	3.0%	3.1%	3.0%	2.8%	2.3%	2.6%	2.7%
NNPA%	1.7%	1.8%	1.6%	1.5%	1.1%	1.4%	1.6%
Provision Coverage%	44.2%	43.9%	44.6%	45.5%	49.8%	46.8%	43.1%
Standard Assets Provn	145	156	161	172	187	199	202
Standard Assets Provn %	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Total Provision	730	792	797	831	806	909	914
As per IND AS							
Gross Asset - Stage 3	1,476	1,617	1,623	1,648	1,439	1,671	1,803
Stage 3 Assets to Total Gross Assets	3.4%	3.6%	3.4%	3.3%	2.7%	3.0%	3.2%
ECL provision - Stage 3	507	555	566	576	546	604	621
Coverage Ratio (%) - Stage 3	34.3%	34.3%	34.8%	35.0%	38.0%	36.2%	34.4%
Gross Asset - Stage 1&2	41,602	43,624	46,083	48,261	52,100	54,597	54,907
ECL provision - Stage 1&2	355	367	348	371	384	379	389
Coverage Ratio (%) - Stage 1&2	0.9%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%
Total ECL Provision	862	922	913	947	931	983	1,010

Business Overview



Vehicle Finance



Vehicle Finance: H1FY20 Performance

Disbursements

- Disbursements has grown 12% in H1FY20 as compared to H1FY19

Assets under management

- Assets have grown by 23% as compared to H1FY19

Loss and provisions

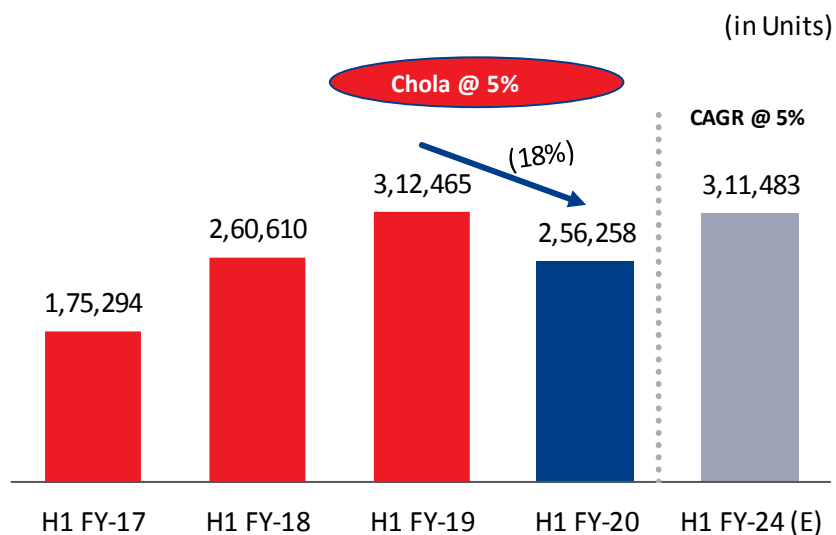
- Loan losses has been maintained at 0.9% as compared to 0.9% in H1FY19.

Profit before tax

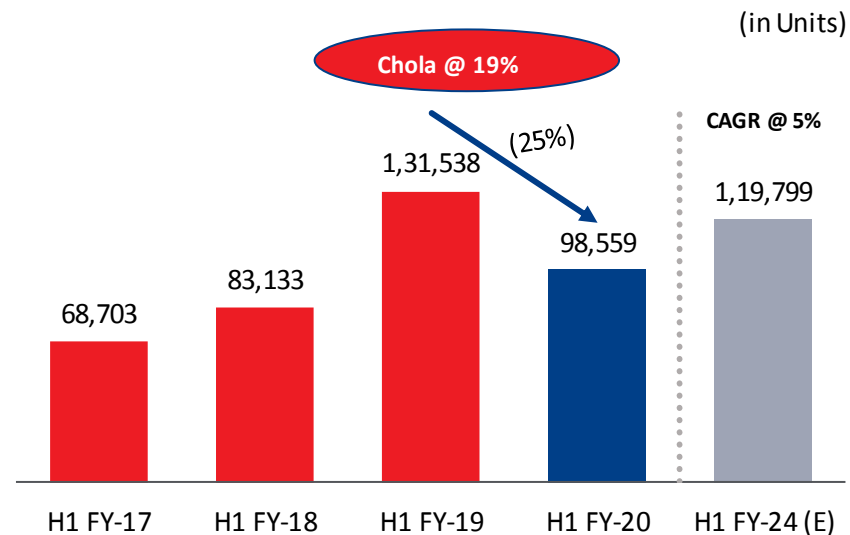
- PBT for H1FY20 has grown 7% as compared to H1FY19.

Auto Industry Outlook

Trend in Domestic LCV Sales



Trend in Domestic SCV Sales

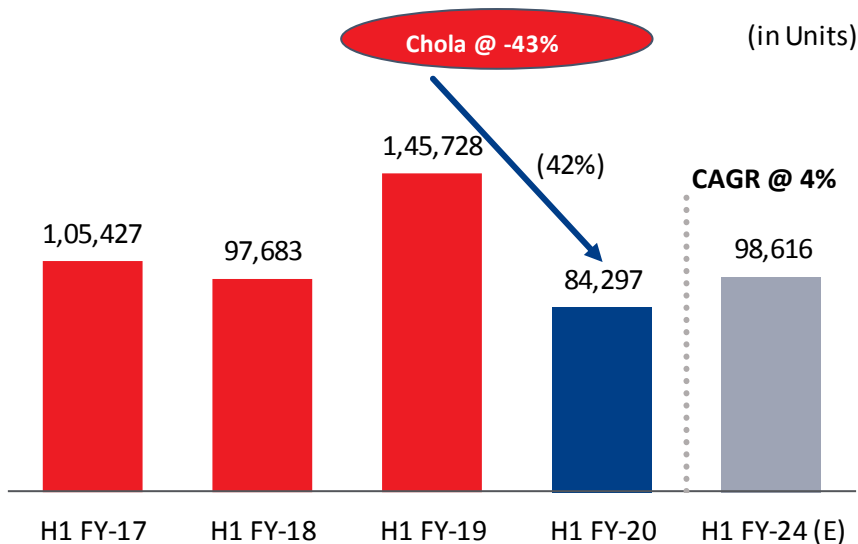


- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will aid growth
- Demand for Pickups will increase in long term due to higher flexibility in usage over sub one tonne vehicles
- Bus sales to be supported by growing urban population, demand from schools and corporates and increased inter-city travel

Source: FY 16 to FY 25 numbers are from SIAM
 FY 25 numbers are from CRISIL Research (proportionately adjusted for Year to Date)

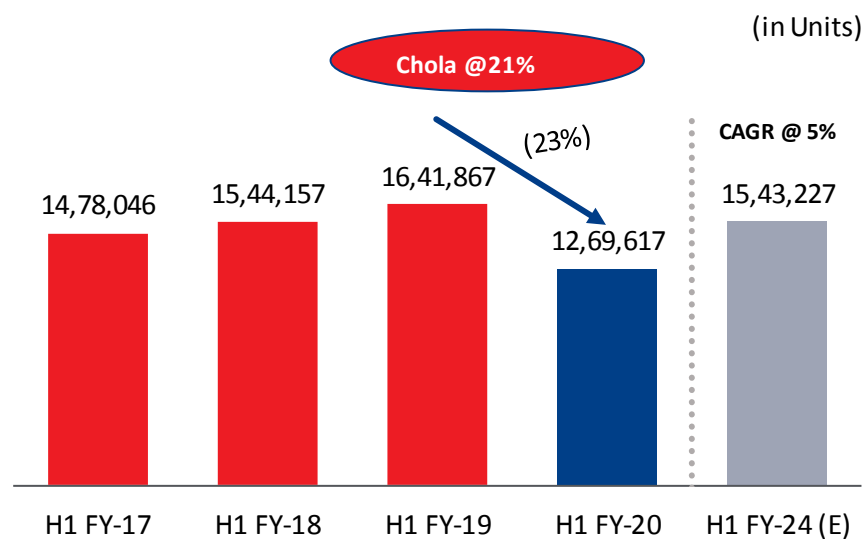
Auto Industry Outlook

Trend in Domestic HCV Sales



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

Trend in Domestic Car & MUV Sales

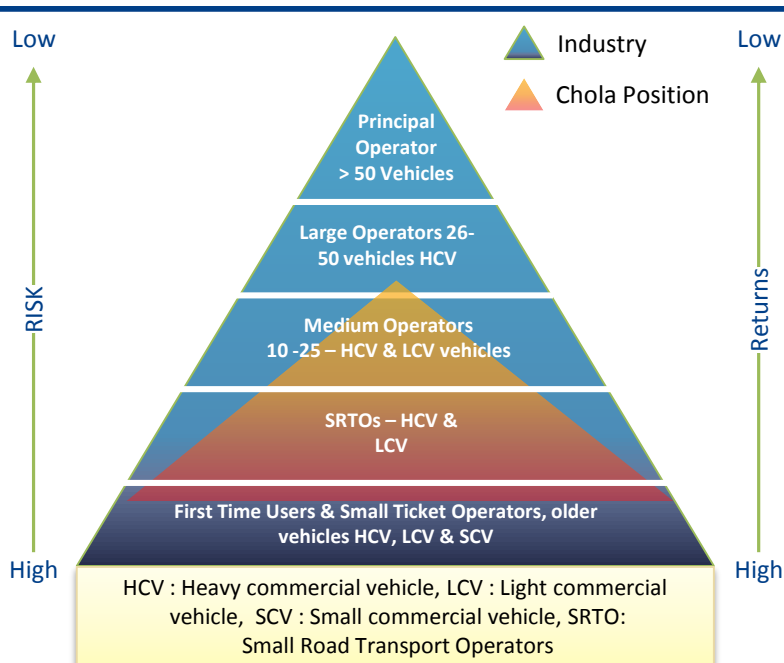


- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration from 23 vehicles per 1000 to upto 28 vehicles per 1000 population over the next 5 years

Source: FY 16 to FY 25 numbers are from SIAM
 FY 25 numbers are from CRISIL Research (proportionately adjusted for Year to Date)

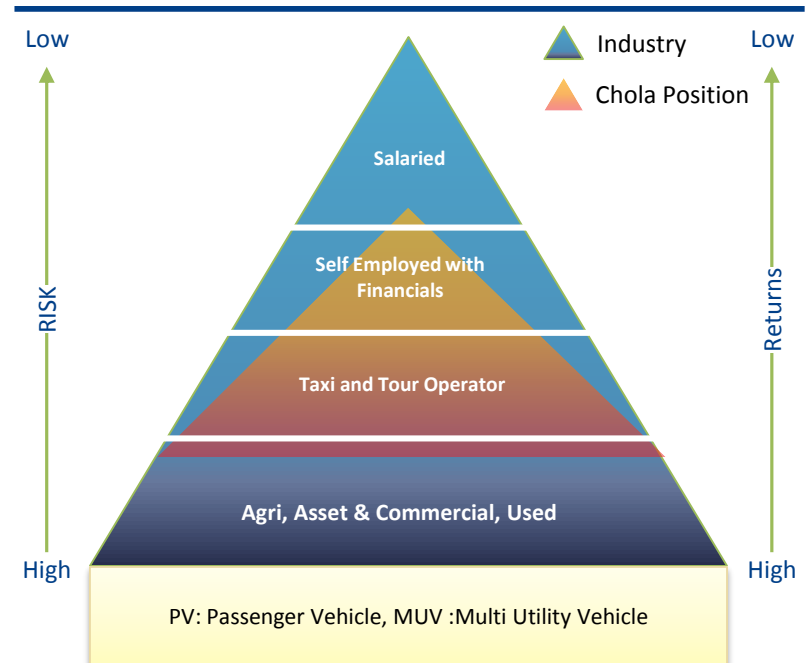
Vehicle Finance—Business Model & Positioning

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

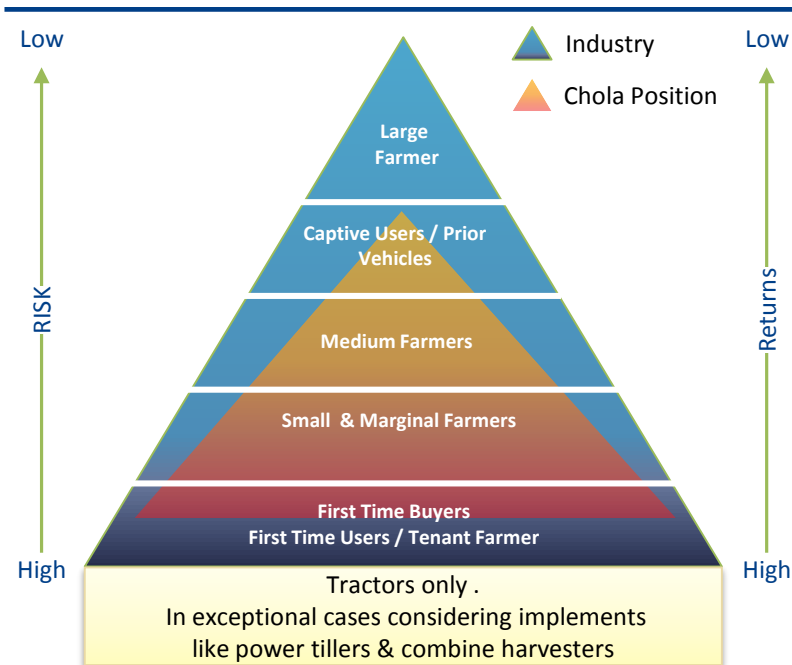
PV



- ~ 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

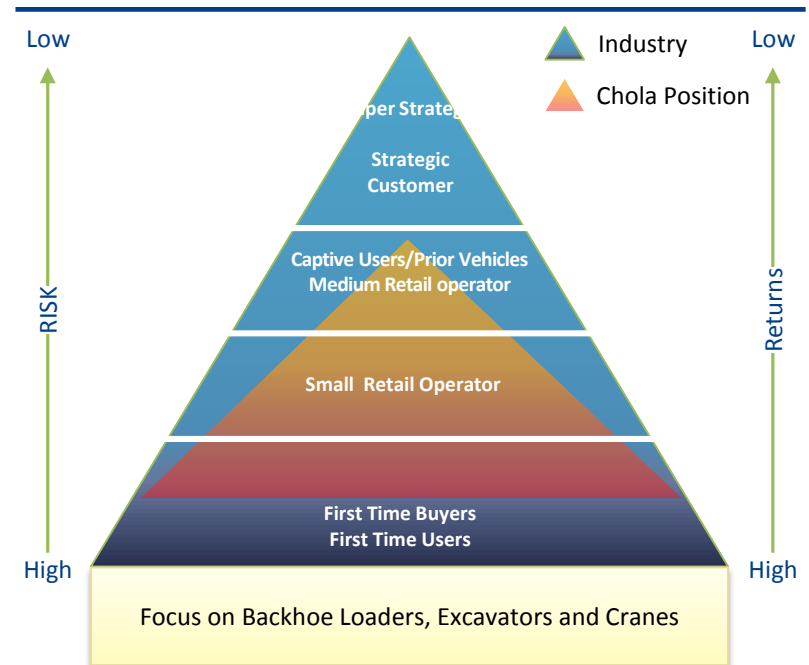
Vehicle Finance—Business Model & Positioning

