

**Transcription of 76th Annual General Meeting of Cholamandalam Financial Holdings
Limited held at 3.00 pm on Friday, August 8, 2025**

Mr. M M Murugappan, Chairman conducted the proceedings.

Mr. M M Murugappan:

Good Afternoon, Ladies and Gentlemen. I welcome you all to the 76th Annual General Meeting of Cholamandalam Financial Holdings. The Ministry of Corporate Affairs has extended its approval to companies to conduct the Annual General Meetings through video conferencing or other audio-visual means till the 30th September 2025.

Accordingly, in order to enhance accessibility and enable better participation by all shareholders, the 76th Annual General Meeting of the company is being held in an electronic mode through video conference.

The company has made necessary arrangements for the participation of shareholders in the meeting through video conference and vote at the AGM in a seamless manner. The requisite quorum being present, I now call the meeting to order.

Ladies and gentlemen, let me first introduce you to my colleagues on the board.

Seated to my right, immediately is Mr. B. Ramaratnam, Independent Director. He is the Chairman of our Audit Committee and a member of our Stakeholders Relations and Risk Management Committee.

Immediately after him, to my right, is Mrs. Vasudha Sundararaman, Independent Director and she is the Chairperson of our Nomination and Remuneration Committee and a member of the Audit Committee.

Thereafter, again to my right, is Mr. K. Balasubramaniam, Independent Director and member of the Audit Committee and the Nomination and Remuneration Committee.

Mr. Vellayan Subbiah, our Director, is attending the meeting virtually from his office.

Mr. Sridharan Rangarajan, Non-Executive Director, who is retiring by rotation at this AGM, unfortunately, is unable to attend this meeting due to unavoidable circumstances.

My colleagues in the company seated to my left are, on the extreme left, is Mr. Ganesh, our Manager and CFO. Also, Mrs. Krithika, our Company Secretary, who is seated immediately to my left.

We also have Mr. Venugopalan, the CFO of Chola MS Insurance, with us in the boardroom here in Chennai. Mr. Venkatakrishnan and Mr. Vishwanathan, partners from M/s RGN Price and Company, Chartered Accountants, our Statutory Auditors, Mrs. Srinidhi Sridharan of M/s Srinidhi Sridharan and Associates, our Secretarial Auditor and

Scrutineer for the purposes of e-voting, have joined the meeting through video conference. Now, I will move on to the main proceedings.

In compliance with requirements prescribed by the Ministry of Corporate Affairs and the Securities and Exchange Board of India, the notice convening the 76th Annual General Meeting of the Company and the Annual Report for the year 24-25 have been sent through electronic means to all shareholders whose email IDs are registered with the Registrar and Transfer Agent or Depository Participants, as the case may be. The Company had issued an advertisement in this regard, informing shareholders to register their email IDs to enable the Company to send the documents electronically to them. Further, in compliance with the SEBI Directive, individual letters have been sent to those members whose email IDs are not registered with the Company, providing the web link of the Company's website from where these documents can be accessed.

Physical copies of the Annual Report have been sent to those shareholders who have specifically requested for the same. The notice convening the 76th Annual General Meeting and the Annual Report were also uploaded on the websites of the Company and the Stock Exchanges and the website of the service provider NSDL. As the AGM is being held through video conference, the requirement for the appointment of proxies by the members is not applicable.

The AGM notice and the Annual Report for the financial year 24-25 have already been circulated to shareholders. With your permission, I wish to take the notice convening this meeting as read. The Register of Directors, the key managerial personnel and their shareholding and the Register of Contracts or Arrangements in which the Directors are interested and other relevant documents mentioned in the notice are available for inspection by members. Members seeking to inspect these documents may contact the Company Secretary.

The Statutory Auditor's Report on the Financial Statements of the Company for the year ended 31st March 2025 does not have any qualifications, observations or adverse remarks on the financial transactions or the functioning of the Company. The Secretarial Auditor Report for the year ended 31st March 2025 also does not contain any qualifications, observations or any adverse remarks. Accordingly, the Statutory Auditor's Report and the Secretarial Auditor's Report are not required to be read at this meeting.

