

EXPANDING HORIZONS

Exploring, Engaging & Empowering



CORPORATE PRESENTATION - SEPTEMBER 2022

Cholamandalam Investment and Finance Company Limited

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management



Murugappa Group Overview



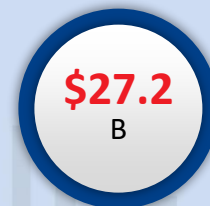
Murugappa Group in a Nutshell



Years of
Existence



Consolidated
Turnover
(FY22)



Group Market
cap (as on
30th Sep 2022)



Sectors



Businesses



Listed
Companies



Geographical
Presence



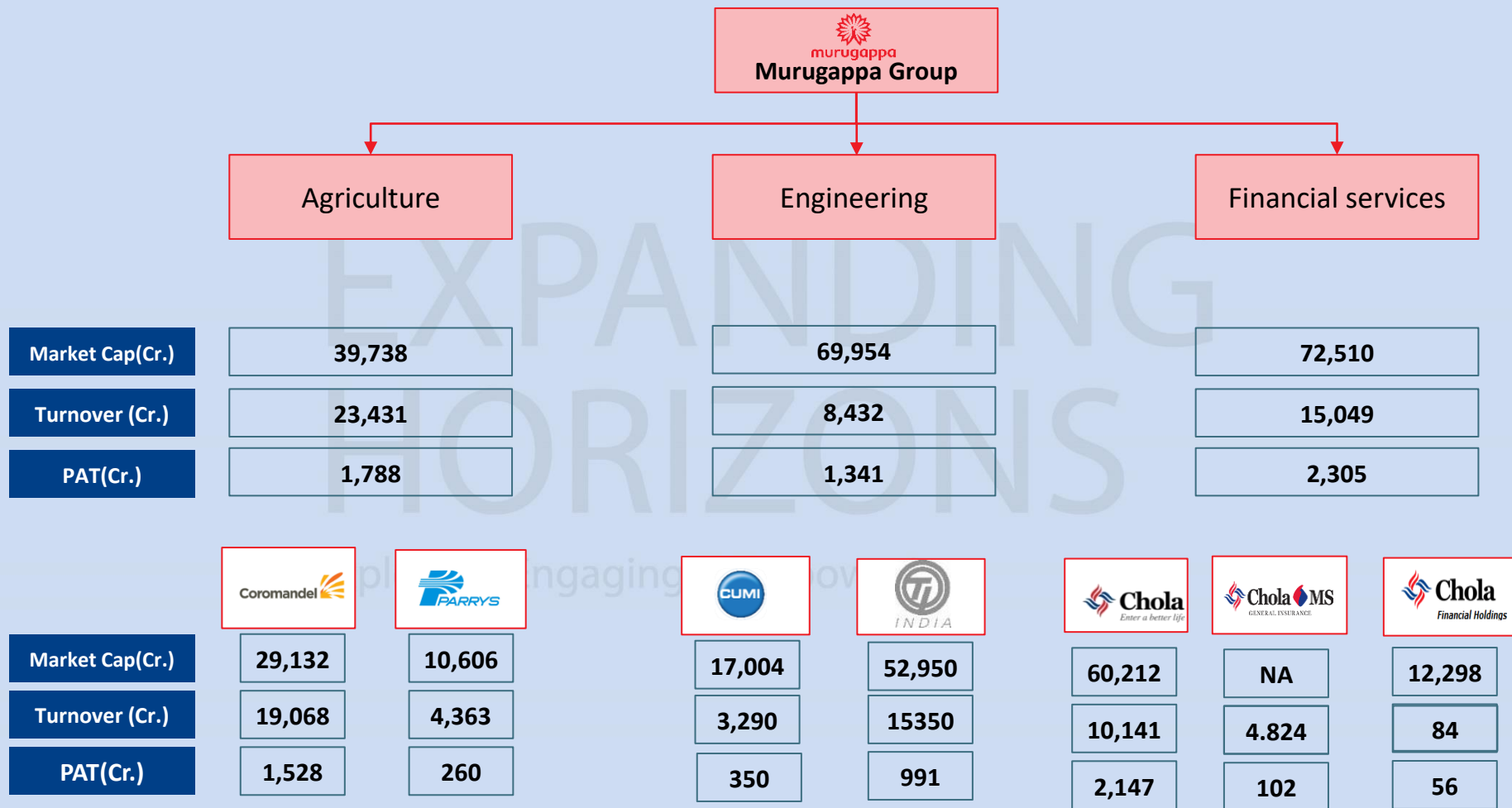
Manufacturing
Locations



Work force

Exploring, Engaging & Empowering

Murugappa Group Overview



Note: Market Capitalization of Financial services incl. Chola Investments and Chola Financial Holdings.
 Financial Performance are of FY 21-22.
 Market data as on 30th Sep 2022. 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



20.9 lakh + customers

Helping customers enter better life

2 lakh customers in year 2000 to 20.9 lakh plus customers till date



38,255 employees

Experienced team to serve more customers

200 plus employees in year 2000 to 38,000+ employees today



Rs. 87+k Cr. AUM

Healthy ROA of 3.5%

PAT - CAGR of 24% from FY18 to FY22



Rs. 60+k Cr. market cap

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 60K Cr. in 2022



1151 branches

Strong geographical presence

Across 29 states/Union Territories 80% presence across tier III—VI towns



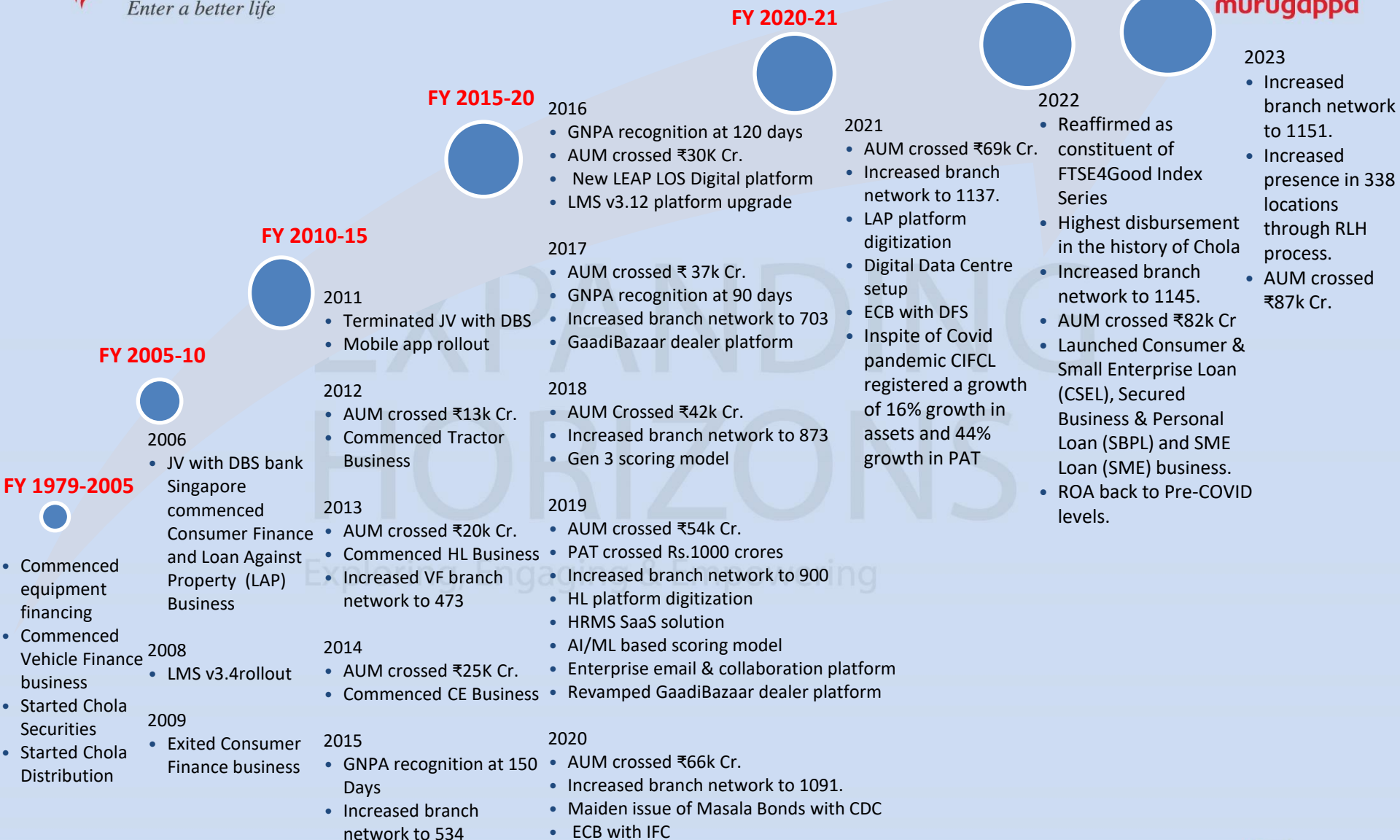
Diversified product portfolio

- Presence across Vehicle Finance loans, Loan Against Property, Home Loans, Consumer loans, Personal loans, SME 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



Overview

- Highest half yearly disbursement in the history of Chola at Rs.27,953 crores which is a growth of 126% as compared to H1FY22.
- Business AUM growth of 25% YoY at Rs.87,668 crores.
- PBT at Rs.1,520 crores which is a growth of 21% as compared to H1FY22.
- PBT - ROTA remains the same at 3.5% as compared to H1FY22.
- Return on Equity at 18.3% in H1FY23 as compared to 18.7% in H1FY22.

VF

- Well-diversified Product Portfolio spread across 1094 branches PAN India.
- Focused on financing of Commercial, Passenger, Two-wheelers, Tractors and Construction Equipment in both New and Used Vehicles.
- Our focus continues to be on retail customers especially in smaller towns and rural areas.
- Disbursement of Rs.17,063 Cr in H1 of FY 23 (89% Growth) as compared to H1FY22.
- PBT Stood at Rs.948 Cr in H1 of FY 23 (12% Growth) as compared to H1FY22.

LAP

- Focused on financing of Loans against Property to SME customers for their business needs and operates out of 546 branches PAN India.
- Over 80% of the book is financed against Self-Occupied residential property as collateral
- Delivered Disbursements of Rs.4,282 Cr in H1 FY 23 (113% Growth) as compared to H1FY22
- PBT stood at Rs.378 Cr in H1 FY 23 (94% Growth) as compared to H1FY22.

Click the
respective link
for business
performance

HL

- Focused on providing Home Loans under affordable segment with presence across 286 branches PAN India.
- 89% of assets are in tier 2,3,4 cities and suburbs of tier 1 cities
- Delivered disbursements of Rs.1,354 Cr in H1 of FY 23 (67% growth) as compared to H1FY22.
- PBT stood at Rs.158 Cr for H1 of FY 23 (71% growth) as compared to H1FY22.

New Businesses

- **CSEL** - Offers Personal Loans, Professional Loans & Business Loans to salaried, self-employed professionals and micro & small businesses – present in 288 locations (co-located) and have acquired over 2.7 lakh+ customers as on Q2 FY23. The business growth is both through traditional and partnerships with Fin-techs.
- **SBPL** - Offer secured business loan with self-occupied residential property or commercial-cum-residential property as collateral – present in 148 locations (co-located) spread across 8 states as on Q2 FY23.
- **SME** – The product suite includes Supply chain financing, Term loans for capex, Loan against shares, Funding on hypothecation of machinery for specific industries. Servicing out of 41 (co-located) locations with business growth both through traditional and Fintech partnerships.

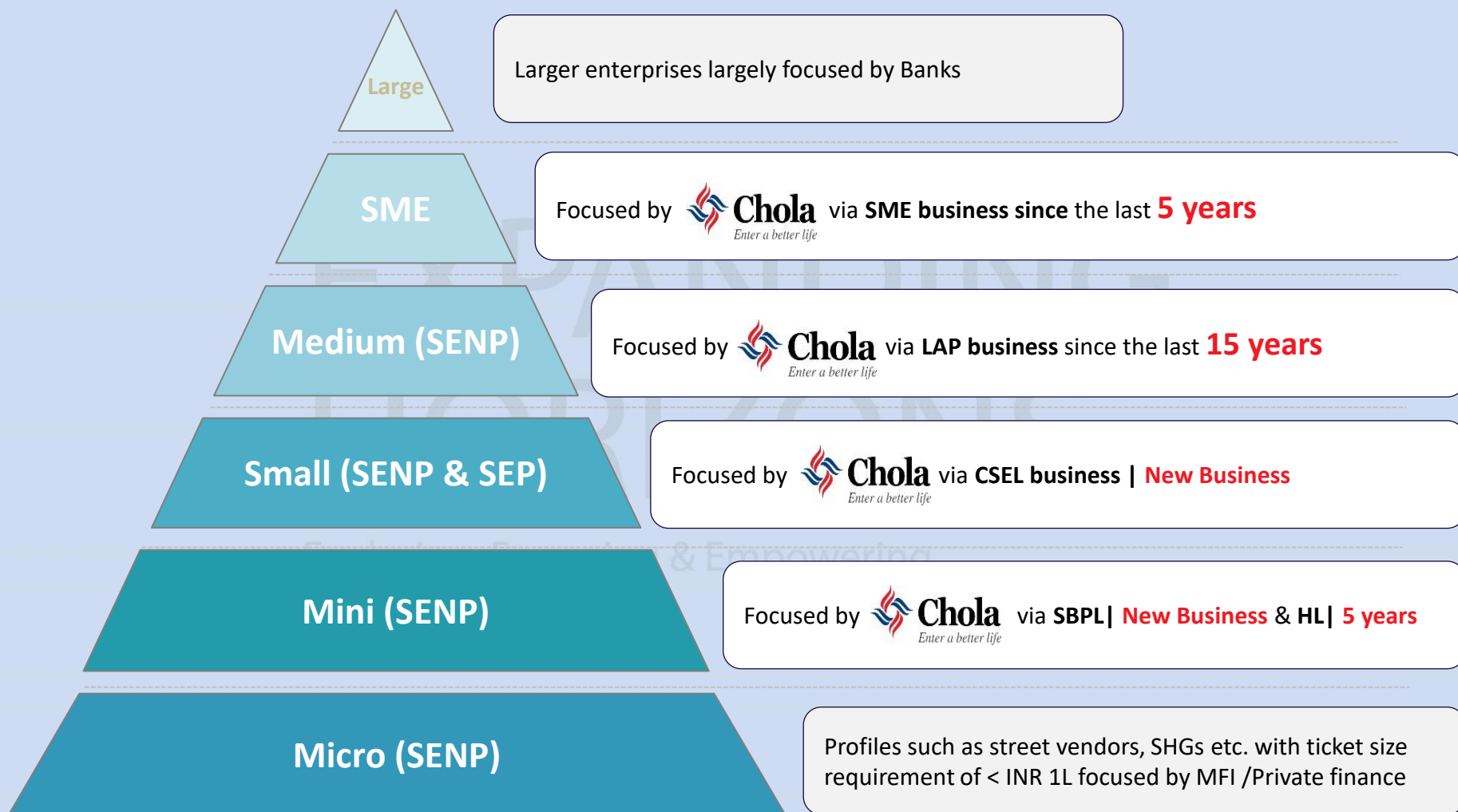
Credit Quality

- Strong collections resulted Stage 3 down to 3.84% in Sep'22 from 4.16% in Jun'22.
- GNPA as per RBI at 5.84% in Sep'22 as against 6.31% in Jun'22 and NNPA at 4.07% in Sep'22.
- Management overlay held at Rs.528 Cr as of Sep'22

Treasury

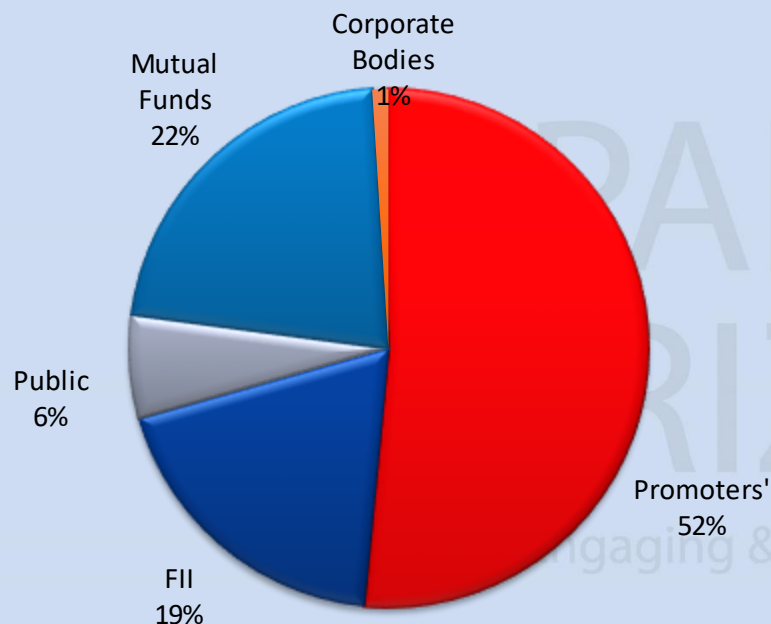
- Cost of funds to borrowings is at 6.6%
- Well diversified borrowing profile cut across banks and market borrowings
- Capital adequacy ratio stood at 18.40%. Tier I at 15.77%.

Ecosystem Play in the MSME Sector



Shareholding

Shareholding Pattern



- Promoters' share holding of 51.50% includes
 - Cholamandalam Financial Holdings Limited – 45.38%,
 - Ambadi Investments Limited – 4.10%
 - Others - 2.02%

Institutional Holders (More than 1%)

Top Domestic Institutional Holding

- Axis Mutual Fund
- HDFC Mutual Fund
- SBI Mutual Fund
- Birla Sun Life Mutual Fund
- Canara Robeco Mutual Fund
- UTI Mutual Fund

Top Foreign Institutional Holding

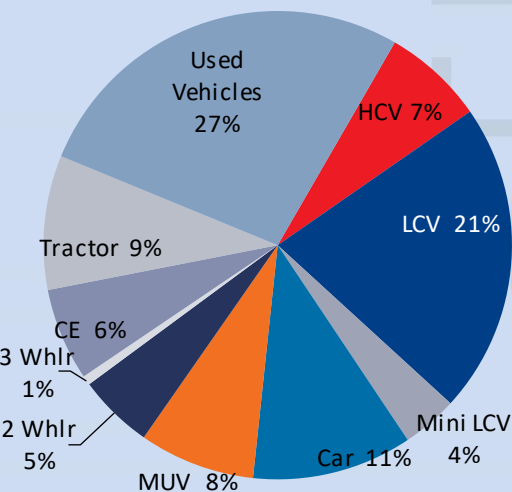
- Capital World
- Vanguard
- Blackrock
- WhiteOak Capital