Tractor



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

CE

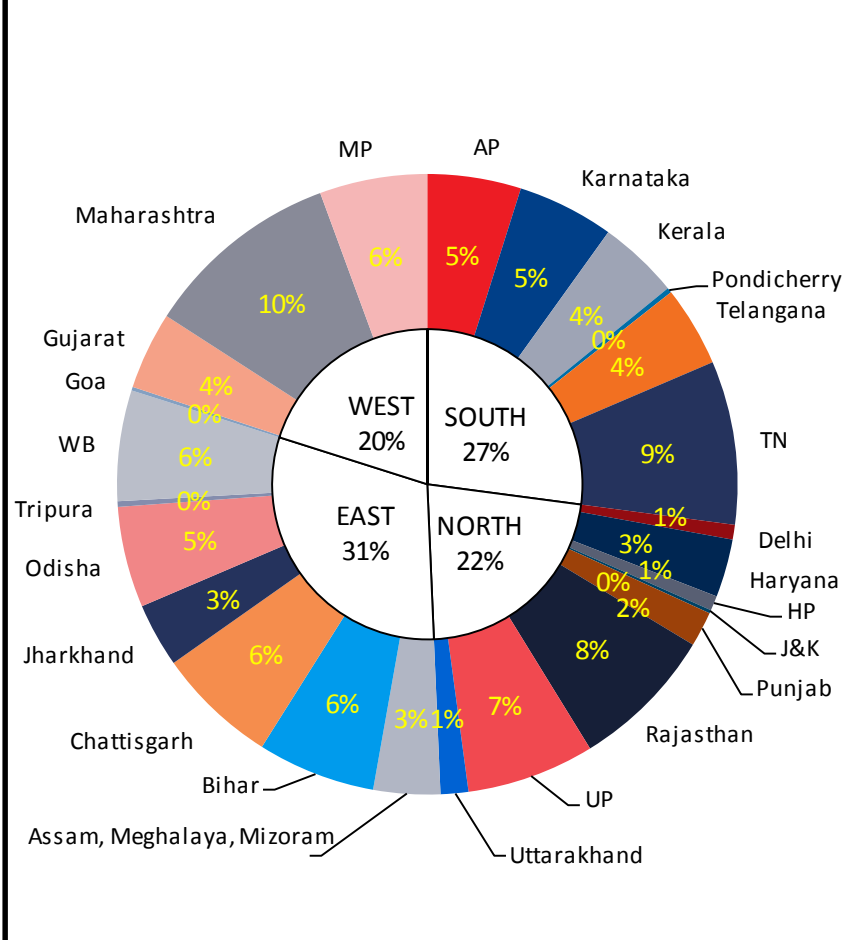


- ~ 69% of disbursements are to retail customer segment
- Application –
 - Captive
 - Hiring
- New & Used

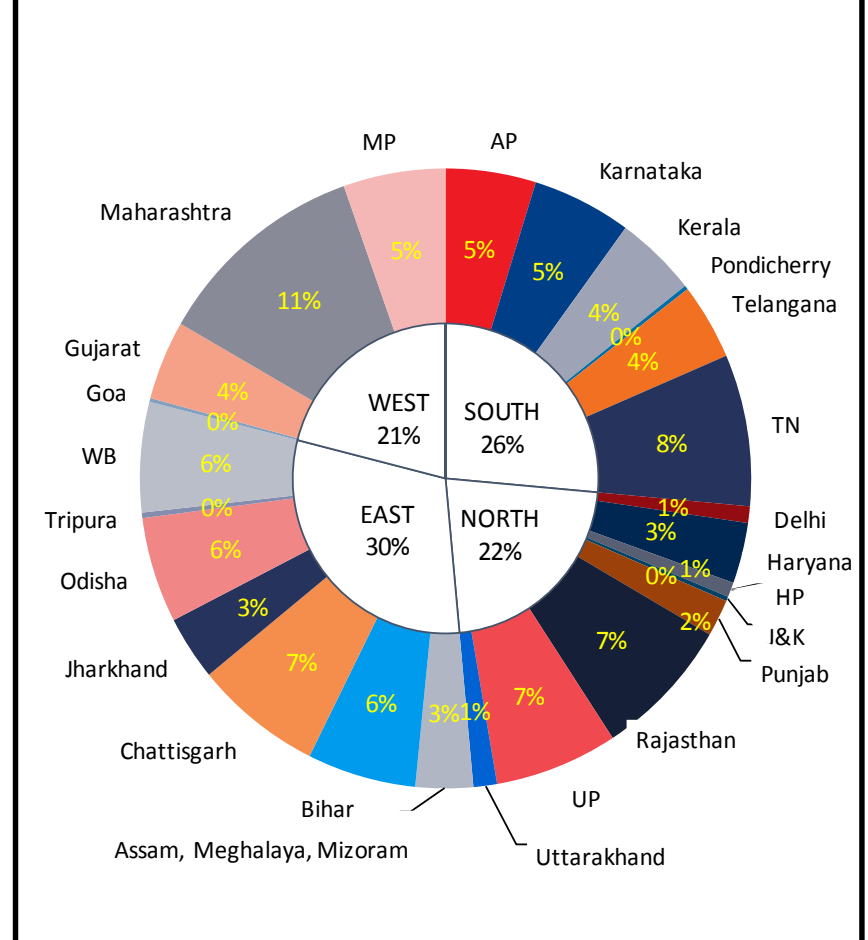
Vehicle Finance - Disbursement/Portfolio Mix – H1FY20

Well diversified across geography & product segments

Disbursements - State wise



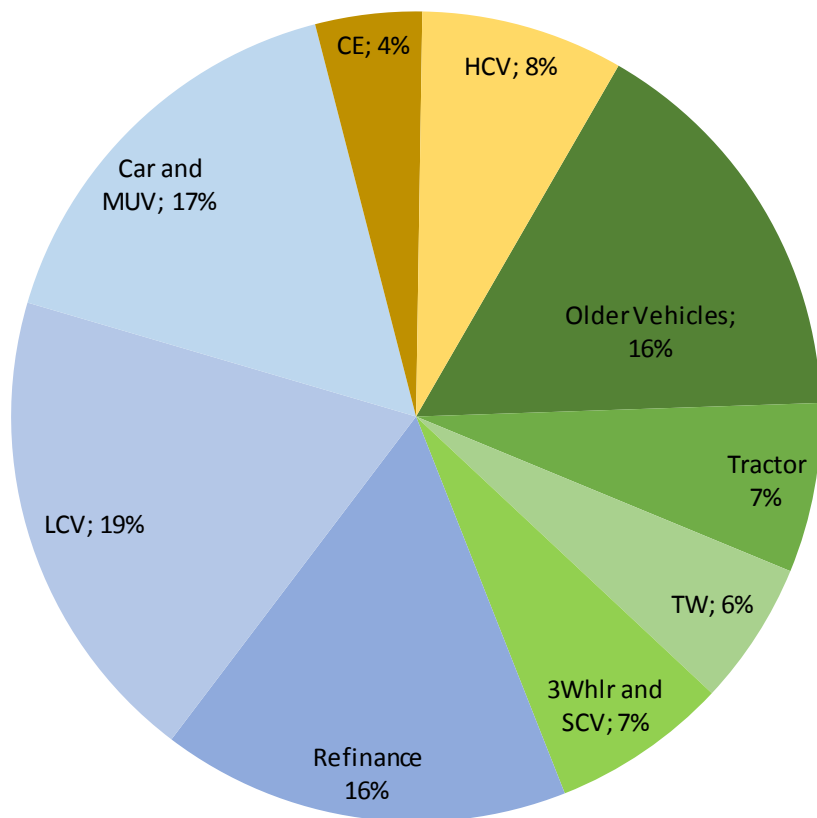
Portfolio - State wise



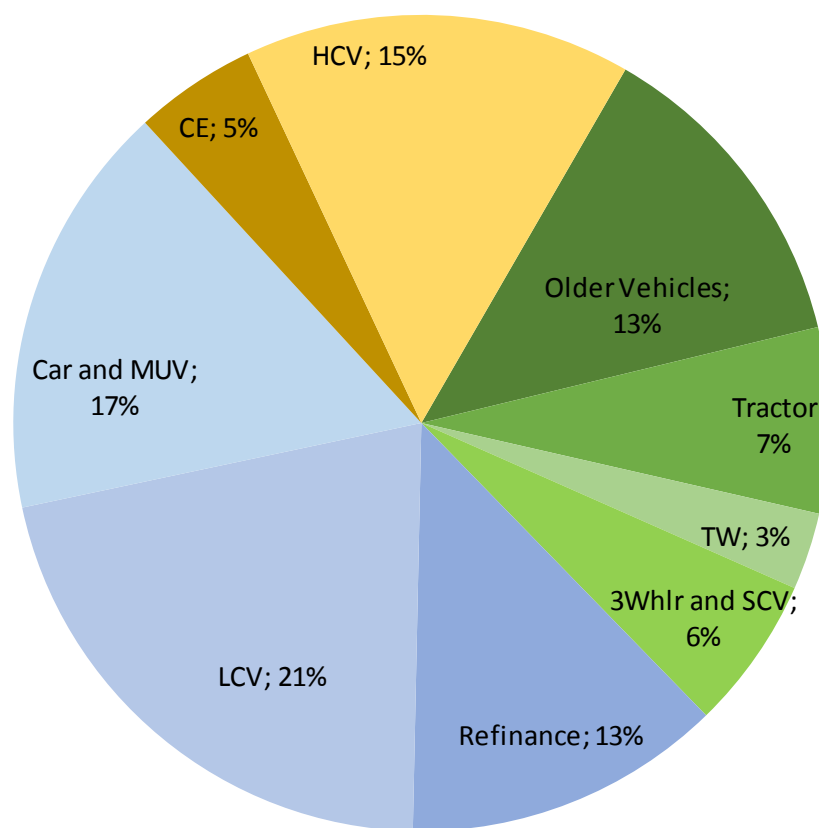
Vehicle Finance - Disbursement/Portfolio Mix – H1FY20

Well diversified across geography & product segments

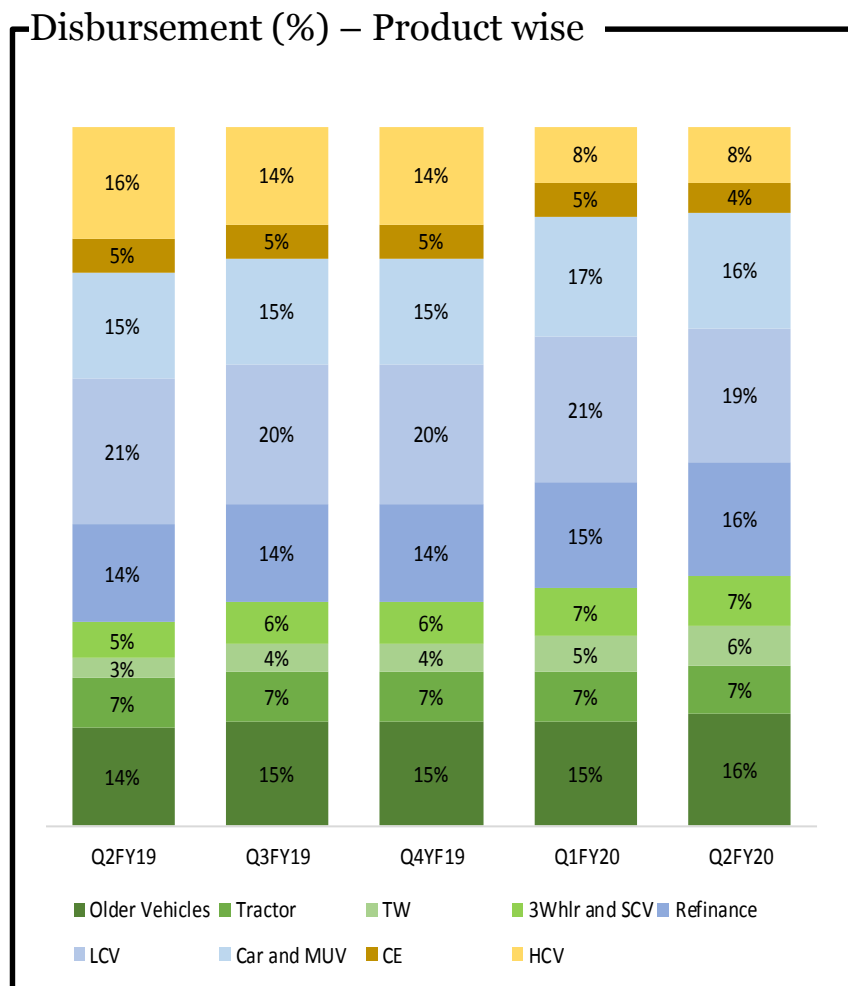
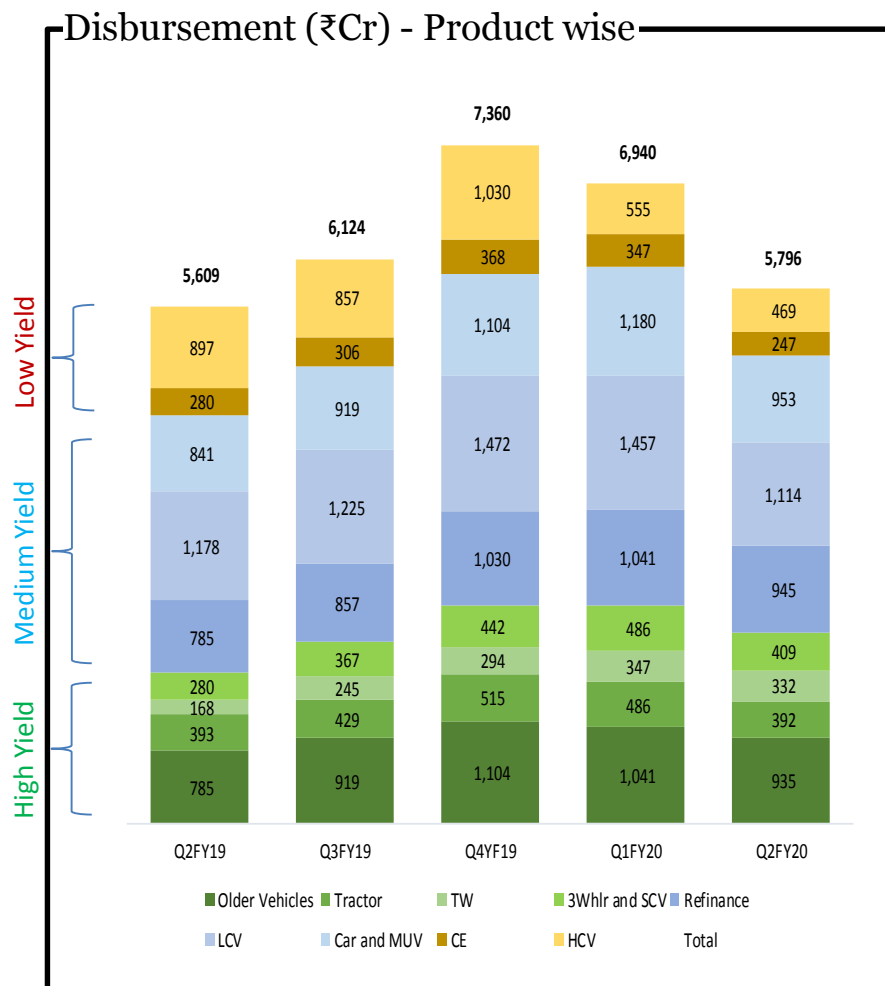
Disbursements (₹Cr) - Product wise



