

Cholamandalam Investment and Finance Company Limited

Corporate Presentation - June 2019



Table of Contents



1. Group overview



2. Corporate overview



3. Financial performance



4. Business segments' overview



5. Funding profile



6. Subsidiaries performance



7. Risk management

Murugappa Group Overview



Murugappa Group in a Nutshell



Years of
Existence



Consolidate
Turnover
(FY19)



Group Market
cap (as on 31st
Mar 2019)



Sectors



Businesses



Listed
Companies



Geographical
Presence

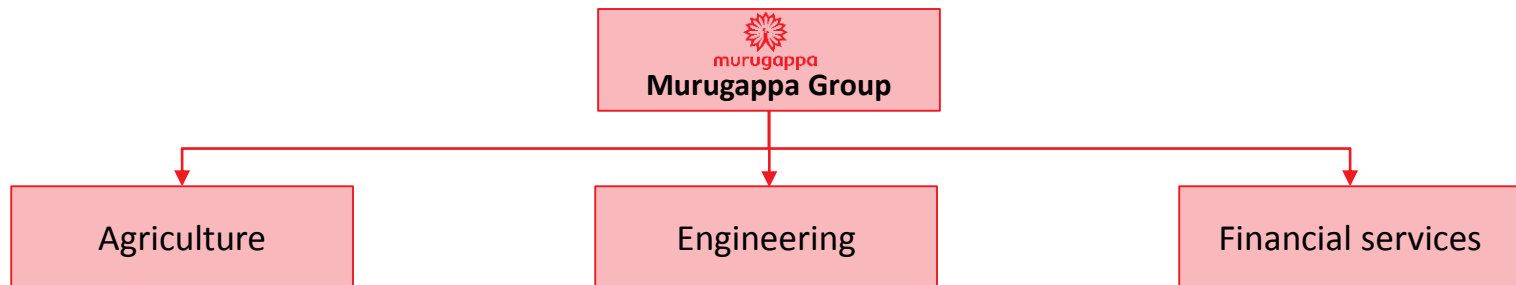


Manufacturing
Locations



Work force

Murugappa Group Overview



Sector Performance—FY18-19

	Agriculture	Engineering	Financial services
Market Cap(Cr.)	17,913	16,574	31,601
Turnover (Cr.)	16,442	8,165	11,654
PAT(Cr.)	799	487	1,446

Major Companies

	Coromandel	Parrys	CUMI	TI INDIA	Chola	Chola MS
Market Cap(Cr.)	12,170	3,236	6,762	7,811	22,356	NA
Turnover (Cr.)	13,159	3,283	2,656	5,464	7,109	4,428
PAT(Cr.)	721	79	248	251	1,197	179

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

Corporate Overview



SPIRIT OF MURUGAPPA



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

Cholamandalam Investment & Finance Company Limited



9.5 lakh + customers

Helping customers enter better life

2 lakh customers in year 2000 to 9.5 lakh plus customers till date



26,600 + employees

Strong employees force to serve more customers

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



Rs. 57+k Cr. AUM

Healthy ROA of 3.4%

PAT - CAGR of 28% from
FY15 to FY19



Rs. 22 Cr. market cap

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 22K Cr. in
2019



999 branches

Strong geographical presence

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



Diversified product
portfolio

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

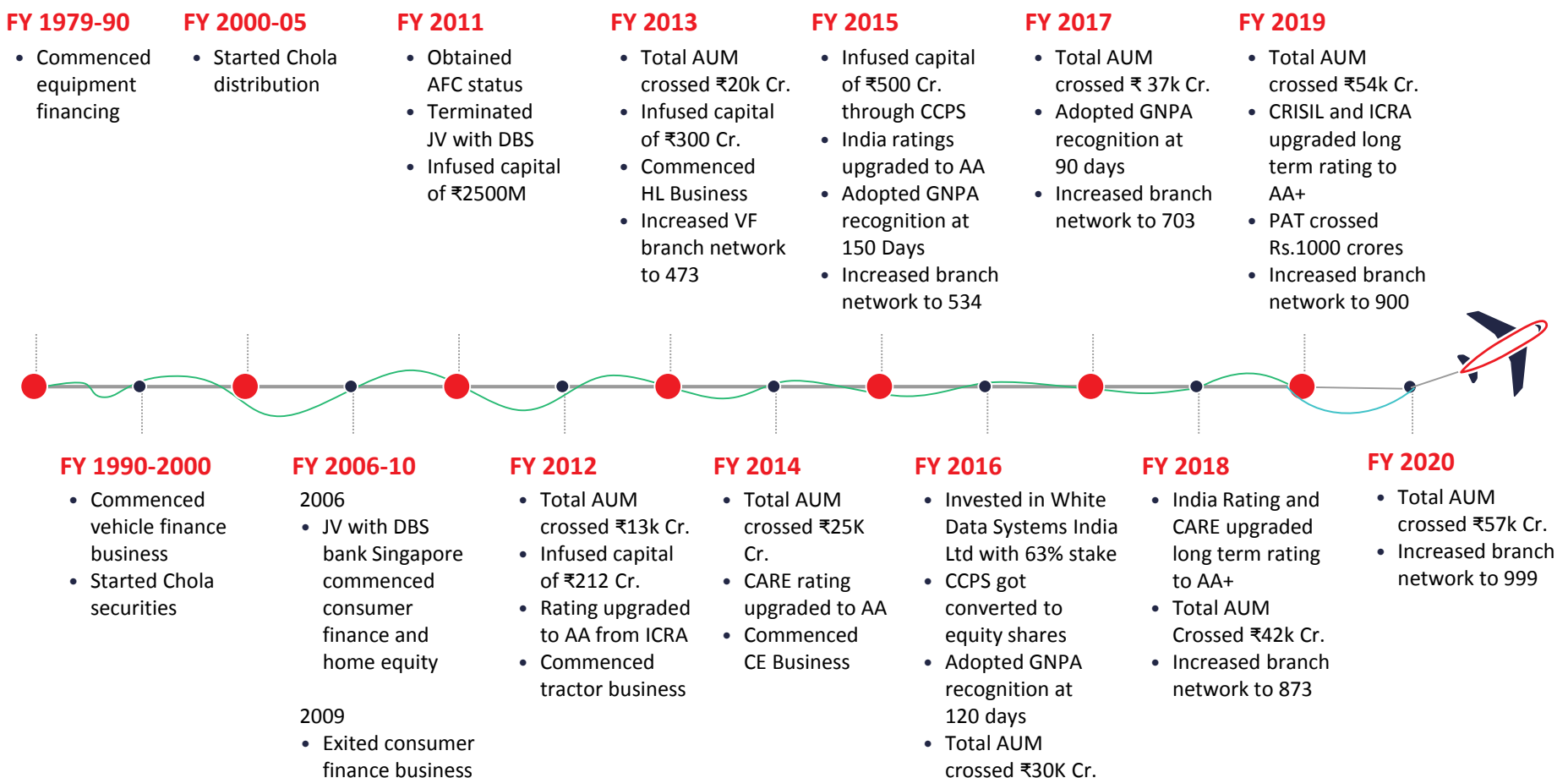


Highly experienced
management

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

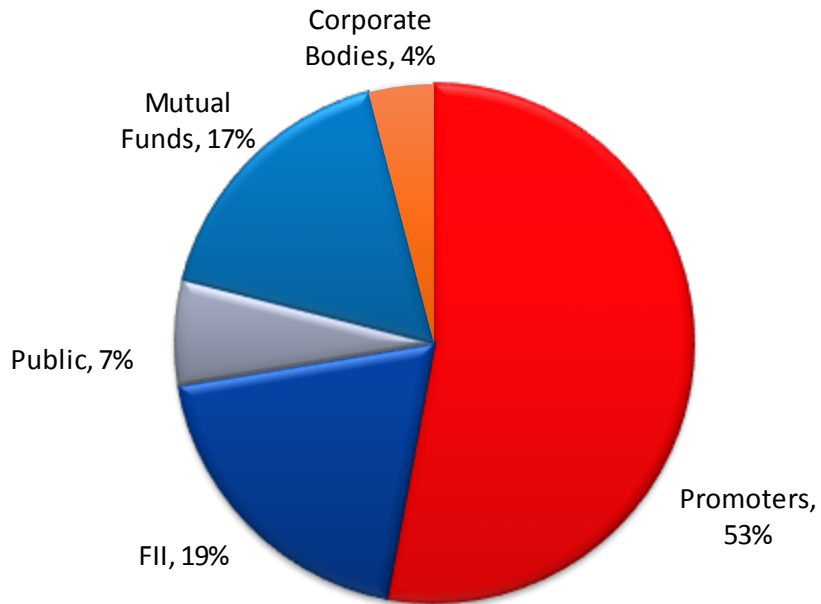
Our journey so far

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



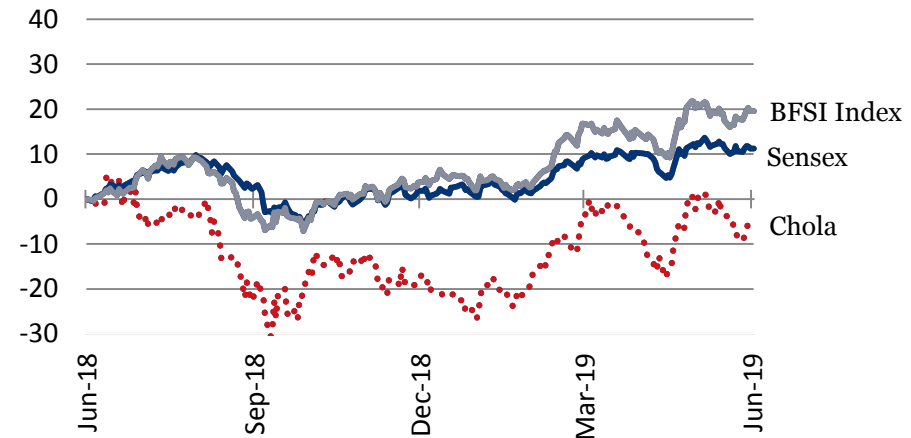
Shareholding

Shareholding Pattern



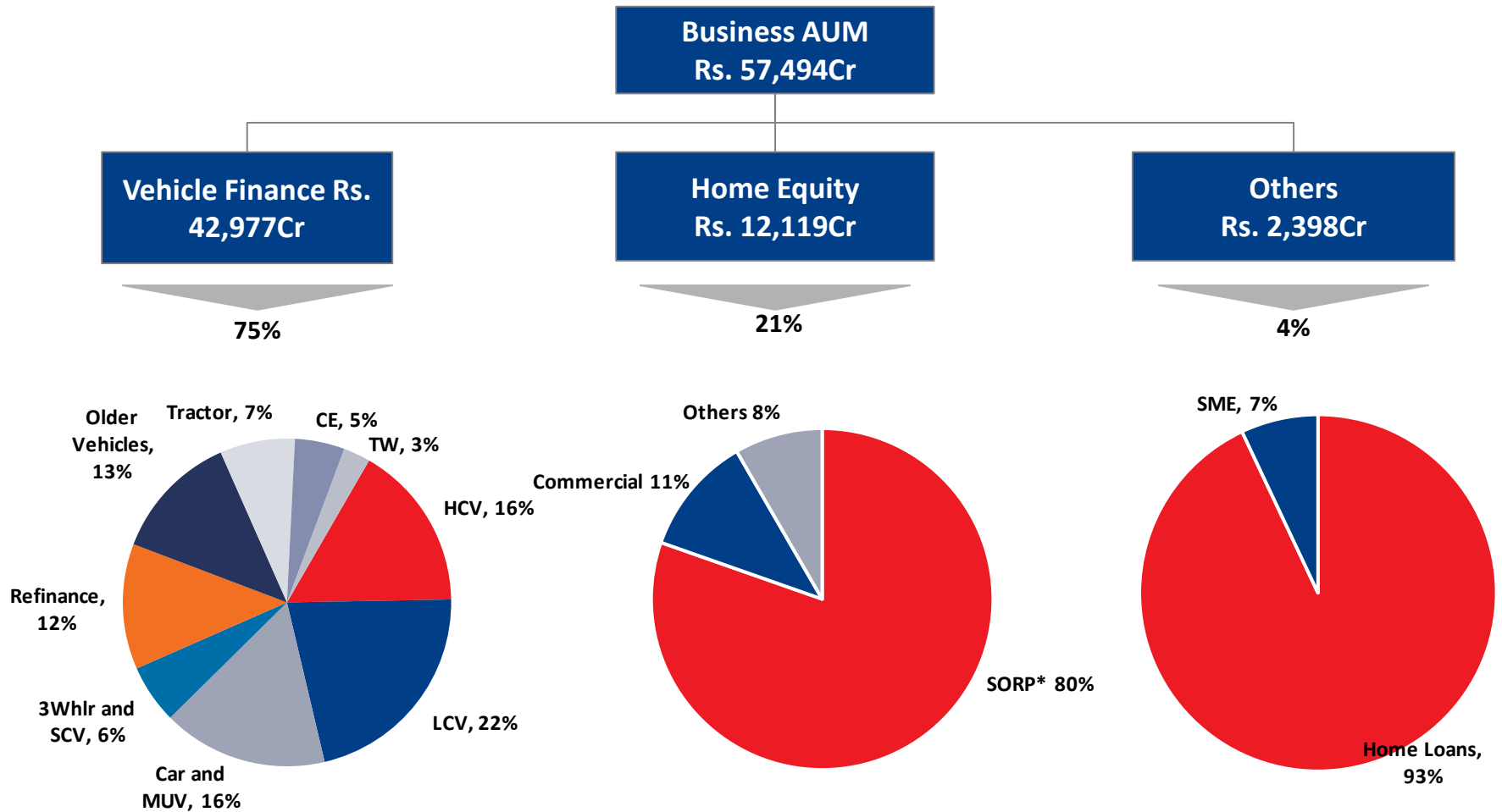
- Promoters share holding of 52.94% includes
 - Cholamandam Financial Holdings Limited – 46.39%,
 - Ambadi Investments Private Ltd – 4.31%
 - Others - 2.13%

Share Price Growth



	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
CIFCL (₹/Share)	303	234	252	290	286
BSE Sensex	35,423	36,227	36,068	38,673	39,395
BFSI Index	29,251	27,992	30,377	34,142	34,972

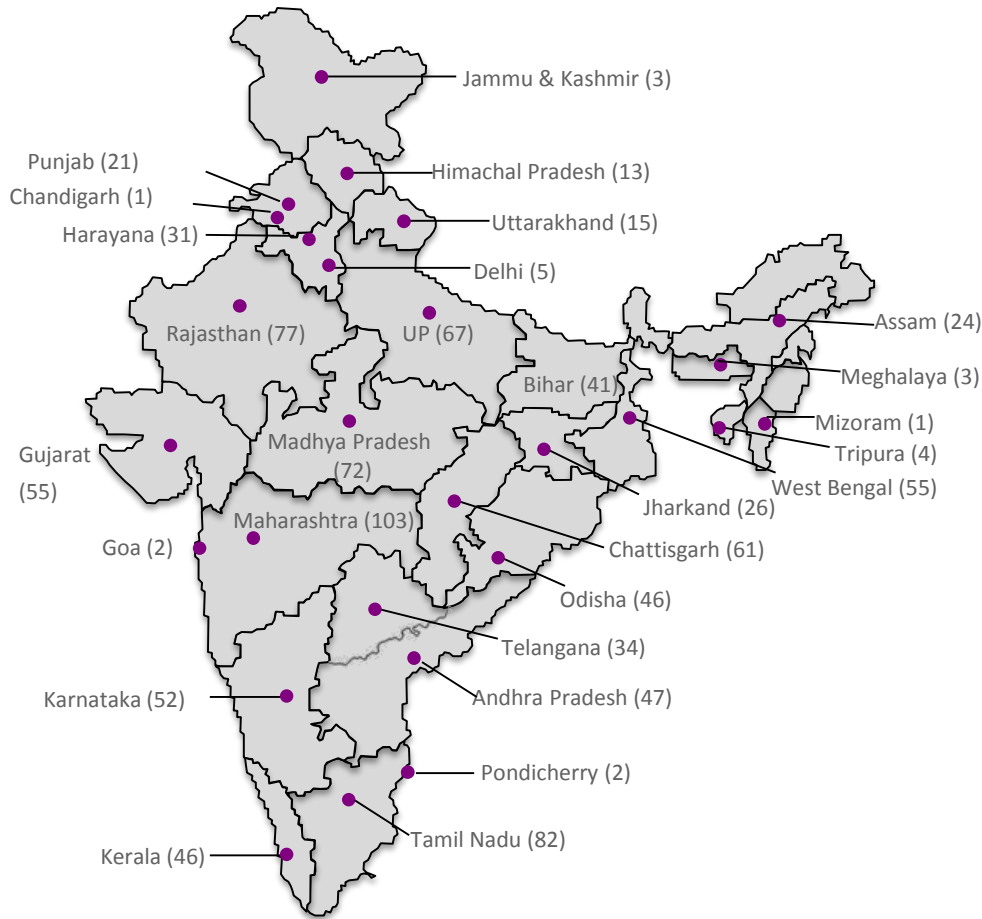
Business Profile and AUM as on 30th Jun 2019



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

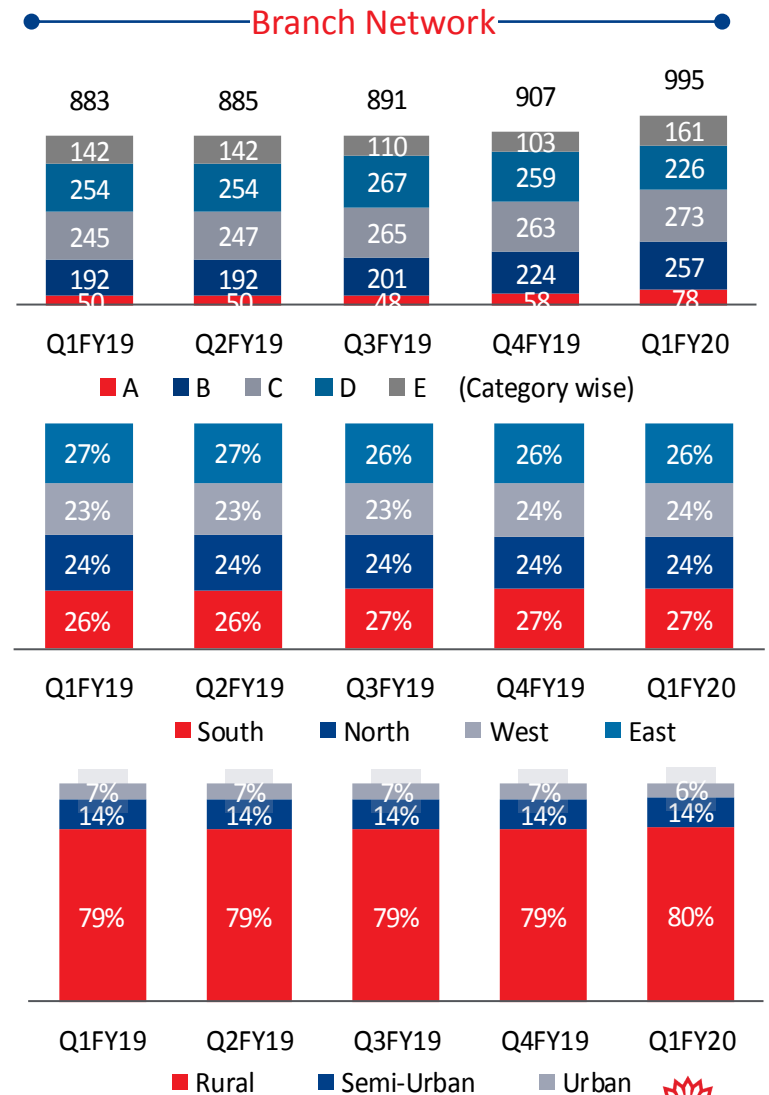
LCV: Light Commercial Vehicle
 CE: Commercial Equipment
 MUV: Multi Utility Vehicle
 SME: Small & Medium Enterprise

Strong Geographical Presence



- **999 branches** across **27 states/Union territories**: 995 VF, 249 HE (243 co-located with VF), 173 HL co-located with VF and 4 Regional offices in Tamil Nadu.
- **77% locations** are in Tier-III, Tier-IV, Tier V and Tier-VI towns

