



Chola

Financial Holdings

CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED

CORPORATE PRESENTATION – Q2-FY22



murugappa

Murugappa Group in a Nutshell



Years of
Existence



Consolidated
Turnover
(FY21)



Sectors



Businesses



Listed
Companies



Geographical
Presence

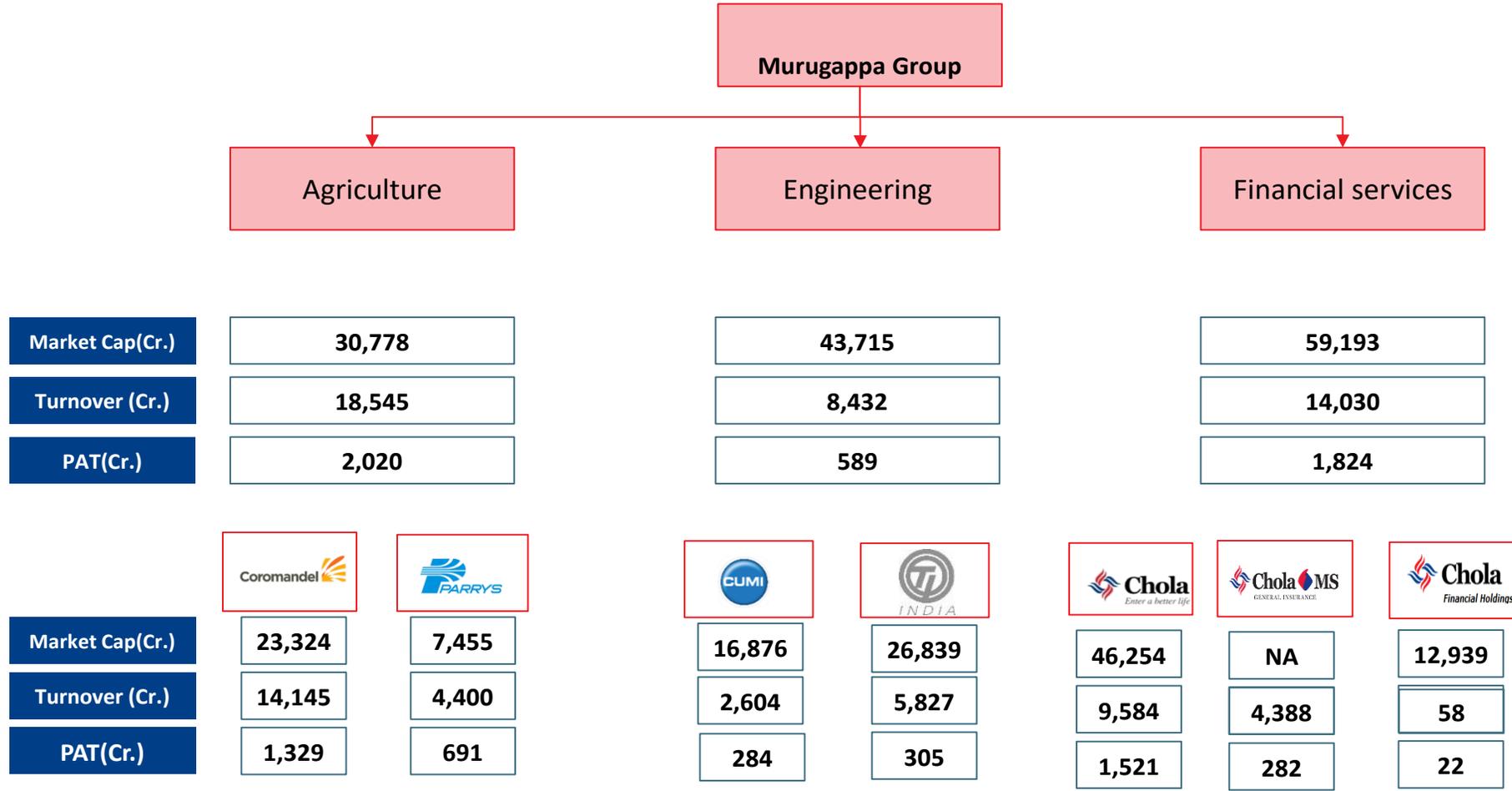


Manufacturing
Locations



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 30th Sep 2021. Source: BSE

SPIRIT OF MURUGAPPA



The five lights
The values, principles and beliefs that have always guided us and continue to show the way forward.

Integrity
We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion
We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality
We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect
We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility
We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that benefits our size and also reflects our humility.

“The fundamental principle of economic activity is that no man you transact with will lose, then you shall not.”

Cholamandalam Financial Holdings Limited (CFHL)
(Core Investment Company)

45.44%

Cholamandalam
Investment and
Finance Company
Limited (CIFCL)

- Subsidiary (as per Ind AS)
- Associate (as per Companies Act)
- Listed Company
- Leading NBFC - Vehicle Finance, Loan against Property, Home Loans
- Stock broking and distribution of financial products through Subsidiary Companies

60.00%

Cholamandalam MS
General Insurance
Company Limited
(CMMSGICL)

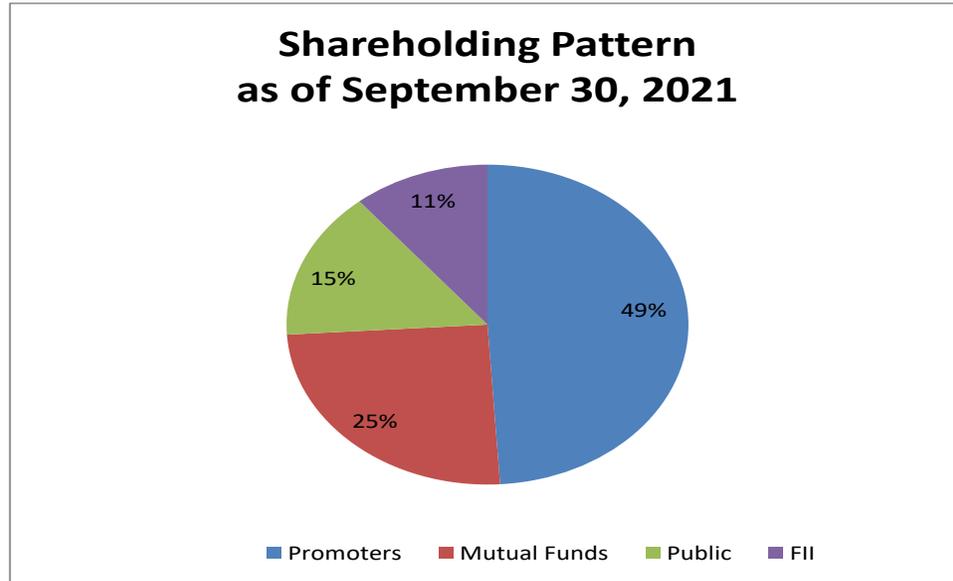
- Joint Venture with Mitsui Sumitomo Insurance Group, Japan
- Subsidiary
- Unlisted
- Multi-line insurer
 - a) Personal - Motor, accident, health, home
 - b) Commercial - Property, Engineering, Marine, Liability and Group Accident & Health

49.50%

Cholamandalam MS
Risk Services Limited
(CMSRSL)

- Joint Venture with Mitsui Sumitomo Insurance Group, Japan
- Unlisted
- Risk Management and Engineering Solutions - Environment, Health and Safety

Shareholding pattern & Share price movement



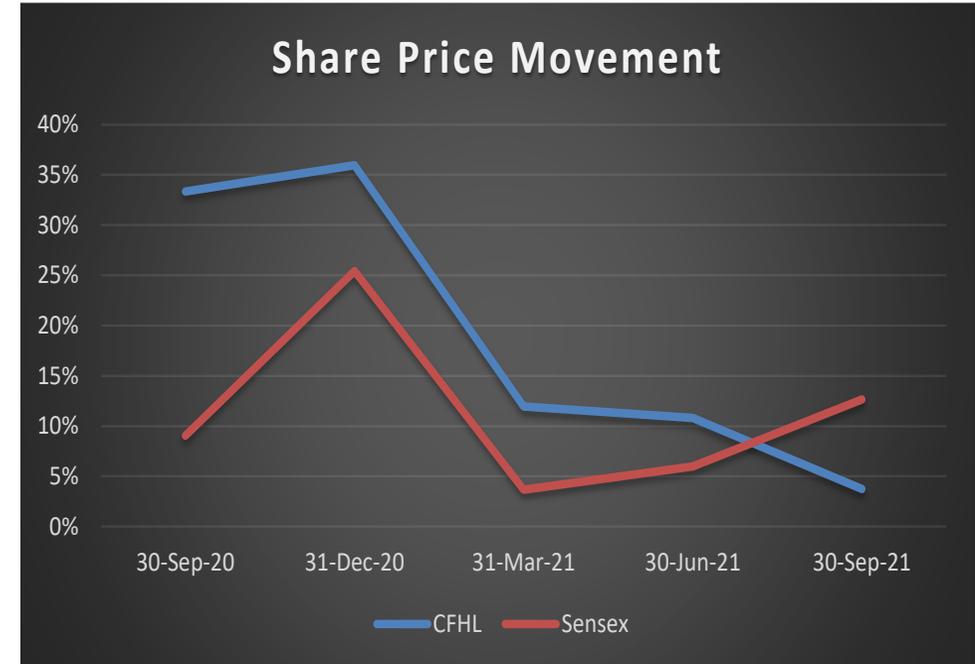
Institutional Holders (More than 1%)

Top Domestic Institutional Holdings

- * Nippon India Mutual Fund
- * ICICI Mutual Fund
- * HDFC Mutual Fund
- * Franklin India Mutual Fund
- * Aditya Birla Mutual Fund

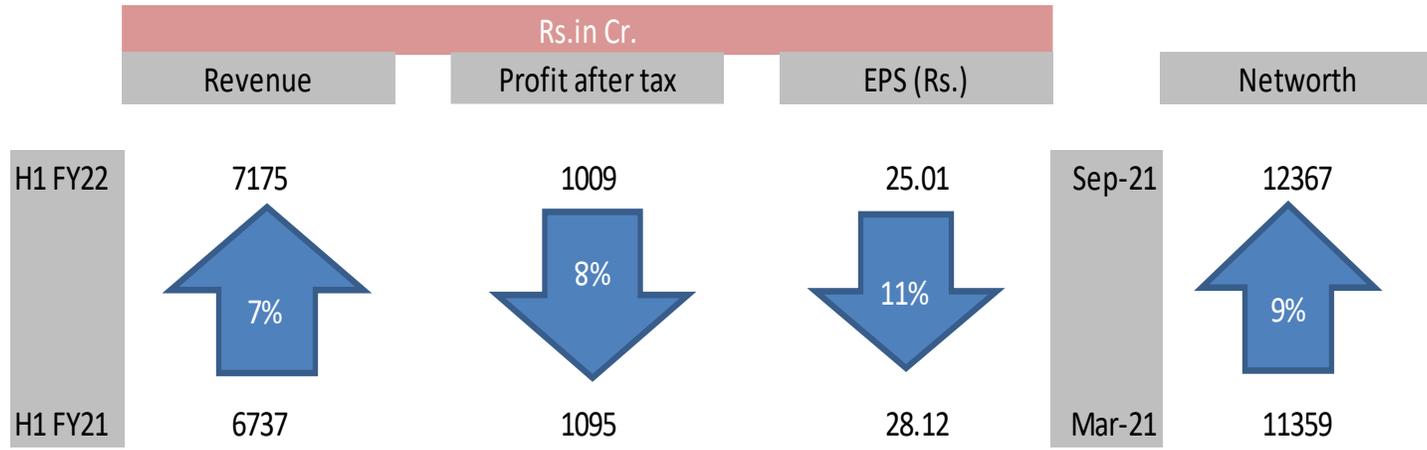
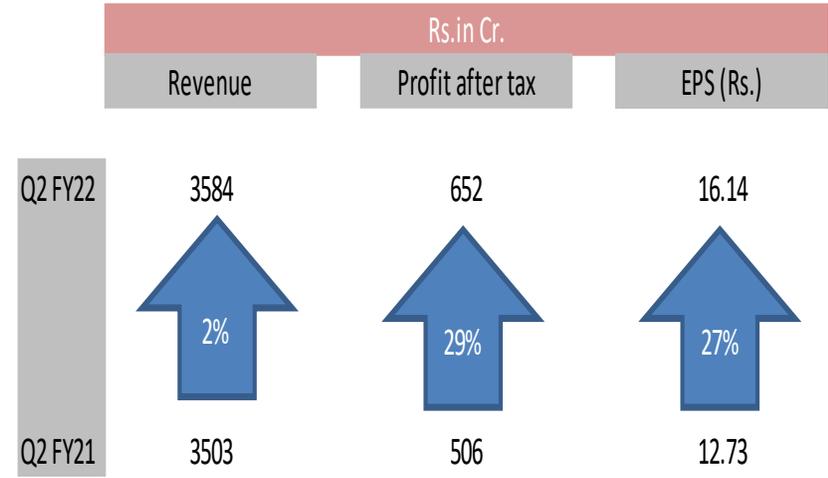
Top Foreign Institutional Holdings

- Toyota Tusho Corporation
- RBC Emerging Markets Small-cap Equity Fund

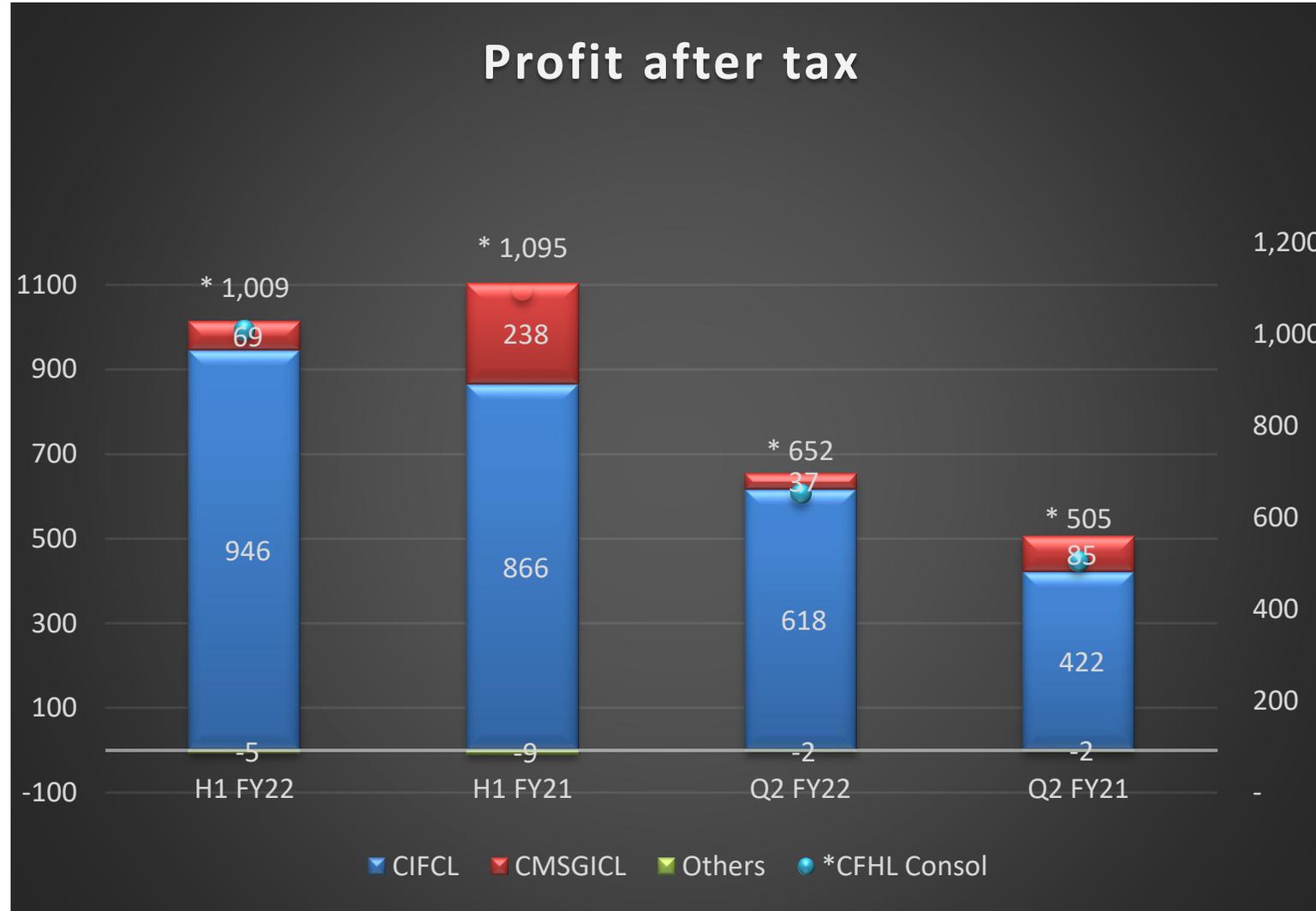


	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
CFHL (Rs. / Share)	394.00	535.65	599.70	664.50	689.30
BSE Sensex	38,067.93	47,751.33	49,509.15	52,482.71	59,126.36

Performance Highlights - Consolidated



Performance Highlights - Consolidated



Financial Performance & Metrics

CFHL - Standalone Particulars (Rs. in Cr)	H1 FY22	H1 FY21
Income	30	5
Expenses	6	12
Profit Before Tax	24	(7)
Tax Expense	4	-
Profit After Tax	20	(7)

CFHL - Standalone Balance Sheet (Rs. in Cr)	As of 30-Sep-2021	As of 31-Mar-2021
Networth	1,152	1,141
Other Liabilities	158	162
Total Equity and Liabilities	1,310	1,303
Investments and Bank deposits	1,310	1,303
Other Assets	0	0
Total Assets	1,310	1,303

CIFCL Disbursements (Rs. in Cr)	H1 FY22	H1 FY21
	12,341	10,046
	As of 30-Sep-2021	As of 30-Sep-2020
AUM (Rs. in Cr)	75,063	74,471
No. of Branches	1,140	1,132

CMSGICL GWP (Rs. in Cr)	H1 FY22	H1 FY21
	2,300	2,058
	As of 30-Sep-2021	As of 31-Mar-2021
Investment Portfolio (Rs. in Cr)	10,311	10,262
No of physical touch points including SMO	609	607

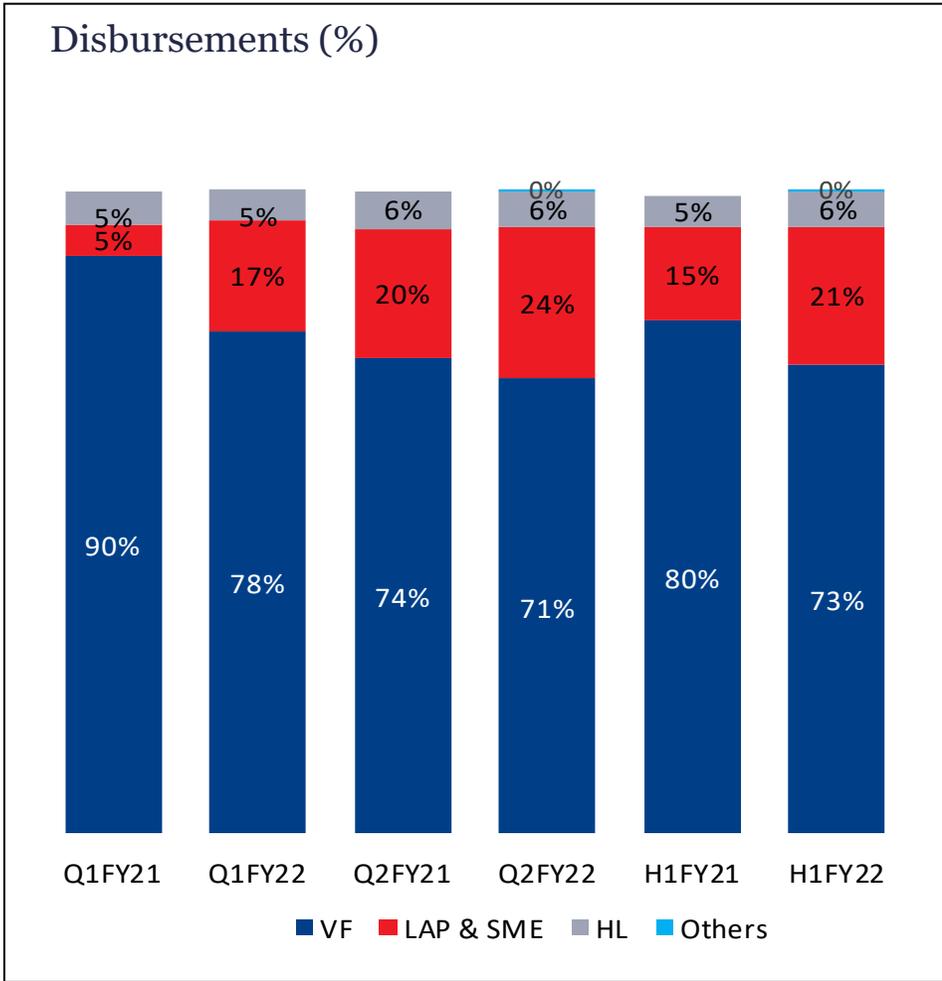
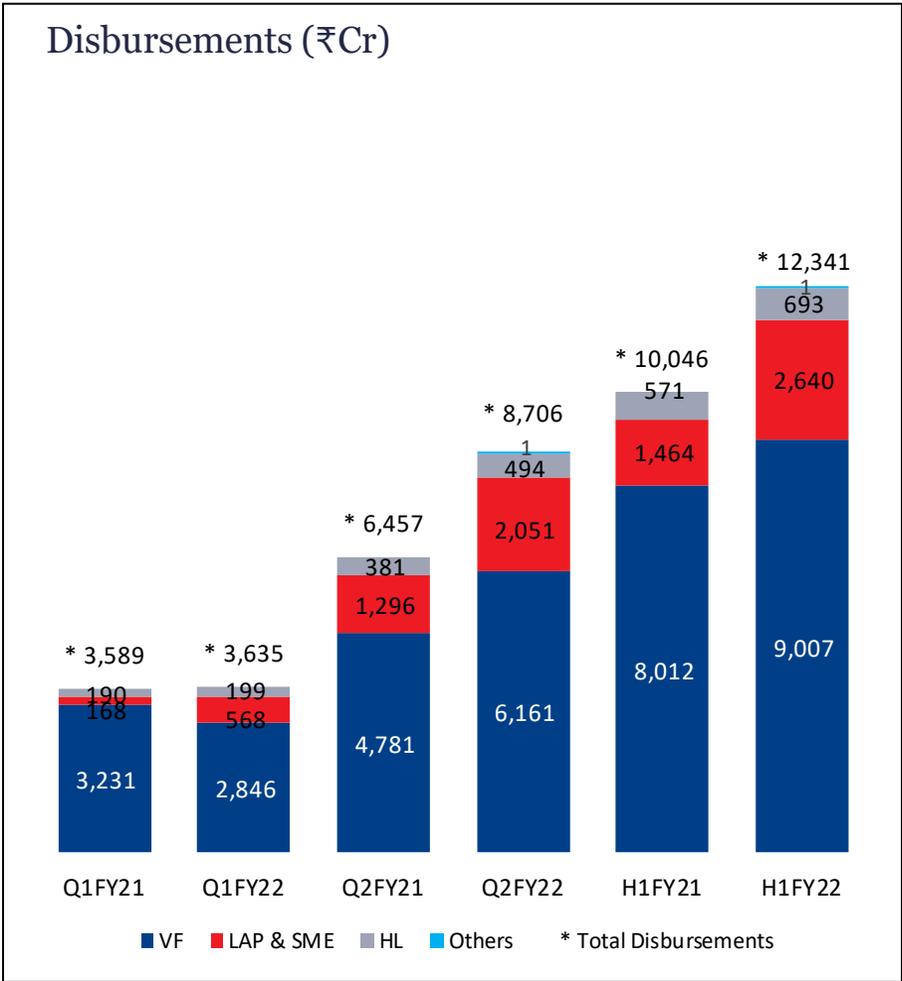
CMSRSL Revenue (Rs. in Cr)	H1 FY22	H1 FY21
	25	15
PAT (Rs. in Cr)	2	(3)
	As of 30-Sep-2021	As of 31-Mar-2021
Networth (Rs. in Cr)	27	26