Portfolio (₹Cr) - Product wise

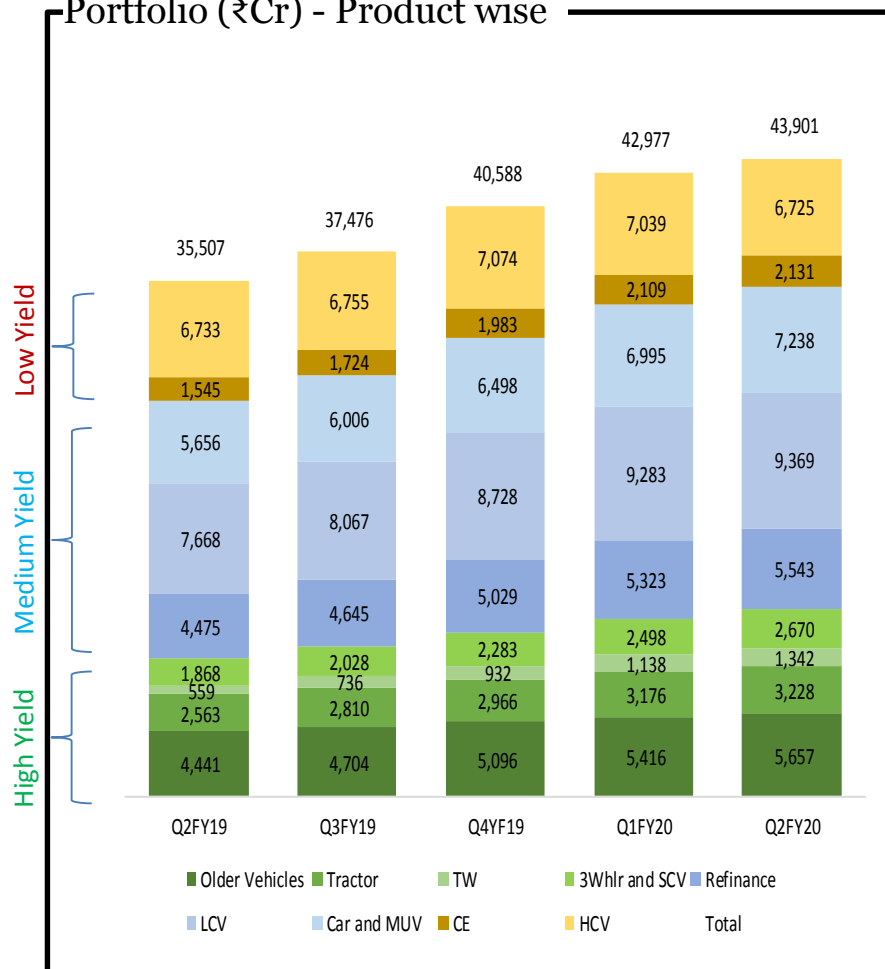


Vehicle Finance - Disbursement Mix – H1FY20

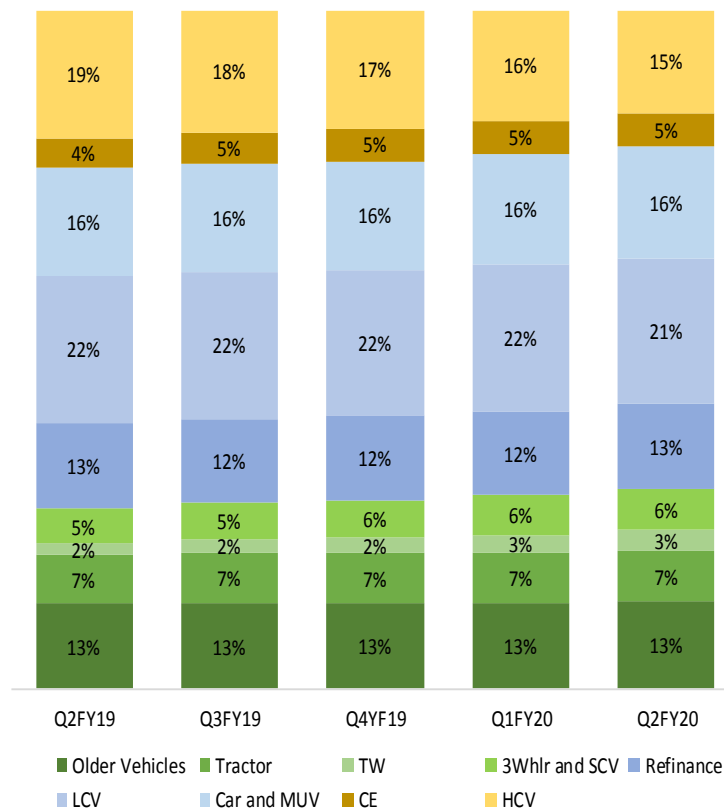


Vehicle Finance - Portfolio Mix – H1FY20

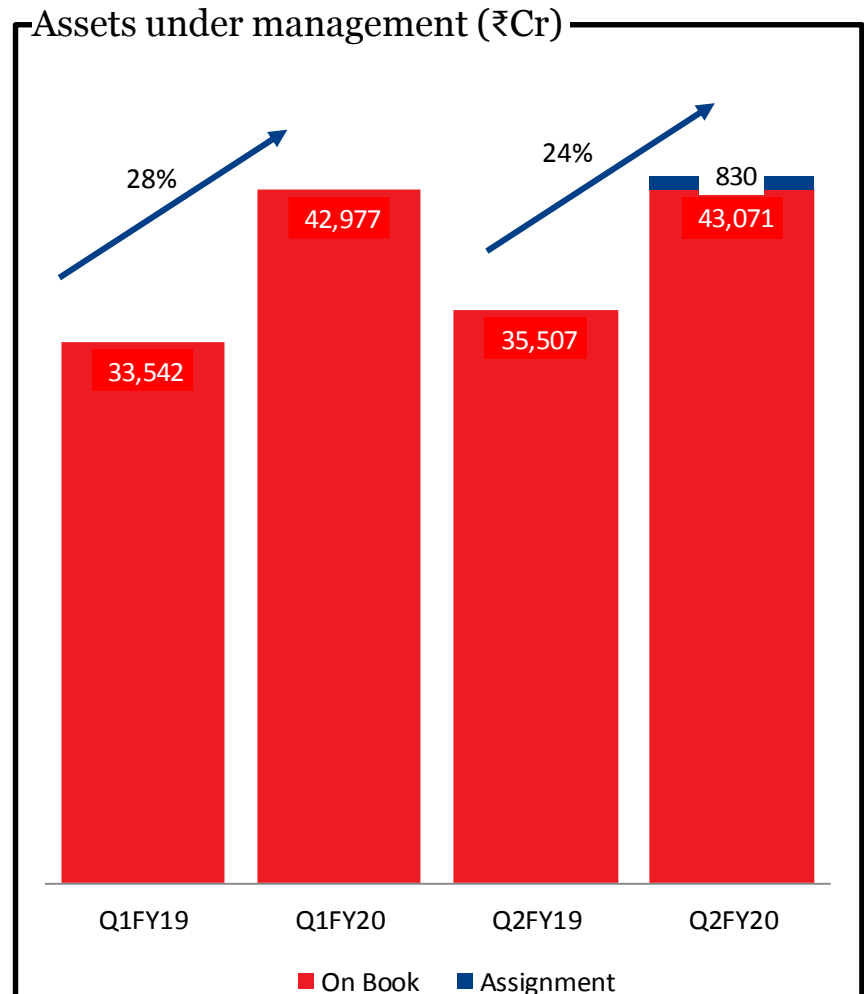
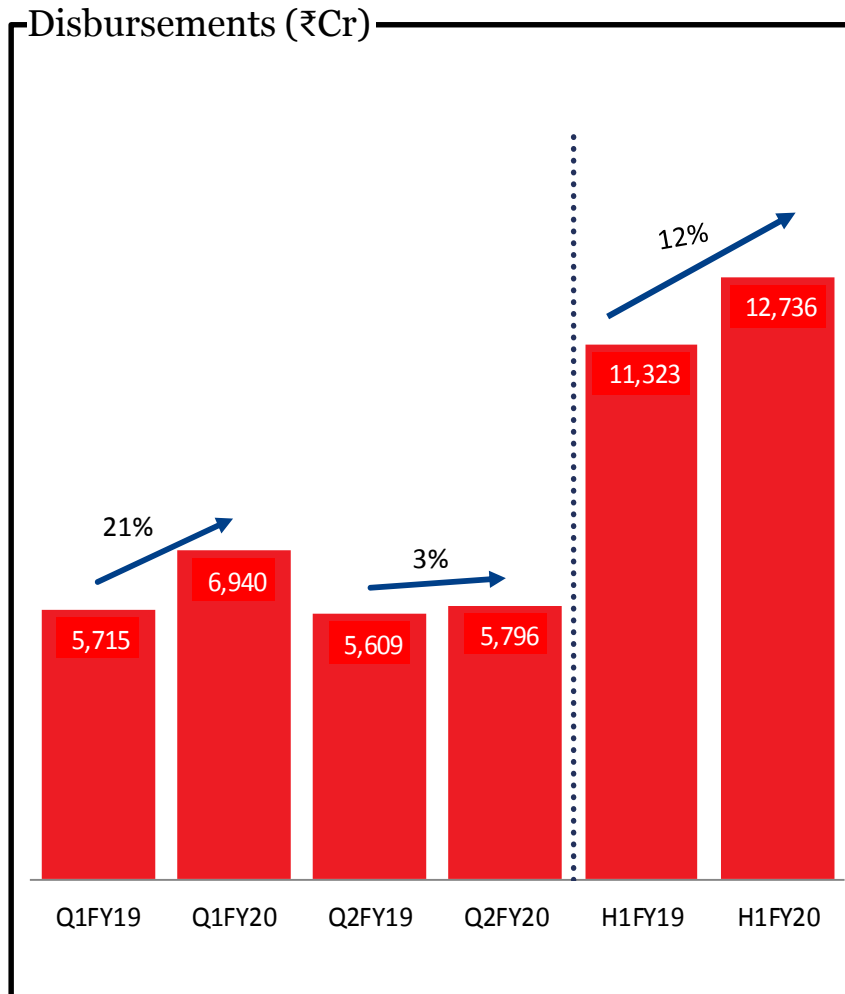
Portfolio (₹Cr) - Product wise