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



Financial Performance

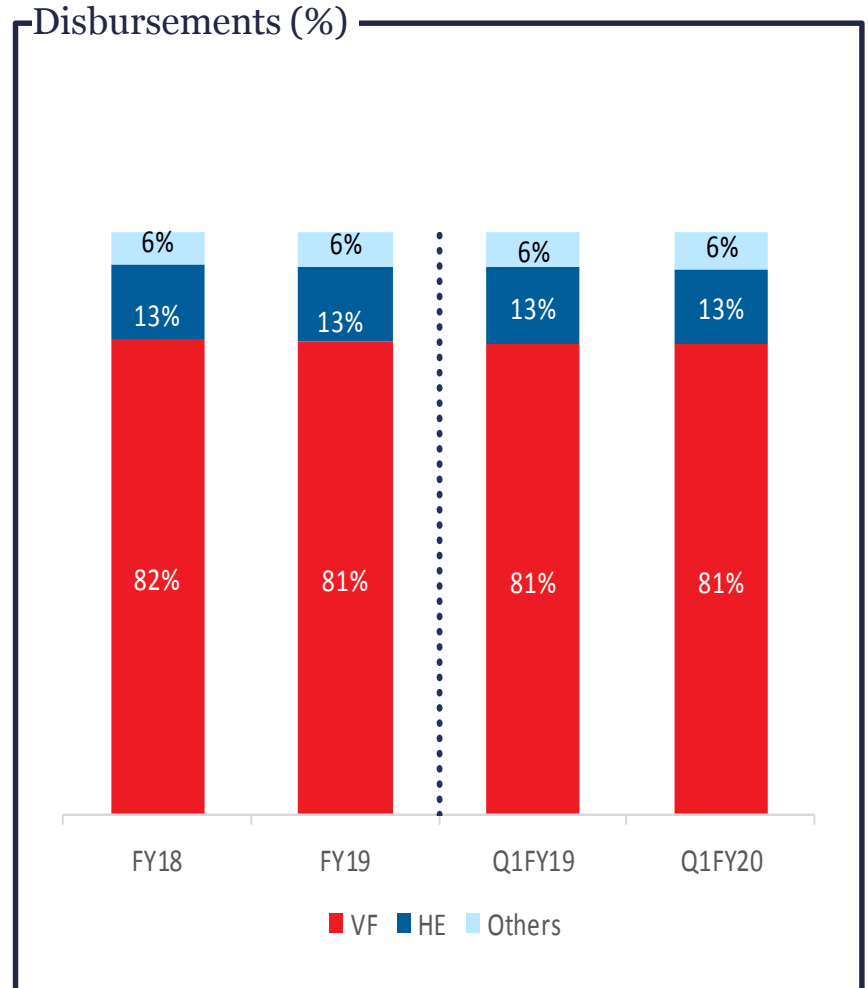
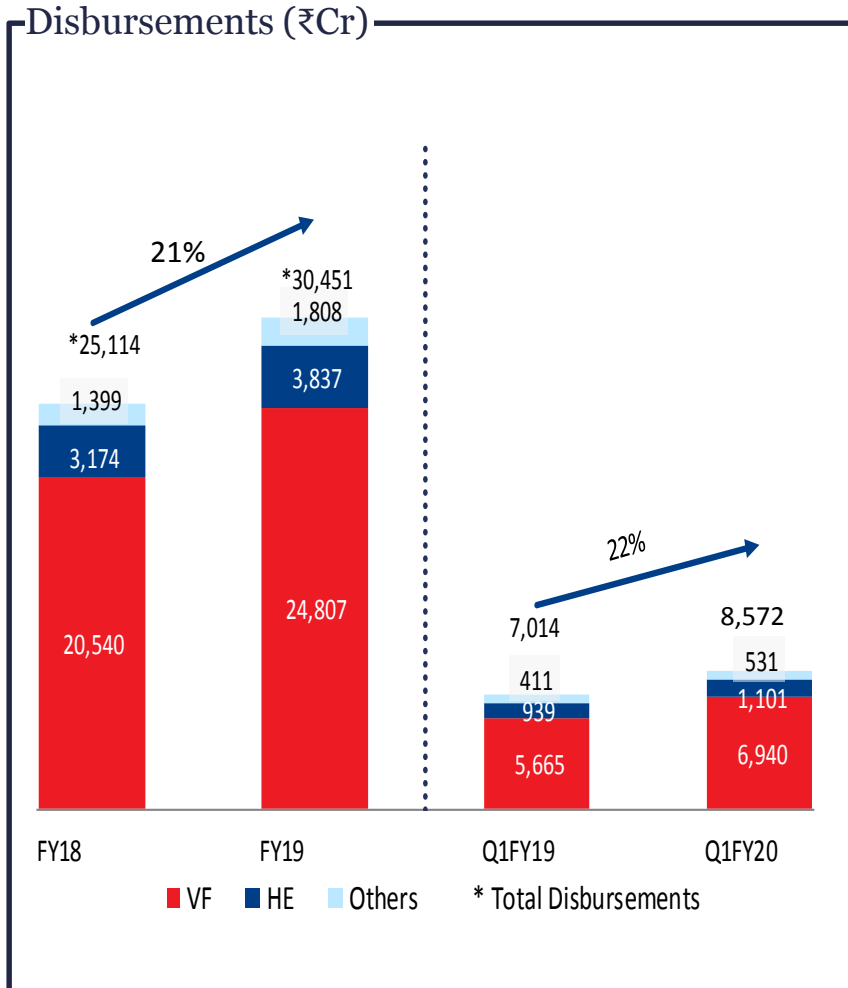


Financial Snapshot —10 Years

₹ Cr

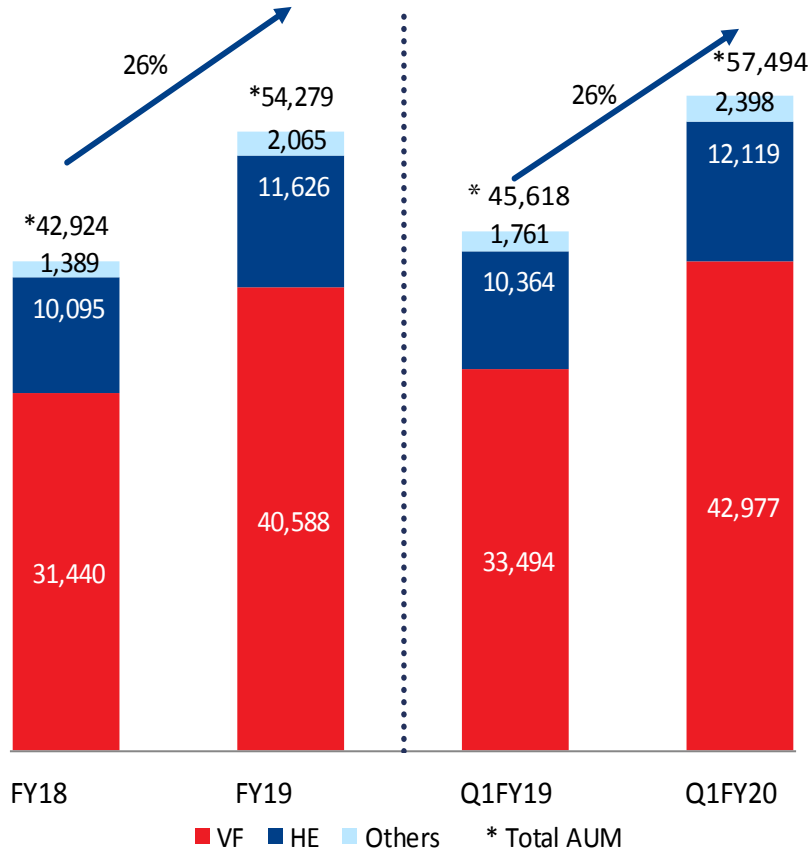
Financials Snapshot	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	YoY	CAGR (5 years)	CAGR (10 years)
	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	INDAS	INDAS			
Assets under management	6,851	9,124	13,462	18,998	23,253	25,452	29,650	34,167	42,924	54,279	26%	21%	26%
Average Assets	6,176	7,234	10,772	15,114	19,422	25,243	27,810	32,560	37,454	49,393	32%	18%	26%
Total Income	930	1,202	1,767	2,556	3,263	3,691	4,194	4,660	5,480	6,993	28%	17%	25%
Interest expenses	504	568	988	1,411	1,771	1,960	2,051	2,231	2,659	3,589	35%	16%	24%
Net Income	426	634	778	1,145	1,492	1,731	2,143	2,430	2,820	3,404	21%	18%	26%
Operating Expenses	200	334	437	570	658	749	845	1,013	1,115	1,270	14%	14%	23%
Operating Profit Before Loan Losses	226	300	342	575	834	982	1,298	1,416	1,705	2,134	25%	21%	28%
Loan Losses & Provision	191	176	18	124	283	325	427	311	304	311	2%	-1%	6%
Profit before tax	31	100	290	451	550	657	871	1,106	1,401	1,823	30%	29%	57%
Ratios													
Net Income to assets (%)	6.9	8.8	7.2	7.6	7.7	6.9	7.7	7.5	7.5	6.9			
Expense to assets (%)	3.2	4.6	4.1	3.8	3.4	3.0	3.0	3.1	3.0	2.6			
Losses and provisions (%)	3.1	2.4	0.2	0.8	1.5	1.3	1.5	1.0	0.8	0.6			
Return on assets (PBT) (%)	0.5	1.4	2.7	3.0	2.8	2.6	3.1	3.4	3.7	3.7			
Networth	785	*1072	*1417	*1965	2295	*3173	3657	4285	5098	6176			
CAR (%)	14.8	*16.7	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4	17.4			
Return on equity (%)	2.3	6.7	13.9	18.1	17.1	15.8	16.7	18.1	19.6	20.9			
Earnings per share (Basic)	1.8	5.7	14.4	22.9	25.4	30.1	37.5	46.0	58.8	75.9			
Market Capitalisation	623	2059	2453	3883	4125	8423	11140	15072	22667	22624			
GNPA (%)	5.5	2.6	0.9	1.0	1.9	3.1	3.5	4.7	3.4	2.7			
NNPA (%)	1.7	0.3	0.3	0.2	0.7	2.0	2.1	3.2	2.2	1.7			
NPA Recognition	6month	6month	6month	6month	6month	5month	4month	3month	3month	3month			

Chola: Financial Summary (I)

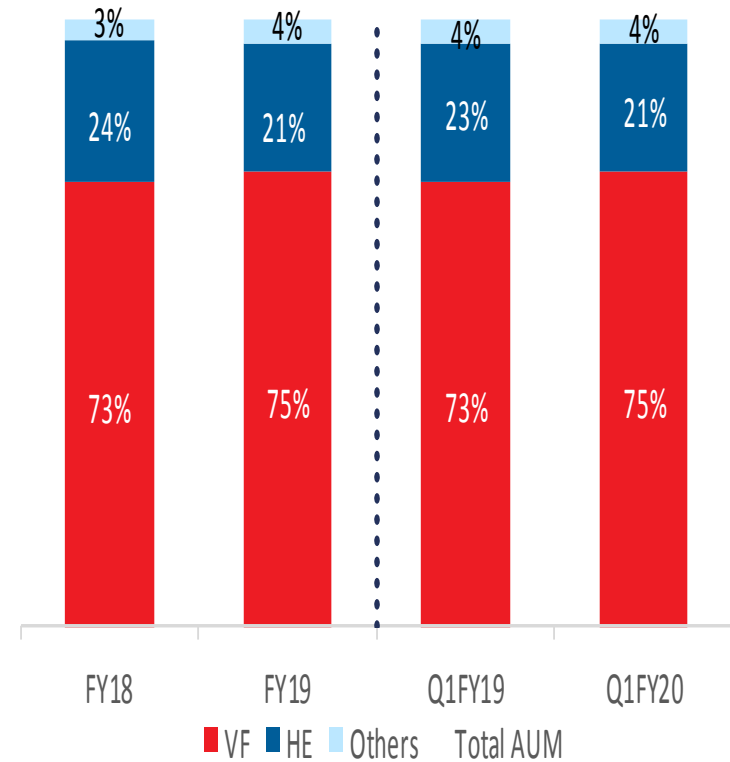


Chola: Financial Summary (II)

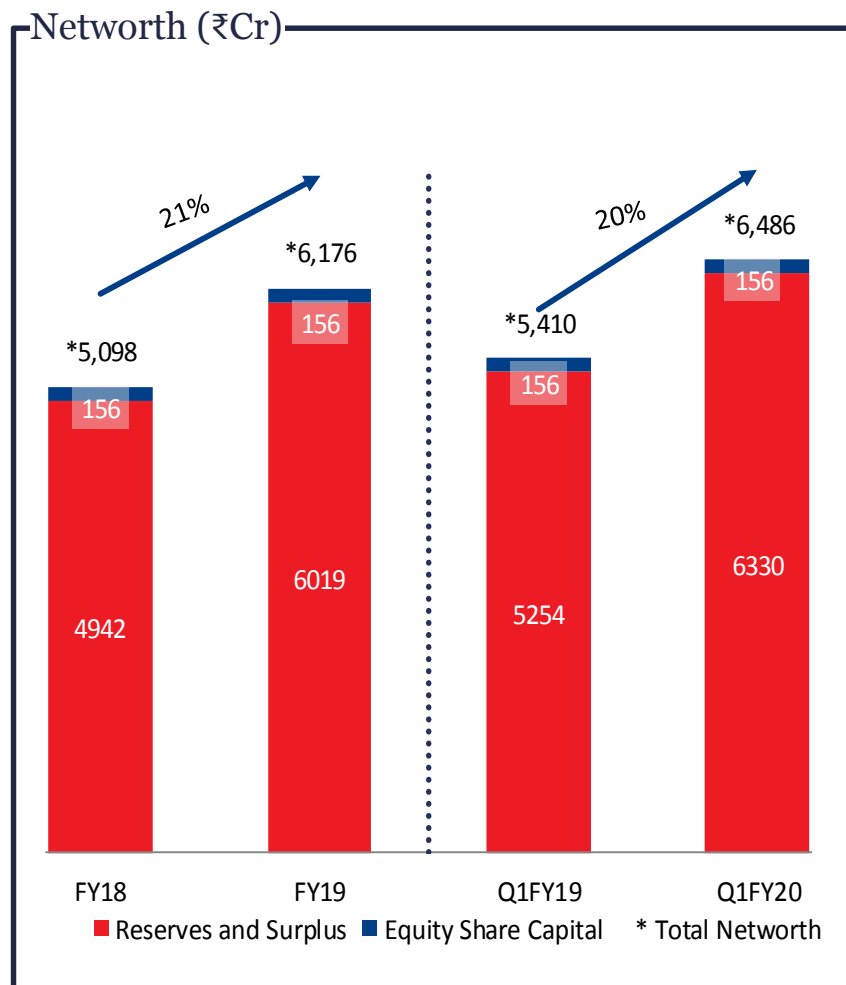
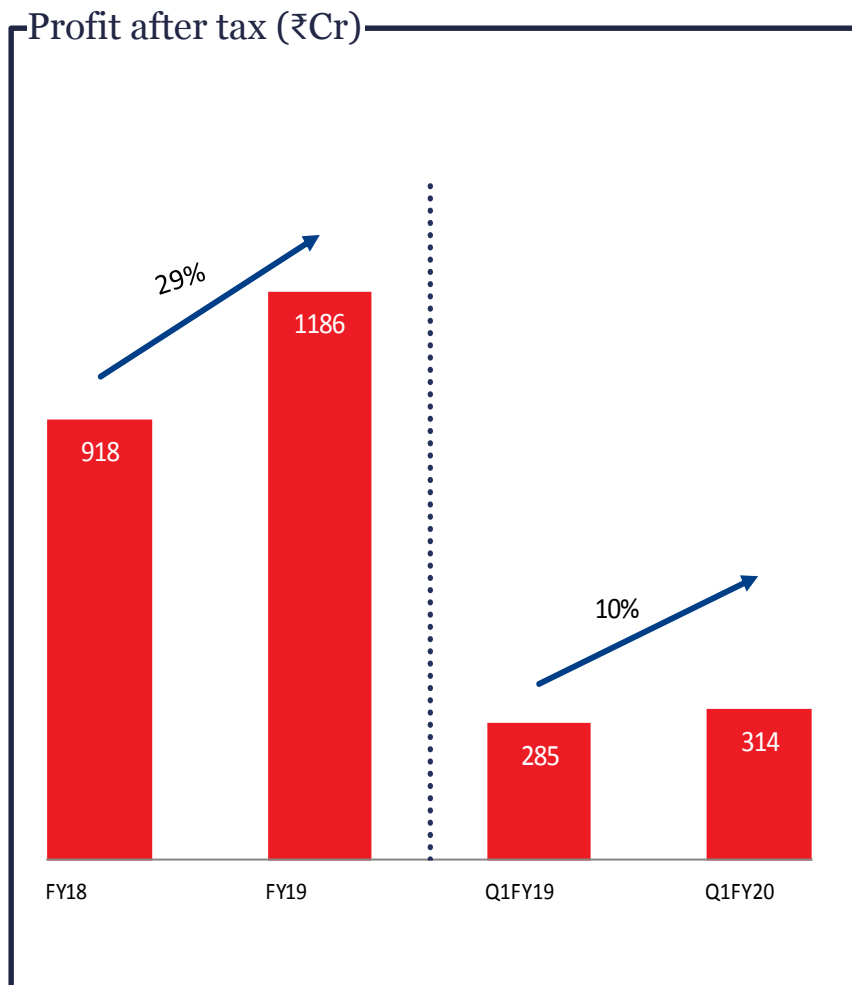
Business - Assets under Management (₹Cr)



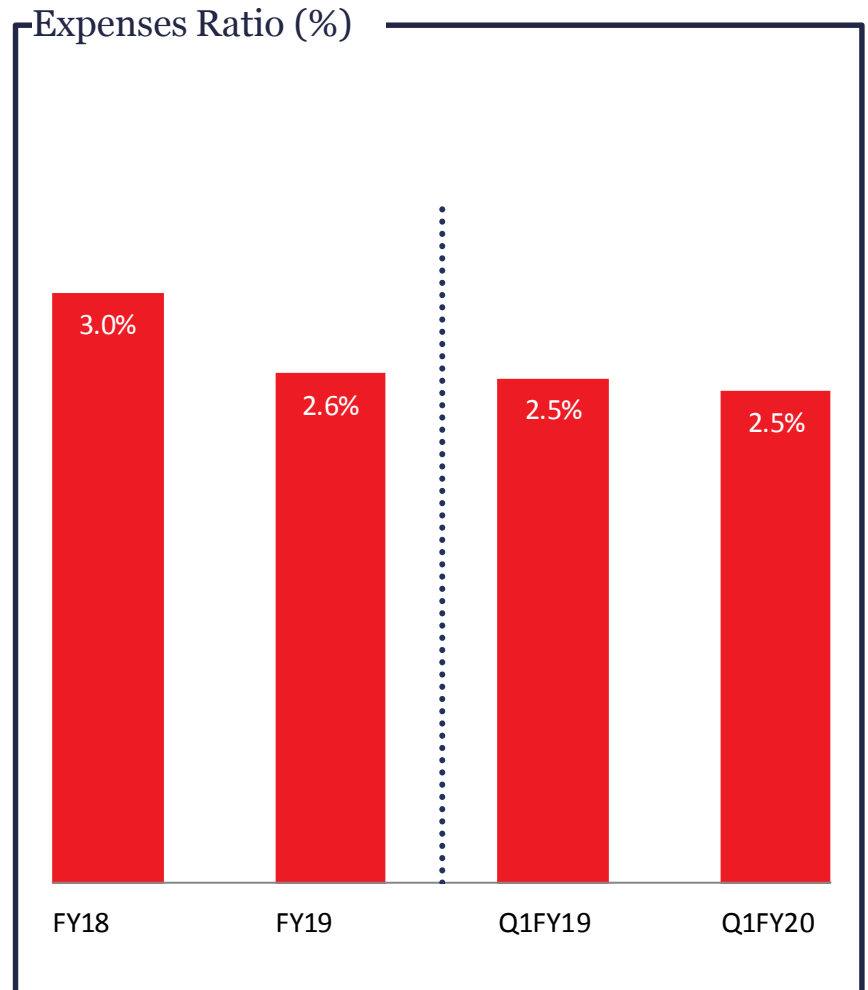
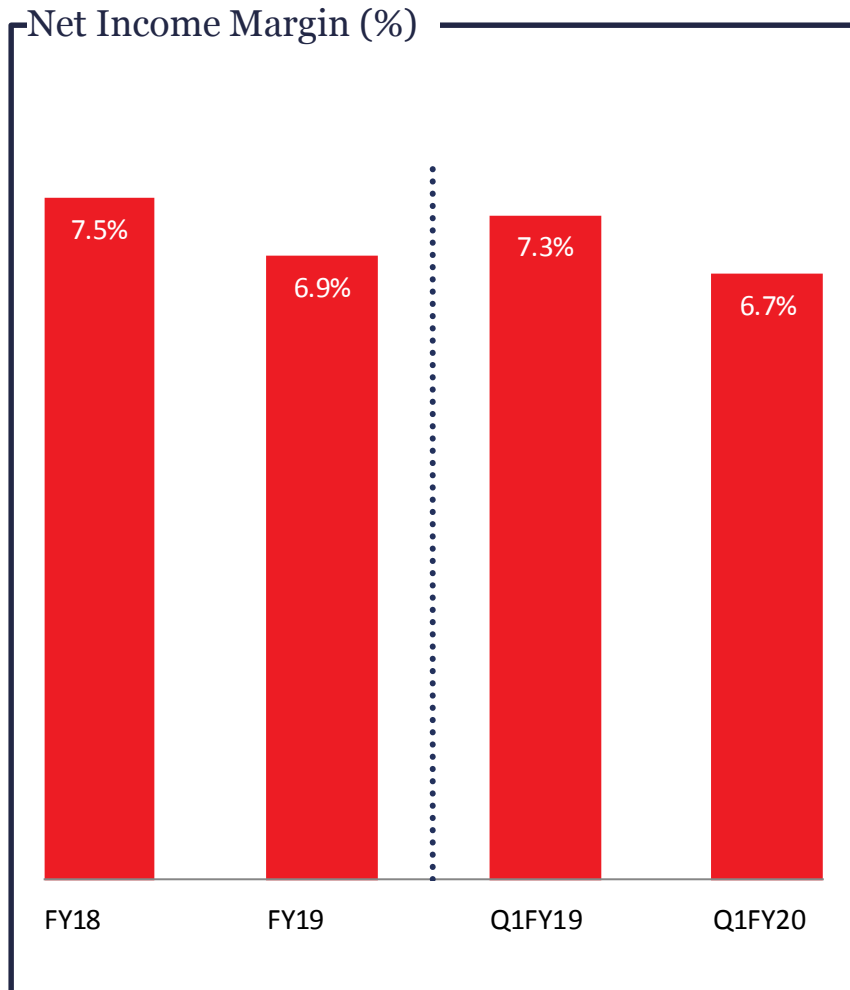
Business - Assets under Management (%)