Note: As on 21st Oct 2022

Business AUM
Rs. 87,668Cr

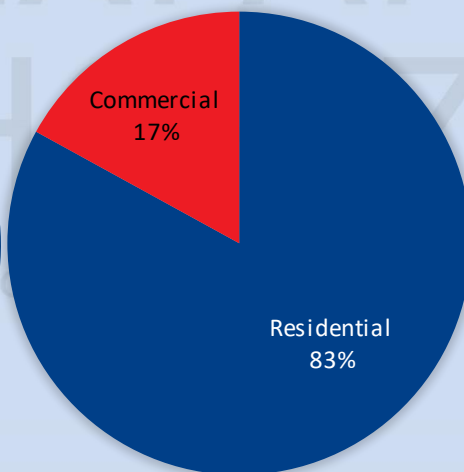
Vehicle Finance
Rs. 57,606Cr

66%



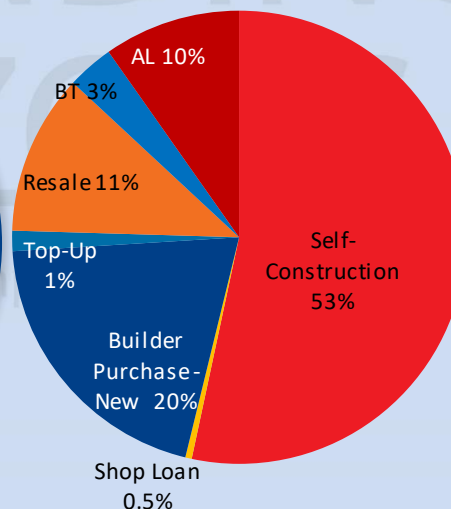
LAP
Rs. 18,843Cr

21%



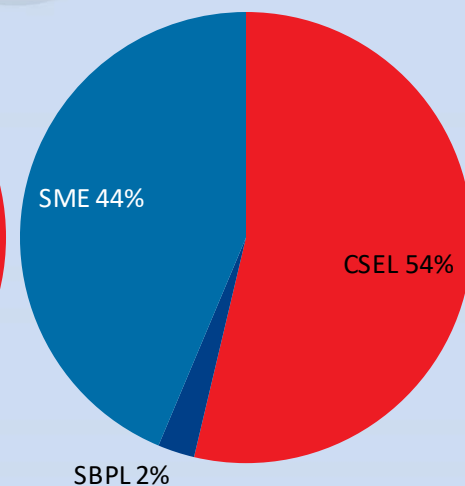
Home Loan
Rs. 6,454Cr

8%



New Business
Rs. 4,765Cr

5%



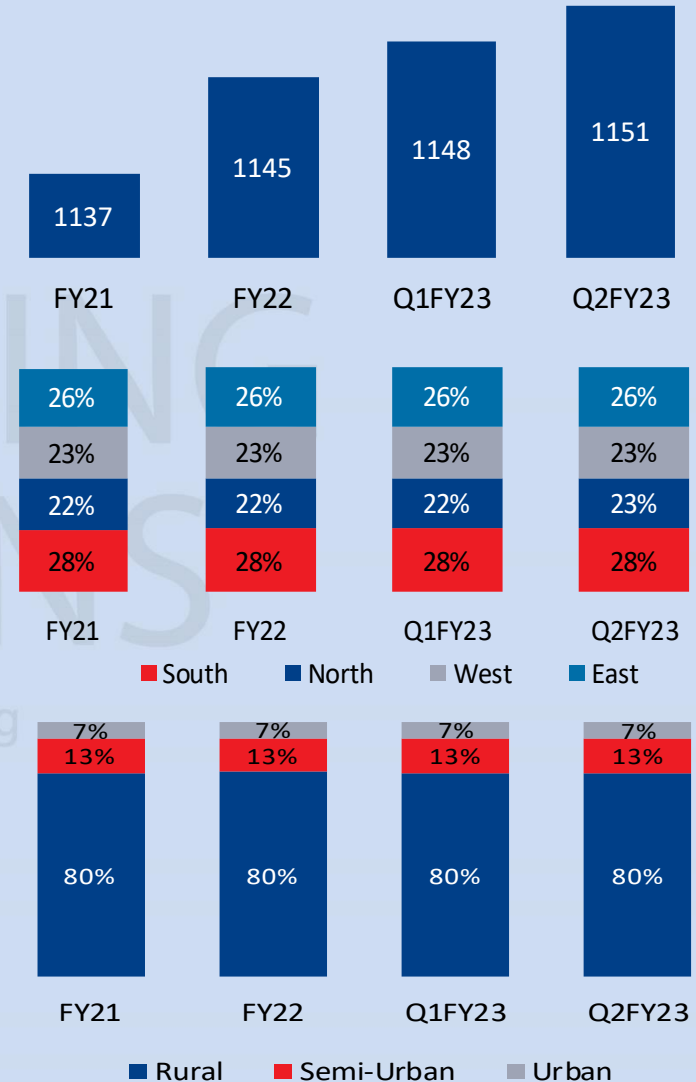
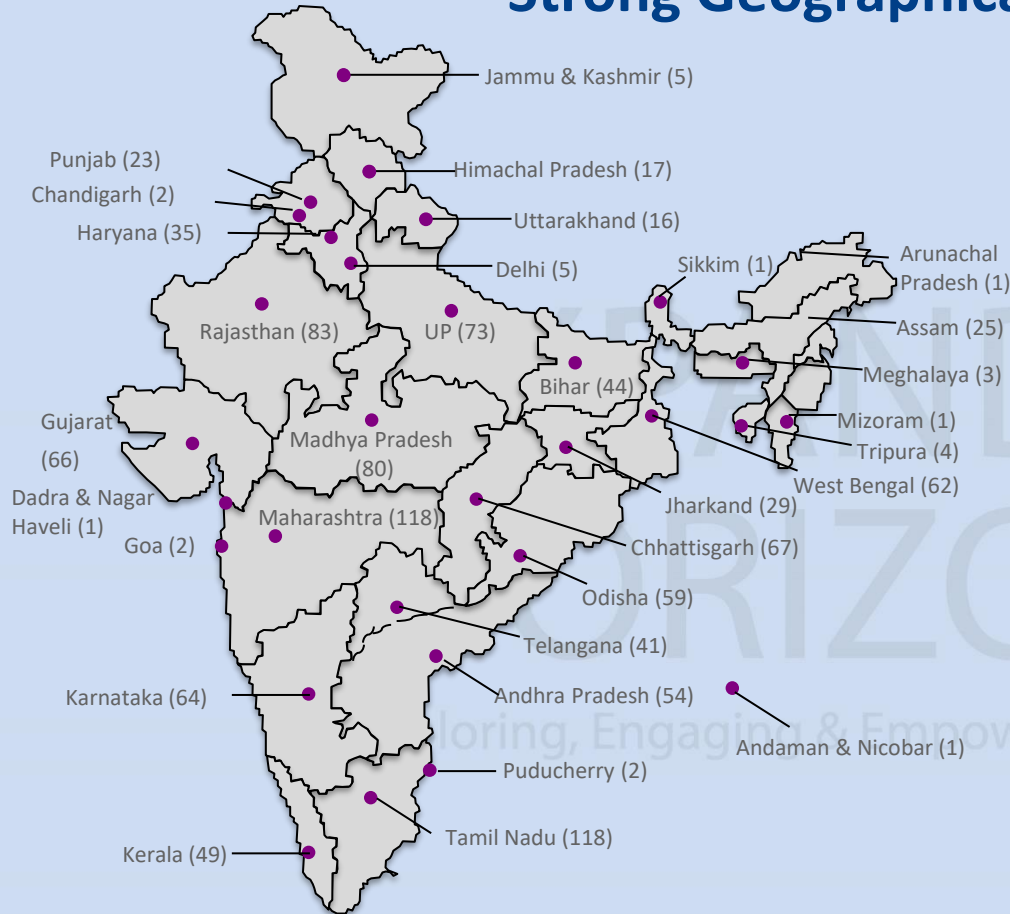
HCV: Heavy Commercial Vehicle
BT: Balance Transfer
3 Whlr: Three Wheeler

2 Whlr: Two Wheeler
MUV: Multi Utility Vehicle
PL: Personal Loan

LAP: Loan Against Property
SME: Small & Medium Enterprise
CE: Construction Equipment

LCV: Light Commercial Vehicle
CSEL: Consumer and Small Enterprise Loan
SBPL: Secured business and Personal Loan

Strong Geographical Presence



- 1151 branches across 29 states/Union territories: 1094 VF, 546 LAP (537 co-located with VF), 286 HL (243 co-located with VF), 288 CSEL, 148 SBPL, 41 SME (all co-located with VF) & 5 locations for Head office Functions and Operations in Tamil Nadu
- 80% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns

Financial Performance

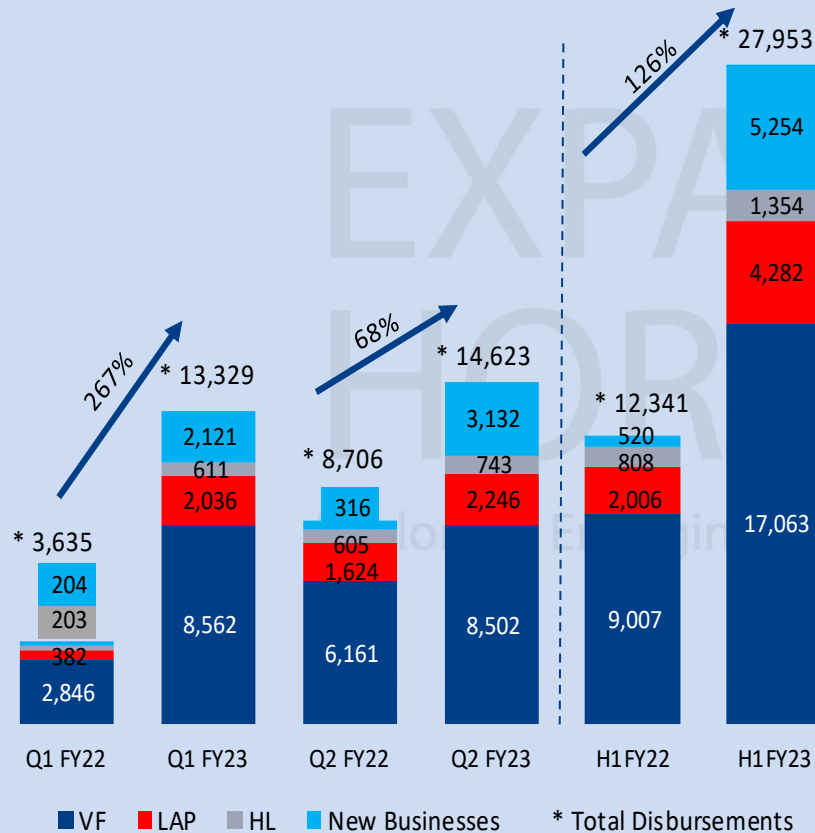


Financial Snapshot — 10 Years

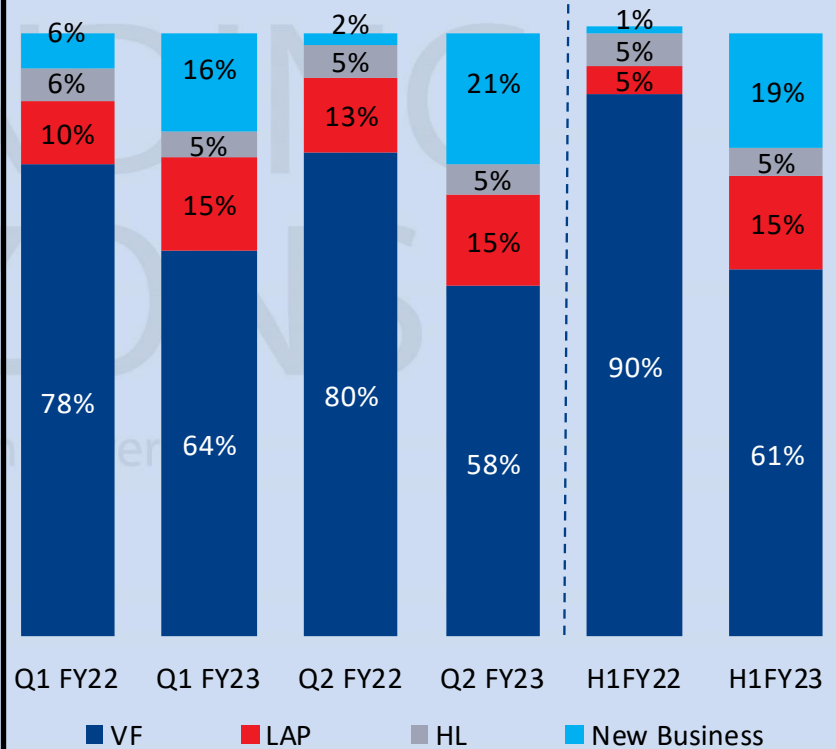
Financials Snapshot	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	YoY	CAGR (5 years)	CAGR (10 years)
	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	INDAS	INDAS	INDAS	INDAS	INDAS			
Disbursements	12,118	13,114	12,808	16,380	18,591	25,114	30,451	29,091	26,043	35,490	36%	9%	13%
Assets under management	18,998	23,253	25,452	29,650	34,167	42,924	54,279	60,549	69,996	76,907	10%	16%	17%
Total Income	2,556	3,263	3,691	4,194	4,660	5,529	7,049	8,715	9,576	10,139	6%	16%	17%
Interest expenses	1,411	1,771	1,960	2,051	2,231	2,659	3,589	4,592	4,576	4,299	-6%	13%	13%
Net Income	1,145	1,492	1,731	2,143	2,430	2,870	3,460	4,123	5,000	5,840	17%	19%	20%
Operating Expenses	570	658	749	845	1,013	1,115	1,270	1,578	1,583	2,069	30.6%	17%	15%
Operating Profit Before Loan Losses	575	834	982	1,298	1,416	1,754	2,190	2,545	3,416	3,771	10%	21%	23%
Loan Losses & Provision	124	283	325	427	311	353	367	959	1,378	880	-36%	26%	24%
Profit before tax	451	550	657	871	1,106	1,401	1,823	1,586	2,038	2,891	42%	20%	23%
Profit after tax	307	364	435	568	719	918	1,186	1,052	1,515	2,147	42%	24%	24%
Ratios													
Net Income to assets (%)	7.6	7.7	6.9	7.7	7.5	7.7	7.0	6.9	7.3	7.9			
Expense to assets (%)	3.8	3.4	3.0	3.0	3.1	3.0	2.6	2.6	2.3	2.8			
Losses and provisions (%)	0.8	1.5	1.3	1.5	1.0	0.9	0.7	1.6	2.0	1.2			
Return on assets (PBT) (%)	3.0	2.8	2.6	3.1	3.4	3.7	3.7	2.7	3.0	3.9			
Networth	*1965	2295	*3173	3657	4285	5098	6176	*8172	9560	11708			
Tier I	11.1	10.5	13.0	13.3	13.6	13.2	12.6	15.3	15.1	16.5			
CAR (%)	*19.0	17.2	*21.2	19.7	18.6	18.4	17.4	*20.68	19.1	19.6			
Return on equity (%)	18.1	17.1	15.8	16.7	18.1	19.6	20.9	15.2	16.9	20.4			
Earnings per share (Basic)	4.6	5.1	6.0	7.5	9.2	11.8	15.2	13.4	18.5	26.2			
Dividend	35%	35%	35%	45%	55%	65%	65%	85%	100%	100%			
Market Capitalisation	3883	4125	8423	11140	15072	22667	22624	12535	45824	58978			
GNPA (%)	1.0	1.9	3.1	3.5	4.7	3.4	2.7	3.8	4.0	6.8			
NNPA (%)	0.2	0.7	2.0	2.1	3.2	2.2	1.7	2.2	2.2	4.7			
NPA Recognition	6month	6month	5month	4month	3month	3month	3month	3month	3month	3month			
Branch Network	518	574	534	534	703	873	900	1091	1137	1145			

Disbursements

Disbursements (₹Cr)

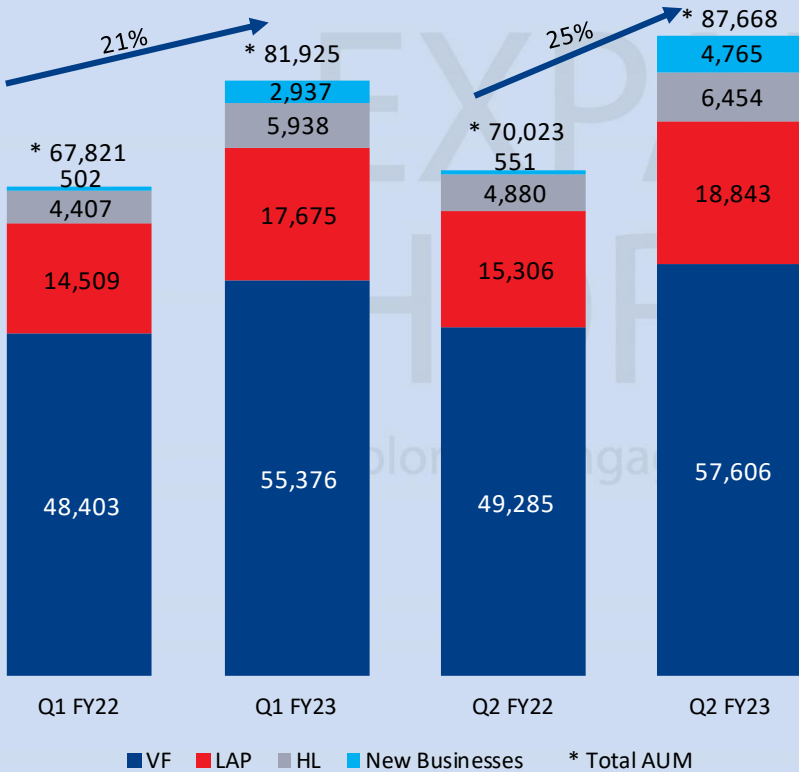


Disbursements (%)

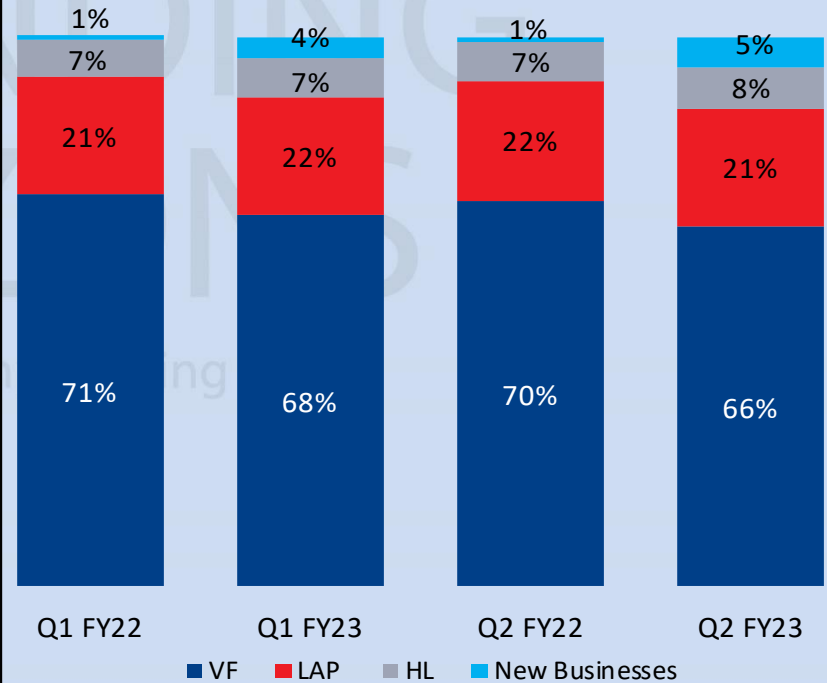


Assets Under Management

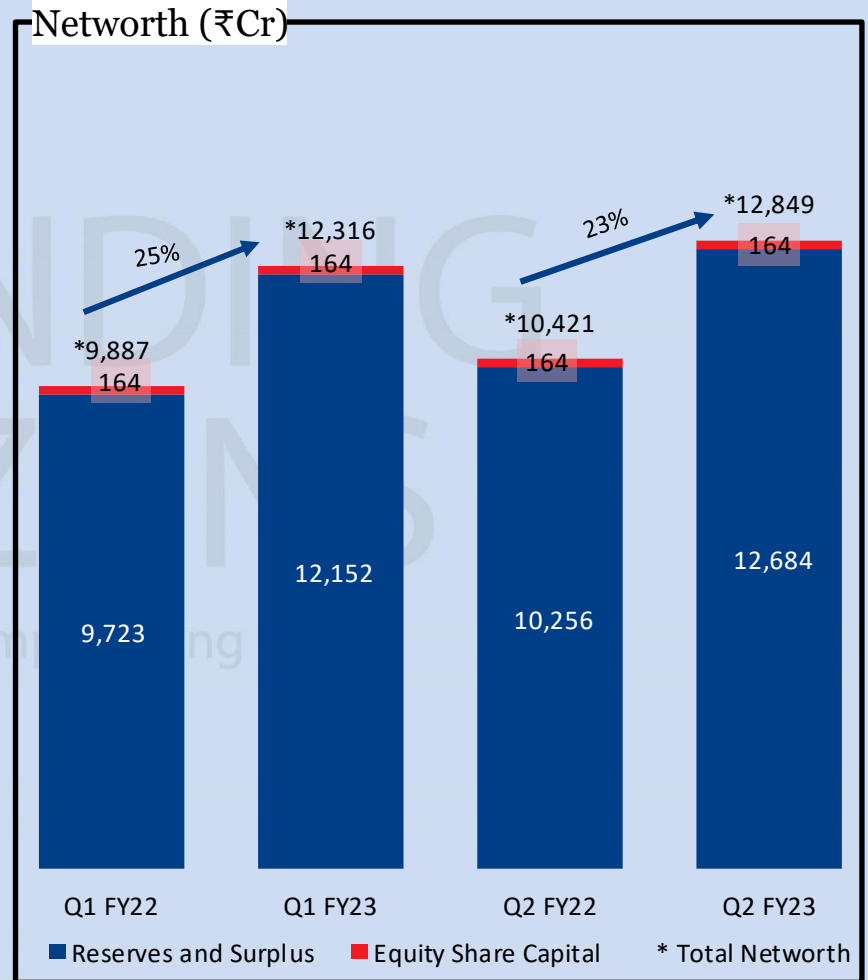
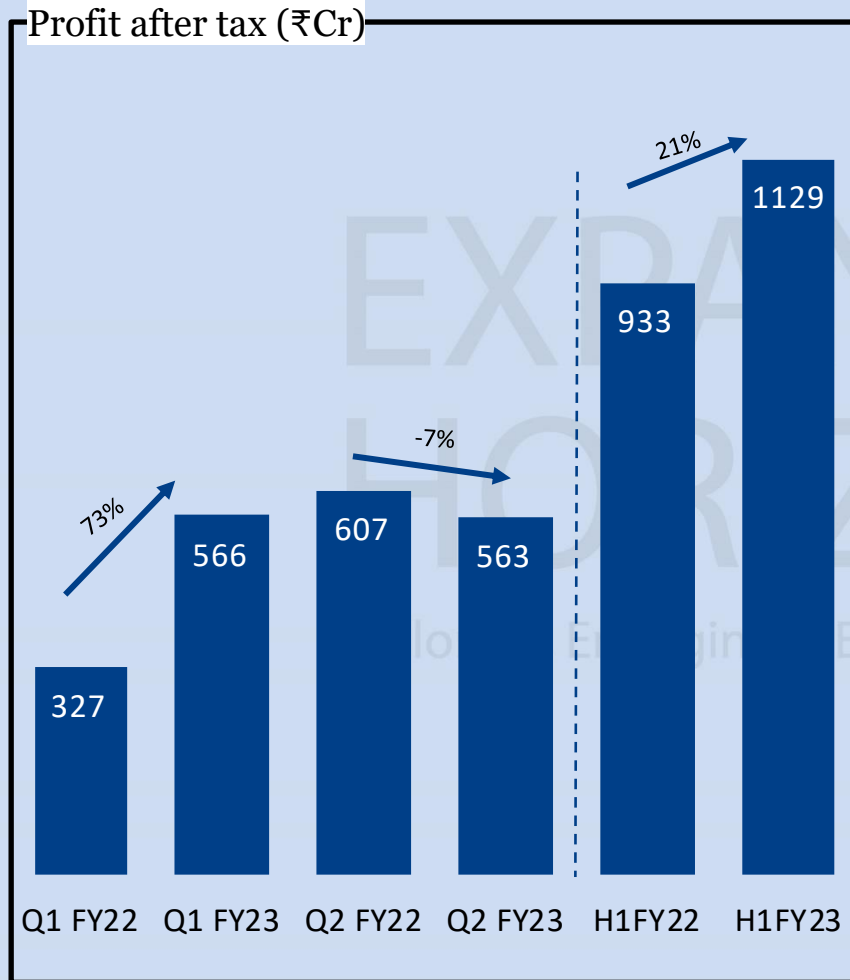
Business - Assets under Management (₹Cr)



Business - Assets under Management (%)