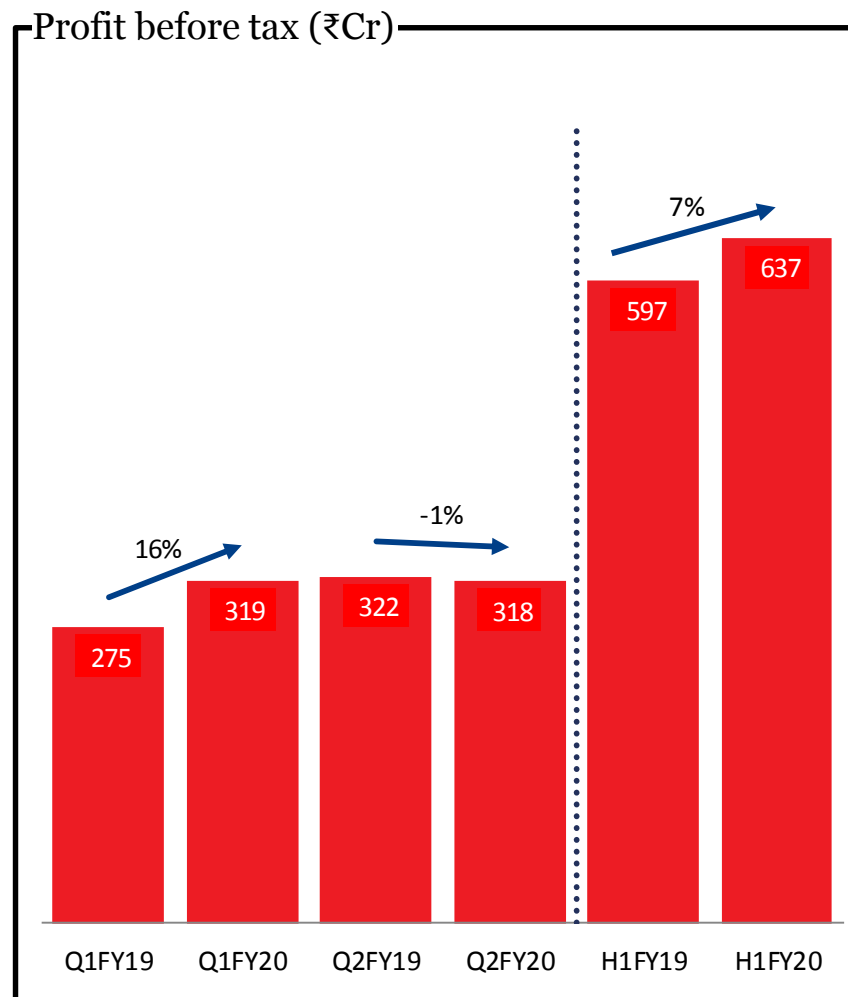
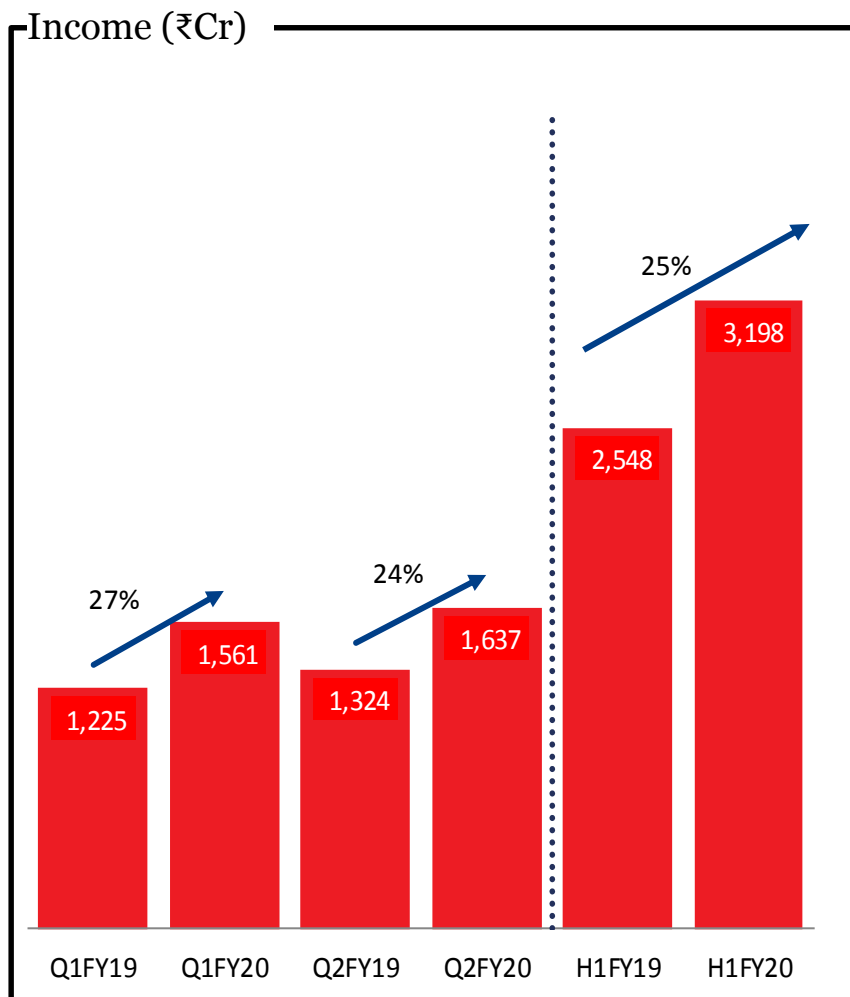
Portfolio (%) – Product wise



Vehicle Finance: Financial summary Q2FY20 & H1FY20 (I)

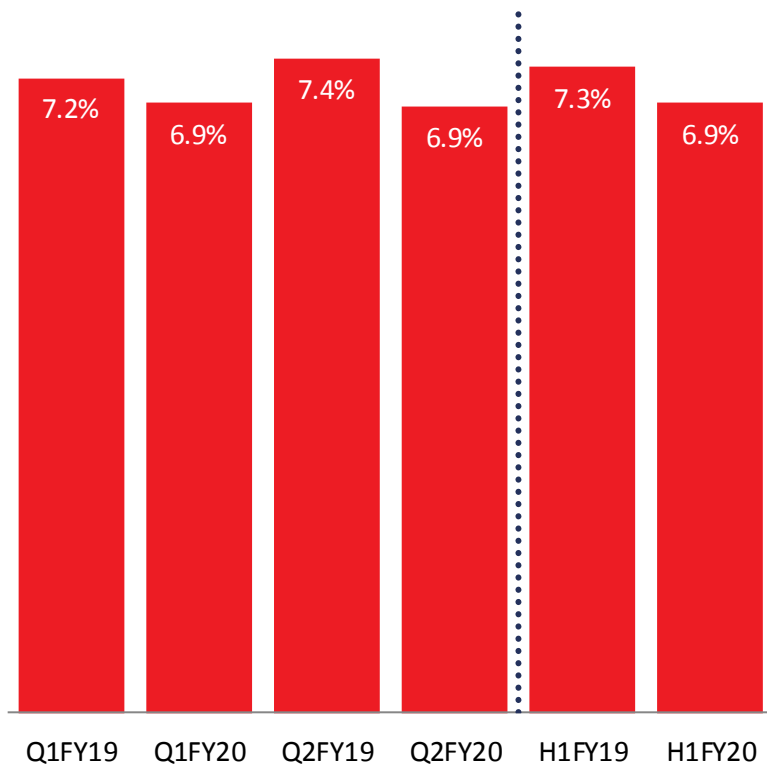


Vehicle Finance: Financial summary Q2FY20 & H1FY20 (II)

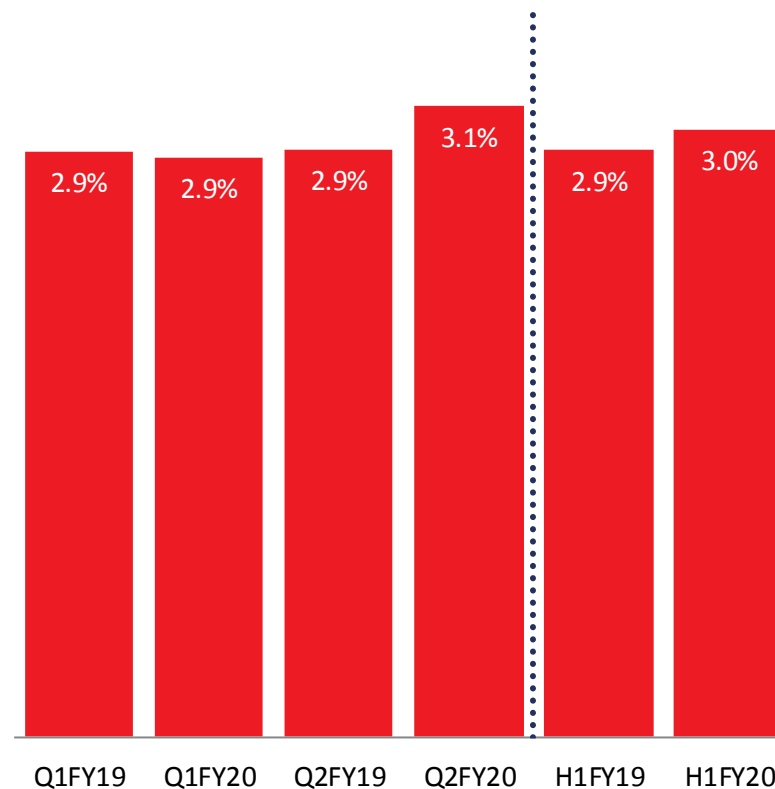


Vehicle Finance: Financial summary Q2FY20 & H1FY20 (III)

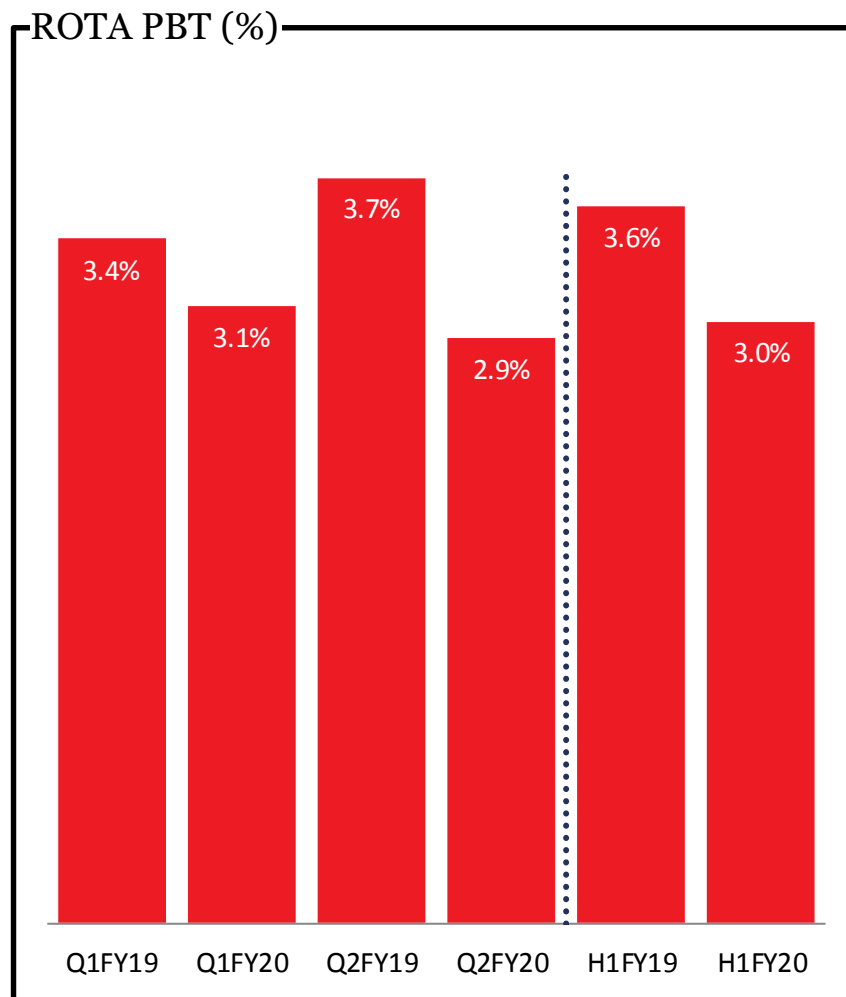
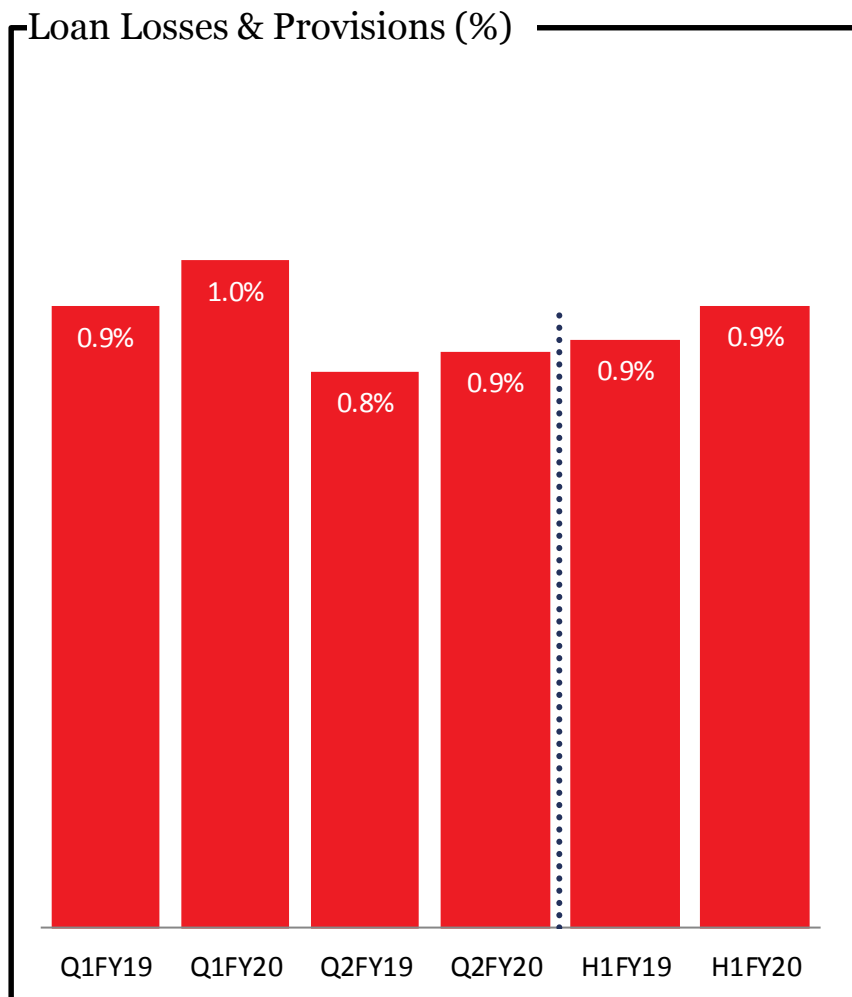
Net Income Margin (%)



Expense Ratio (%)



Vehicle Finance: Financial summary Q2FY20 & H1FY20 (IV)



Profit and Loss Statement: Vehicle Finance (Managed)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Growth % Q2-o-Q2	H1FY19	H1FY20	Growth % H1-o-H1
Disbursements	5,715	6,940	5,609	5,796	3%	11,323	12,736	12%
Closing Assets (Managed)	33,542	42,977	35,507	43,901	24%	35,507	43,901	24%
Operating Income	1,225	1,561	1,324	1,637	24%	2,548	3,198	25%
Finance Charges	640	842	677	885	31%	1,317	1,728	31%
Net Income	584	719	647	751	16%	1,231	1,471	19%
Expenses	234	297	253	340	35%	487	637	31%
Loan Losses and Std Assets	75	103	72	94	30%	147	197	34%
Profit Before Tax	275	319	322	318	-1%	597	637	7%
Asset Ratios								
Income	15.1%	15.0%	15.2%	15.0%		15.2%	15.1%	
Cost of Funds	7.9%	8.1%	7.8%	8.1%		7.8%	8.1%	
Net Income Margin	7.2%	6.9%	7.4%	6.9%		7.3%	6.9%	
Expense	2.9%	2.9%	2.9%	3.1%		2.9%	3.0%	
Losses & Provisions	0.9%	1.0%	0.8%	0.9%		0.9%	0.9%	
ROTA-PBT	3.4%	3.1%	3.7%	2.9%		3.6%	3.0%	

Profit and Loss Statement: Vehicle Finance (On Book) (As per IND AS)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Growth % Q1-o-Q1	H1FY19	H1FY20	Growth % (YTD) Y-o-Y
Disbursements	5,715	6,940	5,609	5,796	3%	11,323	12,736	12%
Closing Assets (Balance Sheet)	33,542	42,977	35,507	43,071	21%	35,507	43,071	21%
Operating Income	1,225	1,561	1,324	1,666	26%	2,548	3,227	27%
Finance Charges	640	842	677	887	31%	1,317	1,729	31%
Net Income	584	719	647	779	20%	1,231	1,498	22%
Expenses	234	297	252	339	34%	487	636	31%
Loan Losses and Std Assets Prov	75	103	72	94	30%	147	197	34%
Profit Before Tax	275	319	322	347	8%	597	666	11%
Asset Ratios								
Income	15.1%	15.0%	15.2%	15.4%		15.2%	15.3%	
Cost of Funds	7.9%	8.1%	7.8%	8.2%		7.8%	8.2%	
Net Income Margin	7.2%	6.9%	7.4%	7.2%		7.3%	7.1%	
Expense	2.9%	2.9%	2.9%	3.1%		2.9%	3.0%	
Losses & Provisions	0.9%	1.0%	0.8%	0.9%		0.9%	0.9%	
ROTA-PBT	3.4%	3.1%	3.7%	3.2%		3.6%	3.2%	

Home Equity



Home Equity— H1FY20 Performance

Disbursements

- Disbursements has grown 17% in Q1FY20 as compared to H1FY19

Asset under management

- The business has grown the Assets by 7% in H1FY20.