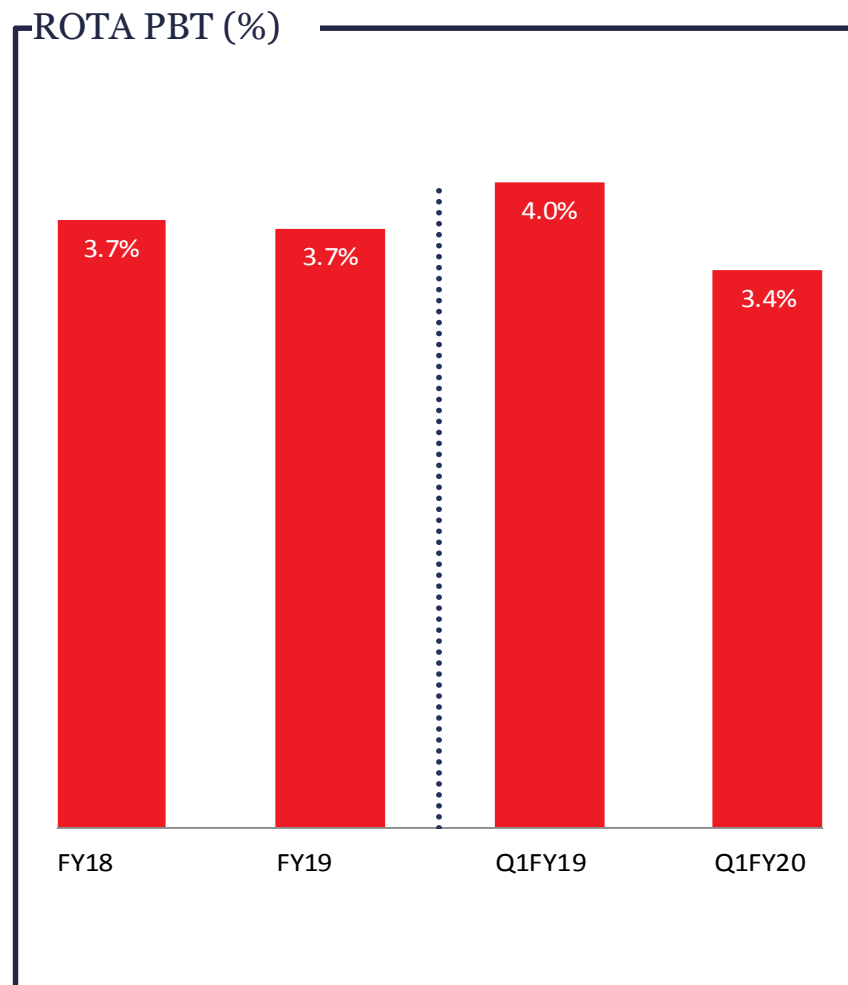
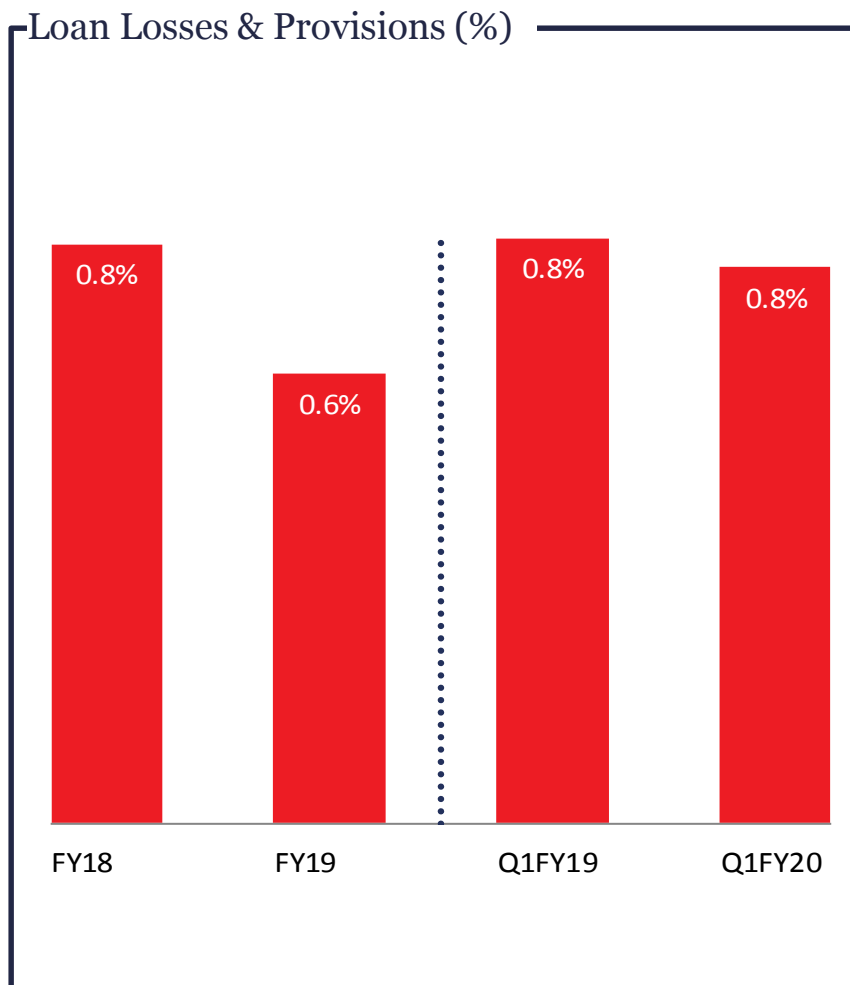
Chola: Financial Summary (III)



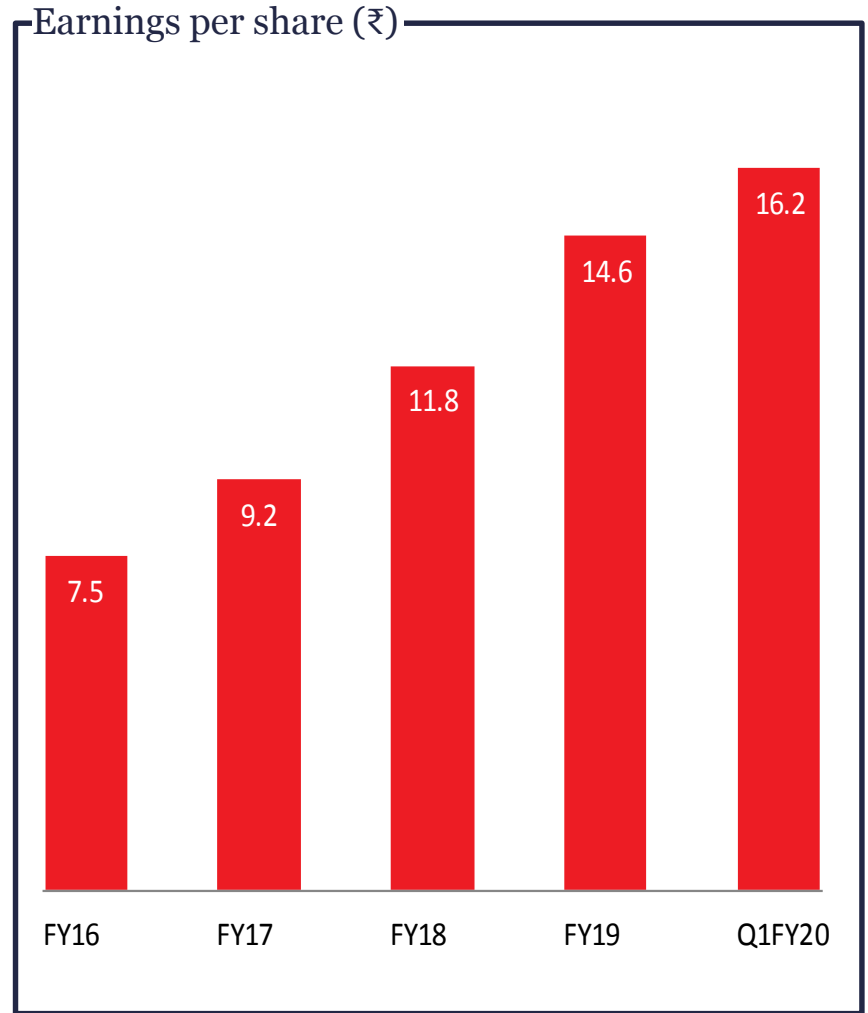
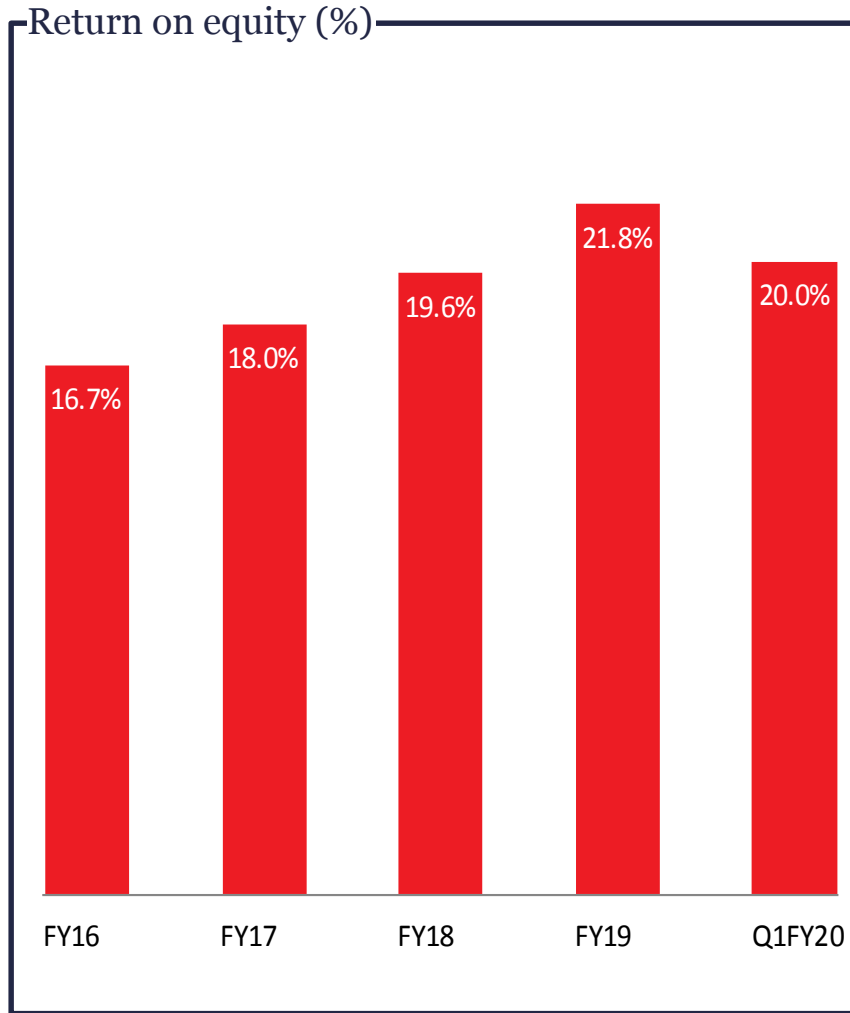
Chola: Financial Summary (IV)



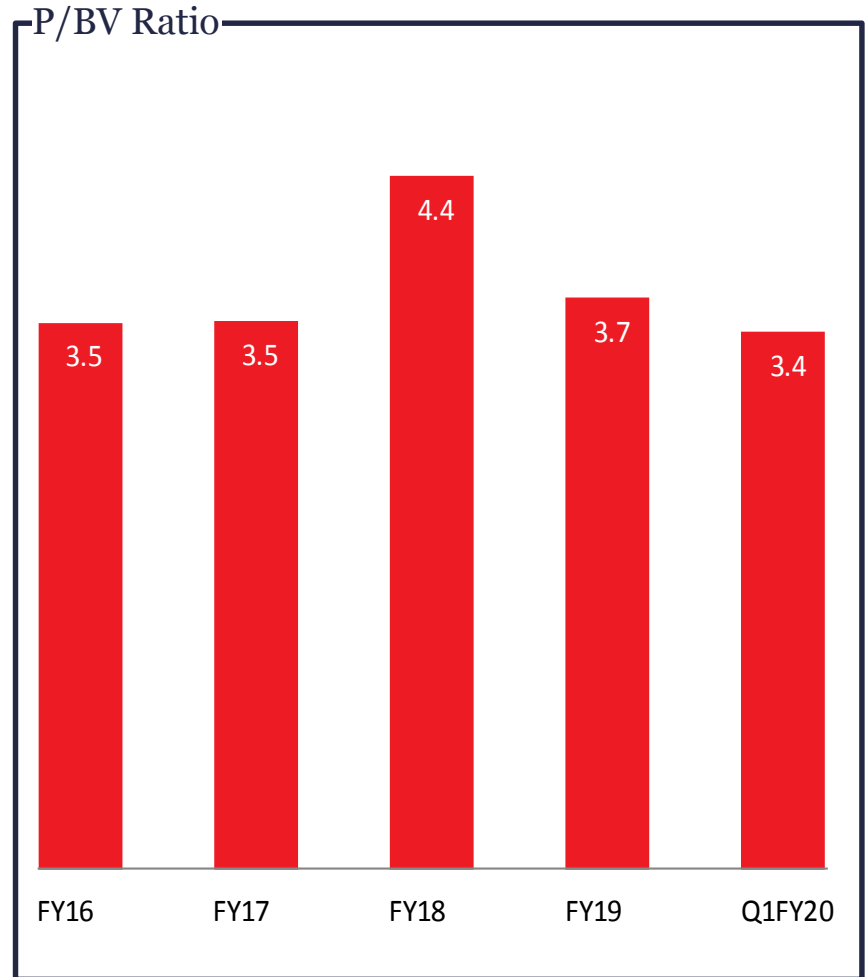
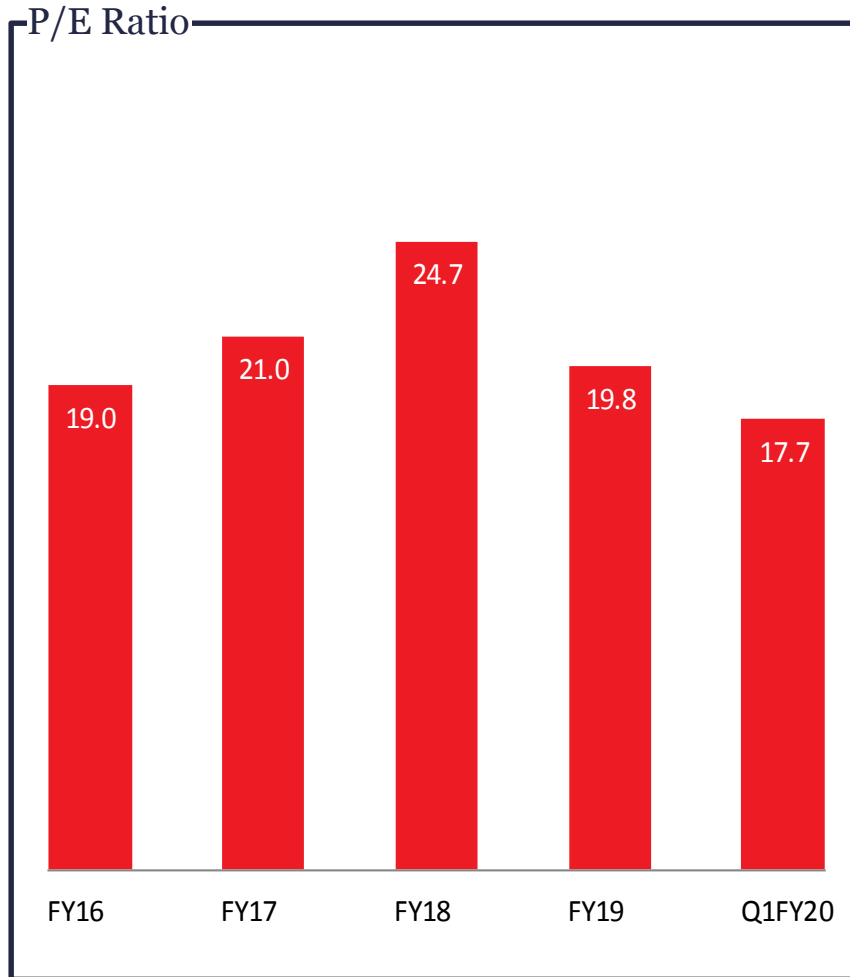
Chola: Financial Summary (V)



Chola: Financial Summary (VI)



Chola: Financial Summary (VII)



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

Profit and Loss Statement (As per IND AS)

₹ Cr

Particulars	Q1FY19	Q1FY20	Growth % Q1-o-Q1	FY19
Disbursements	7,014	8,572	22%	30,451
Closing Assets (Managed)	46,709	62,837	35%	57,560
Closing Assets (Balance Sheet)	45,666	60,610	33%	55,889
Operating Income	1,606	2,029	26%	6,993
Finance Charges	795	1,087	37%	3,589
Net Income	811	942	16%	3,404
Expenses	282	349	24%	1,270
Loan Losses and Std Assets Prov	91	110	21%	311
Profit Before Tax	439	483	10%	1,823
Taxes	154	169	10%	637
Profit After Tax	285	314	10%	1,186
Asset Ratios				
Income	14.5%	14.4%		14.2%
Cost of Funds	7.2%	7.7%		7.3%
Net Income Margin	7.3%	6.7%		6.9%
Expense	2.5%	2.5%		2.6%
Losses & Provisions	0.8%	0.8%		0.6%
ROTA-PBT	4.0%	3.4%		3.7%
ROTA-PAT	2.6%	2.2%		2.4%
Gross - Stage 3	1,617	1,671		1,439
ECL Provisions - Stage 3	555	604		546
Coverage Ratio - Stage 3	34.3%	36.2%		38.0%

Balance Sheet (As per IND AS)

Particulars	Jun-18	Mar-19	Jun-19	₹ Cr
ASSETS				
Financial Assets	46,257	56,627	61,472	
Cash and Bank balance	1,590	3,675	5,846	
Derivative financial instruments	96	89	47	
Receivables	54	43	55	
Loans	44,330	52,622	55,284	
Investments	73	73	73	
Other Financial Assets	114	124	167	
Non- Financial Assets	649	800	948	
Current tax assets (Net)	94	157	92	
Deferred tax assets (Net)	373	453	473	
Property, Plant and Equipment	136	143	336	
Intangible assets	32	33	27	
Other Non-Financial Assets	14	14	21	
TOTAL	46,906	57,426	62,420	
EQUITY AND LIABILITIES				
Financial Liabilities	41,380	51,124	55,814	
Derivative financial instruments	-	8	-	
Trade Payables - Others	171	207	195	
Other Payables - Others	123	129	111	
Borrowings	40,980	50,567	55,122	
Other Financial Liabilities	106	212	387	
Non-Financial Liabilities	116	127	120	
Shareholders fund	5,410	6,176	6,486	
TOTAL	46,906	57,426	62,420	

Provision analysis: IND AS vs IGAAP

₹ Cr

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

Business Overview



Vehicle Finance



Vehicle Finance: Q1 FY20 Performance

Disbursements

- Disbursements has grown 22% in Q1FY20 as compared to Q1FY19

Assets under management

- Assets have grown by 28% as compared to Q1FY19

Loss and provisions

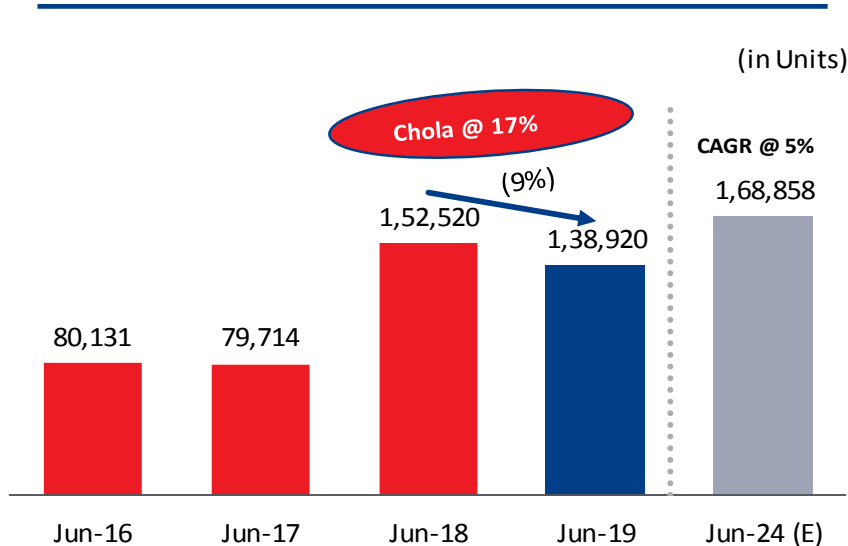
- Loan losses is at 1.0% as compared to 0.9% in Q1FY19.

