



BELIEF RELOADED

Discovering Power From Within!

Cholamandalam Investment and Finance Company Limited

CORPORATE PRESENTATION - DECEMBER 2021

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Murugappa Group Overview



Murugappa Group in a Nutshell



Years of
Existence



Consolidated
Turnover
(FY21)



Group Market
cap (as on 31st
Dec 2021)



Sectors



Businesses



Listed
Companies



Geographical
Presence

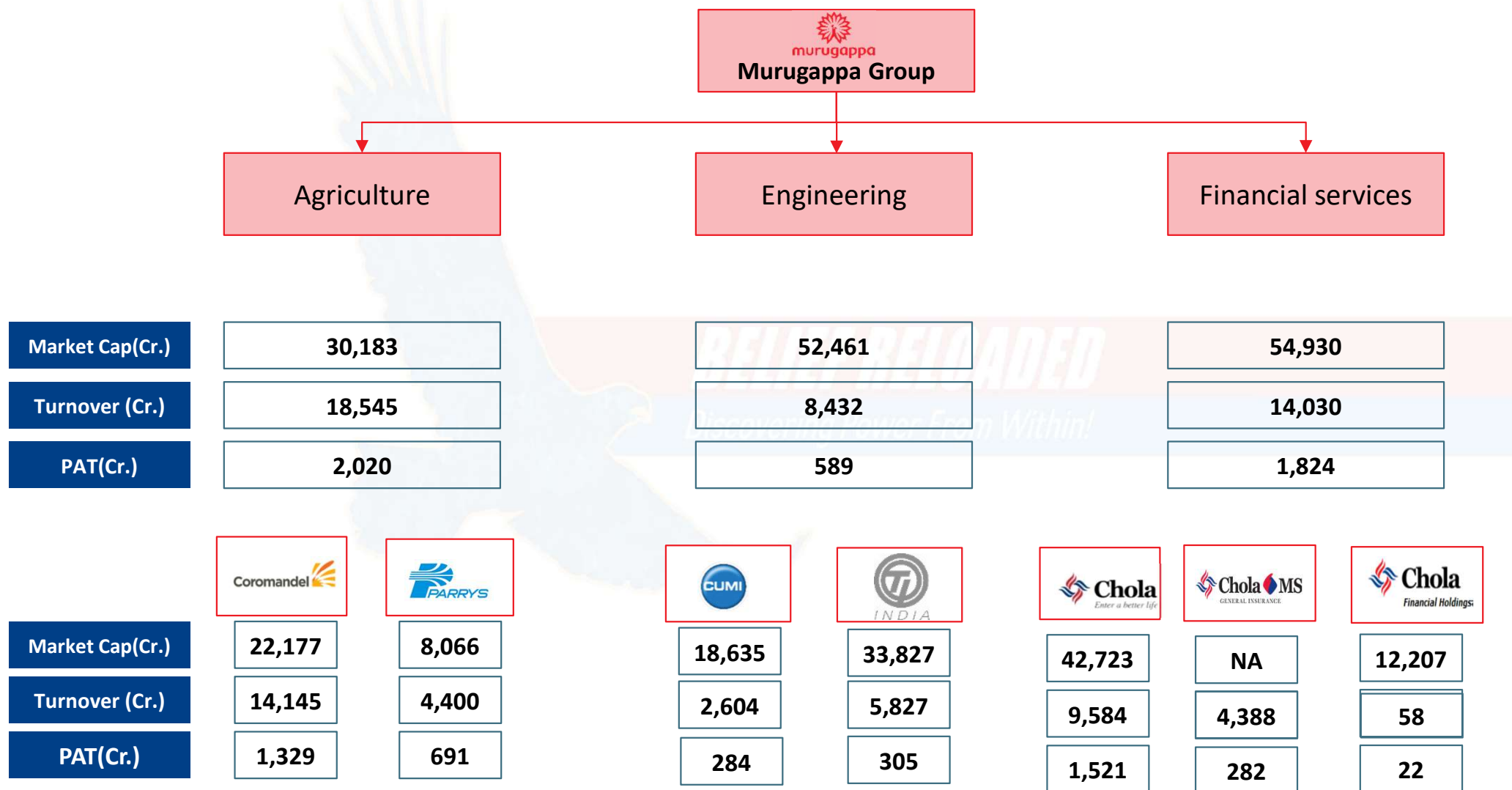


Manufacturing
Locations



Work force

Murugappa Group Overview



Note: Market Capitalization of Financial services incl. Chola Investments and Chola Financial Holdings.
 Financial Performance are of FY 20-21.
 Market data as on 31st Dec 2021. 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



17.2 lakh + customers

Helping customers enter better life

2 lakh customers in year 2000 to 17.2 lakh plus customers till date



31,477 employees

Experienced team to serve more customers

200 plus employees in year 2000 to 31,000+ employees today



Rs. 72+k Cr. AUM

Healthy ROA of 3.8%

PAT - CAGR of 20% from FY17 to FY21



Rs. 42+k Cr. market cap

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 42K Cr. in 2021



1142 branches

Strong geographical presence

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



Diversified product portfolio

- Presence across Vehicle Finance, Loan Against Property, Home Loans, Consumer loan, Personal loan, SME Loan and Stock broking & distribution of financial products

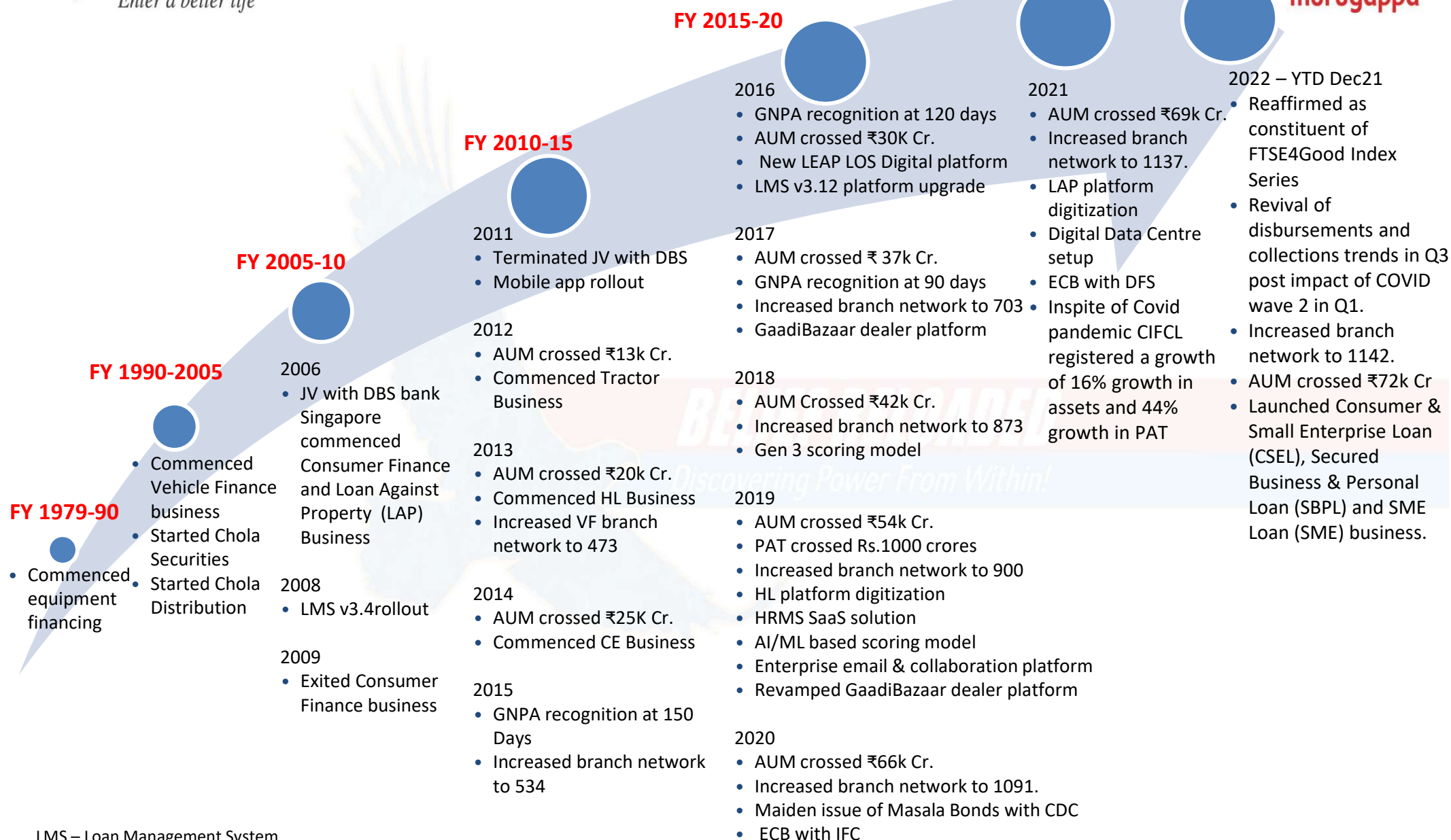


Highly experienced management

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

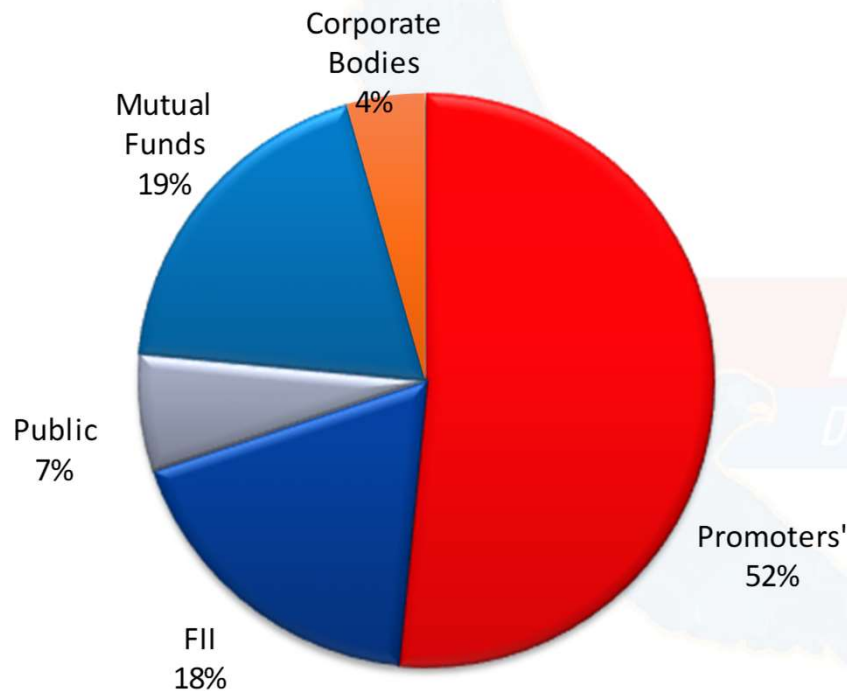
Note: Employee count includes both on-roll and off-roll

Our journey so far



Shareholding

Shareholding Pattern



- Promoters' share holding of 51.55% includes
 - Cholamandalam Financial Holdings Limited – 45.42%,
 - Ambadi Investments Limited – 4.11%
 - Others - 2.03%

Institutional Holders (More than 1%)

Top Domestic Institutional Holding

- Axis Mutual Fund
- HDFC Mutual Fund
- Birla Sun Life Mutual Fund
- DSP Mutual Fund
- SBI Mutual Fund
- UTI Mutual Fund

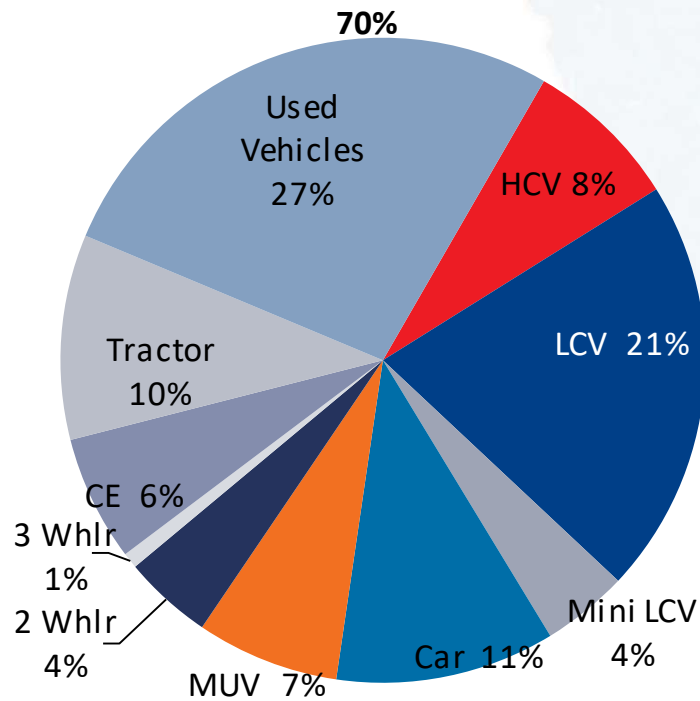
Top Foreign Institutional Holding

- Capital World
- Vanguard
- Blackrock
- WhiteOak Capital

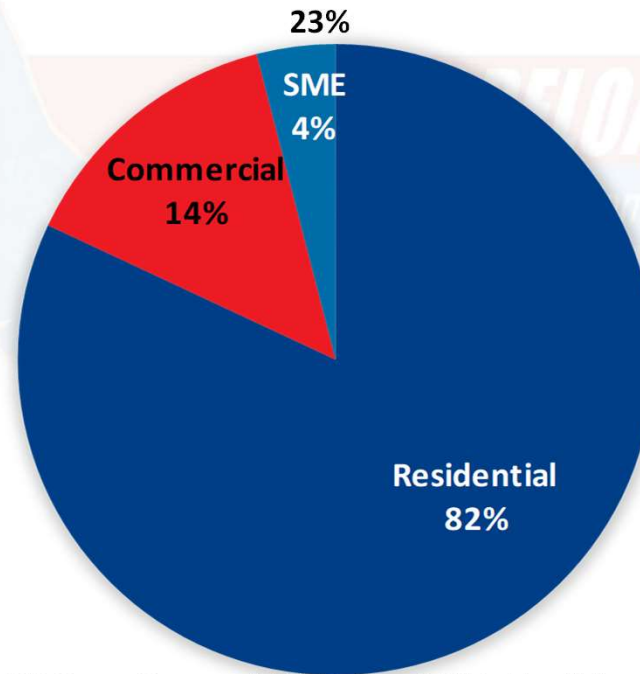
Note: As on 21st Jan 2022

Business AUM
Rs. 72,724Cr

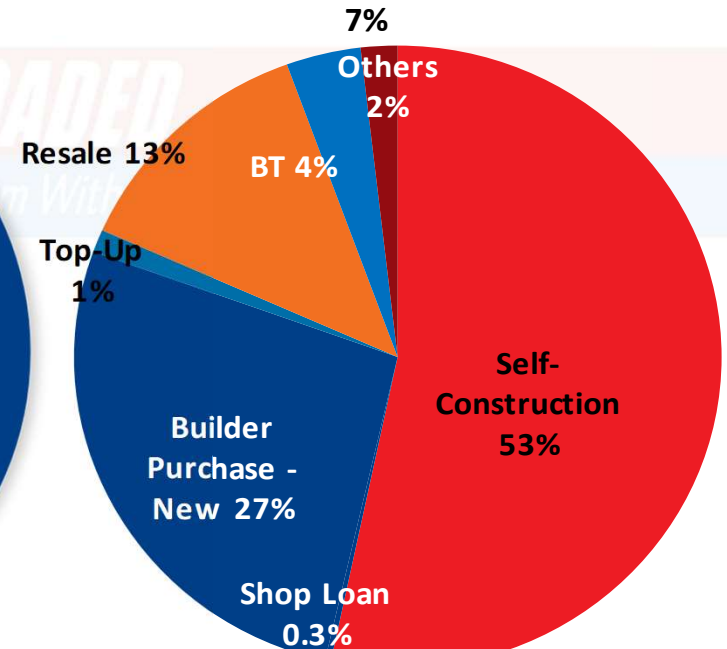
Vehicle Finance
Rs. 50,675Cr



LAP & SME
Rs. 16,916Cr



Home Loan & Others
Rs. 5,133Cr

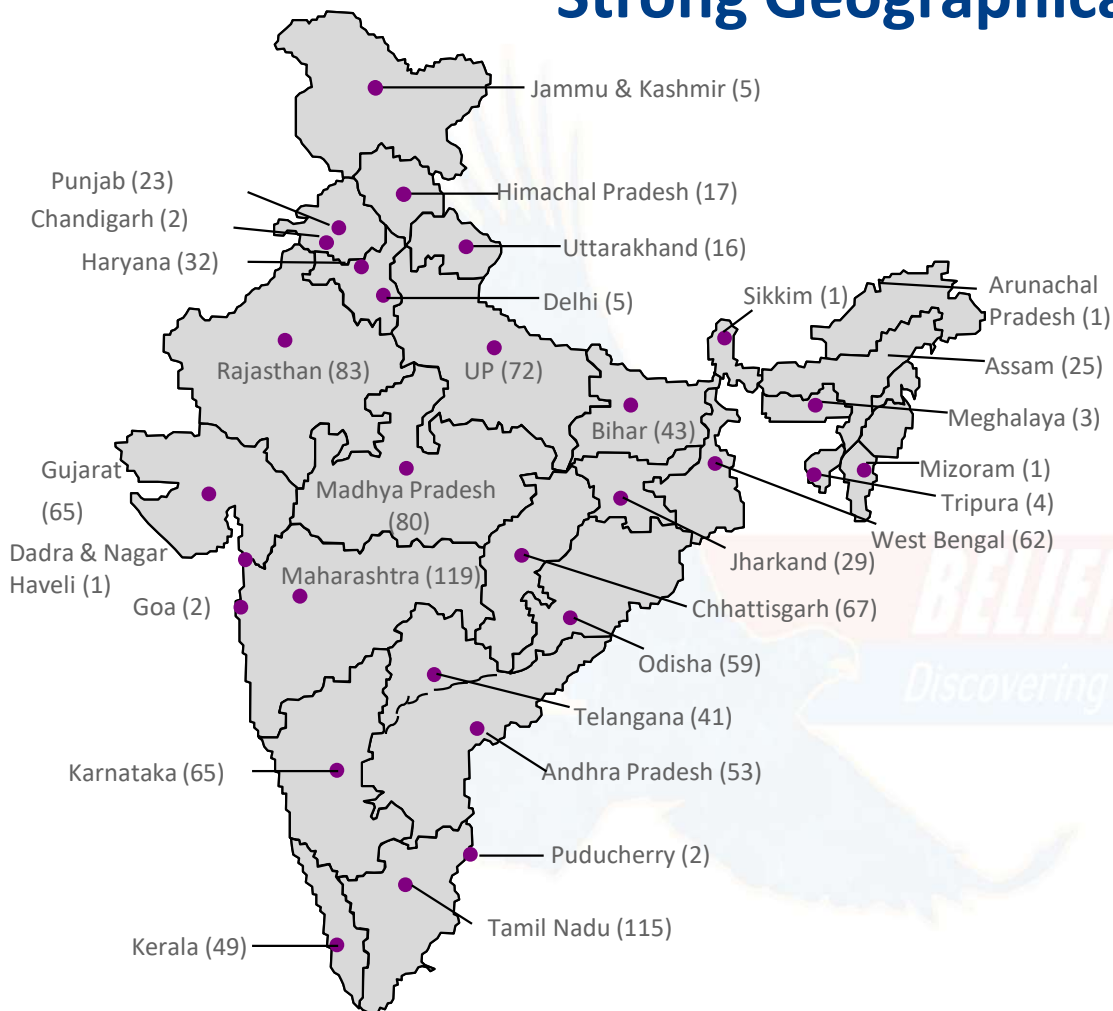


HCV: Heavy Commercial Vehicle
LCV: Light Commercial Vehicle
MUV: Multi Utility Vehicle
3 Whlr: Three Wheeler

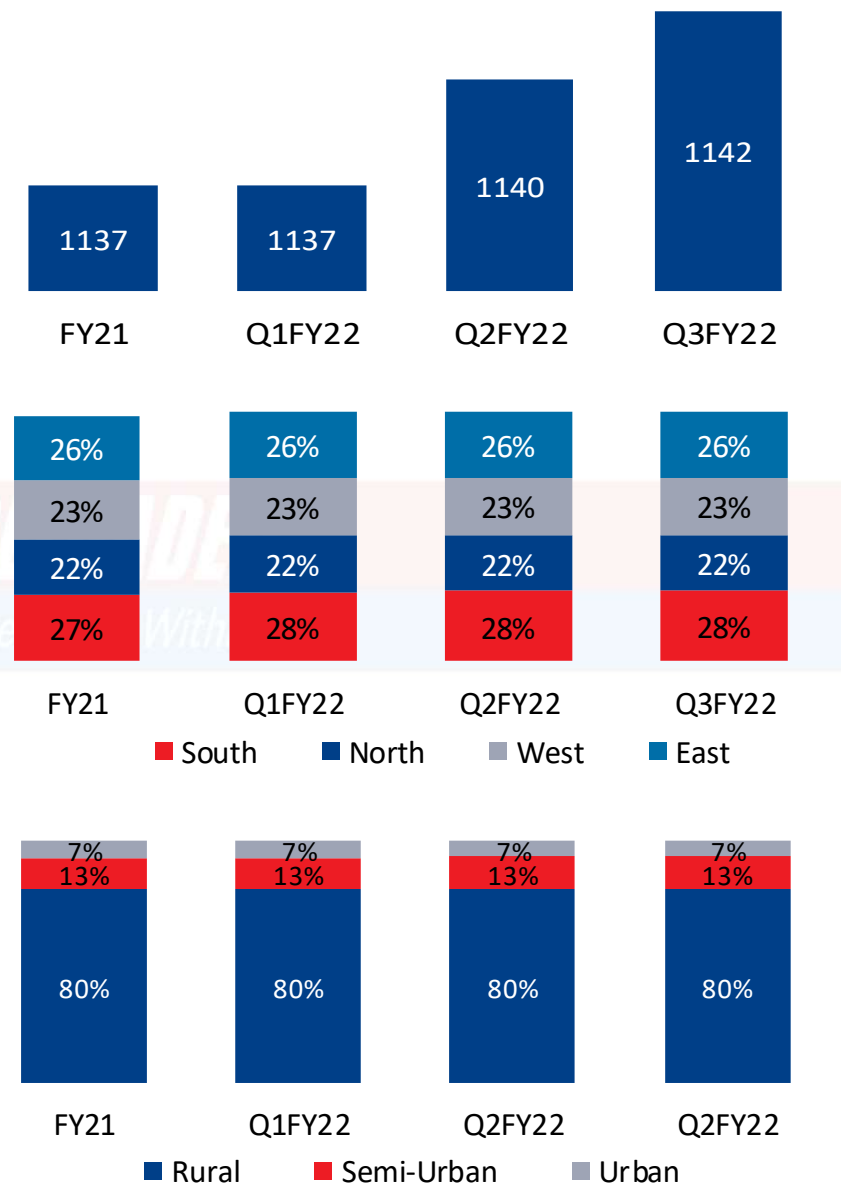
2 Whlr: Two Wheeler
CE: Construction Equipment
SME: Small & Medium Enterprise
SORP: Self Occupied Residential Property

LAP: Loan Against Property
BT – Balance Transfer

Strong Geographical Presence



- **1142 branches** across **29 states/Union territories**: 1093 VF, 386 LAP (379 co-located with VF), 214 HL (176 co-located with VF) & 4 locations for Head office Functions and Operations in Tamil Nadu
- **80% locations** are in Tier-III, Tier-IV, Tier V and Tier-VI towns



Note: Figures in brackets represents total no. of branches as on 31st Dec 2021.

Financial Performance



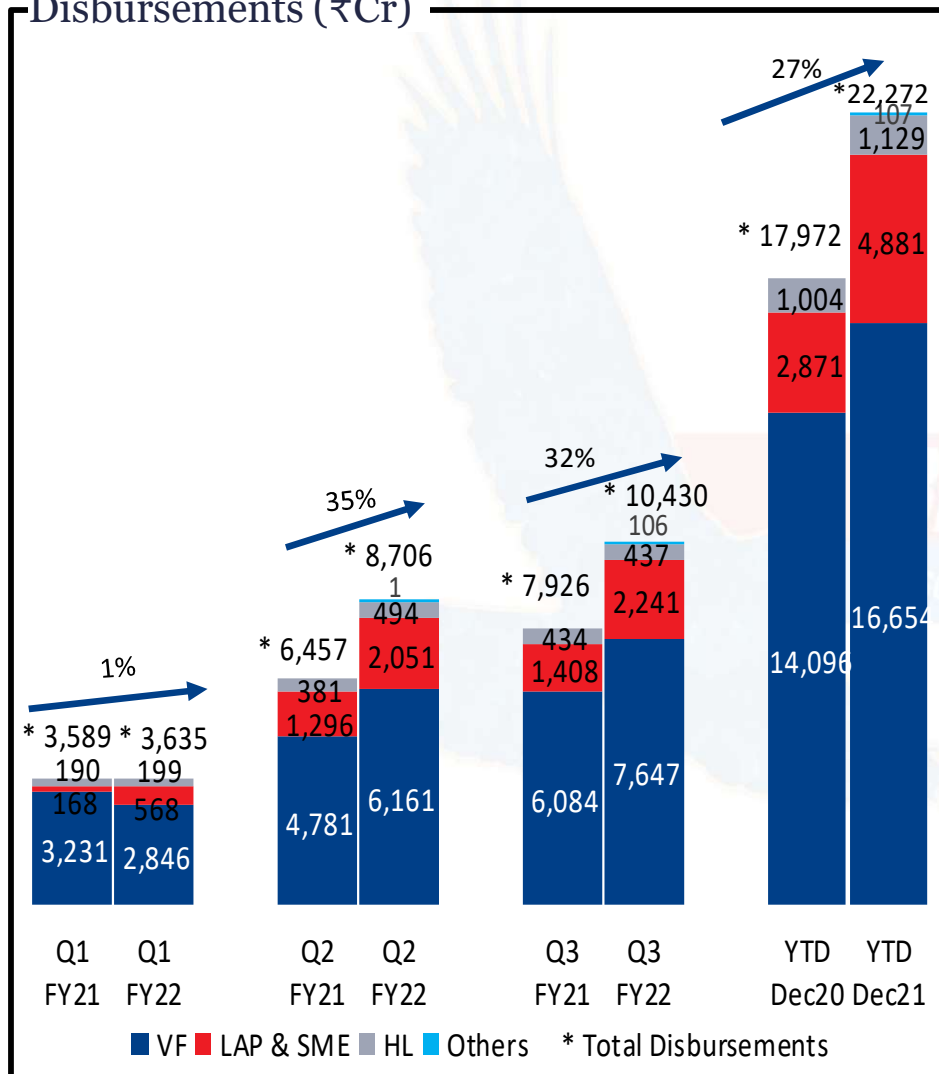
Financial Snapshot —10 Years

Financials Snapshot	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	YoY	CAGR (5 years)	CAGR (10 years)
	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	INDAS	INDAS	INDAS	INDAS			
Disbursements	8,889	12,118	13,114	12,808	16,380	18,591	25,114	30,451	29,091	26,043	-10%	9%	13%
Assets under management	13,462	18,998	23,253	25,452	29,650	34,167	42,924	54,279	60,549	69,996	16%	20%	20%
Total Income	1,767	2,556	3,263	3,691	4,194	4,660	5,480	6,993	8,653	9,520	10%	20%	21%
Interest expenses	988	1,411	1,771	1,960	2,051	2,231	2,659	3,589	4,592	4,576	0%	20%	19%
Net Income	778	1,145	1,492	1,731	2,143	2,430	2,820	3,404	4,061	4,944	22%	19%	23%
Operating Expenses	437	570	658	749	845	1,013	1,115	1,270	1,578	1,583	0.4%	12%	15%
Operating Profit Before Loan Losses	342	575	834	982	1,298	1,416	1,705	2,134	2,483	3,360	35%	24%	29%
Loan Losses & Provision	18	124	283	325	427	311	304	311	897	1,322	47%	44%	61%
Profit before tax	290	451	550	657	871	1,106	1,401	1,823	1,586	2,038	29%	17%	24%
Profit after tax	173	307	364	435	568	719	918	1,186	1,052	1,515	44%	20%	27%
Ratios													
Net Income to assets (%)	7.2	7.6	7.7	6.9	7.7	7.5	7.5	6.8	6.8	7.2			
Expense to assets (%)	4.1	3.8	3.4	3.0	3.0	3.1	3.0	2.6	2.6	2.3			
Losses and provisions (%)	0.2	0.8	1.5	1.3	1.5	1.0	0.8	0.6	1.5	1.9			
Return on assets (PBT) (%)	2.7	3.0	2.8	2.6	3.1	3.4	3.7	3.7	2.7	3.0			
Networth	*1417	*1965	2295	*3173	3657	4285	5098	6176	*8172	9794			
Tier I	11.0	11.1	10.5	13.0	13.3	13.6	13.2	12.6	15.3	15.1			
CAR (%)	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4	17.4	*20.68	19.1			
Return on equity (%)	13.9	18.1	17.1	15.8	16.7	18.1	19.6	20.9	15.2	16.9			
Earnings per share (Basic)	2.9	4.6	5.1	6.0	7.5	9.2	11.8	15.2	13.4	18.5			
Dividend	25%	35%	35%	35%	45%	55%	65%	65%	85%	100%			
Market Capitalisation	2453	3883	4125	8423	11140	15072	22667	22624	12535	45824			
GNPA (%)	0.9	1.0	1.9	3.1	3.5	4.7	3.4	2.7	3.8	4.0			
NNPA (%)	0.3	0.2	0.7	2.0	2.1	3.2	2.2	1.7	2.2	2.2			
NPA Recognition	6month	6month	6month	5month	4month	3month	3month	3month	3month	3month			
Branch Network	375	518	574	534	534	703	873	900	1091	1137			