Loss and provisions

- Loan losses is at 0.04% from 0.02% as compared to H1FY19

Profit before tax

- PBT for H1FY20 has grown 22% as compared to H1FY19

Home Equity: Industry outlook



- The loans against property (LAP) segment has been under pressure because of the cash flow pressure plaguing the SME segment, which is the dominant market for LAP.– Fitch Sep'19.
- Growth in the value of LAP assets under management has been slowing – Moody's Sep'19



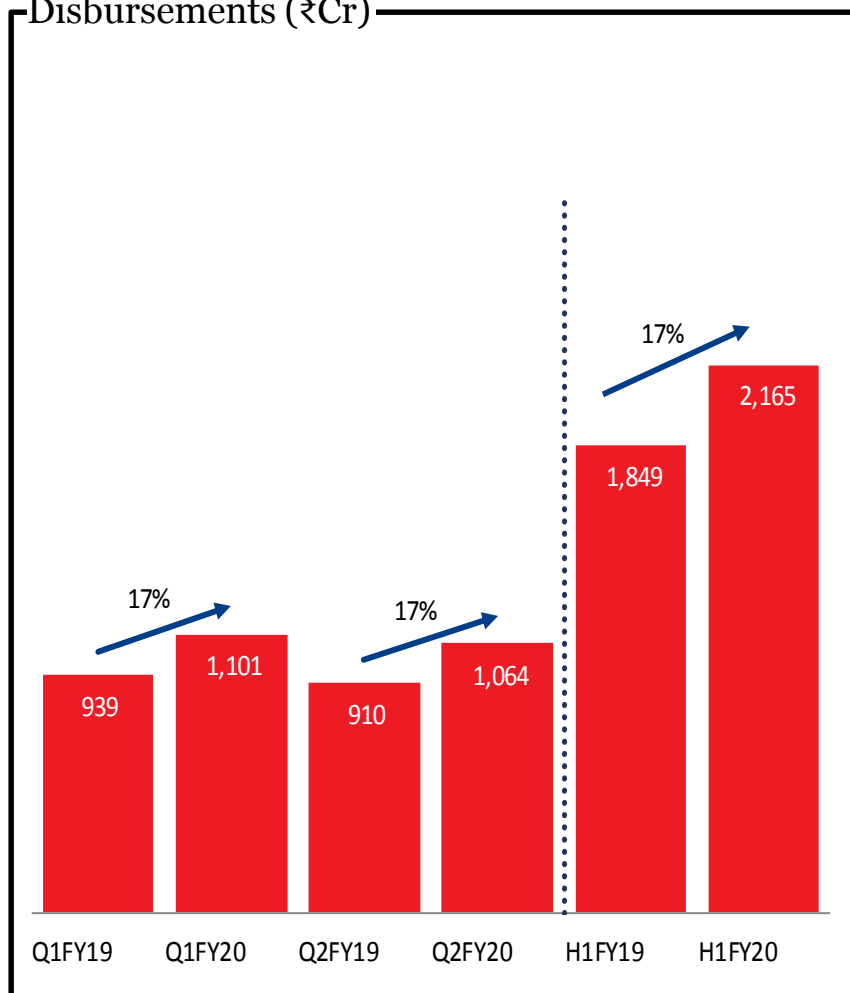
- Declining real estate prices in some cities and a slower pace of price growth in others has curtailed refinancing of LAPs, and hurt recovery prospects for defaulted loans– Moody's Sep'19



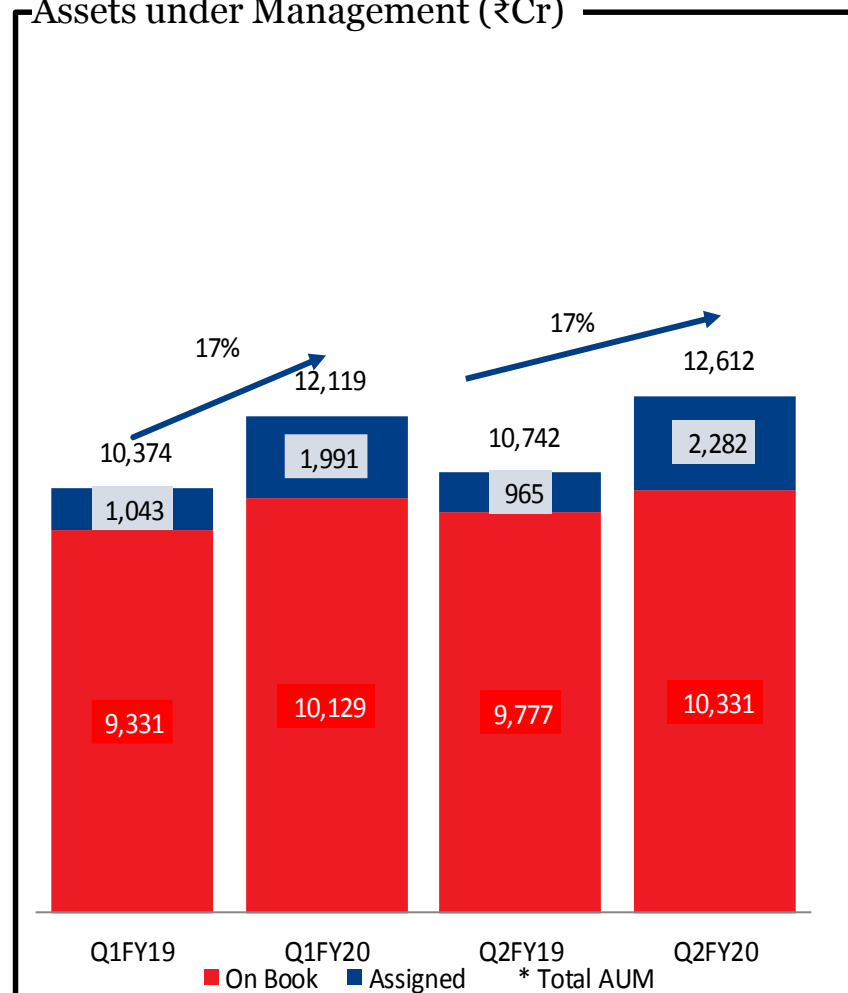
- As market liquidity remains tight, the self-employed segment could face longer working capital cycles and increased borrowing costs. Thus, delays in fresh financing/refinancing are expected to impact the business performance of these borrowers and the asset quality of the lenders, which could be more visible in FY2020 – ICRA June'19

Home Equity—Financial Summary Q2FY20 & H1FY20 (I)

Disbursements (₹Cr)

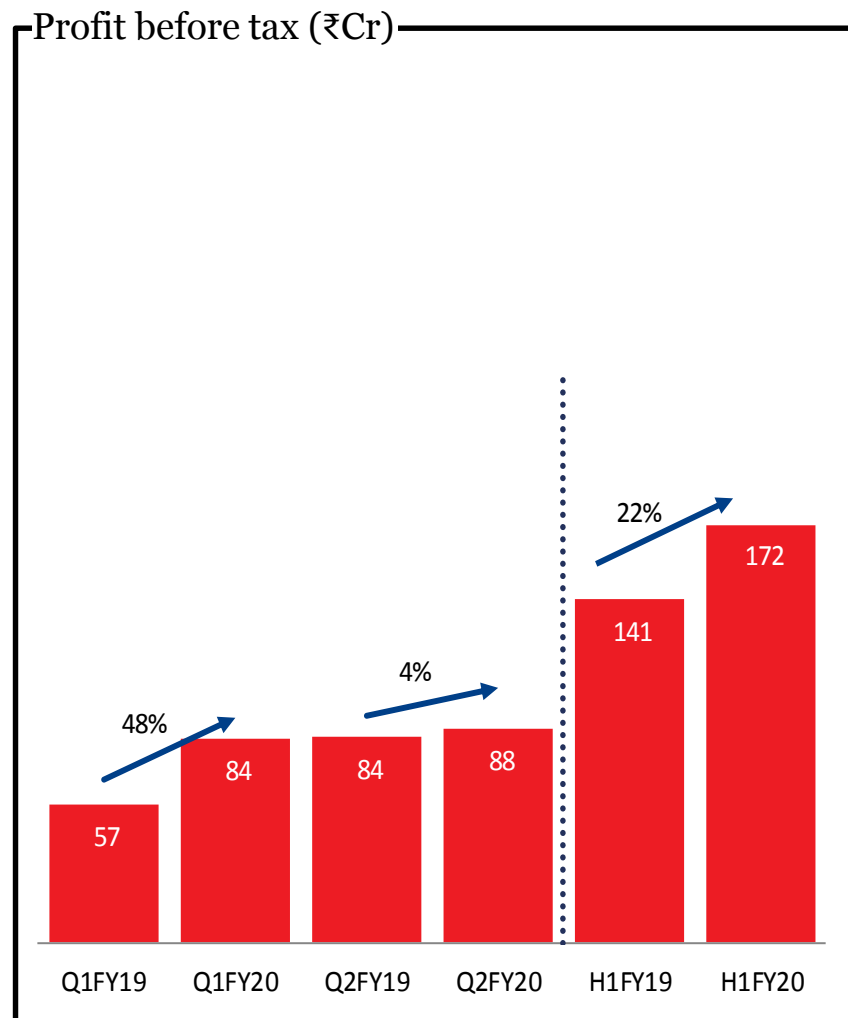
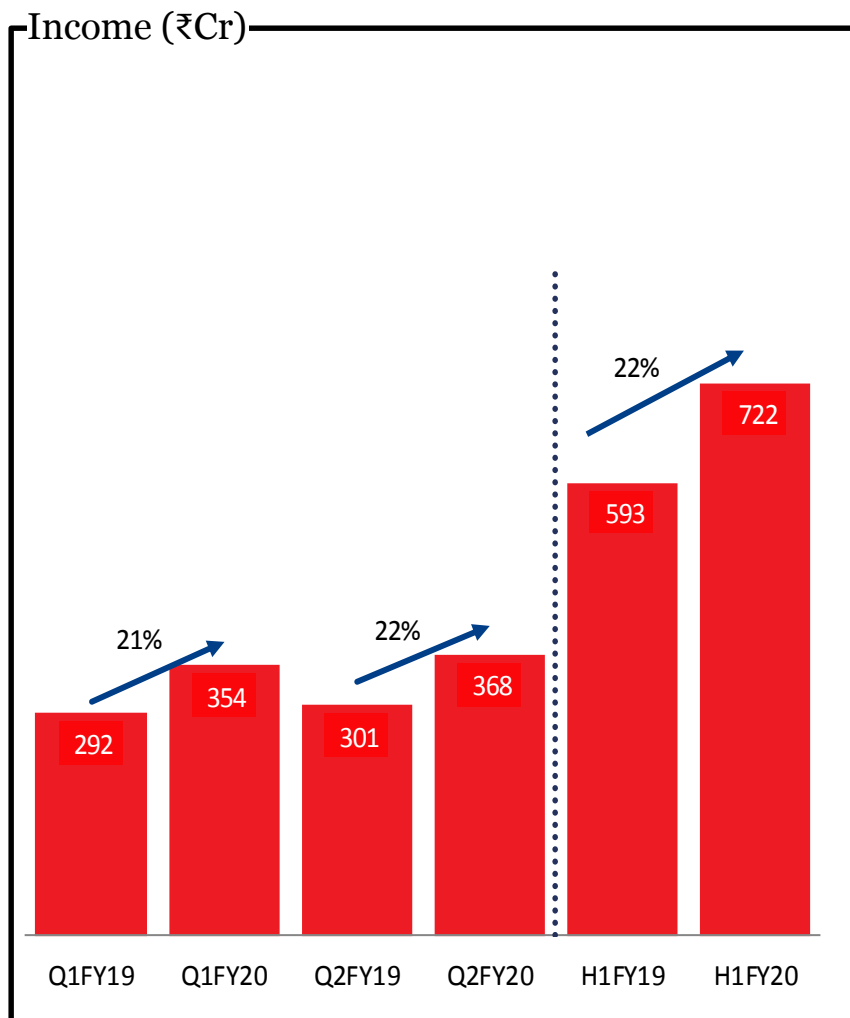


Assets under Management (₹Cr)