Profit before tax

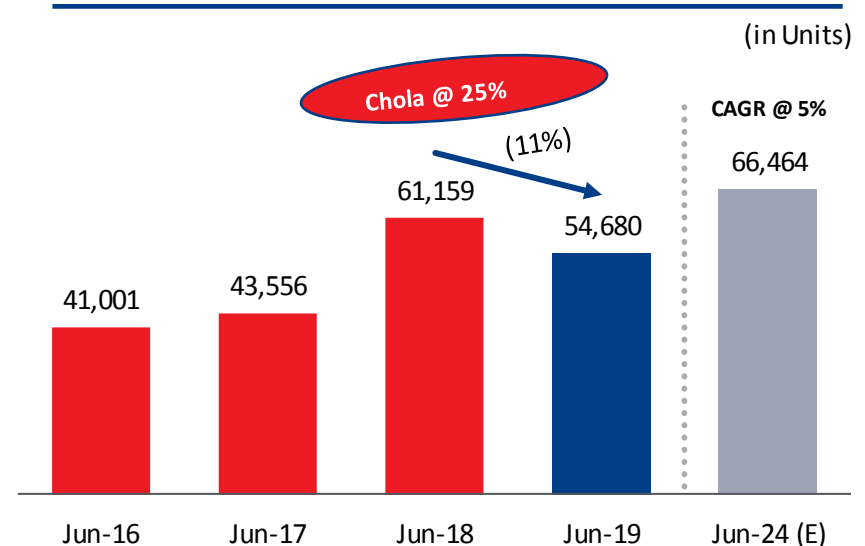
- PBT for Q1FY20 has grown 15% as compared to Q1FY19.

Auto Industry Outlook

Trend in Domestic LCV Sales



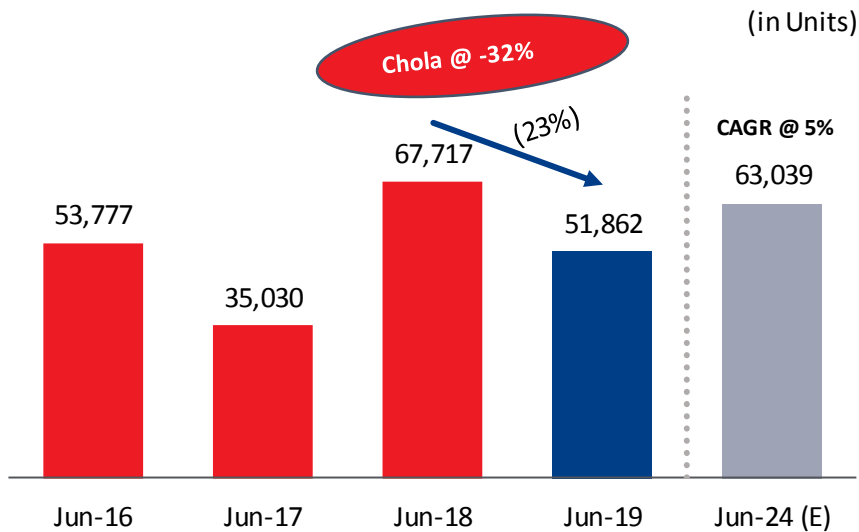
Trend in Domestic SCV Sales



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

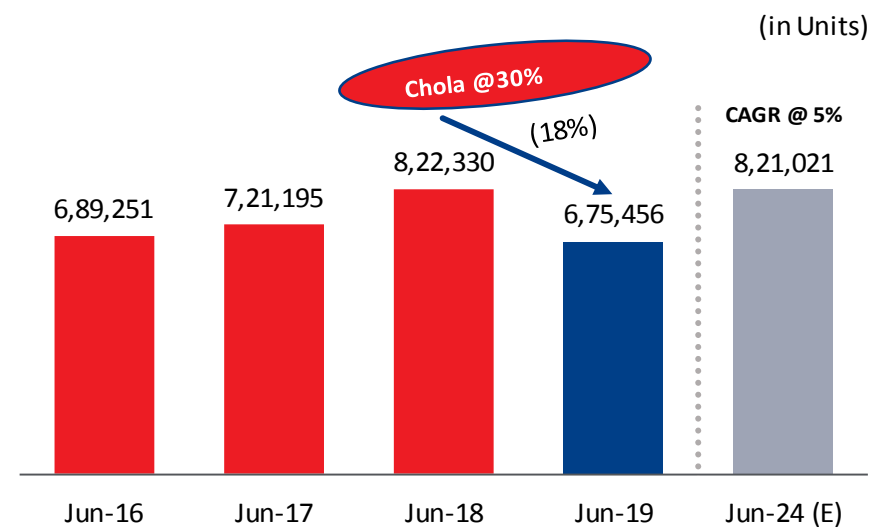
Auto Industry Outlook

Trend in Domestic HCV Sales



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

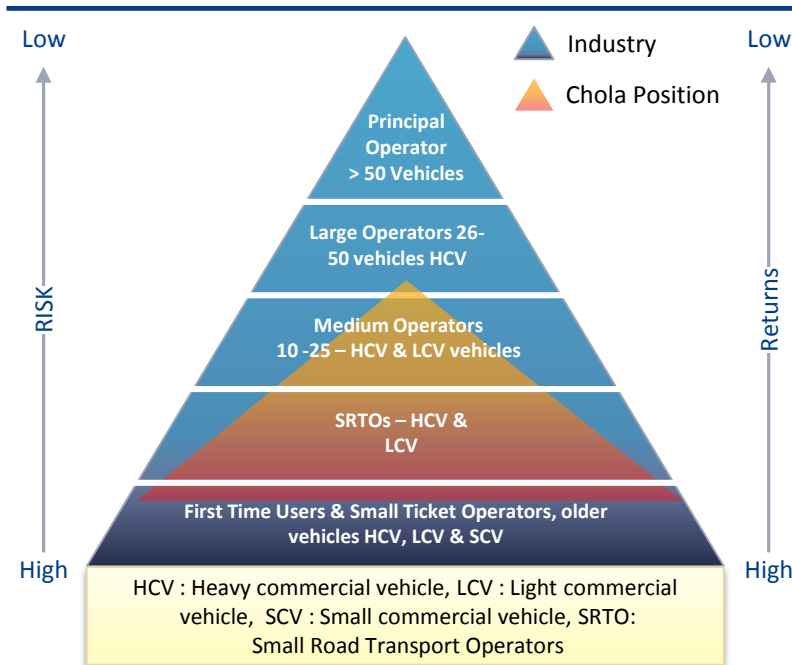
Trend in Domestic Car & MUV Sales



- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration from 22 vehicles per 1000 to upto 28 vehicles per 1000 population over the next 5 years

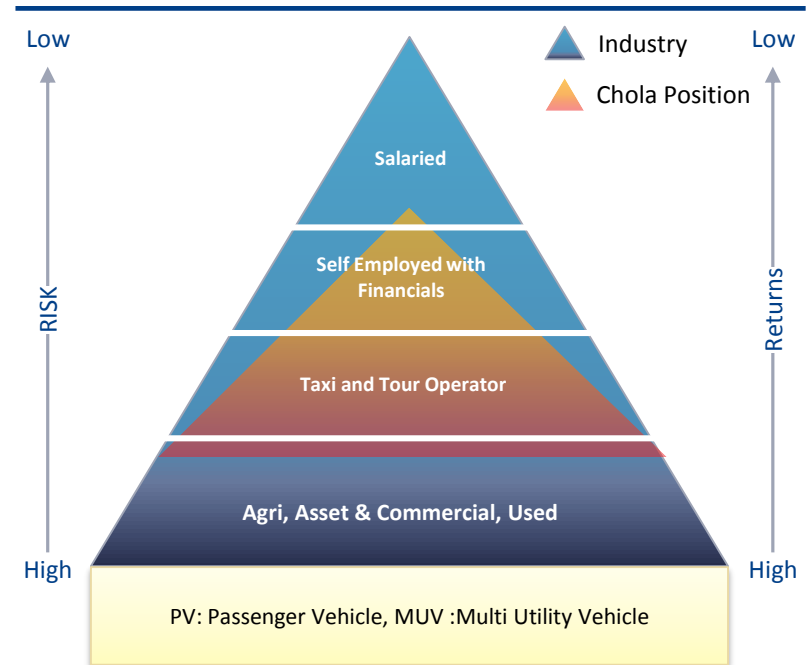
Vehicle Finance—Business Model & Positioning

CV



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

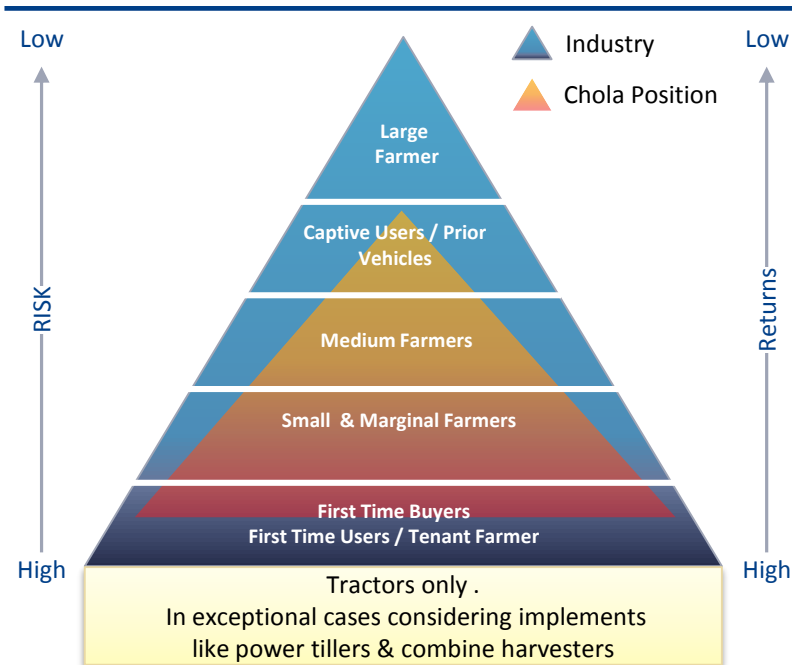
PV



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

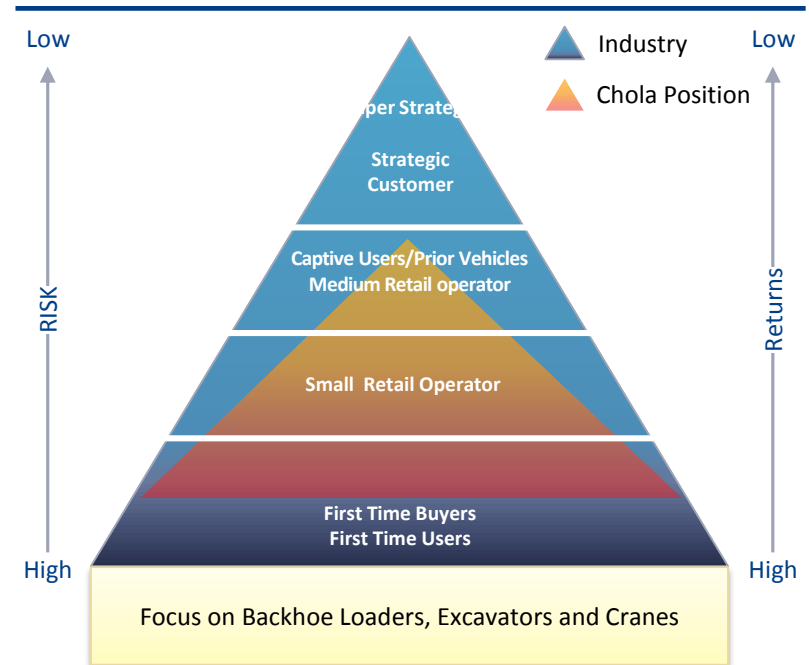
Vehicle Finance—Business Model & Positioning

Tractor



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

CE

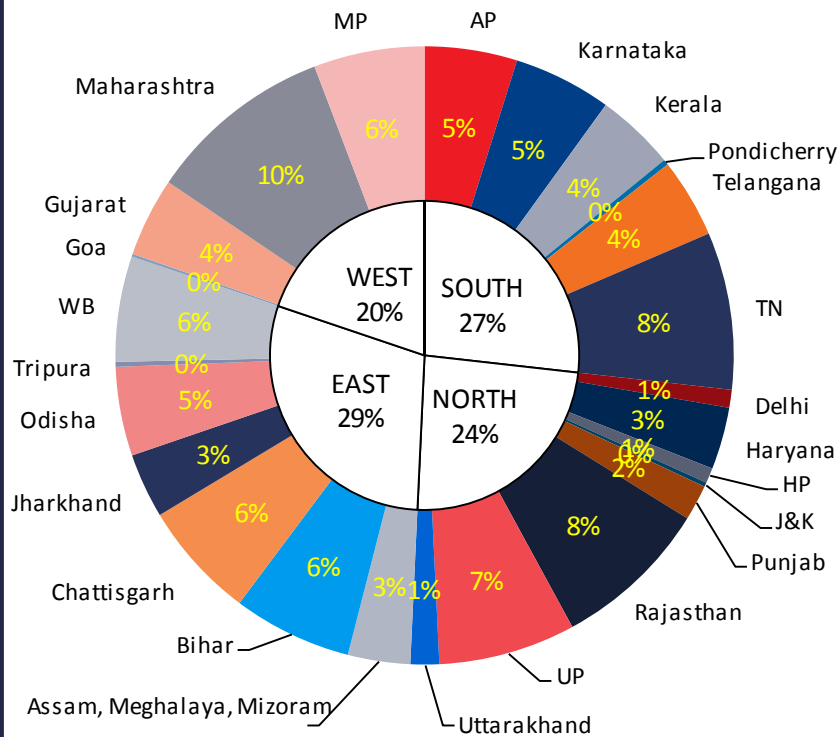


- ~ 69% of disbursements are to retail customer segment
- Application –
 - Captive
 - Hiring
- New & Used

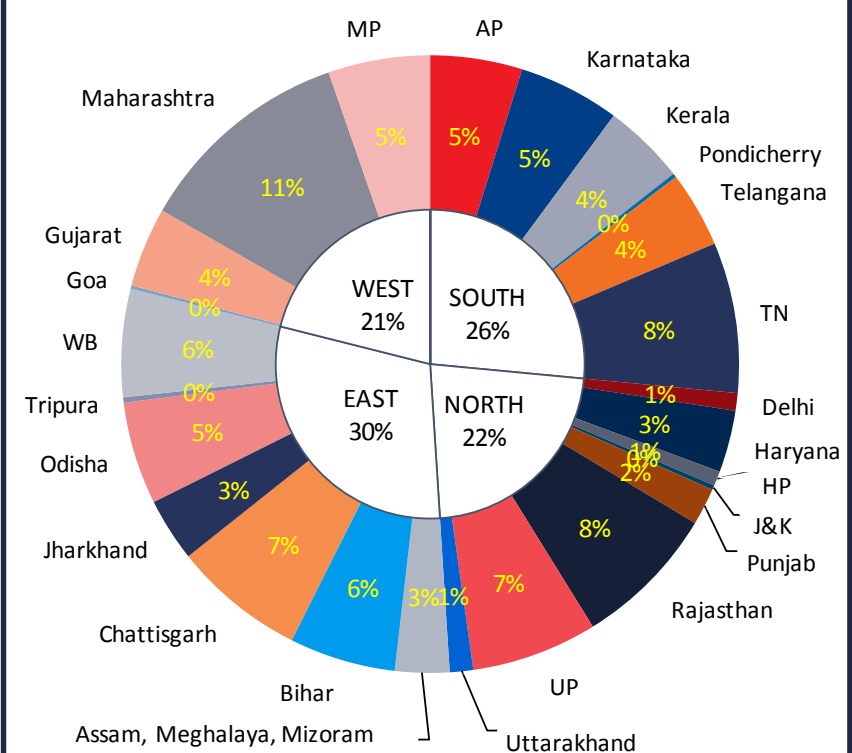
Vehicle Finance - Disbursement/Portfolio Mix – Q1FY20

Well diversified across geography & product segments

Disbursements - State wise



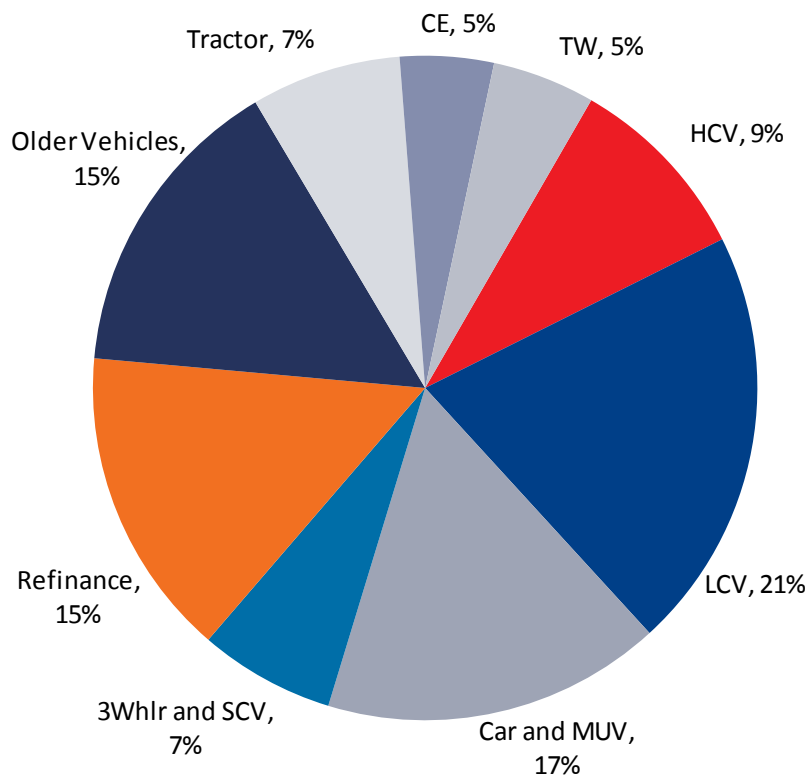
Portfolio - State wise



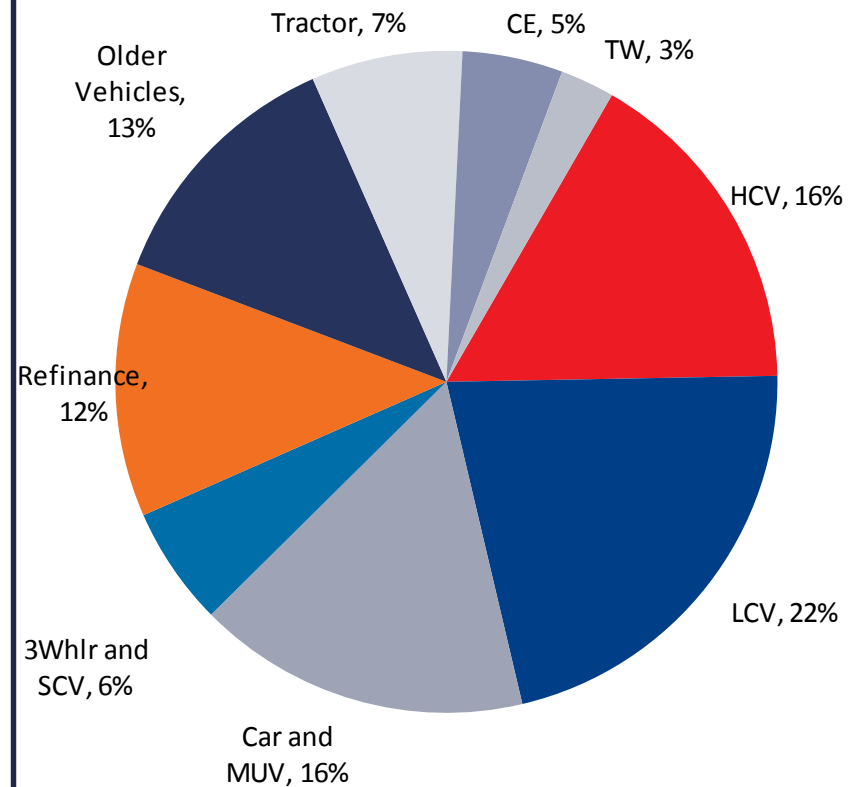
Vehicle Finance - Disbursement/Portfolio Mix – Q1FY20