Regulatory Ratios of CFHL

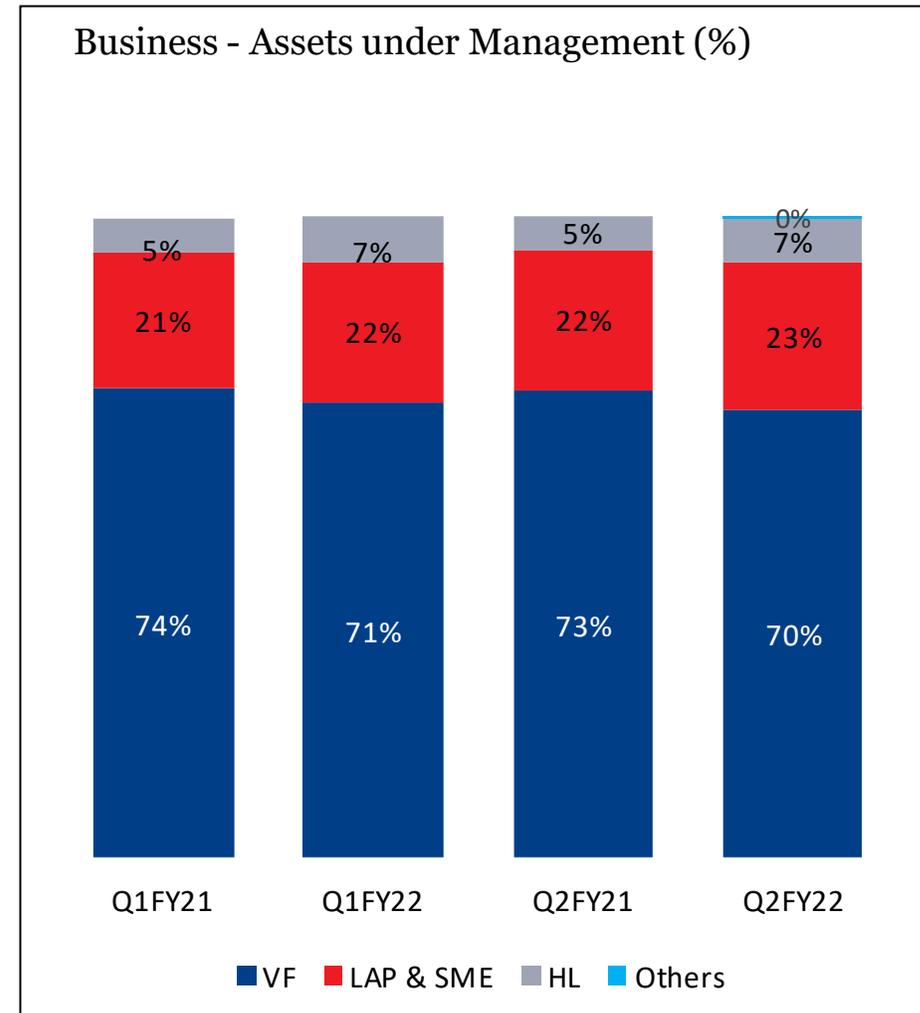
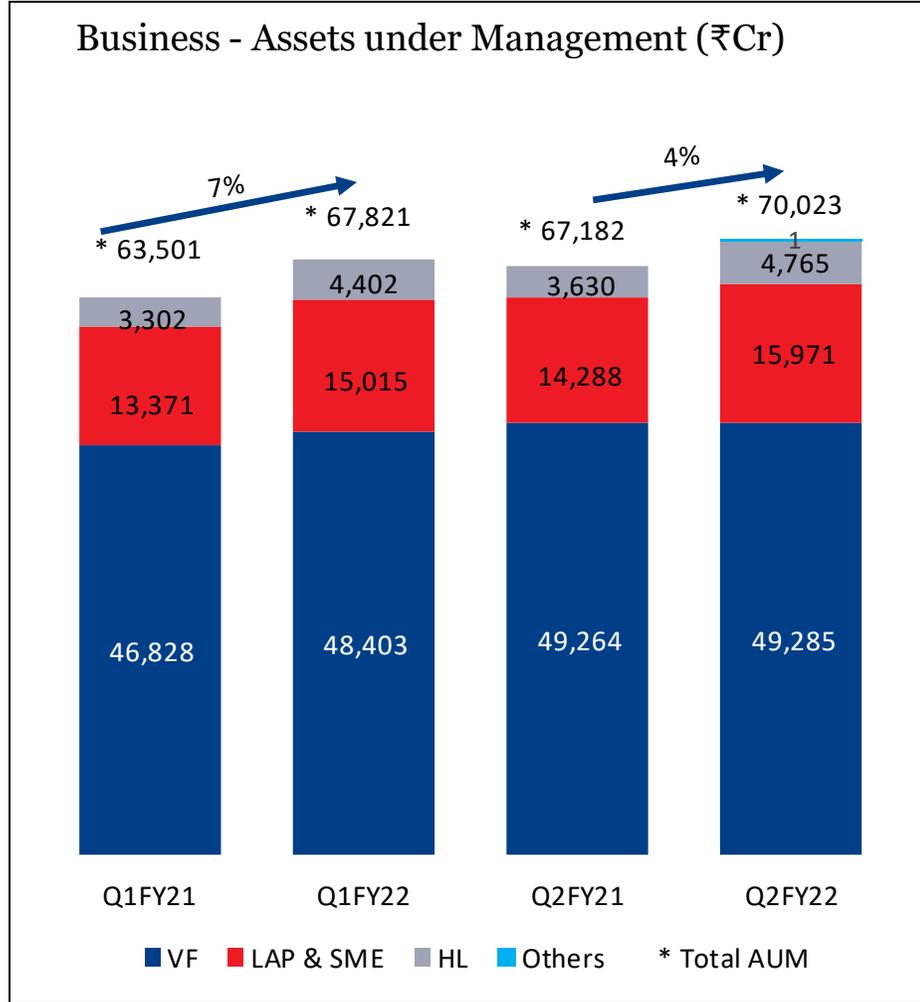
Particulars	Rs Crs	
	As of September 30, 2021	As of March 31, 2021
Owned Funds (A)	1,151.54	1,140.74
Adjusted Networth (B)	10,764.43	7,983.39
Risk Weighed Assets (C)	1,280.27	1,290.11
Outside Liabilities (D)	158.18	162.19
Net assets (E)	1,279.79	1,279.35
Investment in equity shares of group companies (F)	1,279.77	1,279.22
Capital Ratio (B / C)	840.79%	618.81%
Regulatory minimum	30.00%	30.00%
Leverage Ratio (D / B)	0.01	0.02
Regulatory maximum	2.50	2.50
Investment in group companies (F / E)	99.998%	99.990%
Regulatory minimum	90.00%	90.00%

Cholamandalam Investment and Finance Company Limited

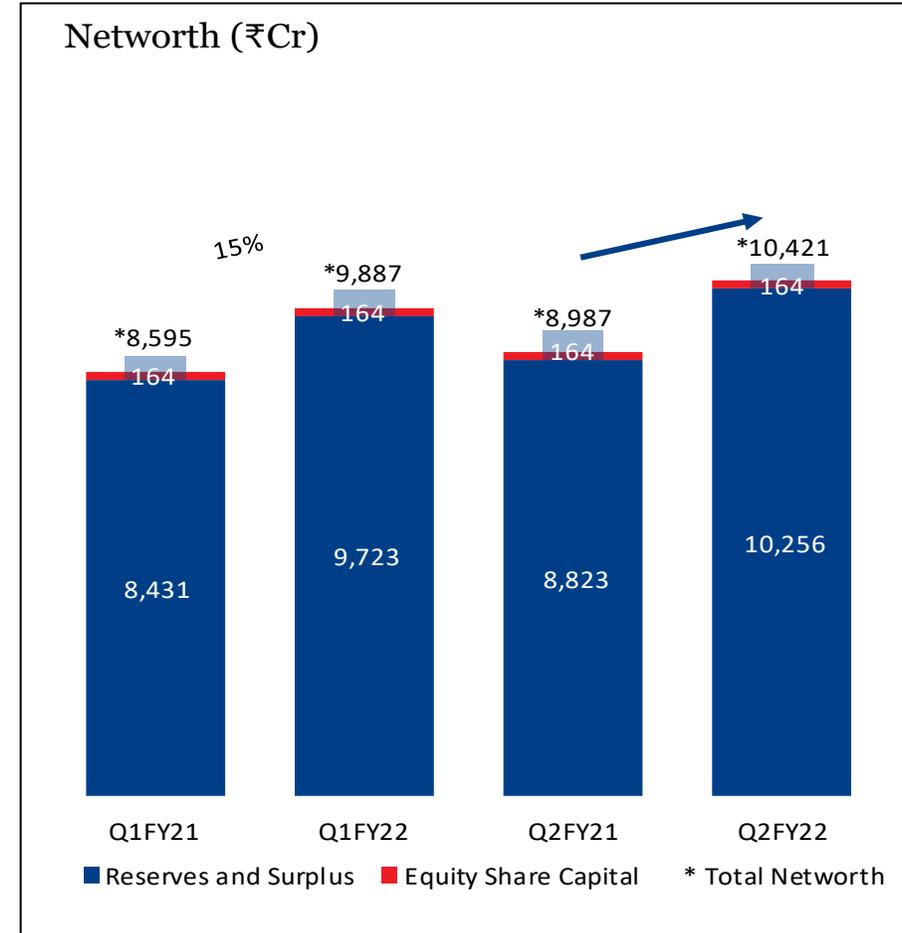
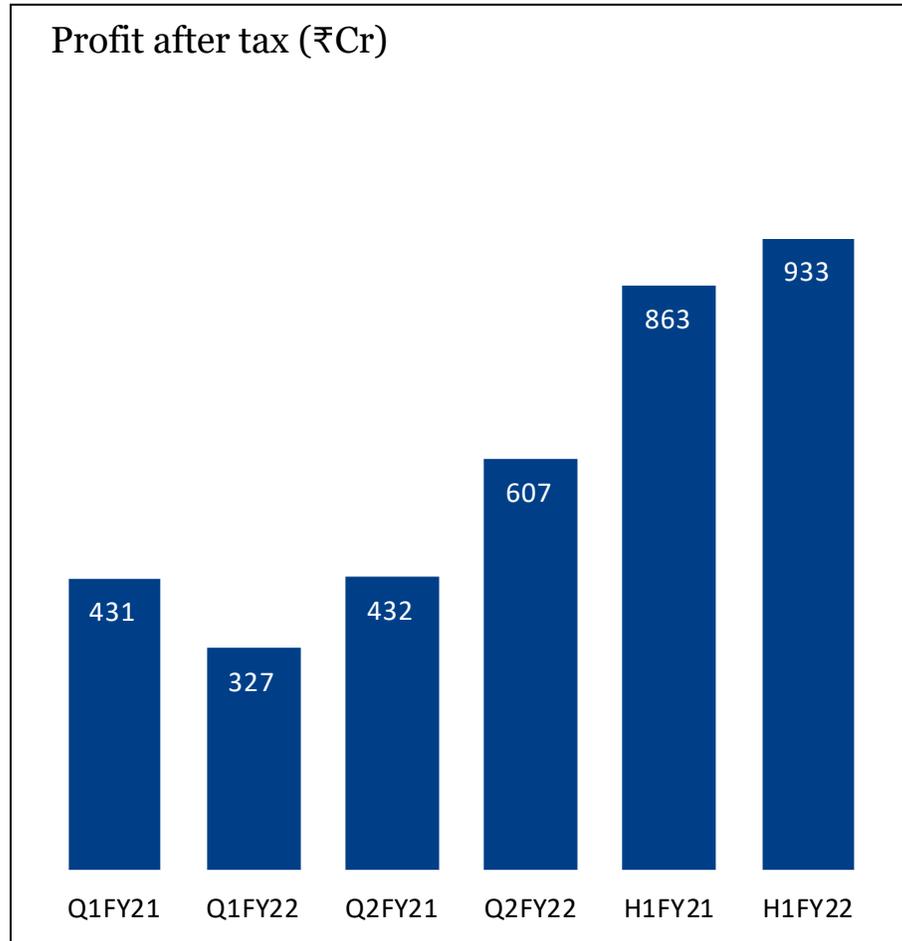
Disbursements



Assets Under Management



Profitability and Net worth



Vehicle Finance



Vehicle Finance: Q2FY22 Performance

Disbursements

- Disbursements grown by 29% in Q2FY22 as compared to Q2FY21.

Assets under management

- AUM was flattish compared to Q2FY21

Loss and provisions

- Loan losses declined to 0.4% in Q2FY22 as compared to 2.2% in Q2FY21.

Profit before tax

- PBT grown by 65% in Q2FY22 as compared to Q2FY21.

Sector outlook – Vehicle Finance business (1/1)

Sector Outlook

- The Tractor industry had witnessed a de-growth of 11% in Q2 FY'22 & a growth of 10% as of H1 FY'22. However, improving economic environment, the demand for rural & last mile transportation is expected to further support this segment.
- The Light commercial vehicle segment had a growth of 3% in Q2 FY'22 & 38% as of H1 FY'22 on account of a low base last year. However, improving economic environment, The demand for rural & last mile transportation further to support this segment.
- The Small commercial vehicle segment had a growth of 15% in Q2 FY'22 & 51% as of H1 FY'22 on account of a low base last year. 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 pandemic situation.
- 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 maintain 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 121% in Q2 FY'22 & 196% as of H1 FY'22 on account of a very low base last year. The segment will benefit from Improving economic environment though temporarily offset by second wave. The Pickup in construction, mining activities will also help this segment.
- The Passenger vehicle (Car & MUV) segment had a growth of 2% in Q2 FY'22 & 58% as of H1 FY'22 with a low base effect. However, the impact due to shortage of semiconductors might dampen sales during the festival season starting Q3.

Chola's Position

- Our exposure in this segment is around 9% 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 minimal. We will continue to focus on this segment as and when the market recovers.

Sector outlook – Vehicle Finance business (1/3)

Sector Outlook

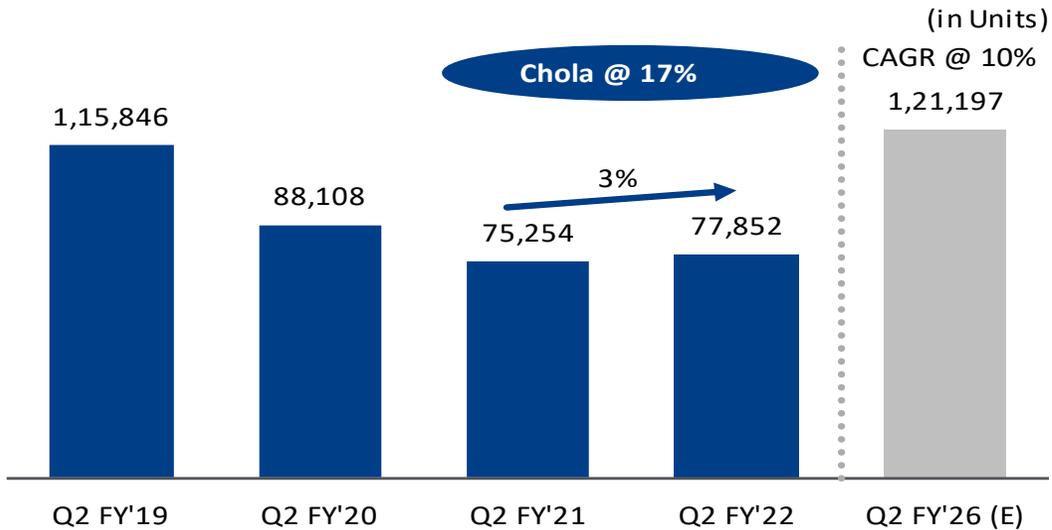
- The Two-wheeler industry had a de-growth of 12% in Q2 FY'22 & a growth of 9% as of H1 FY'22. The semiconductor issue had an impact on inventory levels in Q2 coupled with postponement of purchases due to the threat of third wave of COVID-19. Pent up demand is expected during the coming quarters subject to correction in inventory levels and positive sentiments during the upcoming festive season.
- Used vehicle business is likely to be least impacted in this year. Factors favouring this segment are lower market prices of used vehicles and extended time gap in regularization of the new vehicles supply chain on account of the pandemic together with the semiconductor shortage.

Chola's Position

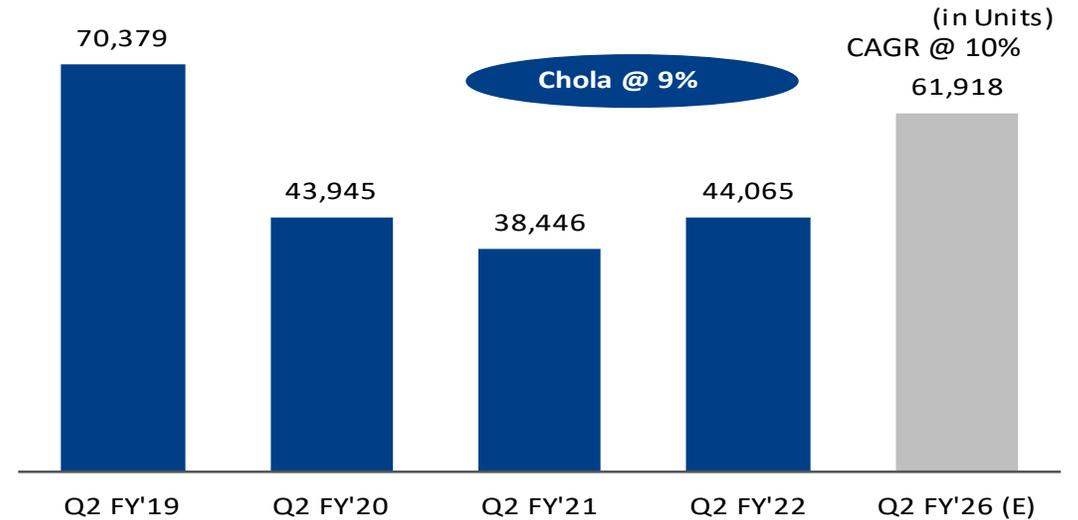
- The company intends to maintain its focus on two-wheeler funding with a clear eye for credit underwriting to maintain portfolio performance. We have created a robust collection mechanism to overcome any pressure due to the impact of COVID 19.
- We are one of the key players in the used vehicle financing 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



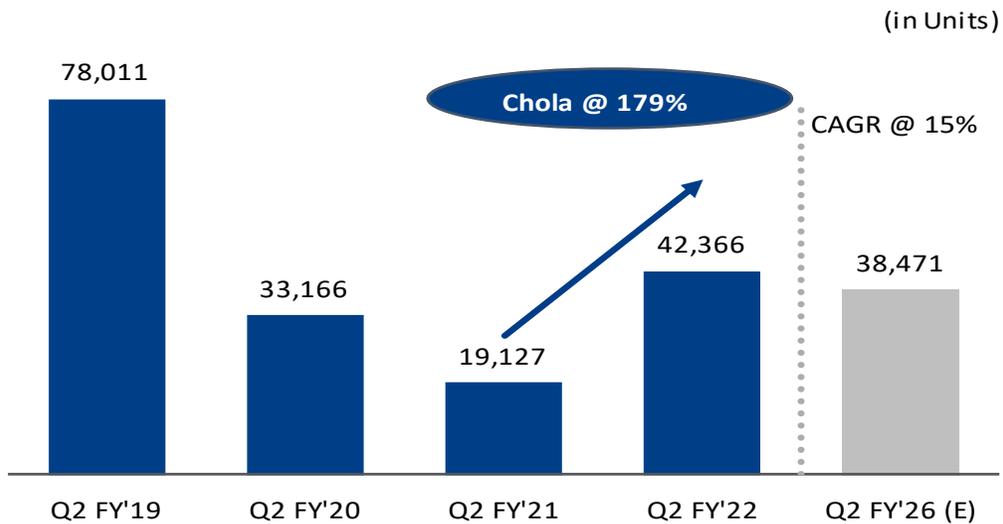
Trend in Domestic SCV Sales



- 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.