Note: Without assignment gains

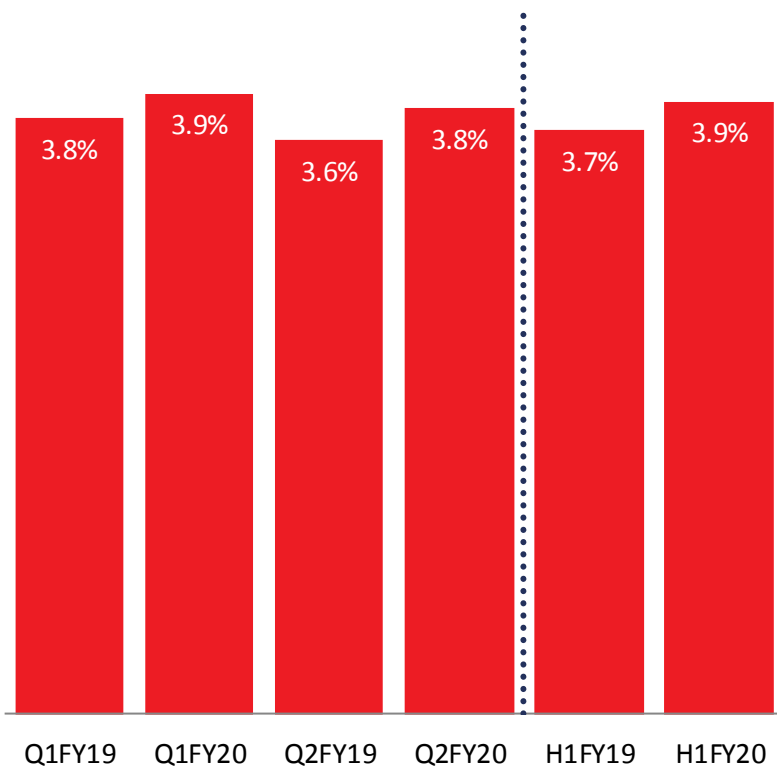
Home Equity—Financial Summary Q2FY20 & H1FY20 (II)



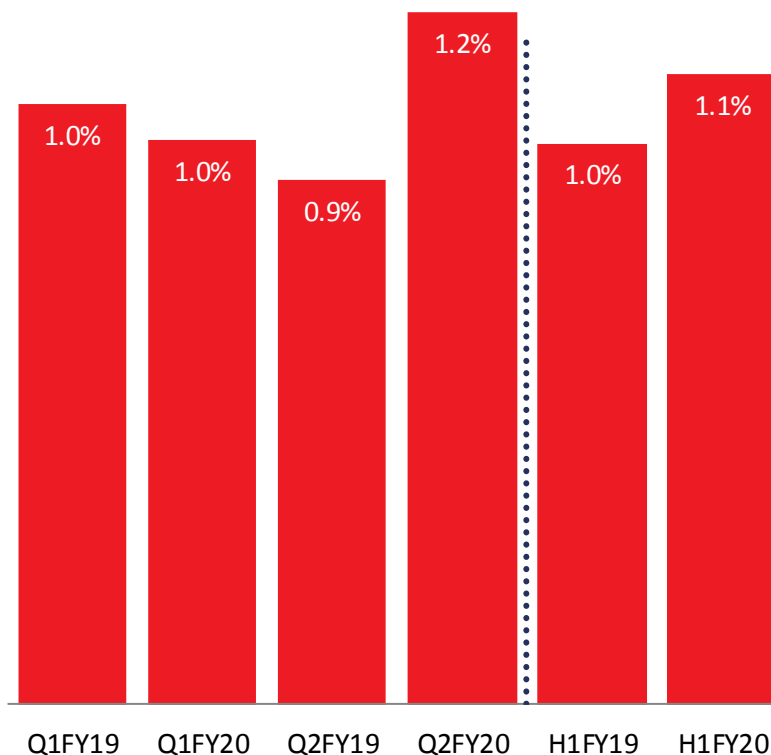
Note: Without assignment gains

Home Equity—Financial Summary Q2FY20 & H1FY20 (III)

Net Income Margin (%)

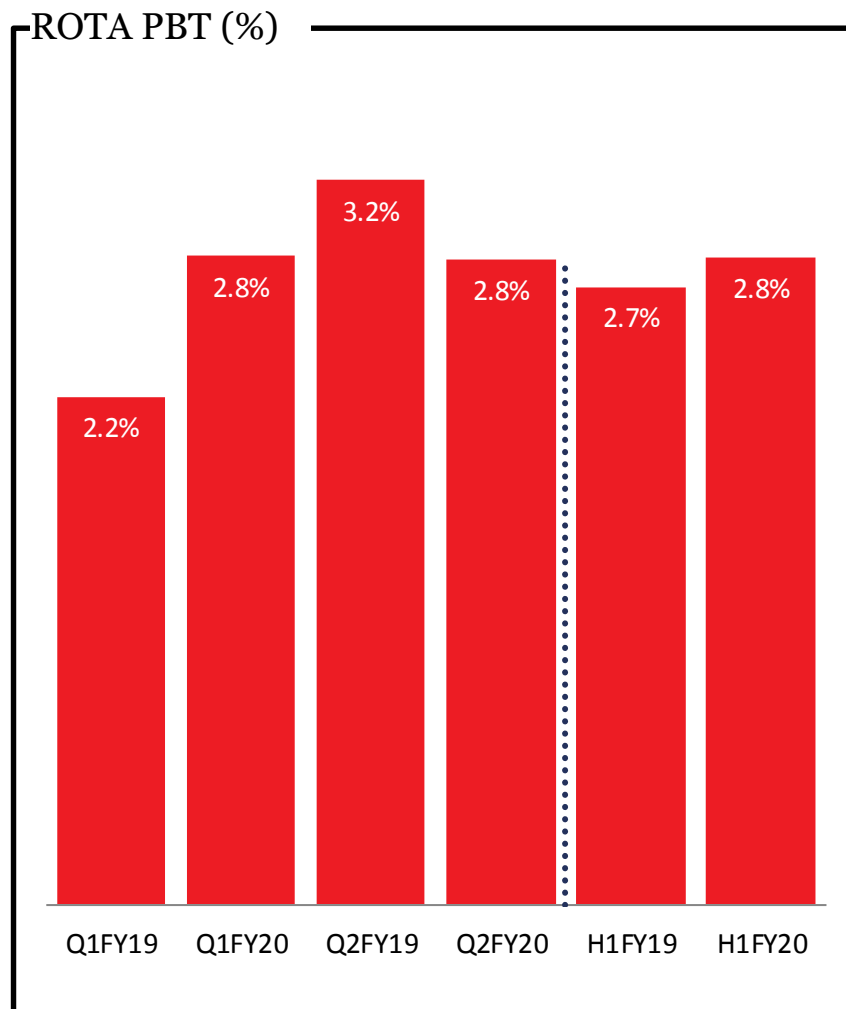
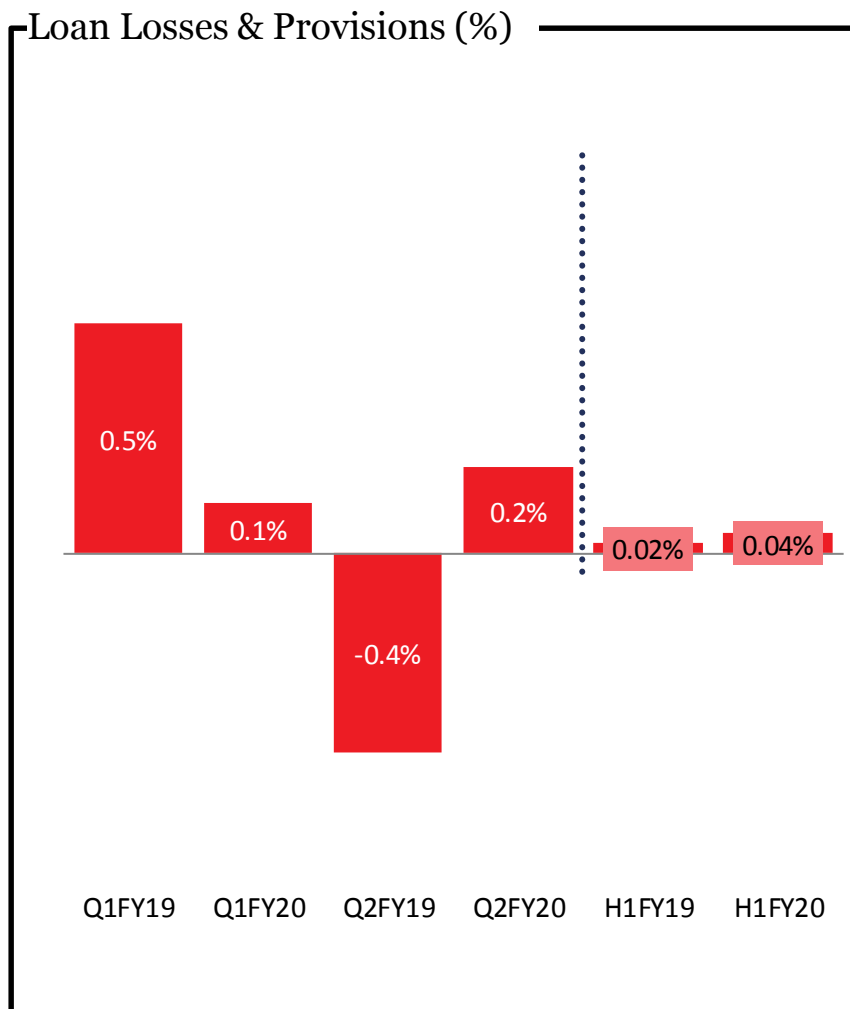


Expenses Ratio (%)



Note: Ratios are based on average AUM (Without assignment gains)

Home Equity—Financial Summary Q2FY20 & H1FY20 (IV)



Note: Ratios are based on average AUM (Without assignment gains)

Profit and Loss Statement: Home Equity (Managed)

₹ Cr

Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Growth % Q2-o-Q2	H1FY19	H1FY20	Growth % H1-o-H1
Disbursements	939	1,101	910	1,064	17%	1,849	2,165	17%
Closing Assets (Managed)	10,374	12,119	10,742	12,612	17%	10,742	12,612	17%
Operating Income	292	354	301	368	22%	593	722	22%
Finance Charges	195	238	205	249	22%	400	487	22%
Net Income	96	116	97	119	23%	193	235	22%
Expenses	26	29	24	37	54%	50	66	30%
Loan Losses and Std Assets Prov	13	3	-12	-6	-50%	1	-3	-312%
Profit Before Tax	57	84	84	88	4%	141	172	22%
Asset Ratios								
Income	11.4%	12.0%	11.3%	11.9%		11.4%	11.9%	
Cost of Funds	7.7%	8.1%	7.7%	8.0%		7.7%	8.0%	
Net Income Margin	3.8%	3.9%	3.6%	3.8%		3.7%	3.9%	
Expense	1.0%	1.0%	0.9%	1.2%		1.0%	1.1%	
Losses & Provisions	0.5%	0.1%	-0.4%	0.2%		0.02%	0.04%	
ROTA-PBT	2.2%	2.8%	3.2%	2.8%		2.7%	2.8%	

Profit and Loss Statement: Home Equity (On Book) (As per IND AS)

₹ Cr

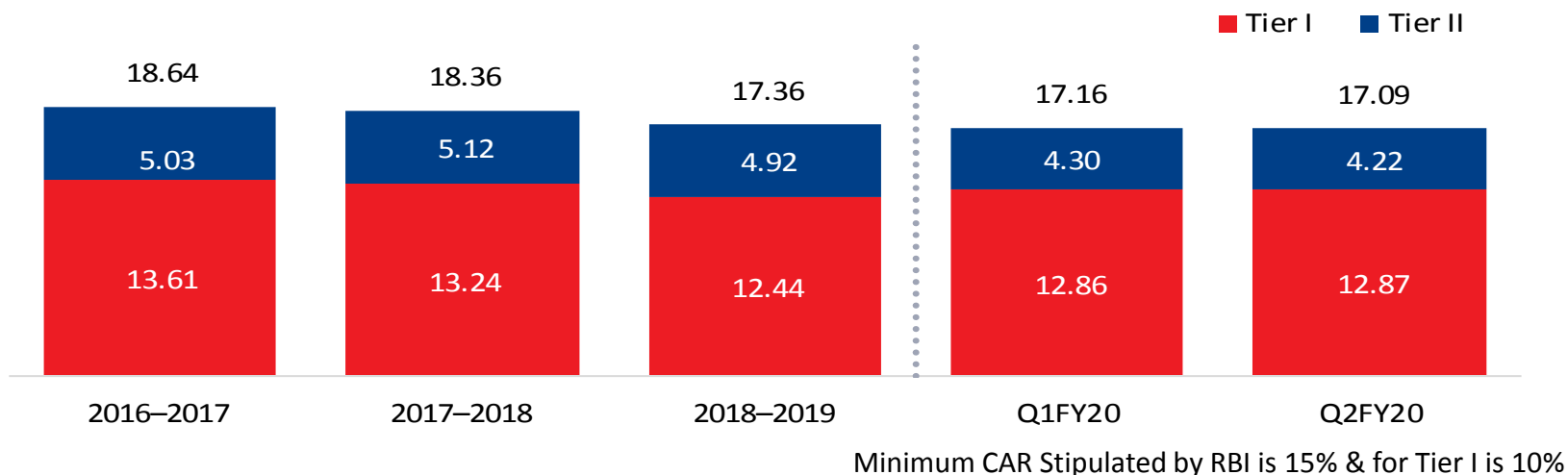
Particulars	Q1FY19	Q1FY20	Q2FY19	Q2FY20	Growth % Q1-o-Q1	H1FY19	H1FY20	Growth % (YTD) Y-o-Y
Disbursements	939	1,101	910	1,064	17%	1,849	2,165	17%
Closing Assets (Balance Sheet)	9,331	10,129	9,773	10,331	6%	9,773	10,331	6%
Operating Income	310	318	268	322	20%	580	640	10%
Finance Charges	168	193	170	195	15%	341	389	14%
Net Income	142	125	98	126	29%	240	251	5%
Expenses	26	29	25	37	47%	52	66	28%
Loan Losses and Std Assets Prov	7	3	-15	-6	-61%	-9	-3	-69%
Profit Before Tax	109	93	88	95	8%	197	188	-4%
Asset Ratios								
Income	13.3%	12.8%	11.1%	12.5%		12.2%	12.6%	
Cost of Funds	7.2%	7.7%	7.1%	7.6%		7.1%	7.7%	
Net Income Margin	6.1%	5.0%	4.1%	4.9%		5.0%	5.0%	
Expense	1.1%	1.2%	1.0%	1.4%		1.1%	1.3%	
Losses & Provisions	0.3%	0.1%	-0.6%	-0.2%		-0.2%	-0.1%	
ROTA-PBT	4.7%	3.7%	3.6%	3.7%		4.1%	3.7%	