Well diversified across geography & product segments

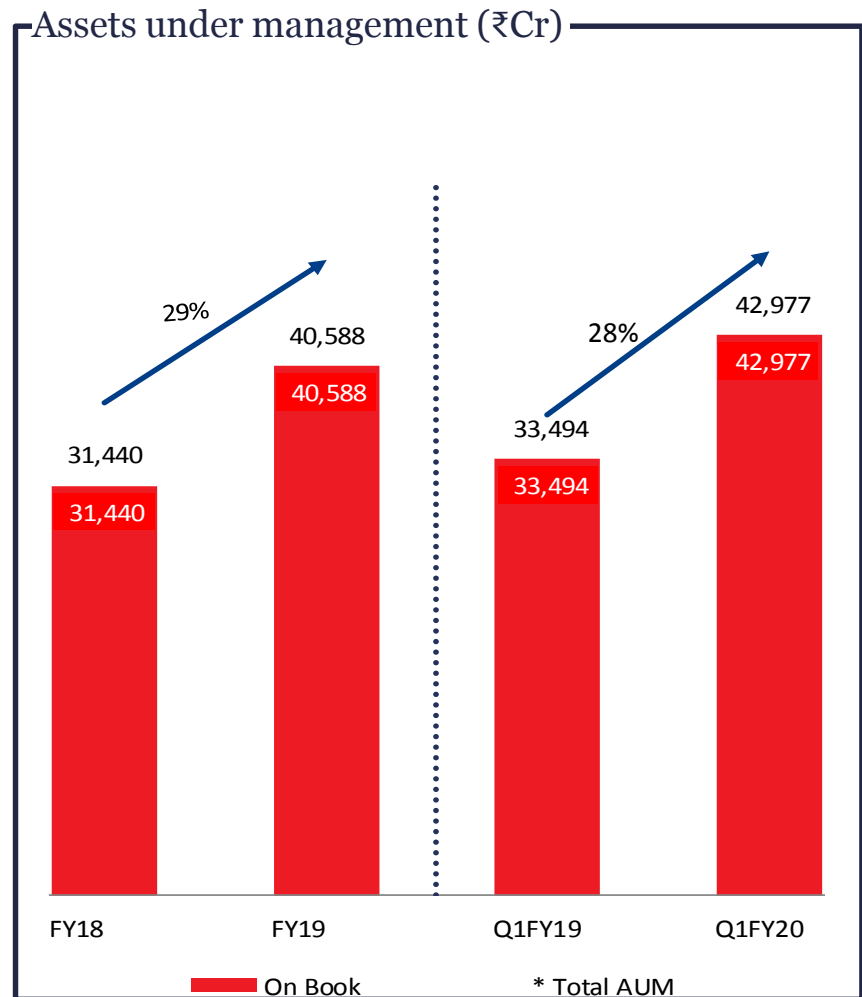
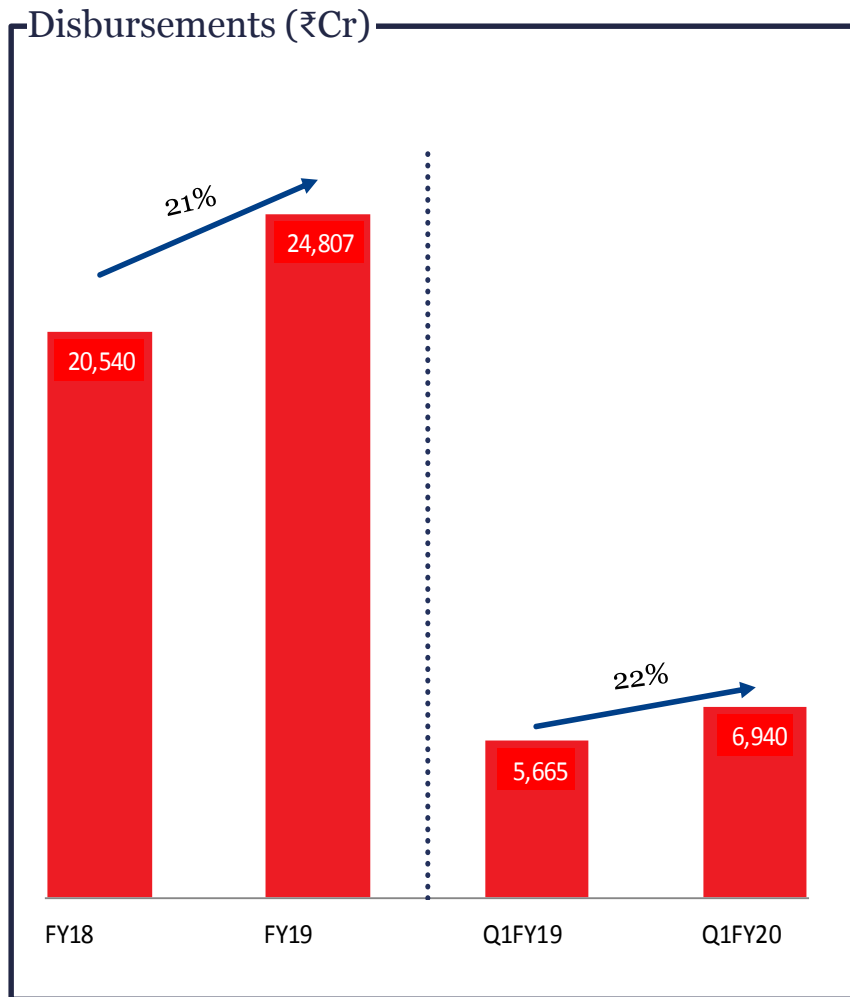
Disbursements - Product wise



Portfolio - Product wise

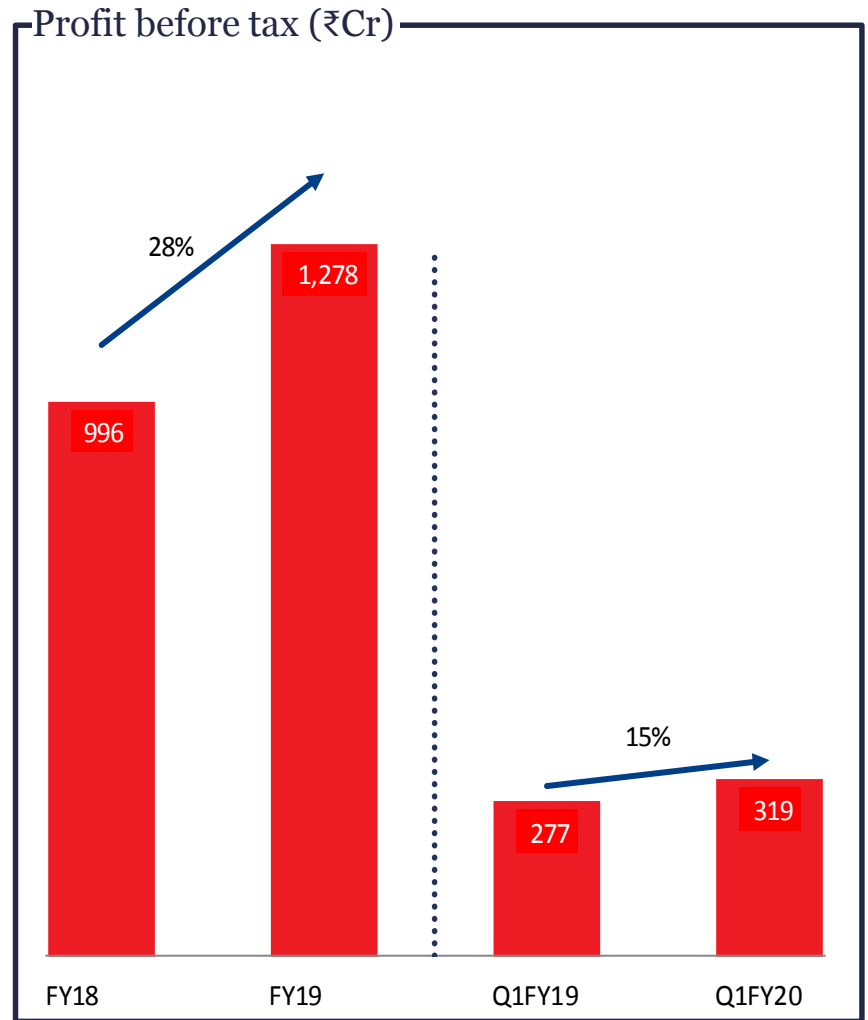
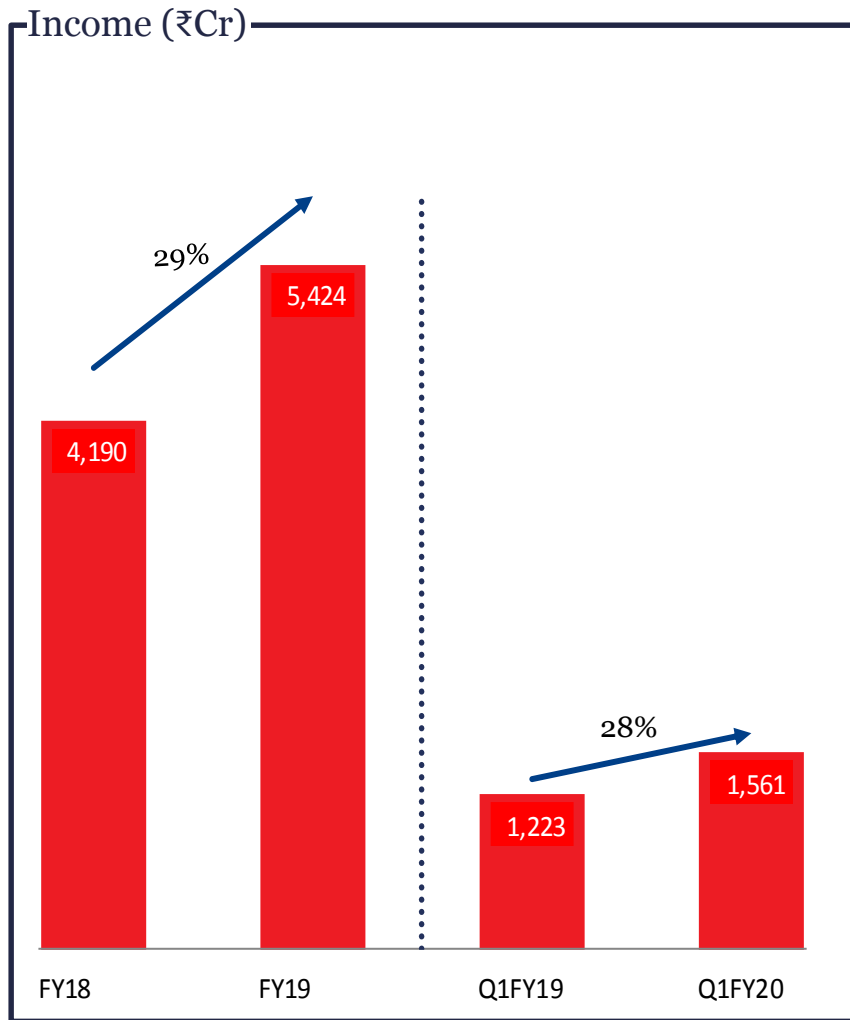


Vehicle Finance: Financial summary Q1FY20 (I)

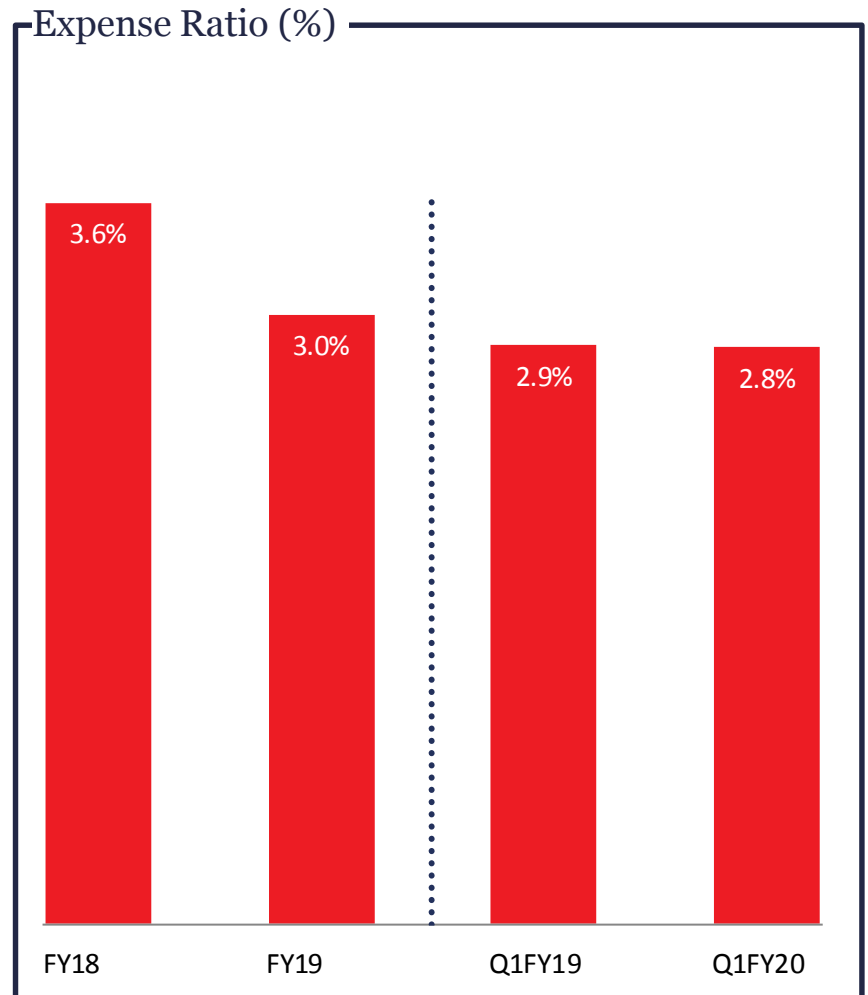
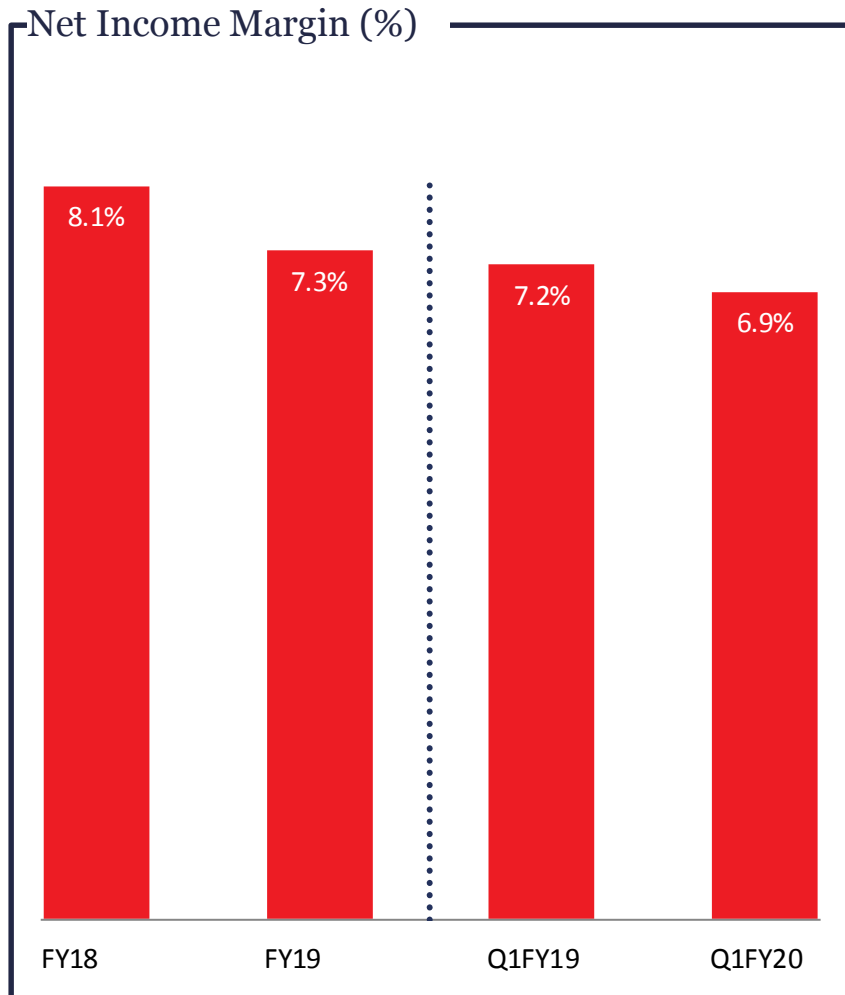


Note: Under IND AS, Securitisation is treated as On Balance sheet and hence not shown separately

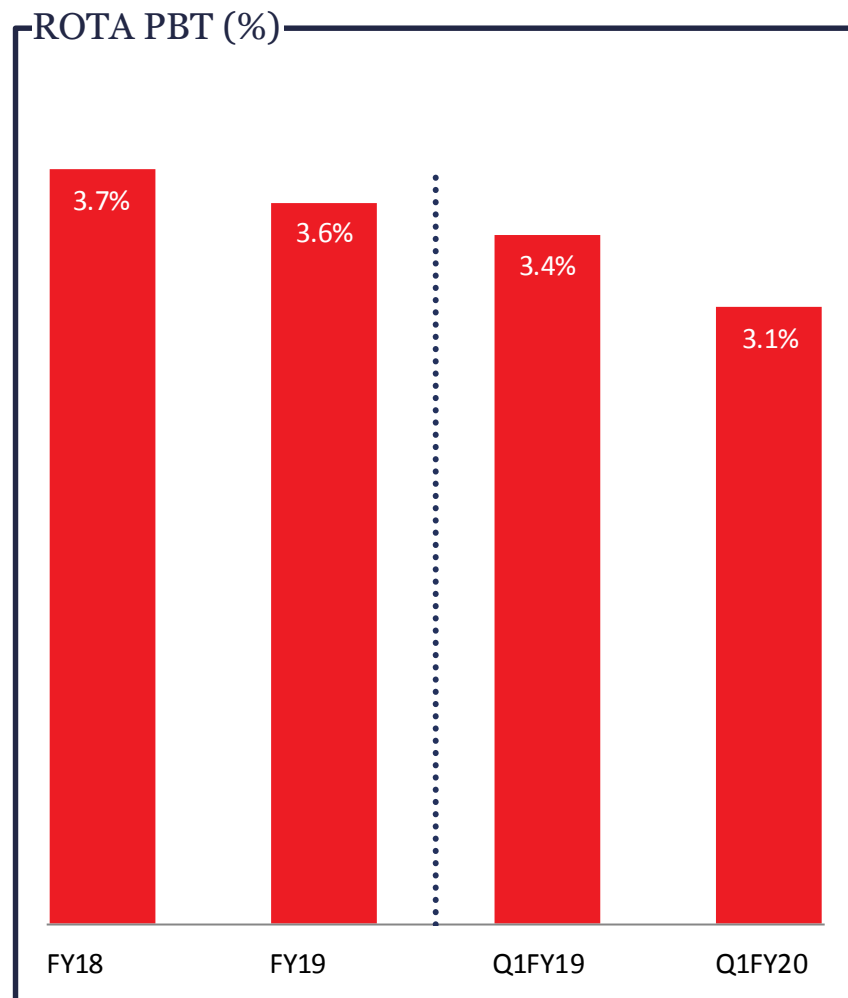
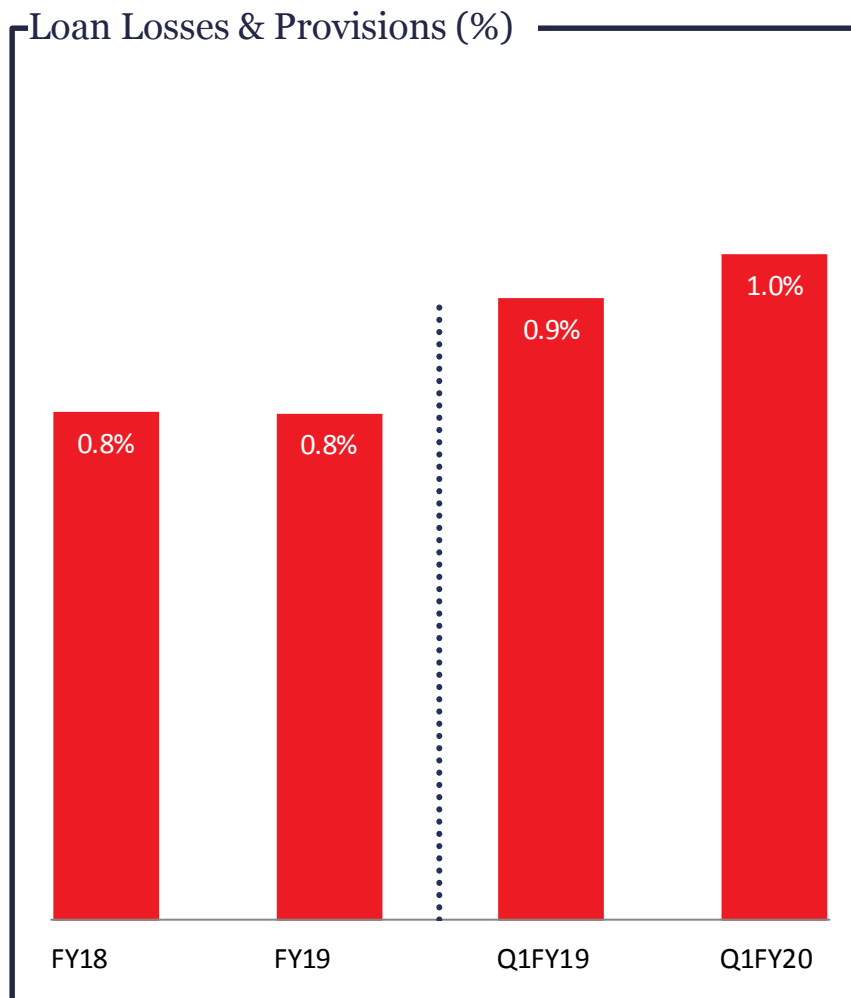
Vehicle Finance: Financial summary Q1FY20 (II)



Vehicle Finance: Financial summary Q1FY20 (III)



Vehicle Finance: Financial summary Q1FY20 (IV)



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

₹ Cr

Particulars	Q1FY19	Q1FY20	Growth % Q1-o-Q1	FY19
Disbursements	5,665	6,940	22%	24,807
Closing Assets (Managed)	33,494	42,977	28%	40,588
Operating Income	1,223	1,561	28%	5,424
Finance Charges	640	842	32%	2,803
Net Income	584	718	23%	2,621
Expenses	232	296	28%	1,074
Loan Losses and Std Assets	75	103	38%	269
Profit Before Tax	277	319	15%	1,278
Asset Ratios				
Income	15.1%	15.0%		15.2%
Cost of Funds	7.9%	8.1%		7.9%
Net Income Margin	7.2%	6.9%		7.3%
Expense	2.9%	2.8%		3.0%
Losses & Provisions	0.9%	1.0%		0.8%
ROTA-PBT	3.4%	3.1%		3.6%

Home Equity



Home Equity— Q1FY20 Performance

Disbursements

- Disbursements has grown 17% in Q1FY20 as compared to Q1FY19

Asset under management

- The business has grown the Assets by 16% in Q1FY20.