Ladies and Gentlemen, I will now move on to give you an overview of the Company's performance.

For Cholamandalam Financial Holdings Limited, the guiding principle of sustaining growth and deepening impact defines our strategic vision and objectives. This theme reflects our unwavering commitment to diligently expand our financial footprint while

simultaneously amplifying our positive influence across all stakeholders and the broader community.

The global landscape remains complex, and so does the Indian landscape in more recent times. This is shadowed by significant geopolitical disturbances and rapidly evolving economic dynamics. Amidst this volatile environment, the Indian economy has demonstrated reasonable resilience. This resilience is notably bolstered by the Government's strategic emphasis on capital expenditure, which hopefully will stimulate private investment and foster an environment which is conducive to economic expansion. Cholamandalam Financial Holdings and its group entities delivered a strong performance in the year 2024-25, reflecting the strength and synergy of its investment portfolio. The company ended the year with a consolidated income of Rs 33,460 crores, marking a 28% year-on-year growth and a consolidated profit of Rs 6,405 crores, a 23% increase over the previous year.

Strong execution by our teams has helped successfully scale up the group's performance with improved key metrics. Underpinned by our strong business fundamentals, the Board has recommended a dividend of Rs 1.30 per share for the year 2024-25. This is in line with our dividend policy and reflects our commitment to delivering value to our shareholders.

I will take the three businesses one by one. The NBFC business, the Indian non-banking financial company landscape continues its rapid evolution adapting to regulatory changes and market dynamics. While the sector's credit growth is expected to moderate compared to recent fiscal years, the overall NBFC credit is projected to exceed Rs 60 trillion by FY26. This is driven significantly by retail assets. However, many challenges persist, particularly in the unsecured loan segments, and market slowdown, but certain regulatory actions are viewed as beneficial for long-term sectoral stability.

Our NBFC subsidiary, Cholamandalam Investment and Finance Company Limited, achieved a record-breaking milestone in disbursements, collections and profitability with its assets under management surpassing Rs 1.99 lakh crores as at end March 2025. The company's robust liquidity management framework has also ensured sufficient liquidity throughout the year. Cholamandalam Investment and Finance is also making significant progress towards its long-term vision of becoming a leading financial institution. Towards this, a host of initiatives were implemented during the year to drive growth, to enhance the customer experience and also looking at direct-to-customer channels and consolidate mobile apps into the comprehensive CholaOne app. In its continuous endeavour to diversify offerings and cater to a wider spectrum of financial needs, the company has just entered in a small way to the gold loan segment to cater to the section of society that prefers gold as a primary form of security.

Turning to our insurance business, the general insurance business, characterised by low insurance penetration and density, has vast headroom for expansion. The Government of India and the insurance regulator have spelt out the objective of Insurance for All by 2047, and many steps have been taken in this direction. The regulator has also consolidated several regulations, reshaping product regulations with an emphasis on empowering insurers, encouraging digital enablement and policyholders' protection. The industry is keenly looking forward to the amendments in the draft insurance bill that can further open opportunities in India. The market, however, remains competitive with many players and some more to come, and therefore, there is both an opportunity and severe competition.

Cholamandalam MS General Insurance Company, Chola MS for short, has grown ahead of the industry both in terms of its gross written premium and profits in the year 2024-25. Its strong financial health is evidenced by a solvency ratio of 2.18 times which is very healthy, and this is significantly above the regulatory minimum of 1.5 times. Chola MS continued to expand its distribution channels, added new partners and enhanced digital capabilities. The company issued 1.3 crore policies in FY24-25, underscoring its operational excellence and customer trust. With over 6 lakh claims settled during the year, the company continues to earn trust and a strong reputation amongst its customers and channel partners.

Cholamandalam Risk Services, Chola MS Risk, a joint venture company, offers specialised risk management solutions. The company also continued its growth trajectory. The company strengthened its order book by bagging new contracts aggregating to Rs 80 crores. The company further expanded its service offerings by launching a number of strategic projects in areas of cultural transformation, behaviour-based safety and sustainability.