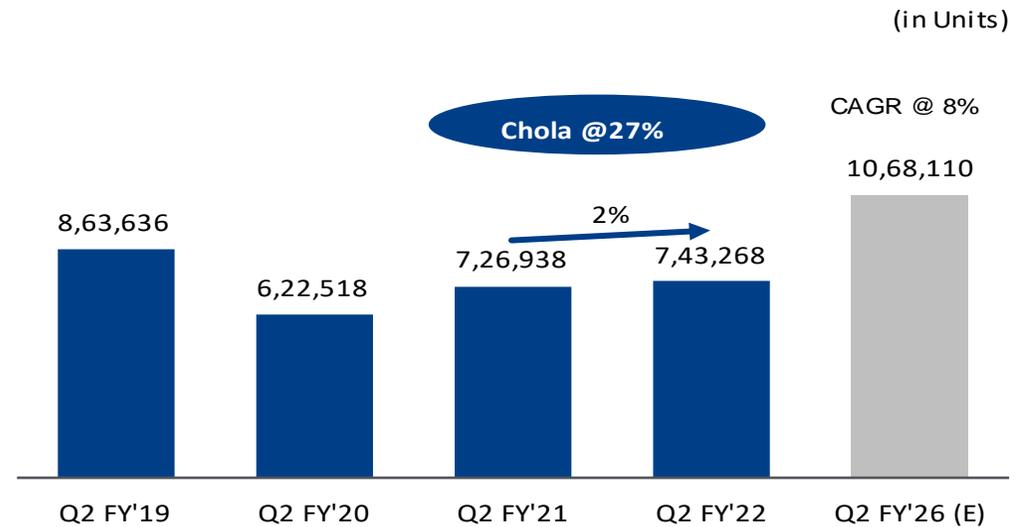
Auto Industry Outlook

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.

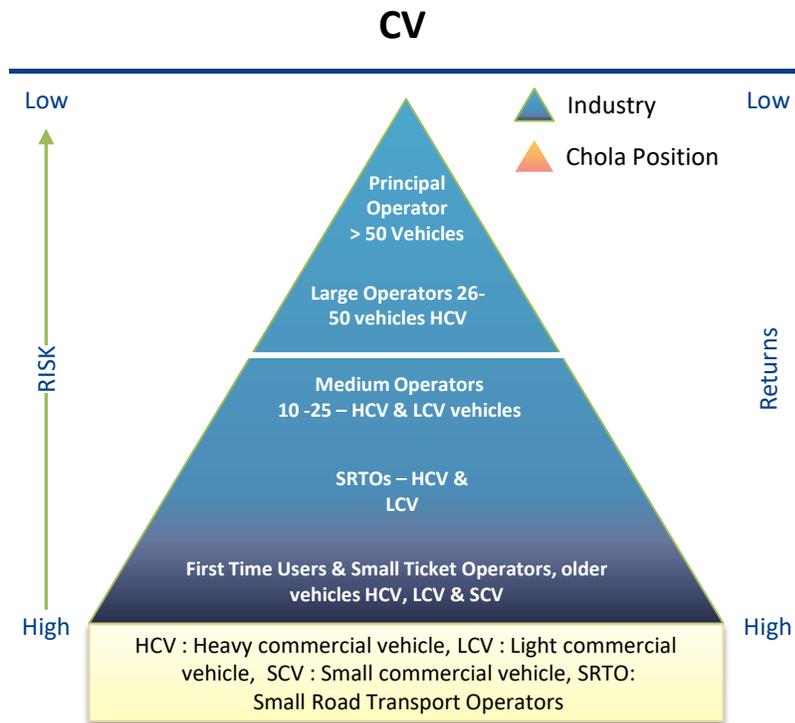
Trend in Domestic Car & MUV Sales



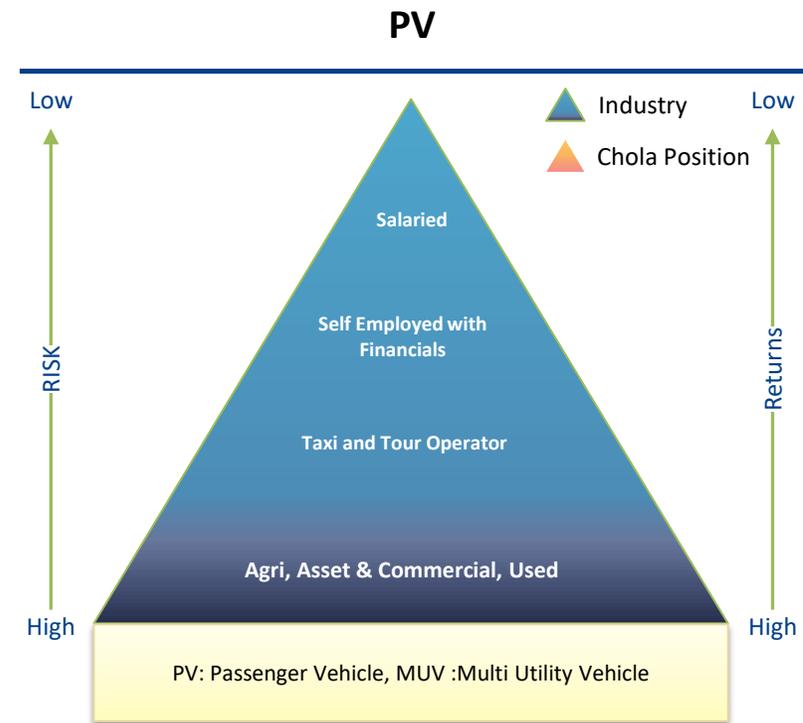
- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration from 23 vehicles per 1000 to upto 28 vehicles per 1000 population over the next 5 years.

Source: FY19 to FY26 numbers are from SIAM & CRISIL

Vehicle Finance—Business Model & Positioning



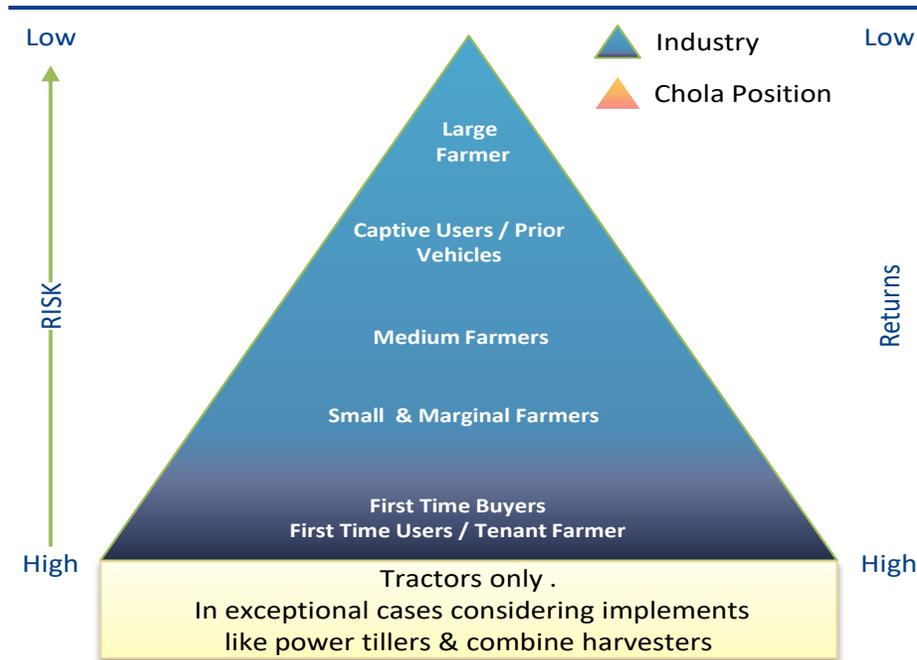
- ~65% of disbursements are to micro & small enterprises and agri -based customer segment
- Chola positioning-
 - Middle of the pyramid through New CVs, Used CVs
 - Top of the Bottom of the pyramid through SCV & older CVs Shubh



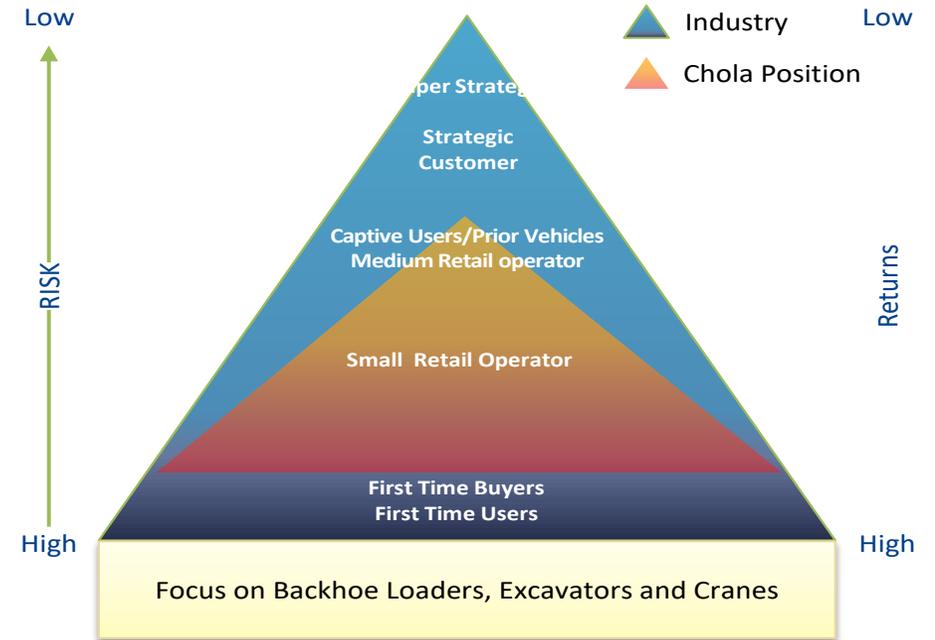
- ~ 66% of disbursements are to Chola Existing, Agri & Commercial usage customers
- ~ 34% disbursements are to Self Employed with financials
- Chola positioning-
 - Middle of the pyramid is into Agri, Asset & Commercial

Vehicle Finance—Business Model & Positioning

Tractor



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

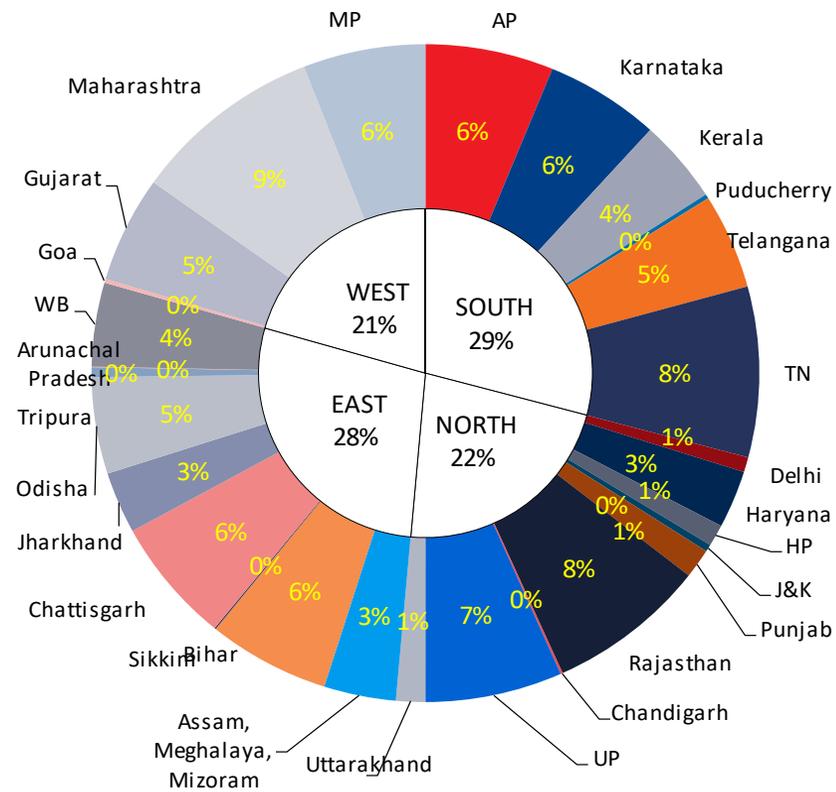


- ~ 69% of disbursements are to retail customer segment
- Application –
 - Captive
 - Hiring
- New & Used

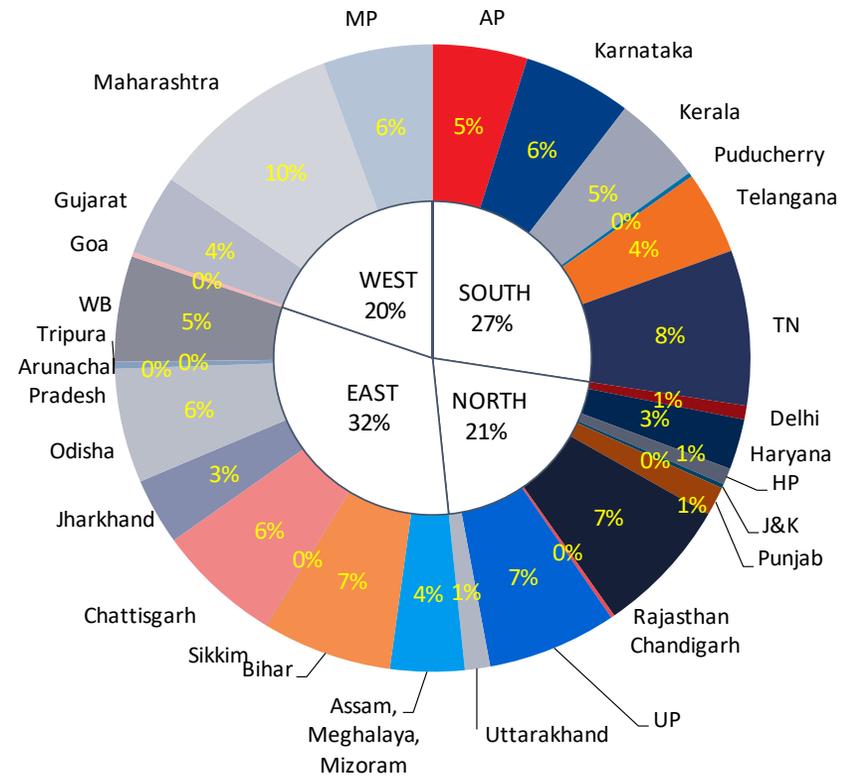
Vehicle Finance - Disbursement/Portfolio Mix – Q2FY22

Well diversified across geography

Disbursements - State wise



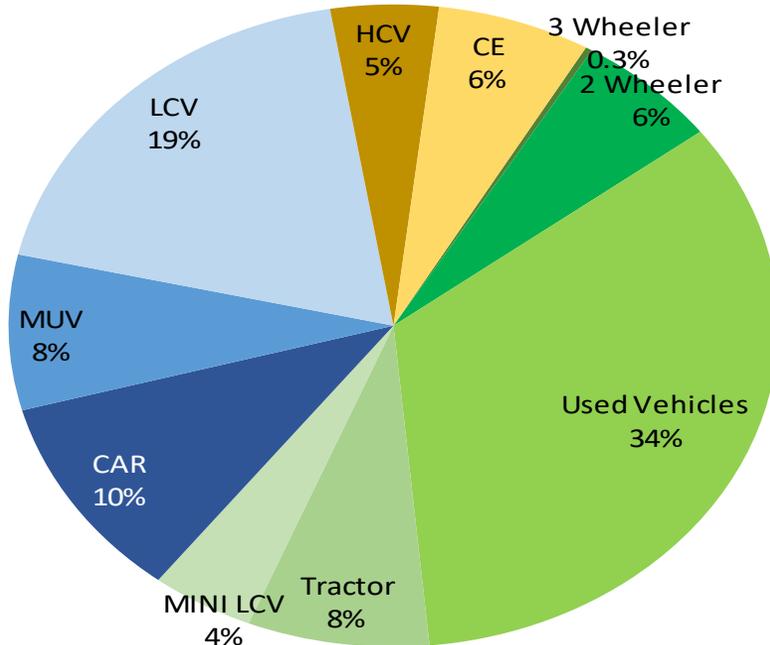
Portfolio - State wise



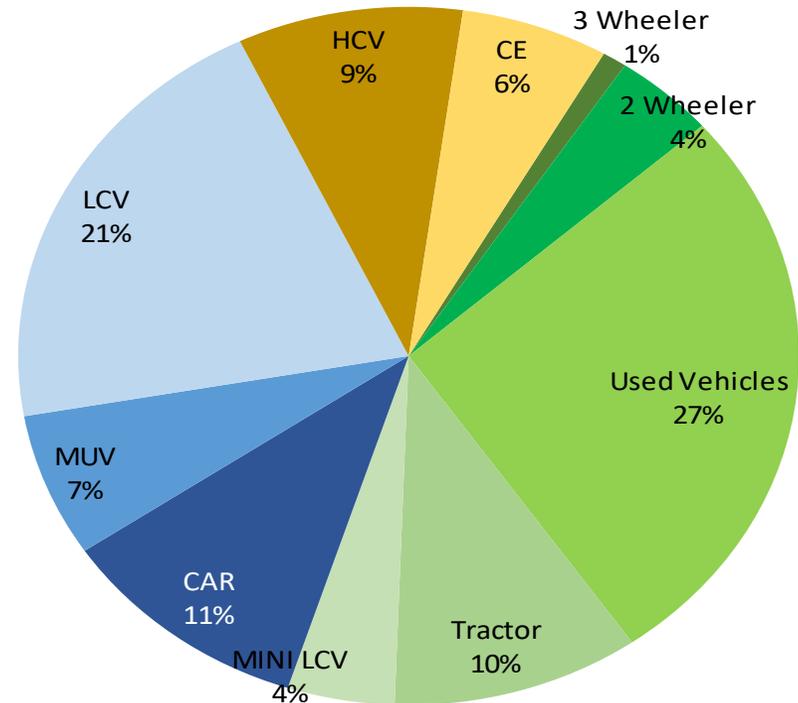
Vehicle Finance - Disbursement/Portfolio Mix – Q2FY22

Well diversified product segments

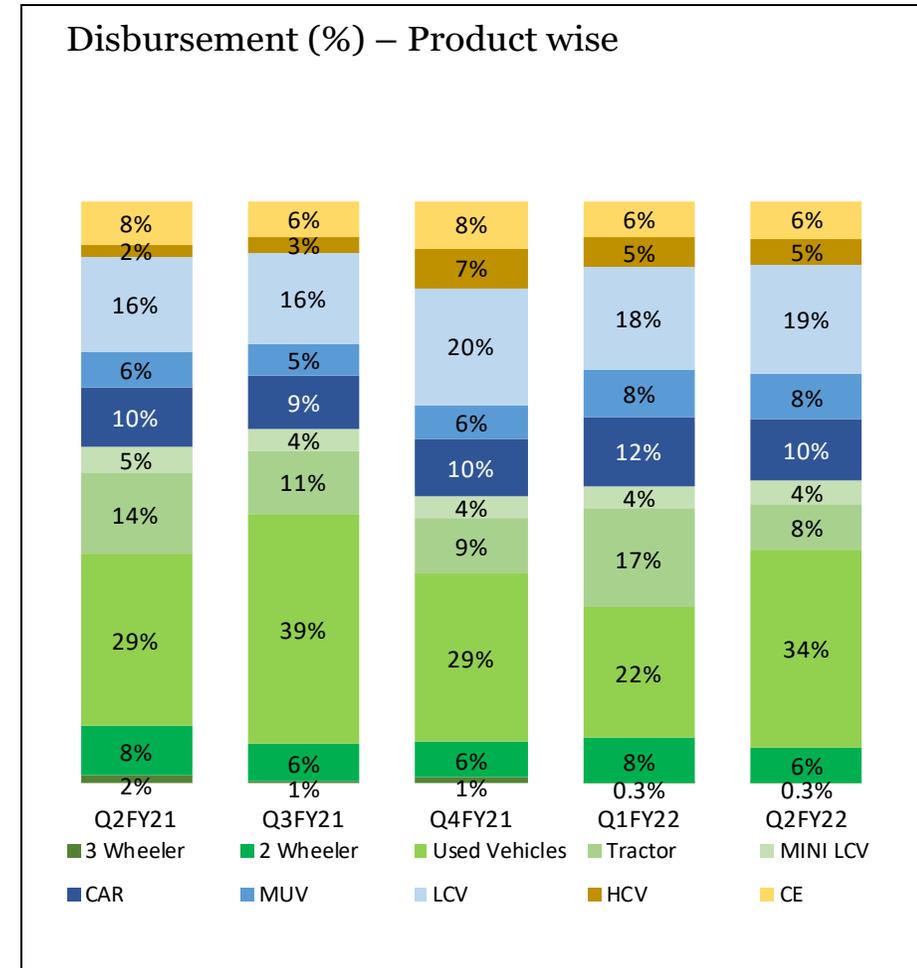
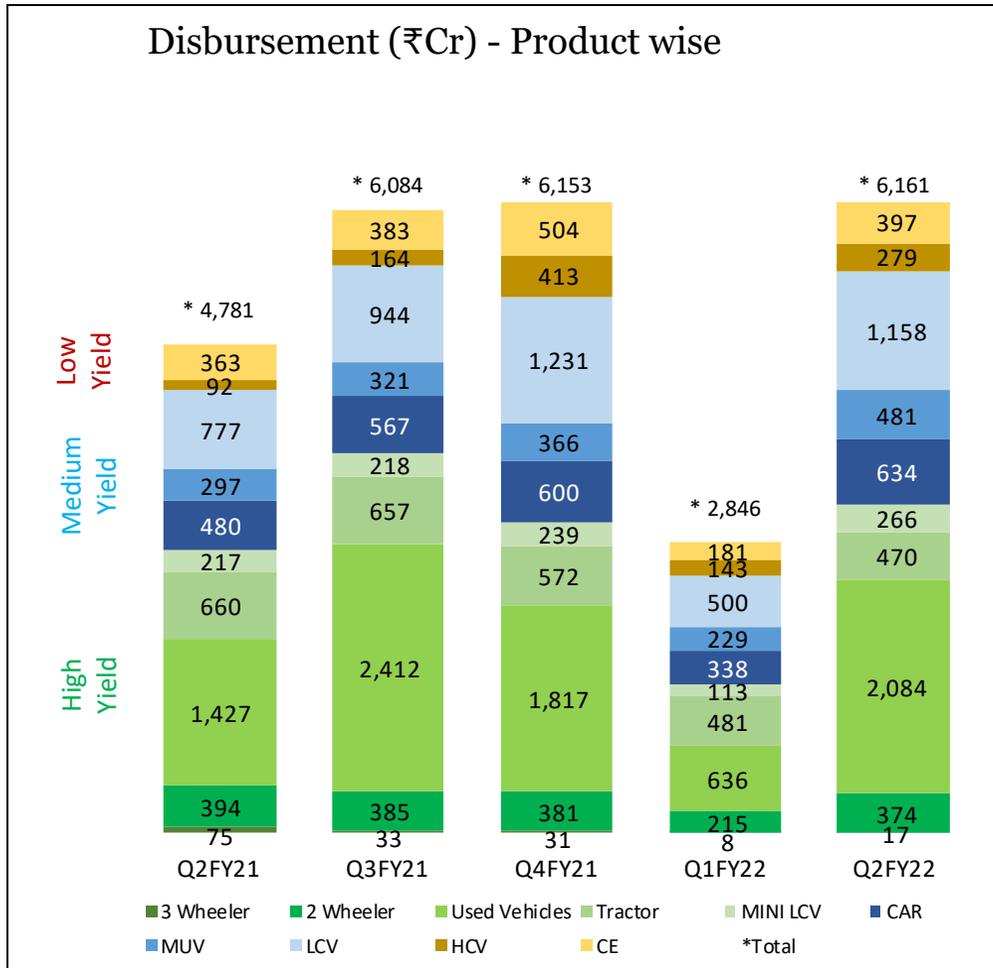
Disbursements
(Rs.cr) Product wise