Loss and provisions

- Loan losses reduced to 0.1% from 0.5% as compared to Q1FY19

Profit before tax

- PBT for Q1FY20 has grown 48% as compared to Q1FY19

Home Equity: Industry outlook



- ICRA expects the NBFC credit growth to remain moderate till H1FY20 and revive only in H2FY20.

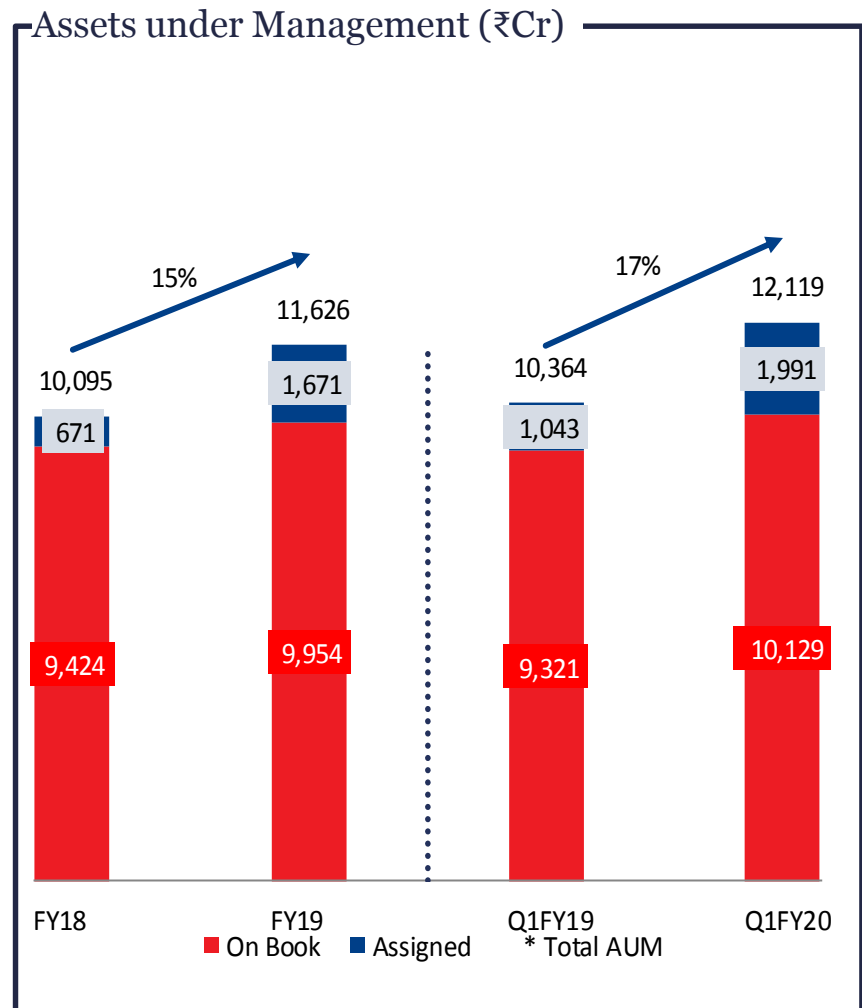
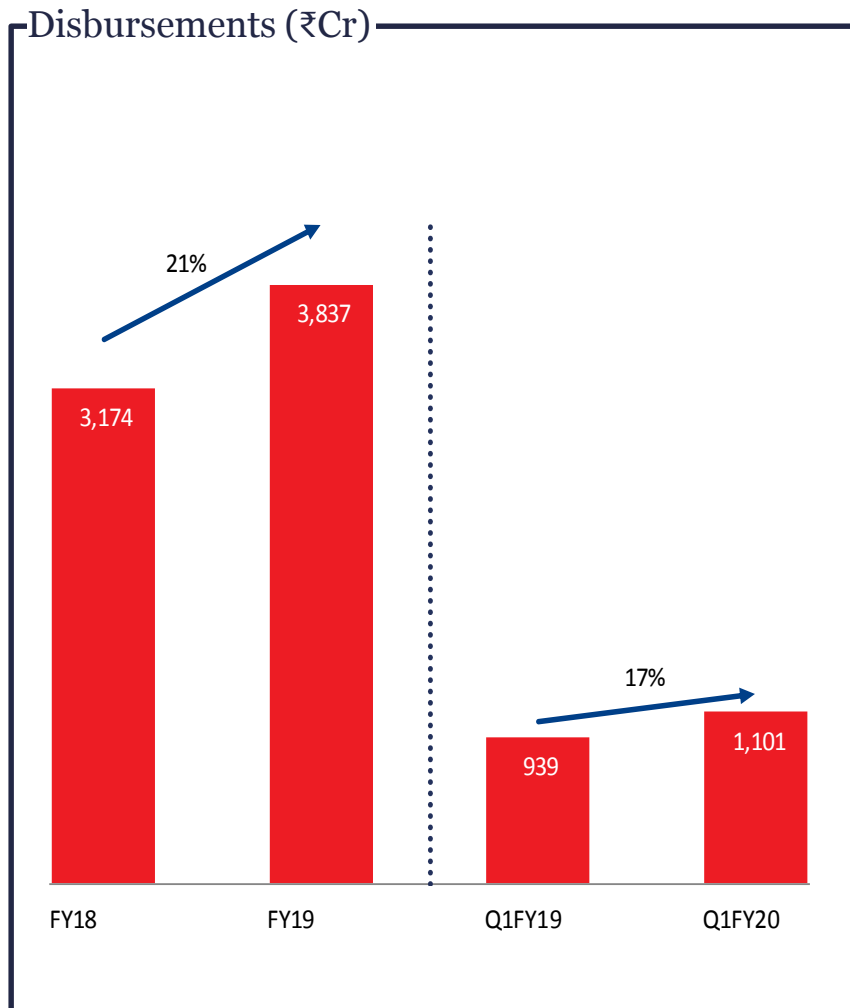


- As market liquidity remains tight, the self-employed segment could face longer working capital cycles and increased borrowing costs. Thus, delays in fresh financing/refinancing are expected to impact the business performance of these borrowers and the asset quality of the lenders, which could be more visible in FY20.

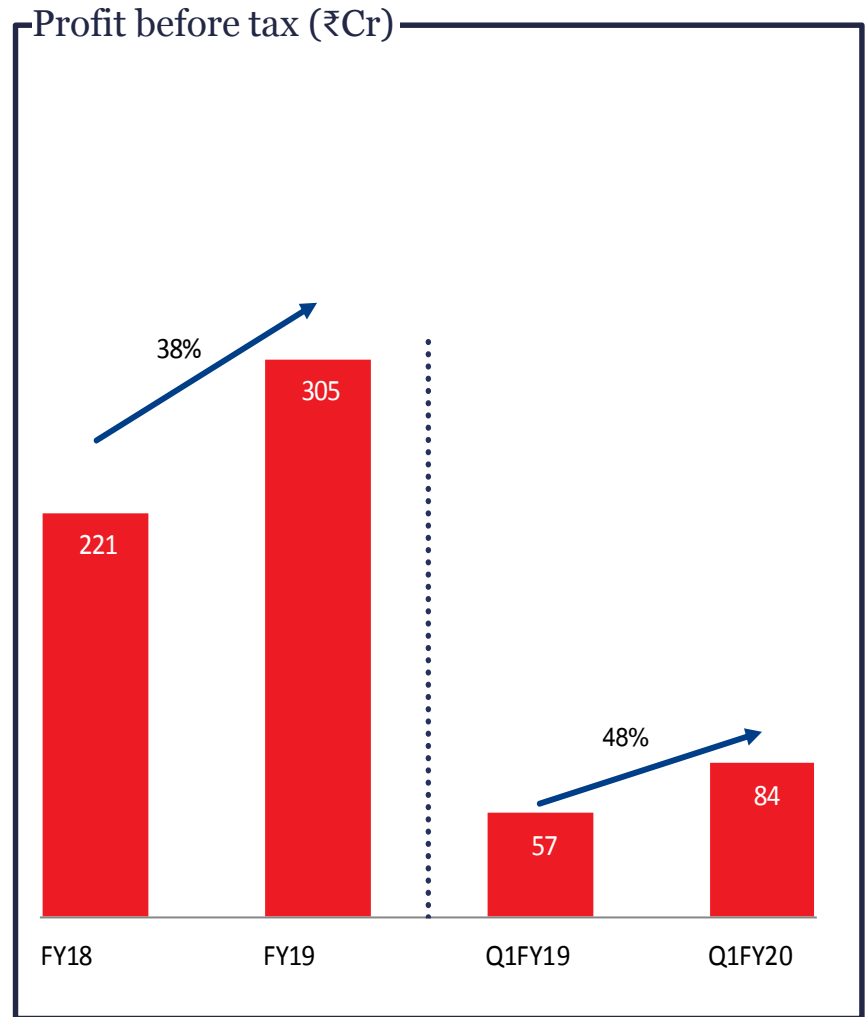
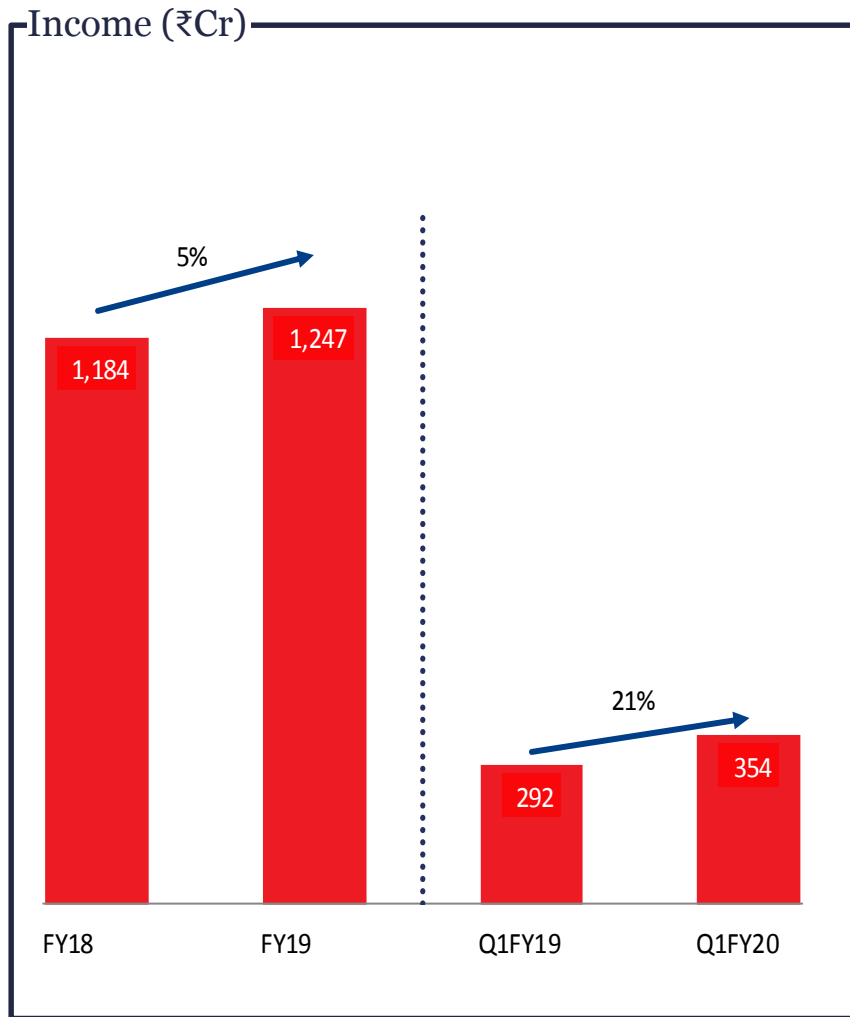


- NBFC 90+ DPD (excluding MFIs) has remained stable at about 4.1- 4.2% over the last 2-3 quarters. However, asset quality pressure is expected to increase as credit flow to some key segments, namely SME+LAP, slows down

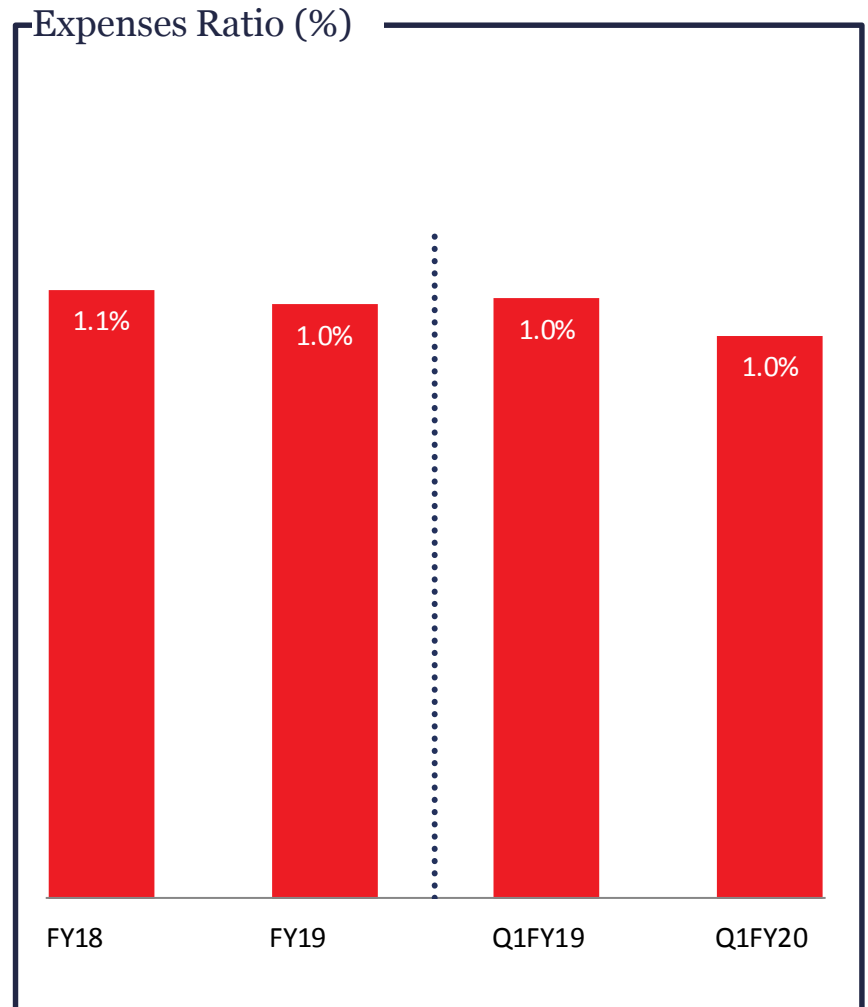
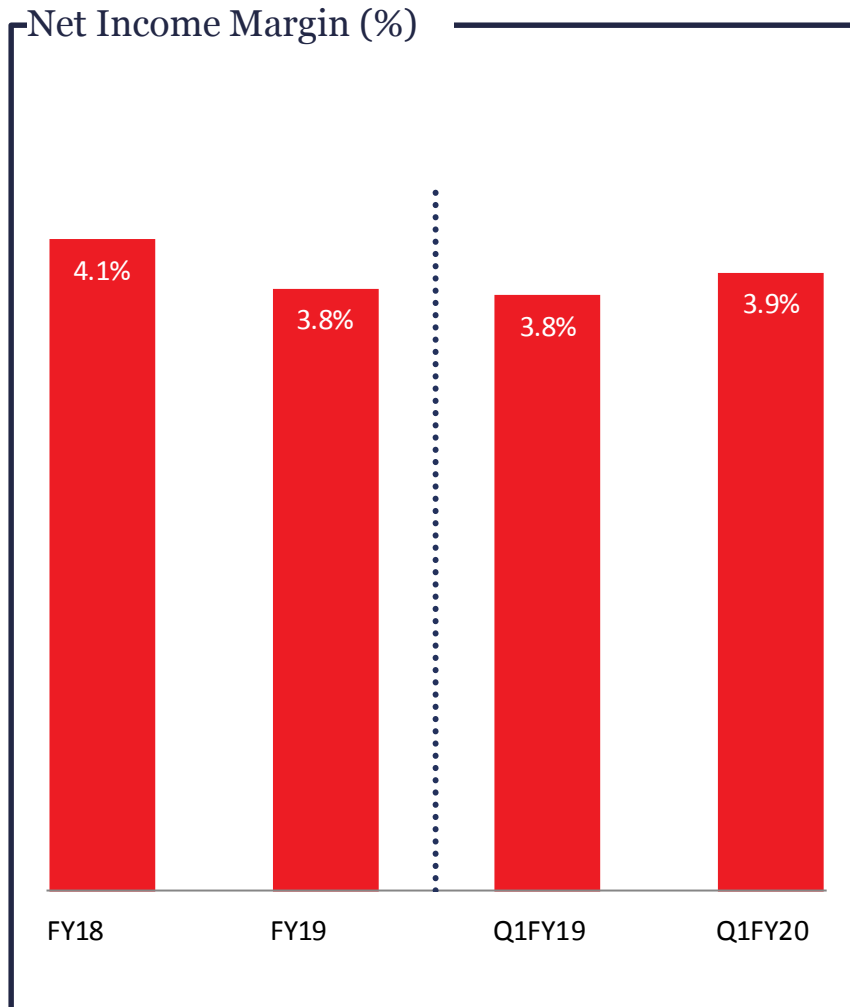
Home Equity—Financial Summary Q1FY20 (I)