Looking ahead, as we look forward, we remain resolute in our pursuit of sustained growth and further deepened impact, thereby creating long-term value for our stakeholders and this will be driven by our strategic approach and commitment to operational efficiency across all our businesses.

Ladies and gentlemen, the board plays a very vital role in shaping and embedding the right corporate culture to progress our purpose. I would like to thank each and every one of my colleagues on the board for their commitment, their involvement, their dedication, their diligence and for encouraging us with their overall support at all times. They've been very generous with their time, and I greatly appreciate this. I also take this opportunity to thank my colleagues in the company, especially Ganesh, Krithika and Venu who are here and their teams and the teams in our investee companies, Chola Insurance, Cholamandalam Investment and Finance and also Chola MS Risk. I take this opportunity to thank you all, our stakeholders, shareholders, customers, regulators, business partners and vendors for your continued support and patronage. I

acknowledge the dedication and valuable contributions of everyone in driving the company towards greater success.

The board reviewed the first quarter results of the year 25-26 earlier today. The company's consolidated total income for the quarter was Rs 9,383 crores against Rs 7,677 crores in the corresponding quarter of the previous year, registering a growth of 22%. The consolidated profits after tax were Rs 1,260 crores as against Rs 1,160 crores in the previous year. The standalone income for the quarter was, for the company that is, was Rs 3.65 crores against Rs 2.58 crores in quarter one of the previous year. Profits after tax for the quarter ended 30th June 2025 was Rs 2.11 crores as against Rs 1.39 crores in the quarter one of last year.

In terms of the results of the group entities, aggregate disbursements of Chola Investment and Finance Company for the first quarter were at Rs 24,325 crores as against Rs 24,332 crores last year. Assets under management were Rs. 2,07,663 crores as against Rs 1,68,832 crores last year, thus recording a growth of 23%. Profits before tax was Rs 1,530 crores as against Rs 1,268 crores in the previous year, a growth of 21%. CIFCL continues to hold a strong liquidity position with Rs. 16,731 crores as cash balances as of 30th June and a total liquidity of Rs. 7,226 crores. The asset liability match is comfortable and with no negative cumulative mismatches across all time buckets as per the regulatory norms. Capital adequacy ratio at 19.96% is much above the regulatory minimum of 15.5%.

Cholamandalam MS General Insurance registered a gross written premium of Rs. 2,073 crores for the quarter ended 30th June as against Rs 1,957 crores in the corresponding quarter of the previous year. Profits after tax for the quarter were at Rs. 119 crores as against Rs. 211 crores for the first quarter of the previous year. Chola MS Risk achieved a total income of Rs. 20.44 crores for the quarter ended 30th June 2025 as against Rs. 16.29 crores in the corresponding quarter of the previous year. Profits after tax were at Rs. 1.23 crores as against Rs. 0.12 crores in quarter 1 of the previous year.

This, ladies and gentlemen, will give you a snapshot of the performance of last year and the first quarter this year. Thank you very much for your patient listening.

We will now take up the resolutions as set forth in the AGM notice. We have five resolutions and these are for the adoption of the audited financial statements, adoption of the audited consolidated financial statements, approval of the final dividend for the financial year ended 31st March 2025, reappointment of Mr. Sridharan Rangarajan as director, he retires by rotation, and the appointment of Sridharan and Sridharan Associates, company secretaries as the secretarial auditors of the company for a period of five consecutive years from the financial year 25-26 till the financial year 29-30.

The company has engaged National Securities Depository Limited to provide the facility of electronic voting to all its members to cast their vote on all businesses contained in the AGM notice.

The voting right is available to members and beneficial owners who hold shares in the company as on the cut-off date, that is, August 1st, 2025. The remote electronic voting window was kept open between Monday, the 4th August until Thursday, the 7th August. Thereafter, the remote voting facility was disabled by NSDL. Members who have not cast their votes through the remote e-voting facility may cast their vote through this facility provided during the meeting session. The e-voting window will be activated, allowing the members to cast their vote. Members are requested to refer the AGM notice for instructions on the e-voting during the meeting.