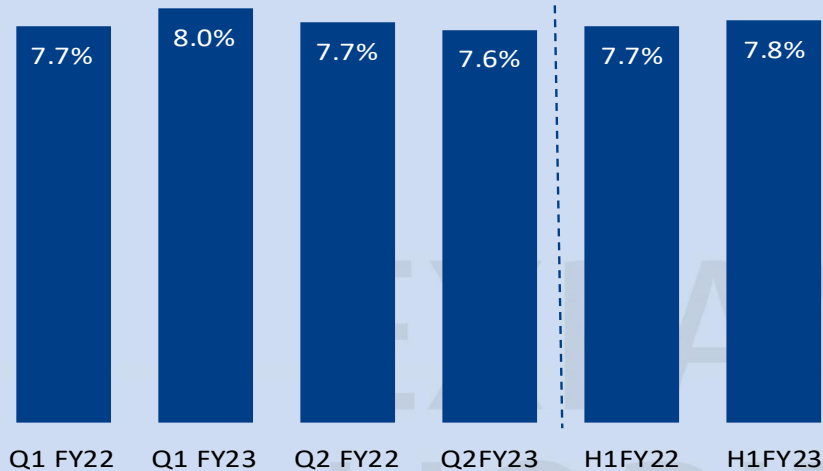


Profitability and Net worth

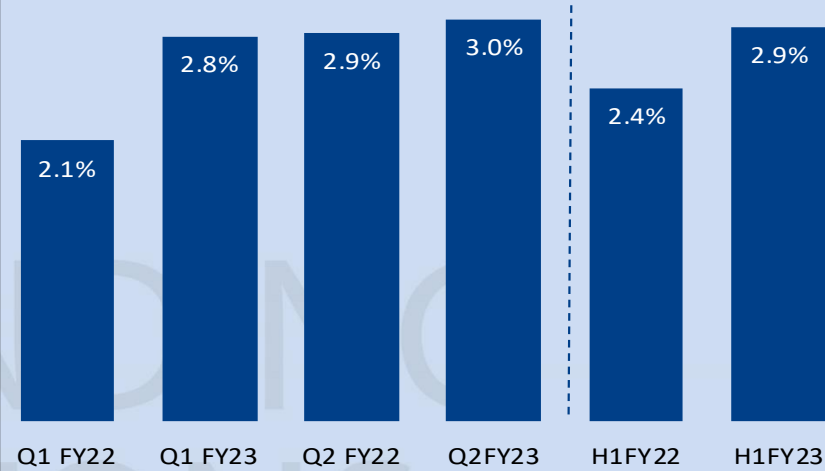


Asset Ratios

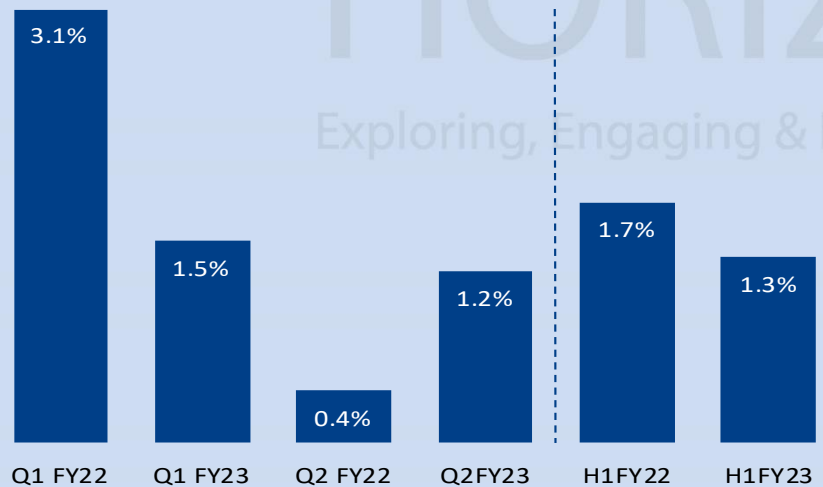
Net Income Margin (%)



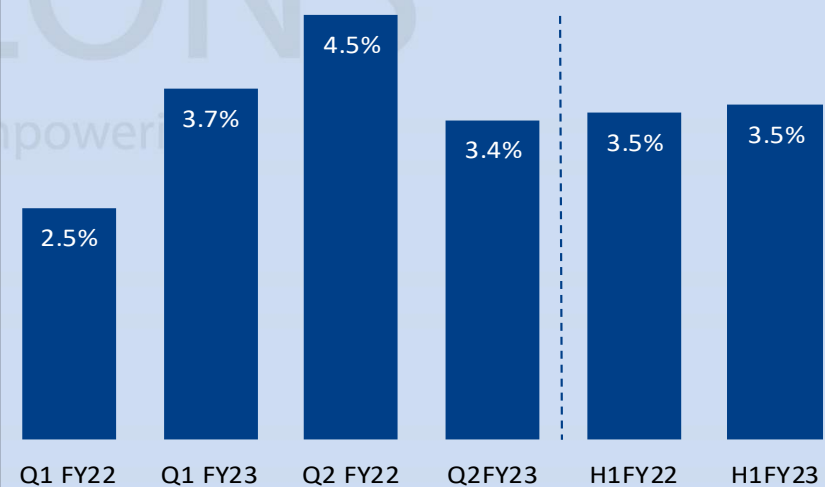
Expenses Ratio (%)



Loan Losses & Provisions (%)

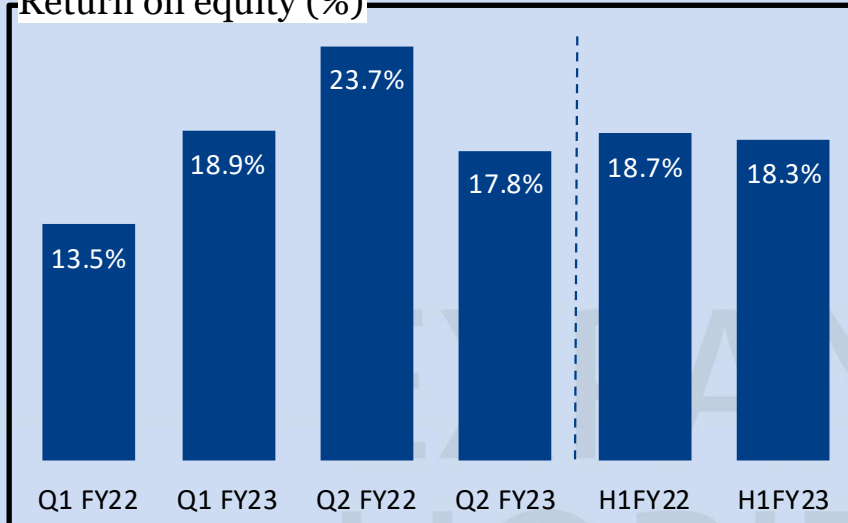


ROA - PBT (%)

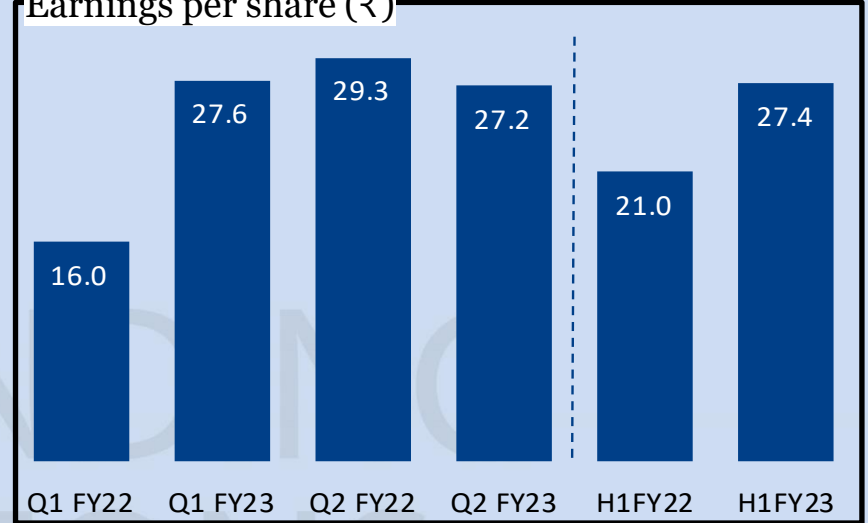


Shareholders' Returns Ratios

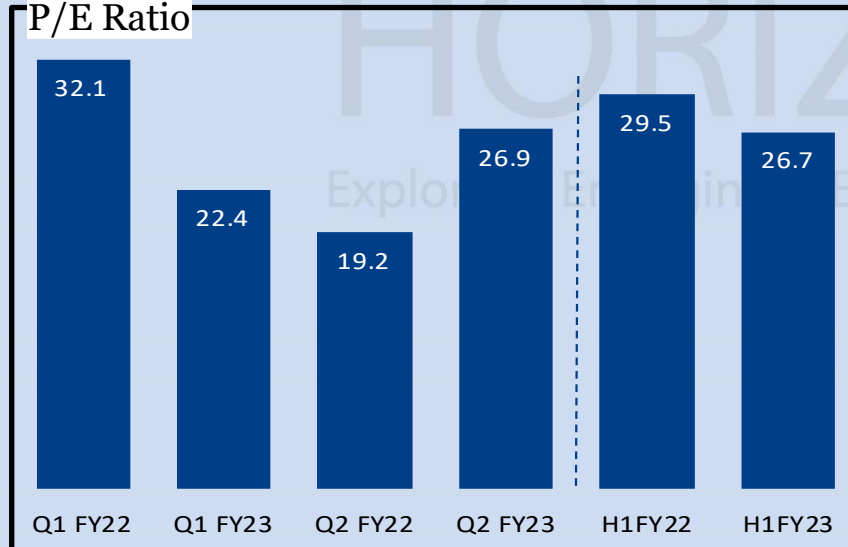
Return on equity (%)



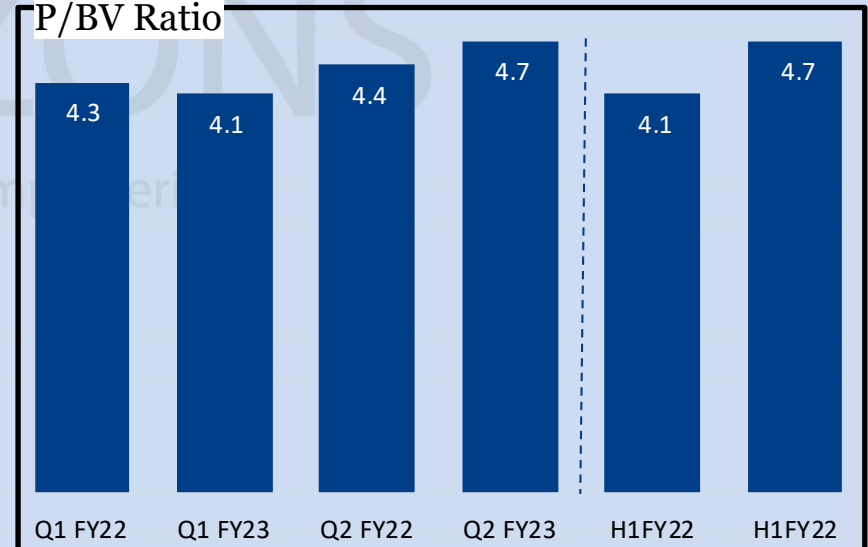
Earnings per share (₹)



P/E Ratio



P/BV Ratio



Profit and Loss Statement (As per IND AS)

₹ Cr

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	3,635	13,329	8,706	14,623	68%	12,341	27,953	126%
Closing Assets	75,763	86,703	75,063	91,841	22%	75,063	91,841	22%
Operating Income	2,478	2,771	2,481	3,038	22%	4,959	5,809	17%
Finance Charges	1,104	1,131	1,078	1,340	24%	2,182	2,471	13%
Net Income	1,374	1,640	1,403	1,697	21%	2,778	3,337	20%
Expenses	371	580	518	661	28%	888	1,241	40%
Net Credit Losses	563	299	69	278	304%	632	577	-9%
PBT	441	762	817	758	-7%	1,257	1,520	21%
PAT	327	566	607	563	-7%	933	1,129	21%
Asset Ratios								
Income	13.8%	13.5%	13.7%	13.6%		13.7%	13.5%	
Cost of Funds	6.1%	5.5%	5.9%	6.0%		6.0%	5.8%	
Net Income Margin	7.7%	8.0%	7.7%	7.6%		7.7%	7.8%	
Expense	2.1%	2.8%	2.9%	3.0%		2.4%	2.9%	
Losses & Provisions	3.1%	1.5%	0.4%	1.2%		1.7%	1.3%	
ROA-PBT	2.5%	3.7%	4.5%	3.4%		3.5%	3.5%	
ROA-PAT	1.8%	2.8%	3.3%	2.5%		2.6%	2.6%	
Gross - Stage 3	4,545	3,408	4,271	3,375		4,271	3,375	
ECL Provisions - Stage 3	1,614	1,387	1,557	1,400		1,557	1,400	
Coverage Ratio - Stage 3	35.5%	40.7%	36.5%	41.5%		36.5%	41.5%	

Balance Sheet (As per IND AS)

₹ Cr

Particulars	Sep-21	Mar-22	Sep-22
ASSETS			
Financial Assets	72,719	81,081	92,222
Cash and Bank balance	3,901	4,220	3,499
Derivative financial instruments	72	187	310
Receivables	97	128	174
Loans	66,515	74,149	85,477
Investments	1,627	2,076	2,467
Other Financial Assets	506	321	295
Non- Financial Assets	1,252	1,282	1,327
Current tax assets (Net)	150	251	218
Deferred tax assets (Net)	769	671	672
Property, Plant and Equipment	221	240	268
Capital work in progress	-	23	23
Intangible assets	22	29	35
Other Non-Financial Assets	90	69	111
TOTAL	73,970	82,363	93,549
EQUITY AND LIABILITIES			
Financial Liabilities	63,303	70,479	80,502
Derivative financial instruments	142	170	168
Trade Payables - Others	246	81	55
Other Payables - Others	106	722	622
Borrowings	62,309	69,174	79,321
Other Financial Liabilities	501	333	336
Non-Financial Liabilities	247	176	199
Shareholder's fund	10,421	11,708	12,849
TOTAL	73,970	82,363	93,549

Stagewise Assets & Provision Summary

₹ Cr

Particulars	Jun-22	Jun-22	Jun-22	Sep-22	Sep-22	Sep-22	Jun-22	Jun-22	Jun-22	Sep-22	Sep-22	Sep-22
	Normal	Mgt	Total	Normal	Mgt	Total	Normal	Mgt	Total	Normal	Mgt	Total
	INR Cr	Overlay	INR Cr	INR Cr	Overlay	INR Cr	% to GA	% to GA	% to GA	% to GA	% to GA	% to GA
Gross Assets	81,869		81,869	87,872		87,872	100.0%		100.0%	100.0%		100.0%
Stage 1	72,707		72,707	79,171		79,171	88.81%		88.81%	90.10%		90.10%
Stage 2	5,754		5,754	5,326		5,326	7.03%		7.03%	6.06%		6.06%
Stage 3	3,408		3,408	3,375		3,375	4.16%		4.16%	3.84%		3.84%
Provision	1,866	528	2,394	1,868	528	2,395	2.28%	0.64%	2.92%	2.13%	0.60%	2.73%
Stage 1	381		381	411		411	0.52%	-	0.52%	0.52%	-	0.52%
Stage 2	606	20	626	564	20	584	10.54%	0.35%	10.89%	10.59%	0.38%	10.97%
Stage 3	879	507	1,387	892	507	1,400	25.80%	14.89%	40.69%	26.44%	15.04%	41.48%
Net Assets	80,003		79,475	86,004		85,477	97.72%		97.08%	97.87%		97.27%
Stage 1	72,326		72,326	78,760		78,760	88.34%		88.34%	89.63%		89.63%
Stage 2	5,148		5,128	4,762		4,742	6.29%		6.26%	5.42%		5.40%
Stage 3	2,529		2,021	2,482		1,975	3.09%		2.47%	2.82%		2.25%

Stagewise ECL Summary – Sep 22

Particulars		Asset	Normal	Mgmt Overlay	Total Provn	NNPA	Asset	Normal	Mgmt Overlay	Total Provn	NNPA	
			Model					Model				
		Rs in Cr						%				
Stage 1A	(A)	78,920	399	-	399	78,522	89.81%	0.51%	-	0.51%	89.36%	
Stage 1B	(B)	251	13	-	13	238	0.29%	5.05%	-	5.05%	0.27%	
Total Stage 1	(C)	79,171	411	-	411	78,760	90.10%	0.52%	-	0.52%	89.63%	
Stage 2A	(D)	3,824	375	-	375	3,448	4.35%	9.81%	-	9.81%	3.92%	
Stage 2B	(E)	1,503	189	20	209	1,294	1.71%	12.57%	1.34%	13.91%	1.47%	
Total Stage 2	(F)	5,326	564	20	584	4,742	6.06%	10.59%	0.38%	10.97%	5.40%	
Total Stage 3	(G)	3,375	892	507	1,400	1,975	3.84%	26.44%	15.04%	41.48%	2.25%	
Total	(C + F + G)	87,872	1,868	528	2,395	85,477	100.00%	2.13%	0.60%	2.73%	97.27%	
NPA as per RBI (incl Sec)	(B + E + G)	5,128	1,094	528	1,622	3,507	5.84%	21.33%	10.29%	31.62%	3.99%	
NNPA% - RBI: Net NPA /(Asset - provisions for GNPA)												4.07%

Addition of Stage 1B, Stage 2B and Stage 3 will be the GNPA% and NNPA % as per RBI norms with INDAS values.

We carry additional provision of Rs.771 crores under INDAS over IRAC (new norm early adopted)

Asset Classification:

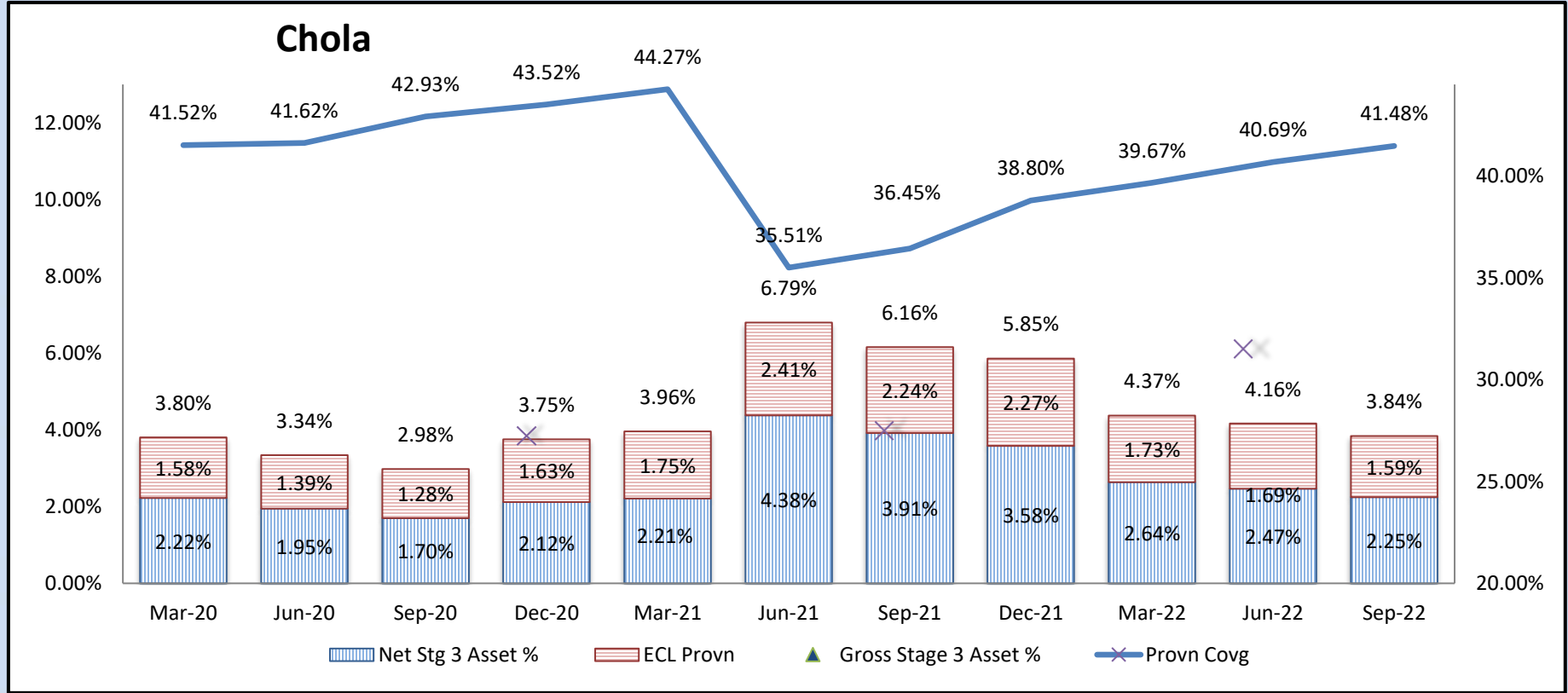
STAGE_1A	Represents assets (i) which had never touched NPA and (ii) which had been an NPA in the past but had been normalised and currently in the 0-30 days - Hence no more an NPA as per RBI norms
STAGE_1B	Represents assets which had been an NPA in the past but yet to be fully normalised though it has moved to stage 1 currently - Hence an NPA as per current RBI norms
STAGE_2A	Represents assets (i) which had never touched NPA and (ii) which had been an NPA in the past but had been normalised post that and now in 31-90 days DPD - Hence no more an NPA as per RBI norms
STAGE_2B	Represents assets which had been an NPA in the past but yet to be fully normalised though it has moved to stage 2 currently - Hence an NPA as per current RBI norms
STAGE_3	Represents assets which continues to be a NPA as on the closing date - Hence an NPA as per current RBI norms

Stage 3 Assets Product-wise

Asset Class	Closing Asset	Gross Stage 3	Stage 3 Asset %	ECL Provision	Provision Coverage	Net Stage 3	Net Stage 3%
Sep'22	87,872	3,375	3.84%	1,400	41.48%	1,975	2.25%
VF	58,907	2,270	3.85%	972	43%	1,298	2.20%
LAP	18,028	922	5.11%	342	37%	580	3.22%
HL	6,114	155	2.53%	75	48%	80	1.31%
Others	4,823	28	0.58%	11	41%	17	0.34%
Jun'22	81,869	3,408	4.16%	1,387	40.69%	2,021	2.47%
VF	56,550	2,225	3.93%	951	42.73%	1,274	2.25%
LAP	16,746	987	5.90%	349	35.33%	638	3.81%
HL	5,574	154	2.77%	72	46.93%	82	1.47%
Others	2,999	41	1.38%	14	35.13%	27	0.89%

As per revised RBI norms GNPA% & NNPA% as of Sep'22 is at 5.84% and 4.07% respectively.

Chola –Stage 3 Assets Trend



As per revised RBI norms GNPA% & NNPA% as of Sep'22 is at 5.84% and 4.07% respectively.

Business Overview



Vehicle Finance



Vehicle Finance: H1 FY23 Performance

Disbursements

- Disbursements grew by 89% in H1FY23 to Rs.17,063 crores as compared to Rs.9,007 crores in H1FY22.

Assets under management

- AUM have grown by 17% YoY.

Loss and provisions

- Loan losses improved to 1.9% in H1FY23 as compared to 2.1% in H1FY22.

Profit before tax

- PBT grew by 12% at Rs.948 crores in H1FY23 as compared to Rs.849 crores in H1FY22.

Sector Outlook

- The Light commercial vehicle segment had a growth of 46% in Q2 FY'23 & 70% in H1 FY'23. This segment is witnessing healthy demand from e-commerce as well as from agriculture and its allied sectors along with replacement demand.
- The Small commercial vehicle segment had a growth of 17% in Q2 FY'23 & 51% in H1 FY'23. This segment is expected to grow in the coming quarters due to its nature of deployment in last mile connectivity, improvement in road infrastructure and increasing logistic services.
- The Heavy commercial vehicle segment had a growth of 53% in Q2 FY'23 & 87% in H1 FY'23. The recovery in macroeconomic environment and improved freight availability will aid growth in this segment during the year.