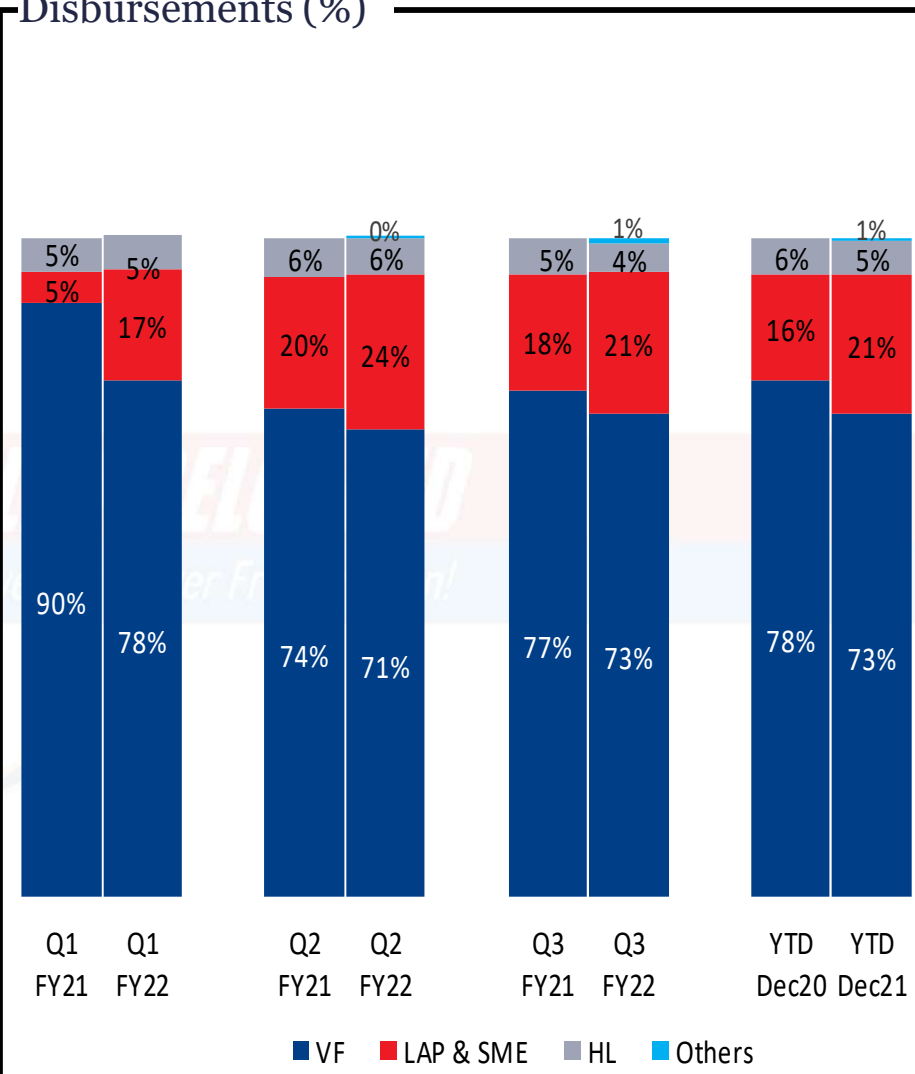
- Capital Infusion
- Loan losses includes an additional provision of Rs.504 Crores and Rs.566 Crores due to COVID & Macro Provision in FY20 and FY21 respectively.

Disbursements

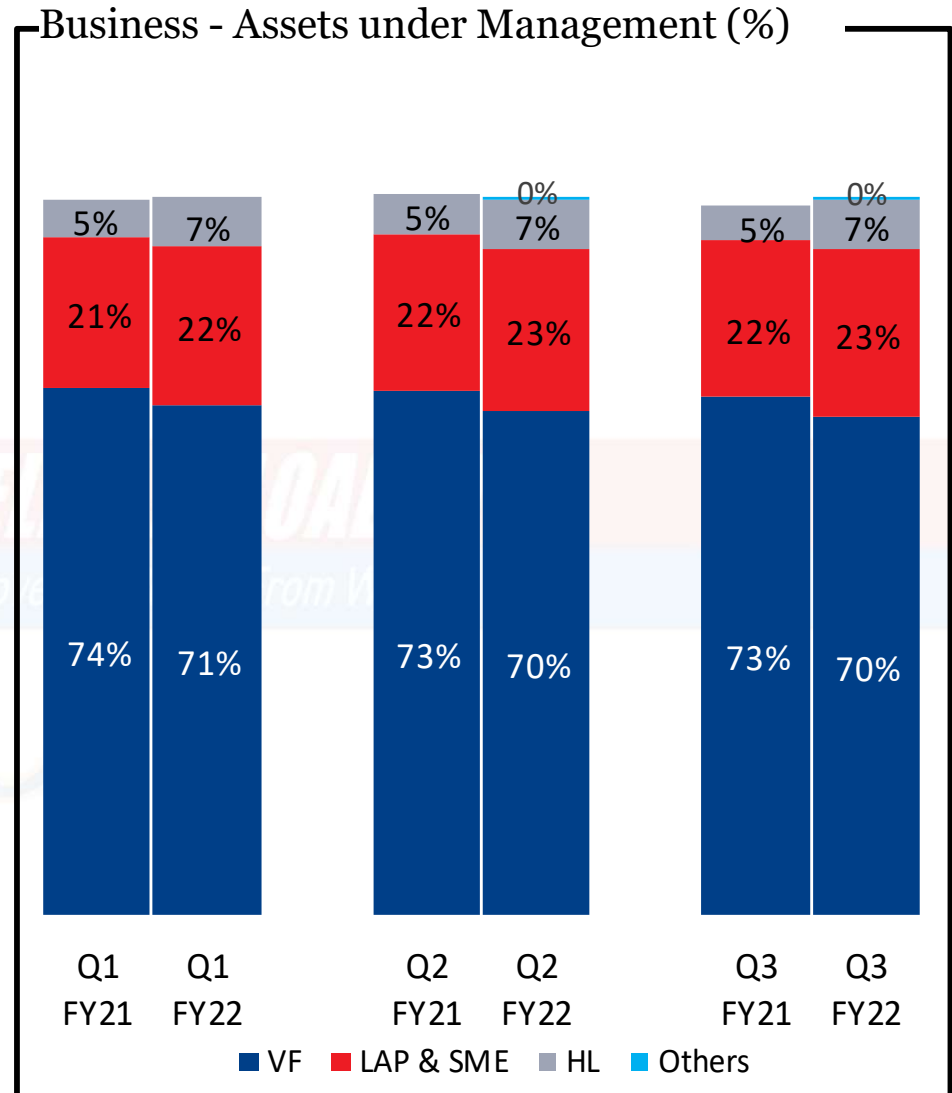
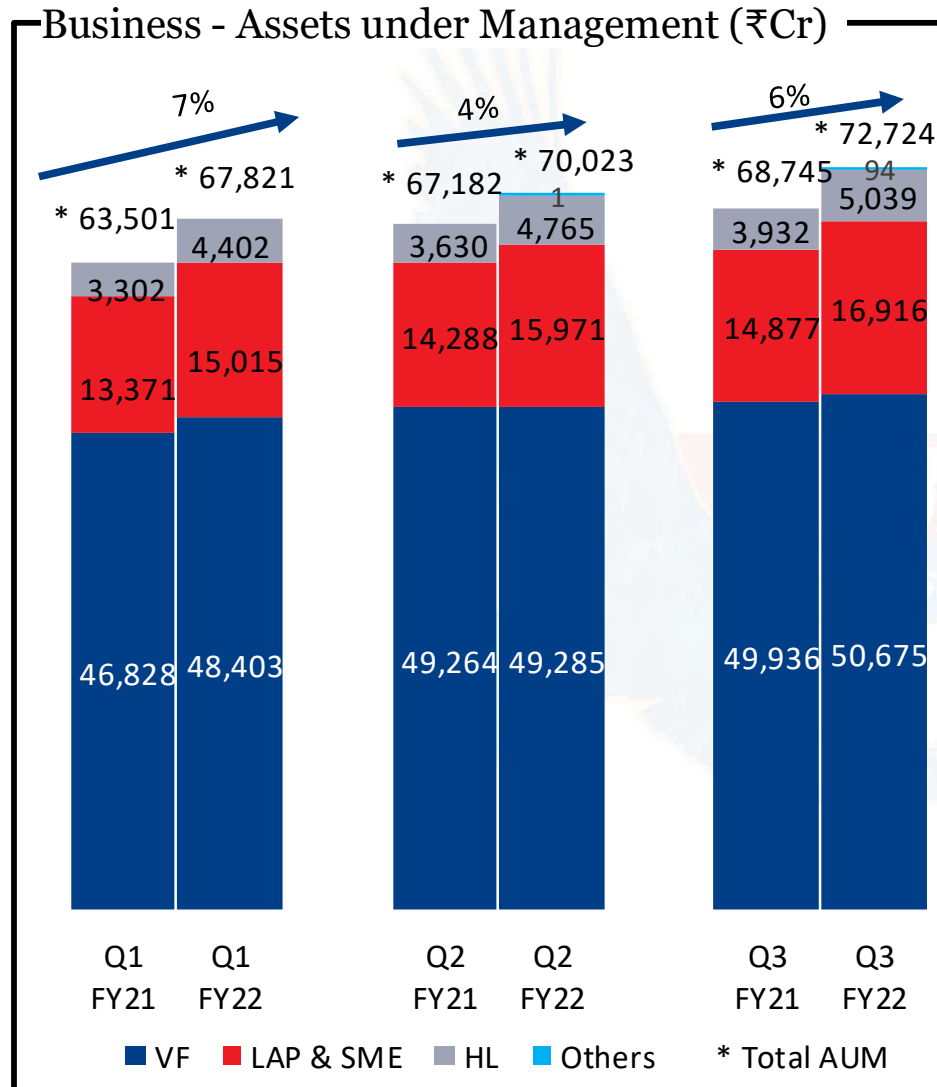
Disbursements (₹Cr)



Disbursements (%)

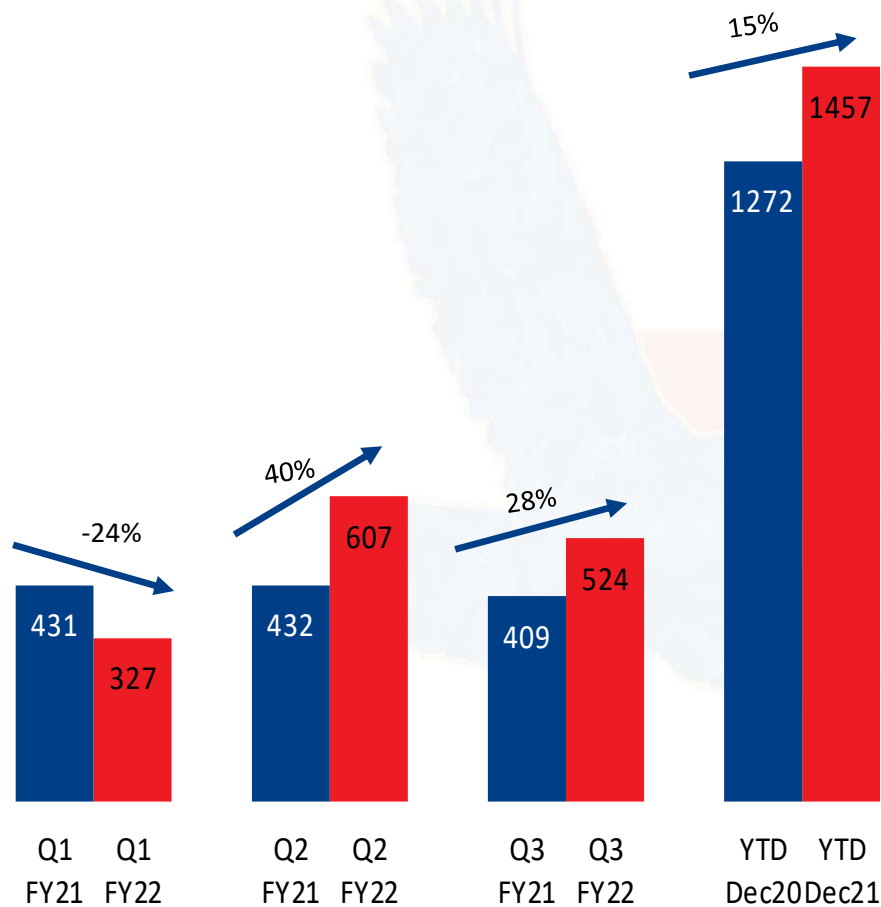


Assets Under Management

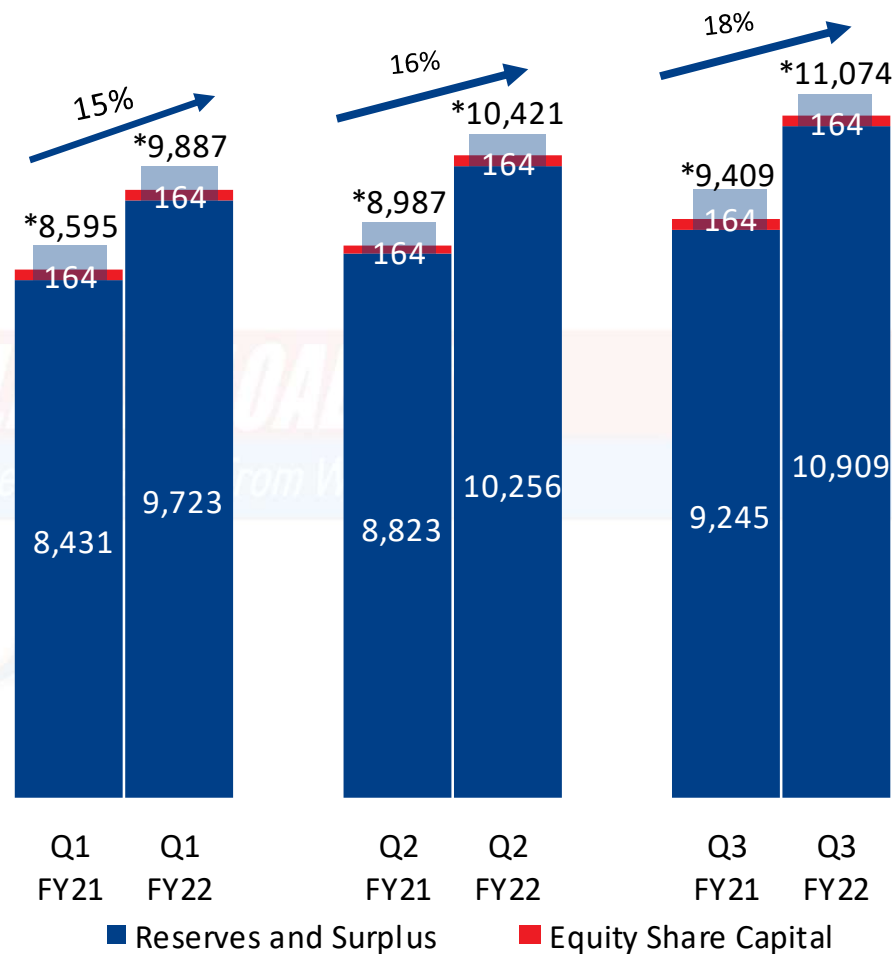


Profitability and Net worth

Profit after tax (₹Cr)

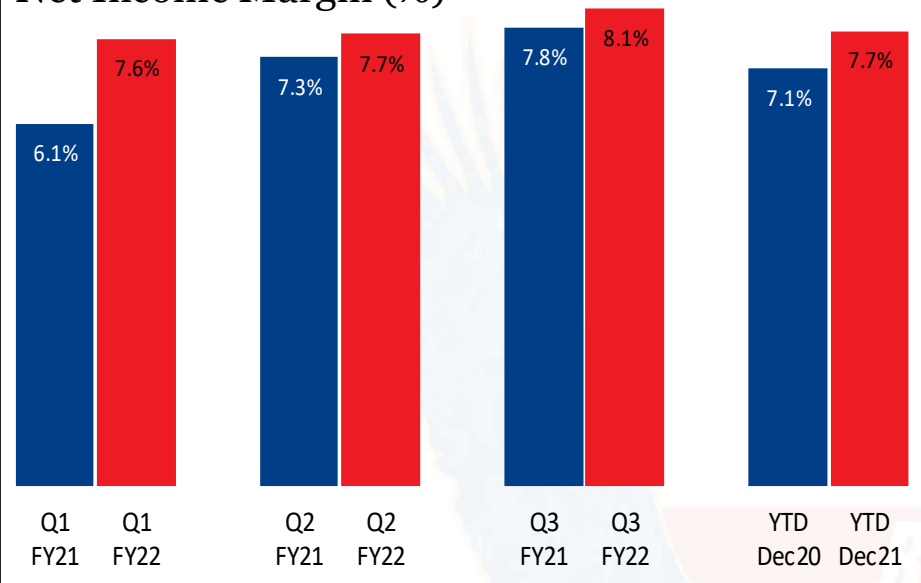


Networth (₹Cr)

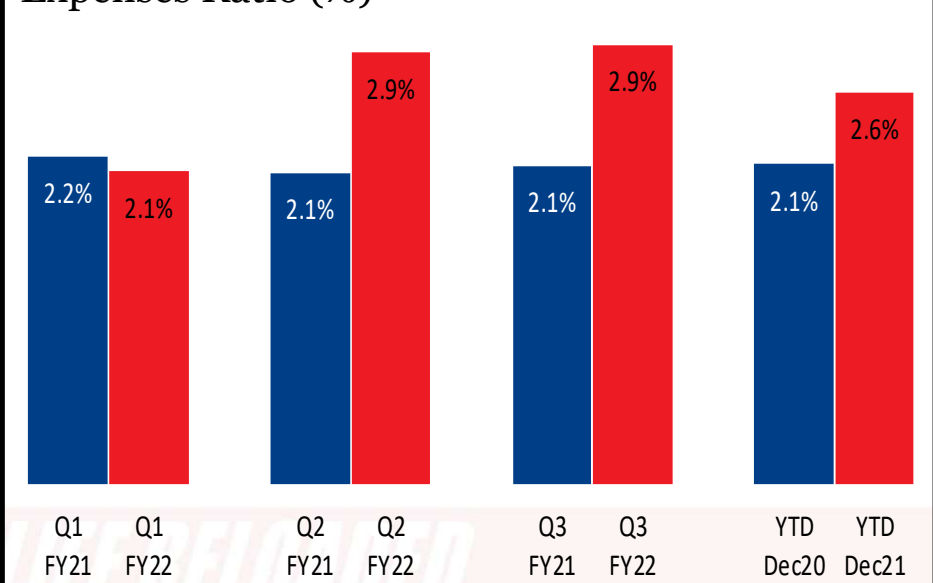


Asset Ratios

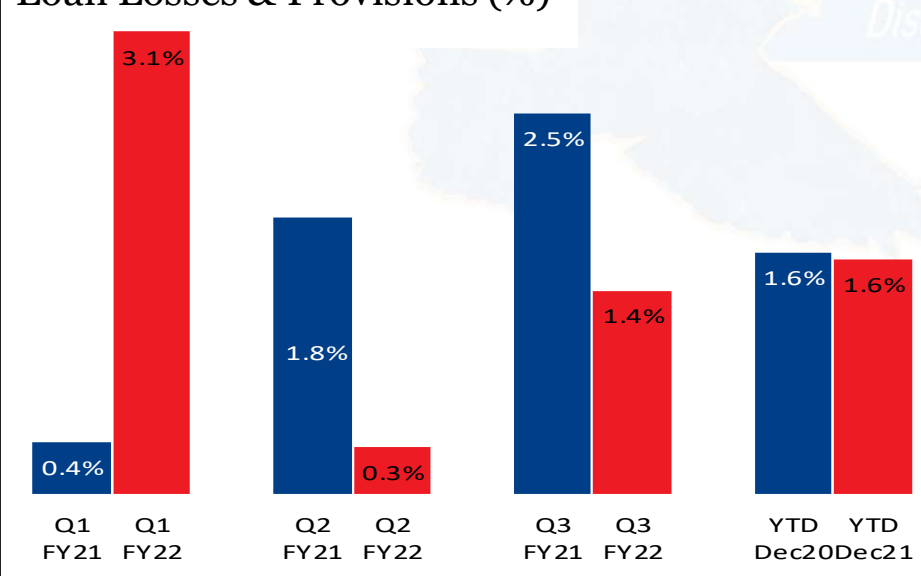
Net Income Margin (%)



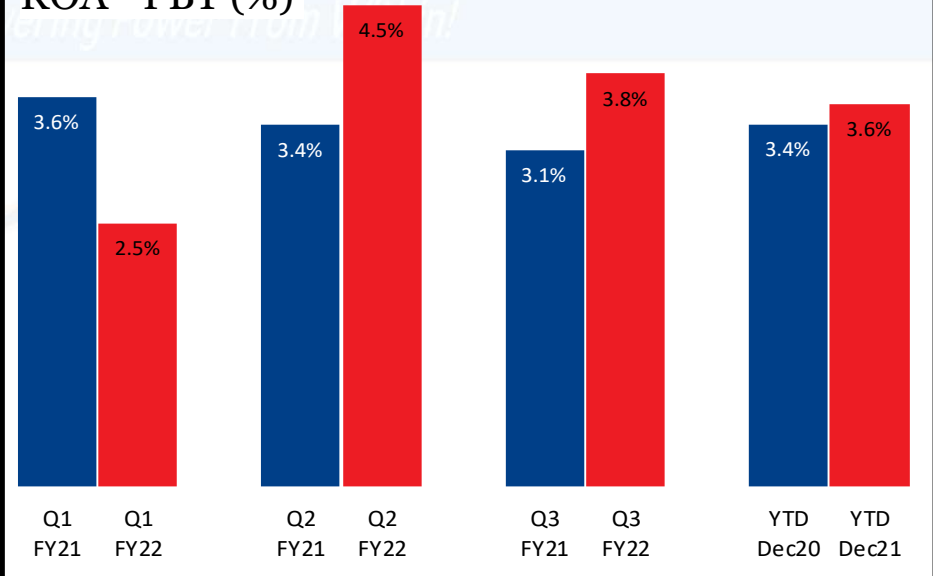
Expenses Ratio (%)



Loan Losses & Provisions (%)



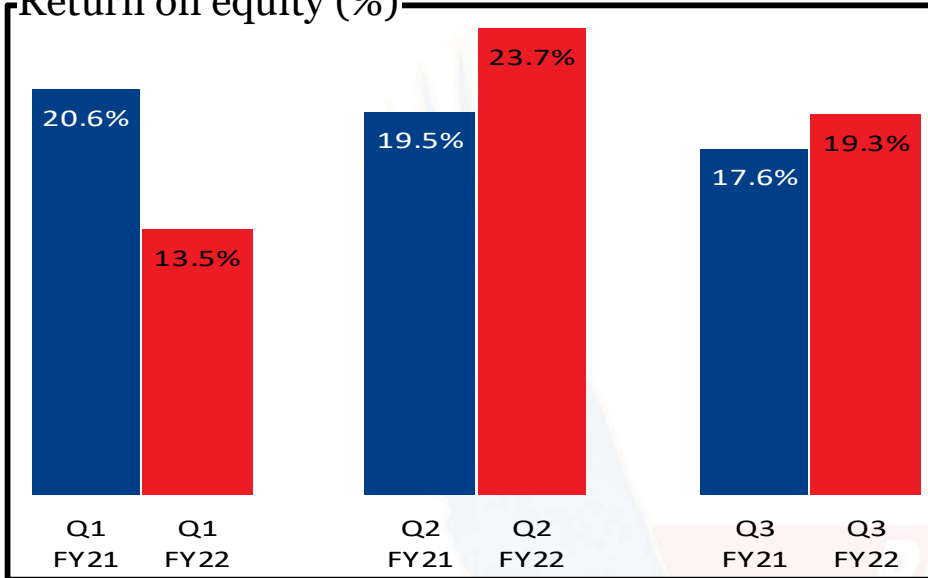
ROA - PBT (%)



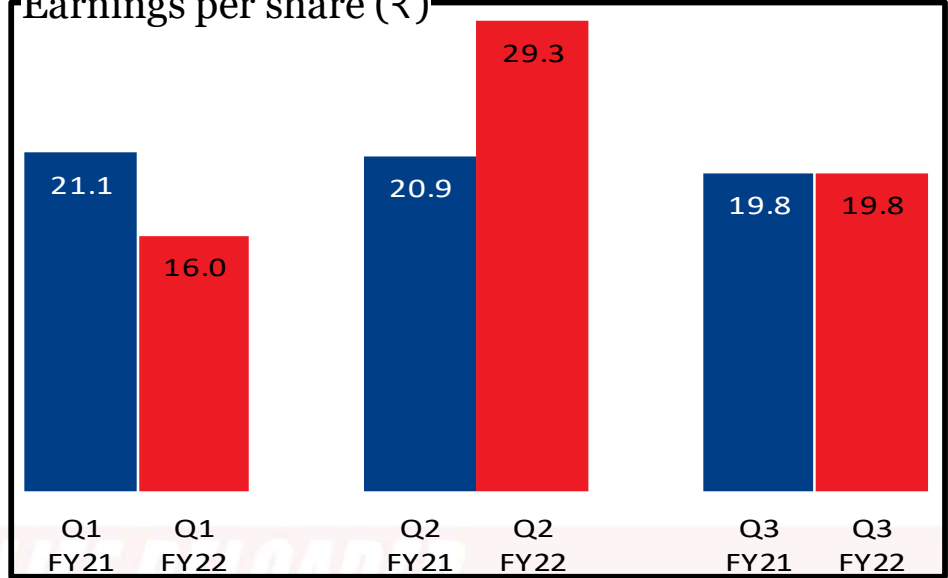
Note: Additional provision of 1.0% provided towards loan losses for Q3FY22