Mrs. Srinidhi Sridharan of M/s Srinidhi Sridharan and Associates practicing company secretaries, has been appointed by the board as the scrutineer for conducting the electronic voting in a transparent manner.

To shareholders, the annual report for the year ended 31st March 2025 has been with you for some time now. The company had provided an opportunity to post their queries and also register themselves as speakers for those who wish to do so during this meeting. We have not received any queries in advance and two members have registered to speak at this meeting. Moderator sir, may I now request you to facilitate the registered speakers to speak or raise clarifications regarding the accounts and operations of the company during the year 24-25.

Speakers, kindly keep your questions and comments brief and specific. I also request members to confine their questions to the company's operations and the annual accounts and focus on remarks which are pertinent to the company's performance. In case your queries pertain to the subsidiary's operation, kindly mention which document you are referring to for us to address your queries better.

We will take in all the questions, tabulate them. Thereafter my colleagues and I will answer them. Moderator, Sir, may I request you to facilitate the speakers to speak at this meeting.

Moderator: Sure, Sir. Going ahead with the list of our registered speaker shareholders, the first person on the list is Mr. Manish Bheria. Manish Ji, thank you so much for joining us in this meeting. You have already been unmuted.

We can also have your video turned on for the questions if you like sir.

Manish Bheria: Yes, so can you see me?

Chairman: Yeah.

Manish Bheria: Yes, can you hear me? Yes.

Yeah, hi. So, this is first of all, good afternoon to all the board members, respected board members and my fellow shareholders. So, this is Manish Bheria, this side from Bangalore. I am an individual portfolio manager, and we have started accumulating Chola financial holding from 2019 onwards and till now we have accumulated around 37,000 shares in various accounts, self, HUF and my wife's account. So, I have a few questions. So, the question number one is first on the insurance business.

So, if you look at the profitability that is on the lower side and that coincide with the competitiveness that you have mentioned in your initial comment, but I still ask this question. So, the combined ratio is always above 100% consistently. So, do you see a path where we can become a more profitable organization? And I don't know if you have any number or guidance in mind that you can share on the growth prospect as well as profitability or ROE expectation for the medium term for this general insurance business.

Second question is again on the insurance business. So, if I see the management ratios, especially if you considered on the net earned premium, I mean, that is on slightly on the higher side versus some of the leading insurance player. So, do you envisage that this ratio can come down in the medium term in the future? The third question is on the NBFC business, Cholamandalam Finance.

So, what will be our growth expectation for the next five years here? And the question also was that as we grow in size, I mean, does this NBFC structure will limit our scale at a certain size? I mean, if you go to 8 lakh crores, 10 lakh crores, AVM, I mean, can we still operate as an NBFC or we have to transition to a bank or something like that for better risk management here? The fourth question will be what will be our long-term capital allocation at Cholamandalam Financial Holding at present? I mean, there is not much cash streaming from Cholamandalam Finance as well as the insurance business as they are in a good growth phase. I mean, that is good. But let us say once the business matures even halfway through that, what will we do with the that will be streamed at the Cholamandalam Holdings level? Will it be given back to shareholder or will be reinvested in some growing some new businesses here? The fifth question is on that if you look at Cholamandalam Financial Holdings still trading at a hefty discount to its fair value.

So, do you have anything in mind that can narrow the discount versus the underlying value of Cholamandalam Financial Holding? And the last one, do you have any plan to list MS General Insurance business? So, I have seen the comment lately that within five years' time frame, probably we are going to list the insurance business. So, just wanted to understand if you list it, it is for the growth capital or it's a value unlocking exercise.

And do you think by five years' time frame, we will reach a good profitability level? So, when we list, we get a very good valuation for our subsidiary here.

So, these are all my questions and thank you very much for giving me the opportunity here. Thank you.