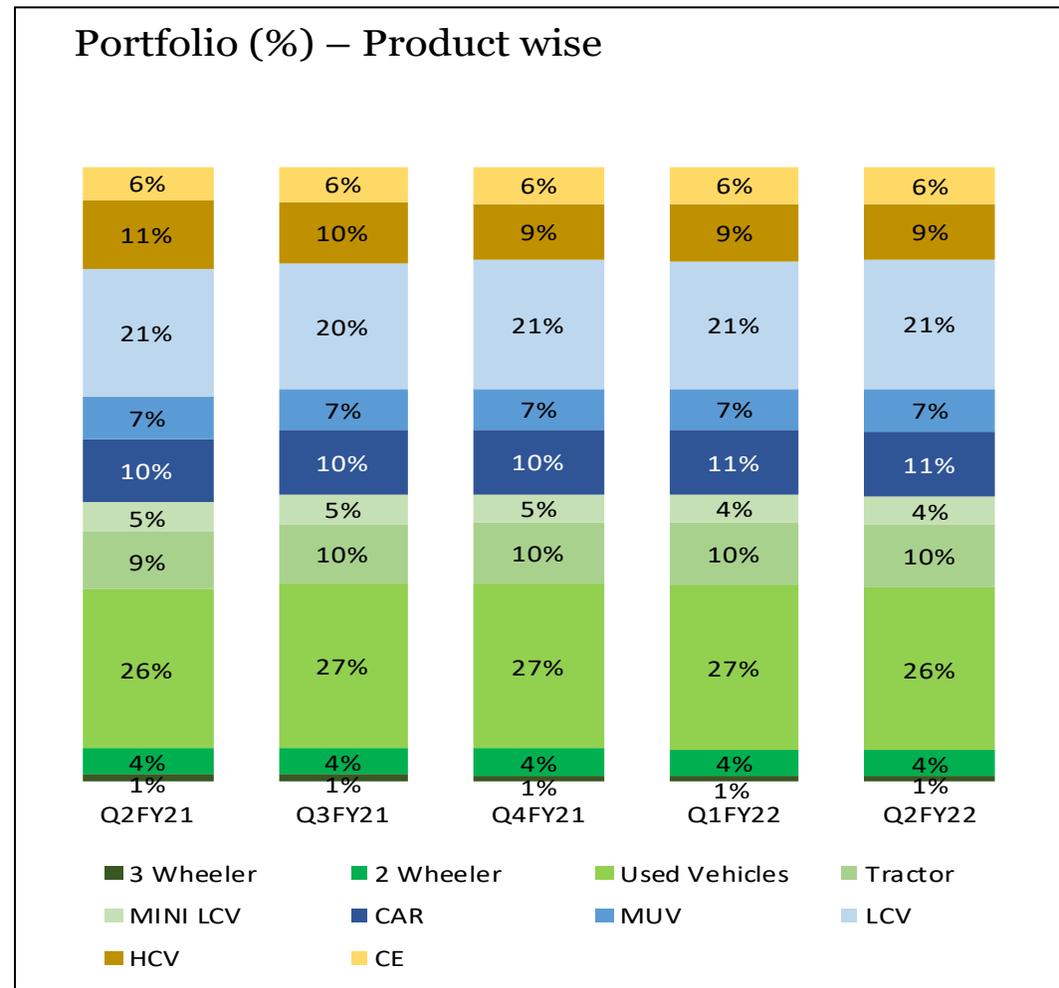
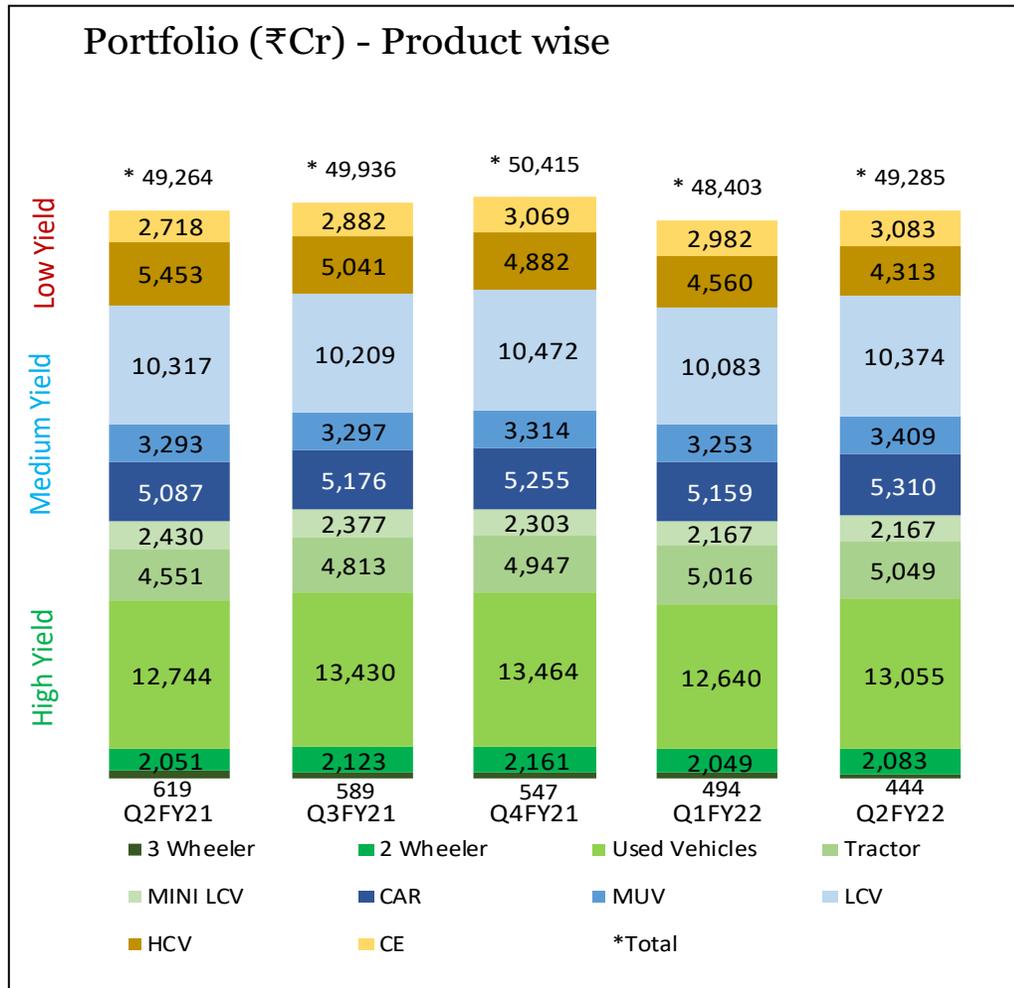
Portfolio (Rs.cr)
Product wise



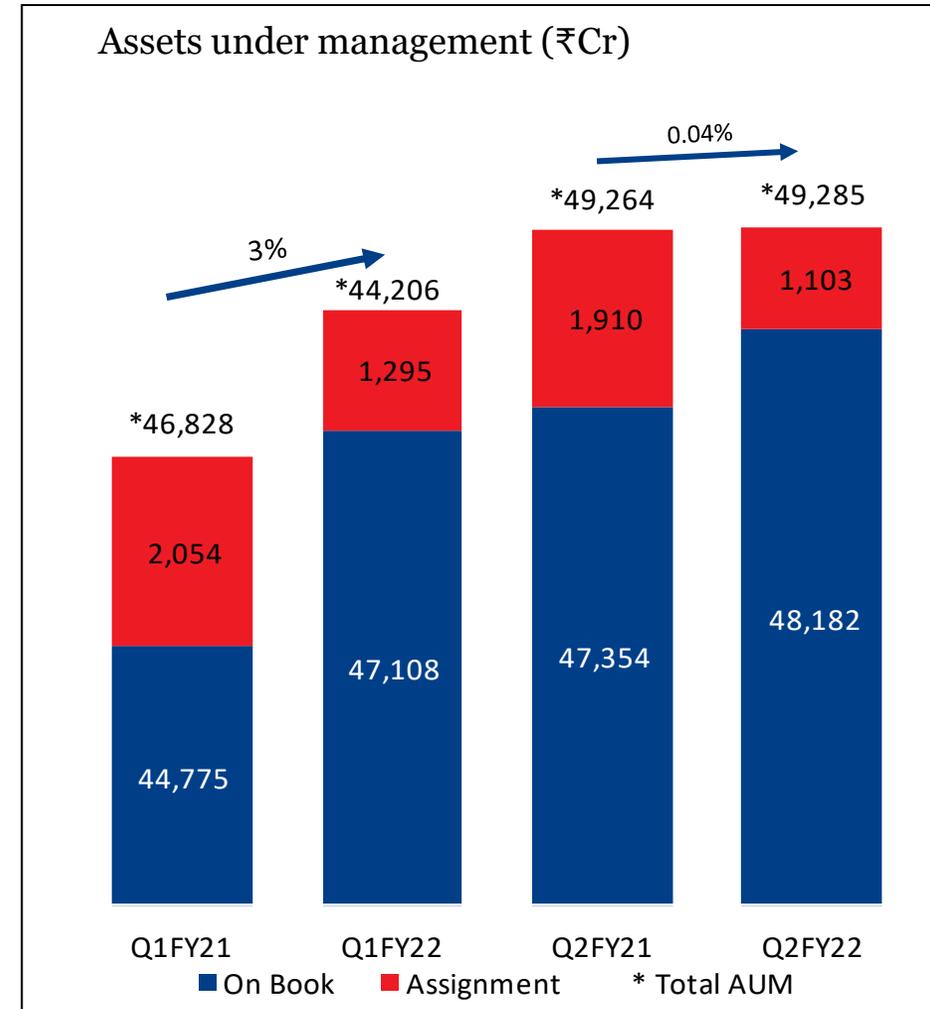
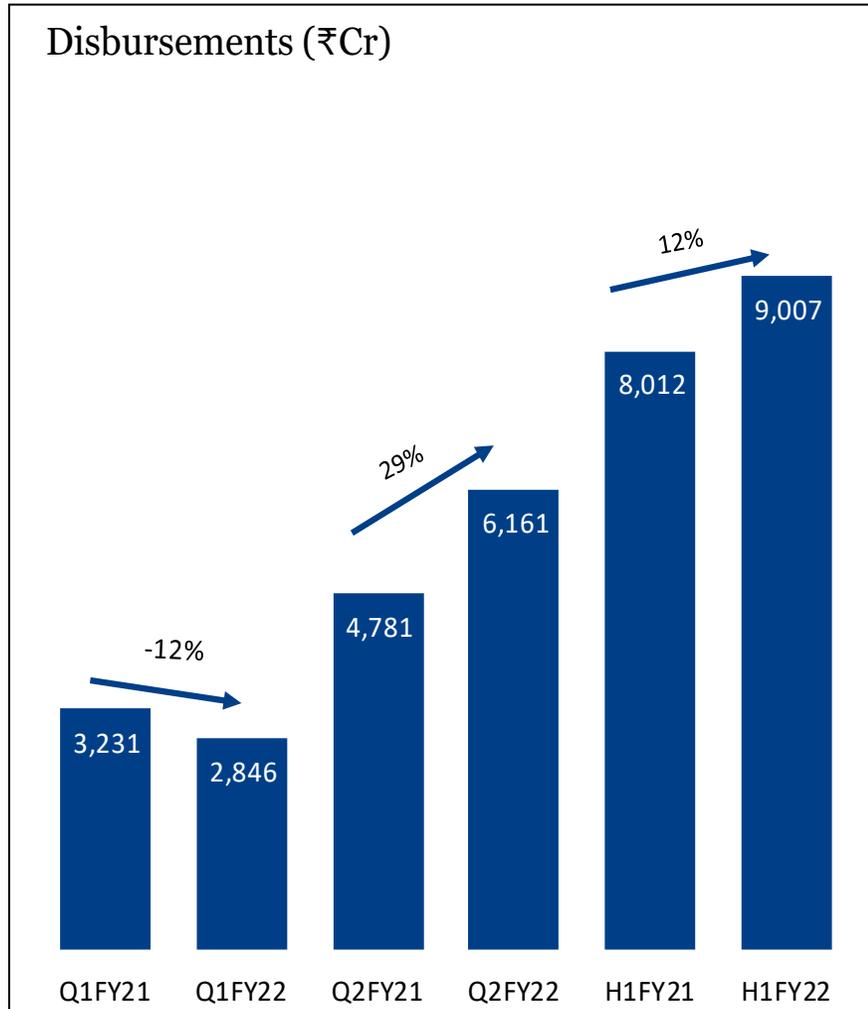
Vehicle Finance - Disbursement Mix – Quarter-wise



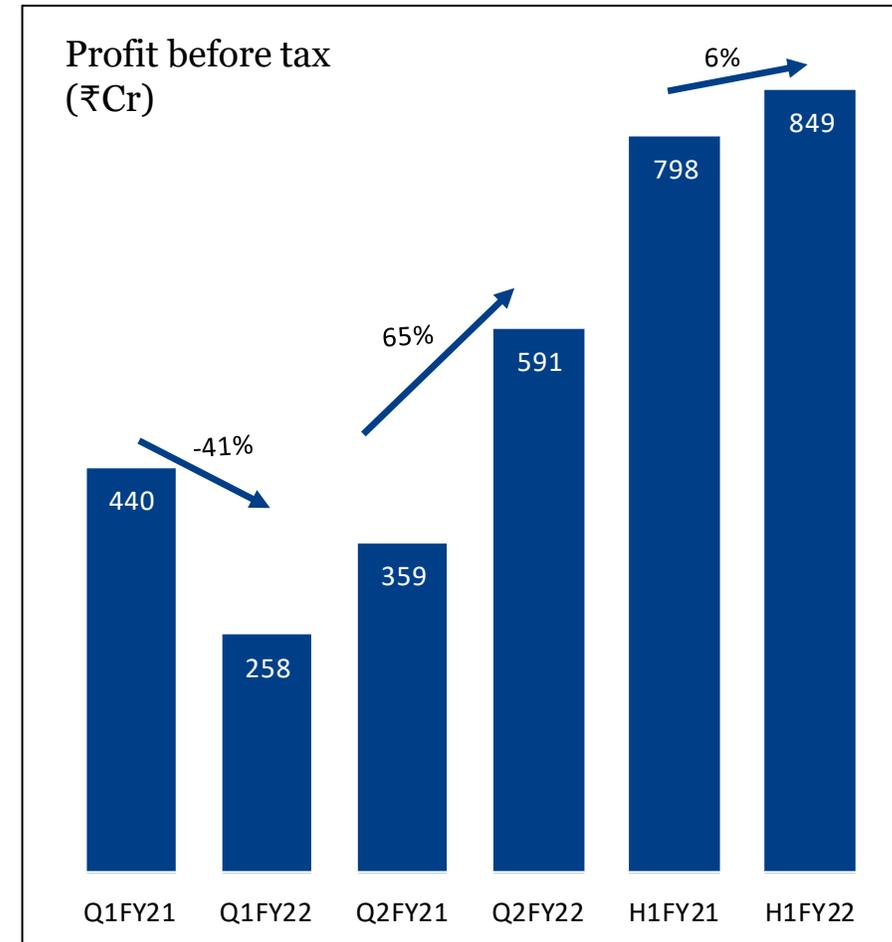
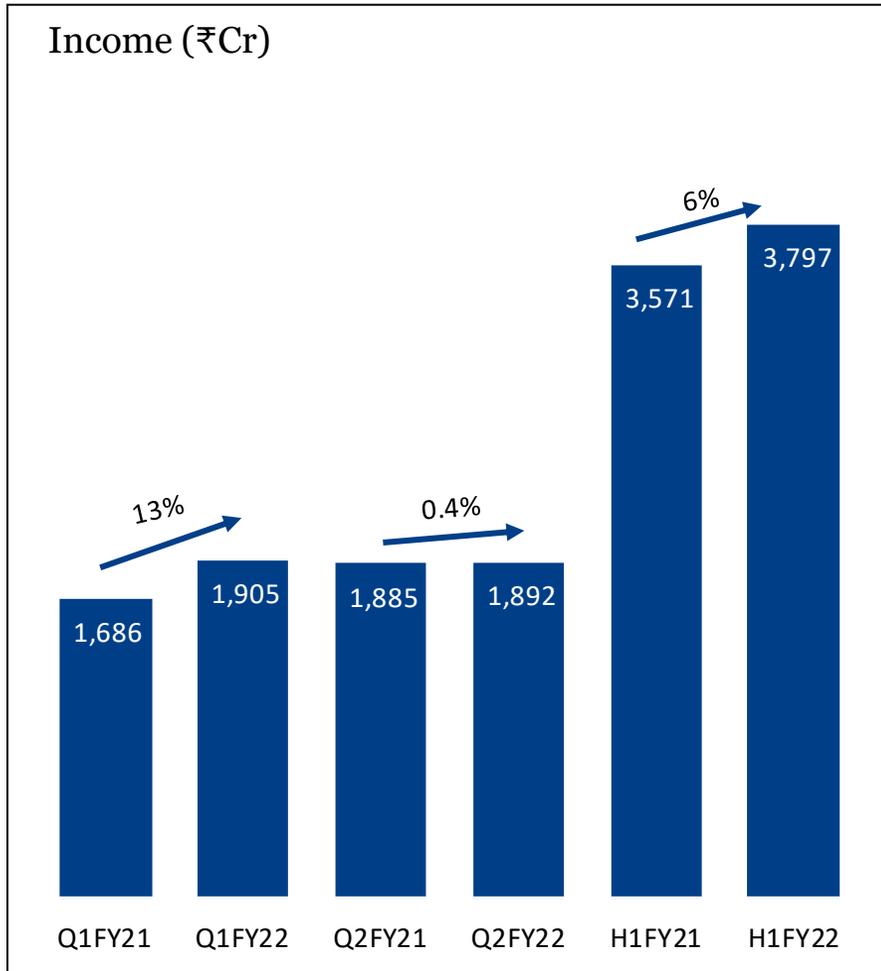
Vehicle Finance - Portfolio Mix – Quarter-wise



Vehicle Finance - Disbursements and Asset Under Management



Vehicle Finance - Income and Profit before tax



Loan Against Property



Loan Against Property – Q2FY22 Performance

Disbursements

- Disbursements has grown by 65% in Q1FY22 as compared to Q2FY21.

Asset under management

- The business has grown the assets by 11% in Q2FY22.

Loss and provisions

- Loan losses declined to 0.04% in Q2FY22 as against 1.1% in Q2FY21.

Profit before tax

- PBT grown by 99% in Q2FY22 as compared to Q2FY21.

Loan Against Property: Industry outlook

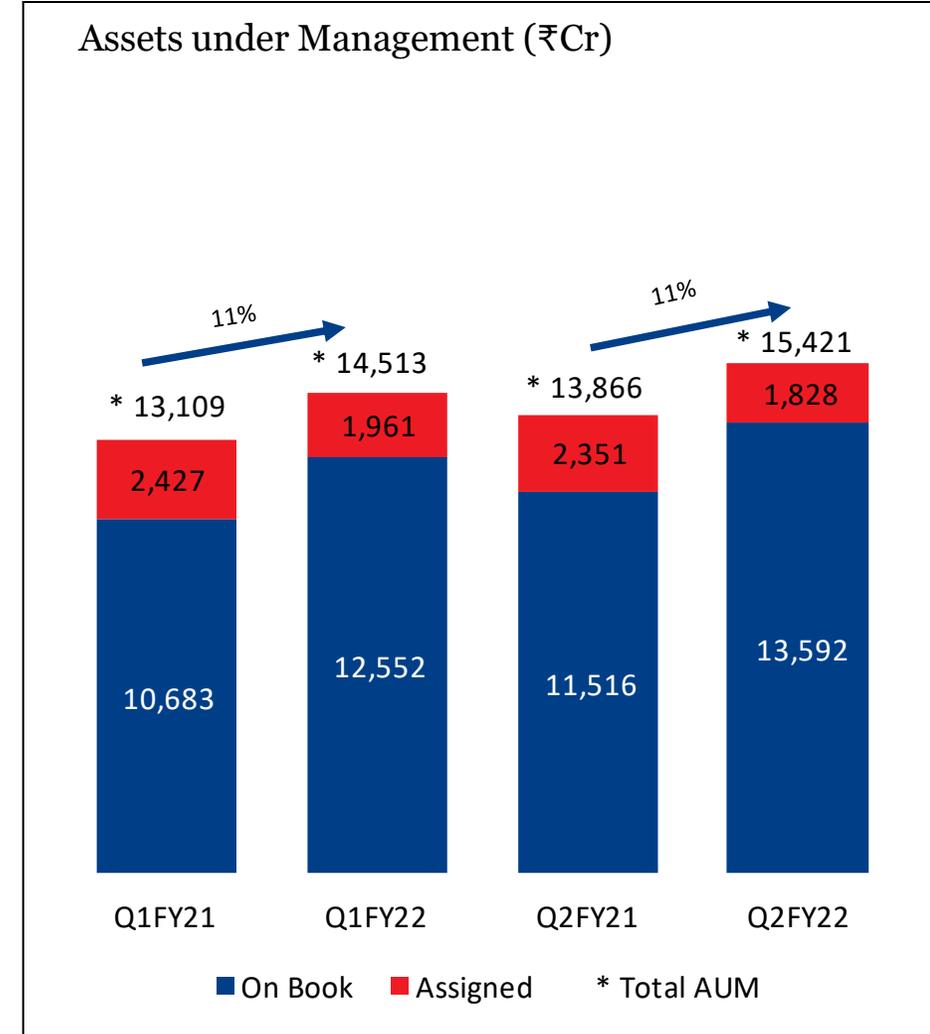
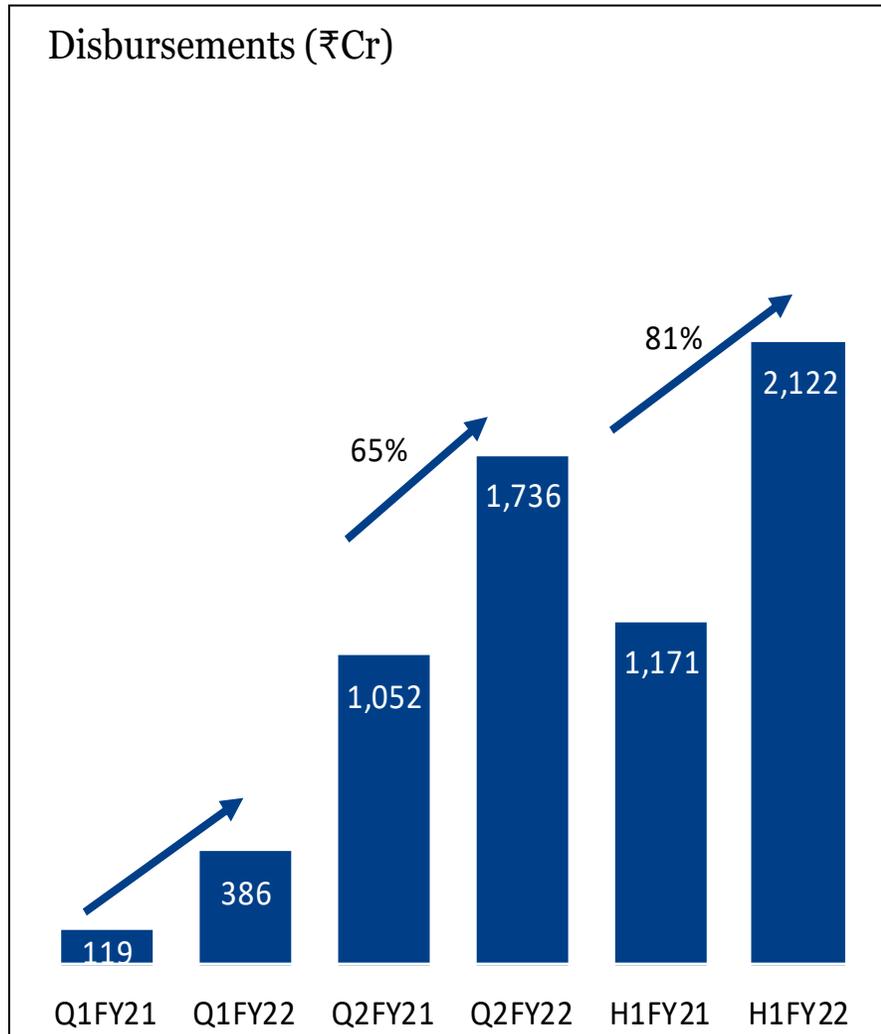
Sector Outlook