Shareholders' Returns Ratios

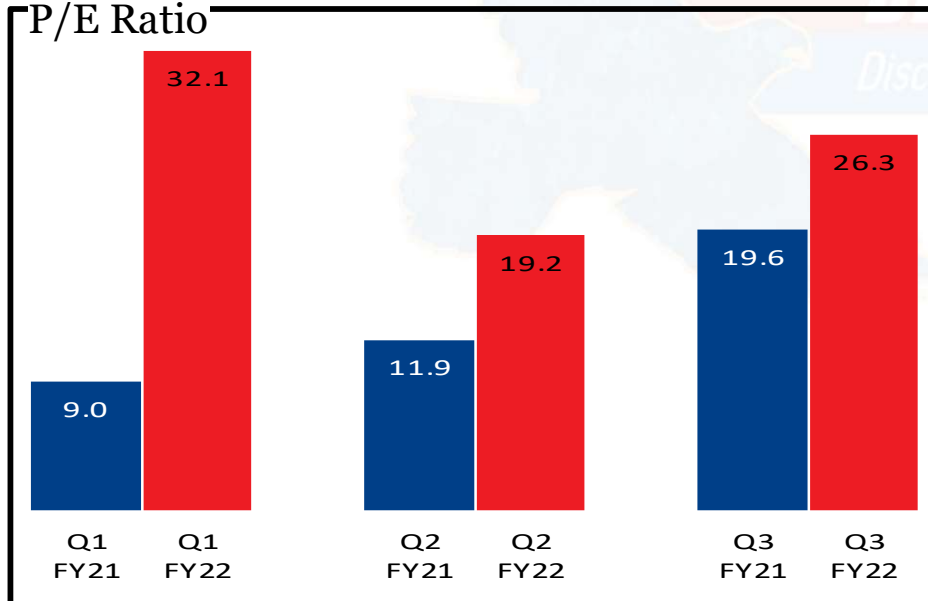
Return on equity (%)



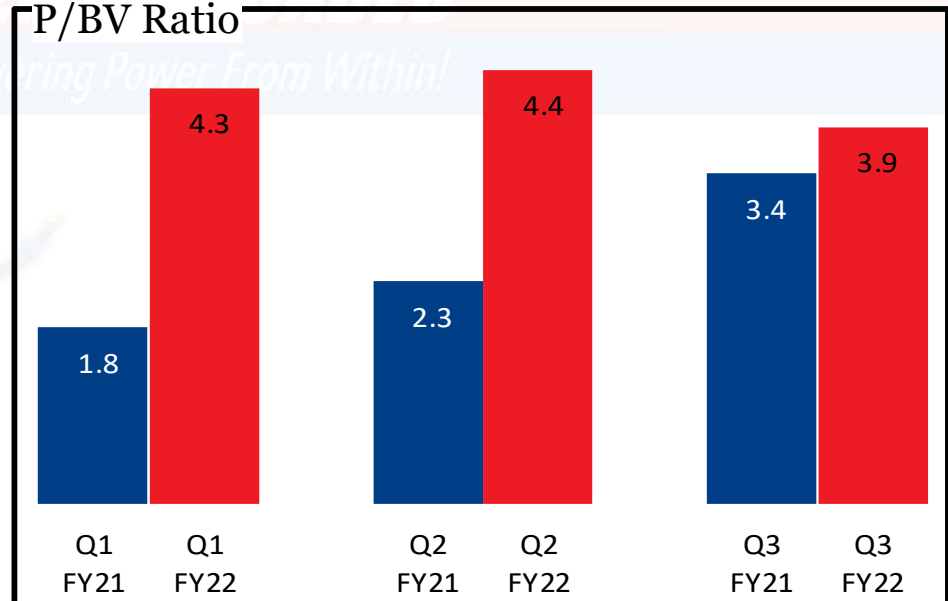
Earnings per share (₹)



P/E Ratio



P/BV Ratio



Profit and Loss Statement (As per IND AS)

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	3,589	3,635	6,457	8,706	7,926	10,430	32%	17,972	22,772	27%
Closing Assets (Managed)	70,826	75,763	74,471	75,063	75,813	79,161	4%	75,813	79,161	4%
Operating Income	2,114	2,467	2,440	2,471	2,505	2,530	1%	7,058	7,468	6%
Finance Charges	1,131	1,104	1,185	1,078	1,140	1,046	-8%	3,456	3,228	-7%
Net Income	983	1,363	1,255	1,393	1,364	1,484	9%	3,602	4,240	18%
Expenses	346	371	355	518	369	532	44%	1,070	1,420	33%
Net Credit Losses	56	552	318	58	445	248	-44%	818	859	5%
PBT	581	441	582	817	551	704	28%	1,714	1,962	14%
PAT	431	327	432	607	409	524	28%	1,272	1,457	15%
Asset Ratios										
Income	13.2%	13.7%	14.1%	13.6%	14.3%	13.8%		13.9%	13.6%	
Cost of Funds	7.1%	6.1%	6.9%	5.9%	6.5%	5.7%		6.8%	5.9%	
Net Income Margin	6.1%	7.6%	7.3%	7.7%	7.8%	8.1%		7.1%	7.7%	
Expense	2.2%	2.1%	2.1%	2.9%	2.1%	2.9%		2.1%	2.6%	
Losses & Provisions	0.4%	3.1%	1.8%	0.3%	2.5%	1.4%		1.6%	1.6%	
ROA-PBT	3.6%	2.5%	3.4%	4.5%	3.1%	3.8%		3.4%	3.6%	
ROA-PAT	2.7%	1.8%	2.5%	3.3%	2.3%	2.9%		2.5%	2.7%	
Gross - Stage 3	1,996	4,545	1,756	4,271	1,703	4,245		1,703	4,245	
ECL Provisions - Stage 3	831	1,614	749	1,557	765	1,597		765	1,597	
Coverage Ratio - Stage 3	41.6%	35.5%	42.6%	36.5%	44.9%	37.6%		44.9%	37.6%	

Note: Additional Provisions of Rs.182 Cr was created during the quarter. Of which Rs.46 Cr was created towards segregating stage 1 and 2 towards more granular segments and Rs.136 Cr towards management overlay for Covid wave 3 and Other macro factors.

Gross Stage 3 indicates more than 90 days overdue accounts

Balance Sheet (As per IND AS)

₹ Cr

Particulars	Dec-20	Mar-21	Dec-21
ASSETS			
Financial Assets	62,061	73,365	77,025
Cash and Bank balance	5,430	5,232	5,114
Derivative financial instruments	70	46	124
Receivables	53	66	108
Loans	56,038	65,839	69,600
Investments	73	1,619	1,640
Other Financial Assets	397	563	438
Non- Financial Assets	818	1,183	1,244
Current tax assets (Net)	121	146	197
Deferred tax assets (Net)	382	764	719
Property, Plant and Equipment	256	203	220
Intangible assets	27	26	25
Other Non-Financial Assets	32	44	83
TOTAL	62,878	74,548	78,269
EQUITY AND LIABILITIES			
Financial Liabilities	55,697	64,791	66,942
Derivative financial instruments	-	127	171
Trade Payables - Others	218	236	290
Other Payables - Others	91	205	142
Borrowings	54,941	63,730	65,806
Other Financial Liabilities	448	492	534
Non-Financial Liabilities	128	198	253
Shareholder's fund	7,053	9,560	11,074
TOTAL	62,878	74,548	78,269

Stagewise Assets & Provision Summary

Particulars	Dec-20	Dec-20	Dec-20	Dec-21	Dec-21	Dec-21	Dec-20	Dec-20	Dec-20	Dec-21	Dec-21	Dec-21
	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	66,241		66,241	72,499		72,499	100.0%		100.0%	100.0%		100.0%
Stage 1	60,285		60,285	60,734		60,734	91.01%		91.01%	83.77%		83.77%
Stage 2	4,252		4,252	7,521		7,521	6.42%		6.42%	10.37%		10.37%
Stage 3	1,703		1,703	4,244		4,244	2.57%		2.57%	5.85%		5.85%
Provision	1,294	751	2,045	2,062	836	2,899	1.95%	1.13%	3.09%	2.84%	1.15%	4.00%
Stage 1	284	117	402	200	14	214	0.47%	0.19%	0.67%	0.33%	0.00	0.35%
Stage 2	465	413	878	745	293	1,038	10.93%	9.72%	20.64%	9.90%	3.90%	13.80%
Stage 3	545	220	765	1,118	529	1,647	32.01%	12.93%	44.94%	26.34%	12.46%	38.80%
Net Assets	64,947		64,196	70,436		69,600	98.05%		96.91%	97.16%		96.00%
Stage 1	60,001		59,884	60,534		60,519	90.58%		90.40%	83.50%		83.48%
Stage 2	3,787		3,374	6,776		6,483	5.72%		5.09%	9.35%		8.94%
Stage 3	1,158		938	3,126		2,598	1.75%		1.42%	4.31%		3.58%

Stagewise ECL Summary – Dec 21

Particulars		Asset	Normal	Mgmt Overlay	Total Provn	NNPA	Asset	Normal	Mgmt Overlay	Total Provn	NNPA
			Model					Model			
		Rs in Cr						%			
Stage 1	(A)	60,446	190	13	203	60,243	83.38%	0.31%	0.02%	0.34%	83.10%
Stage 1A	(B)	33	0	0	0	33	0.05%	1.10%	0.01%	1.11%	0.05%
Stage 1B	(C)	254	10	1	11	243	0.35%	3.76%	0.54%	4.30%	0.34%
Total Stage 1	(D)	60,734	200	14	214	60,519	83.77%	0.33%	0.02%	0.35%	83.48%
Stage 2	(E)	5,812	544	20	563	5,248	8.02%	9.36%	0.34%	9.69%	7.24%
Stage 2A	(F)	26	3	0	3	23	0.04%	11.66%	0.11%	11.77%	0.03%
Stage 2B	(G)	1,683	198	273	471	1,212	2.32%	11.76%	16.24%	28.00%	1.67%
Total Stage 2	(H)	7,521	745	293	1,038	6,483	10.37%	9.90%	3.90%	13.80%	8.94%
Total Stage 3	(I)	4,244	1,118	529	1,647	2,598	5.85%	26.34%	12.46%	38.80%	3.58%
Total	(D + H + I)	72,499	2,062	836	2,899	69,600	100.00%	2.84%	1.15%	4.00%	96.00%
NPA as per RBI (incl Sec)	(C + G + I)	6,182	1,326	804	2,129	4,053	8.53%	21.44%	13.00%	34.44%	5.59%
NNPA% - RBI: Net NPA /(Asset - provisions for GNPA)											5.76%

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

We have now sub-classified the stage 1 and stage2 to present the assets as following:

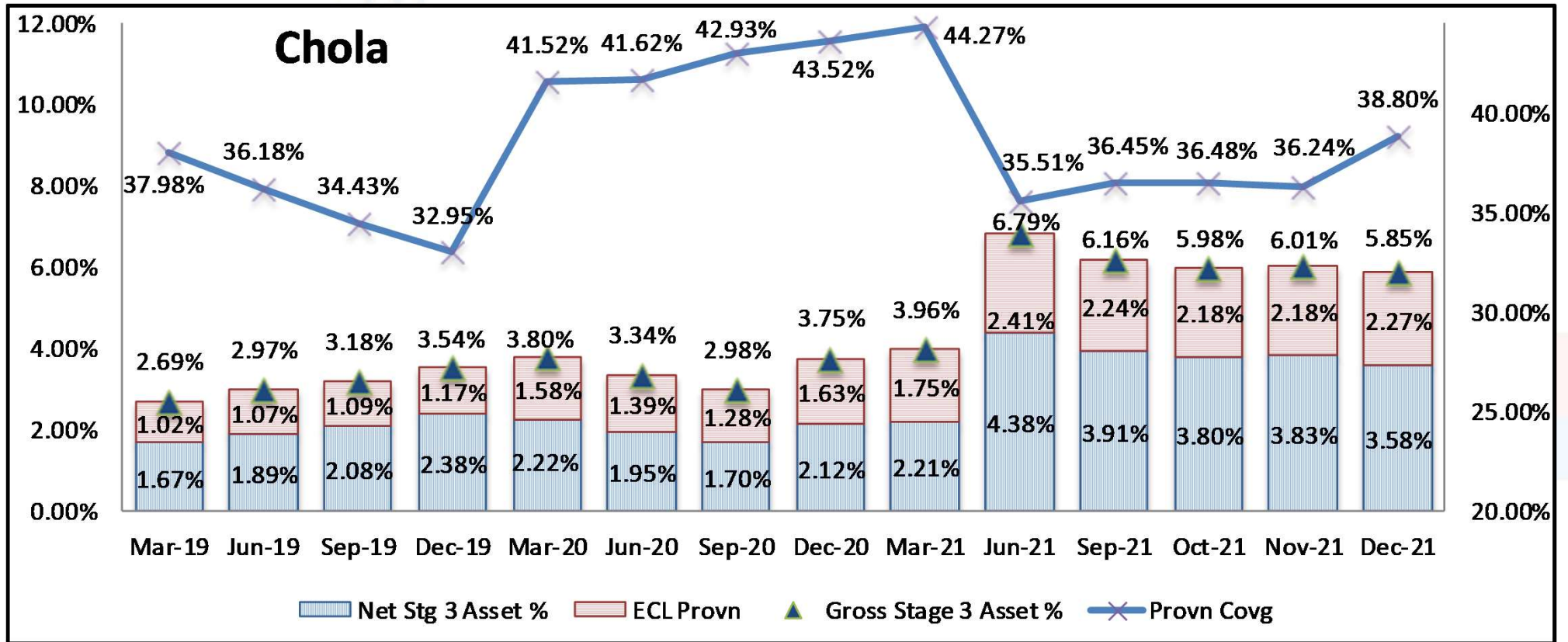
STAGE_1	Represents assets which had never touched NPA and currently been within 0-30 days - hence not an NPA as per RBI norms
STAGE_1A	Represents assets which had been an NPA in the past but had been normalised and currently in the 0-30 days - Hence no more an NPA as per RBI norms
STAGE_1B	Represents 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_2	Represents assets which had never touched NPA and had always been within 0-90 days - hence not an NPA as per RBI norms
STAGE_2A	Represents assets 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 percurrent 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%
Dec'21	72,499	4,244	5.85%	1,647	38.80%	2,598	3.58%
VF	51,895	2,850	5.49%	1,132	39.72%	1,718	3.31%
LAP	14,925	1,176	7.88%	411	34.99%	764	5.12%
HL	4,841	167	3.46%	64	38.16%	104	2.14%
Others	837	51	6.07%	39	77.40%	11	1.37%
Sep'21	69,354	4,271	6.16%	1,557	36.45%	2,715	3.91%
VF	50,303	2,883	5.73%	1,075	37.29%	1,808	3.59%
LAP	14,029	1,156	8.24%	384	33.23%	772	5.50%
HL	4,426	181	4.08%	60	33.01%	121	2.74%
Others	596	52	8.66%	38	73.40%	14	2.30%

As per revised RBI norms GNPA% & NNPA% as of December'21 is at 8.53% and 5.76% respectively.

Chola –Stage 3 Assets Trend



As per revised RBI norms GNPA% & NNPA% as of December'21 is at 8.53% and 5.76% respectively

Business Overview



Vehicle Finance



Vehicle Finance: Q3FY22 Performance

Disbursements

- Disbursements grown by 26% in Q3 FY 22 as compared to Q3 FY 21.

Assets under management

- AUM have grown by 1% YoY

Loss and provisions

- Loan losses improved to 1.4% from 3.0% in Q3 of FY 21

Profit before tax

- PBT grew by 68% in Q3 FY 22 as compared to Q3 FY 21

Sector outlook – Vehicle Finance business (1/1)

Sector Outlook

- The Tractor industry had a de-growth of 13% in Q3 FY'22 & a marginal growth of 1% as of YTD Dec'21. The sales momentum in tractors is expected to drop in the upcoming quarter of FY'22 considering a high base in Q4 last year.
- The Light commercial vehicle segment had a de-growth of 6% in Q3 FY'22 & a growth of 15% as of YTD Dec'21. This segment is showing healthy recovery trends supported by demand from agriculture / allied sectors, increasing last-mile transport requirements, and gradual recovery in the macroeconomic environment.
- The Small commercial vehicle segment had a de-growth of 4% in Q3 FY'22 & a growth of 21% as of YTD Dec'21. The impact on account of the pandemic is minimal in this segment due to its nature of deployment in last mile connectivity and faster recovery in sales is expected in the coming quarters.

Chola's Position

- More than 80% of our branches are present in the rural areas, towns and semi urban areas which gives us a clear advantage to capitalize on the rural demand along with a clear watch on portfolio performance given the current market environment.
- Any uptick in demand for Light commercial vehicle will help us garner increased market share due to our presence in rural areas with a balanced collection approach.
- Any improvement in demand for Small commercial vehicles will help us improve market share coupled with a cautious approach to funding based on vehicle viability and earning capacity.

Sector outlook – Vehicle Finance business (1/2)

Sector Outlook

- The Heavy commercial vehicle segment had a growth of 25% in Q3 FY'22 & 87% growth as of YTD Dec'21 on account of a very low base last year. The gradual recovery in macroeconomic environment and improved freight availability will support growth in this segment.
- The Passenger vehicle (Car & MUV) segment had a de-growth of 15% in Q3 FY'22 & a growth of 21% as of YTD Dec'21. However, the semiconductor shortage and resultant lower production remain as bottlenecks for higher growth in the coming quarter.
- The Construction Equipment segment had a de-growth of 28% in Q3 FY'22 & 3% de-growth as of YTD Dec'21. This segment will see offshoots of recovery from improving economic environment, pickup in construction / mining activities and increased infrastructure spends by the government.

Chola's Position

- Our exposure in this segment is around 8% at a portfolio level. We are closely monitoring this segment for further improvement in market conditions and fleet owner sentiments.
- Our focus is predominantly on retail customers mainly in smaller towns and rural market. Our exposure to tour operators is negligible. We will continue to focus on this segment in line with market recovery.
- Our exposure in this segment is around 6% at a portfolio level. We are keeping a close watch on this segment for improvement in market conditions.

Sector outlook – Vehicle Finance business (1/3)

Sector Outlook

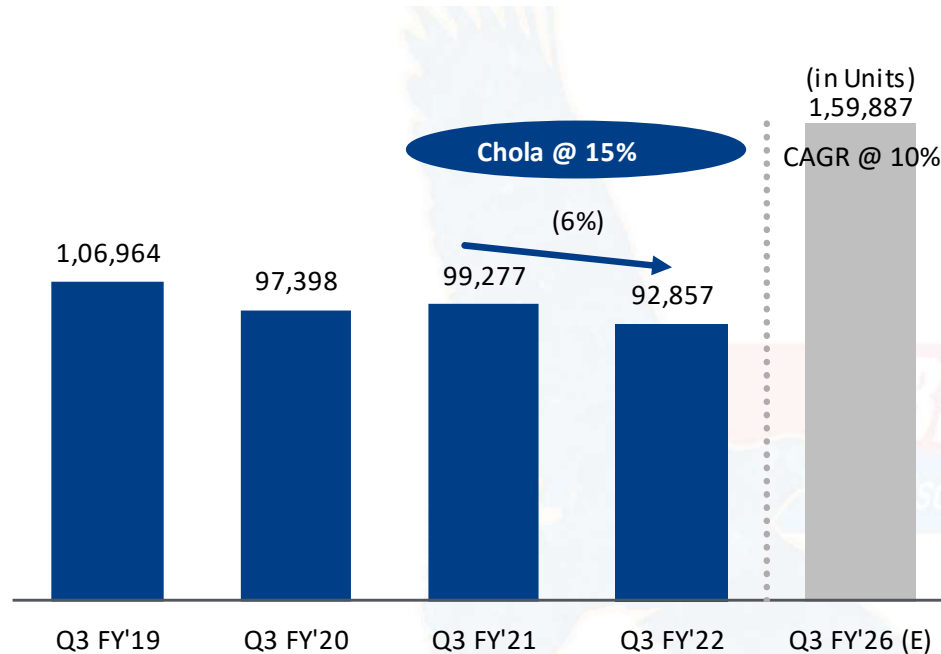
- The Two-wheeler industry had a de-growth of 25% in Q3 FY'22 & 6% de-growth as of YTD Dec'21. The semiconductor issue had an impact on inventory levels in Q2 coupled with postponement of purchases due to the threat of third wave of COVID-19. Pent up demand is expected during the coming quarters subject to correction in inventory levels.
- Used vehicle business is likely to be least impacted this year. Factors favouring this segment are lower market prices of used vehicles and extended time gap in regularization of the new vehicle supply chain on account of the semiconductor shortage.

Chola's Position

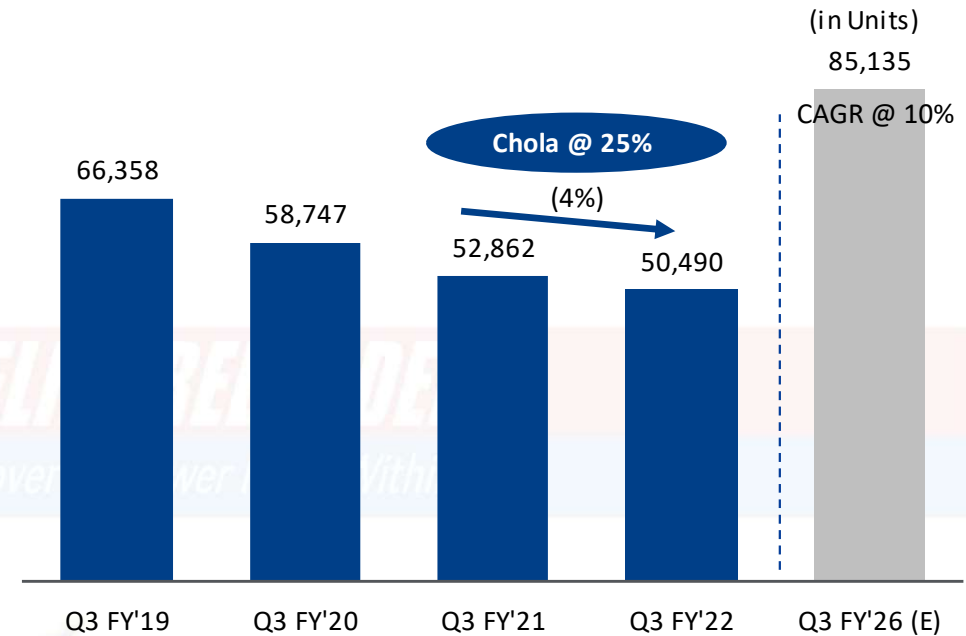
- The company intends to maintain its focus on two-wheeler funding with a clear eye for credit underwriting to maintain portfolio performance. We have created a robust collection mechanism to overcome any pressure in this segment.
- We are one of the key players in the used vehicle financing business. We will continue to maintain a vigilant approach in this segment with a razor-sharp focus on collections.

Auto Industry Outlook

Trend in Domestic LCV Sales



Trend in Domestic SCV Sales

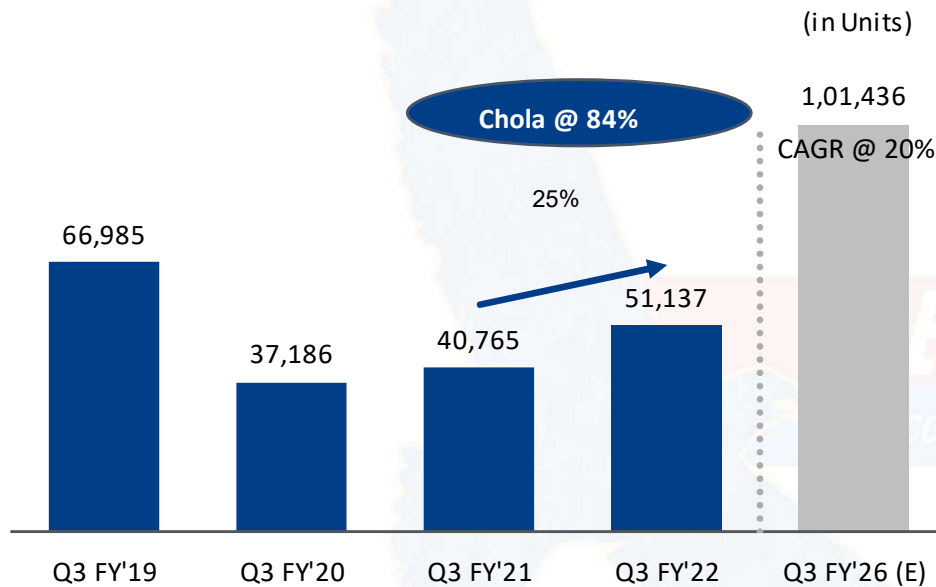


- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies along with replacement demand will aid growth.
- Demand for Pickups will increase in long term due to higher flexibility in usage over sub one tonne vehicles.
- Bus Sales to be supported by growing urban population, demand from schools/ corporates and increased inter-city travel due to higher vaccination coverage and reduced impact of COVID-19.

Source: FY19 to FY26 numbers are from SIAM & CRISIL

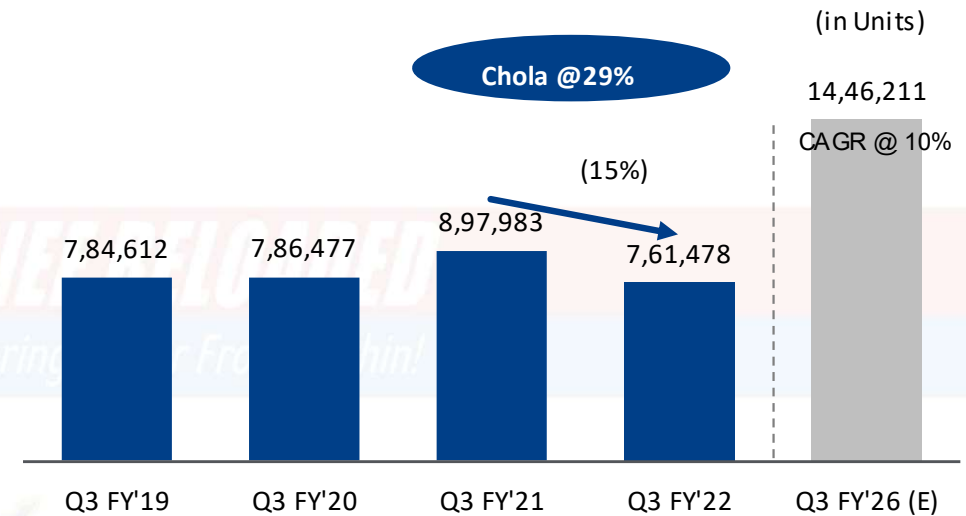
Auto Industry Outlook

Trend in Domestic HCV Sales



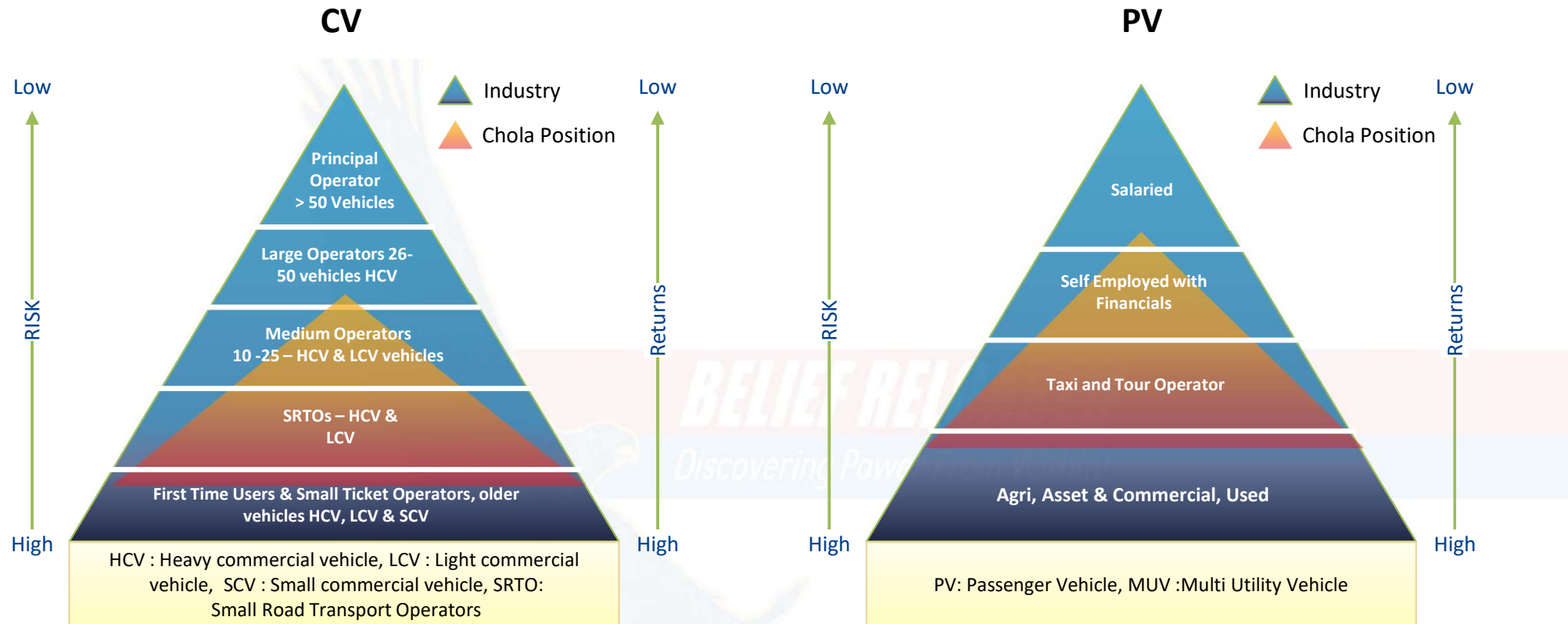
- Improved industrial activity, steady agricultural output, rebound of economic activity and the government's focus on infrastructure will aid growth.
- Pick up in construction and mining activities over the long term would drive demand.