Moderator: Thank you, Mr. Bheria.

Thank you so much. This was Mr. Manish Bheria. Manish, your questions have been noted and would be answered shortly.

Thank you so much. Going ahead to the list of our registered speaker shareholders. The next on the list we were supposed to have with us Mr. Manjeet Singh with Sarvajit Singh, but unfortunately, they haven't joined the meeting as of now.

So, would you want to wait a little while longer or would you want to continue?

Mr. M M Murugappan: No, I will go ahead and answer Mr. Bheria's questions and my colleagues are also here. So, they will also give him some more details that he wanted on his questions. First of all, Mr. Bheria, thank you for your confidence in Chola Financial Holdings and thank you for being a shareholder along with your family.

We greatly appreciate it. Let me come to our businesses, and you spoke about the insurance business. In the insurance business, what happens is that we try to balance, you talked about the profitability being on the lower side. We try to balance growth, our combined ratio and the ROE. So, in 2024-25, you would have seen that we had a fairly good improvement in the growth and the ROE, while the combined ratio overall has slightly gone up. So, this is something we continue to balance all the time. In a very competitive market, it is always a challenge. Naturally, like most insurers, we also work towards trying to make underwriting profits, but at the moment, we have not been successful. Of course, we have a fairly good investment portfolio and an investment income, which also helps us. What we also see is that our combined ratio is higher because we do this upfront absorption of our acquisition cost and this is not deferred because of the regulatory requirements. And recently, if you know that while we absorb these costs, the regulator by this 1/n, which is over the number of years accounting policy, this has also impacted the combined ratio. In subsequent years, naturally, it is our endeavour to get a more positive combined ratio but what we will do is that all that we can tell you right now is that we are working very hard towards this is a very competitive market.

Of course, the earned premium represents the retention levels and being retail retail-oriented company, greater than 65% of our portfolio is retail portfolio. And this is normally high, which is good for the company overall.

Now, we have talked about the NBFC. What is the growth over the next 5 years, etc. and will we be limited by size? Will we try to morph into a bank? Things like that. We normally do not give guidance as to what will happen over the next 5 years. At this moment, we are fairly well placed as an NBFC. We have the trust of our customers. And therefore, we will continue to be focused as a strong NBFC, and we will invest in enhancing operational efficiencies and enhancing our footprint. Therefore, as of now, we have no plans to transform ourselves into a bank.

In terms of long-term capital allocation as far as the company is concerned, the really from the Chola Financial Holding's perspective, our capital will go only towards our existing investee companies. Yes, I know that we trade at a very high discount. This is the characteristic of the market itself. Hopefully, the market, when it recognizes it, it may change. But this is a characteristic.

Now, will we list our insurance company? The regulator has been encouraging listing. Clearly, from our perspective and you know this from our group, the listing will be primarily towards the development and progress of the company rather than just trying to extract the value. So, we are not planning to list immediately, though the regulator does encourage insurers to list. Perhaps other larger insurers will list. But, we are not planning to list immediately. Our solvency is quite strong, and at the appropriate time, we will do so.

So, that pretty much brings covers all the topics that you have mentioned. Once again, most appreciate your interest in the company, and we wish you very well as an investor. Thank you.

So, now that our speakers have expressed their comments and we have given them responses to the question, we must say that we have come to the close of the business part of the meeting. Members who have not cast their votes through the remote e-voting facility may now cast their votes. It will continue; this facility will be available for about 15 minutes from the closure of this meeting.

Ms. Srinidhi Sridharan, our scrutineer, will submit a report to the company after consolidating the remote e-voting and the voting during this AGM, and I request her for an orderly conduct of this process. The voting results will be announced on or before the 10th August 2025. The voting results, declared along with the scrutineer's report, will be submitted to the stock exchanges and will also be placed on the company's website. Since there is no other business, I wish you all well and declare this meeting as closed, and I thank NSDL and my colleagues in the company, particularly Krithika and the secretarial department and those who are assisting her. Thank you all very much for the smooth conduct.

Thank you.