Chola's Position

- Increased demand for Light commercial vehicle will help us garner higher volumes, however we will be cautious since the rainfall has been uneven and there has been significant deficit of rainfall in some of the states and excess rainfall (flooding) in some parts.
- Uptick in demand for Small commercial vehicles will help us improve our disbursements combined with our vigilant approach to financing, based on vehicle viability and earning capacity. We are cautious in this segment due to significant increase in vehicle prices and lower EMI affordability (Operator viability).
- Our exposure in this segment is 7% at a portfolio level. We will continue to keep a close watch on this segment for further improvement in market conditions. We are trading cautiously in this segment due to uneven freight availability (capacity utilisation), freight charges and higher cost of operation.

Exploring, Engaging & Empowering

Sector Outlook

- The Passenger vehicle (Car & MUV) segment had a growth of 38% in Q2 FY'23 & 39% in H1 FY'23. This segment is poised for an all time high sales this fiscal aided by improved consumer sentiments, festive demand and easing of semiconductor supply.
- The Two-wheeler industry had a growth of 13% in Q2 FY'23 & 28% in H1 FY'23. Healthy rural cash flow, festival season coupled with OEM offers will help this segment to grow in coming quarters.
- Used vehicle business has contributed to 28% of our disbursement volumes and this segment is expected to grow even further.

Chola's Position

- Our focus continues to be on retail customers especially in smaller towns and rural areas. We will continue to focus this segment in line with market trends.
- The company intends to maintain its focus on two-wheeler financing with a clear eye for credit underwriting to maintain portfolio performance.
- We are one of the key financiers in this segment and will continue to maintain a cautious approach along with a razor-sharp focus on collections.

Sector Outlook

- The Construction Equipment segment had a growth of 8% in Q2 FY'23 & 30% in H1 FY'23. The volumes are expected to pickup in coming quarters supported by improvement in construction, mining activities and increased spend on infrastructure.
- The Tractor industry had a growth of 5% in Q2 FY'23 & 11% in H1 FY'23. Expectation of strong rabi harvest and improved cash flow on account of healthy crop procurement will aid growth in this segment.

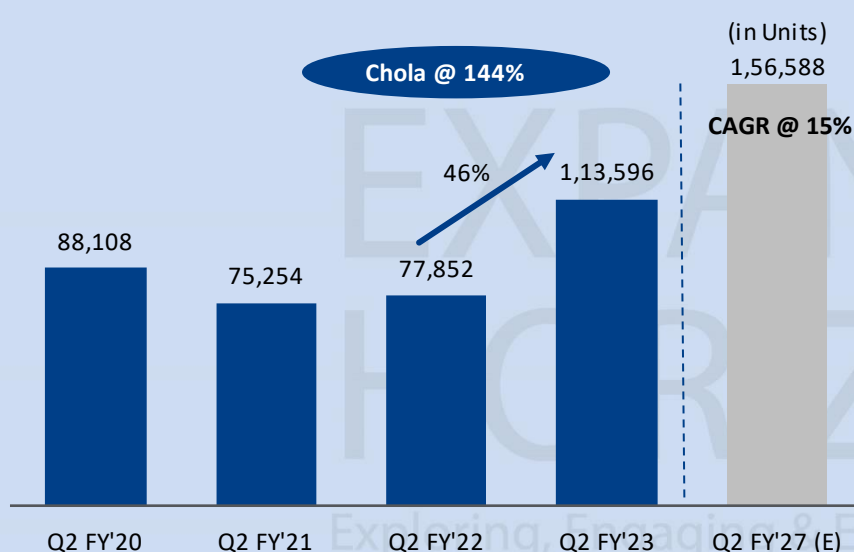
Chola's Position

- Our exposure in this segment is around 6% at a portfolio level and our focus will be on building a quality book. We are cautious in this segment with a keen watch on viability and deployment.
- We will approach this segment with a close watch on portfolio considering various external factors like uneven rainfall, crop loss and irregular cash flows.

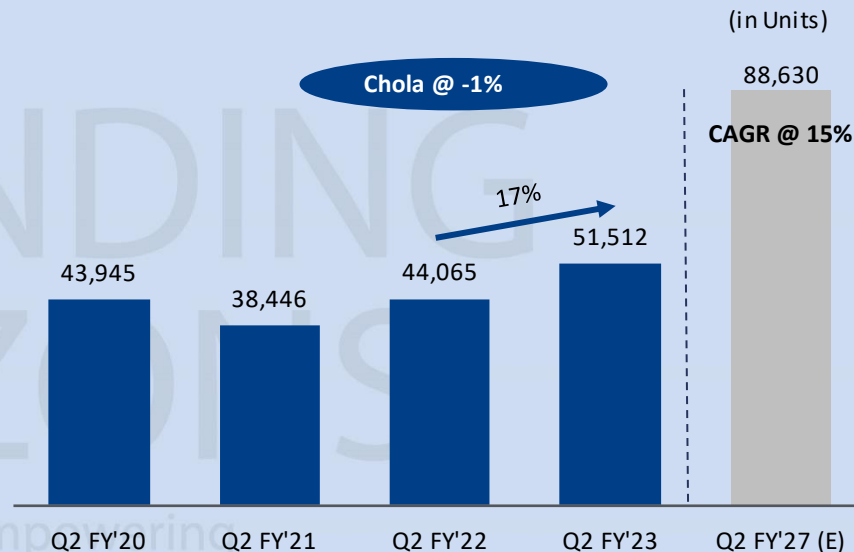
Exploring, Engaging & Empowering

Auto Industry Outlook

Trend in Domestic LCV Sales



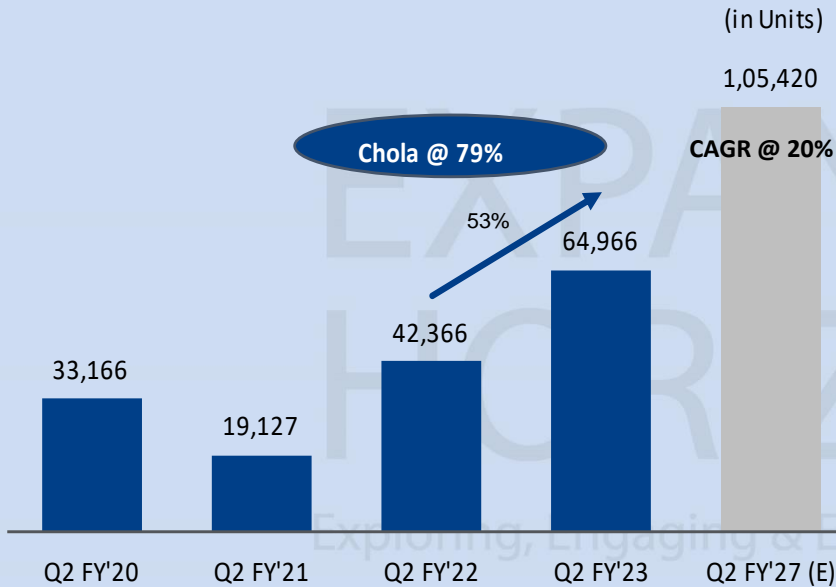
Trend in Domestic SCV Sales



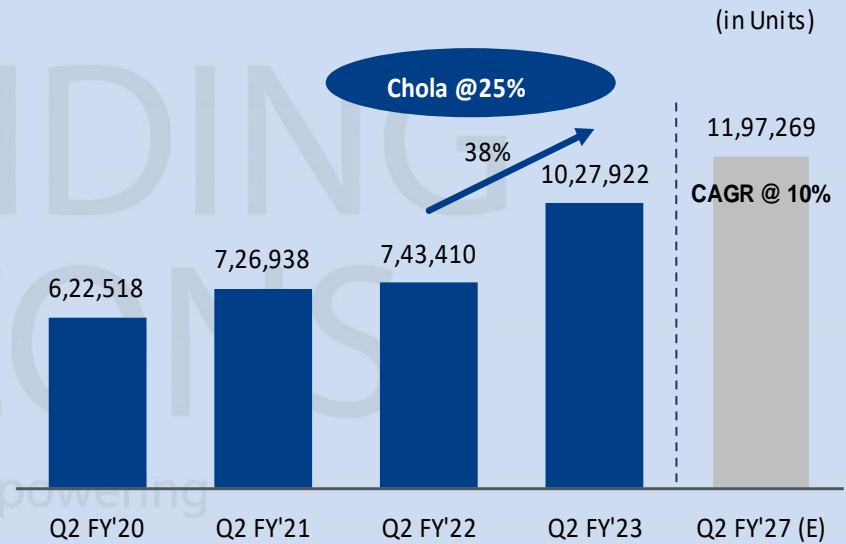
- Replacement demand, increasing last-mile transport requirements, and recovery in the macroeconomic environment.
- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies.
- Demand for Pickups will increase in the long term due to higher flexibility in usage of sub-one-tonne vehicles.
- Bus Sales to be supported by growing urban population, demand from schools/ corporates and increased inter-city travel due to higher vaccination coverage and reduced impact of COVID-19.

Auto Industry Outlook

Trend in Domestic HCV Sales



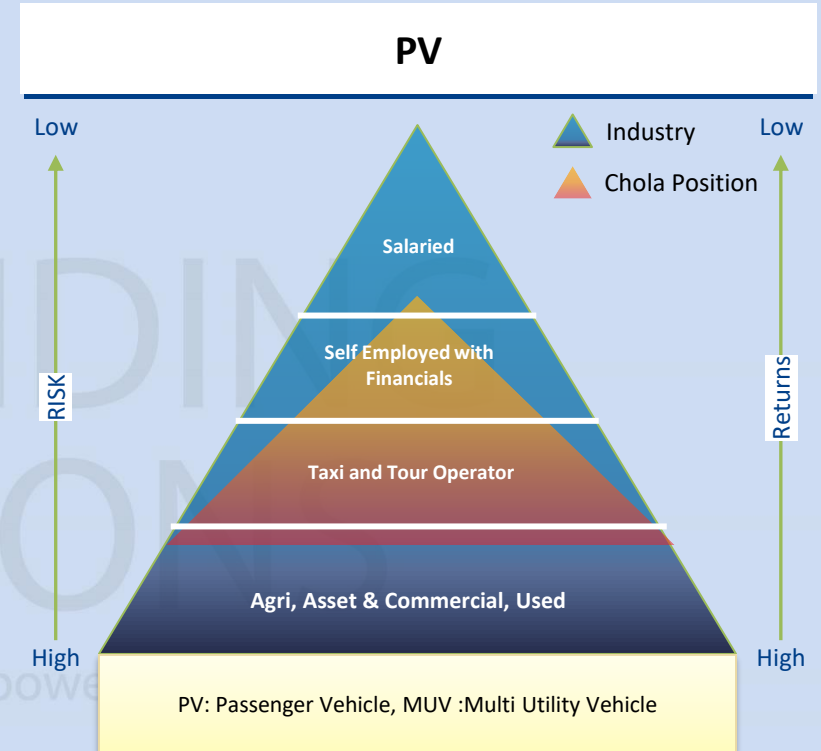
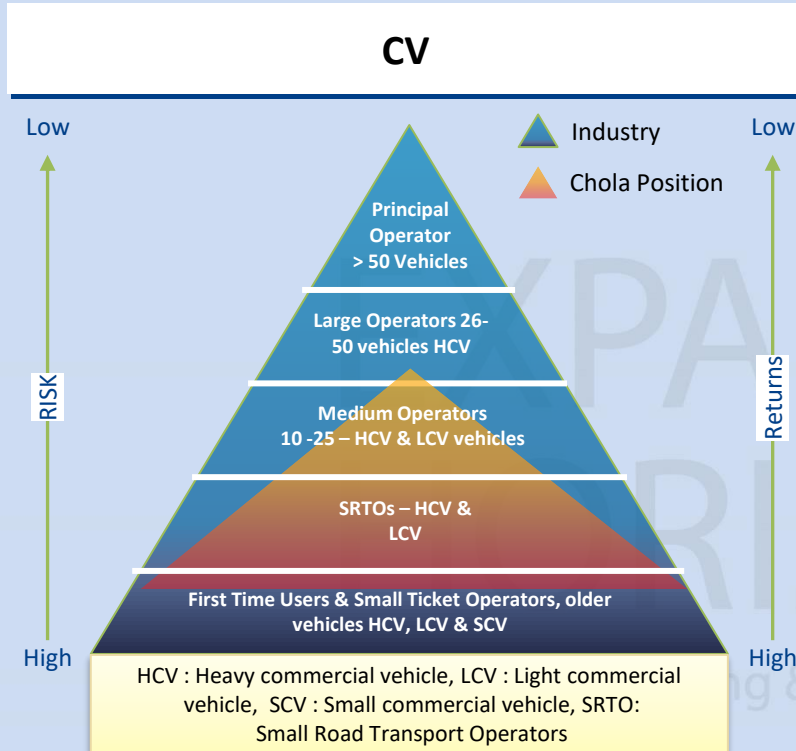
Trend in Domestic Car & MUV Sales



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

- Higher Income, lower penetration and lower cost of capital to boost long term demand.
- Improvement in semiconductor supplies and materialisation of pent-up demand.

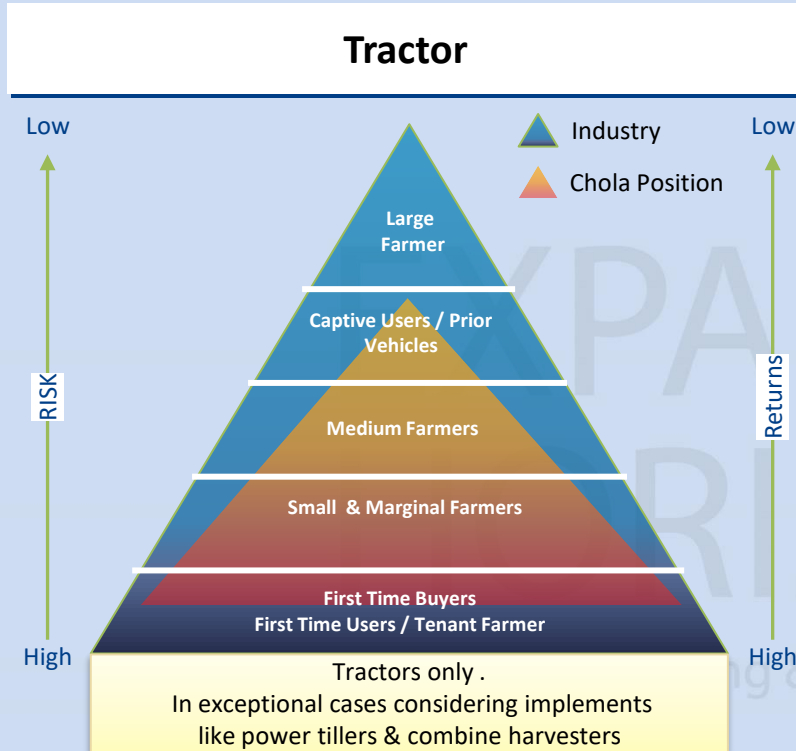
Vehicle Finance—Business Model & Positioning



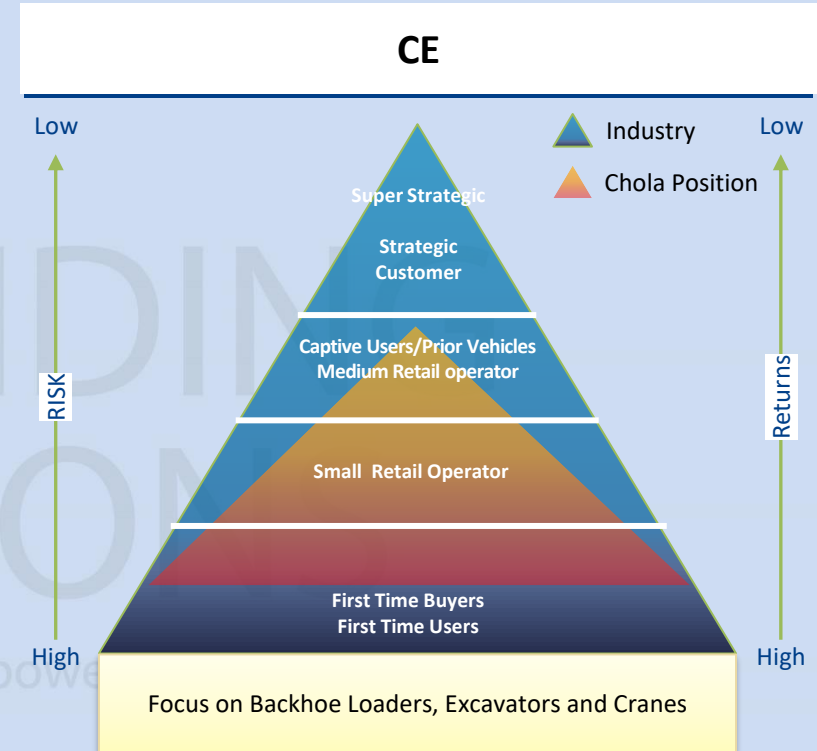
- ~65% of disbursements are to micro & small enterprises and agri -based customer segment
- Chola positioning-
 - Middle of the pyramid through New CVs, Used CVs
 - Top of the Bottom of the pyramid through SCV & older CVs Shubh

- ~ 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



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

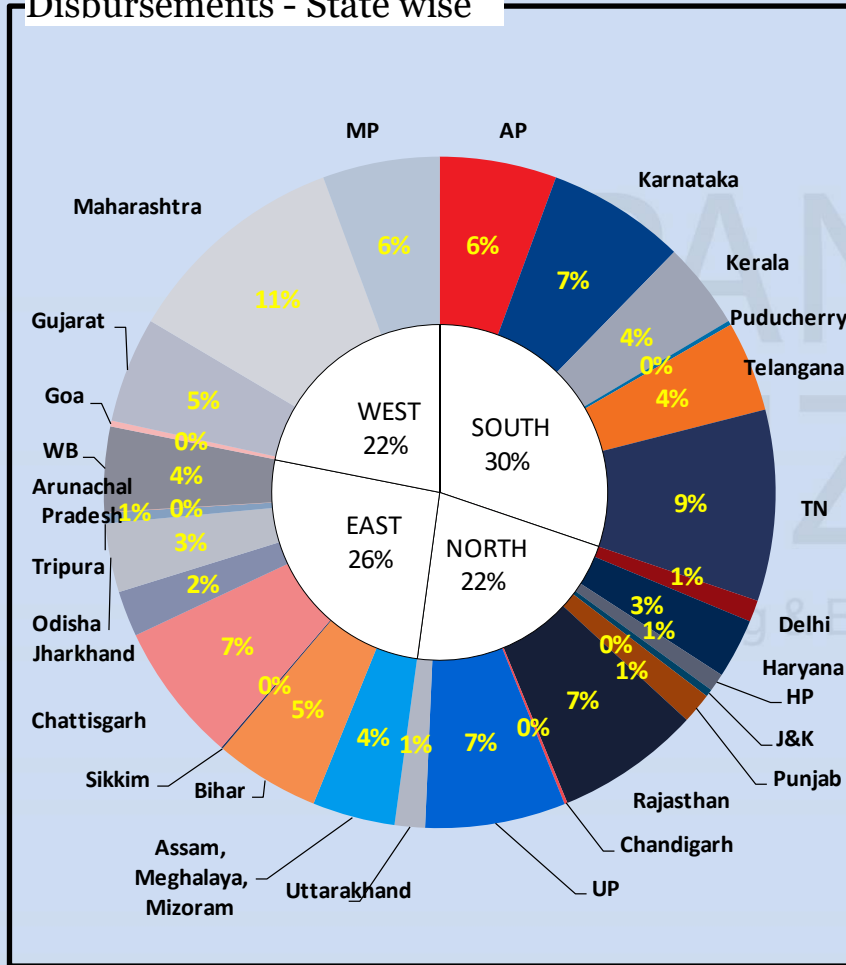


- ~ 69% of disbursements are to retail customer segment
- Application –
 - Captive
 - Hiring
- New & Used

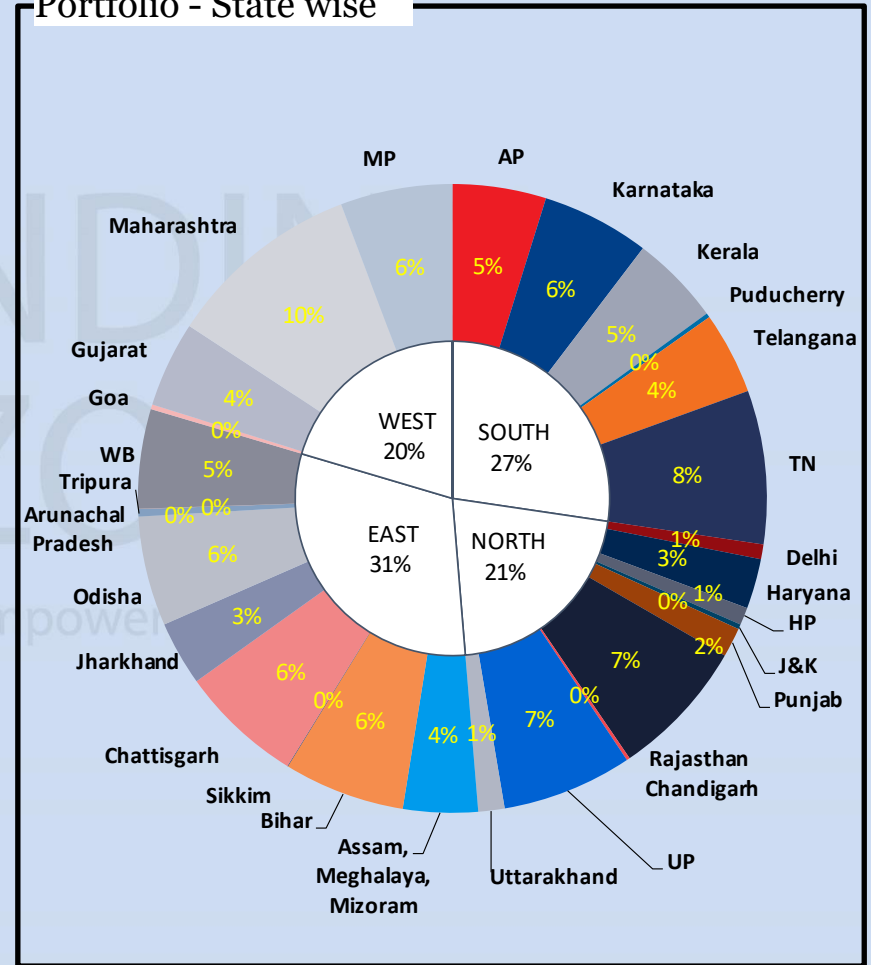
Vehicle Finance - Disbursement/Portfolio Mix – Q2FY23