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.

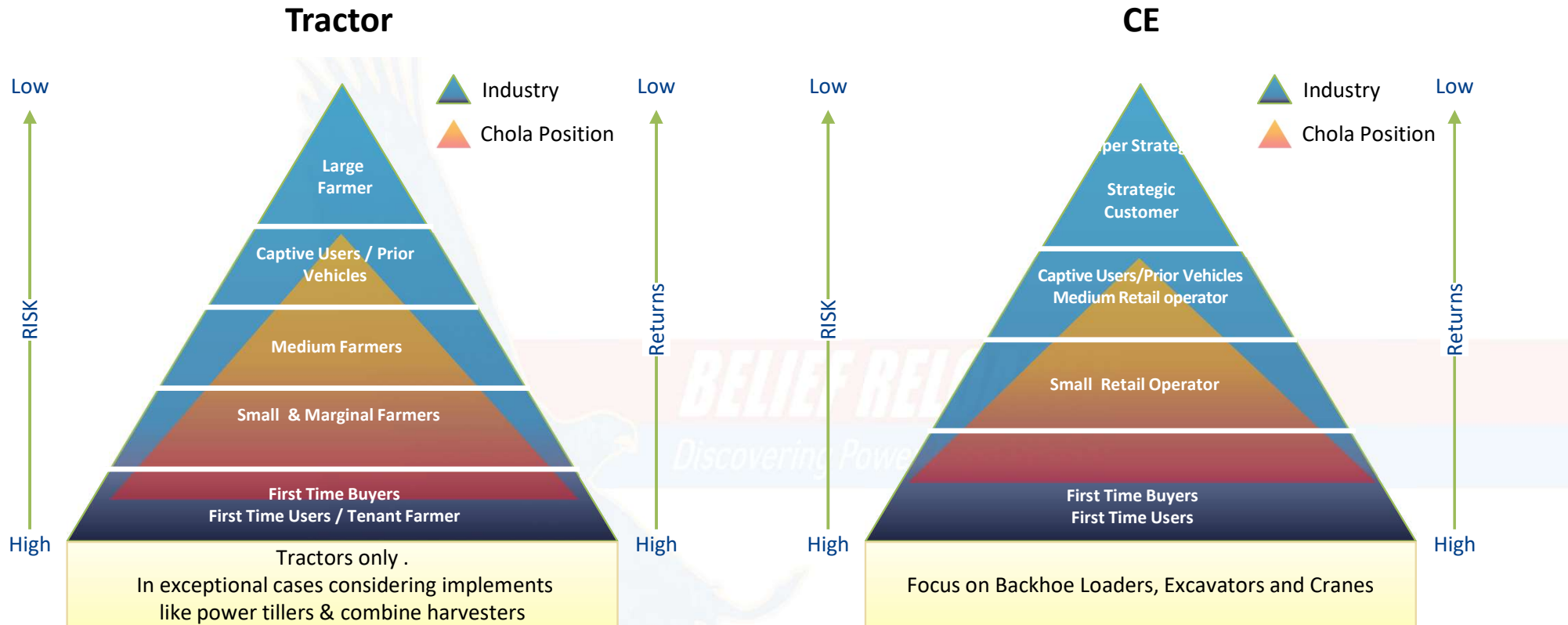
Vehicle Finance—Business Model & Positioning



- ~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



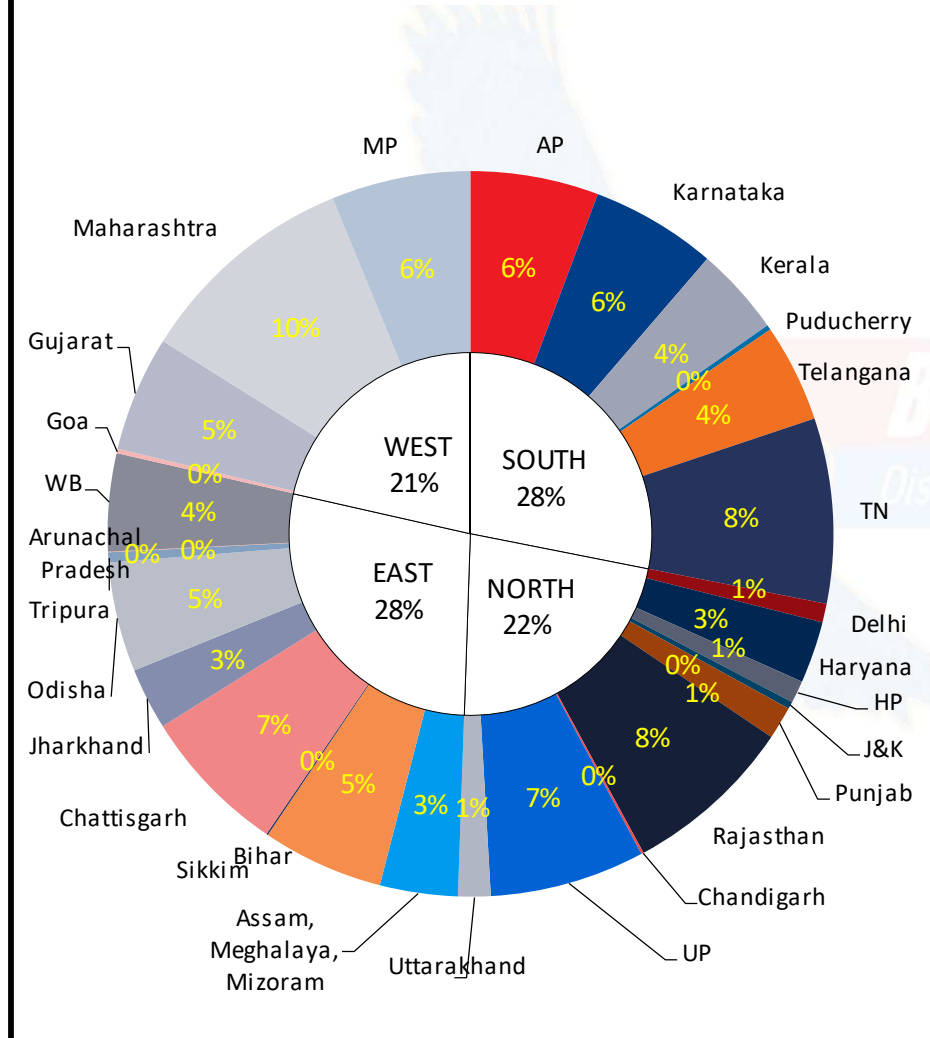
- ~65% of disbursements are to agri -based customer segment
- Application -
 - Agri usage
 - Commercial usage
 - Agri and Commercial usage
- New & Used

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

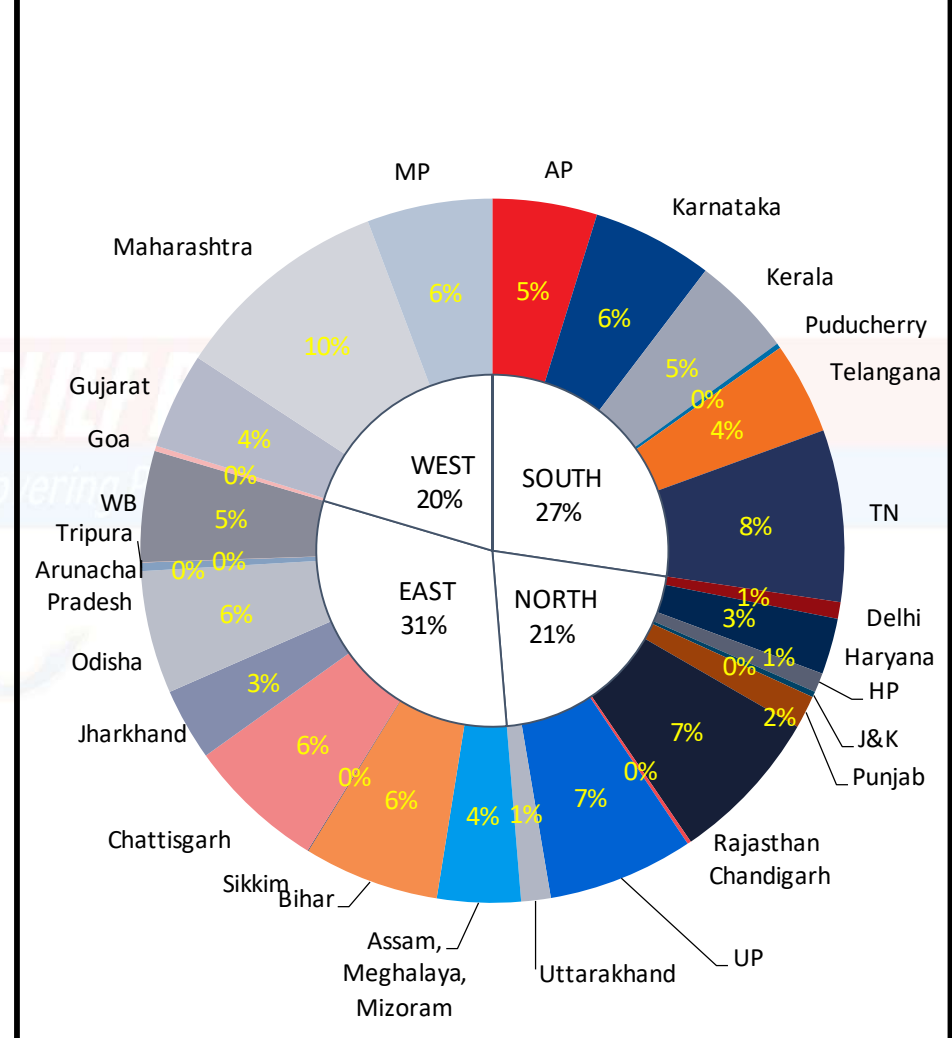
Vehicle Finance - Disbursement/Portfolio Mix – Q3FY22

Well diversified across geography

Disbursements - State wise



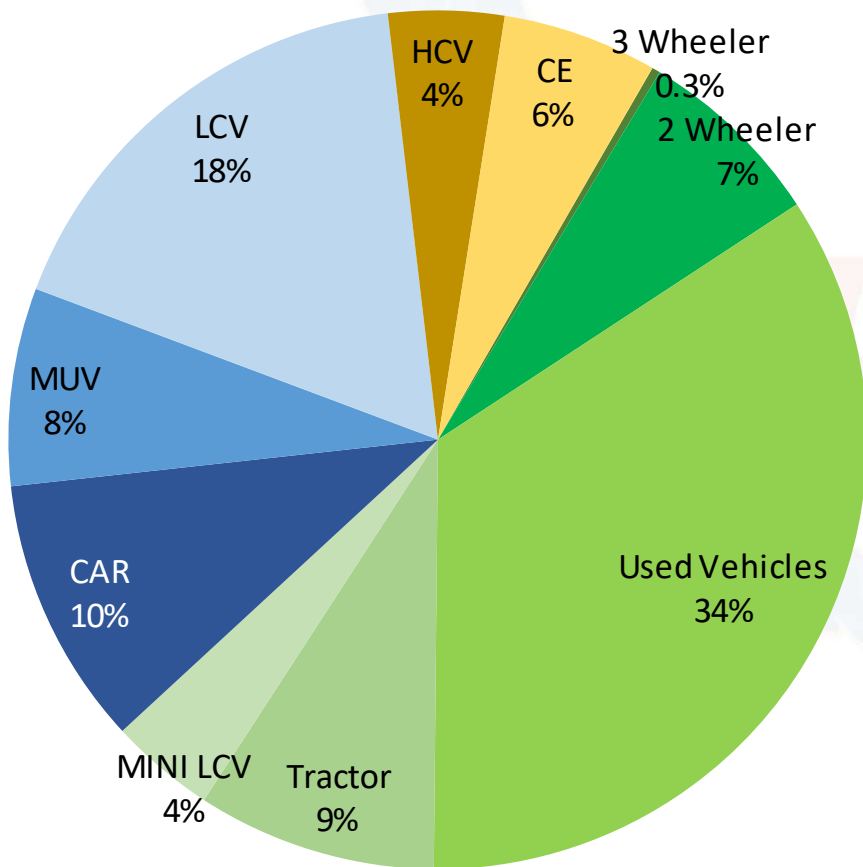
Portfolio - State wise



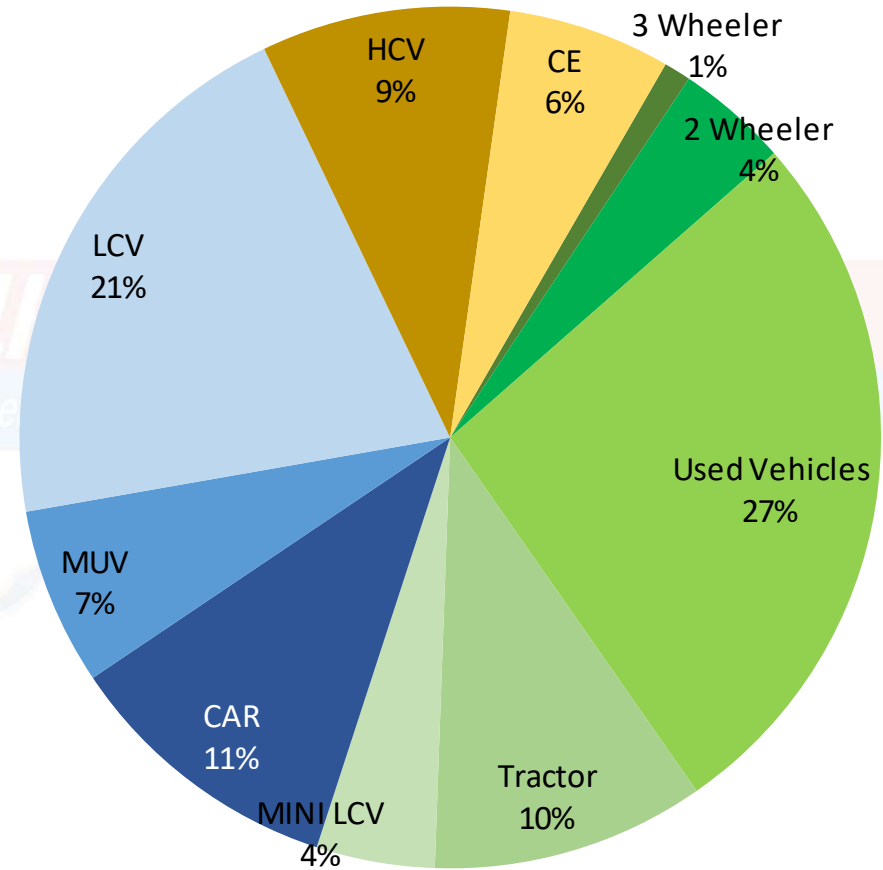
Vehicle Finance - Disbursement/Portfolio Mix – Q3FY22