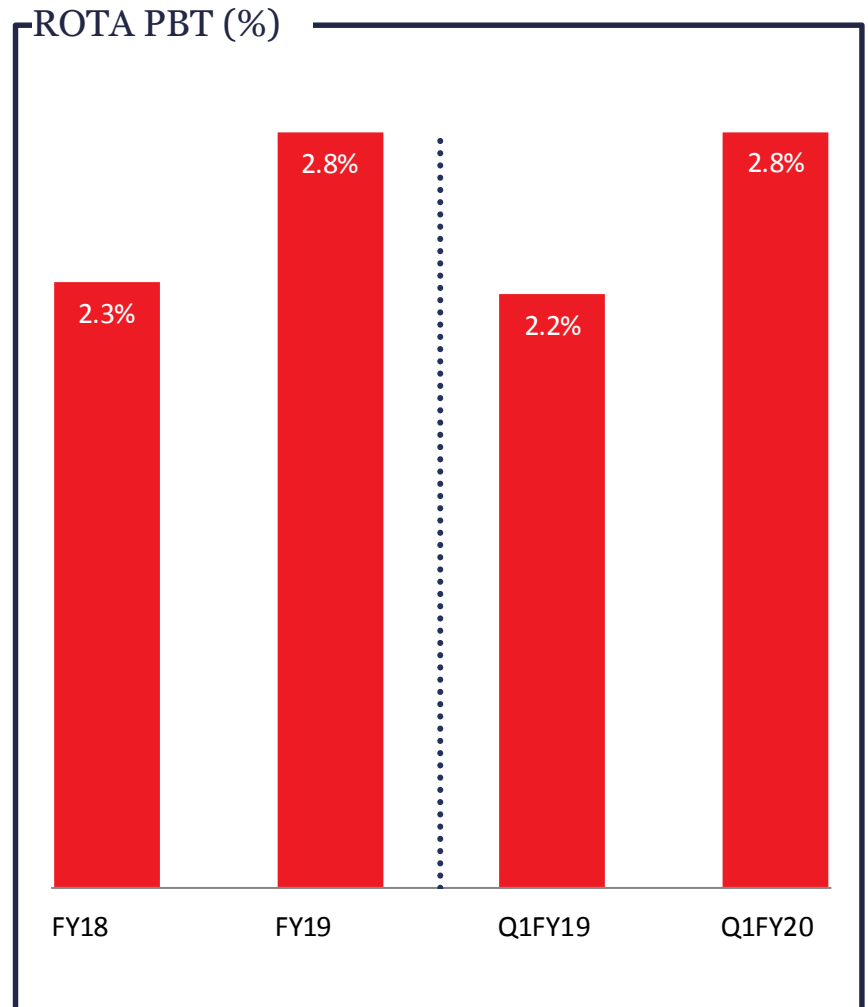
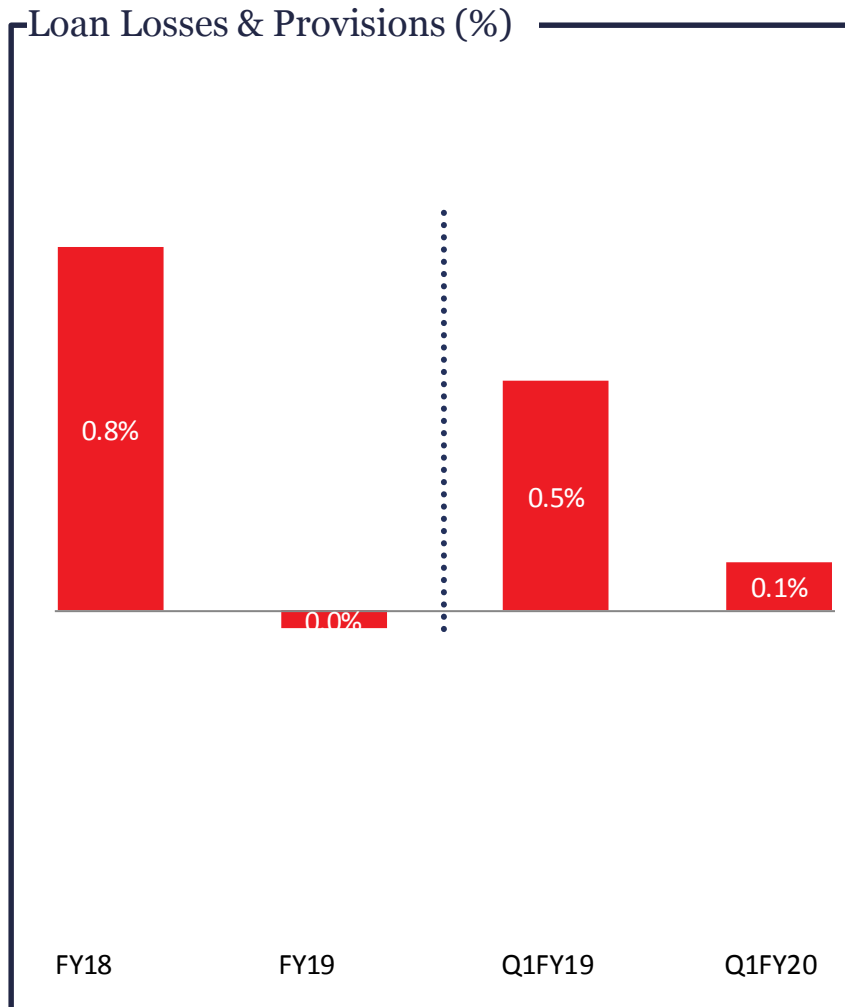
Home Equity—Financial Summary Q1FY20 (II)



Home Equity—Financial Summary Q1FY20 (III)



Home Equity—Financial Summary Q1FY20 (IV)



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

₹ Cr

Particulars	Q1FY19	Q1FY20	Growth % Q1-o-Q1	FY19
Disbursements	939	1,101	17%	3,837
Closing Assets (Balance Sheet)	9,331	10,129	9%	9,954
Operating Income	310	318	3%	1,190
Finance Charges	168	193	15%	707
Net Income	142	125	-12%	483
Expenses	26	29	9%	111
Loan Losses and Std Assets Prov	7	3	-55%	4
Profit Before Tax	109	93	-15%	377
Asset Ratios				
Income	13.3%	12.8%		12.3%
Cost of Funds	7.2%	7.7%		7.3%
Net Income Margin	6.1%	5.0%		5.0%
Expense	1.1%	1.2%		1.1%
Losses & Provisions	0.3%	0.1%		0.0%
ROTA-PBT	4.7%	3.7%		3.9%

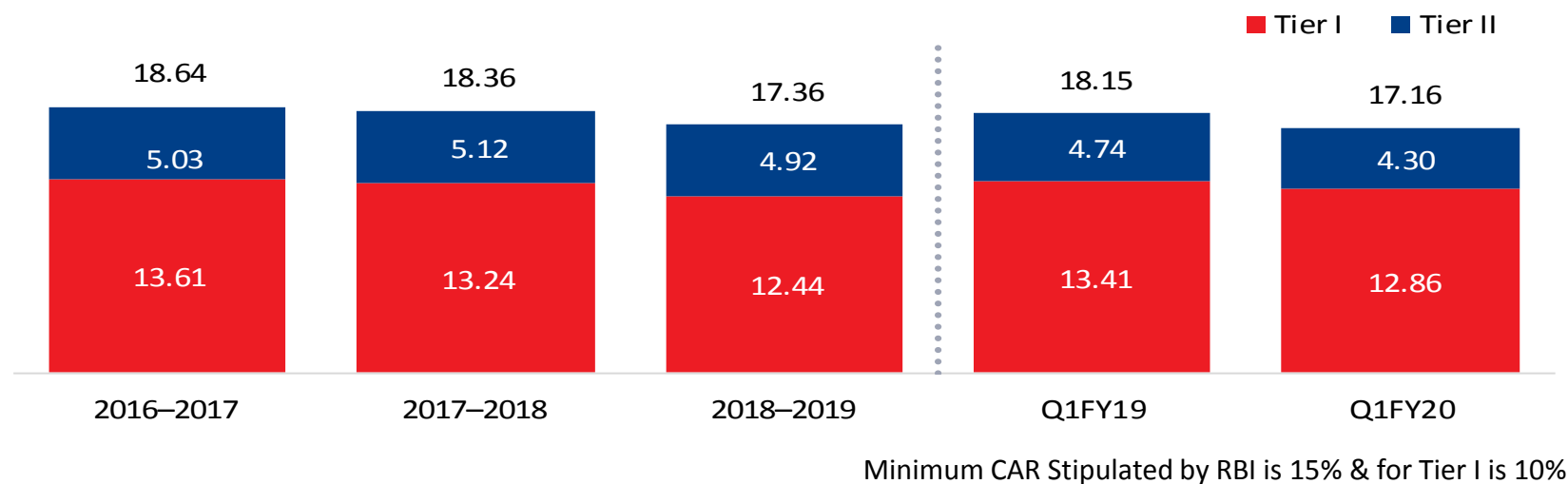
Note: Operating Income includes assignment gain of Rs.42.88 Cr in Q1 FY19, Rs.18.90 Cr in Q1FY20 and Rs.86.70 Cr in FY19

Funding Profile



CAR, Credit Rating

Capital Adequacy Ratio (CAR) – As per RBI guideline



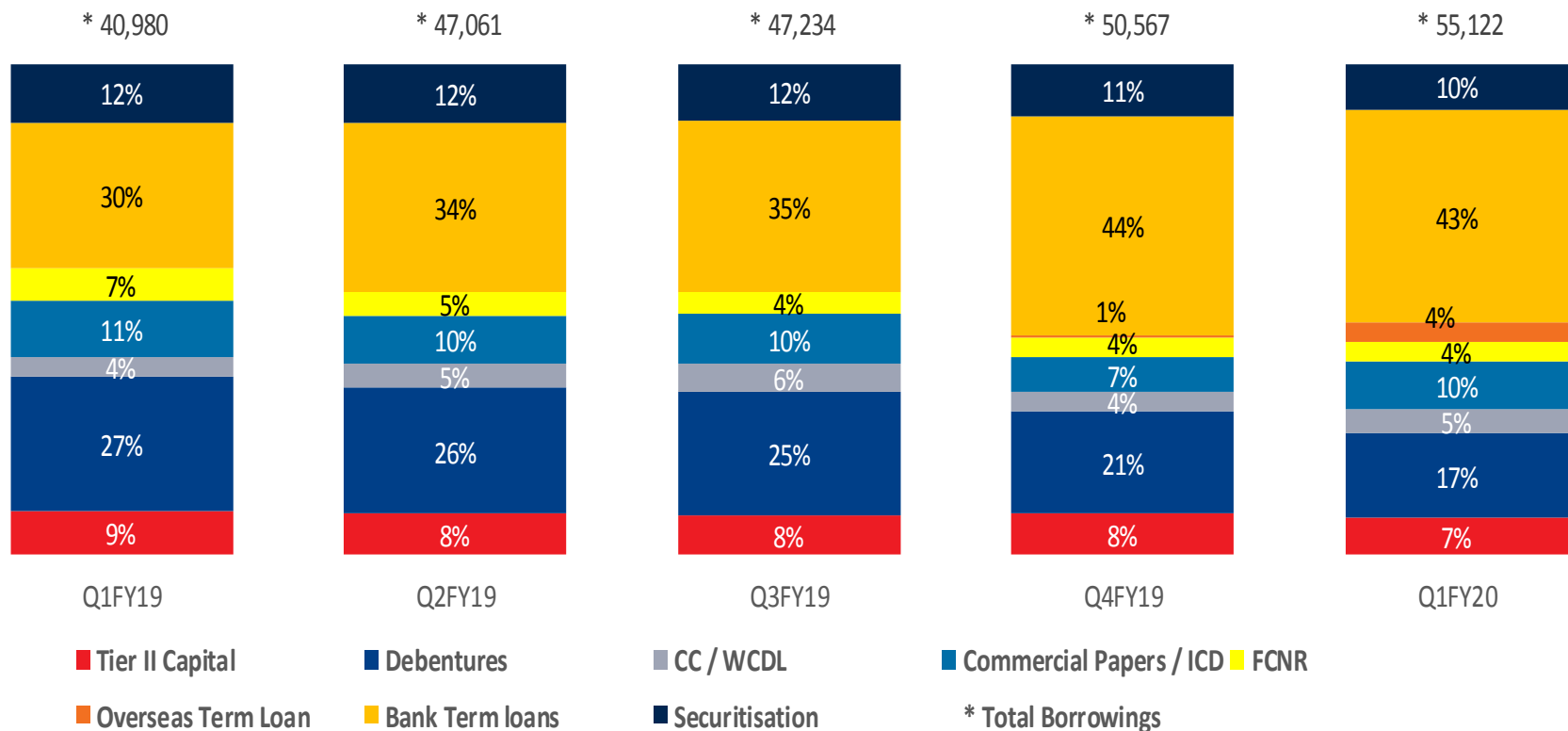
Credit Rating

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

Diversified Borrowings Profile (I/II)

(₹Cr)

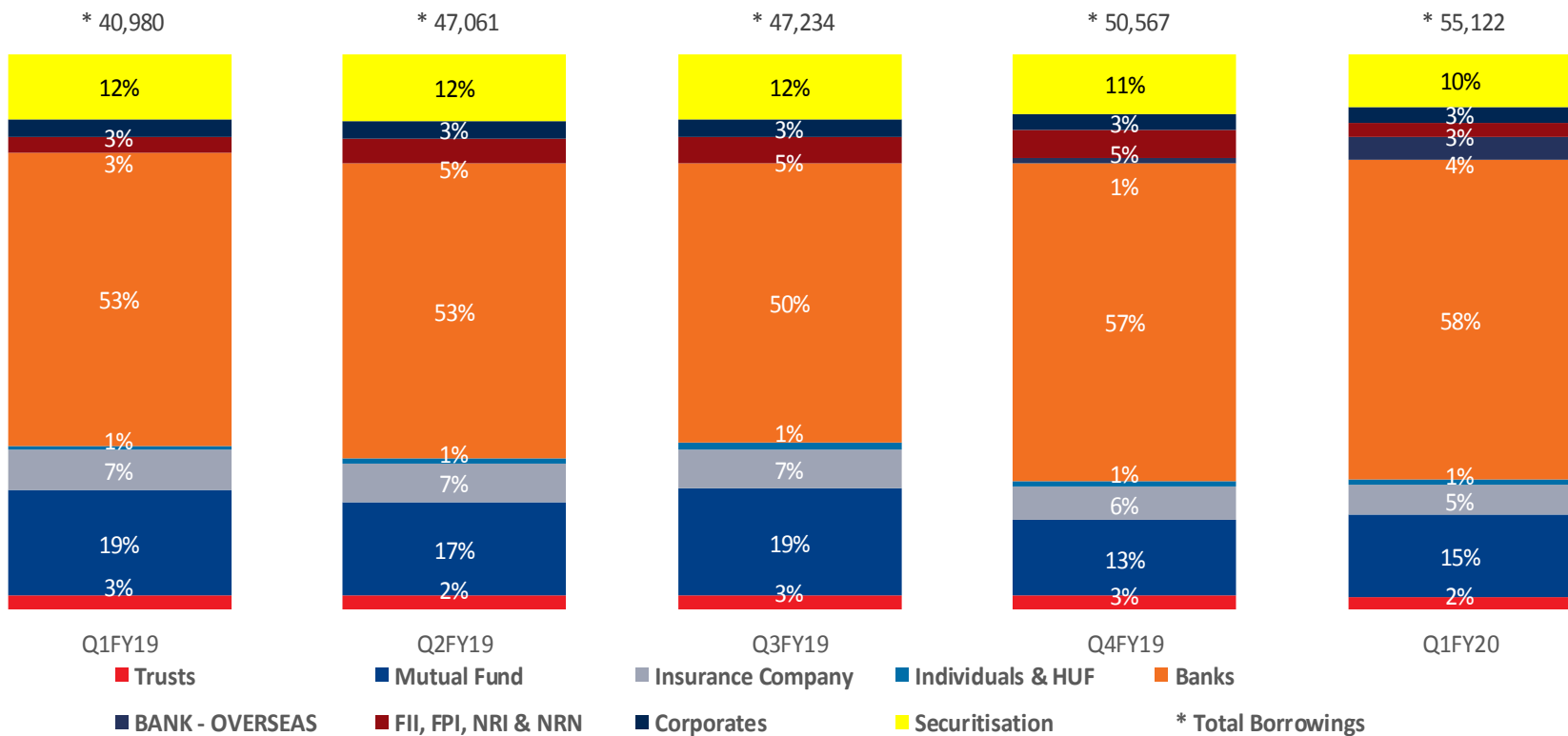
Borrowing mix by instrument type



Diversified Borrowings Profile (II/II)

Borrowing mix by investor type

(₹Cr)



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

(₹Cr)

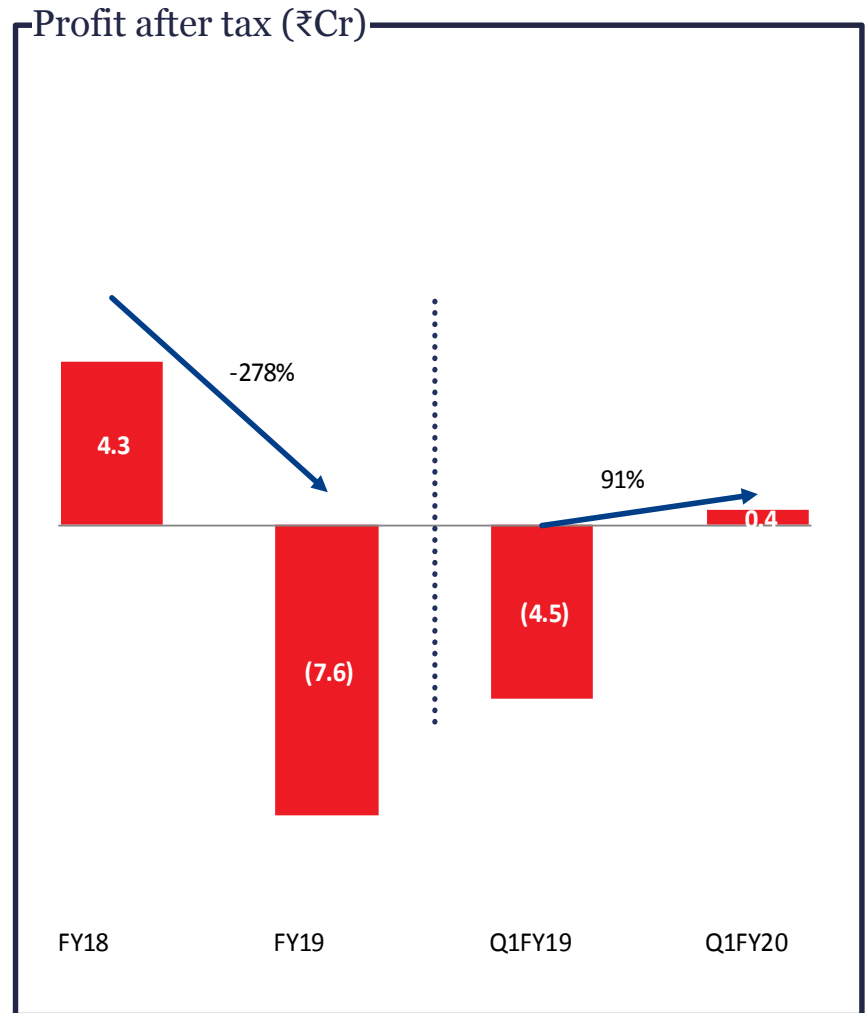
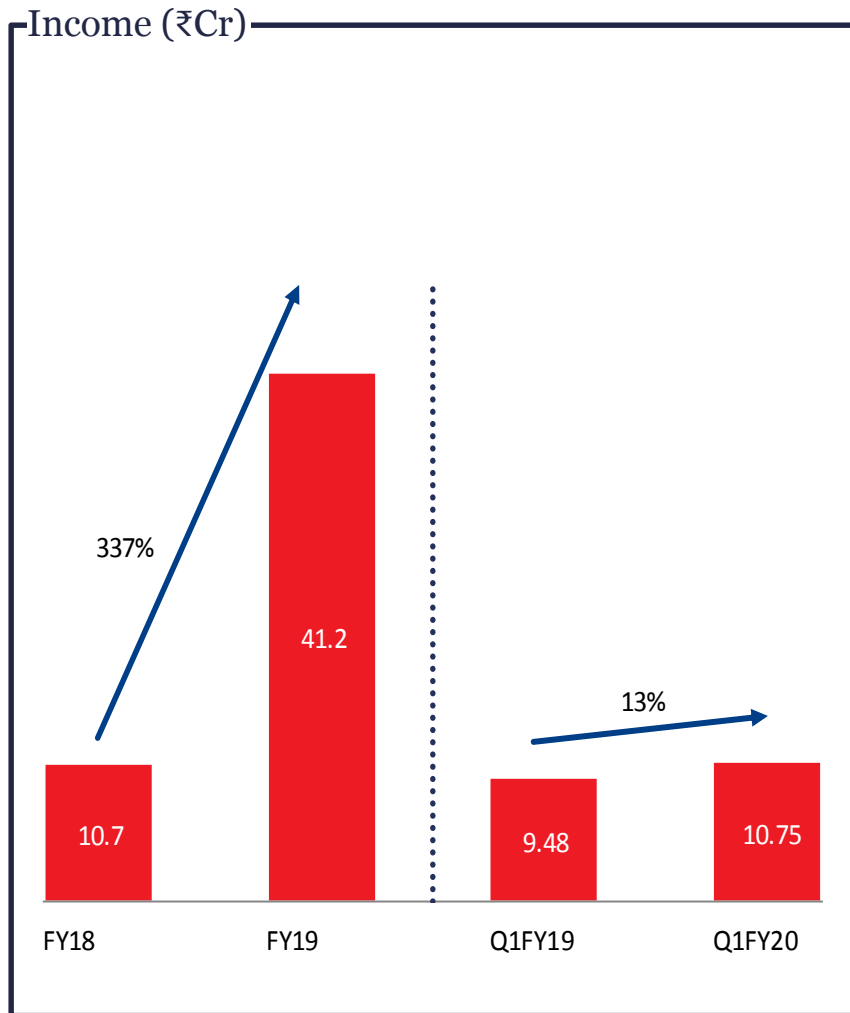
Particulars	1 m	>1 to 2m	>2 to 3m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Bank Balances	3,366.96	1,726.00	251.00	-	-	-	-	-	5,343.96
Advances	2,199.32	1,134.68	1,211.89	5,106.98	8,843.76	22,818.57	5,069.54	4,317.54	50,702.27
Trade Receivable & Others	54.07	66.04	15.46	98.13	127.68	340.83	112.33	1,081.07	1,895.61
Total Inflows (A)	5,620.35	2,926.72	1,478.35	5,205.11	8,971.44	23,159.40	5,181.87	5,398.60	57,941.84
Cumulative Total Inflows (B)	5,620.35	8,547.07	10,025.42	15,230.53	24,201.97	47,361.36	52,543.23	57,941.84	
Borrowing Repayment-Bank & Others	1,966.33	605.00	430.00	2,264.75	2,460.63	18,169.53	4,760.80	-	30,657.04
Borrowing Repayment- Market	2,082.20	2,139.32	906.54	1,722.01	4,454.35	3,557.64	2,010.20	1,613.40	18,485.66
Capital Reserves and Surplus	-	-	-	-	-	-	-	6,623.61	6,623.61
Other Outflows	1,378.28	136.46	97.75	172.92	184.08	159.52	-	46.52	2,175.53
Total Outflows (C)	5,426.81	2,880.78	1,434.29	4,159.68	7,099.06	21,886.68	6,771.00	8,283.53	57,941.84
Cumulative Total Outflows (D)	5,426.81	8,307.59	9,741.89	13,901.57	21,000.62	42,887.31	49,658.31	57,941.84	
E. GAP (A - C)	193.54	45.94	44.06	1,045.43	1,872.38	1,272.71	(1,589.13)	(2,884.93)	
F.Cumulative GAP (B - D)	193.54	239.48	283.54	1,328.96	3,201.34	4,474.06	2,884.93	(0.00)	
Cumulative GAP as % (F/D)	3.57%	2.88%	2.91%	9.56%	15.24%	10.43%	5.81%	0.00%	