Well diversified across geography

Disbursements - State wise

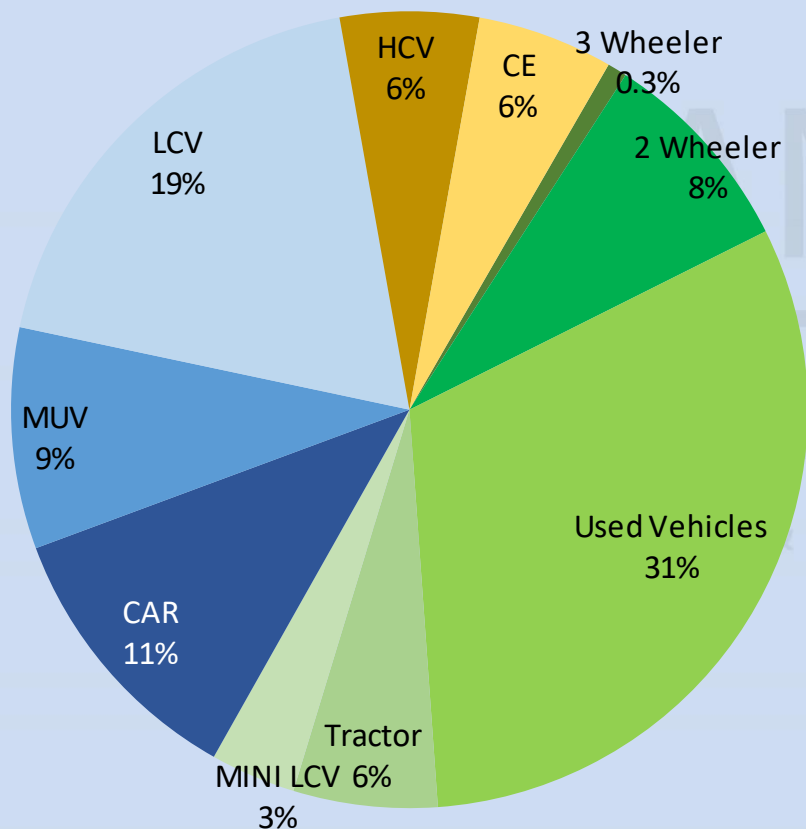


Portfolio - State wise

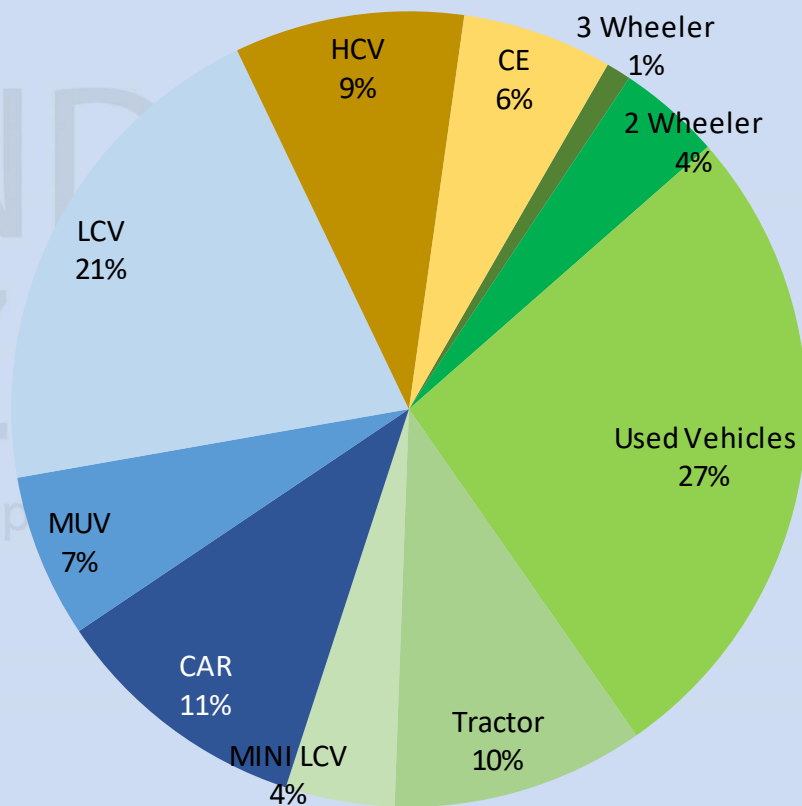


Well diversified product segments

Disbursements (₹Cr) - Product wise

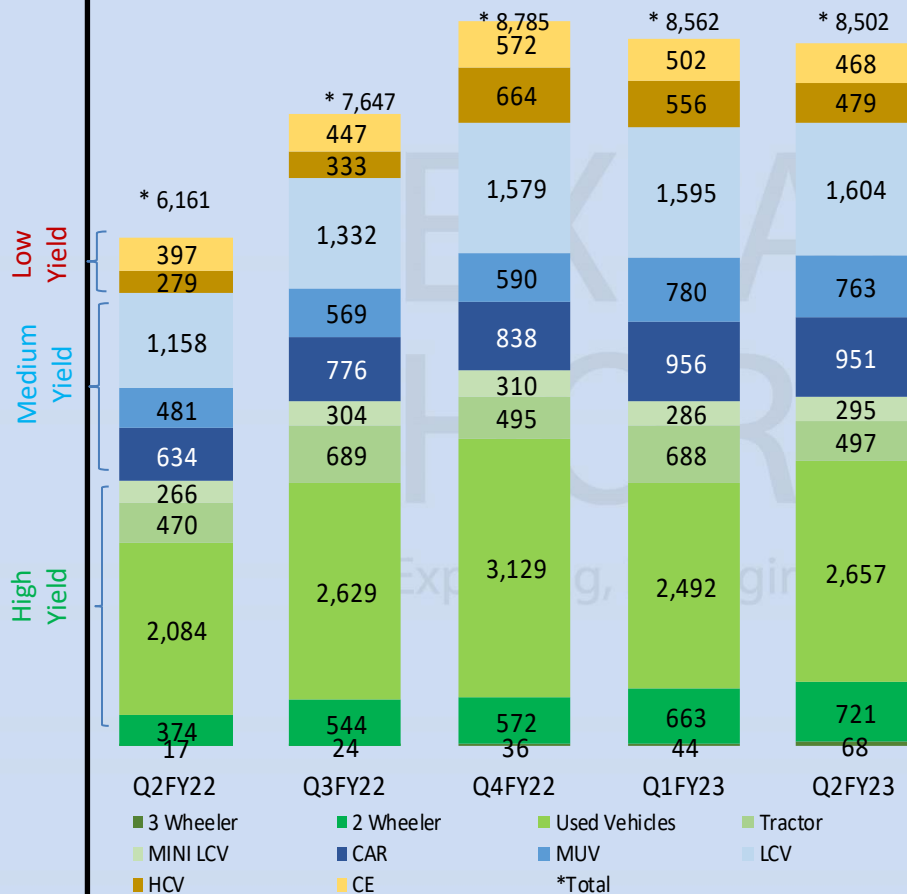


Portfolio (₹Cr) - Product wise

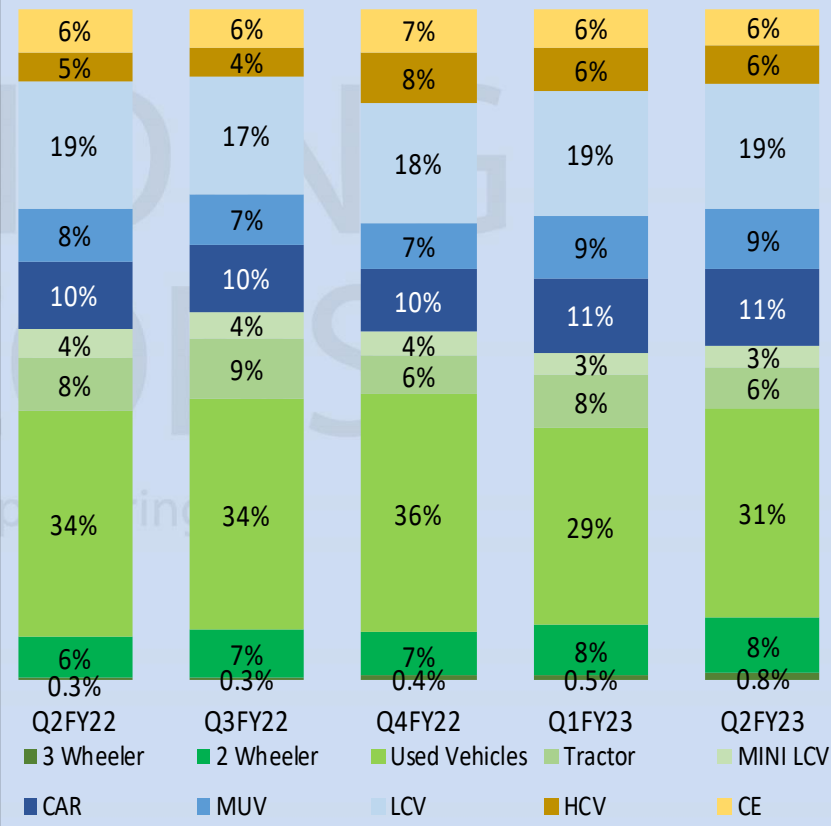


Vehicle Finance - Disbursement Mix – Quarter-wise

Disbursement (₹Cr) - Product wise

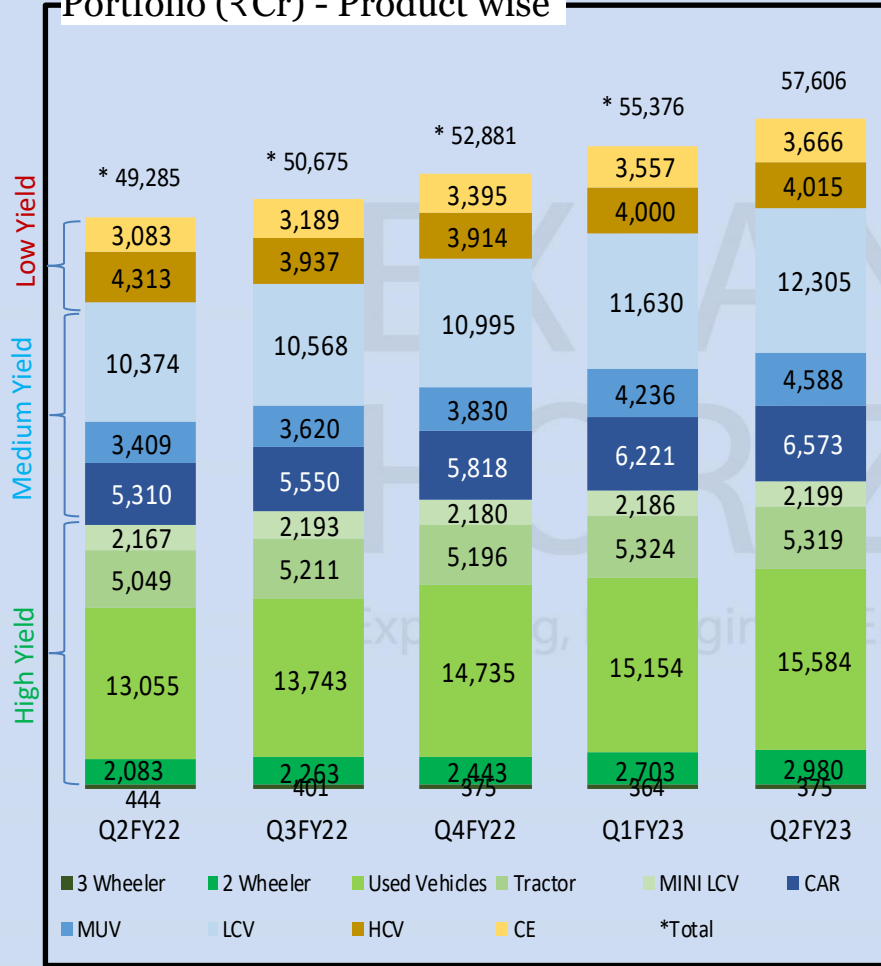


Disbursement (%) – Product wise

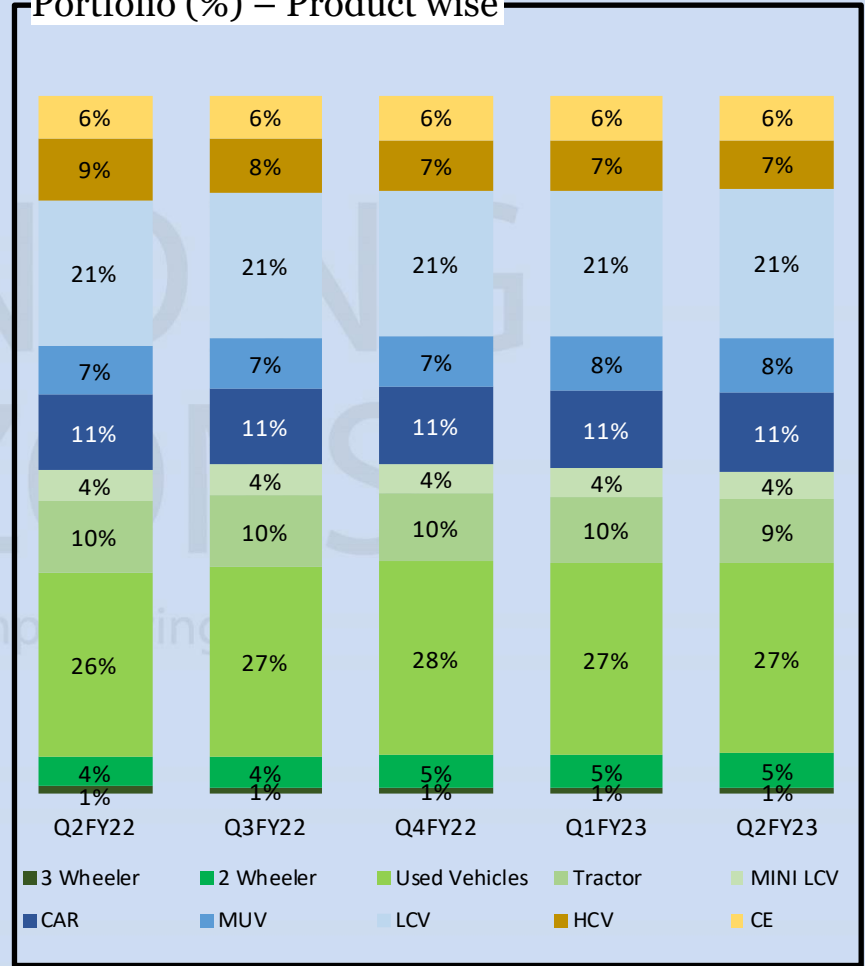


Vehicle Finance - Portfolio Mix – Quarter-wise

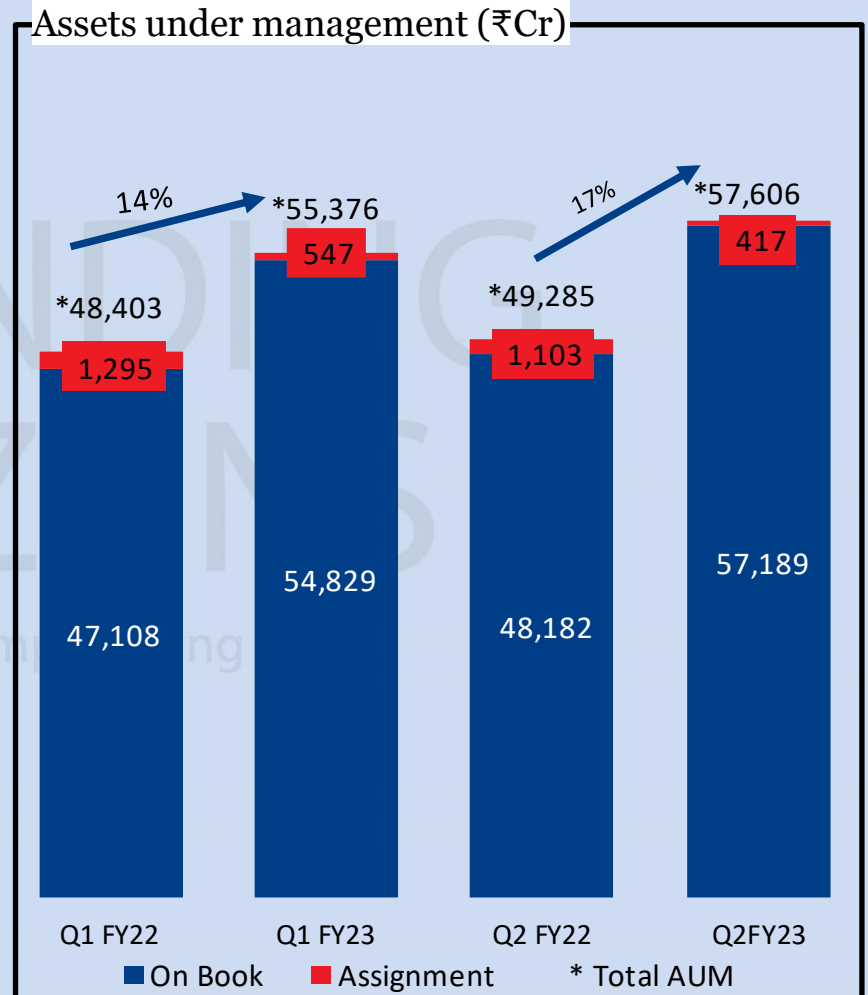
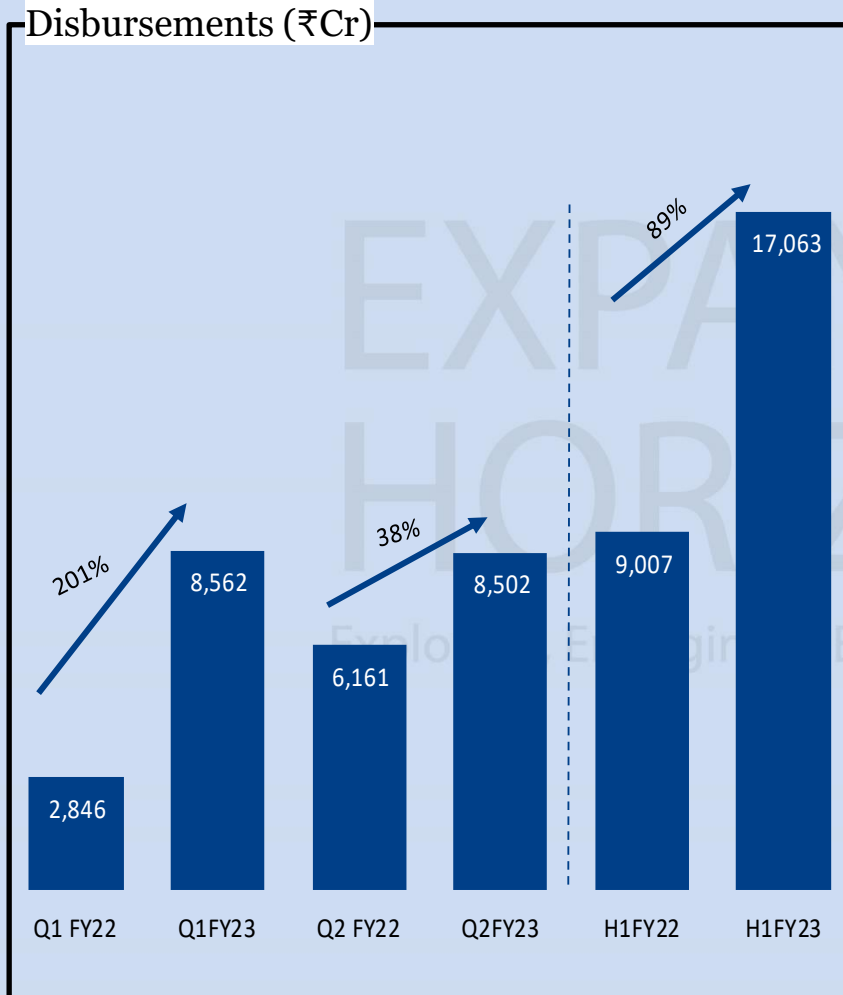
Portfolio (₹Cr) - Product wise



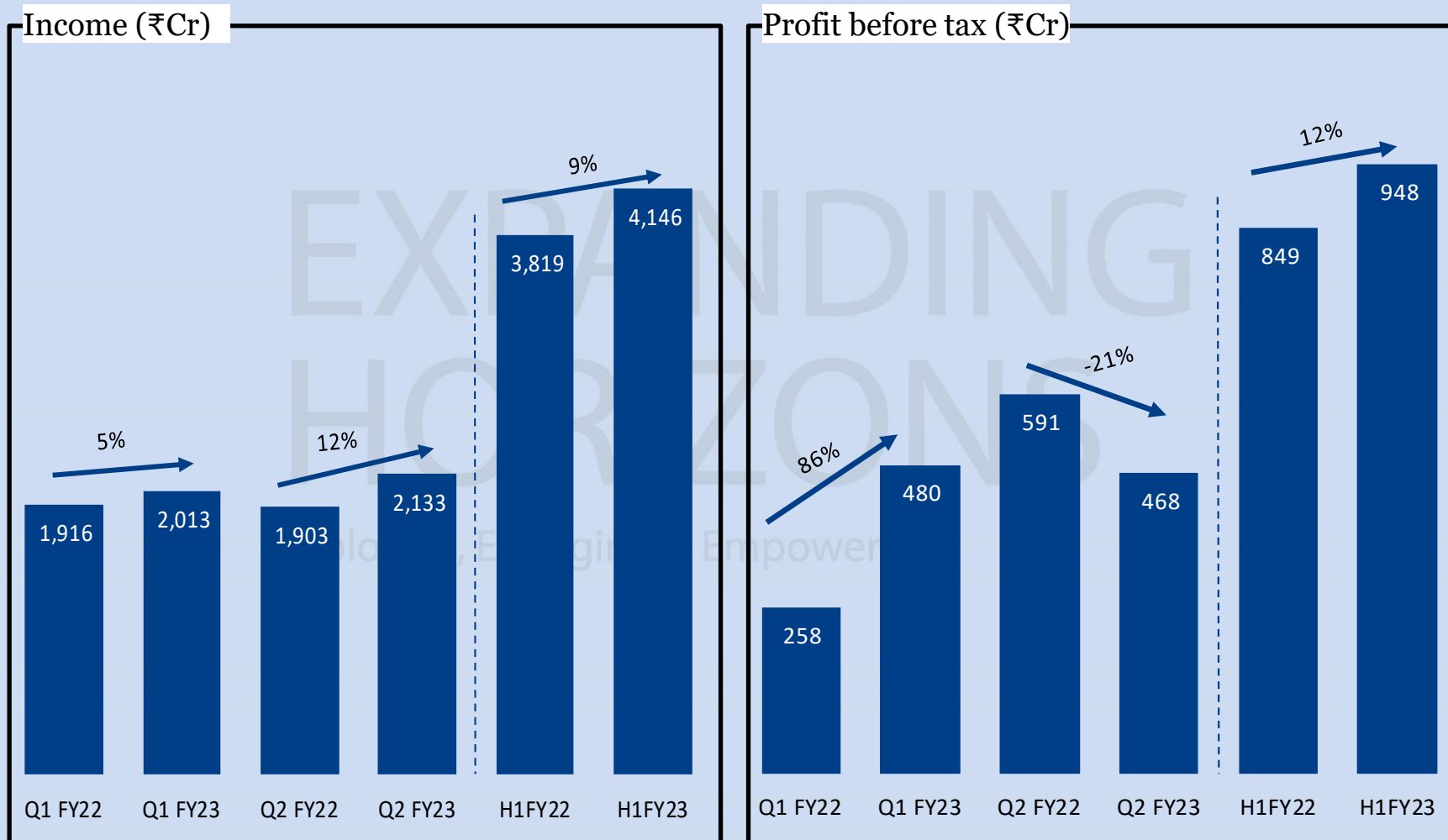
Portfolio (%) – Product wise



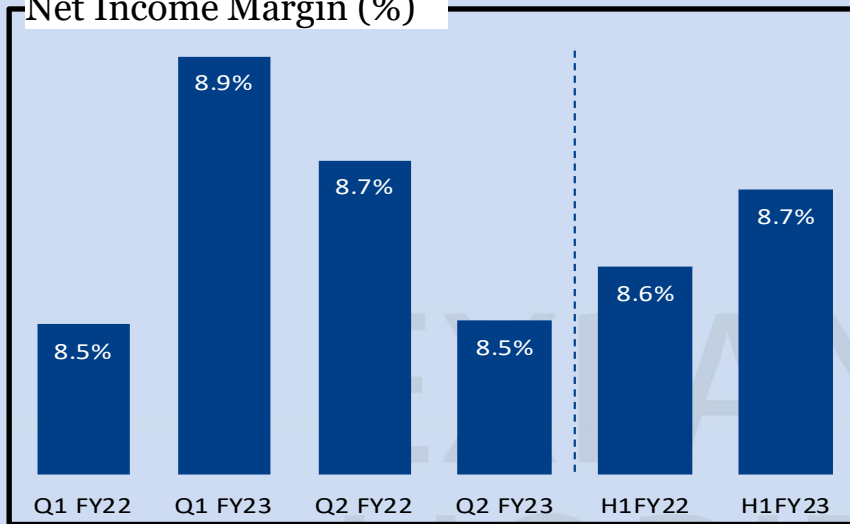
Vehicle Finance - Disbursements and Asset Under Management