Well diversified product segments

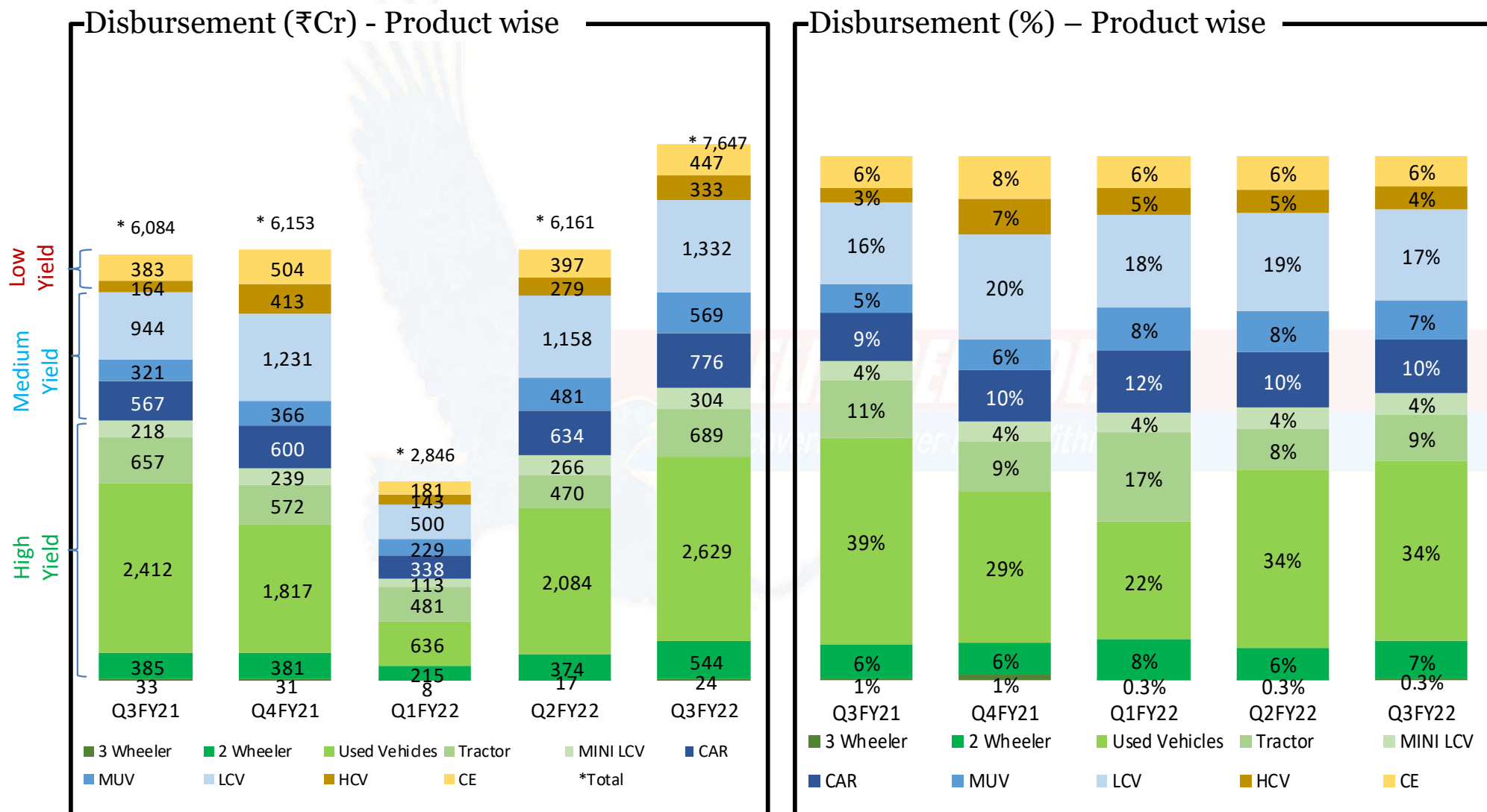
Disbursements (₹Cr) - Product wise



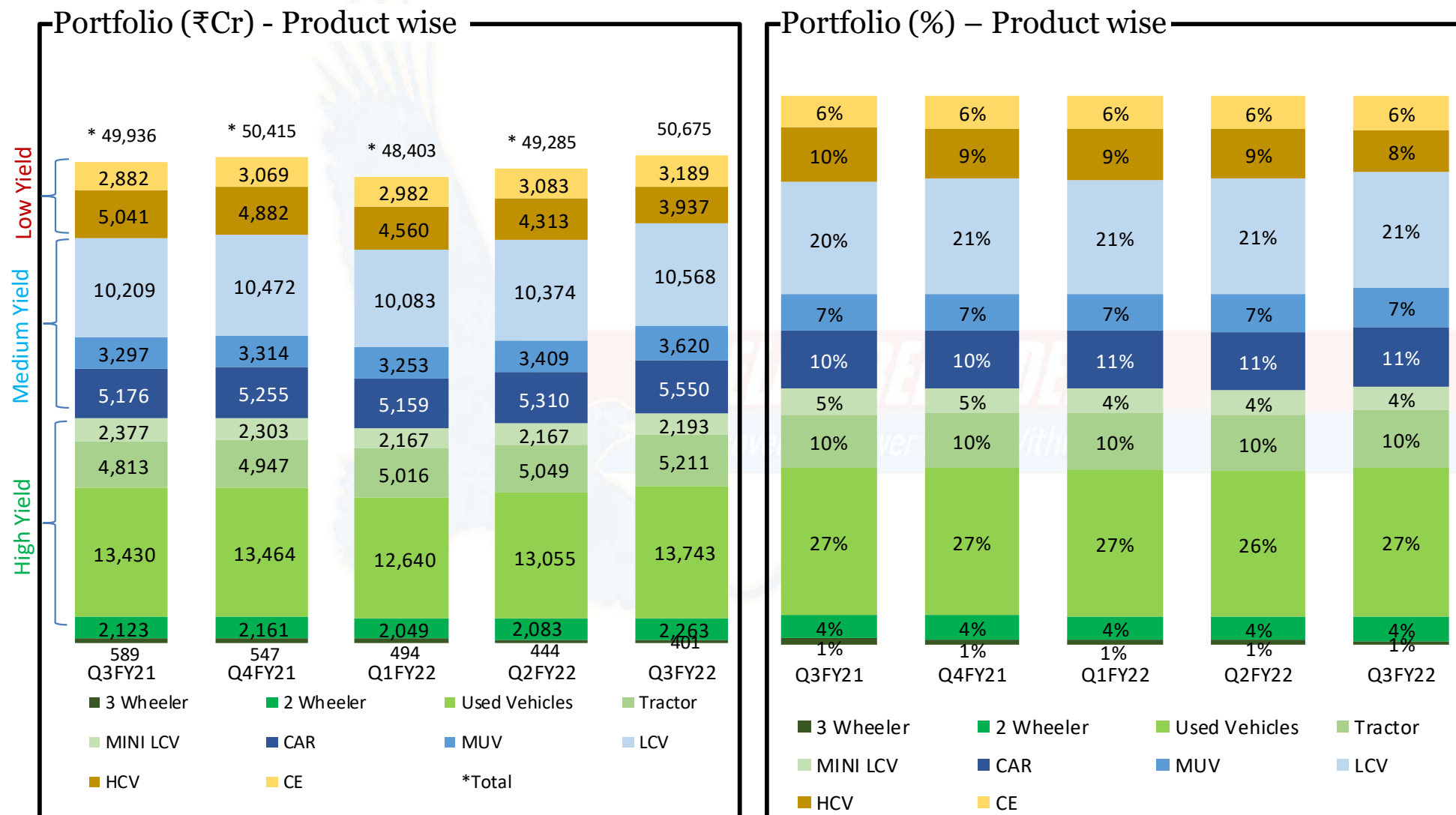
Portfolio (₹Cr) - Product wise



Vehicle Finance - Disbursement Mix – Quarter-wise

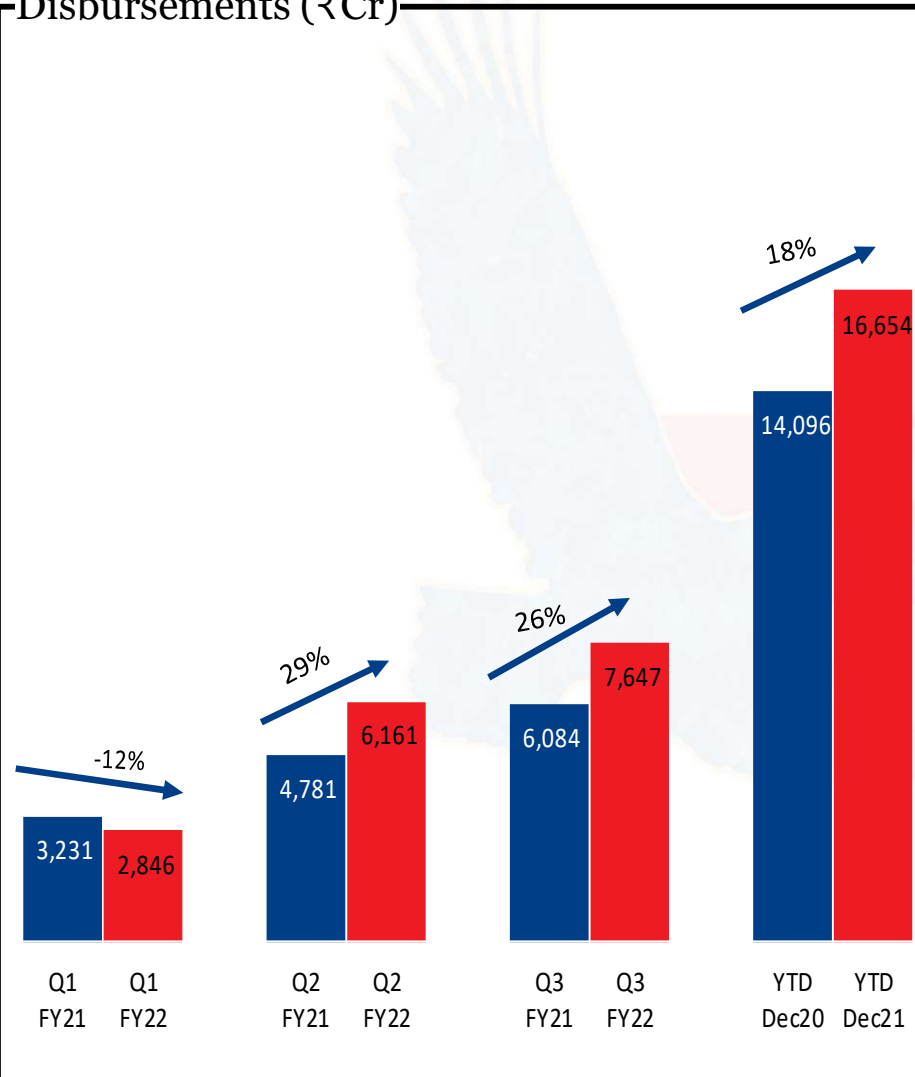


Vehicle Finance - Portfolio Mix – Quarter-wise

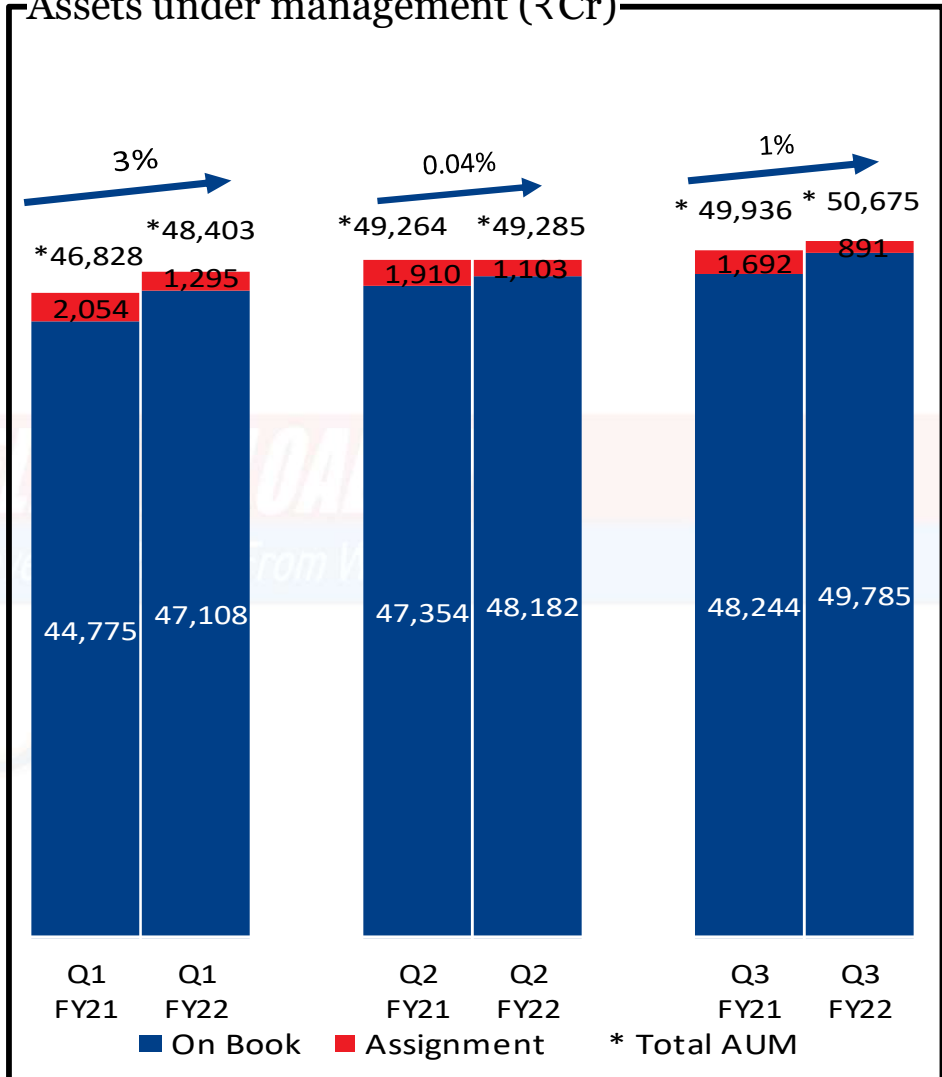


Vehicle Finance - Disbursements and Asset Under Management

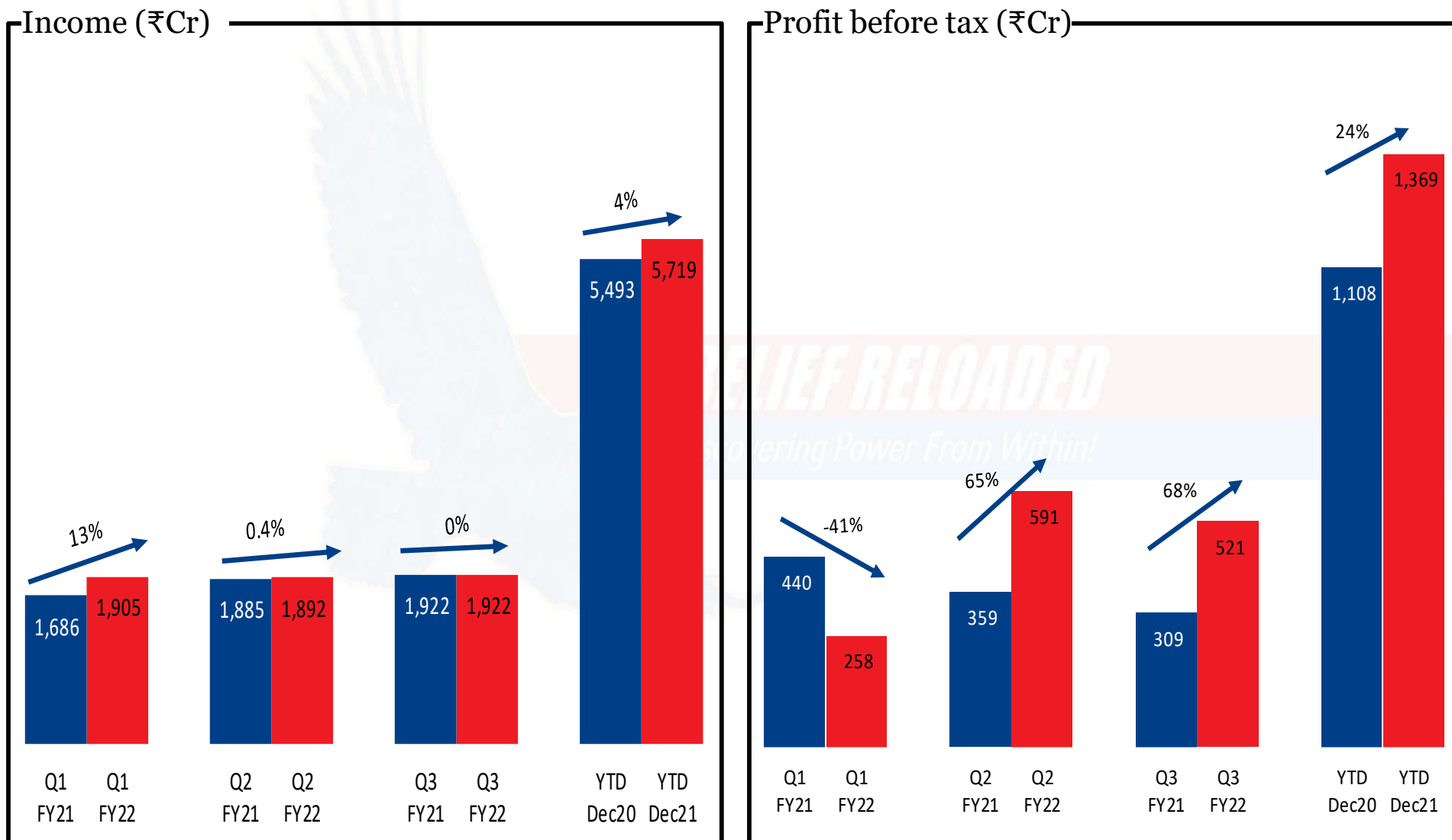
Disbursements (₹Cr)



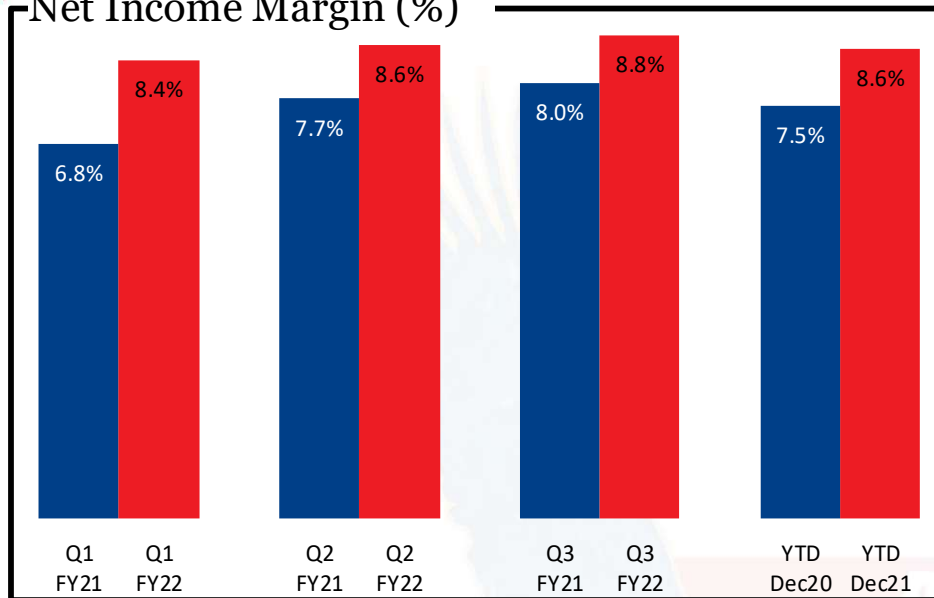
Assets under management (₹Cr)



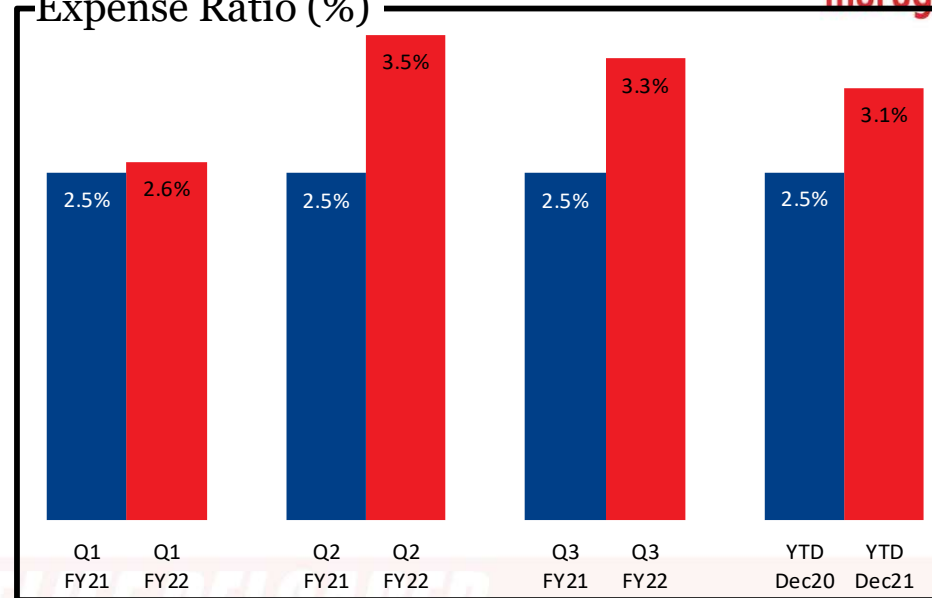
Vehicle Finance - Income and Profit before tax



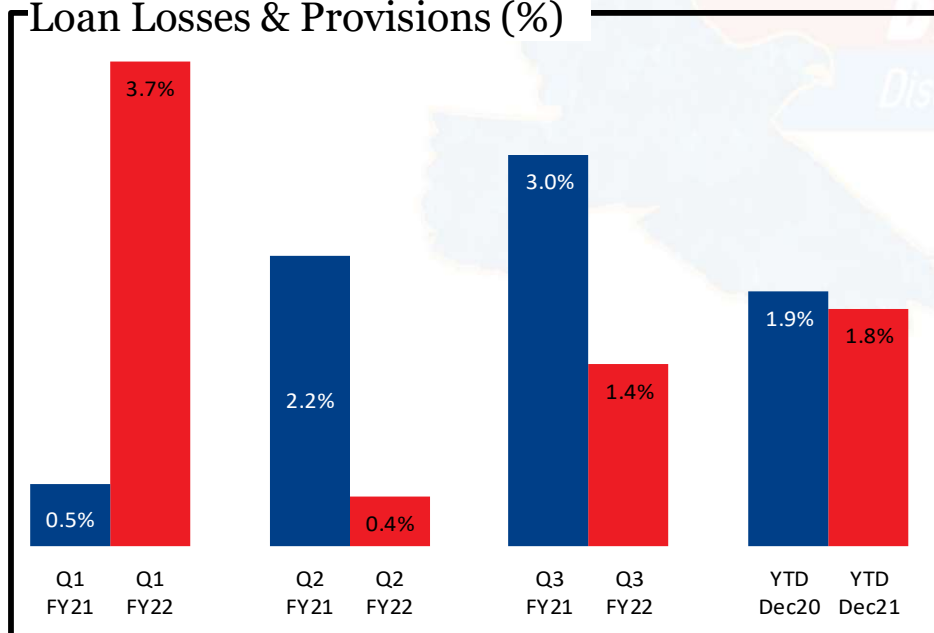
Net Income Margin (%)



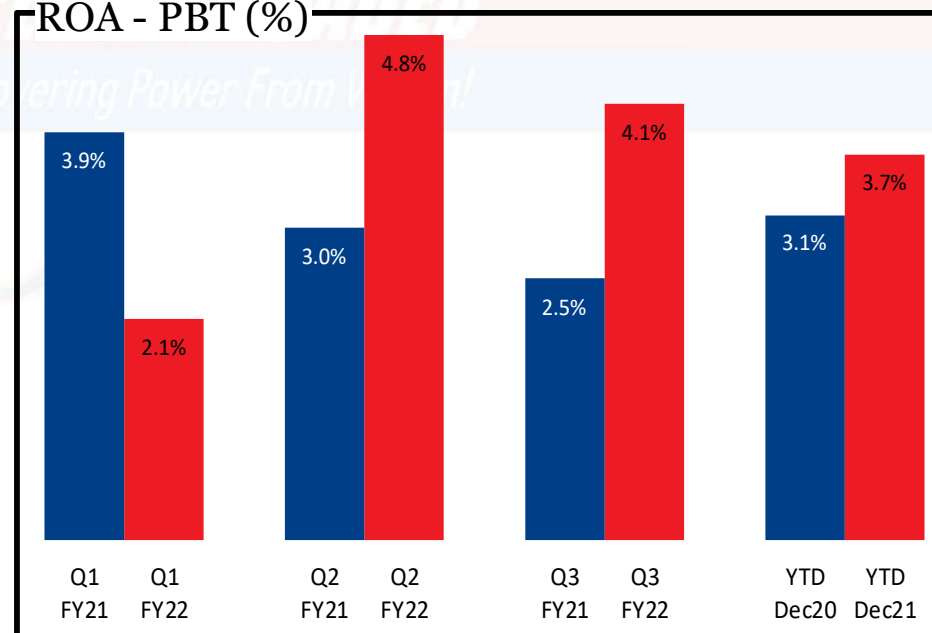
Expense Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Note: Additional provision of 0.9% provided towards loan losses for Q3FY22

Profit and Loss Statement - Vehicle Finance (Managed)

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	3,231	2,846	4,781	6,161	6,084	7,647	26%	14,096	16,654	18%
Closing Assets (Managed)	46,828	48,403	49,264	49,285	49,936	50,675	1%	49,936	50,675	1%
Operating Income	1,686	1,905	1,885	1,892	1,922	1,922	0%	5,493	5,719	4%
Finance Charges	910	875	957	828	927	810	-13%	2,794	2,513	-10%
Net Income	776	1,030	928	1,065	994	1,112	12%	2,699	3,206	19%
Expenses	282	315	300	427	310	415	34%	892	1,158	30%
Net Credit Losses	54	457	269	47	375	176	-53%	699	679	-3%
PBT	440	258	359	591	309	521	68%	1,108	1,369	24%
Asset Ratios										
Income	14.9%	15.5%	15.6%	15.4%	15.4%	15.3%		15.3%	15.3%	
Cost of Funds	8.0%	7.1%	7.9%	6.7%	7.4%	6.4%		7.8%	6.7%	
Net Income Margin	6.8%	8.4%	7.7%	8.6%	8.0%	8.8%		7.5%	8.6%	
Expense	2.5%	2.6%	2.5%	3.5%	2.5%	3.3%		2.5%	3.1%	
Losses & Provisions	0.5%	3.7%	2.2%	0.4%	3.0%	1.4%		1.9%	1.8%	
ROA-PBT	3.9%	2.1%	3.0%	4.8%	2.5%	4.1%		3.1%	3.7%	

Note: Additional provisions of Rs.113 Crs created in Q3FY22

Profit and Loss Statement - Vehicle Finance (On Book)

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	3,231	2,846	4,781	6,161	6,084	7,647	26%	14,096	16,654	18%
Closing Assets (On B/S)	44,775	47,108	47,354	48,182	48,244	49,785	3%	48,244	49,785	3%
Operating Income	1,623	1,865	1,835	1,855	1,877	1,888	1%	5,335	5,607	5%
Finance Charges	868	847	914	804	888	790	-11%	2,671	2,441	-9%
Net Income	755	1,017	921	1,051	989	1,098	11%	2,664	3,166	19%
Expenses	282	315	300	427	310	415	34%	892	1,158	30%
Net Credit Losses	54	457	269	47	375	176	-53%	699	679	-3%
PBT	418	245	351	577	304	507	67%	1,073	1,329	24%
Asset Ratios										
Income	15.0%	15.6%	15.8%	15.4%	15.6%	15.3%		15.5%	15.3%	
Cost of Funds	8.0%	7.1%	7.9%	6.7%	7.4%	6.4%		7.8%	6.7%	
Net Income Margin	7.0%	8.5%	7.9%	8.8%	8.2%	8.9%		7.7%	8.7%	
Expense	2.6%	2.6%	2.6%	3.6%	2.6%	3.4%		2.6%	3.2%	
Losses & Provisions	0.5%	3.8%	2.3%	0.4%	3.1%	1.4%		2.0%	1.9%	
ROA-PBT	3.9%	2.0%	3.0%	4.8%	2.5%	4.1%		3.1%	3.6%	

Note: Additional provisions of Rs.113 Crs created in Q3FY22

Loan Against Property



Loan Against Property – Q3 FY22 Performance

Disbursements

- Disbursements grown by 39% in Q3 FY 22 as compared to Q3 FY 21.

Asset under management

- AUM have grown by 12% YoY.

Loss and provisions

- Loan losses increased to 1.4% from 1.2% in Q3 of FY 21 which is due to additional overlay provisions created for 1.4% during the quarter. Normal NCL is a reversal in Q3 of FY 22.

Profit before tax

- PBT grew by 20% in Q3 FY 22 as compared to Q3 FY 21

Loan Against Property: Industry outlook

Sector Outlook

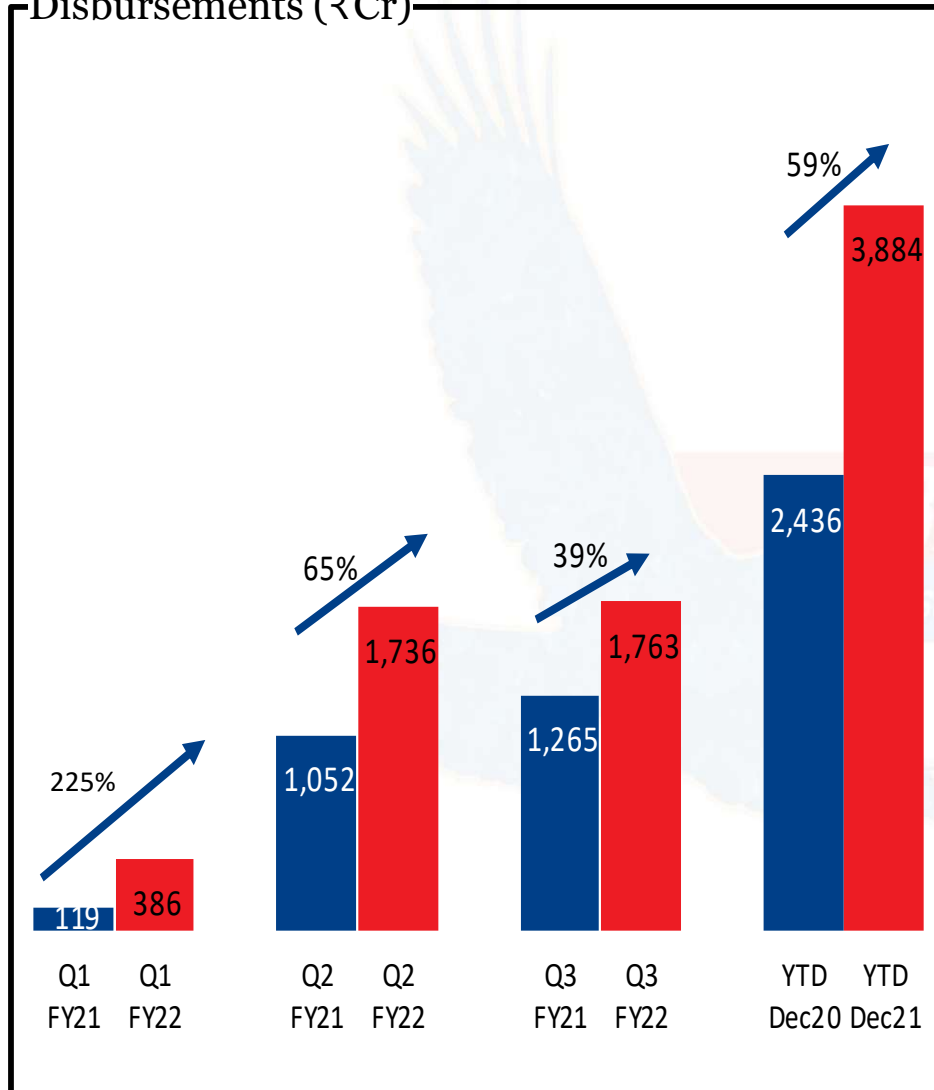
- MSME sector witnessed high impact of the first and second wave of the pandemic in fiscal 2021 and in Q1 fiscal 2022 respectively. However, with revival in economic activity and strong export and domestic support, MSME demand is expected to see an uptick resulting into higher disbursements
- LAP portfolio at NBFCs is expected to grow by 5-7% in fiscal 2022 and 7-9% in fiscal 2023
- Despite likely improvement in Q2 fiscal 22, overall stress in non-banks' MSME portfolio continues to remain monitorable
- With improving collections, the asset quality concerns are expected to moderate in the second half of fiscal 2022; however, the impact of Q1 fiscal 2022 is expected to weigh on overall asset quality.

Chola's Position

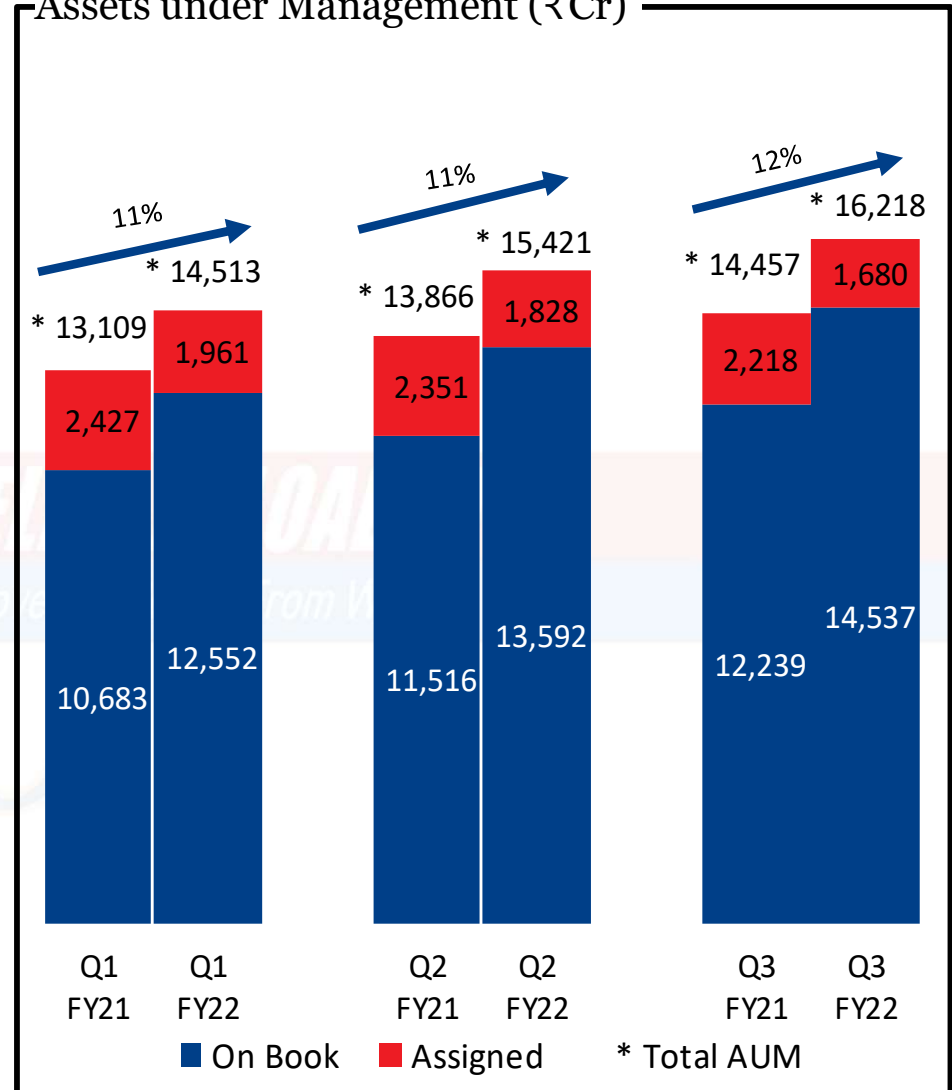
- On back of improved economic activities, Business has witnessed increased demand for LAP loans and is expected to continue the same in upcoming quarters
- Inline with growth expected in fiscal year 2023, branch expansion is planned majorly in tier 3 and tier 4 cities
- Collections remain a priority for the business with activities like strengthening collections team and digitizing collections channels. In addition, Chola has provided adequate provisions
- Portfolio LTV at origination stands low at 52% which provides adequate security cover.