- CRISIL research expects a gradual improvement in demand in the second half of fiscal 2022, amid expectation of faster economic growth reviving financing to MSMEs
- Outstanding book of NBFCs in the MSME segment is expected to grow at CAGR of 5-7% in fiscals 2022 and 7-9% in fiscal 2023
- MSME borrowers preferred LAP on the back of higher tenure loans and lower EMIs, thus reducing their immediate financial burden
- ECLGS scheme has been extended by NCGTC till March 2022 and is expected to benefit more MSME customers

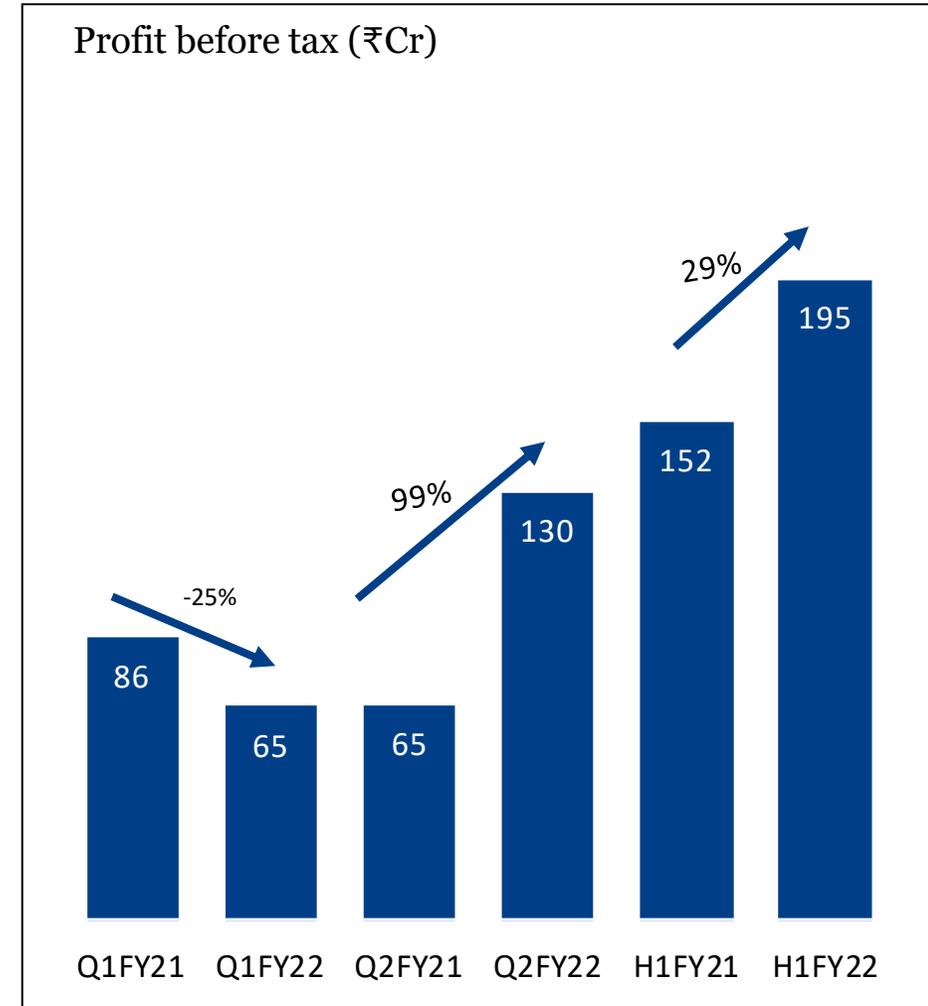
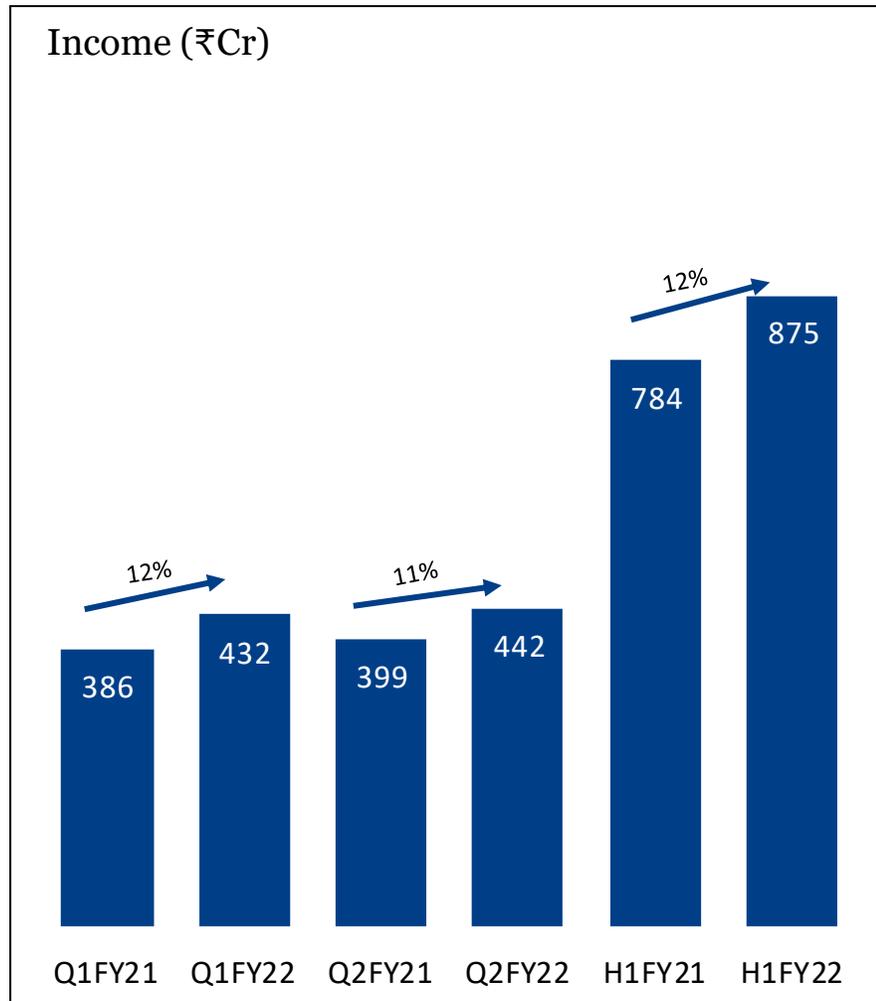
Chola's Position

- On back of improved economic activities, Business has witnessed increased demand for LAP loans and is expected to continue the same in upcoming quarters
- 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
- Business has taken cautious approach with respect to extending restructuring facility to required customers as per RBI guidelines. The scheme got completed by Sep 2021

Loan Against Property - Disbursements and Asset Under Management



Loan Against Property – Income and Profit before tax



Home Loans



Home Loans – Q2FY22 Performance

Disbursements

- Disbursements grown by 30% in Q2FY22 as compared to Q2FY21.

Asset under management

- The business has grown the assets by 31% in Q2FY22.

Loss and provisions

- Loan losses declined to 0.8% in Q2FY22 as against 1% in Q2FY21.

Profit before tax

- PBT has grown 78% in Q2FY22 as compared to Q2FY21.

Home Loans - Industry outlook

Sector Outlook

Immediate term:

- Affordable housing demand is expected to pick up given the resumption of businesses and easing of lockdowns in most markets. However, increase in costs of materials and labour remain a concern especially for under-construction housing
- As cash flows of micro and small businesses improve with the festive season 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 ~12-15%
- Retail segment demand is likely to continue to be for ready property and self-construction
- Analysts expect Stage 3 levels to remain 30 – 60 bps higher than FY21 in FY22

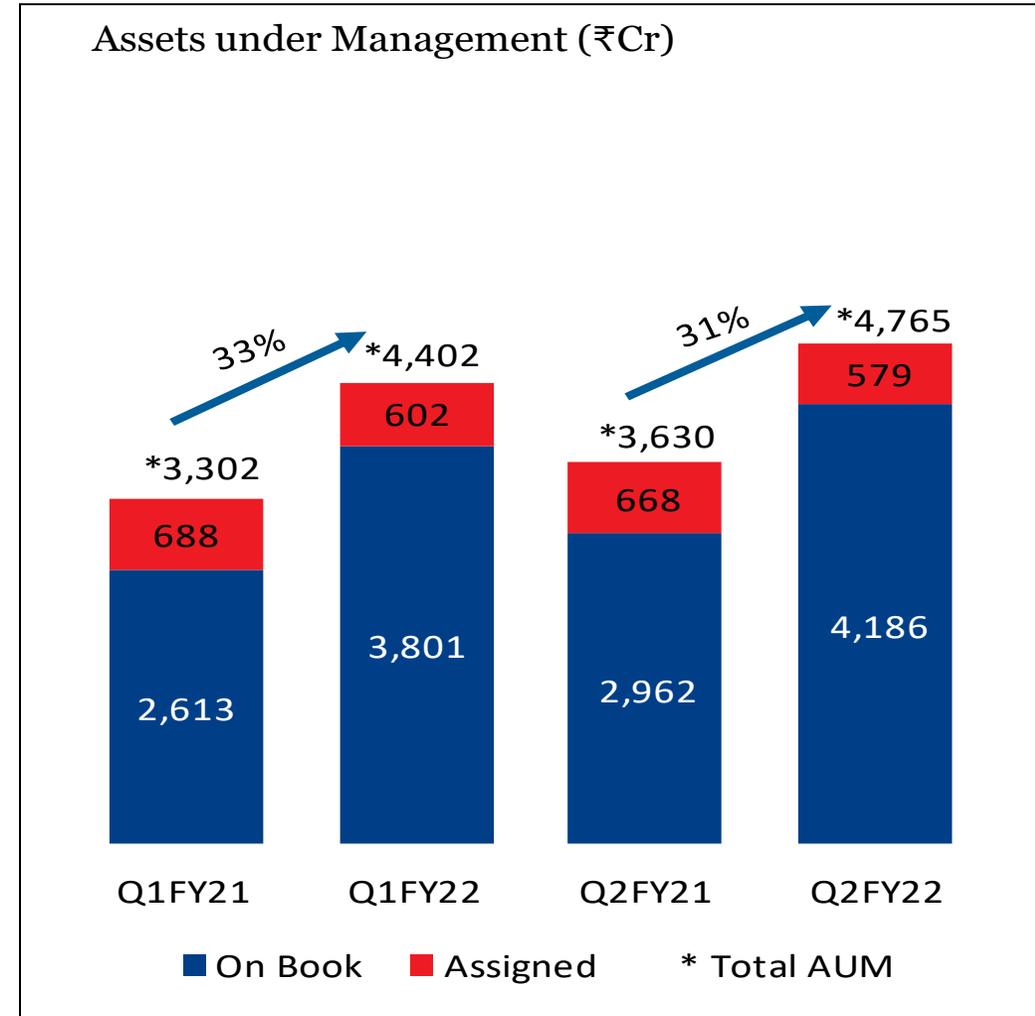
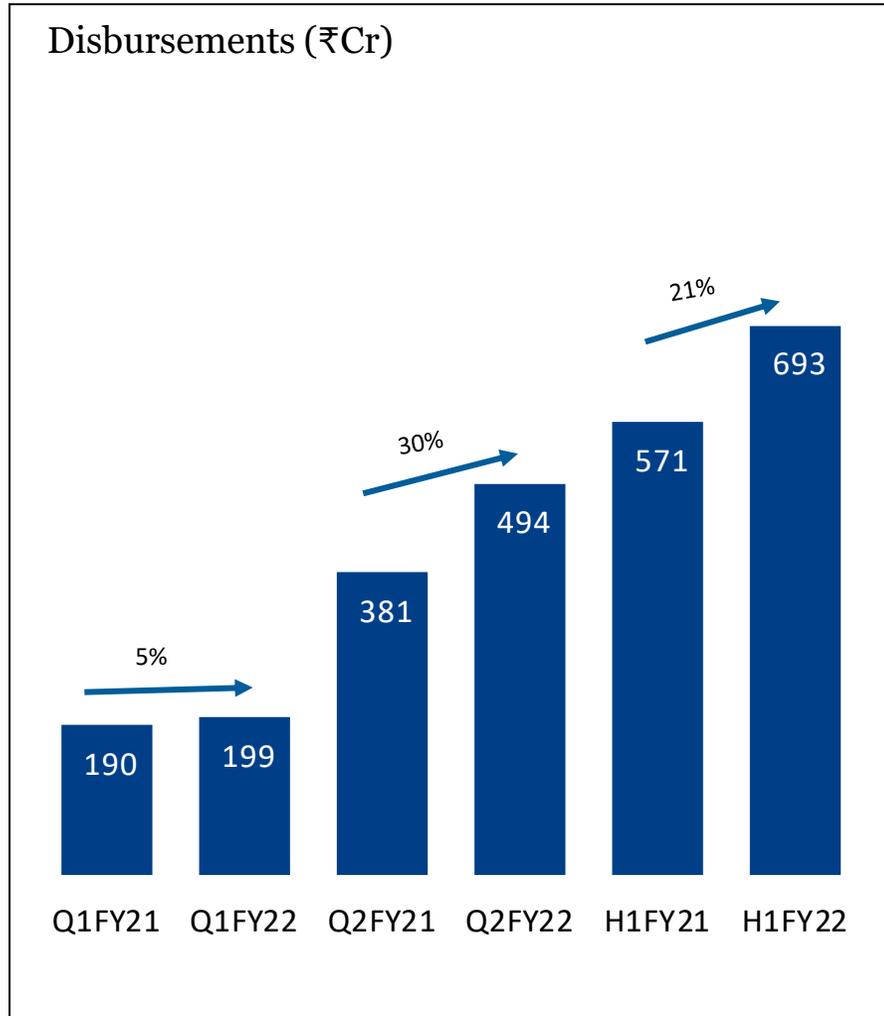
Chola's Position

- Chola does not have material under construction exposure to developer supplied houses
- Chola's LTV at a portfolio level is ~57% at origination – indicates adequate security cover
- ~88% 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
- Chola is expanding its footprint to cover two more states of Madhya Pradesh and Haryana

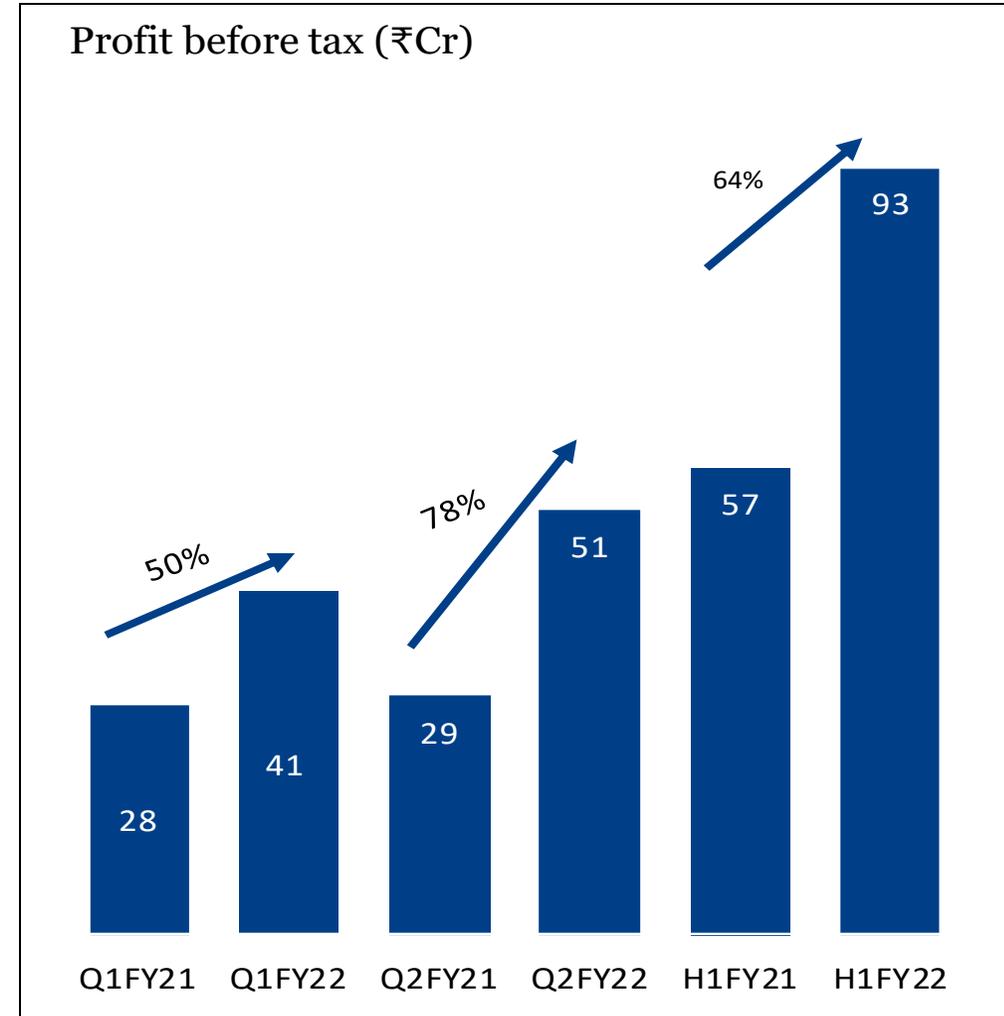
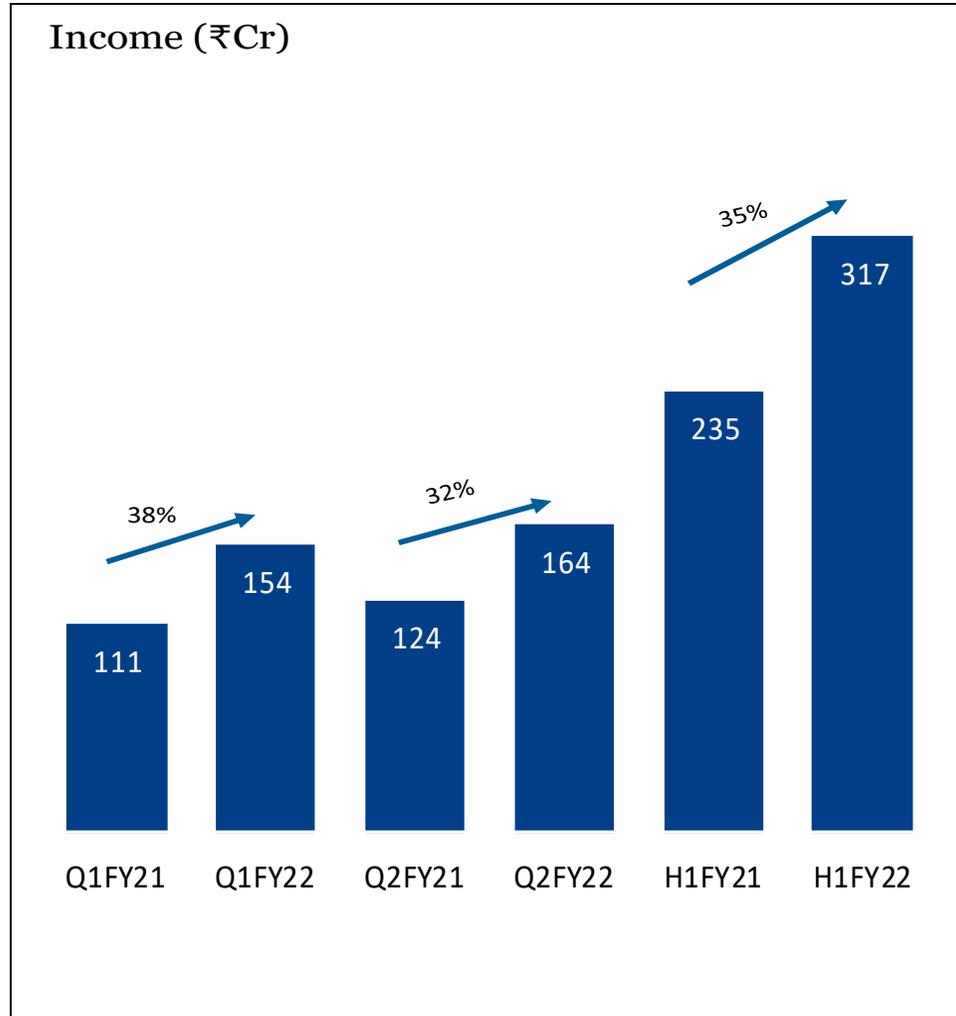
Chola's immediate future outlook:

- Chola expects demand to pick up in Q3 and is expanding its geographical footprint to bolster asset growth
- Collections remains a key focus area. Chola is simultaneously working on ensuring better fresh collections efficiency as well as resolution of NPAs

Home Loans - Disbursements and Asset Under Management



Home Loans - Income and Profit before tax

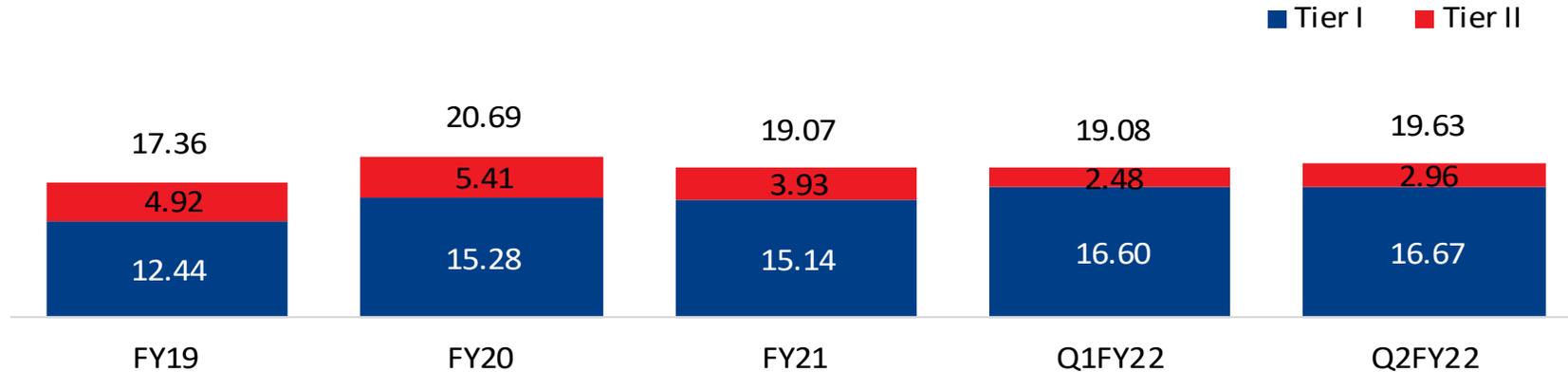


Funding Profile



CAR and Credit Rating

Capital Adequacy Ratio (CAR) – As per RBI guideline



Minimum CAR Stipulated by RBI is 15% & for Tier I is 10%

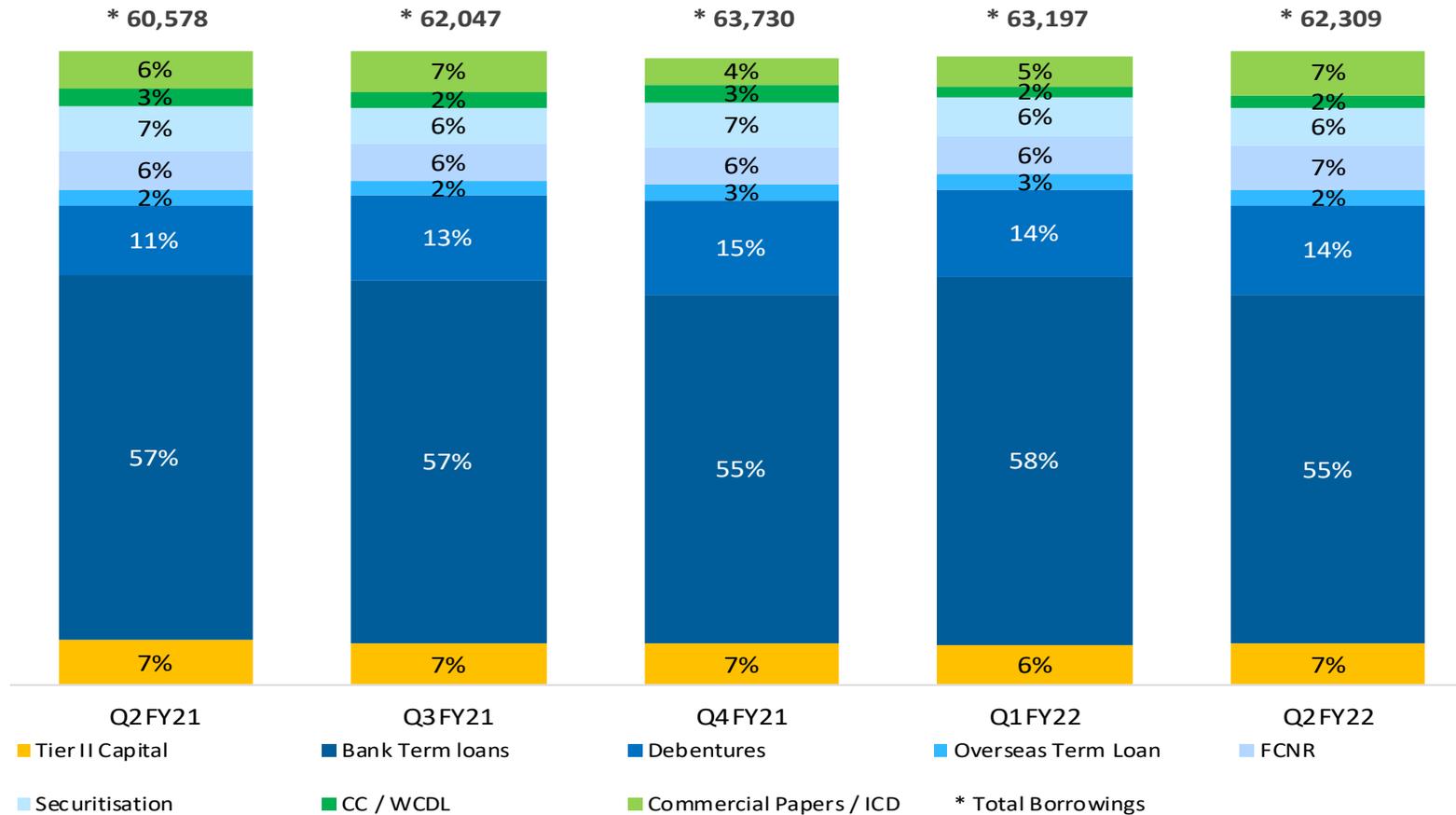
Loan type	India ratings	Care	ICRA	Crisil
ST CP/WCDL	-	CARE A1+ [^]	[ICRA] A1+	[CRISIL] A1+
LT NCD/CC	IND AA + (ind) stable*	-	[ICRA] AA+	-
Tier II SD	IND AA + (ind) stable	CARE AA+	[ICRA] AA+/Stable	[CRISIL] AA+/Stable
Tier I PDI	IND AA (ind)	CARE AA	[ICRA] AA/Stable	-

[^] CP Rating
* NCD Rating

Diversified Borrowings Profile (I/II)

Rs.cr

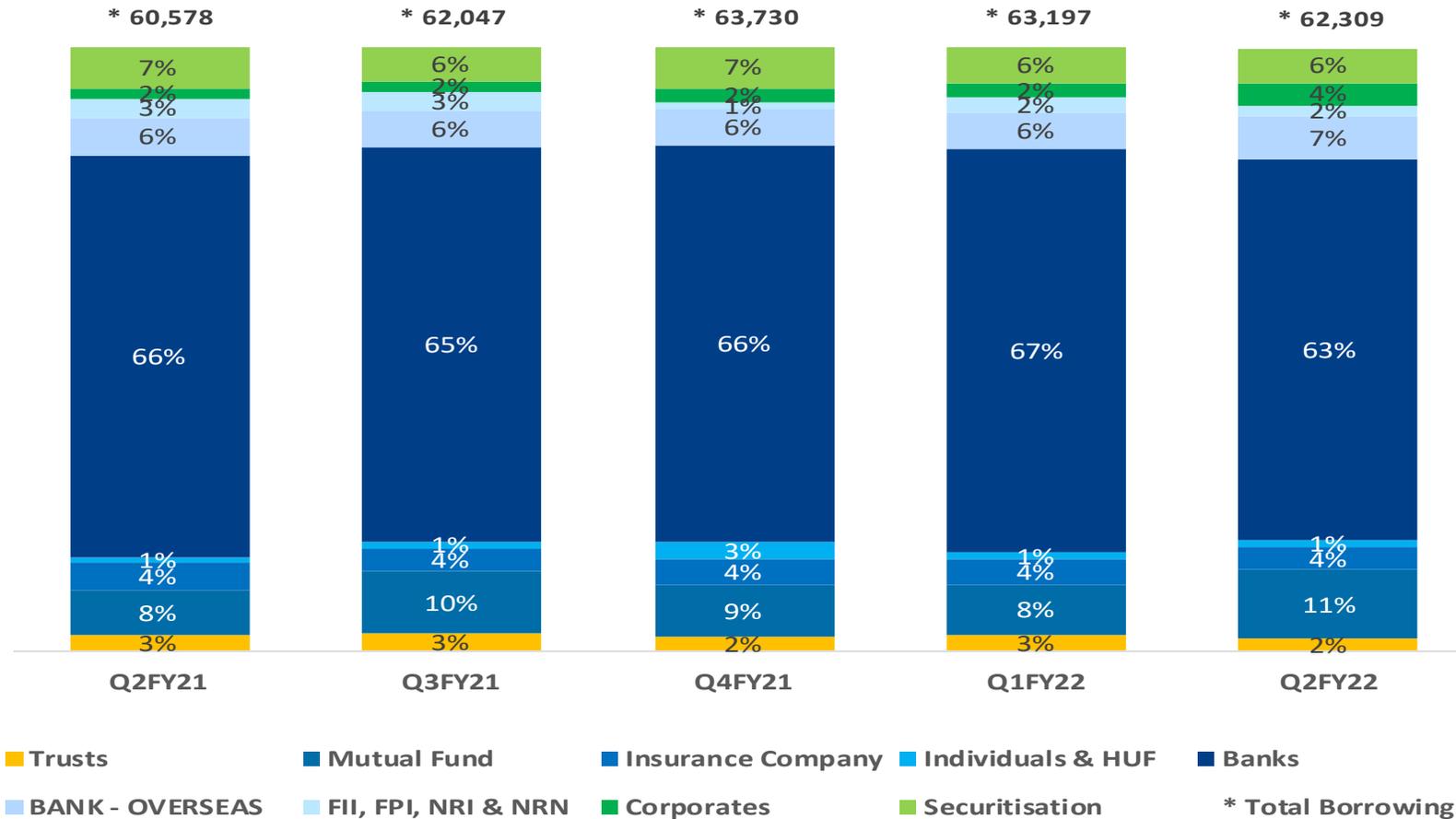
Borrowing mix by instrument type



Diversified Borrowings Profile (I/II)

Rs.cr

Borrowing mix by investor type



ALM Statement as of 30th Sep 2021 (As per IND AS)

(₹Cr)

ALM snapshot as on 30th Sep 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	2,556.92	171.14	465.22	237.22	1,392.85	194.28	-	58.79	5,076.41
Advances	1,747.16	1,719.30	1,526.14	6,644.64	11,199.95	27,622.41	8,423.43	8,905.57	67,788.61
Trade Receivable & Others	82.50	185.65	7.96	49.42	67.07	267.44	261.34	1,457.21	2,378.59
Total Inflows (A)	4,386.58	2,076.09	1,999.31	6,931.28	12,659.88	28,084.13	8,684.76	10,421.58	75,243.60
Cumulative Total Inflows (B)	4,386.58	6,462.67	8,461.98	15,393.26	28,053.13	56,137.27	64,822.03	75,243.60	
Borrowin Repayment-Bank & Others	1,402.27	1,230.78	1,497.34	2,929.50	9,502.98	21,485.02	6,183.93	750.96	44,982.78
Borrowin Repayment- Market	50.17	742.31	475.64	2,038.68	3,004.69	7,645.50	942.82	2,307.13	17,206.94
Capital Reserves and Surplus	-	-	-	-	-	-	-	10,539.76	10,539.76
Other Outflows	1,854.11	67.87	24.67	53.30	140.64	143.71	13.42	216.42	2,514.13
Total Outflows (C)	3,306.55	2,040.95	1,997.64	5,021.48	12,648.31	29,274.22	7,140.17	13,814.27	75,243.60
Cumulative Total Outflows (D)	3,306.55	5,347.51	7,345.15	12,366.63	25,014.94	54,289.17	61,429.33	75,243.60	
E. GAP (A - C)	1,080.03	35.14	1.67	1,909.79	11.56	(1,190.09)	1,544.60	(3,392.69)	
F.Cumulative GAP (B - D)	1,080.03	1,115.17	1,116.84	3,026.63	3,038.19	1,848.10	3,392.69	-	
Cumulative GAP as % (F/D)	32.66%	20.85%	15.21%	24.47%	12.15%	3.40%	5.52%	0.00%	

Note: Behavioural ALM.

Advances and maturities include the securitization inflows and outflows respectively

Cholamandalam MS General Insurance Company Limited

#pledge2protect™



Overview of the Company

Profit and Loss (Rs. Crs)

Particulars – In Rs. Cr	FY'20	FY'20 IND AS	FY'21	FY'21 IND AS	H1 FY21		H1 FY'22	
					I GAAP	IND AS	I GAAP	IND AS
Gross Written Premium	4398	4824	4388	4705	1952	2058	2122	2289
Growth	-0.7%	NA	-0.2%	-2.5%	-10.8%	NA	9.3%	11.2%
PBT	260	216	375	367	269	317	58	91
PAT	149	125	282	276	201	239	44	68
Networth (incl. FV change)	1603	1605	1855	1846	1804	1843	1928	1964
Investment portfolio	9078		11061		10026		11652	
Solvency Ratio (x)	1.58	1.58	2.08	2.08	1.89	1.89	1.77	1.77
Earnings per Share (Rs.)	5.00	4.18	9.43	9.23	6.7	8.0	1.46*	2.28*
Book value per Share (Rs.)	52.68	53.73	63.97	61.76	60.37	61.67	64.53	65.74
Return on Networth (%)	9.76%	7.79%	16.20%	14.94%	23.6%	13.0%	2.26%*	3.47%*
Investment Corpus to Networth	5.66		5.96		5.55		6.04	
CoR%	106.0%	103.0%	107.3%	102.1%	101.1%	105.2%	116.8%	111.6%

CoR impacted by Covid claims of Rs. 262.5 Crs in H1 FY22 (Rs. 22 Crs in H1 FY21) and impact due to IRDAI letter on Deferred Acquisition Cost of Rs. 218.5 Crs in H1 FY 22

* Not annualized

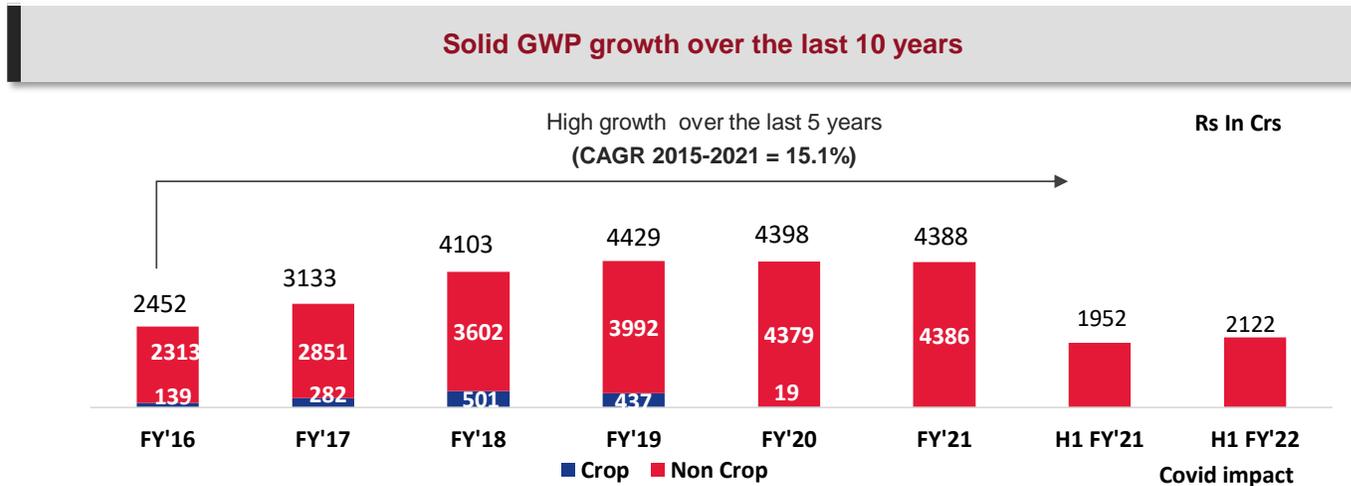
LOB Wise - Quarterly Growth Trends

LOB Wise - Monthly Growth Trends								
Particulars	Months	Fire	Other Comm'l Lines	Motor	Health	PA	Others	Total
Industry	Q1 FY'22	4.1%	30.2%	3.1%	24.9%	42.4%	4.8%	11.1%
	Jul'21	19.8%	26.0%	8.8%	49.0%	-22.2%	16.2%	17.6%
	Aug'21	5.1%	10.0%	9.4%	23.2%	132.2%	12.8%	17.9%
	Sep'21	14.7%	23.9%	1.3%	13.6%	91.1%	-8.7%	0.6%
	Q2 FY'22	14.0%	20.4%	6.3%	27.5%	56.4%	6.7%	10.7%
	H1 FY'22	7.6%	25.5%	4.9%	26.3%	49.7%	5.8%	10.9%
Private sector	Q1 FY'22	9.0%	38.4%	10.4%	21.8%	28.6%	16.1%	12.1%
	Jul'21	24.5%	24.5%	15.2%	54.3%	25.8%	26.2%	17.6%
	Aug'21	0.8%	25.2%	14.8%	13.6%	60.4%	32.1%	19.0%
	Sep'21	22.0%	21.5%	7.4%	16.3%	30.3%	16.1%	6.1%
	Q2 FY'22	17.0%	23.7%	12.3%	28.3%	38.5%	24.0%	13.7%
	H1 FY'22	12.0%	31.4%	11.5%	25.2%	34.4%	20.1%	13.0%
Public sector	Q1 FY'22	-2.4%	19.6%	-8.8%	26.7%	56.8%	-3.1%	9.9%
	Jul'21	12.5%	28.2%	-2.6%	45.5%	-81.2%	10.5%	17.6%
	Aug'21	11.1%	-4.5%	-1.0%	31.1%	378.6%	-3.3%	15.8%
	Sep'21	4.7%	27.0%	-9.6%	12.5%	228.4%	-30.1%	-6.1%
	Q2 FY'22	9.6%	16.4%	-4.7%	27.1%	90.8%	-6.0%	6.4%
	H1 FY'22	1.7%	18.1%	-6.5%	26.9%	71.5%	-4.6%	8.1%
SAHI	Q1 FY'22				55.0%	76.9%	11.2%	55.5%
	Jul'21				26.9%	50.7%	0.9%	27.5%
	Aug'21				26.1%	26.0%	10.9%	26.1%
	Sep'21				31.1%	40.3%	3.5%	31.6%
	Q2 FY'22				28.0%	38.7%	5.6%	28.4%
	H1 FY'22				39.0%	52.0%	7.7%	39.4%
Chola MS	Q1 FY'22	9.1%	29.9%	4.6%	-10.8%	11.2%	40.9%	4.7%
	Jul'21	16.6%	42.5%	21.7%	-31.7%	0.9%	24.2%	12.7%
	Aug'21	25.5%	18.0%	19.6%	-13.6%	10.9%	98.7%	15.7%
	Sep'21	6.4%	2.1%	8.8%	-7.1%	3.5%	284.5%	7.7%
	Q2 FY'22	15.6%	18.0%	16.4%	-18.7%	5.6%	101.4%	12.0%
	H1 FY'22	12.2%	23.8%	11.3%	-15.3%	7.7%	81.1%	8.8%

In Q2, Chola MS

- Overall growth higher than industry at 12.0%
- Motor : Higher than industry
- Fire : Higher than industry and lower than pvt sector players
- HAT : Industry volumes from group health & Govt. health
- HAT: Chola MS degrowth was due to lower Covid product sale and financier channel degrowth

Among the Top ranked GI Players supported by strong growth

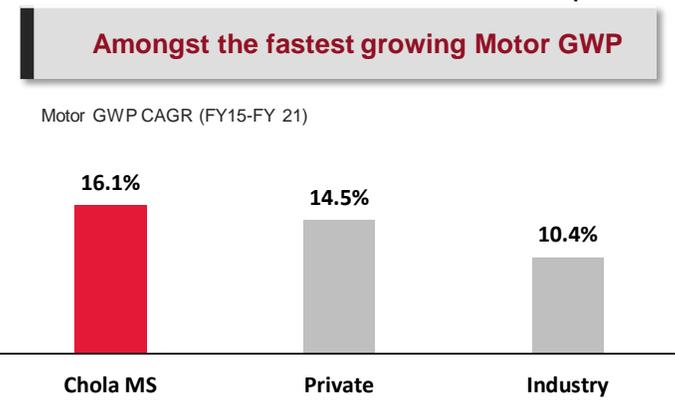
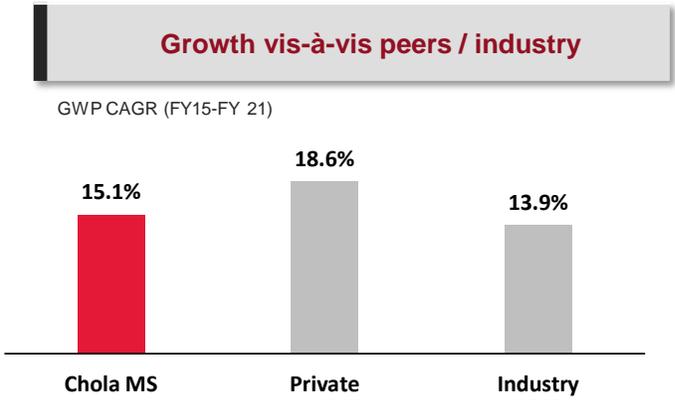