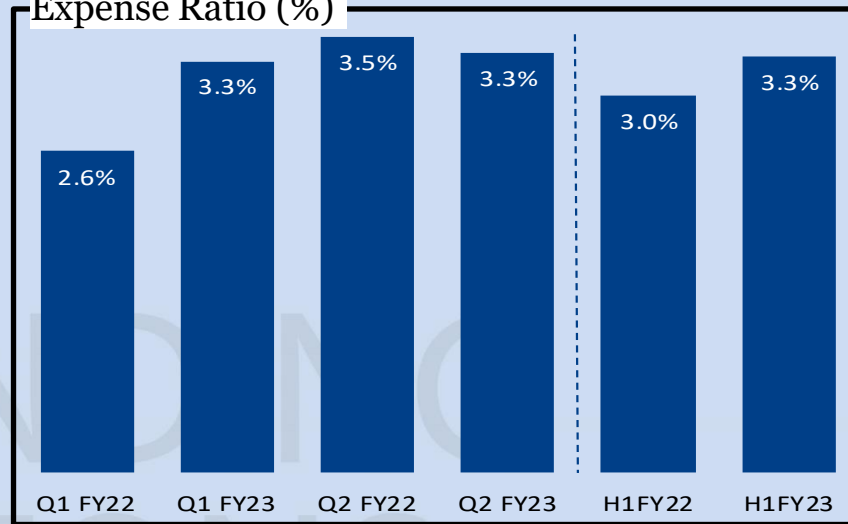
Vehicle Finance - Income and Profit before tax



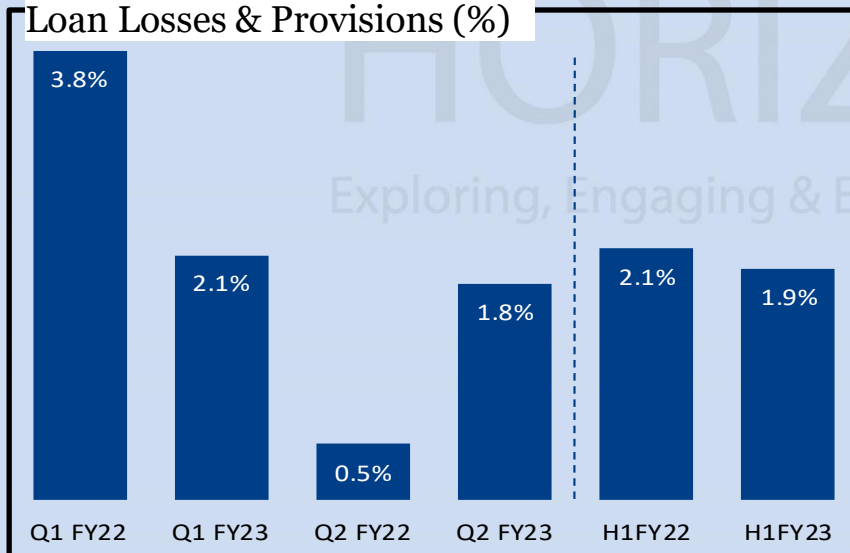
Net Income Margin (%)



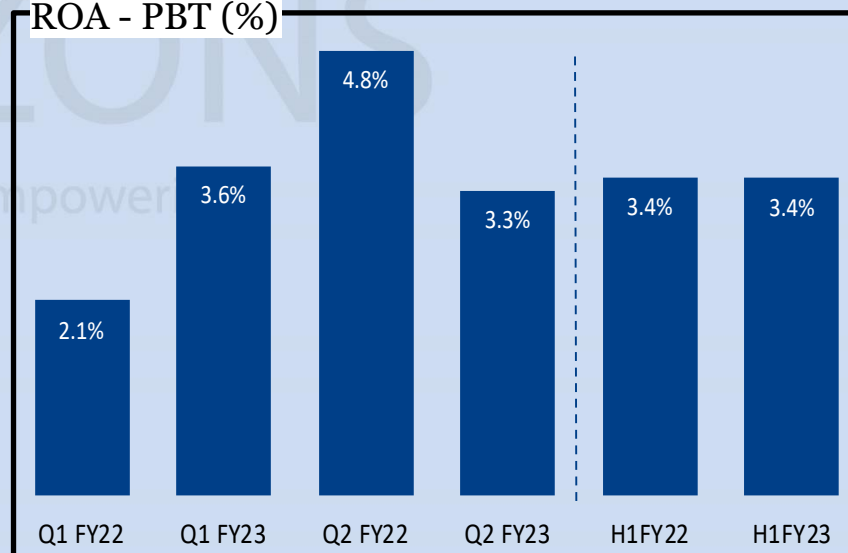
Expense Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Profit and Loss Statement - Vehicle Finance (Managed)

₹ Cr

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	2,846	8,562	6,161	8,502	38%	9,007	17,063	89%
Closing Assets	48,403	55,376	49,285	57,606	17%	49,285	57,606	17%
Operating Income	1,916	2,013	1,903	2,133	12%	3,819	4,146	9%
Finance Charges	875	811	828	928	12%	1,703	1,739	2%
Net Income	1,041	1,202	1,075	1,205	12%	2,116	2,407	14%
Expenses	315	442	427	477	12%	742	919	24%
Net Credit Losses	468	280	57	260	353%	525	540	3%
PBT	258	480	591	468	-21%	849	948	12%
Asset Ratios								
Income	15.6%	14.9%	15.5%	15.0%		15.4%	15.0%	
Cost of Funds	7.1%	6.0%	6.7%	6.5%		6.9%	6.3%	
Net Income Margin	8.5%	8.9%	8.7%	8.5%		8.6%	8.7%	
Expense	2.6%	3.3%	3.5%	3.3%		3.0%	3.3%	
Losses & Provisions	3.8%	2.1%	0.5%	1.8%		2.1%	1.9%	
ROA-PBT	2.1%	3.6%	4.8%	3.3%		3.4%	3.4%	

Profit and Loss Statement - Vehicle Finance (On Book)

₹ Cr

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	2,846	8,562	6,161	8,502	38%	9,007	17,063	89%
Closing Assets (On B/S)	47,108	54,829	48,182	57,189	19%	48,182	57,189	19%
Operating Income	1,876	1,992	1,865	2,116	13%	3,741	4,108	10%
Finance Charges	847	798	804	889	11%	1,651	1,687	2%
Net Income	1,028	1,194	1,062	1,227	16%	2,090	2,421	16%
Expenses	315	442	427	477	12%	742	919	24%
Net Credit Losses	468	280	57	260	353%	525	540	3%
PBT	245	472	577	490	-15%	822	962	17%
Asset Ratios								
Income	15.7%	14.9%	15.5%	15.0%		15.5%	15.0%	
Cost of Funds	7.1%	6.0%	6.7%	6.3%		6.8%	6.1%	
Net Income Margin	8.6%	8.9%	8.8%	8.7%		8.7%	8.8%	
Expense	2.6%	3.3%	3.6%	3.4%		3.1%	3.3%	
Losses & Provisions	3.9%	2.1%	0.5%	1.8%		2.2%	2.0%	
ROA-PBT	2.0%	3.5%	4.8%	3.5%		3.4%	3.5%	

Loan Against Property



Loan Against Property – H1 FY23 Performance

Disbursements

- Disbursements grew by 117% in H1FY23 at Rs.4,612 crores as compared to Rs.2,122 crores in H1FY22.

Asset under management

- AUM have grown by 26% YoY.

Loss and provisions

- Loan losses improved to -0.03% in H1FY23 from 1.0% in H1FY22.

Profit before tax

- PBT grew by 102% at Rs.394 crores in H1FY23 as compared to Rs.195 crores in H1FY22.

Sector Outlook

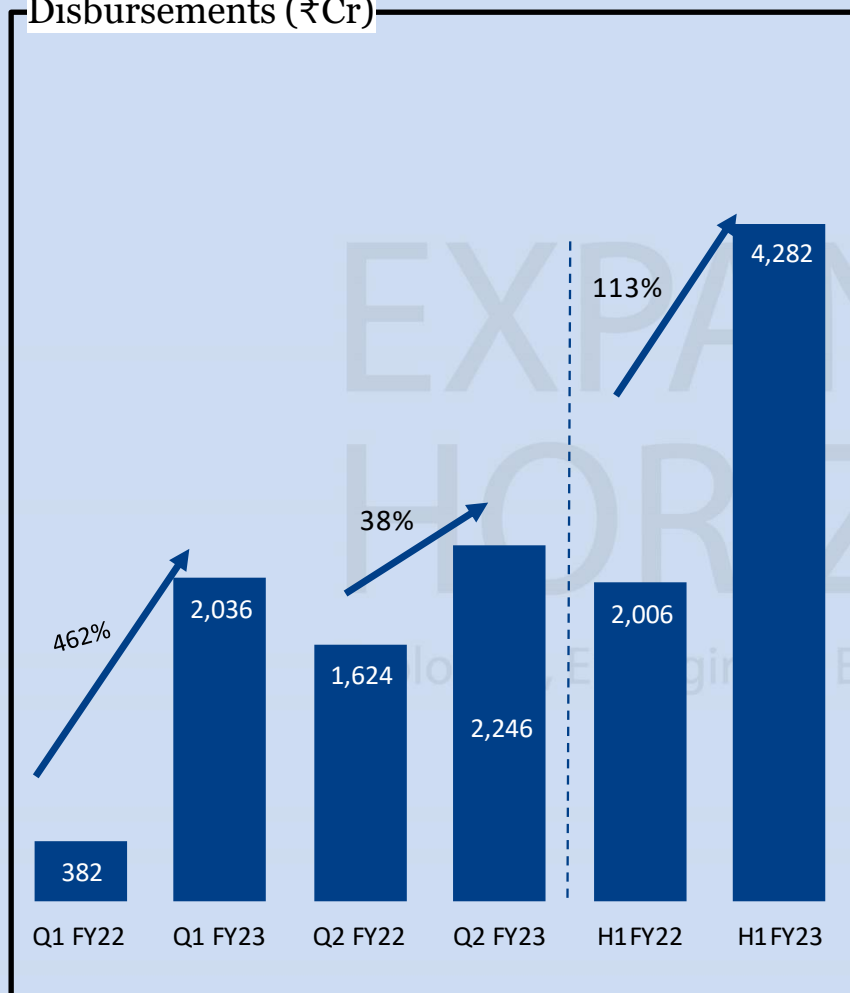
- The sector witnessed improvement in the disbursements post pandemic. Disbursements would further pick-up because of the festive season to a certain extent. Low-ticket LAP would perform better than high-ticket LAP as the former is linked to essential services; services sector would perform better than manufacturing sector.
- The LAP segment has witnessed a considerable reduction in GNPA's. The recovery is expected to continue going forward across segments with an estimated reduction of 30-40 bps in FY 2023. Further moderate Loan to Value(LTV) and rising property prices would produce some comfort on credit risk front.
- In the large, growth of NBFCs in LAP Business is closely linked to economic activities and is expected to grow at 5%-7% in FY 2023, as the business normalize further in the second half of this FY.

Chola's Position

- Chola's LAP business has witnessed strong growth in disbursements during H1 in line with the industry trend, capitalizing on the demand. Business performance is expected to continue as we enter into second half of the FY 23.
- Chola's LAP book asset quality has shown steady improvement. Consistent improvement in collection efficiency has resulted in stage3 reduction and lower net credit loss. Business expect further reduction in stage3 in H2 FY23.
- Chola's LAP team is currently focusing on increasing its market share backed by consistent collections performance. The expansion plan is happening in-line with focus on Tier-3 & Tier-4 areas in Q2.

Loan Against Property - Disbursements and Asset Under Management

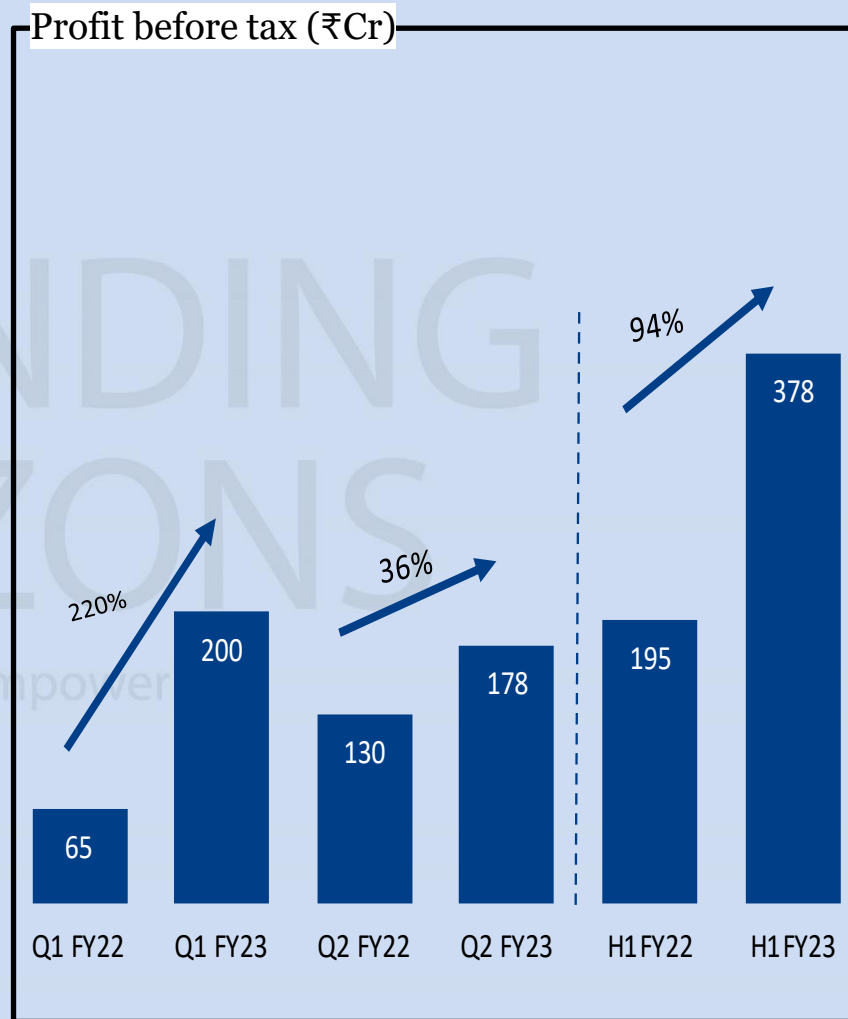
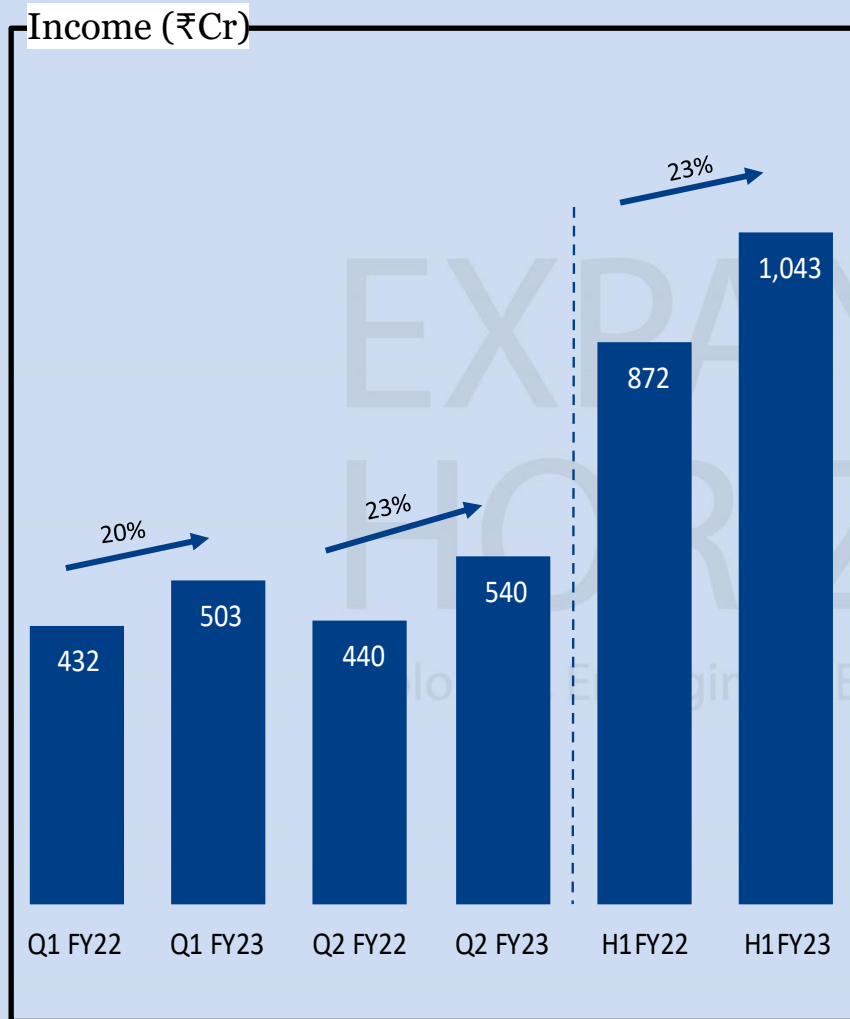
Disbursements (₹Cr)



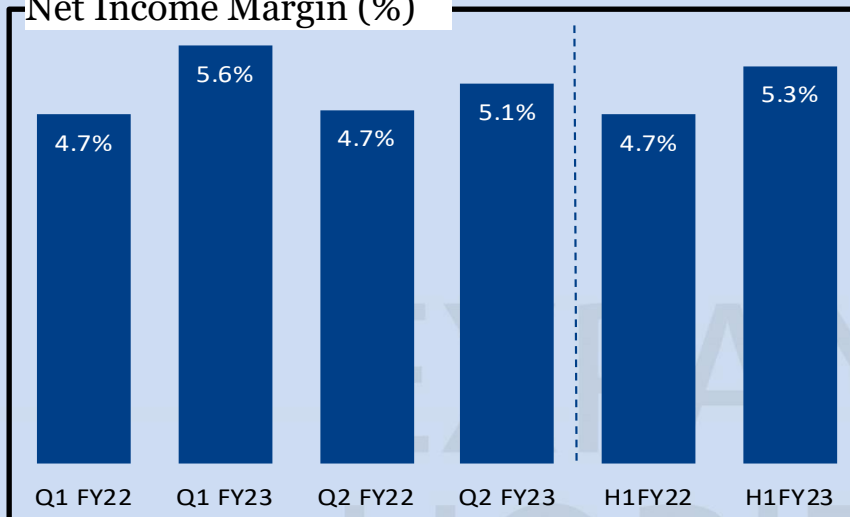
Assets under Management (₹Cr)



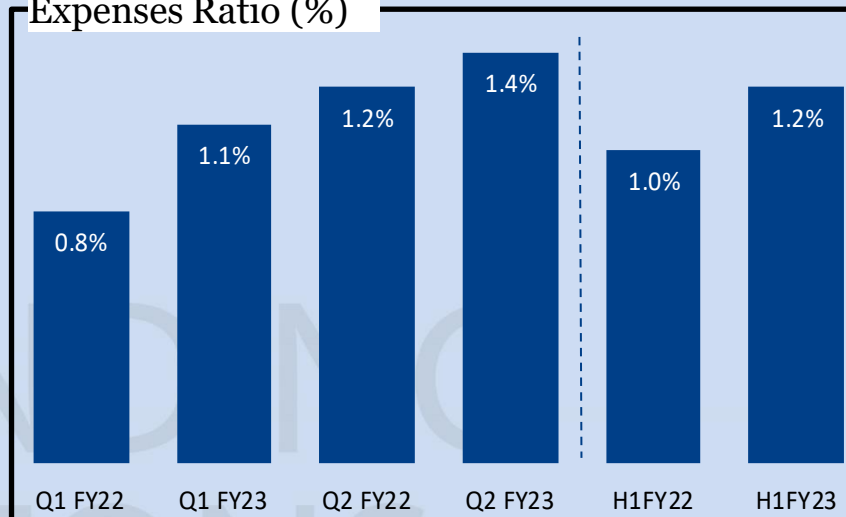
Loan Against Property – Income and Profit before tax