Loan Against Property - Disbursements and Asset Under Management

Disbursements (₹Cr)

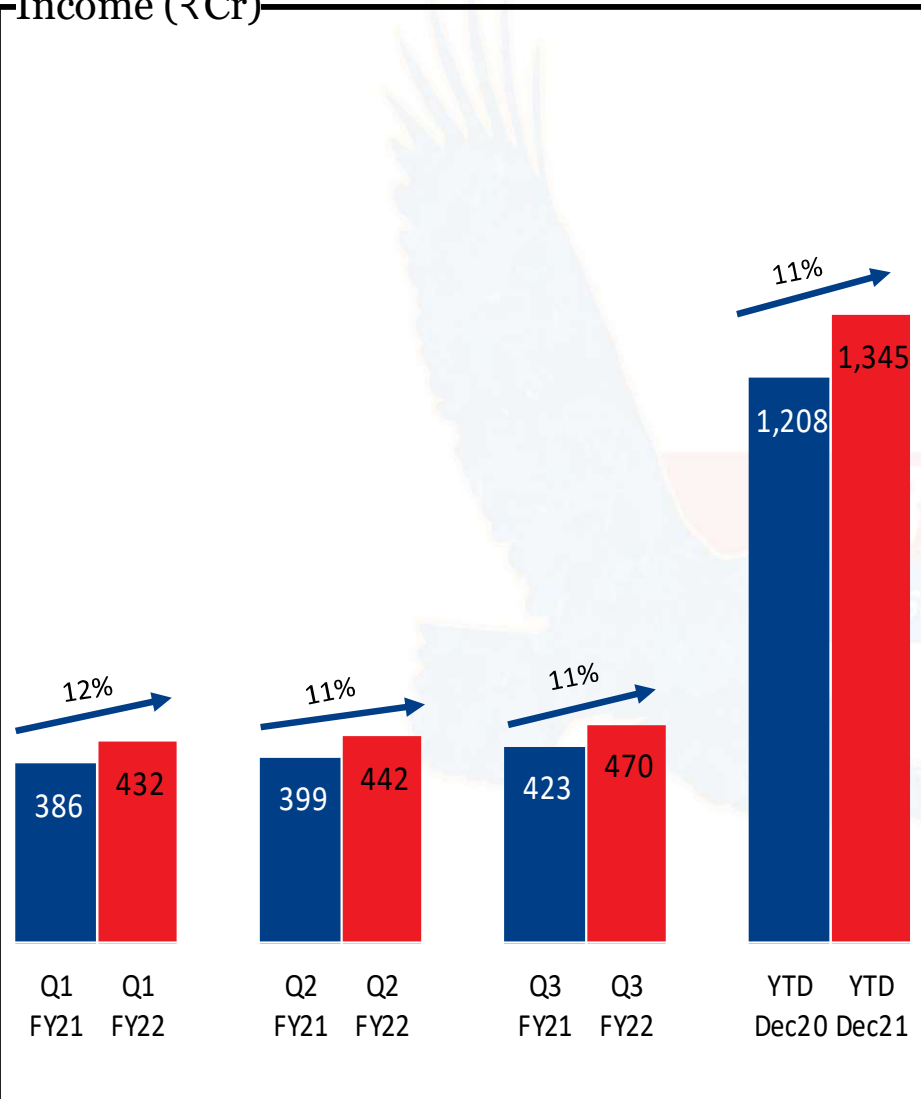


Assets under Management (₹Cr)

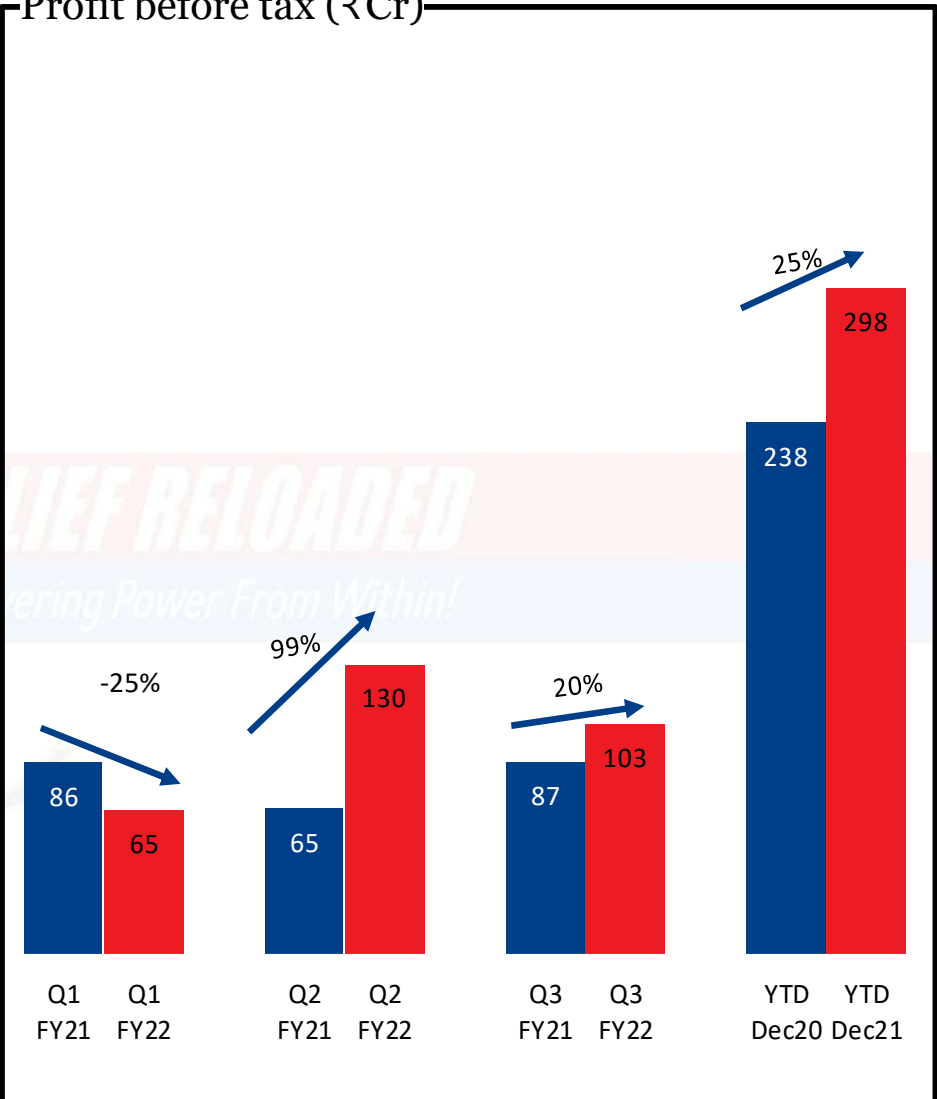


Loan Against Property – Income and Profit before tax

Income (₹Cr)

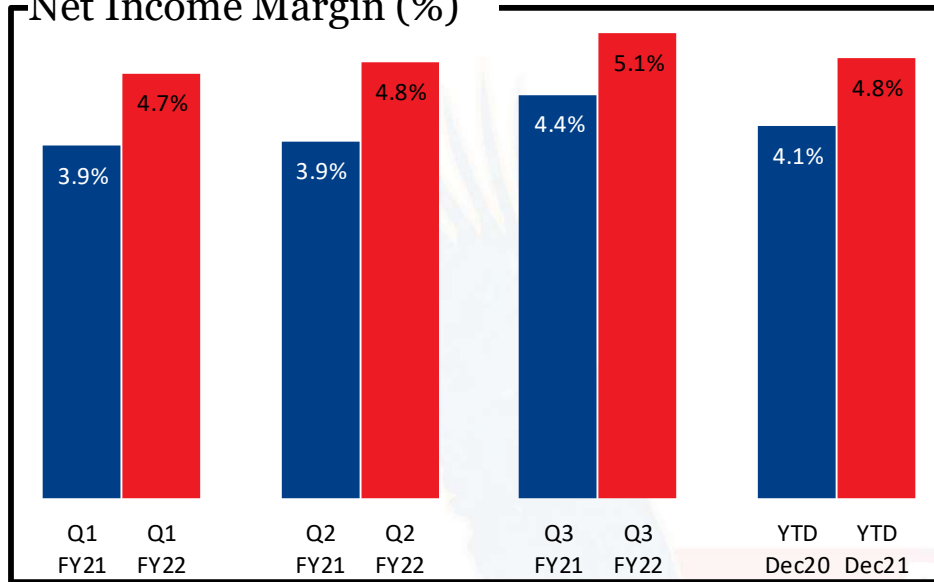


Profit before tax (₹Cr)

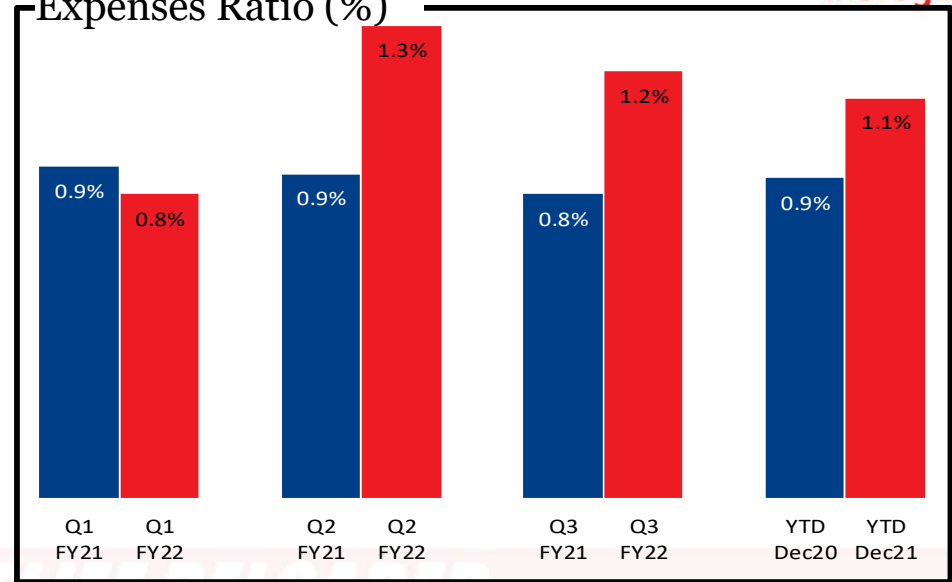


Loan Against Property – Asset Ratios

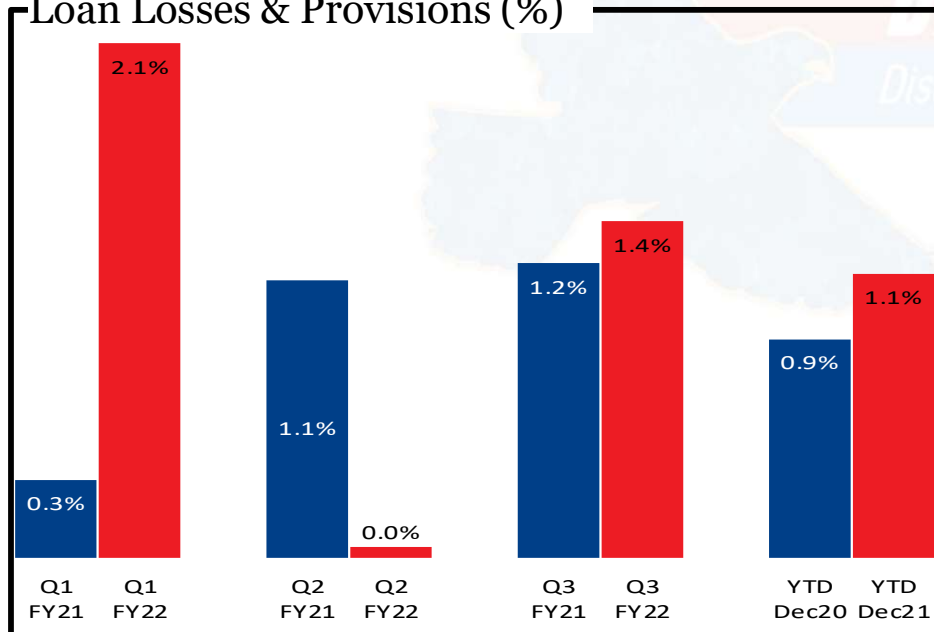
Net Income Margin (%)



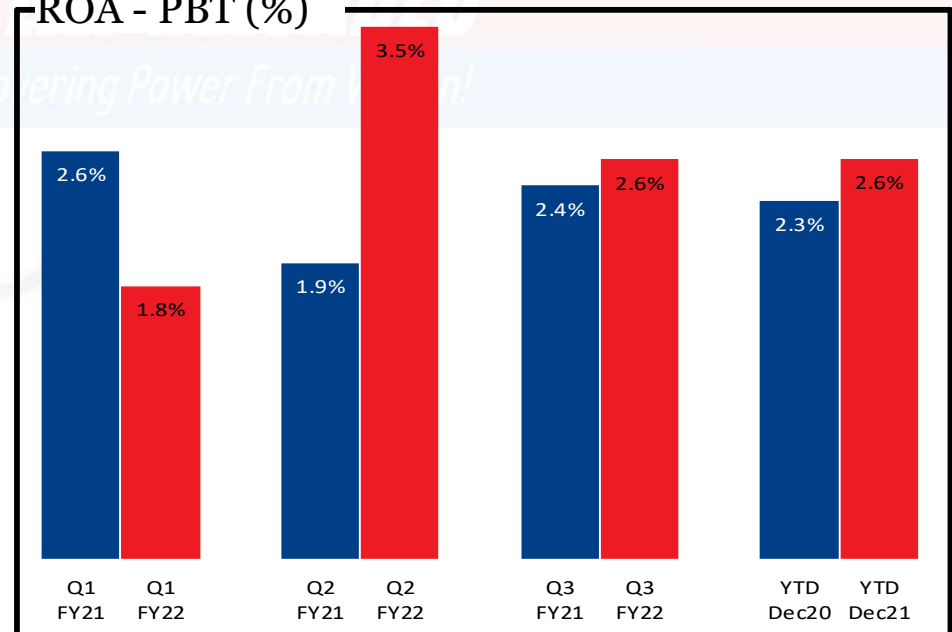
Expenses Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Note: Additional provision of 1.4% provided towards loan losses for Q3FY22

Profit and Loss Statement - Loan Against Property (Managed)

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	119	386	1,052	1,736	1,265	1,763	39%	2,436	3,884	59%
Closing Assets (Managed)	13,109	14,513	13,866	15,421	14,457	16,218	12%	14,457	16,218	12%
Operating Income	386	432	399	442	423	470	11%	1,208	1,345	11%
Finance Charges	260	261	265	262	265	266	0%	789	788	0%
Net Income	126	171	134	181	159	204	29%	419	556	33%
Expenses	30	31	30	49	30	47	57%	90	126	41%
Net Credit Losses	10	76	38	2	42	54	28%	91	131	45%
PBT	86	65	65	130	87	103	20%	238	298	25%
Asset Ratios										
Income	11.9%	11.8%	11.7%	11.7%	11.9%	11.8%		11.8%	11.7%	
Cost of Funds	8.0%	7.2%	7.8%	6.9%	7.4%	6.7%		7.7%	6.9%	
Net Income Margin	3.9%	4.7%	3.9%	4.8%	4.4%	5.1%		4.1%	4.8%	
Expense	0.9%	0.8%	0.9%	1.3%	0.8%	1.2%		0.9%	1.1%	
Losses & Provisions	0.3%	2.1%	1.1%	0.0%	1.2%	1.4%		0.9%	1.1%	
ROA-PBT	2.6%	1.8%	1.9%	3.5%	2.4%	2.6%		2.3%	2.6%	

Note: Additional provision of Rs.56 Crs was created in Q3FY22

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

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	119	386	1,052	1,736	1,265	1,763	39%	2,436	3,884	59%
Closing Assets (On B/S)	10,683	12,552	11,516	13,592	12,239	14,537	19%	12,239	14,537	19%
Operating Income	314	379	372	387	403	406	1%	1,089	1,171	8%
Finance Charges	204	221	213	223	213	226	6%	630	670	6%
Net Income	110	158	159	164	190	179	-6%	458	501	9%
Expenses	30	31	30	49	30	44	47%	90	123	37%
Net Credit Losses	10	76	38	2	42	53	26%	91	131	44%
PBT	70	52	91	113	117	82	-30%	278	247	-11%
Asset Ratios										
Income	11.9%	12.0%	13.3%	11.7%	13.4%	11.4%		12.9%	11.6%	
Cost of Funds	7.7%	7.0%	7.6%	6.8%	7.1%	6.4%		7.4%	6.7%	
Net Income Margin	4.2%	5.0%	5.7%	5.0%	6.3%	5.1%		5.4%	5.0%	
Expense	1.1%	1.0%	1.1%	1.5%	1.0%	1.2%		1.1%	1.2%	
Losses & Provisions	0.4%	2.4%	1.4%	0.1%	1.4%	1.5%		1.1%	1.3%	
ROA-PBT	2.6%	1.6%	3.2%	3.4%	3.9%	2.3%		3.3%	2.5%	

Note: Additional provision of Rs.56 Crs was created in Q3FY22

Home Loans



Home Loans – Q3 FY22 Performance

Disbursements

- Disbursements grown by 1% in Q3 FY 22 as compared to Q3 FY 21

Asset under management

- AUM have grown by 28% YoY.

Loss and provisions

- Loan losses at 1.2% in Q3 FY 22 as compared to 2.8% in Q3FY 21.

Profit before tax

- PBT grew by 154% in Q3 FY 22 as compared to Q3 FY 21.

Sector Outlook

Immediate term:

- Despite the Covid wave 3 Affordable housing demand is expected to remain intact as economic disruptions are expected to be minimal
- As cash flows of micro and small businesses improve fresh collections are expected to remain stable; Rollbacks/resolution may take longer since it is difficult for affordable housing borrowers to pay multiple EMIs at the same time

Medium term

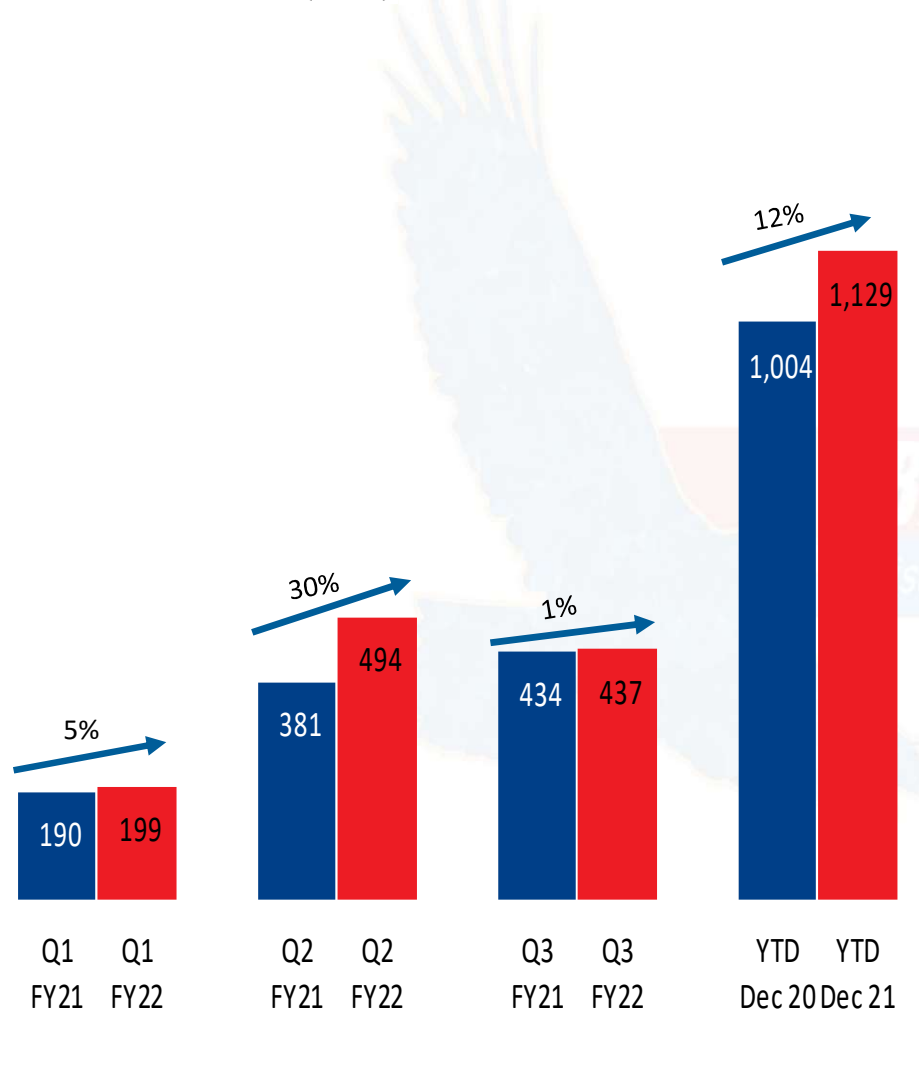
- Affordable housing credit is estimated to grow ~7-9%
- Retail segment demand is likely to continue to be for ready property and self-construction
- Analysts expect Stage 3 levels to remain 20 – 30 bps higher than FY21 in FY22

Chola's Position

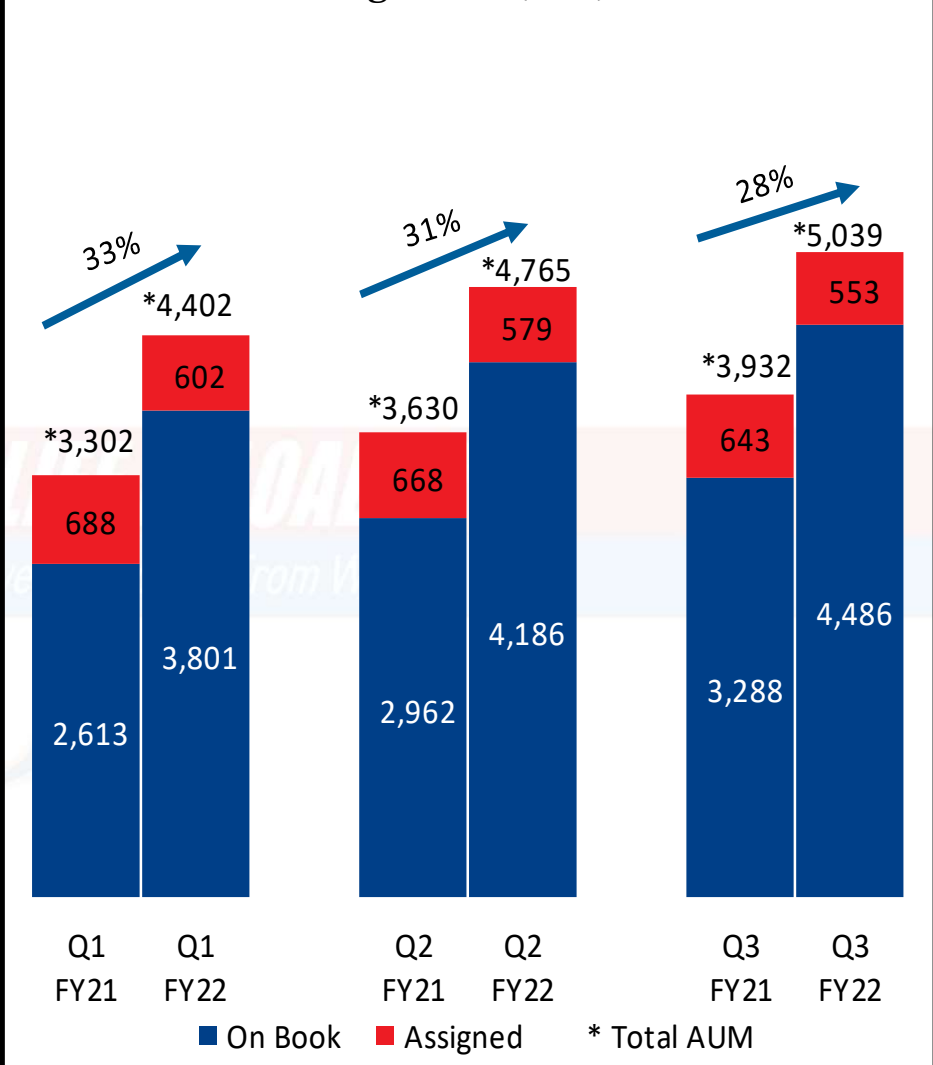
- Chola does not have material under construction exposure to developer supplied houses
- Chola's LTV at a portfolio level is ~56% at origination – indicates adequate security cover
- ~89% of assets are in tier 2,3,4 cities and suburbs of tier 1 cities
- Average ticket size of ~14 lacs – predominantly in tier 2,3,4 cities indicate quality and marketability of portfolio assets
- End use driven funding remains the focus
- Chola is actively pursuing resolution of NPAs through SARFAESI as applicable.

Home Loans - Disbursements and Asset Under Management

Disbursements (₹Cr)

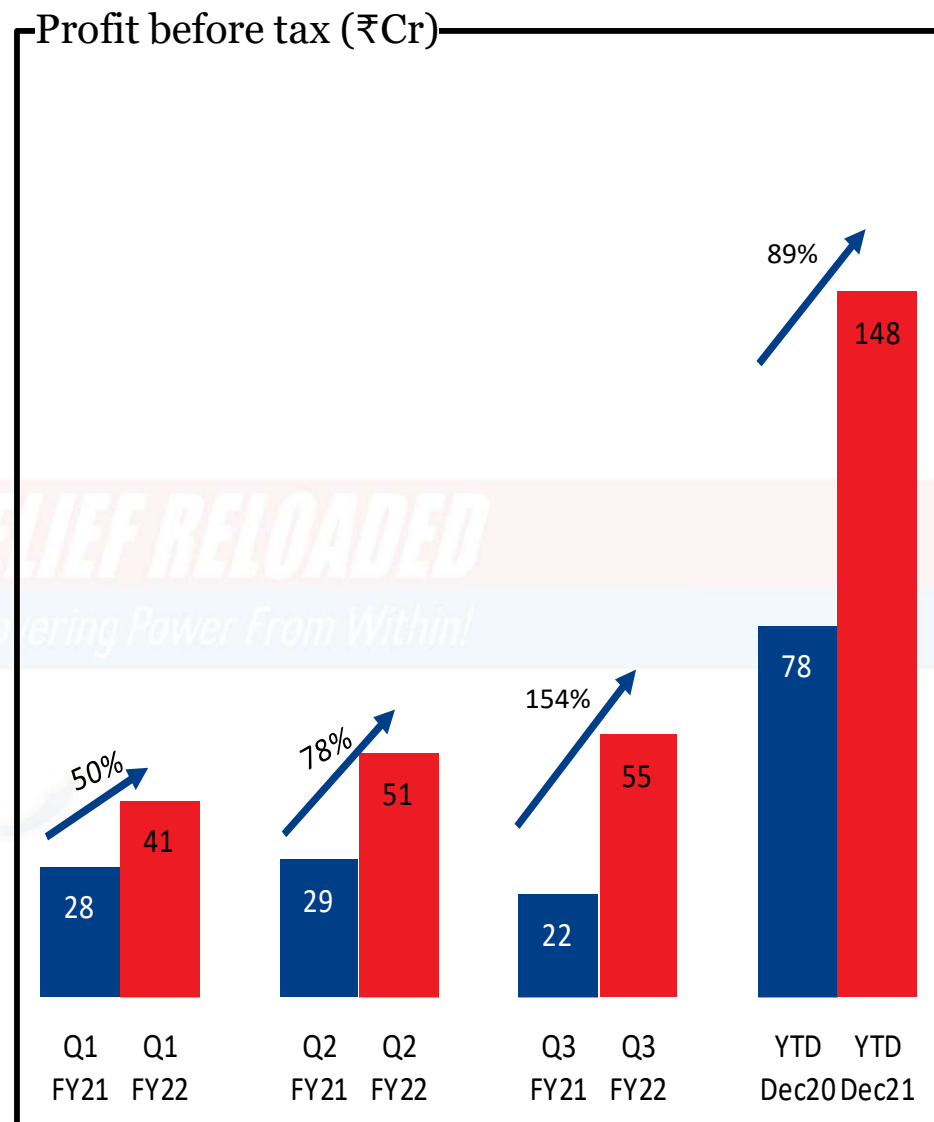
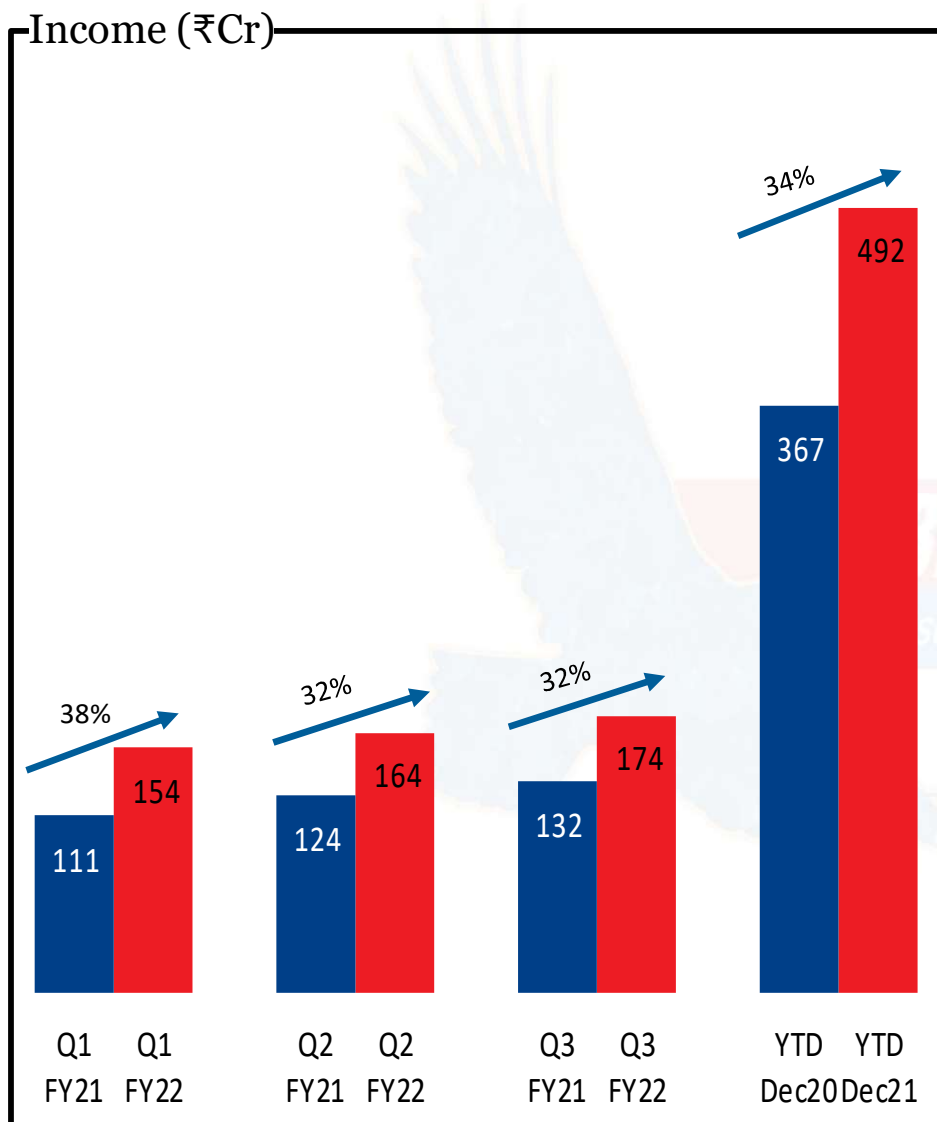