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	-

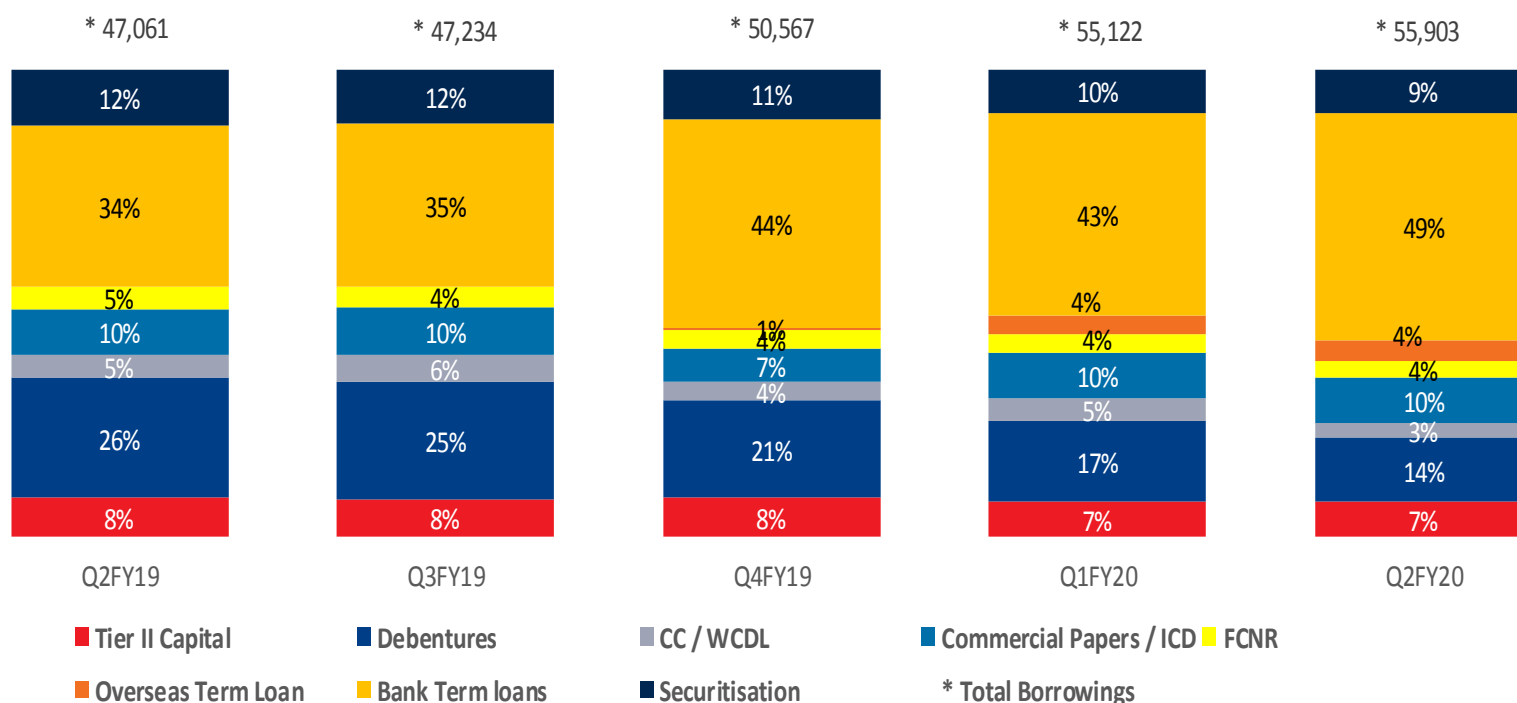
^ CP Rating

* NCD Rating

Diversified Borrowings Profile (I/II)

(₹Cr)

Borrowing mix by instrument type



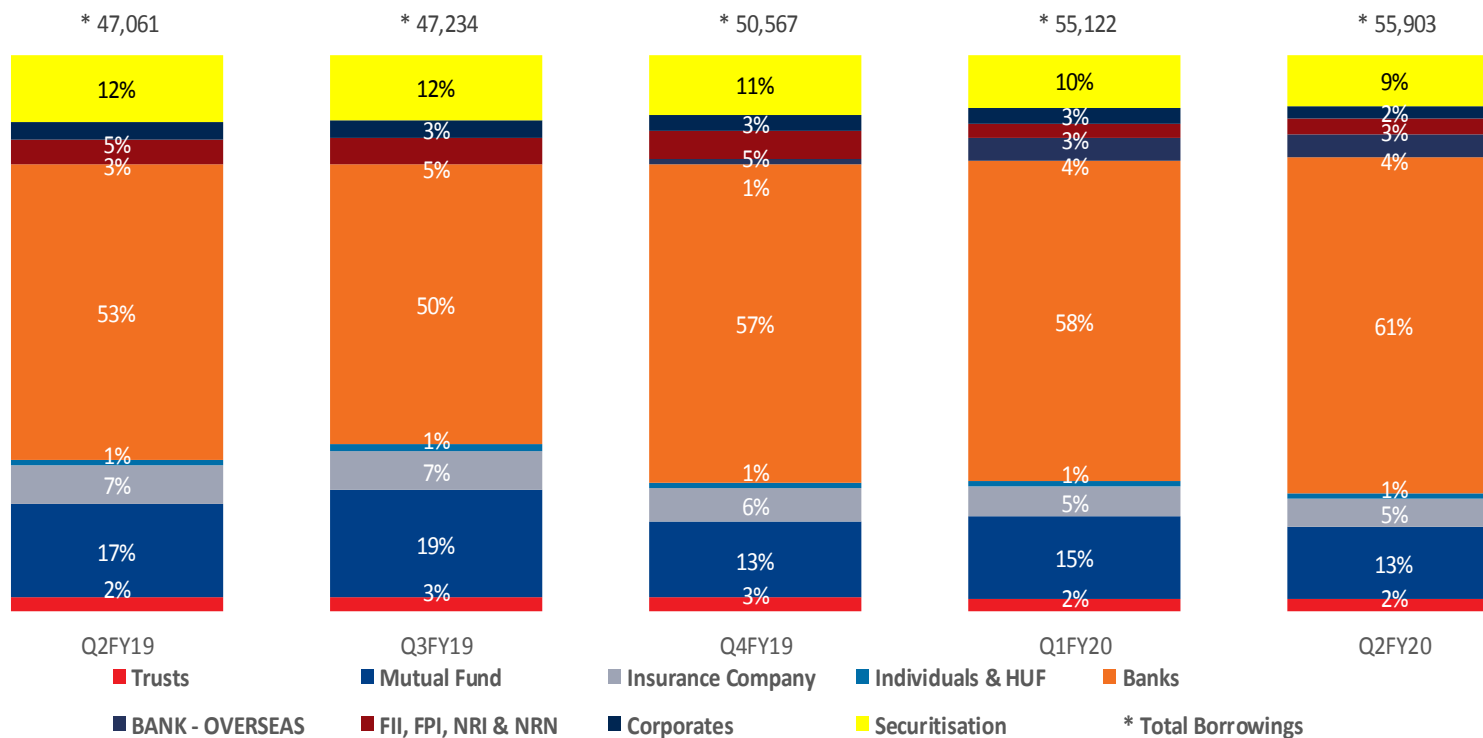
1. Total borrowings

Note: Long term relationships with banks ensured continued lending; A consortium of 14 banks with tied-up limits of ₹3,275 Crores

Diversified Borrowings Profile (I/II)

(₹Cr)

Borrowing mix by investor type



ALM Statement as of 30th Sep 2019 (As per IGAAP)

(₹Cr)

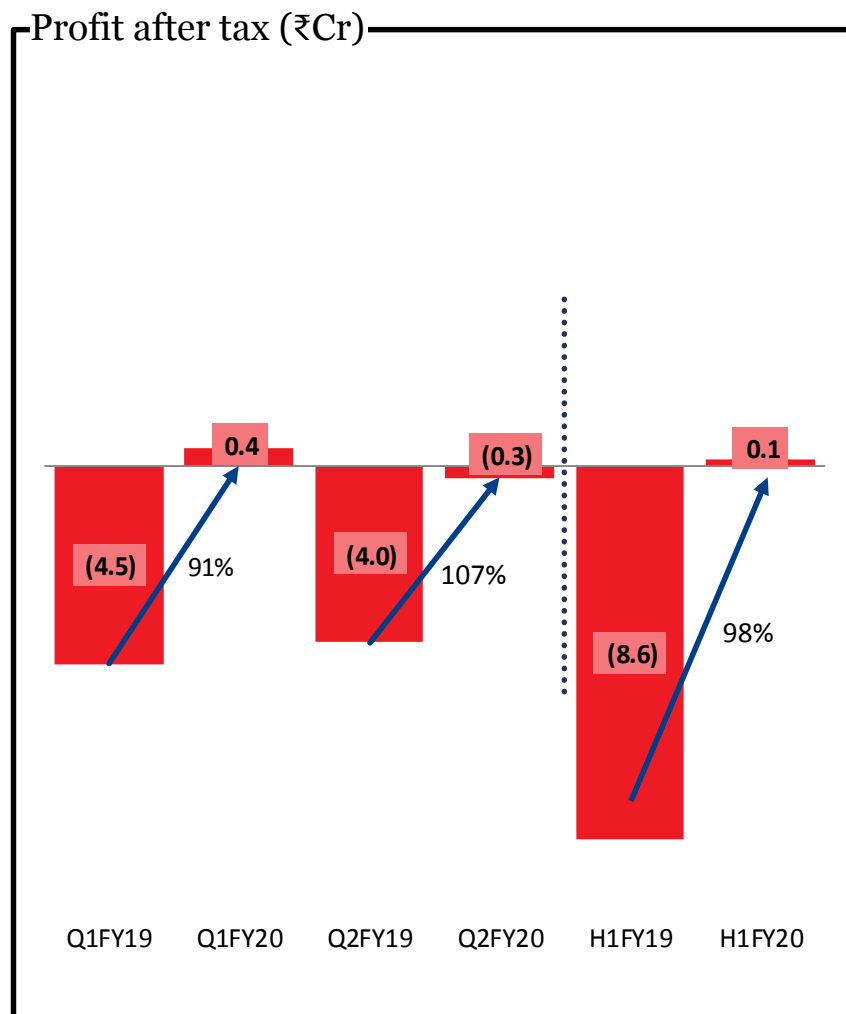
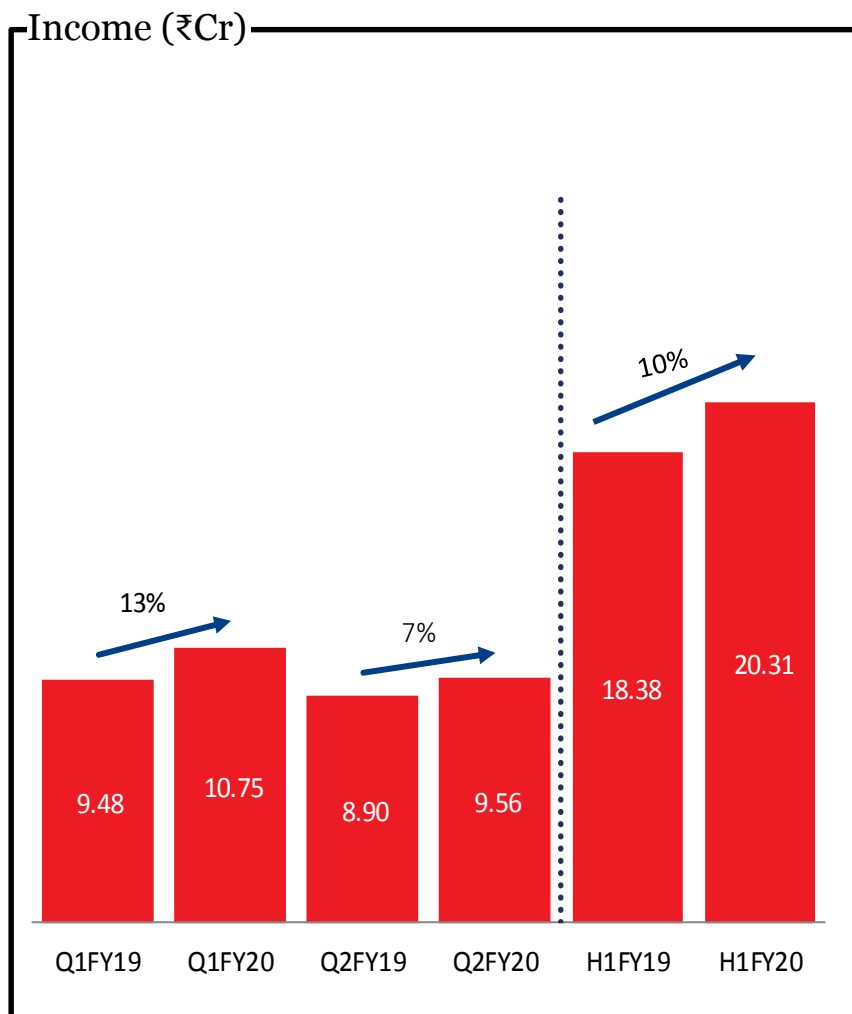
Particulars	1 m	>1 to 2m	>2 to 3m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Bank Balances	1,661.00	2,392.17	1,556.00	-	-	-	-	-	5,609.17
Advances	1,411.13	1,186.24	1,300.04	5,355.21	9,145.42	22,979.33	5,147.97	4,428.97	50,954.30
Trade Receivable & Others	513.33	99.73	33.71	80.72	76.68	401.18	285.27	1,064.57	2,555.19
Total Inflows (A)	3,585.46	3,678.14	2,889.75	5,435.93	9,222.10	23,380.51	5,433.24	5,493.54	59,118.66
Cumulative Total Inflows (B)	3,585.46	7,263.59	10,153.35	15,589.27	24,811.37	48,191.88	53,625.12	59,118.66	
Borrowing Repayment-Bank & Others	1,449.79	1,694.15	430.96	1,626.30	2,549.00	20,578.85	4,878.24	-	33,207.29
Borrowing Repayment- Market	575.00	1,895.32	2,329.44	2,941.97	1,555.94	4,313.12	1,557.30	1,571.00	16,739.10
Capital Reserves and Surplus	-	-	-	-	-	-	-	6,636.70	6,636.70
Other Outflows	1,554.56	87.87	127.28	127.44	197.64	187.57	-	253.21	2,535.57
Total Outflows (C)	3,579.34	3,677.35	2,887.68	4,695.71	4,302.58	25,079.54	6,435.54	8,460.91	59,118.66
Cumulative Total Outflows (D)	3,579.34	7,256.69	10,144.37	14,840.08	19,142.66	44,222.20	50,657.74	59,118.66	
E. GAP (A - C)	6.12	0.79	2.07	740.21	4,919.52	(1,699.03)	(1,002.31)	(2,967.38)	
F.Cumulative GAP (B - D)	6.12	6.91	8.98	749.19	5,668.71	3,969.68	2,967.38	(0.00)	
Cumulative GAP as % (F/D)	0.17%	0.10%	0.09%	5.05%	29.61%	8.98%	5.86%	0.00%	