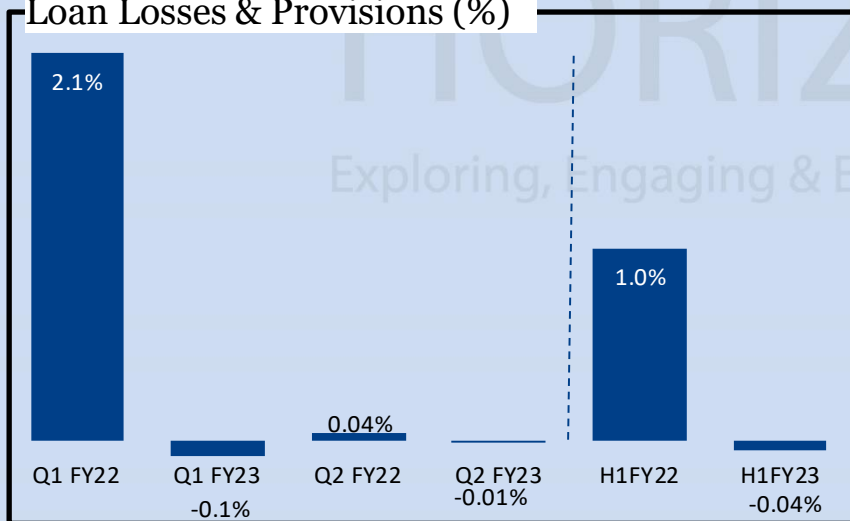
Net Income Margin (%)



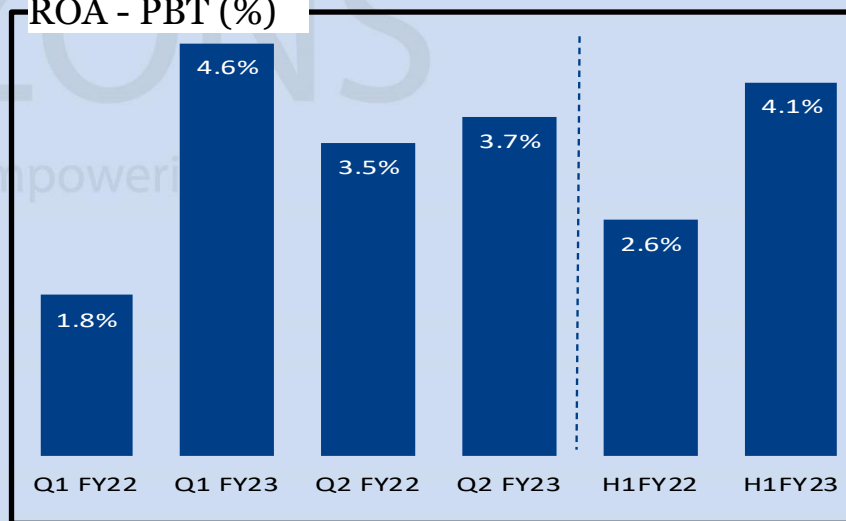
Expenses Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Profit and Loss Statement - Loan Against Property (Managed)

₹ Cr

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	382	2,036	1,624	2,246	38%	2,006	4,282	113%
Closing Assets	14,509	17,675	15,306	18,843	23%	15,306	18,843	23%
Operating Income	432	503	440	540	23%	872	1,043	20%
Finance Charges	261	257	261	298	14%	522	555	6%
Net Income	171	246	179	242	35%	350	488	39%
Expenses	31	49	47	65	37%	78	114	47%
Net Credit Losses	76	-4	2	(0.5)	-133%	77	-4	-105%
PBT	65	200	130	178	36%	195	378	94%
Asset Ratios								
Income	11.8%	11.7%	11.7%	11.7%		11.7%	11.7%	
Cost of Funds	7.2%	6.0%	6.9%	6.5%		7.0%	6.2%	
Net Income Margin	4.7%	5.7%	4.8%	5.3%		4.7%	5.5%	
Expense	0.8%	1.2%	1.3%	1.4%		1.0%	1.3%	
Losses & Provisions	2.1%	-0.1%	0.04%	-0.01%		1.0%	-0.05%	
ROA-PBT	1.8%	4.7%	3.5%	3.9%		2.6%	4.2%	

Profit and Loss Statement - Loan Against Property (On Book)

₹ Cr

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	382	2,036	1,624	2,246	38%	2,006	4,282	113%
Closing Assets (On B/S)	12,552	16,257	13,477	17,525	30%	13,477	17,525	30%
Operating Income	378	453	384	497	29%	762	950	25%
Finance Charges	221	227	222	249	12%	443	476	7%
Net Income	158	226	162	248	53%	319	474	48%
Expenses	31	49	47	65	37%	78	114	47%
Net Credit Losses	76	-4	2	(0.5)	-133%	77	-4	-105%
PBT	51	180	113	184	62%	165	364	121%
Asset Ratios								
Income	12.0%	11.5%	11.7%	11.7%		11.8%	11.6%	
Cost of Funds	7.0%	5.8%	6.8%	5.8%		6.8%	5.8%	
Net Income Margin	5.0%	5.8%	4.9%	5.8%		4.9%	5.8%	
Expense	1.0%	1.3%	1.4%	1.5%		1.2%	1.4%	
Losses & Provisions	2.4%	-0.1%	0.0%	-0.01%		1.2%	-0.05%	
ROA-PBT	1.6%	4.6%	3.4%	4.3%		2.5%	4.4%	

Home Loans



Home Loans – H1 FY23 Performance

Disbursements

- Disbursements grew by 48% in H1FY23 at Rs.1,354 crores as compared to Rs.808 crores in H1FY22.

Asset under management

- AUM have grown by 32% YoY.

Loss and provisions

- Loan losses improved to 0.4% in H1FY23 from 1.3% in H1FY22.

Profit before tax

- PBT grew by 71% at Rs.158 crores in H1FY23 as compared to Rs.93 crores in H1FY22.

Sector Outlook

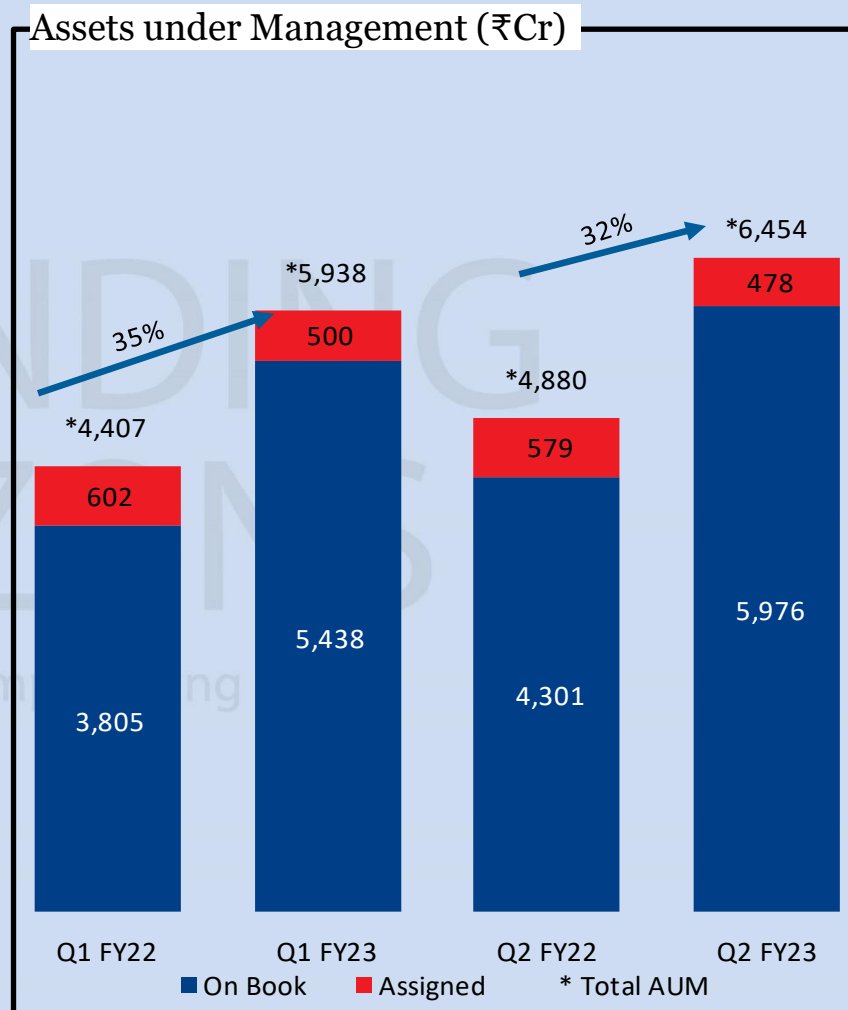
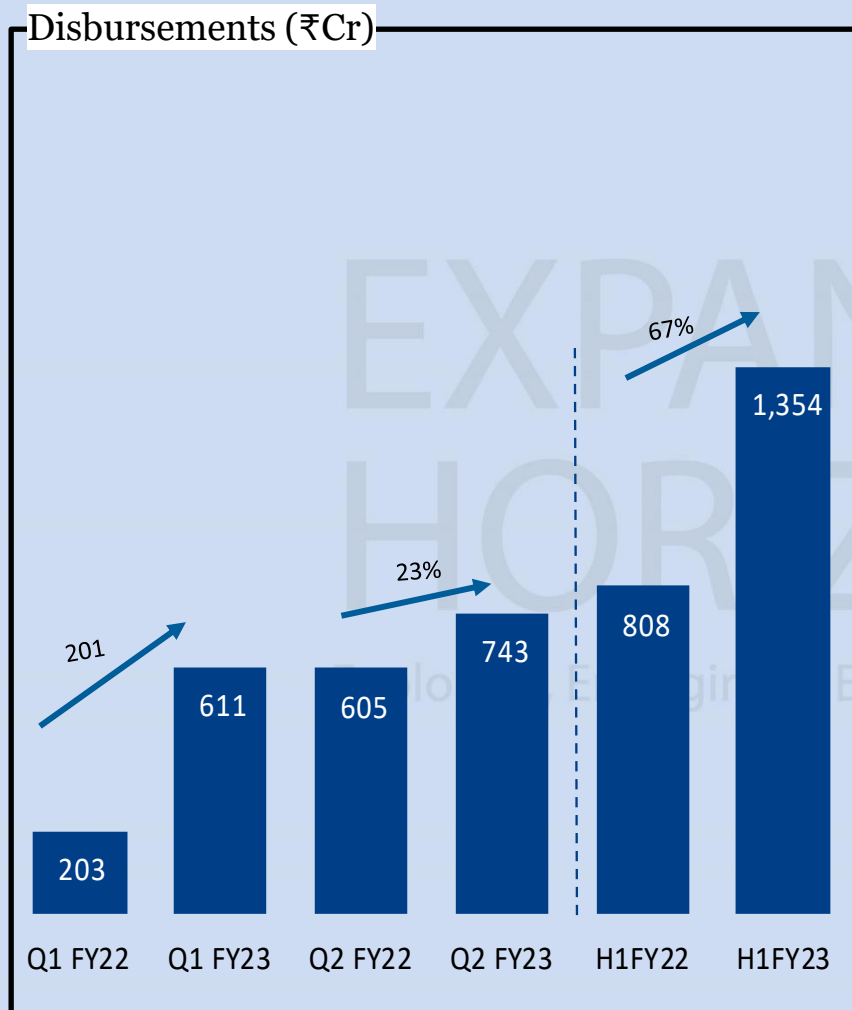
- Demand remained robust in Q2 FY23 and Affordable HFC growth is expected to be 17-20% in FY23.
- Despite recovery analysts expect asset quality metrics to remain volatile, given the vulnerable borrower profile, especially of self-employed borrowers and impact of restructured accounts. However, overall GNPA is expected to reduce further.
- Healthy provision cover is expected to provide a cushion to absorb the losses on the identified asset quality stress

Chola's Position

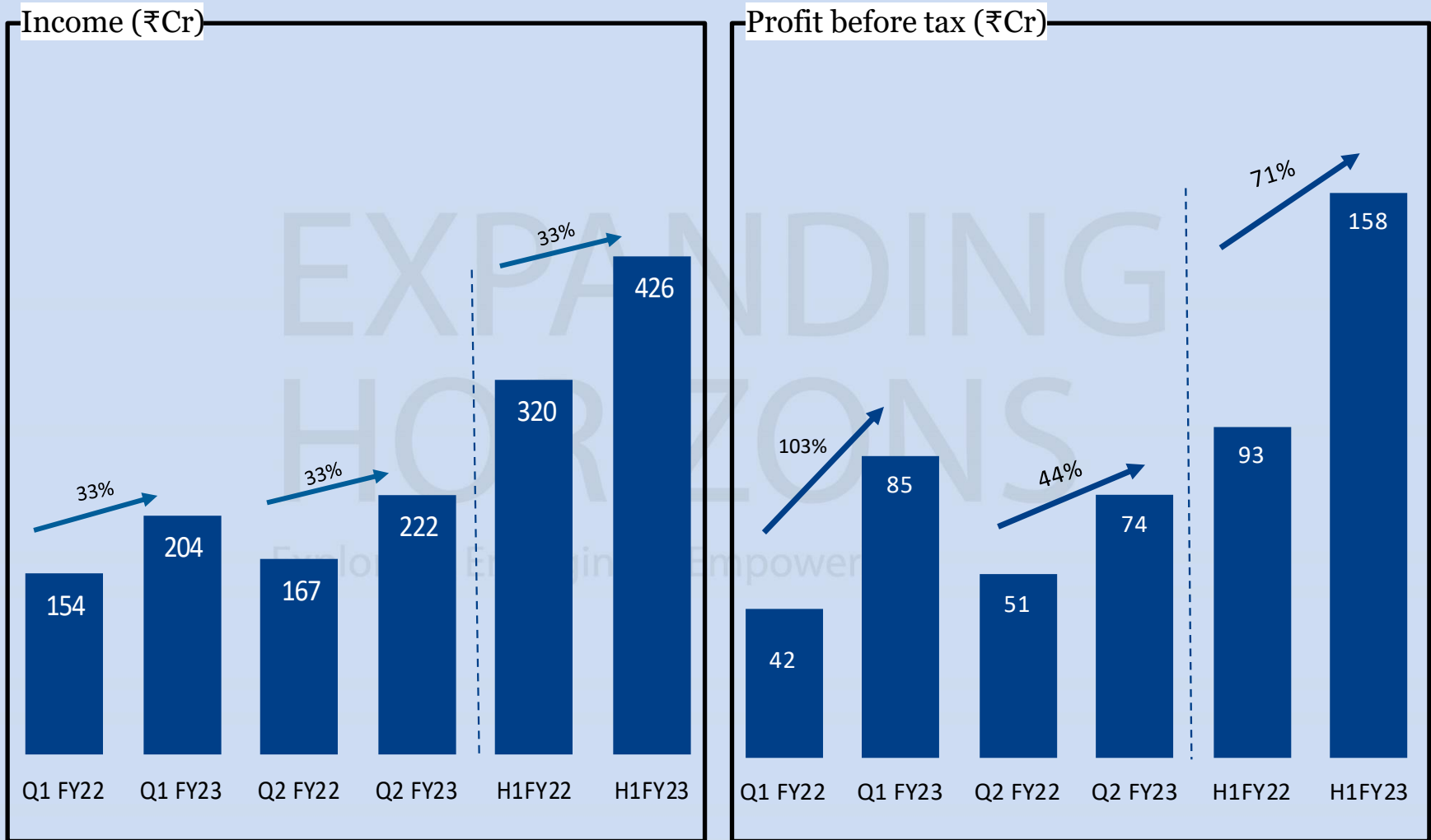
- Chola has significantly expanded its geographical footprint especially in the North, East & West Zones while continuing to deepen its footprint in the South.
- Chola is focusing on improving asset quality through analytics driven underwriting and improving operational efficiencies through process improvements.
- Chola continues to focus on improving its resolution of NPAs through SARFAESI and arbitration as well as maintain healthy early bucket efficiencies through a dedicated feet on street team.

EXPANDING
HORIZONS
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Home Loans - Disbursements and Asset Under Management

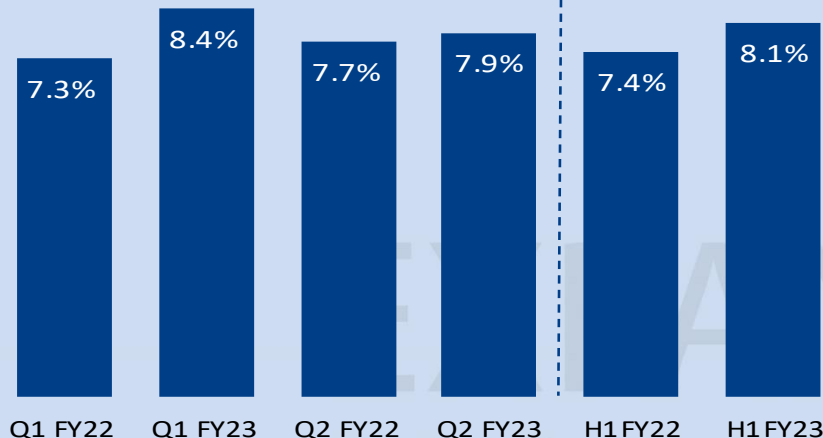


Home Loans - Income and Profit before tax

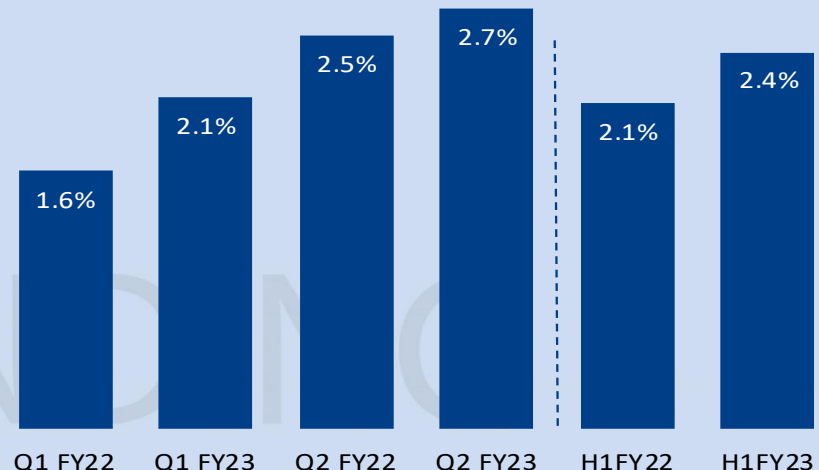


Home Loans – Asset Ratios

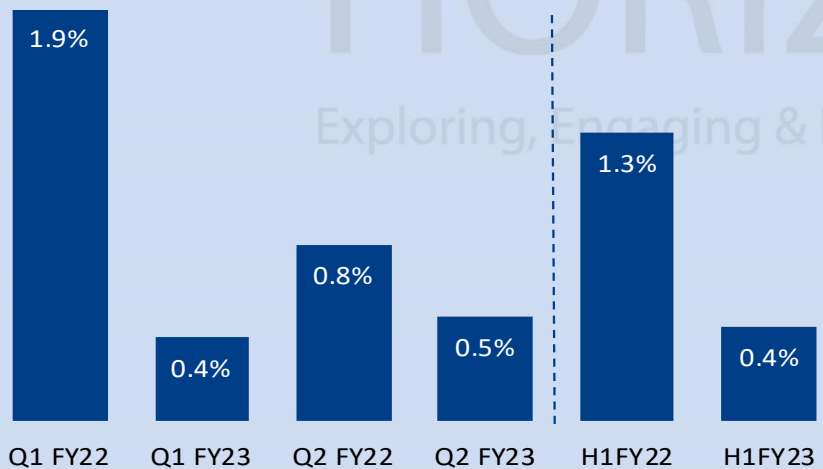
Net Income Margin (%)



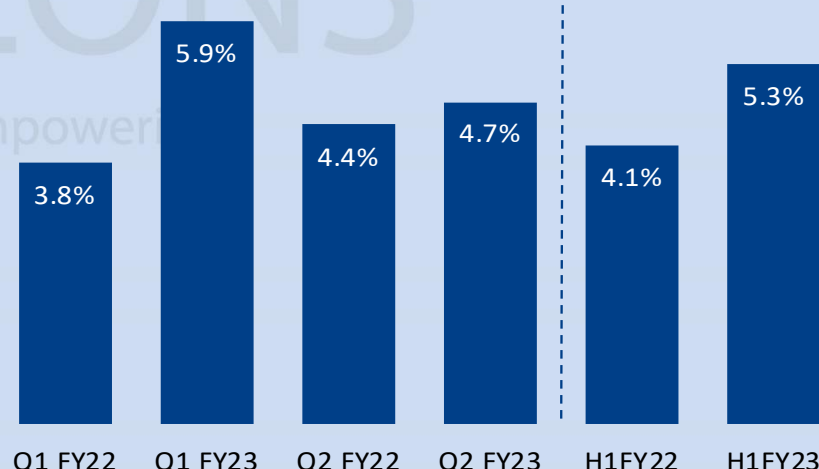
Expenses Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Profit and Loss Statement - Home Loans (Managed)

₹ Cr

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	203	611	605	743	23%	808	1,354	67%
Closing Assets	4,407	5,938	4,880	6,454	32%	4,880	6,454	32%
Operating Income	154	204	167	222	33%	320	426	33%
Finance Charges	74	84	77	99	29%	151	183	22%
Net Income	80	120	90	123	37%	170	243	43%
Expenses	18	30	29	42	42%	47	72	53%
Net Credit Losses	20	5.40	9	7	-21%	30	13	-57%
PBT	42	85	51	74	44%	93	158	71%
Asset Ratios								
Income	14.1%	14.2%	14.2%	14.2%		14.1%	14.2%	
Cost of Funds	6.8%	5.9%	6.6%	6.3%		6.6%	6.1%	
Net Income Margin	7.3%	8.4%	7.7%	7.9%		7.4%	8.1%	
Expense	1.6%	2.1%	2.5%	2.7%		2.1%	2.4%	
Losses & Provisions	1.9%	0.4%	0.8%	0.5%		1.3%	0.4%	
ROA-PBT	3.8%	5.9%	4.4%	4.7%		4.1%	5.3%	

Profit and Loss Statement - Home Loans (On Book)