Assets under Management (₹Cr)

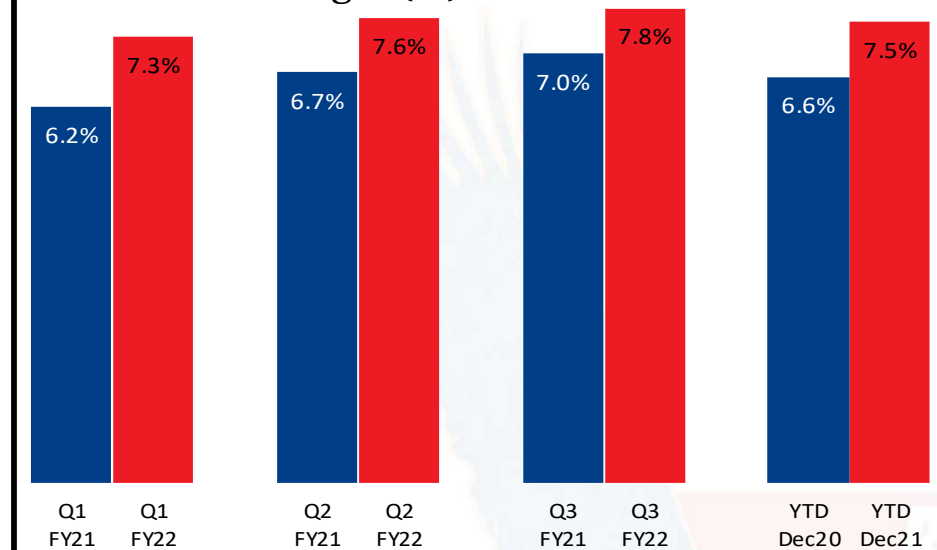


■ On Book ■ Assigned * Total AUM

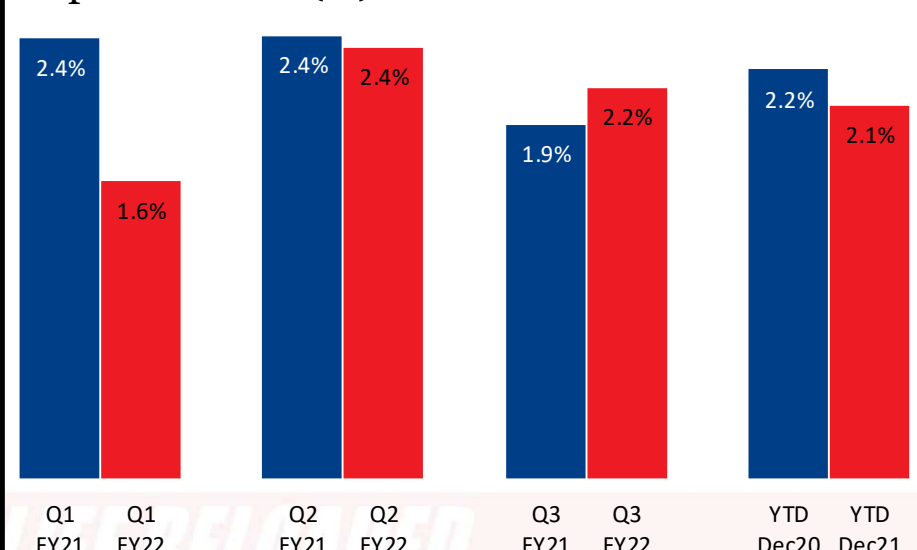
Home Loans - Income and Profit before tax



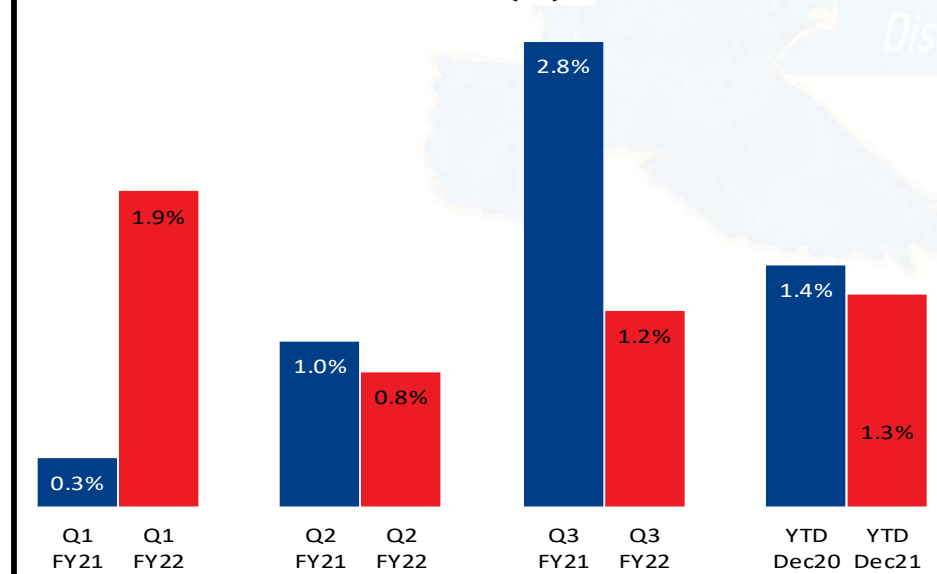
Net Income Margin (%)



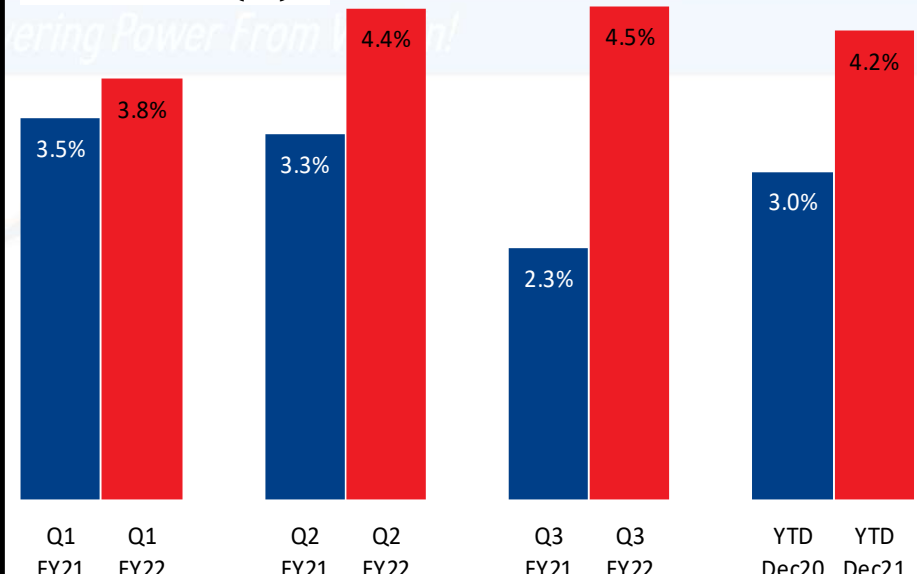
Expenses Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Note: Additional provision of 1.0% provided towards loan losses for Q3FY22

Profit and Loss Statement - Home Loans (Managed)

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	190	199	381	494	434	437	1%	1,004	1,129	12%
Closing Assets (Managed)	3,302	4,402	3,630	4,765	3,932	5,039	28%	3,932	5,039	28%
Operating Income	111	154	124	164	132	174	32%	367	492	34%
Finance Charges	62	74	65	76	65	78	20%	192	228	19%
Net Income	49	80	59	88	67	96	43%	175	264	51%
Expenses	19	18	21	27	19	27	43%	59	72	21%
Net Credit Losses	2	20	9	9	26	14	-46%	38	44	16%
PBT	28	41	29	51	22	55	154%	78	148	89%
Asset Ratios										
Income	13.9%	14.1%	14.2%	14.2%	13.9%	14.1%		13.9%	14.1%	
Cost of Funds	7.7%	6.8%	7.5%	6.6%	6.9%	6.3%		7.3%	6.5%	
Net Income Margin	6.2%	7.3%	6.7%	7.6%	7.0%	7.8%		6.6%	7.5%	
Expense	2.4%	1.6%	2.4%	2.4%	1.9%	2.2%		2.2%	2.1%	
Losses & Provisions	0.3%	1.9%	1.0%	0.8%	2.8%	1.2%		1.4%	1.3%	
ROA-PBT	3.5%	3.8%	3.3%	4.4%	2.3%	4.5%		3.0%	4.2%	

Note: Additional provision of Rs.12 Crs was created in in Q3FY22

Profit and Loss Statement - Home Loans (On Book)

₹ Cr

Particulars	Q1FY21	Q1FY22	Q2FY21	Q2FY22	Q3FY21	Q3FY22	Growth % Q3-o-Q3	YTD Dec20	YTD Dec21	Growth % (YTD) Y-o-Y
Disbursements	190	199	381	494	434	437	1%	1,004	1,129	12%
Closing Assets (On B/S)	2,613	3,801	2,962	4,186	3,288	4,486	36%	3,288	4,486	36%
Operating Income	88	136	111	145	138	157	14%	337	438	30%
Finance Charges	47	62	51	64	51	67	31%	149	193	30%
Net Income	41	74	60	81	87	90	4%	188	244	30%
Expenses	19	18	21	27	19	27	43%	59	72	21%
Net Credit Losses	2	20	9	9	27	14	-47%	38	44	17%
PBT	19	35	30	44	41	49	19%	91	129	41%
Asset Ratios										
Income	13.9%	14.4%	15.7%	14.4%	17.6%	14.4%		15.8%	14.3%	
Cost of Funds	7.4%	6.6%	7.2%	6.4%	6.5%	6.2%		7.0%	6.3%	
Net Income Margin	6.5%	7.8%	8.6%	8.0%	11.0%	8.2%		8.8%	8.0%	
Expense	3.1%	1.9%	3.0%	2.7%	2.4%	2.4%		2.8%	2.4%	
Losses & Provisions	0.4%	2.2%	1.2%	0.9%	3.4%	1.3%		1.8%	1.4%	
ROA-PBT	3.1%	3.8%	4.3%	4.4%	5.3%	4.5%		4.3%	4.2%	

Note: Additional provision of Rs.12 Crs was created in in Q3FY22

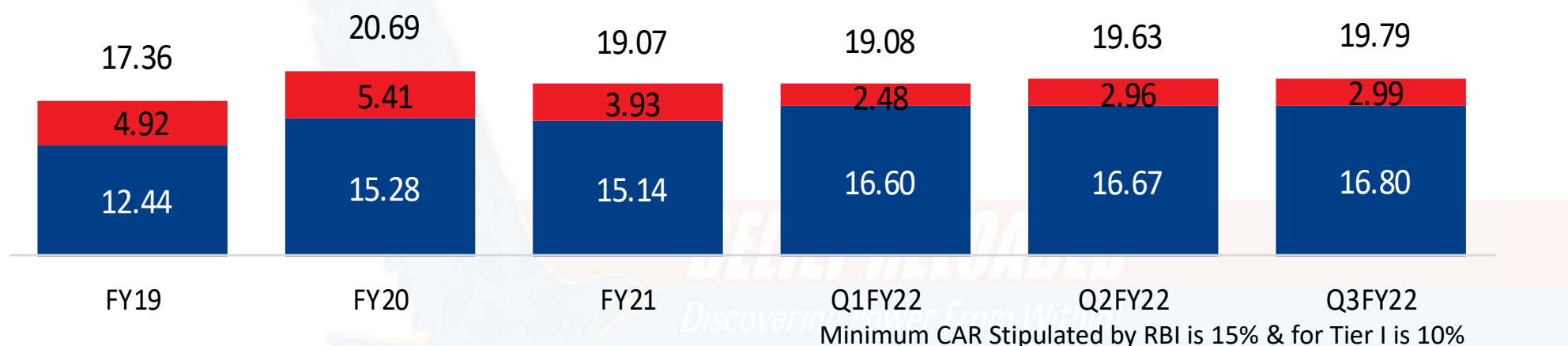
Funding Profile



CAR and Credit Rating

Capital Adequacy Ratio (CAR) – As per RBI guideline

■ Tier I ■ Tier II



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	-

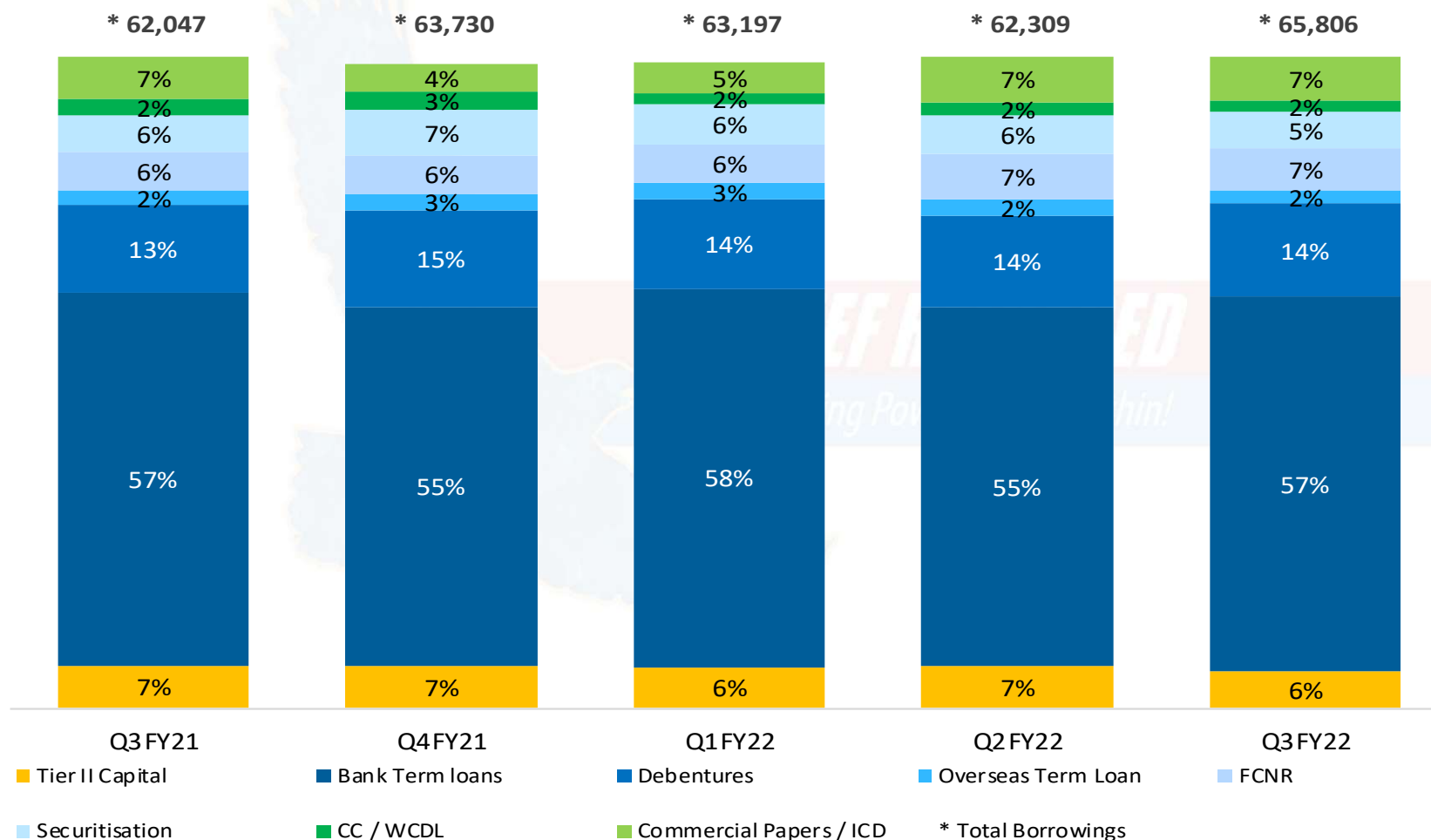
^ CP Rating

* NCD Rating

Diversified Borrowings Profile (I/II)

Borrowing mix by instrument type

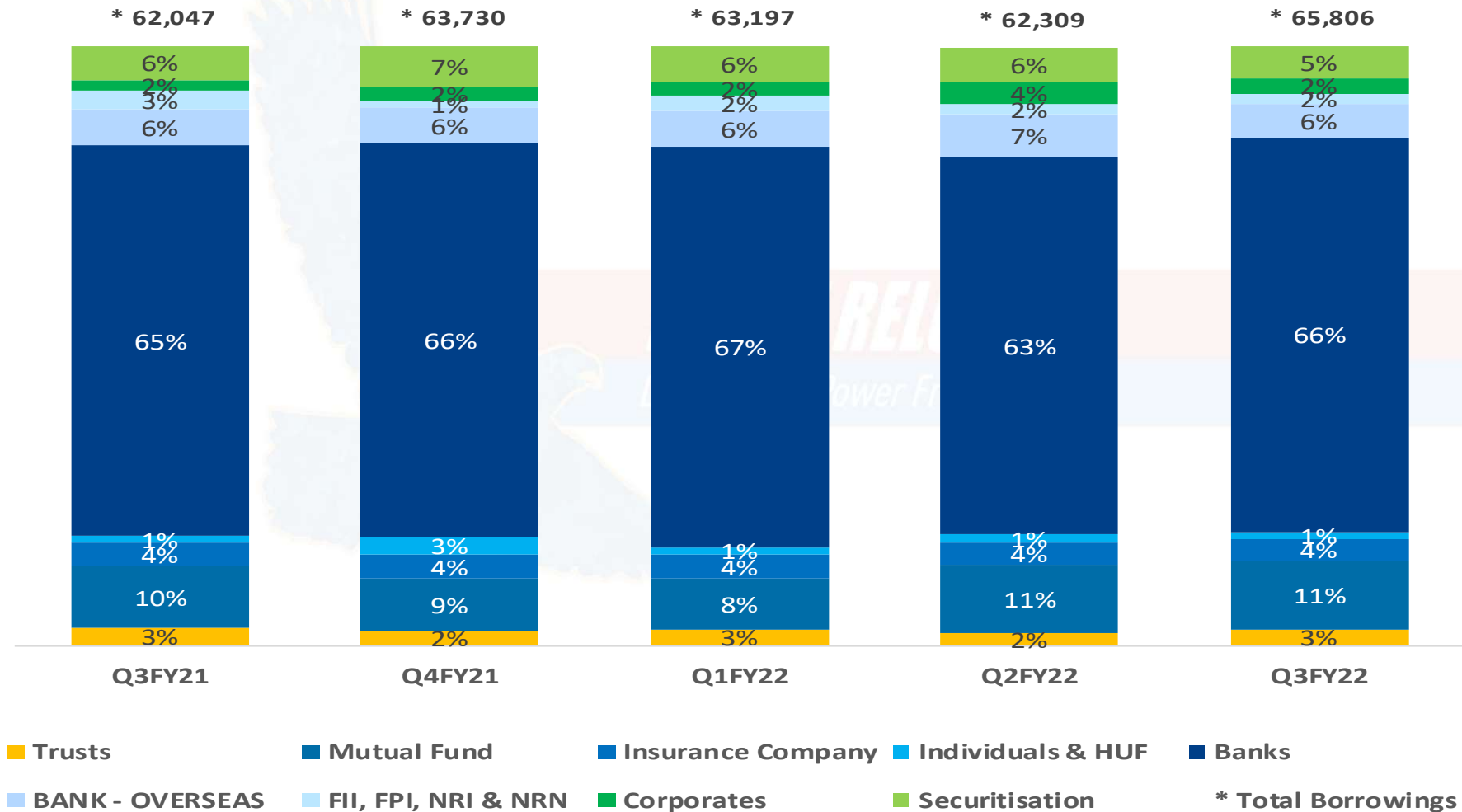
(₹Cr)



Diversified Borrowings Profile (I/II)

Borrowing mix by investor type

(₹Cr)



ALM Statement as of 31st Dec 2021 (As per IND AS)

(₹Cr)

ALM snapshot as on 31st Dec 2021									
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	2,440.64	175.00	1,137.59	1,012.45	53.60	232.71	194.28	1,071.22	6,317.49
Advances	2,177.95	2,002.60	1,614.29	7,529.74	11,723.85	30,006.77	9,724.80	6,197.81	70,977.81
Trade Receivable & Others	103.66	139.75	16.60	30.95	61.70	245.08	318.90	1,434.82	2,351.45
Total Inflows (A)	4,722.24	2,317.35	2,768.48	8,573.15	11,839.14	30,484.56	10,237.97	8,703.85	79,646.75
Cumulative Total Inflows (B)	4,722.24	7,039.59	9,808.08	18,381.22	30,220.37	60,704.93	70,942.90	79,646.75	
Borrowin Repayment-Bank & Others	1,402.56	769.21	1,509.65	4,182.77	8,594.34	22,605.66	8,257.89	640.23	47,962.31
Borrowin Repayment- Market	1,155.22	194.14	776.11	2,058.36	2,979.95	7,311.98	762.27	2,480.13	17,718.15
Capital Reserves and Surplus	-	-	-	-	-	-	-	11,199.10	11,199.10
Other Outflows	1,968.40	50.28	124.83	88.53	194.90	181.75	39.83	118.66	2,767.18
Total Outflows (C)	4,526.19	1,013.62	2,410.59	6,329.66	11,769.19	30,099.39	9,059.99	14,438.12	79,646.75
Cumulative Total Outflows (D)	4,526.19	5,539.81	7,950.41	14,280.06	26,049.25	56,148.64	65,208.63	79,646.75	
E. GAP (A - C)	196.06	1,303.73	357.89	2,243.49	69.96	385.17	1,177.98	(5,734.27)	
F.Cumulative GAP (B - D)	196.06	1,499.78	1,857.67	4,101.16	4,171.12	4,556.28	5,734.27	0.00	
Cumulative GAP as % (F/D)	4.33%	27.07%	23.37%	28.72%	16.01%	8.11%	8.79%	0.00%	

Note: Behavioural ALM.

Advances and maturities include the securitization inflows and outflows respectively

Subsidiaries



Subsidiaries – Q3FY22

- CHFL recorded a gross income of Rs. 17.69 crores in Q3FY22 as compared to Rs. 9.01 crores in Q3FY21 and PBT of Rs.3.90 crores as compared to Rs. 0.66 crores in Q3FY21. The Company has made an application to National Housing Bank (NHB) for registration as a Housing Finance Company in June 2018 and currently engaging with the RBI to obtain license to operate as a Housing Finance Company.

**Cholamandalam
Home Finance
Limited (CHFL)**



- During the quarter CSEC focused on the three distinct business lines for enhancing revenues and productivity - broking, wealth and insurance distribution. The Broking business grew 35% and wealth business grew by 9% and Insurance business by 82% as on Dec 2021. CSEC achieved a gross income of Rs. 10.27 crores in Q3FY22 as compared to Rs.7.32 crores in Q3FY21 and made a PBT of Rs. 1.80 crores as against a PBT of Rs. 1.02 crores in Q2FY21. The Wealth AUM crossed ₹ 1,918 crores.

**Cholamandalam
Securities
Limited (CSEC)**

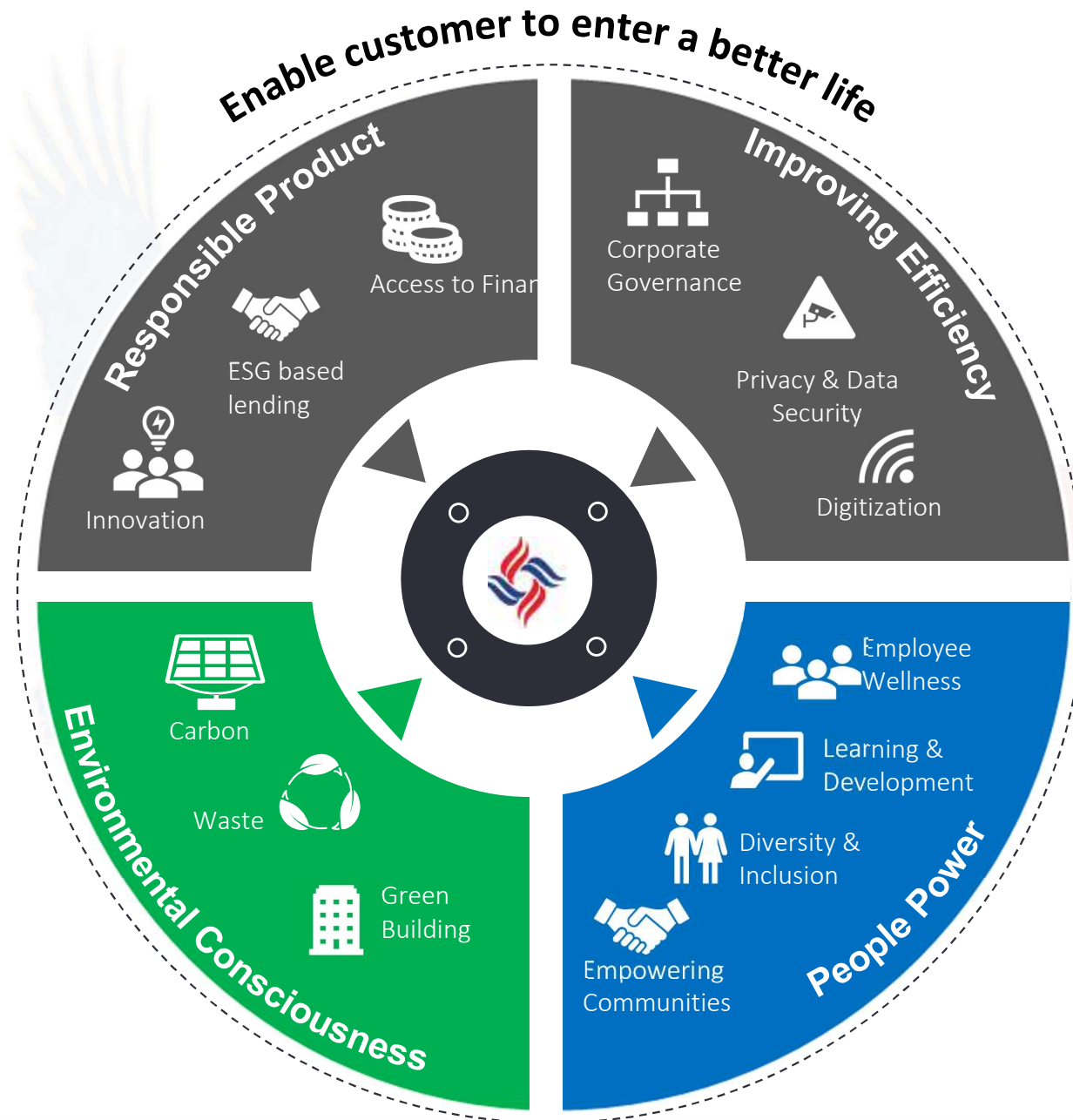


A person in a blue shirt is holding a magnifying glass over a globe. The globe has the letters 'ESG' in white. The background is dark blue with faint icons and text. A red diagonal line separates the left side from the right side.