H1 FY'22

8th Largest Private Insurer by GWP

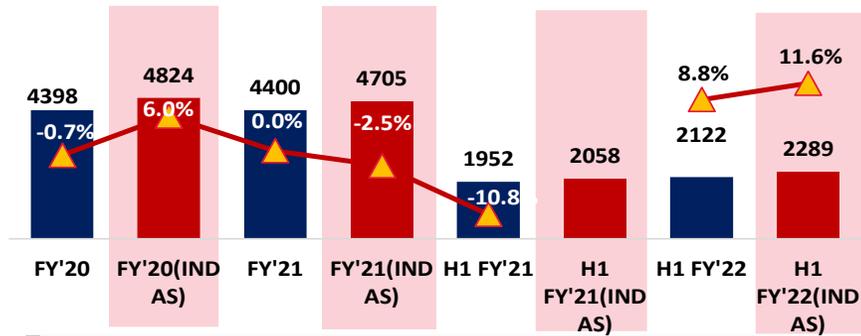
5.0% market share in Motor Insurance

3.6% market share in PA

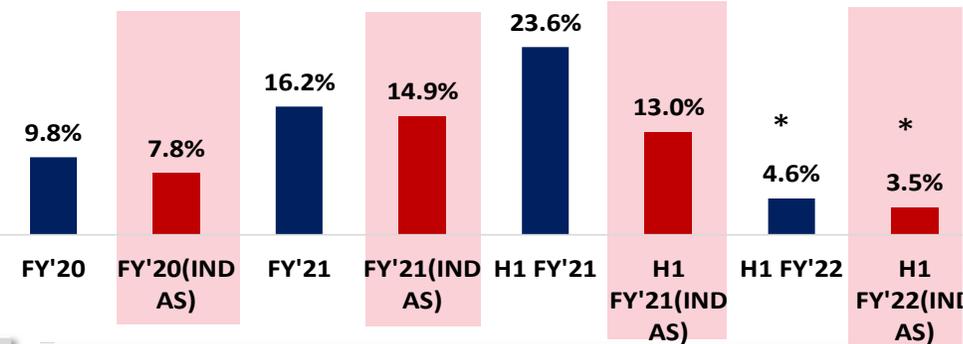


Key Financial Indicators

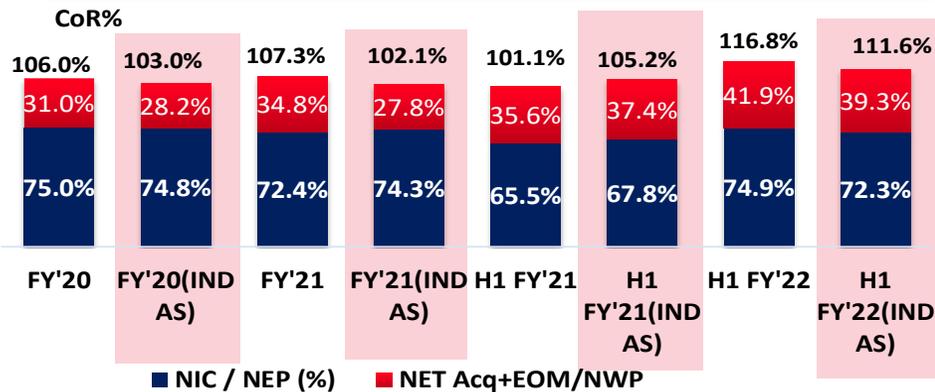
GWP (INR Cr) and Growth (%)



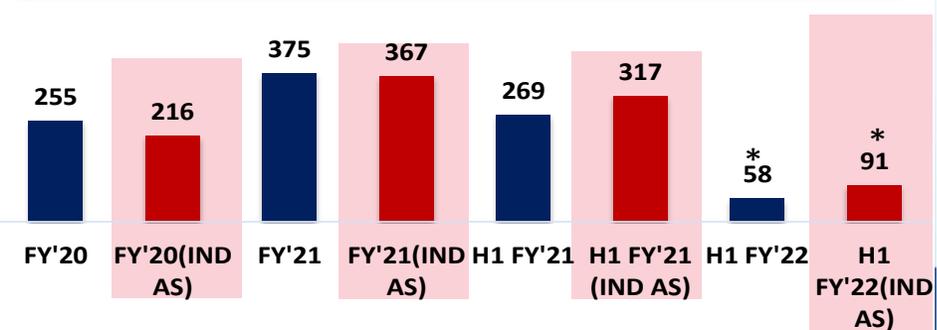
Return on Net Worth(%)



Break up of CoR(%)



Profit Before Tax (Rs. Crs)



* Net incurred claims includes Covid losses of Rs 2,62.5 crs in H1 (PY Rs 23.1 crs) & Rs. 65.9 crs in Q2 respectively. Impact of IRDAI letter on Deferred Acquisition cost in H1 was Rs. 218.5 crs and Q2 was Rs.138.8 crs

Constantly improving operating metrics

Particulars		2018-19	2019-20	2020-21	H1 2020-21	H1 2021-22
Number of Customers (Live Customer)	No in Lacs	100	141	165	163	220
Number of policies issued	No in Lacs	29	45	63	26	39
Market Presence(Branch + CIE + VO)	No's	559	645	593	622	630
PSB Branches*	No's	19000+	41000+	37000+	37000+	32000+
Motor OD Claims Settlement	%	95%	94%	94%	87%	84%
Motor TP Claims Settlement	%	38%	33%	23%	11%	17%
Covid Claims settlement	%	NA	NA	75%	52%	94%
Network Garages	No's	6000+	8600+	10000+	9700+	11000+
Network Hospitals	No's	8000+	9000+	9500+	9300+	9500+
Complaints Disposal Ratio%	%	100%	100%	100%	100%	100%

* Reduction arising from merger of bank branches

Loss Ratio (%)

Line of Business	FY2020	FY2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Motor OD	60.6%	57.7%	52.8%	69.0%	45.6%	63.6%
Motor TP	88.7%	79.0%	79.4%	61.6%	78.1%	61.3%
Health,Travel & PA	40.9%	75.7%	63.3%	121.6%	46.3%	155.9%
Fire	35.9%	30.8%	15.4%	39.1%	38.0%	49.5%
Marine	54.5%	72.9%	90.8%	95.1%	66.9%	82.3%
Engineering	42.3%	59.2%	71.9%	49.3%	54.4%	39.0%
Overall	73.1%	71.5%	68.2%	76.0%	64.8%	80.6%

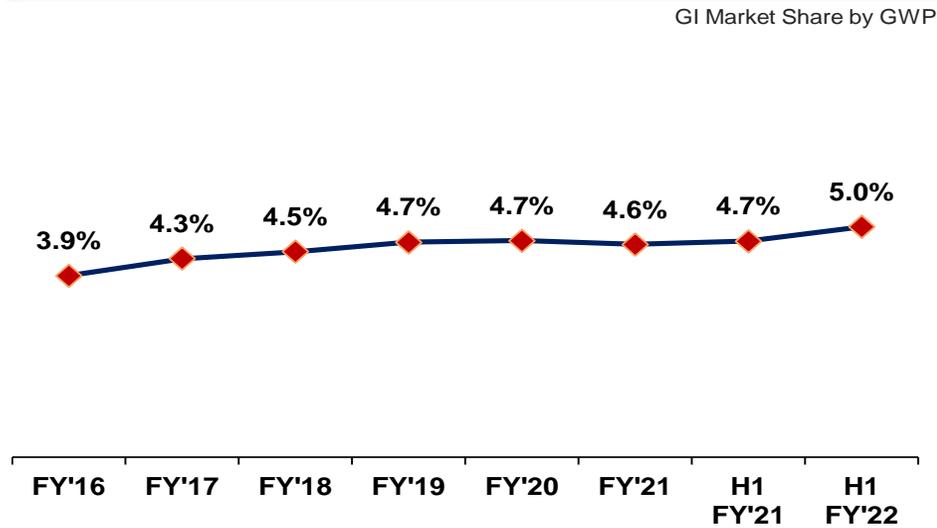
Investment Book Overview (Rs. Crs)

Category	Mar-20	Mar-21	Sep-20	Sep-21	Mar-20	Mar-21	Sep-20	Sep-21
C Govt Sec	2623	4155	3350	4040	28.1%	37.7%	32.5%	34.8%
S Govt Sec	3693	3508	3881	3320	39.6%	31.8%	37.6%	28.6%
Housing sector	620	955	866	1102	6.6%	8.7%	8.4%	9.5%
Infra sector	688	771	596	1269	7.4%	7.0%	5.8%	10.9%
Approved - Other Corp Bonds	787	396	506	201	8.4%	3.6%	4.9%	1.7%
Other Inv - Other Corp Bonds	410	132	408	37	4.4%	1.2%	4.0%	0.3%
Equity	113	76	98	102	1.2%	0.7%	0.9%	0.9%
AIF	13	12	13	5	0.1%	0.1%	0.1%	0.0%
Mutual Funds	135	141	135	99	1.5%	1.3%	1.0%	0.8%
Investment Property	29	31	29	31	0.3%	0.3%	0.3%	0.3%
Bank Deposits	225	857	0	1408	2.4%	7.8%	0.9%	12.1%
Grand Total (Before Provisioning)	9335	11034	9915	11613	100.0%	100.0%	100.0%	100.0%
Yield (including capital gains)					9.05%	7.59%	7.10%	6.75%
Cumm. Provisions / write off	257.06	375.69	375.85	278.54				

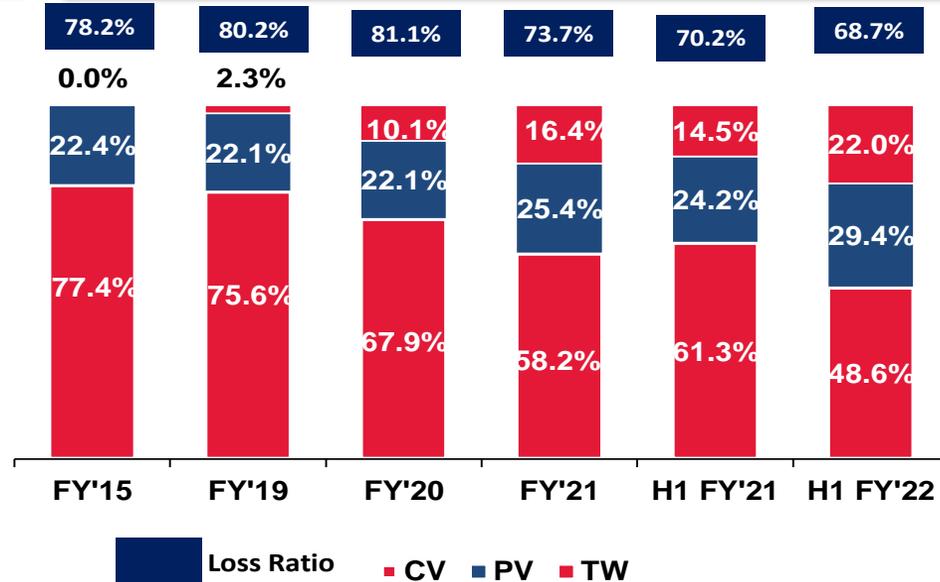
- Carrying value of stressed assets: Rs. 12 Crs (IL&FS) as at Sep 2021. DHFL settlement amount received – Rs. 75 crs
- Exposure to securities rated less than AA: 0.3% of portfolio
- Unrealized gain as at Sep 2021: Debt @ Rs. 110 Crs; Equity @ Rs. 39 Crs

Dominance in Motor, Diversification Underway

Motor Market Share (Largest GI Segment)



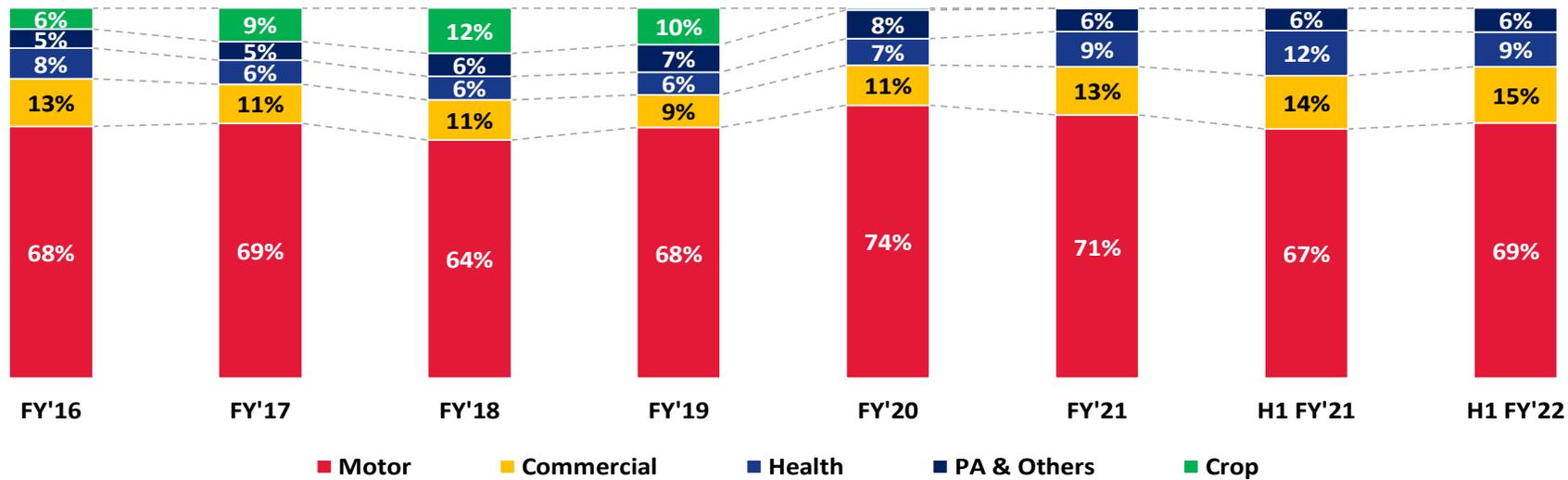
Strategized diversification across Motor eco-system



- ~12% Market share in new TWs; TW share increased from almost NIL to 22% by H1 22.
- ~9% Market share in new Tractors
- PV share improved to almost 30% due to new tieup in Nissan and improved share from Maruti.
- Reduced CV share is due to impact on financier channel and TW/PV growth.
- No price increase in TP would impact LR going forward

Dominance in Motor, Gaining Prominence in Other Segment

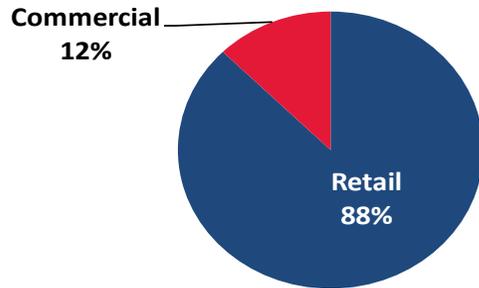
LOB Wise Mix%



- In FY19, Crop Insurance premium accounted for ~10% of the topline which was discontinued in FY20
- Focus on Commercial business (including SME business) has helped raise the share of top line to ~15%
- Health growth impacted by Covid product which had very high loss ratio in both FYs and PA and health growth impact due to financier channel degrowth

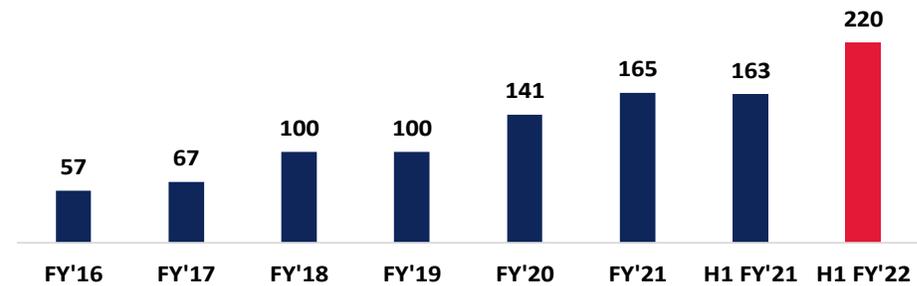
Retail Focused Diversified Operations

Retail dominated business mix



Granular book aided by increasing dispersed customer base

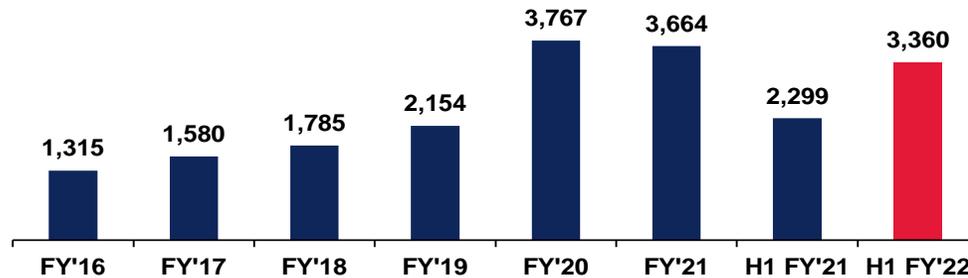
Customers (#) in Lacs



Significant growth in retail oriented policies

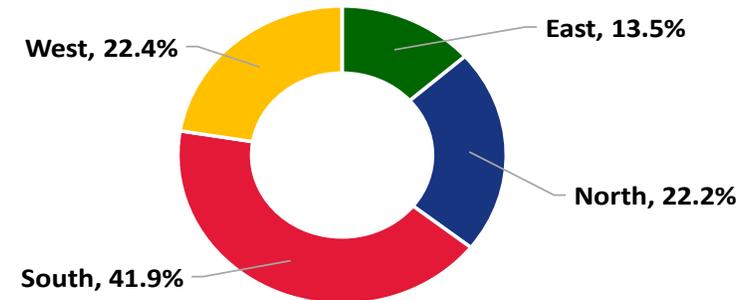
of Retail Policies (Motor, Retail Health, PA and travel) (000's)

CAGR (2015-21) = 22.9%



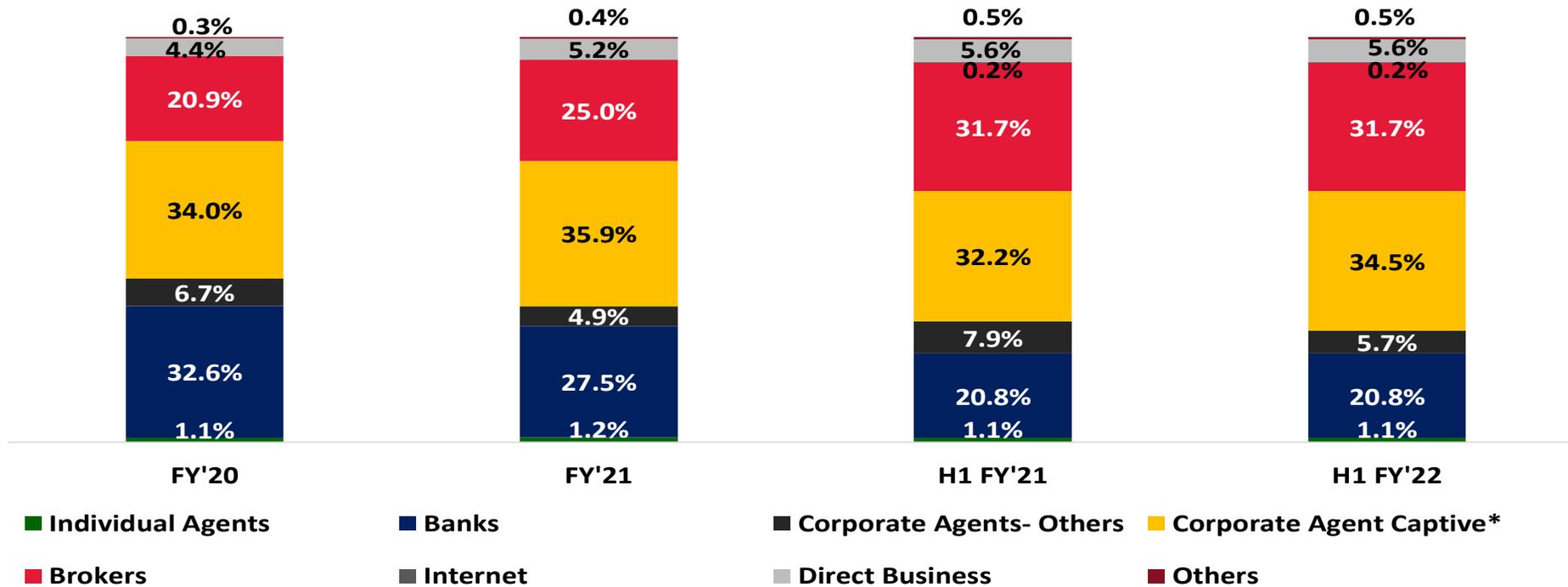
Balanced Geographic Presence – Mix %

Mix %



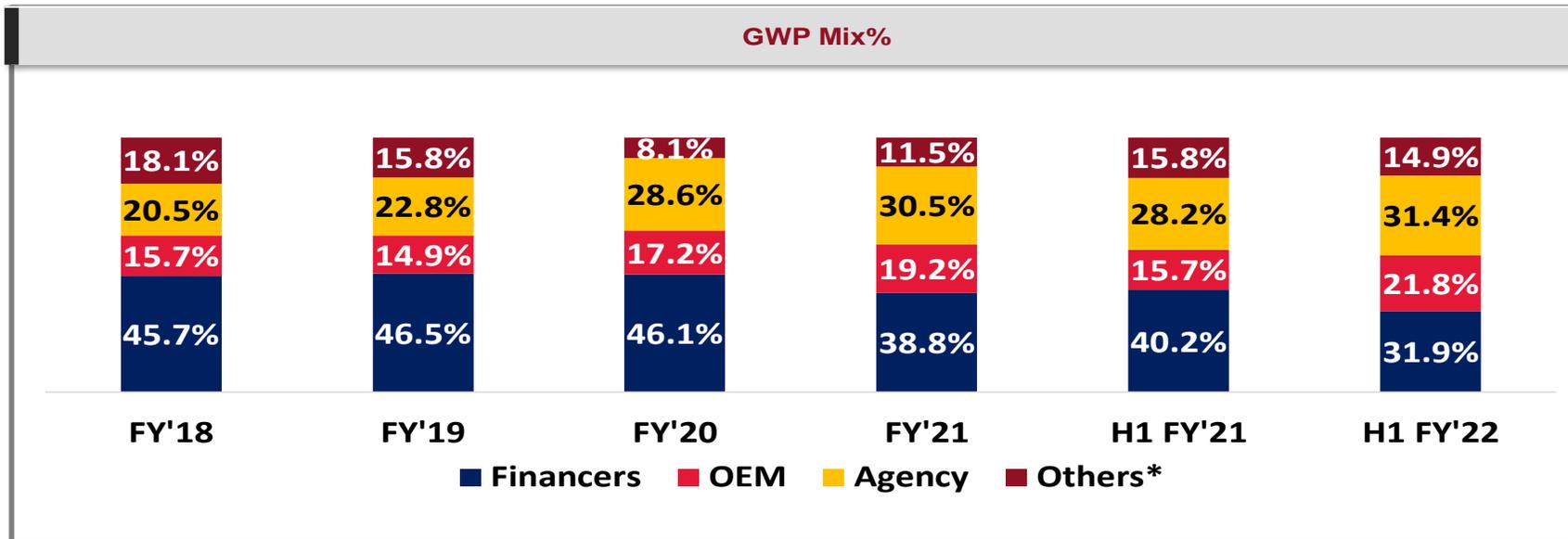
Multi-channel model ensures lesser concentration / & diversified revenue stream