₹ Cr

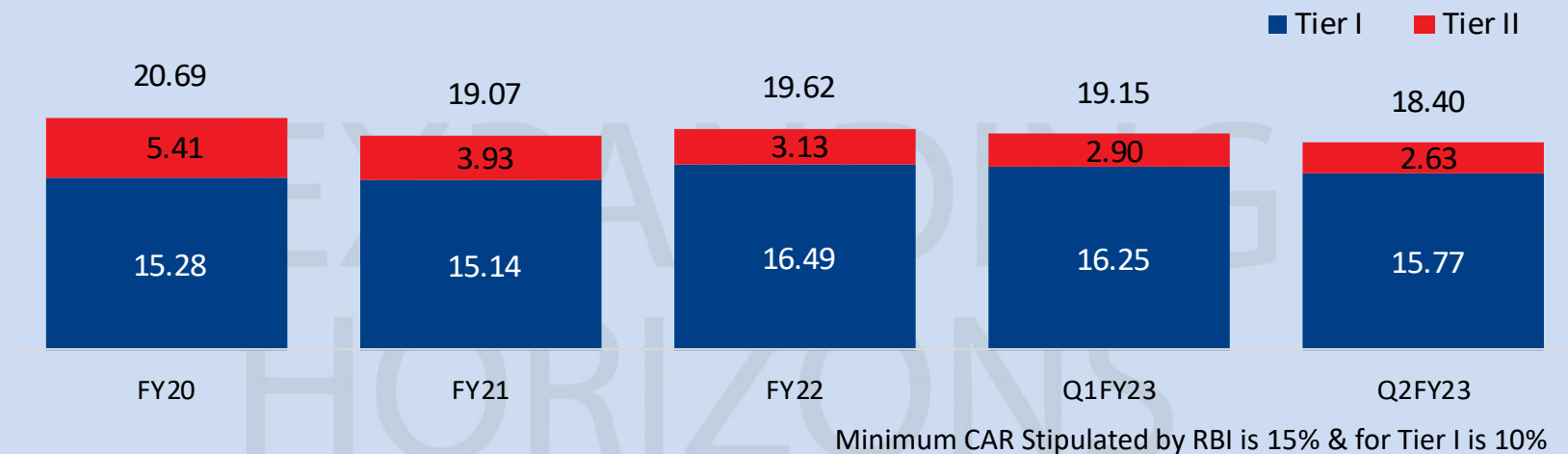
Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1
Disbursements	203	611	605	743	23%	808	1,354	67%
Closing Assets (On B/S)	3,805	5,438	4,301	5,976	39%	4,301	5,976	39%
Operating Income	136	185	148	205	39%	283	390	38%
Finance Charges	62	74	65	85	31%	127	159	26%
Net Income	74	111	83	120	45%	156	231	48%
Expenses	18	30	29	42	42%	47	72	53%
Net Credit Losses	20	5	9	7	-21%	30	13	-57%
PBT	35	75	44	71	61%	79	146	84%
Asset Ratios								
Income	14.4%	14.1%	14.4%	14.3%		14.3%	14.2%	
Cost of Funds	6.6%	5.7%	6.4%	5.9%		6.4%	5.8%	
Net Income Margin	7.8%	8.5%	8.1%	8.3%		7.9%	8.4%	
Expense	1.9%	2.3%	2.9%	2.9%		2.4%	2.6%	
Losses & Provisions	2.2%	0.4%	0.9%	0.5%		1.5%	0.5%	
ROA-PBT	3.8%	5.7%	4.3%	4.9%		4.0%	5.3%	

Funding Profile



CAR and 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	-

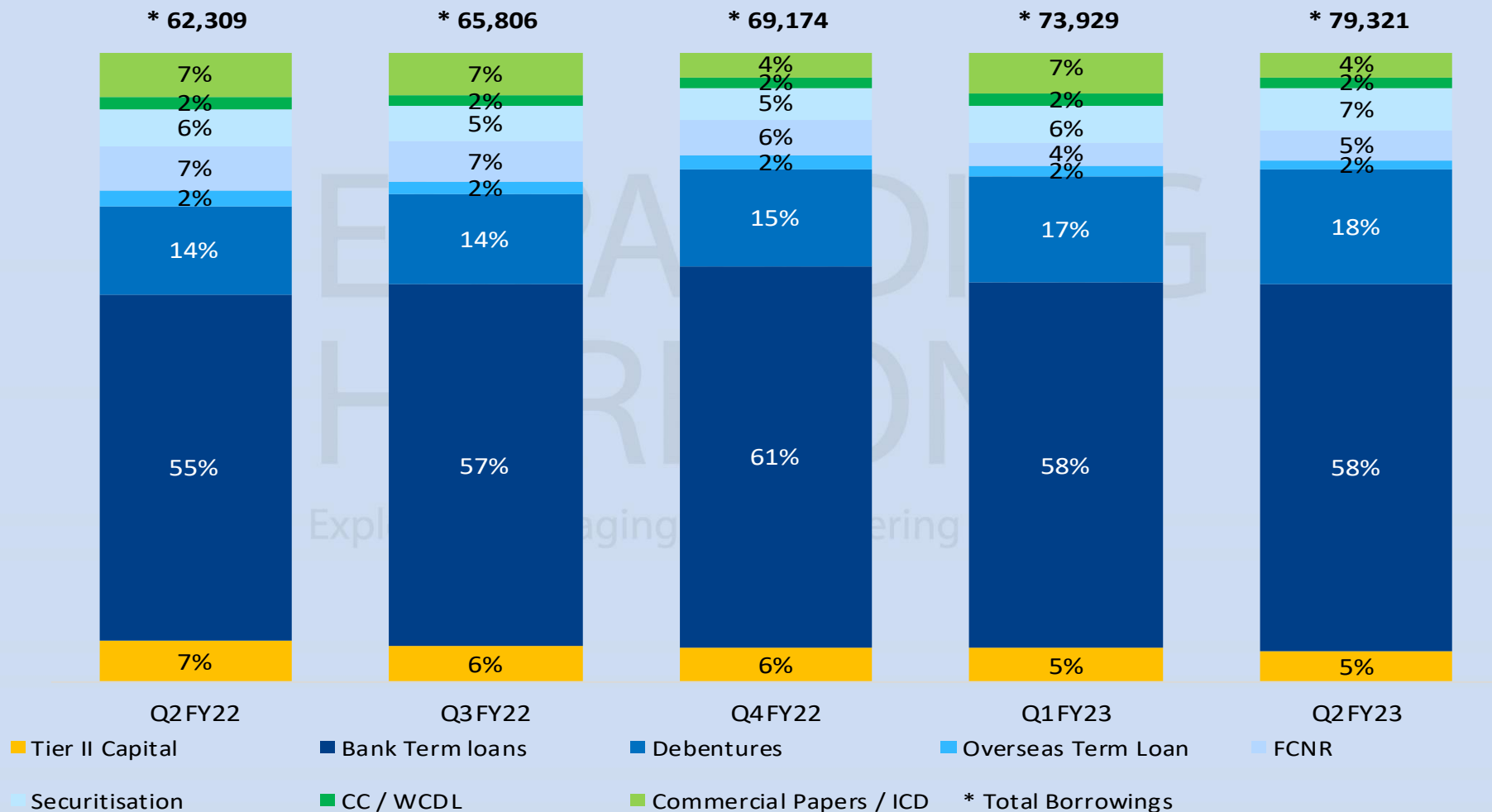
^ CP Rating

* NCD Rating

Diversified Borrowings Profile (I/II)

Borrowing mix by instrument type

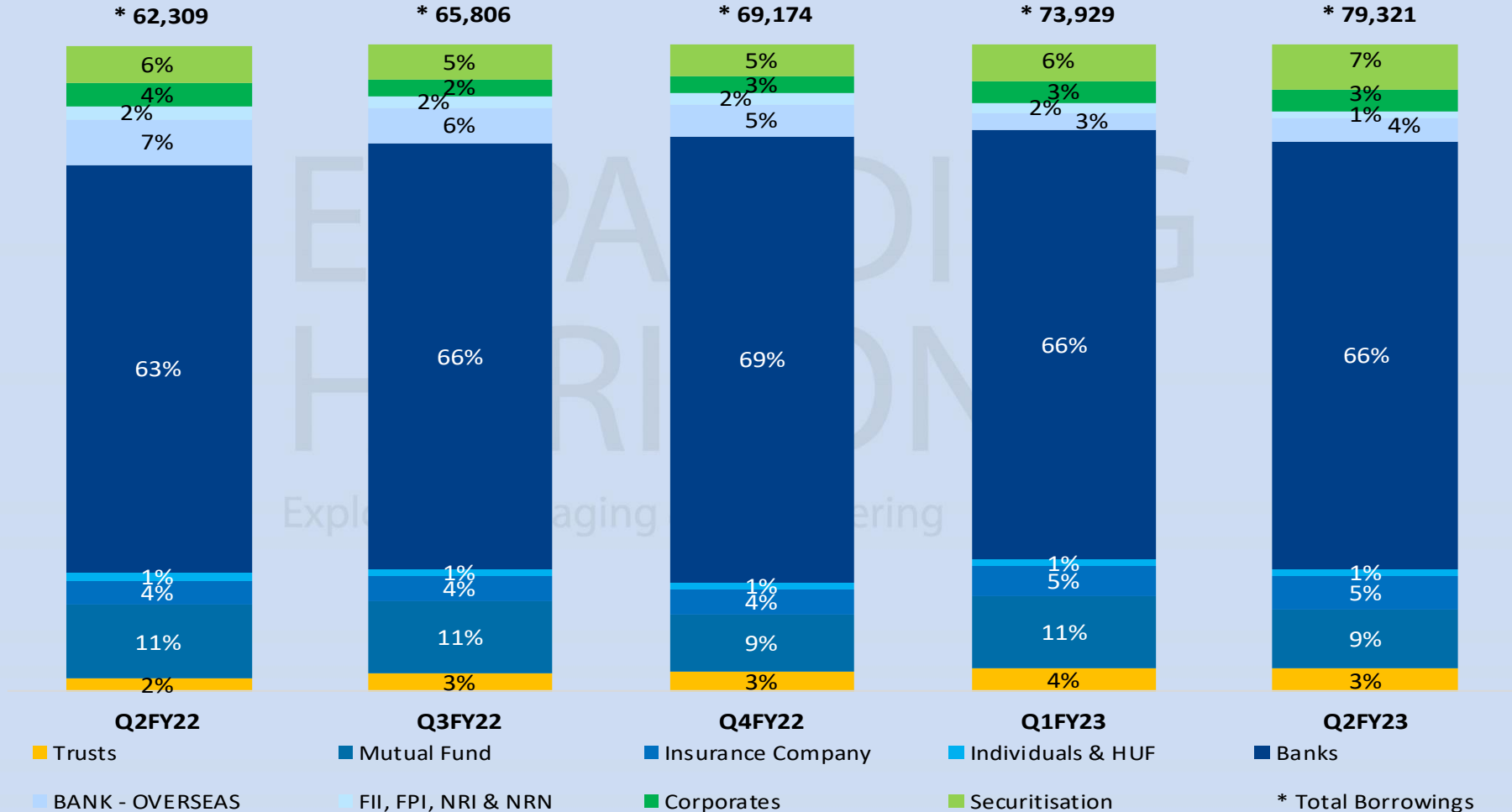
(₹Cr)



Diversified Borrowings Profile (I/II)

Borrowing mix by investor type

(₹Cr)



ALM Statement as of 30th Sep 2022 (As per IND AS)

(₹Cr)

ALM snapshot as on 30th Sep 2022									
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	2,418.08	-	819.21	100.93	94.74	-	-	1,408.35	4,841.31
Advances	2,955.01	2,773.24	2,943.24	8,340.25	14,847.77	43,056.70	5,409.88	8,045.39	88,371.48
Trade Receivable & Others	113.94	135.19	13.85	56.75	105.55	498.29	382.67	1,924.64	3,230.88
Total Inflows (A)	5,487.02	2,908.43	3,776.30	8,497.93	15,048.06	43,555.00	5,792.55	11,378.38	96,443.66
Cumulative Total Inflows (B)	5,487.02	8,395.45	12,171.75	20,669.68	35,717.74	79,272.74	85,065.28	96,443.66	
Borrowin Repayment-Bank & Others	1,633.74	1,045.28	2,799.14	4,304.57	9,453.43	26,551.07	12,131.08	487.26	58,405.56
Borrowin Repayment- Market	1,571.95	1,178.70	922.63	2,356.56	2,396.48	7,594.87	3,028.30	2,385.15	21,434.64
Capital Reserves and Surplus	-	-	-	-	-	-	-	13,079.95	13,079.95
Other Outflows	2,185.37	84.46	49.32	249.35	543.73	182.12	100.30	128.86	3,523.50
Total Outflows (C)	5,391.06	2,308.43	3,771.09	6,910.48	12,393.64	34,328.06	15,259.68	16,081.21	96,443.66
Cumulative Total Outflows (D)	5,391.06	7,699.49	11,470.58	18,381.06	30,774.70	65,102.77	80,362.45	96,443.66	
E. GAP (A - C)	95.97	600.00	5.20	1,587.45	2,654.41	9,226.94	(9,467.14)	(4,702.83)	
F.Cumulative GAP (B - D)	95.97	695.96	701.17	2,288.62	4,943.03	14,169.97	4,702.83	0.00	
Cumulative GAP as % (F/D)	1.78%	9.04%	6.11%	12.45%	16.06%	21.77%	5.85%	0.00%	

Note: Behavioural ALM.

Advances and maturities include the securitization inflows and outflows respectively

Consolidated Financials



Consolidated Profit & Loss

(₹Cr)

Particulars	Q1FY22	Q1FY23	Q2FY22	Q2FY23	Growth % Q2-o-Q2	H1FY22	H1FY23	Growth % H1-o-H1	FY22
Income	2,493	2,796	2,497	3,067	23%	4,990	5,863	17%	10,232
Expenses	2,049	2,032	1,675	2,305	38%	3,725	4,337	16%	(7,324)
PBT	444	764	821	762	-7%	1,265	1,526	21%	2,908
PAT	329	562	610	563	-8%	939	1,125	20%	2,158

A person in a dark suit and tie is holding a transparent globe with their right hand. The letters 'ESG' are prominently displayed in white on the globe. A red diagonal line runs from the top left towards the bottom center. In the background, there are faint, semi-transparent icons and text: a leaf icon in a circle, the word 'ENVIROMENT' (misspelled), 'SOCIAL', and 'GOVERNANCE'.

Environmental Social Governance

Awards & Accolades

FY21

- **FTSE Russell** - Included in FTSE4 Good Index series

FY22

- **FTSE Russell** - Reaffirmed as constituent of FTSE4Good Index Series in June 2021.

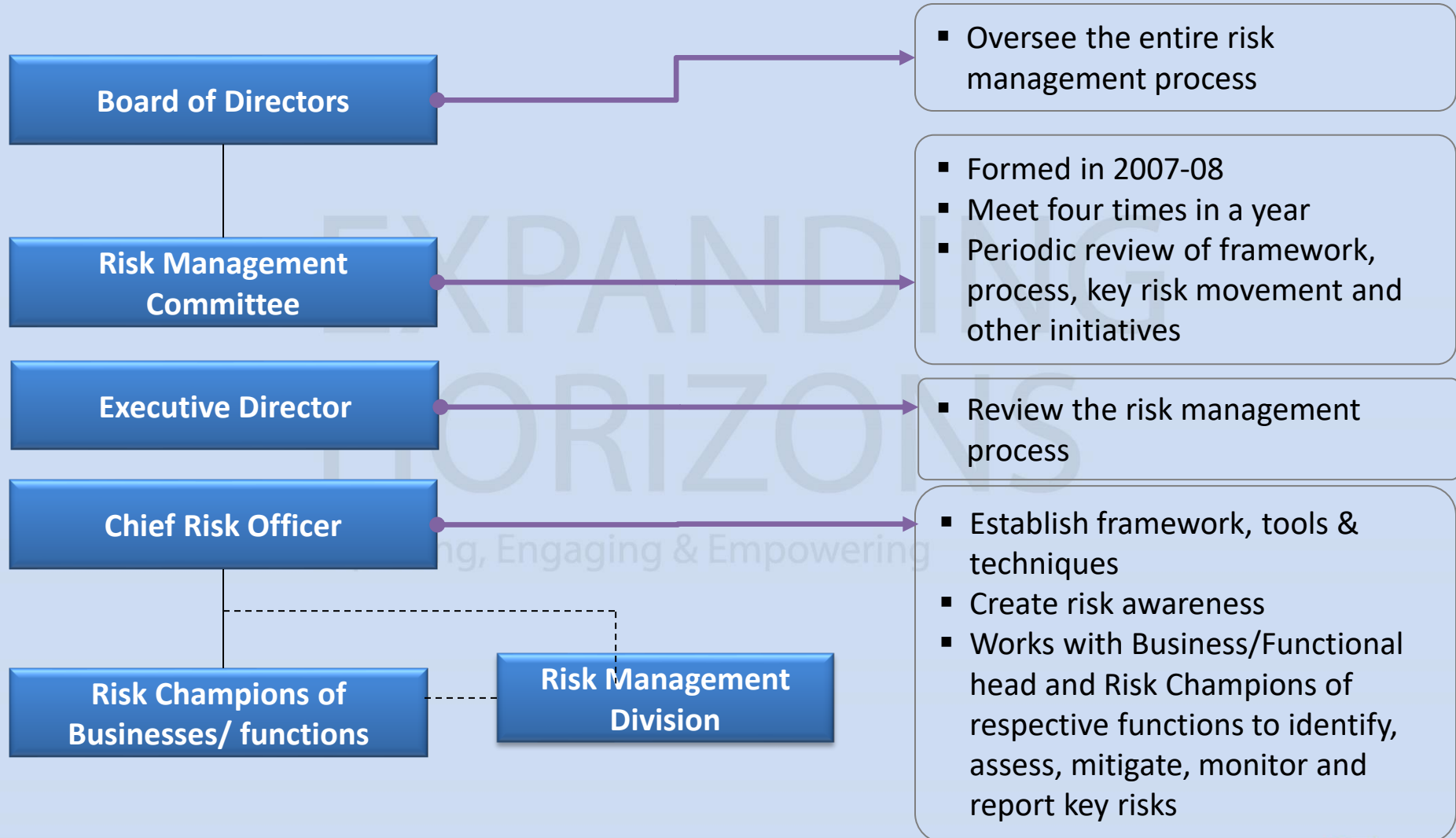
FY 23

- **FTSE Russell** - Reaffirmed as constituent of FTSE4Good Index Series in June 2022.
- **CRISIL ESG rating** – STRONG

Risk Management



Risk Governance Structure

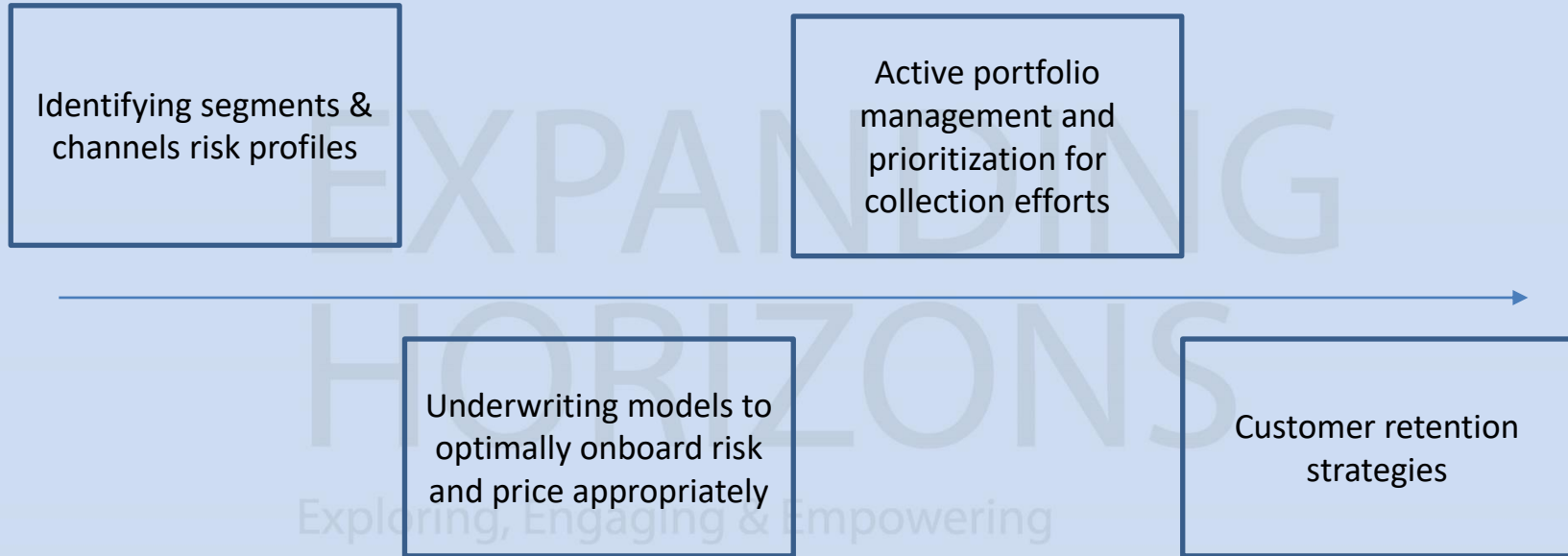


Key Functions of Risk Management Division

- Identify key risks in each function/business
- Assess the risks in terms of probability of occurrence and their impact
- Identify mitigation/ risk controls put in place by respective process champions
- Identify key risk indicators to measure and monitor residual risk. Breach in key risks against thresholds are highlighted to risk champions to take appropriate mitigation strategies
- For each function/business, the Risk Index monitors the level and direction of risk. Composite Risk Index tracks the level and direction of risks at an enterprise level.

ERM as Value Centre in Business Processes

- ERM works with business teams on the overall customer life cycle management



- ERM team actively engages with the product teams for assessing risk reward trade-offs and other initiatives

ERM as Value Centre in Corporate Processes

- Periodic engagement with internal audit team to incorporate key observations on process failures identified by IA team which will be considered as part of risk review process. ERM also gives risk based inputs to internal audit team to plan and prioritize their audits
- Actively participates and provides inputs to Asset Liability support group which monitors company's liquidity position
- Actively involved in risk assessment of IT and Cyber Security and its mitigation strategies
- Developing a framework for ESG implementation in the organization
- Develop and manage business continuity plan for all critical corporate functions across the organization

Information Technology



Technology Infrastructure

Provide resilient & scalable environment

- Continue wider usage of hybrid cloud solutions and adopt cloud-first approach for new business solutions
- Established upgraded network infrastructure to support cloud solution & collaboration
- Design comprehensive BCP / DR execution for critical applications w.r.t Cloud & On-Premise solution hosting
- Augmented asset and service management solution to handle all lifecycle events of technology assets

Digital Engagement & Application Platform

Deliver seamless digital experience for all

- New platform for digital enablement of SME ecosystem with API enabled solution
- New Digital services for online partnerships as well as assisted mode for personal and business loans
- Complete integrated solution for loan management lifecycle for the mortgage business
- Increased robotic automation for targeted processes in the Finance & Operations functions

Security & Governance

Embed cyber security & technology governance

- Continued rigor for carrying out vulnerability assessment for deployed solutions and underlying systems
- Drive cyber security and data handling awareness across organization's employee and customer base
- Enhanced automation for user lifecycle management with respect to user accounts and application access
- Execute cyber security governance and checks for new 3rd party partners & service providers for our businesses
- Develop and manage a clear electronic asset disposal policy and appropriate handling of e-waste

People & Innovation

Drive innovation & build new capabilities

- Ensure ongoing compliance with RBI master directions, across infrastructure, applications, network, service management and security
- Improve employee engagement & productivity through deployment of collaboration tools and automated reports
- Deploy enhanced bots and engagement of customers using online, voice, and WhatsApp channels
- Build teams with requisite skills in strategic technology areas to ensure readiness on Digital Technology front as a function

Contact us

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