Environmental Social Governance

ESG

Environmental, Social & Governance (ESG) at Chola





Responsible Products

Access to Finance

Our products focus on first time borrowers (FTB) and new to credit customers (NTCC) ensuring financial inclusion of sections of society including micro business owners

Vehicle Financing

Focus on transport entrepreneurs, first time borrowers (FTB) and new to credit customers (NTCC); predominantly in geographies with limited presence of organized financiers

Loan against Property

Focus on lending to small businesses against the collateral of self occupied residential property at affordable ROI

Affordable Housing

Focus on underserved customers in tier III, IV, V, VI cities to enable them to achieve their dream of entering a better home, minimal documentation

SME Loans

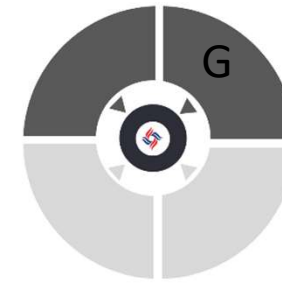
Support people such as vegetable owners, flour mill owners and micro business owners who don't have conventional documentation to grow the business

ESG Based Lending

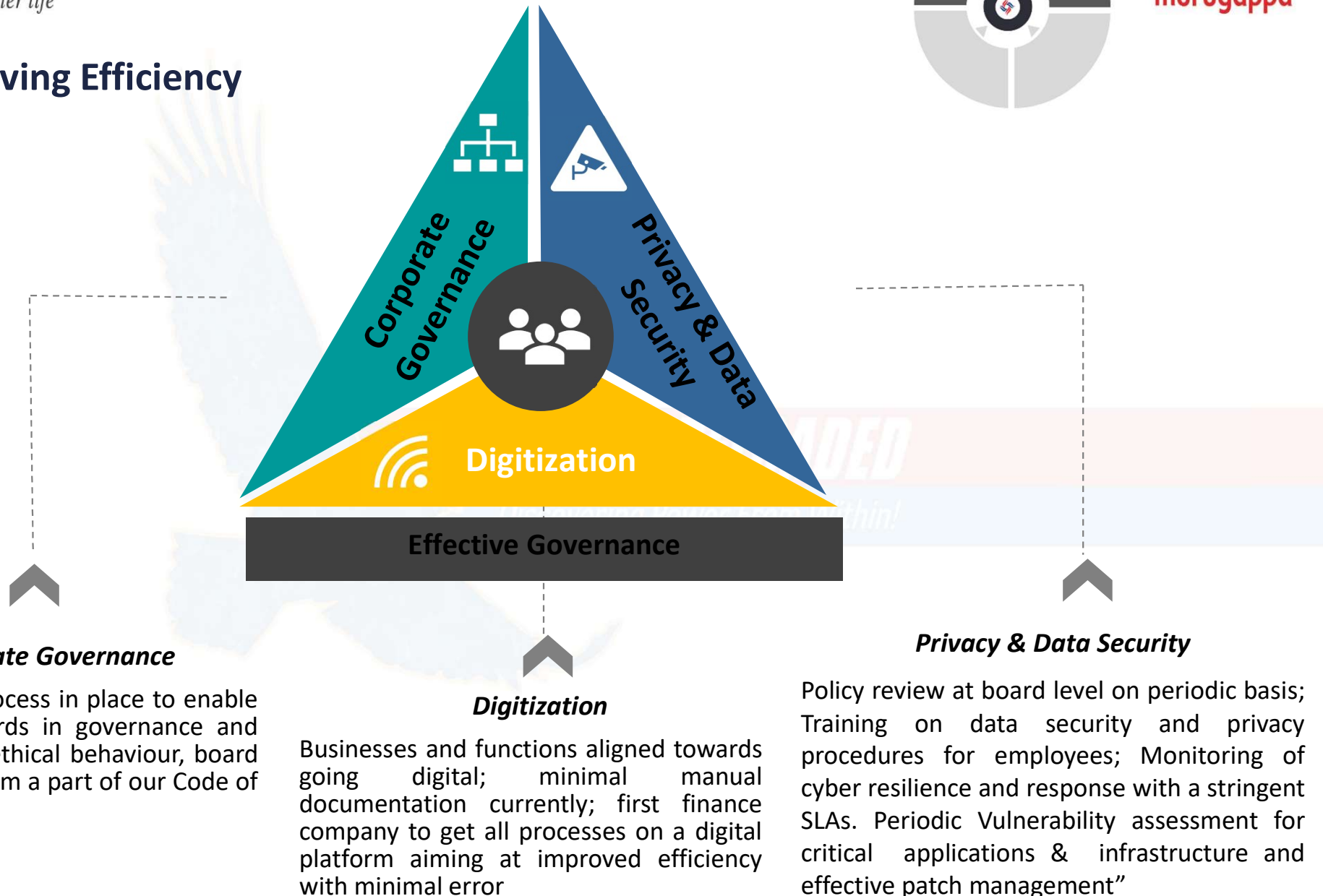
We do not engage with industries that pose a threat to the environment. The list of such industries are monitored and updated regularly to ensure compliance. We have been reconfirmed as a constituent of FTSE4Good Series in June 2021.

Innovation

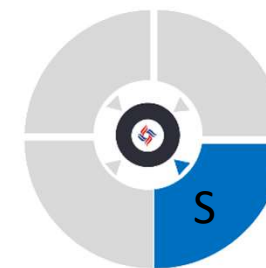
All our products are custom designed to suit our customer's need. We provide customized credit models, with minimal documentation. *Gaadi* bazar is one such example, which focuses on emerging market trends. With customer satisfaction as our key focus we have tailored our products to match their preferences.



Improving Efficiency

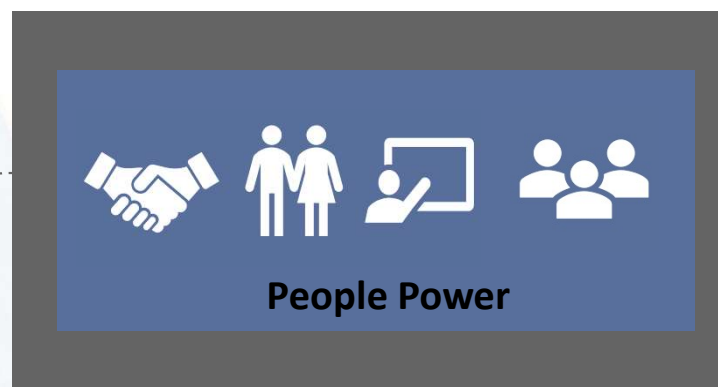


People Power



Employee Wellness

- Emotional & mental wellbeing programs: Utilized by several employees in the past year
- Dedicated grievance hotline
- Focus on Stress management
- Financial wellness of employees & families- 8 wellbeing programs conducted last year
- Pandemic support programs: paid leave, term life insurance, hospitalization benefit, vaccination
- ISO 30408:2016- Human Resource Management certified



Diversity & Inclusiveness

- Business activities such as hiring, promotion, and compensation of employees, conducted without regard to race, colour, religion, gender etc.
- We aim at hiring more women in business roles and achieve gender equality in our organization.
- Emphasis on local hiring

Learning & Development

- Regular discussions carried out to recognize improvement areas of employees
- Trainings conducted for upskilling including vernacular trainings
- **75,192** manhours of training conducted in FY 21
- Support formal employee education by providing 80% fees as financial support for those in need

Empowering Communities

- CSR spend at INR **3207.48** Lacs for FY 21
- Key focus areas include upliftment in the Trucking community
- Regular health and eye camps carried out at 'Transport Nagars' (Trucker Hubs)-golden quadrilateral across India- **1,80,539** eye screenings till March 2021
- Piloted numerous projects in the area of Health, Water & Sanitation, Education, road safety, environment sustainability etc.

Environmental Consciousness



Green Building

We aim at incorporating green methods in the construction of our upcoming office buildings. The latest office construction at Guindy is under the supervision of a green consultant and aims to imbibe Green Building principles

Our processes are ISO 9001:2015
Quality Management System Certified



Waste

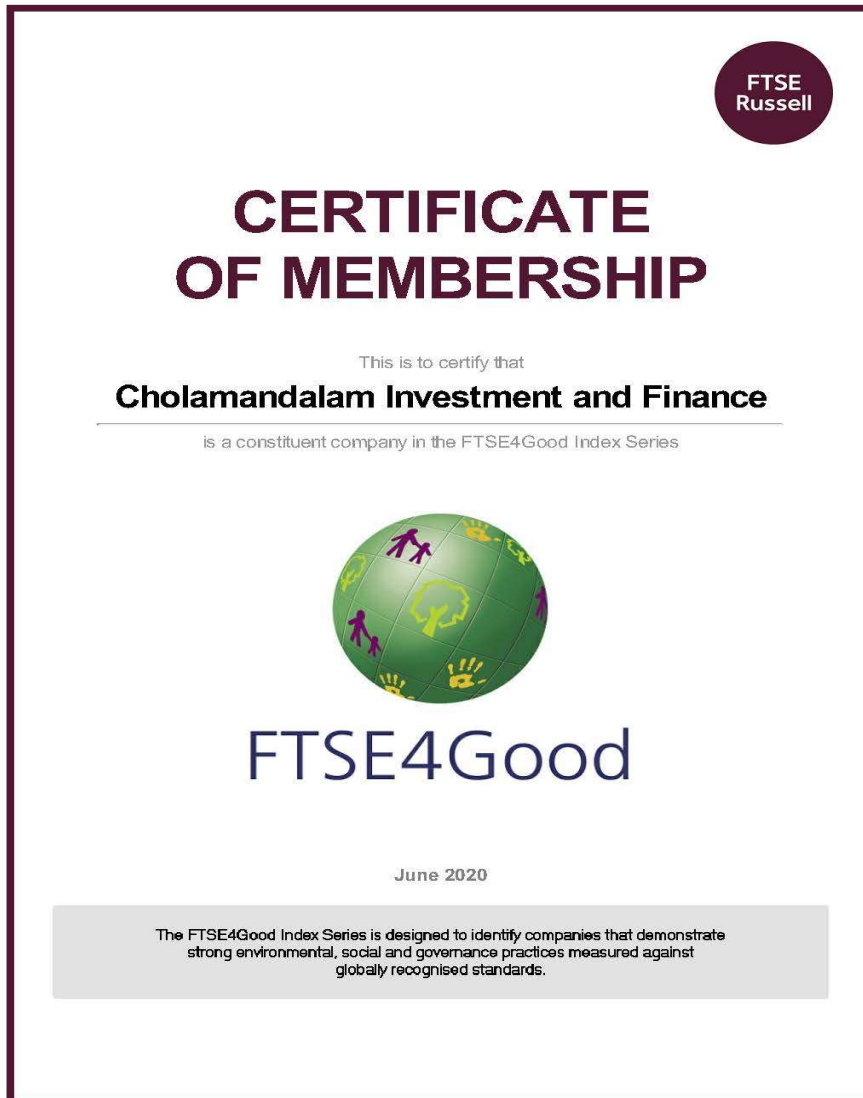
With a clear focus on sustainability, Chola has a well defined e-waste policy which ensures that disposal of e-waste is carried out only through authorized e-waste vendors at all our facilities



Carbon

As an environmentally responsible company Chola has taken various steps towards sustainability by contributing towards water conservation, energy efficiency, supporting micro businesses in the Renewable energy sector etc. Going forward, we will focus on carbon footprint reduction

ESG Certification – FTSE Russell



Our Company has been included in the FTSE4Good Index Series, created by the global index and data provider FTSE Russell. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

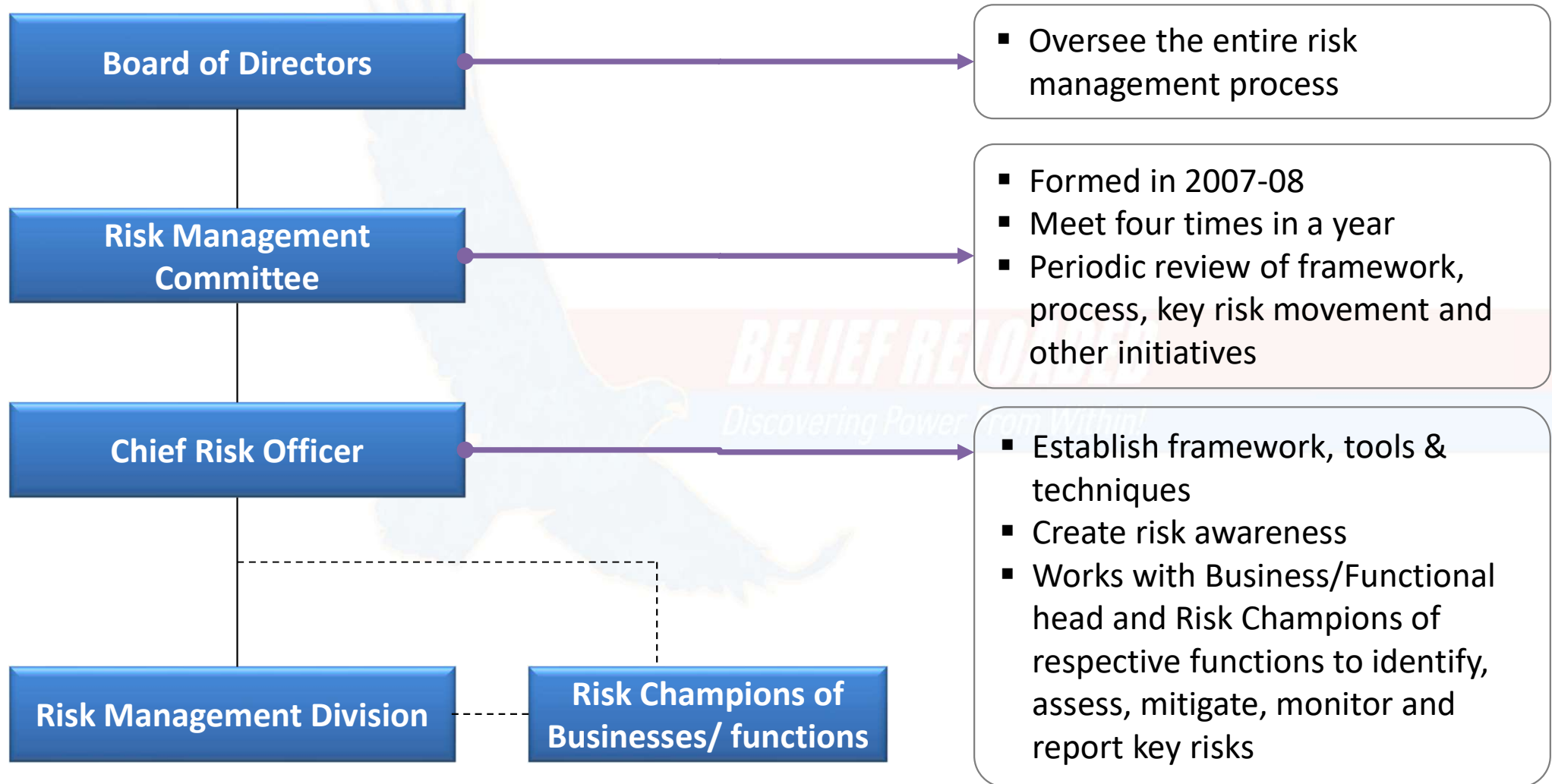
The FTSE4Good indexes are used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.

Note: Reaffirmed as constituent of FTSE4Good Index Series in June 2021

Risk Management



Risk Governance Structure

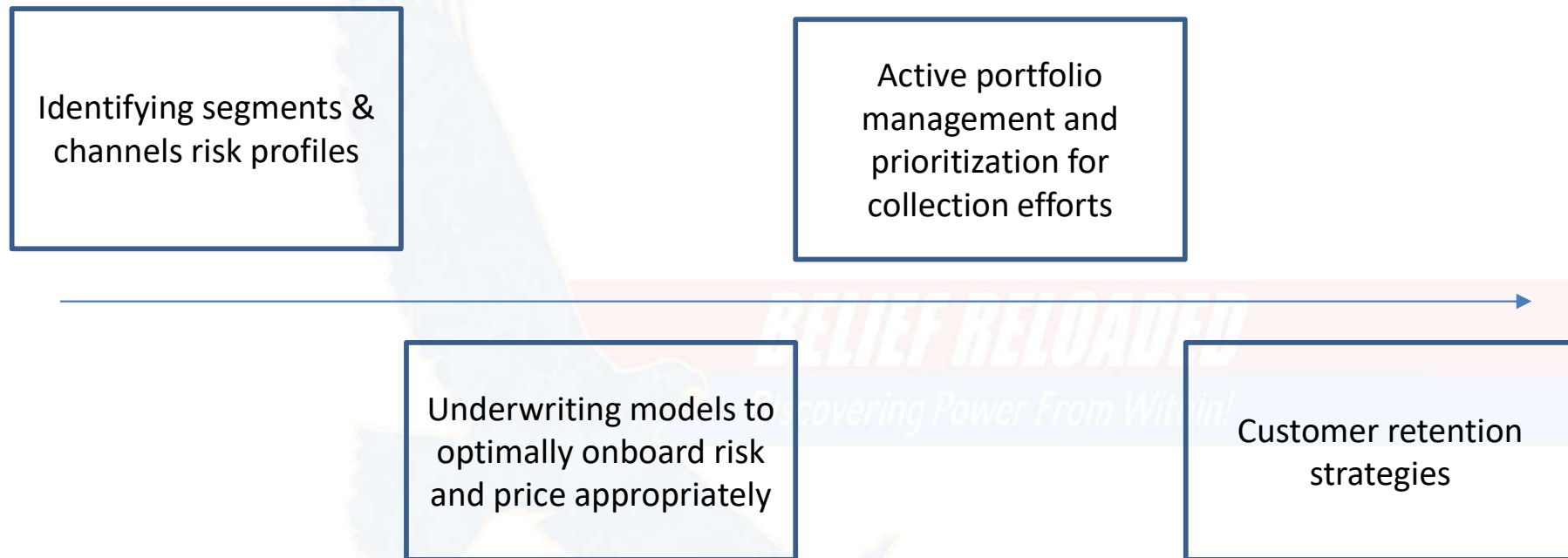


Key Functions of Risk Management Division

- 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

- Drive enhanced usage of hybrid cloud solutions and adopt cloud-first approach for new business solutions
- Ongoing enhancement of network infrastructure to support remote working & collaboration
- Complete BCP / DR Drill execution for key product and processes, ensuring appropriate network & compute
- Augmented asset and service management solution to handle all lifecycle events of technology assets

Digital Engagement & Application Platform

Deliver seamless digital experience for all

- Launch of digital solution for new personal loans and business loans products supporting online partnership & assisted modes
- Integration with leading manufacturers for online Lead flow and seamless approvals and lead status updates
- Enhance functional capability in Co-Lending with other banks & financial institutions by adding support for more VF products
- Increased automation index for different processes in the back-office functions using process automation tools

Security & Governance

Embed cyber security & technology governance

- Ensure on-going 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
- Increase automation for user access to applications and handle it across the user lifecycle stages
- Design and roll out Minimum Security Baseline for the components of the technology infrastructure
- 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
- Identify and build requisite skills in strategic technology areas to ensure readiness on Digital Technology front as a function



ECL Methodology

BELIEF RELOADED

Discovering Power From Within!

- RBI had made changes to the method of evaluating the NPAs as per their circular dated 12th Nov 2021.
- While these changes are regarding evaluation of NPA as per Income Recognition and Asset Classification and Provisioning (IRACP) as defined by RBI and has no bearing directly on the ECL model.
- We have made suitable changes in presenting the stagewise asset categorization to bring in more transparency in our reporting to enable all stakeholders to relate the figures both under IRAC model and the IND AS ECL model.
- Separate Probability of Default were calculated for each of the sub-classifications under Stage 1 and Stage 2.
- Other Measurement framework and segmentation under ECL remains the same.

Stage 1 - On initial recognition, all loans are classified as Stage 1. Subsequently, loans which are not more than 30 DPD on the reporting date are classified as Stage 1. It also includes loans which have been reclassified from Stage 2 or Stage 3 on improvement in credit quality as reflected in their DPD on the reporting date. Within Stage 1, there are 3 sub-categories

1 – Accounts which have never been stage 3 and are currently in 0-30 days

1 A – Accounts which were stage 3 earlier but subsequently normalized and currently in 0-30 days

1 B – Accounts which were stage 3 earlier, and roll backed but yet to normalize though it has moved to stage 1 currently

Stage 2 - It represents loans which have significant increase in credit risk since origination. Loans which are more than 30 DPD and upto 90 DPD on the reporting date are classified as Stage 2. It also includes loans which have been reclassified from Stage 3 on improvement in credit quality as reflected in their DPD on the reporting date. Within Stage 2, there are 3 sub-categories

2 – Accounts which have never been stage 3 and have always been within 0-90 days and currently in 31-90 days.

2 A – Accounts which were stage 3 earlier but subsequently normalized and now in 31-90 days

2 B – Accounts which were stage 3 earlier, and roll backed but yet to normalize, though it has moved to Stage 2 currently

Stage 3 - Loans with more than 90 dpd on the reporting date are considered credit impaired.

PD is computed separately for each of the sub-segment. PD of stage 3 loan is 100% as it is already under default.

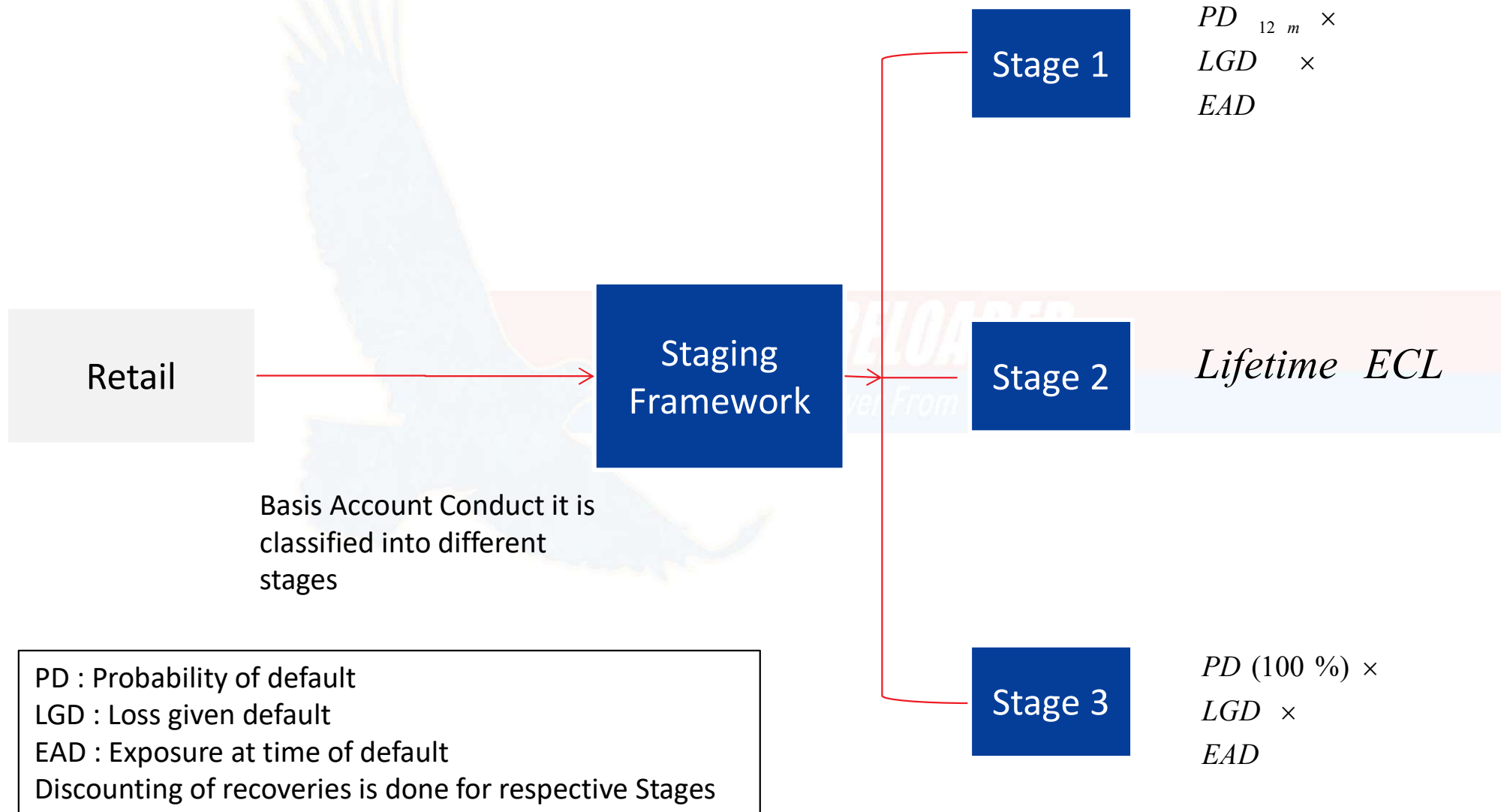
Forward looking information with reference to external forecasts of macro-economic parameters is also considered in the estimation of PD by applying appropriate weightages to the most likely, optimistic and pessimistic scenarios.

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

Measurement Framework

Asset
classification

ECL



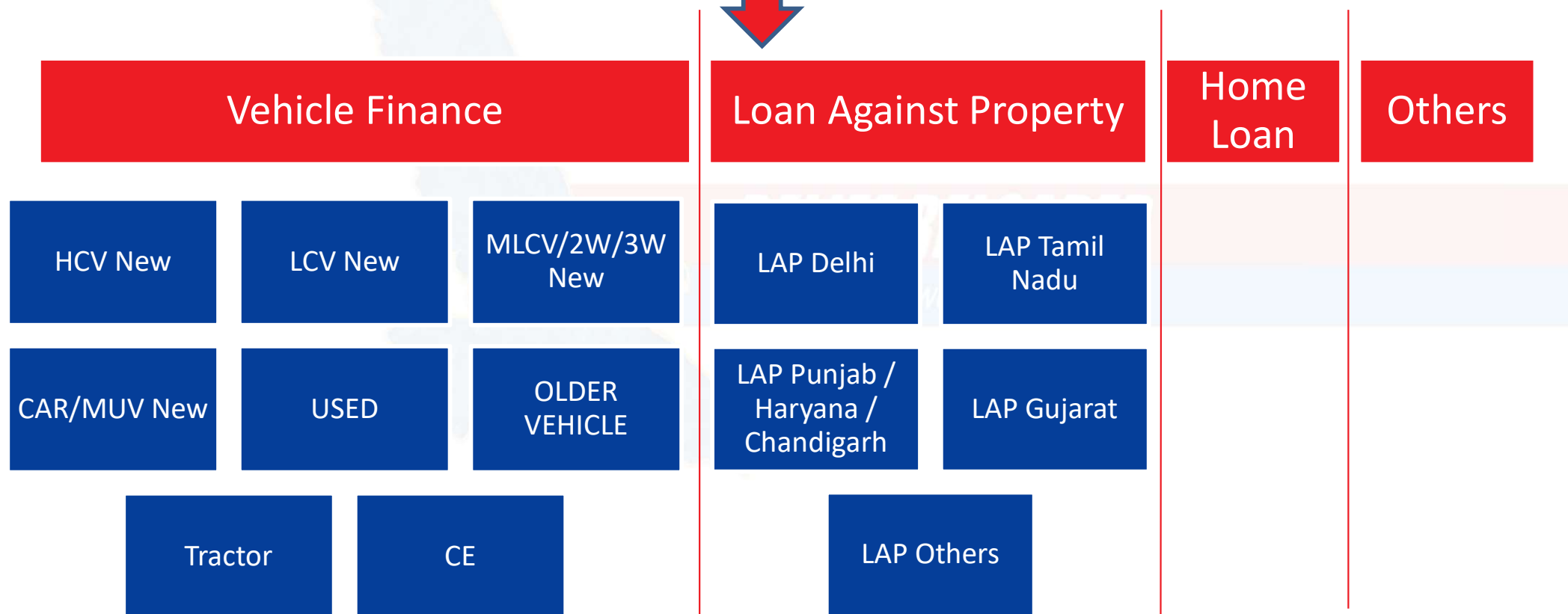
Measurement Framework

<u>Asset classification</u>	<u>ECL</u>	<u>Description</u>
Stage 1	$PD_{12m} \times LGD \times EAD$	<ul style="list-style-type: none"> • Assets with low risk (0-30 DPD) on reporting date • Loss estimate based on a 1 year forward estimate
Stage 2	<i>Lifetime ECL</i>	<ul style="list-style-type: none"> • 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	$PD (100\%) \times LGD \times EAD$	<ul style="list-style-type: none"> • 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.



VF portfolio is split basis the product category

LAP portfolio is split basis geography

Home Loans and other smaller portfolios are not segmented

Contact us

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