Channel wise Mix%



*Chola Finance + Coromandel+ CIE

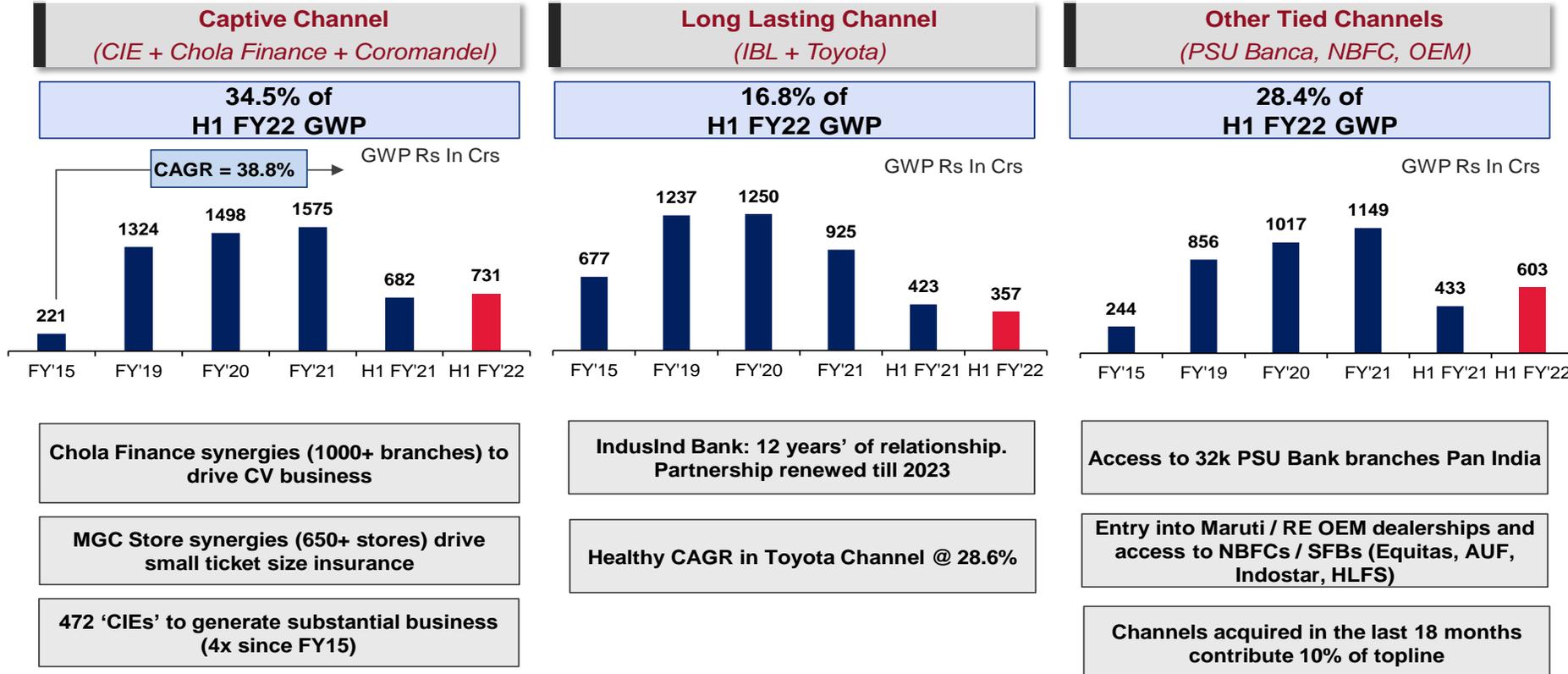
Volumes Sustained Despite Stress in Financier Partners



- Due to economic slowdown, volumes from financiers are under stress
- Volumes from OEM's and Agency (incl. CIE) channel stepped up through focused efforts to compensate loss of volumes from financier channels

* Others includes crop (upto FY19), large commercial business and digital partners

Balanced Revenue Mix: Stable in-house + Growth Channels



Tech Enablers across the value chain



Channels

(Products & Services)

- ~93% of monthly policy issuance is through system integrated channels
- API based integration capabilities for major products



Platforms

(Scale, User Experience)

- Introduced **Phoenix** as new microservices based platform for transactions at **scale & speed**
- End to End **digitized agent onboarding** platform for distribution scaleup
- Health sourcing platform with product recommendation, UW rules, renewals, & portability journeys included
- UW rule engine for Motor and Health products



Service Improvement

(Productivity, Ease of use)

- **RPA bots** enabling 25+ processes in finance, Claims & Operations with **100K+ transactions** each month
- **Self Service Enablers** – Joshu, Renewals Voice Bot (Industry First)
- **Industry leading adoption of LVS** (Live Video Streaming) for motor claims at **85%+ overall**
- **AI based** proctoring solution for new hires
- **AI based** motor damage assessment capabilities
- Simplified Customer Claims workflow

Glimpse of new Tech & Digital Capabilities across the value chain

(1/2)

	Distribution Build	Sales Fulfilment	Underwriting
Assets	<p>End to End Digital Onboarding of agents (Prospecting, lead, COP, Onboarding, Training etc.)</p>	Health Policy Issuance SME Commercial Policy Issuance Phoenix Motor Issuance LIVESTOCK Cattle Policy Issuance API	<p>Tailor Health Rules Engine (UW & Fraud) UW OCR Health Pre Policy Medical Digitization Tele UW Tele UW capabilities</p>
Tech Levers	Mobile App, OCR, Workflow, Bank Verification, Learning Content, Cloud	Mobile App, Seamless Journey, Product Recommendation Engine, Cross Sell and Up Sell capabilities, STP & NSTP Workflows, Payment Integration, Instant Policy Issuance	Parameterized Rules Engine, Fraud Analytics Model, AI driven advanced OCR for digitization, Tele Consulting and associated Workflows
Benefits	<p>100% Digital Onboarding of Agents</p>	<p>100% Policy Issuance Digitally 2 Min Instant Policy Issuance</p>	<p>~75% STP issuance for Health (including Tele UW & Rule Engine decisions) 100% Digitization of Pre Policy medical check records for UW decision improvement</p>

Glimpse of new Tech & Digital Capabilities across the value chain

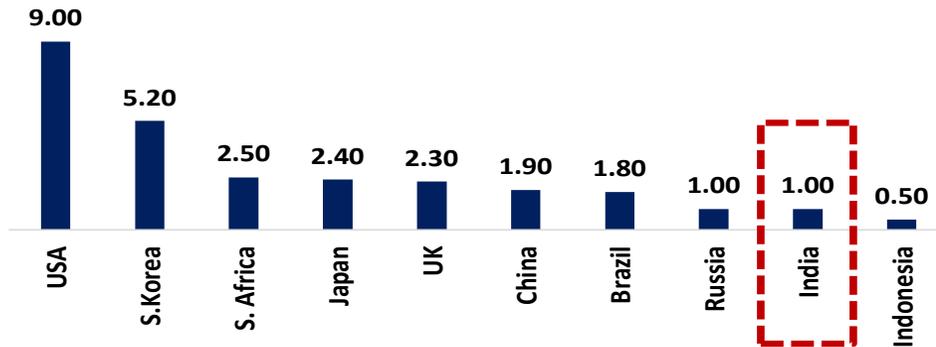
(2/2)

	Claims	Renewals	Operations & Servicing
Assets	 <p>Provider Portal Health Claim Workflow Claims OCR Health Claim Digitization </p> <p>AI based Motor Claim Adjudication</p>	 <p>Voice Bot for renewals</p> <p>NRLMS Renewal Lead Management & Lead Propensity Scoring</p>	<p>RPA for Claims, Finance, Operations</p> <p>AI based proctoring for new hires</p> <p>Joshu Self Service Chatbot for customers</p>
Tech Levers	<p>Analytical Models for Risk scoring & fraud indicators, Provider-payer integration workflows, AI based OCR for Health Claims, AI based Motor damage assessment model for cars and SUVs</p>	<p>Voice bot driven renewals, 2 Click renewals, Advanced lead propensity driven lead scoring model</p>	<p>RPA Bots to automate manual repetitive processes, AI based proctoring for new hires, AI powered chatbot for customer service</p>
Benefits	<p>82%+ Accuracy of AI based Motor damage assessment model</p> <p>Improved digitization of Health Claims for Analytics Reduced TAT for Health Claims discharge</p>	<p>100% Automated fulfilment of renewals via bot</p> <p>Improved persistency with lead prioritization & propensity scoring</p>	<p>24x7 Query resolution using chatbot</p> <p>100K+ Successful monthly RPA transactions Monthly Self Service Sessions via Chatbot</p>

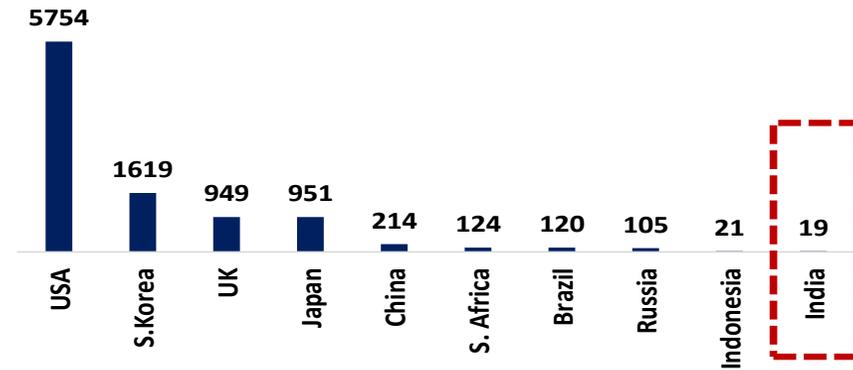
Overview of the General Insurance Industry in India

Indian General Insurance: - Large addressable market

Significantly underpenetrated Premium as a % GDP (CY20)
(US\$)



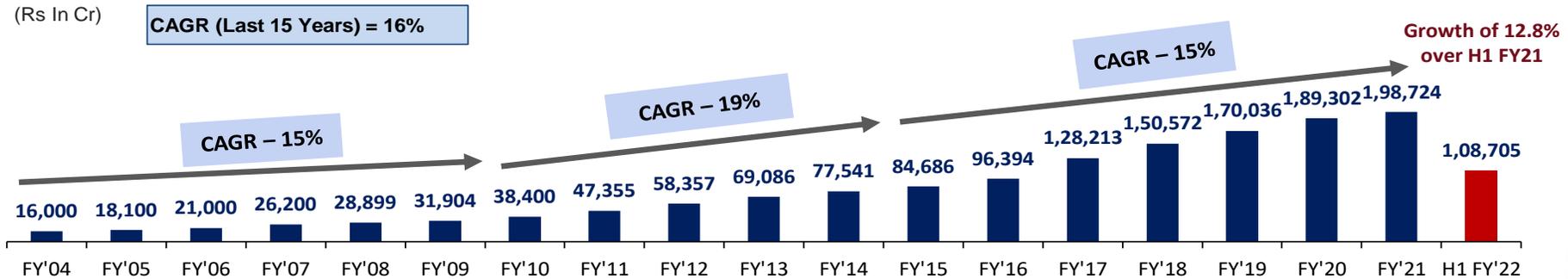
Non-Life Insurance Density (Premium per capital) (CY20)
(US\$)



- India is the 4th largest non-life insurance market in Asia and 14th largest globally
- Operates under a “cash before cover” model
- Density & Penetration low in India compared to other countries
- Increase in penetration can happen with growth of personal lines, product enrichment, catering to rural masses, innovative selling and bright long term outlook for growth
- Every 0.25% increase in penetration can increase industry GWP by Rs.350 Bn

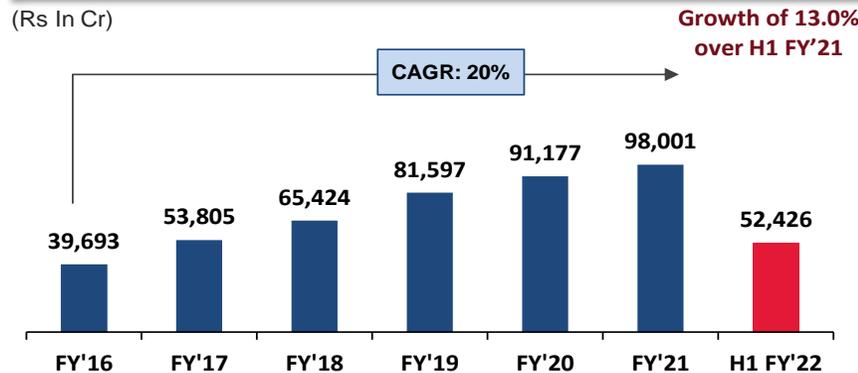
Industry has Witnessed Strong Growth Over the last 15 Years

General Insurance Gross Premium has grown >10x over the last 15 years

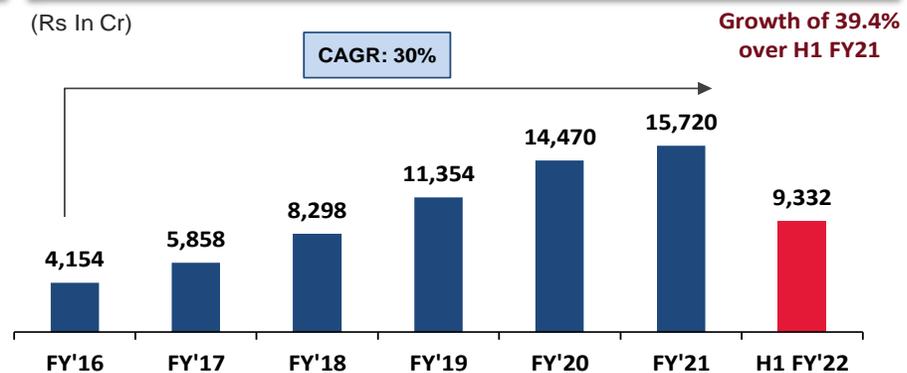


Source: IRDA; data includes public general insurers, private general insurers, standalone health insurers (SAHI) and specialized general insurers

Private GI Players have grown at a faster pace



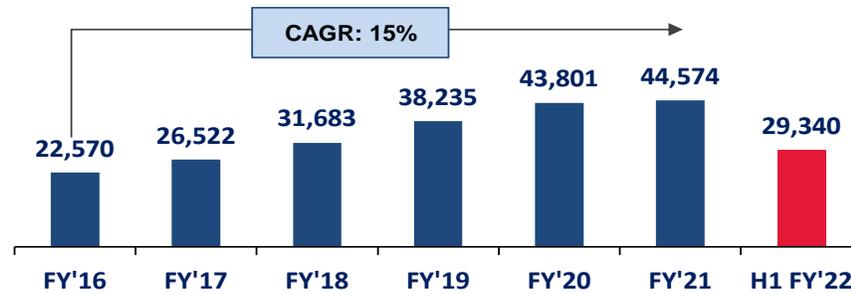
Robust growth for SAHI Players driven by Retail



Motor & Retail Health are the Largest GI Segment and Continue to Grow at Steady Pace

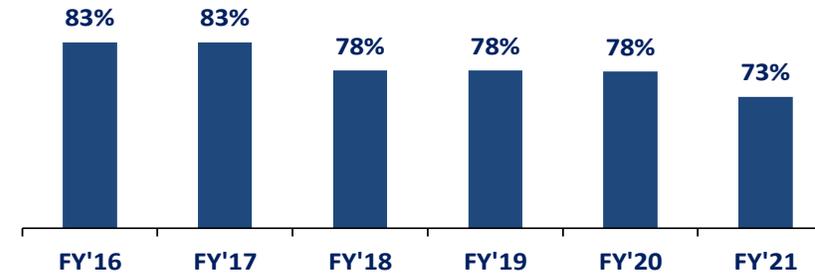
Motor accounts for 37.8% share of the overall GWP for Private General Insurers (single largest segment)

(Private Motor Insurance – GWP Rs in Crs)



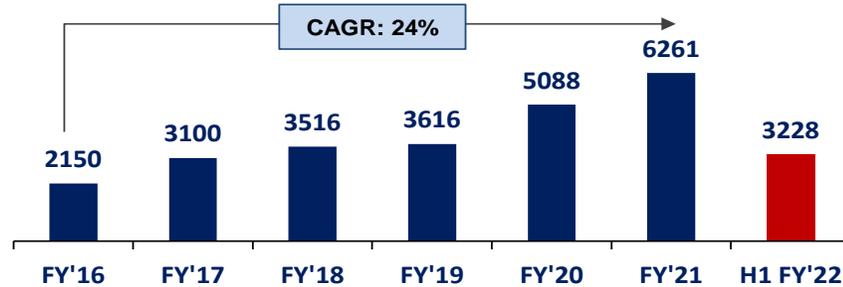
Claims ratio is expected to stay flat

(Private Motor Insurance – Claims Ratio)



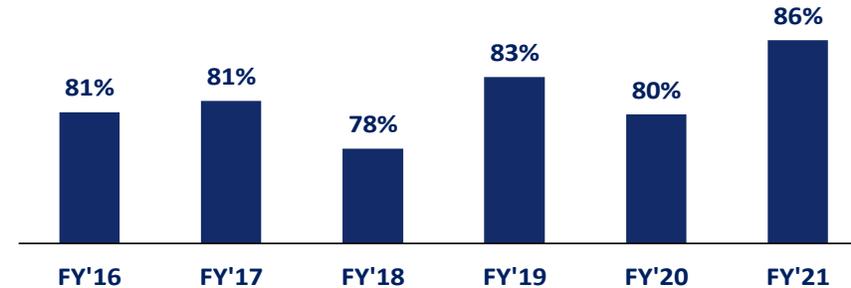
Retail Health (7.8%* share of overall GWP) is the fastest growing segment

(Private Retail Health Insurance – GWP Rs in Crs)



Health Ratios in FY21 impacted by Covid claims

(Private Health Insurance – Claims Ratio)



* Excluding SAHI Companies

Industry Landscape – GWP Growth for Private GI Players (5 Yr CAGR)

Insurers	H1 FY'22 GWP (Rs in Cr)	Growth over H1 FY'21	Market Share	Last 5 years GWP CAGR	Motor Mix %	Heath + PA Mix%	Crop Mix%	Fire Mix%
ICICI-Lombard	8613	7.0%	9.5%	11.6%	37.7%	22.9%	6.8%	18.7%
Bajaj Allianz	7483	16.8%	8.2%	16.6%	27.7%	27.5%	20.2%	13.9%
HDFC ERGO	6525	10.3%	7.2%	26.1%	23.4%	32.6%	24.4%	11.5%
Tata-AIG	4367	15.5%	4.8%	22.1%	47.8%	15.7%	0.1%	21.2%
Reliance	5073	12.7%	5.6%	24.4%	31.2%	12.7%	38.2%	12.6%
IFFCO-Tokio	4365	3.2%	4.8%	17.9%	36.0%	23.8%	15.3%	13.2%
SBI General	4129	14.1%	4.5%	32.3%	23.3%	24.9%	32.9%	14.8%
Chola MS	2122	8.8%	2.3%	12.3%	69.0%	14.8%	0.0%	11.7%
Go Digit	1780	82.9%	2.0%	NA	58.7%	25.0%	0.0%	7.8%
Future Generali	1818	13.8%	2.0%	19.8%	39.3%	15.2%	20.4%	13.1%
Royal Sundaram	1353	10.9%	1.5%	10.6%	64.8%	16.6%	0.0%	13.8%
Universal Sampo	1570	16.0%	1.7%	27.6%	28.2%	23.7%	36.2%	8.8%
Shriram	781	-22.6%	0.9%	4.5%	92.9%	1.9%	0.0%	3.3%
Liberty Videocon	690	6.0%	0.8%	28.7%	59.5%	19.3%	0.0%	9.7%
Magma HDI	690	34.3%	0.8%	26.0%	75.0%	7.4%	0.0%	12.1%
Acko	415	177.2%	0.5%	NA	49.5%	45.0%	0.0%	0.0%
Kotak Mahindra	278	18.9%	0.3%	171.0%	46.7%	43.1%	0.0%	8.0%
Raheja QBE	186	107.2%	0.2%	56.8%	72.1%	1.4%	0.0%	4.6%
Edelweiss	154	63.8%	0.2%	NA	48.6%	42.7%	0.0%	5.2%
Coco By Navi	37	-5.5%	0.0%	NA	50.8%	28.8%	0.0%	16.5%
Average of top 10 Insurers				20.4%	39.4%	21.5%	15.8%	13.9%

Favorable Regulations Aiding Growth

Amendment to Acts expected to improve profitability and growth across segments

Working well

Mandatory Long term Third Party Insurance



- ▶ 3 years for Cars, 5 years for 2W
- ▶ Expands premium coverage, client stickiness
- ▶ Increases float income

Compulsory Personal Accident



- ▶ Introduction of enhanced compulsory PA cover
- ▶ Increase in annual premium

IIB Rates in Property



- ▶ Burn cost based pricing mechanism
- ▶ Better premium realization and improved LRs (other than standard products)

Requiring Tweaks

Crop Insurance



- ▶ PMFBY financially supports farmers
- ▶ Minimal premium up-to 2% by farmers & balance by State & Central Govt.

Introduction of MISP guidelines



- ▶ Motor dealers as insurance intermediaries
- ▶ Shifting of bargaining power to OEM / Dealer

Yet to Take Off

Amendments to the Motor Vehicle Act



- ▶ Claim initiation time cut to 6 months, shortening the long tail of claims
- ▶ ~10x increase in penalties for non-compliance of traffic rules

TP Premium Pricing



- ▶ 15% CAGR in Motor TP premium rates over the last 7 years
- ▶ No increase after June 19

Expense Capping



- ▶ Capping of commissions across all lines including health and commercial lines

Contact us

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Thank You



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