Note: Behavioural ALM

Subsidiaries

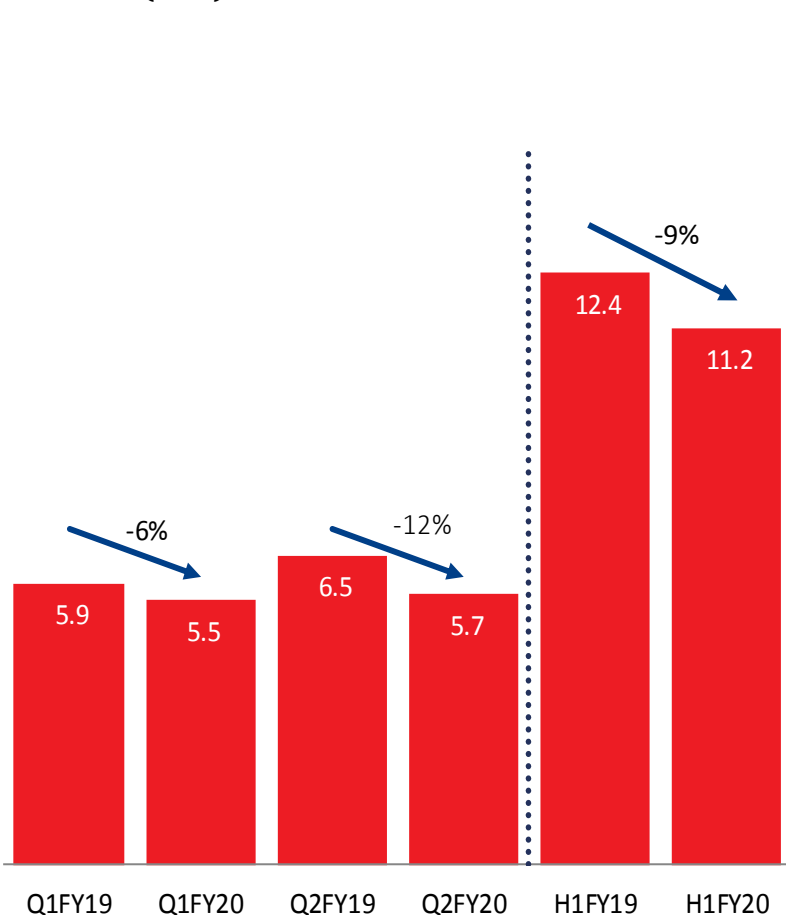


CHOLAMANDALAM HOME FINANCE LTD (As per IND AS)

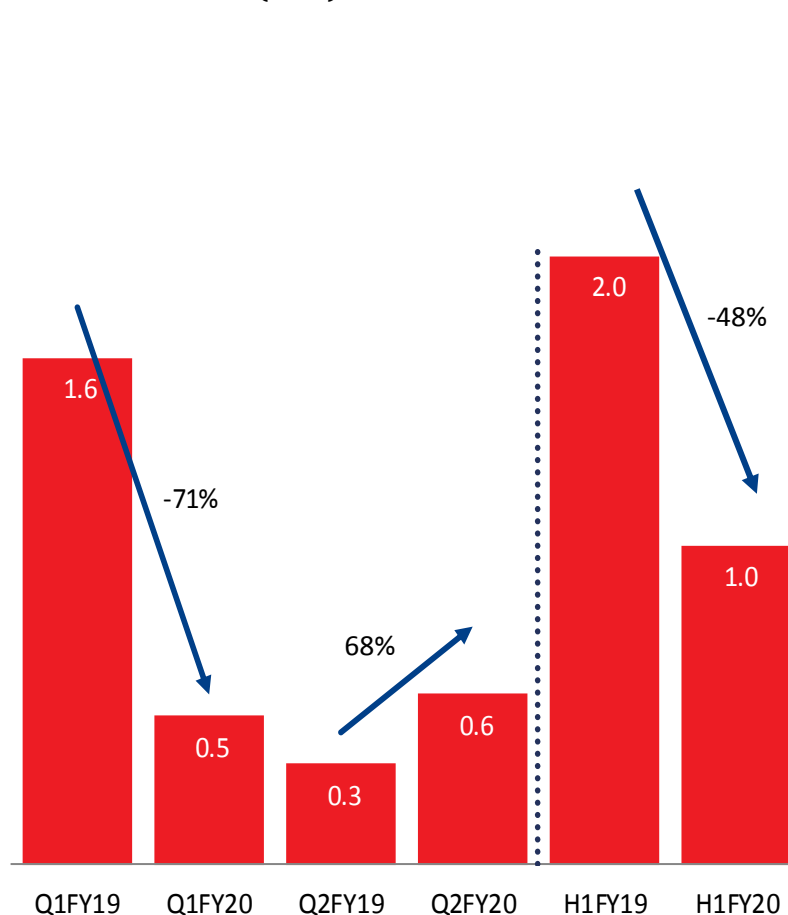


CHOLAMANDALAM SECURITIES LTD (As per IND AS)

Income (₹Cr)



Profit after tax (₹Cr)



Risk Management



```

graph TD
    BD[Board of Directors] --- RM[Risk Management Committee]
    RM --- CRO[Chief Risk Officer]
    CRO -.-> RMD[Risk Management Division]
    CRO --- RCB[Risk Champions of Businesses/ functions]
    RCB --- RO[Risk Officers of business units / function]
    RMD -.-> RO
    BD -.-> B1[Oversee the entire risk management process]
    RM -.-> B2[Formed in Oct 2007, operational from 2008  
Meet four times in a year  
Reviews framework & process, periodic monitoring of exposures  
Review of other initiatives with a structured annual plan  
Monthly Review by MD & Top Management]
    CRO -.-> B3[Establish framework  
Establish tools & techniques  
Create risk awareness  
Works with Risk Champions to ensure Risk processes are adequately implemented]
  
```

Board of Directors

- Oversee the entire risk management process

Risk Management Committee

- Formed in Oct 2007, operational from 2008
- Meet four times in a year
- Reviews framework & process, periodic monitoring of exposures
- Review of other initiatives with a structured annual plan
- Monthly Review by MD & Top Management

Chief Risk Officer

- Establish framework
- Establish tools & techniques
- Create risk awareness
- Works with Risk Champions to ensure Risk processes are adequately implemented

Risk Management Division

Risk Champions of Businesses/ functions

Risk Officers of business units / function

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

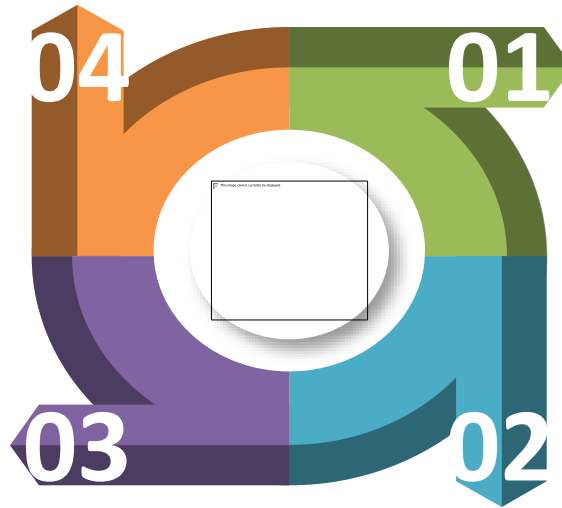
Strategy

- 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

ERM Framework

Measurement &
Monitoring using KRI

Evaluate Probability &
Impact of each event



Review mechanism to
monitor & control risks

Understanding &
Identification of various
risks

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

ERM Framework

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 ED Review,
Quarterly RMC Review.

Identification and Measurement of Risk Events & parameters

Stage 3

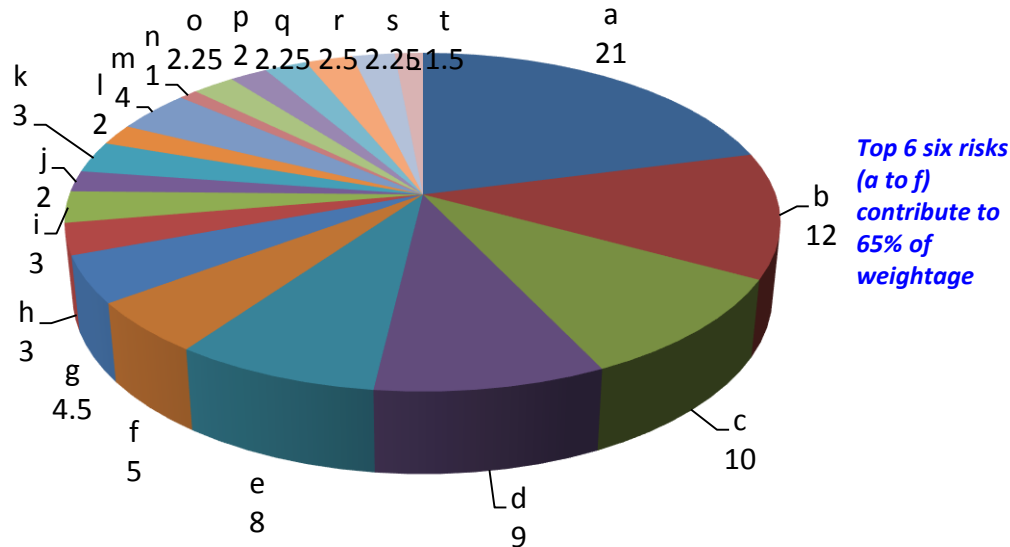
QUANTITATIVE VALIDATION

- 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



Scoring method

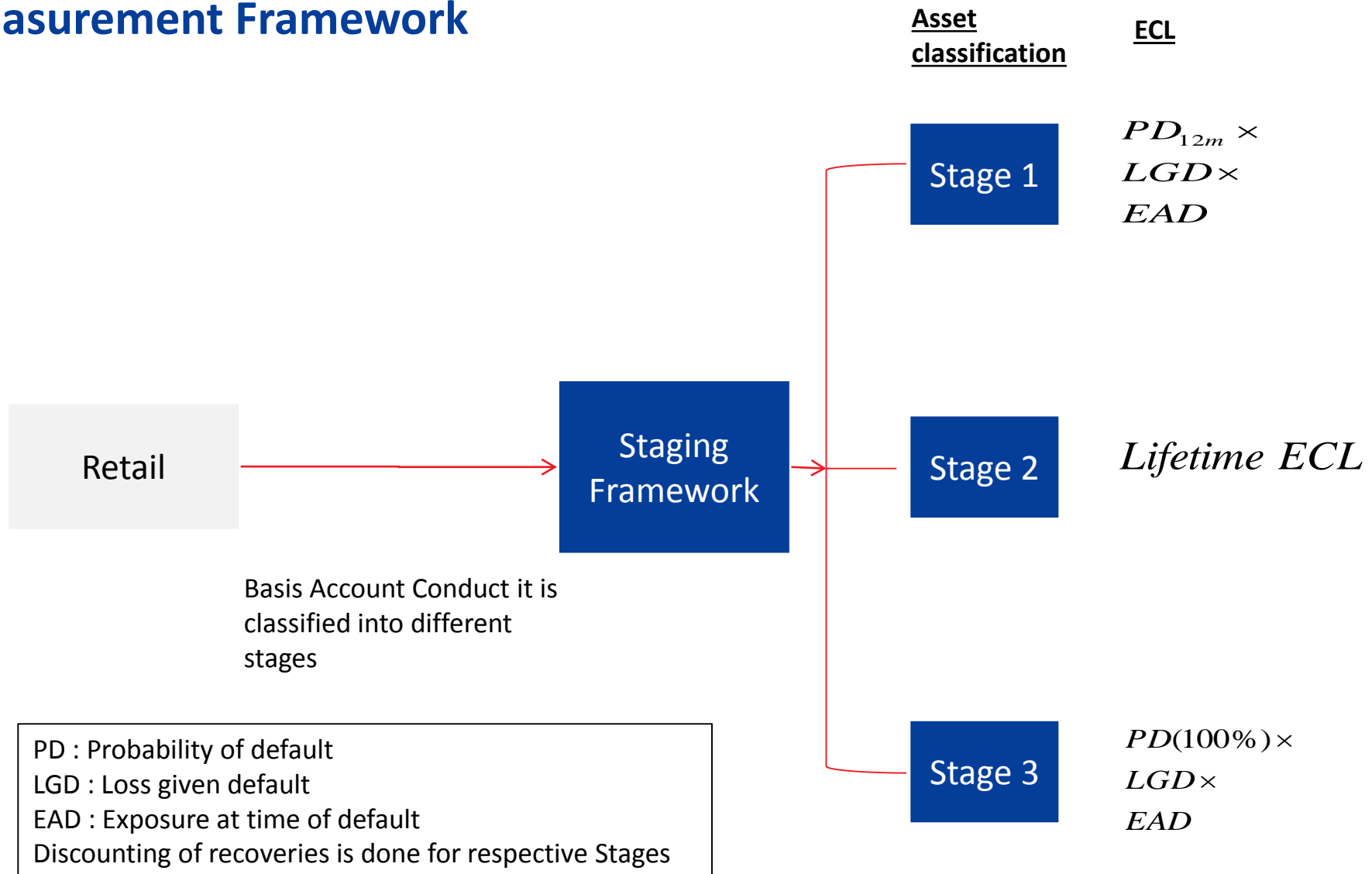
- ❖ Identified Top 20 risks are a combination of credit, market and operational risks.
- ❖ 25% weight is given for operational risks – similar to the weight prescribed by BASEL for operational risks. Weights among operational risks are assigned based on the historical data points
- ❖ For the remaining 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

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

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

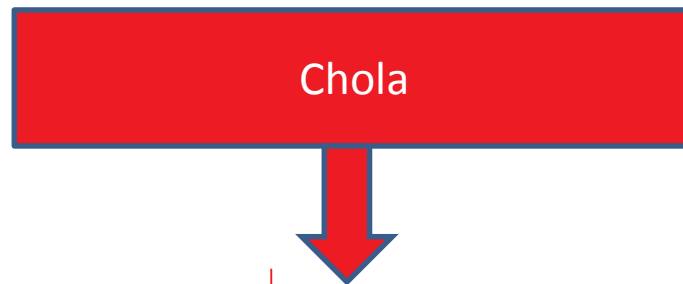
Stage 3

$$PD(100\%) \times LGD \times EAD$$

- 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

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

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

Arulselvan D-Executive Vice President & CFO–

arulselvanD@chola.murugappa.com

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