Note: Behavioural ALM

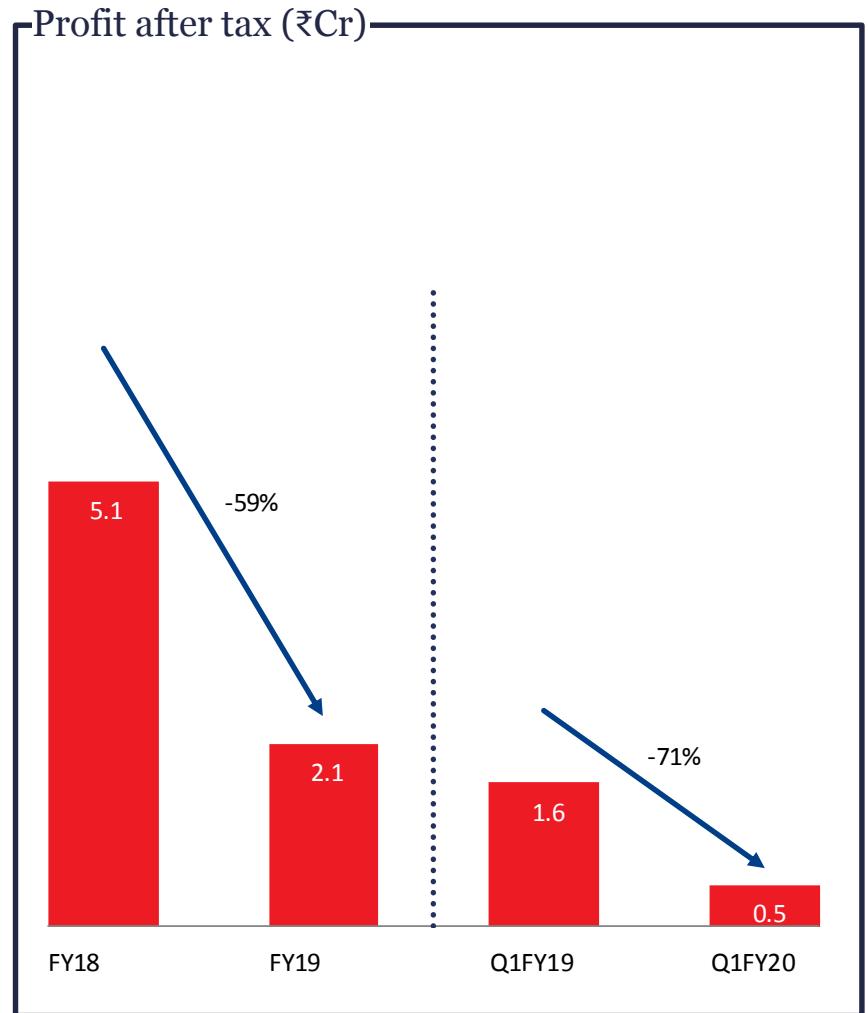
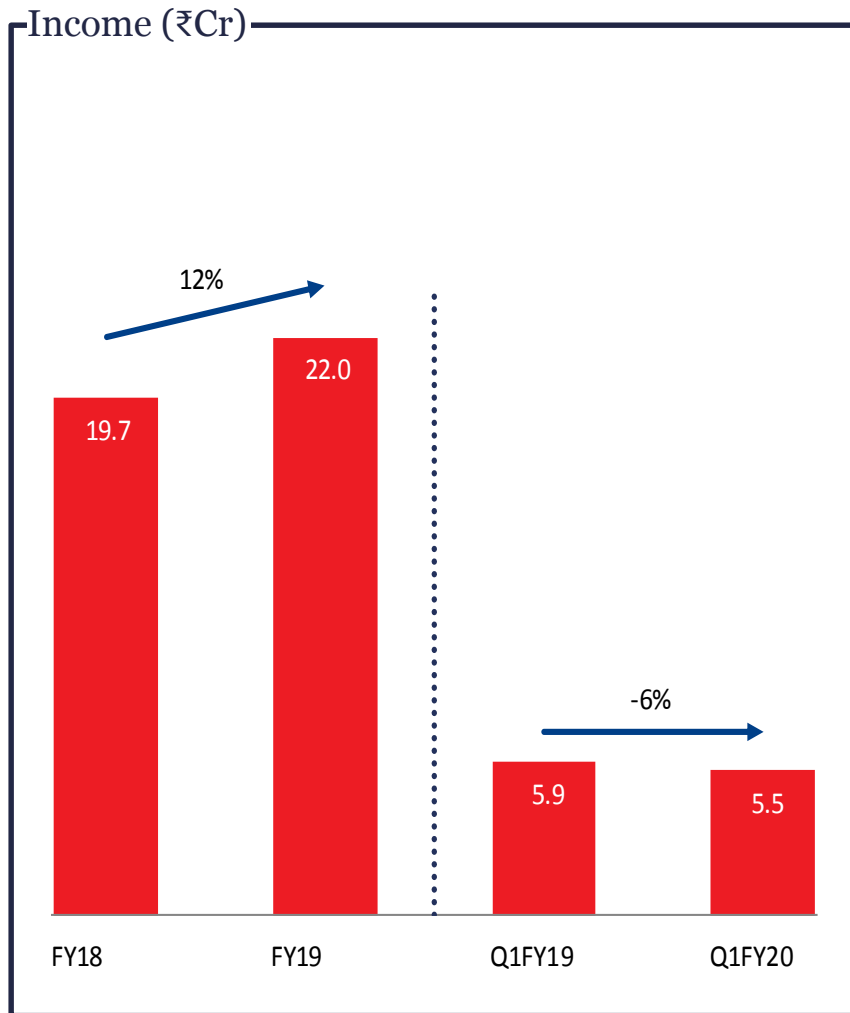
Subsidiaries



CHOLAMANDALAM HOME FINANCE LTD (As per IND AS)



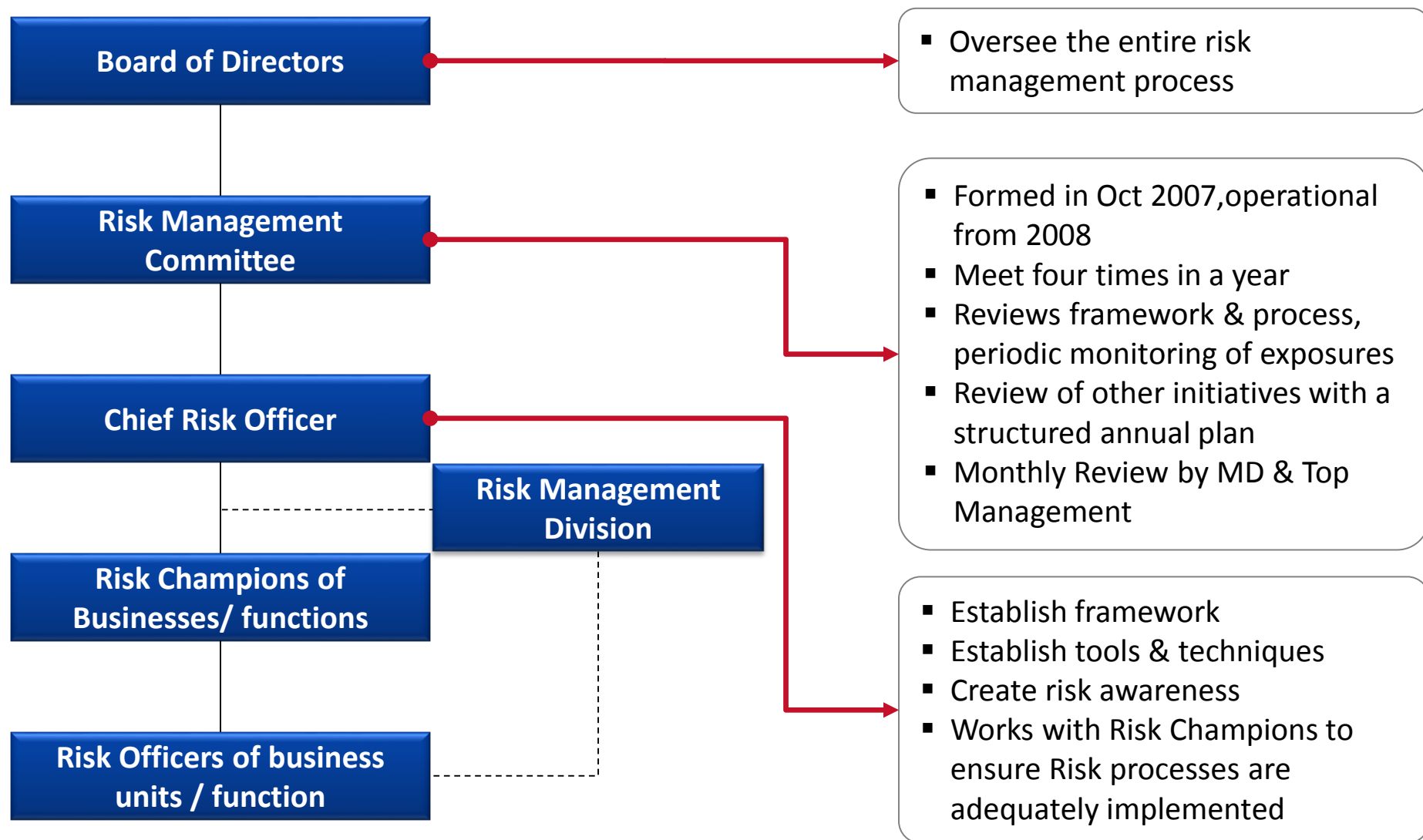
CHOLAMANDALAM SECURITIES LTD (As per IND AS)



Risk Management



Risk Governance Structure



ERM as value centre

- ERM at Chola works as a value centre
- Risk management team engages in defining framework, overseeing enterprise wide risks and building a portfolio for risk appetite based decision making.
- At Chola risk management is an integral part of the existing business process and management systems.

Corporate Process

- Composite risk score for CIFCL
- Functional risk scorecards for various HO functions like Operations, Finance etc.
- Overview of audit & assurance process
- Business continuity plan

Business Process

- Risk registers for various business process to identify laundry list of risks, controls, residual risks and KRIs for monitoring
- Portfolio MIS to monitor credit policies & portfolio quality
- Branch risk scorecards to monitor branch operations
- Risk adjusted product mix strategies

Strategy

- Forward looking macro indicators and its impact on sales and portfolio quality
- New product launch and its risk / reward trade-off
- Stress testing and liquidity buffers
- Portfolio acquisition and sale



Measurement & Monitoring
using KRI

Review mechanism to
monitor & control risks

Evaluate Probability & Impact
of each event

Understanding &
Identification of various risks

HIGHLIGHTS OF THE RISK MANAGEMENT FRAMEWORK

Chola Composite Risk Index, computed using multiple KRIs, helps in risk reporting and monitoring

Company has developed a risk reporting and monitoring mechanism for the risks at business / vertical level which enable itself to reassess the top critical risks in a changing environment

The Index & KRIs are tracked periodically to measure the level & direction of risk

Identification, Prioritization and Assessment of Risk parameters.

Stage 1

QUALITATIVE ASSESSMENT

- Design & Formulate **risk registers** for all SBU's and Individual functions.
- Map risks with **mitigants, KRIs** and **risk improvement plans**.
- Define KRIs for **new process technology & function**.
- Classification of Risk

Annual Review

Monitoring of Risk and Process Indicators to Track Operational Risk Level

Stage 2

RISK MONITORING

- Identify & Monitor **top 20 risks** @ Organisation level – **Chola Composite Risk Index**
- Identify & Monitor **top 10 risk** for individual SBU's / Functions – **Vertical wise Index**

Monthly MD Review,
Quarterly RMC Review.

Identification and Measurement of Risk Events & parameters

Stage 3

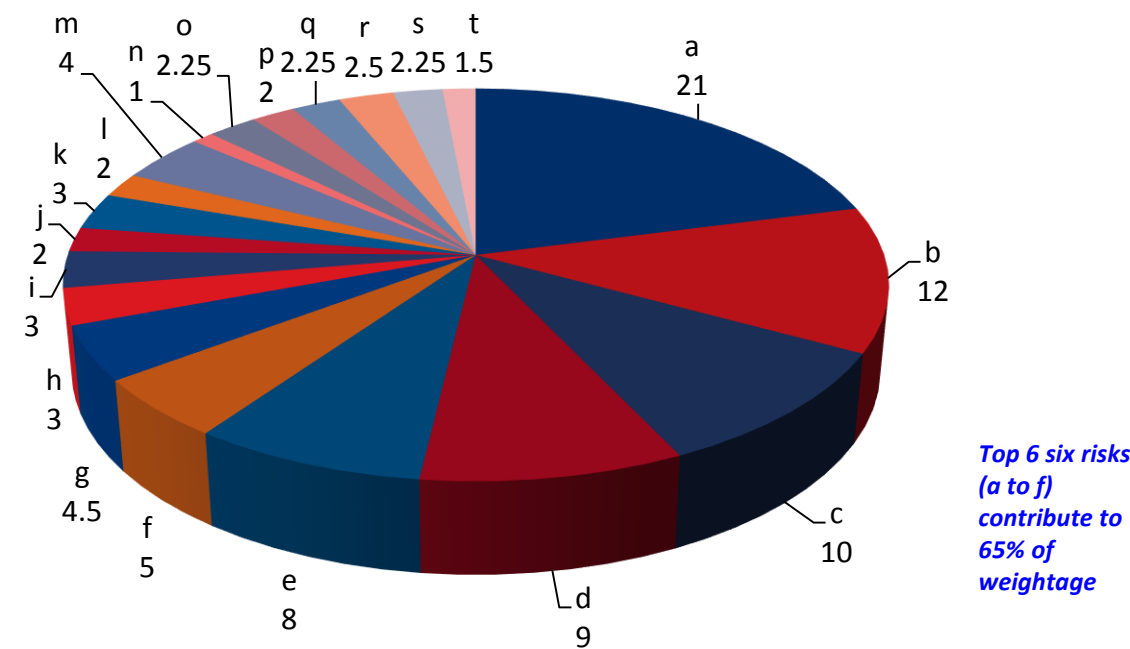
QUANTITATIVE VALIDATION

- Validate **threshold limits @ periodic intervals** to be in line with our Risk appetite statement.
- **Risk Control Self Assessment (RCSA)** is conducted on a Quarterly basis for key controls

Quarterly RCSA

Risk Monitoring : Risk Index Scoring Methodology

Spread of Weightages



Loan losses risk	a	Data Security / business continuity	k
Business Slow down risk	b	Collateral risk	l
Lending Rate Risk	c	Fraud Risk	m
Interest Rate Risk	d	Corporate Finance Risk	n
Liquidity Risk	e	Compliance to Regulatory laws	o
Capital Adequacy Ratio	f	Employee Attrition	p
Risks related to new business verticals	g	Statutory - HR	q
Concentration Risk	h	Legal	r
Document Custody Risk	i	Outsourcing	s
Cash collection risk	j	Pre-closure risk - HE	t

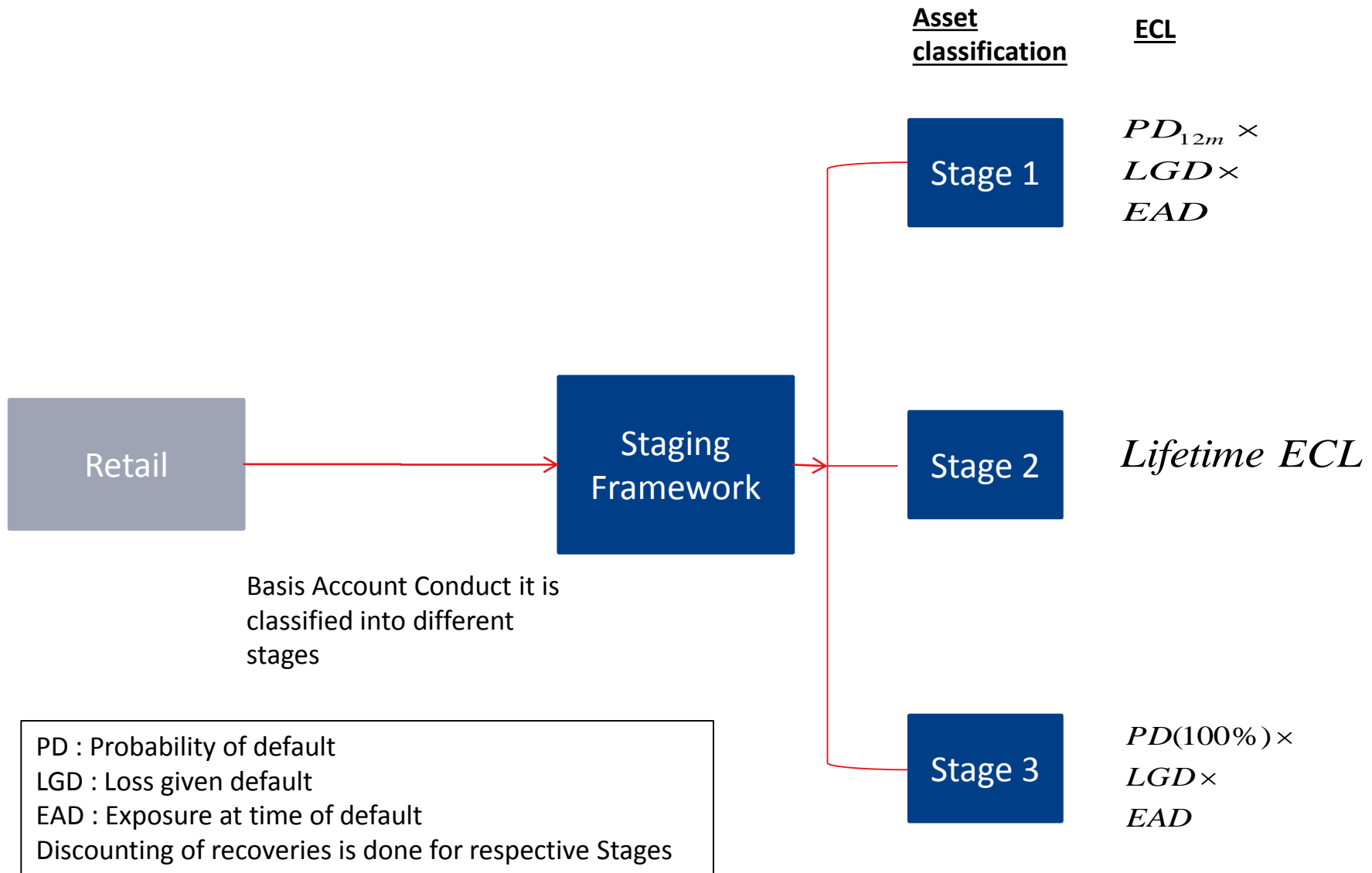
Note : Each identified top risk has further sub-elements

Scoring method

- ❖ Identified Top 20 risks are a combination of credit, market and operational risks.
- ❖ 25% weight is given for operational risks – similar to the weight prescribed by BASEL for operational risks. Weights among operational risks are assigned based on the historical data points
- ❖ For the remaining risks, which are credit and market related, weights are assigned based on the following:
 - Key metrics like Disbursement, Yield, NCL, Collection trend, Borrowing cost etc. are simulated
 - Its impact on PBT is statistically arrived get weights
- ❖ Wherever applicable, weightage are also given based on the benchmark threshold, which is set basis the historical trend

ECL Methodology

Measurement Framework



Measurement Framework

Asset classification

ECL

Description

Stage 1

$$PD_{12m} \times LGD \times EAD$$

- Assets with low risk (0-30 DPD) on reporting date
- Loss estimate based on a 1 year forward estimate

Stage 2

$$Lifetime ECL$$

- Assets with Significant Increase in Credit Risk (SICR) since initial recognition
- Assets with > 30 DPD and < 90 DPD are considered as Stage 2
- Lifetime expected loss is computed

Stage 3

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

- Assets where default event has already happened as on reporting date
- Assets which have DPD > 90 days as on reporting date are classified into stage 3

Retail Pooling

Chola



Portfolios are segmented based on the below categories. PD term structure and LGDs are computed for each segment separately.

Vehicle Finance

HCV New

LCV New

MLCV/2W/3W New

CAR/MUV New

USED

SHUBH

Tractor

CE

VF portfolio is split basis the product category

Home Equity

HE Delhi

HE Tamil Nadu

HE Punjab /
Haryana /
Chandigarh

HE Gujarat

HE Others

Home Equity portfolio is split basis geography

Home Loan

Others

Home Loans and other smaller portfolios are not segmented

Contact us

Our registered office

Cholamandalam Investment and Finance Company Limited (Chola),
Dare House 1st Floor, No. 2, NSC Bose Road, Parrys,
Chennai 600001.

Toll free number: 1800-200-4565 (9 AM to 7 PM)

Land Line: 044-3000 7172

<http://www.cholamandalam.com>

Email-ID

Sujatha P-Sr. Vice President & Company Secretary–
sujathap@chola.murugappa.com

Arulselvan D-Executive Vice President & CFO–
arulselvanD@chola.murugappa.com

Disclaimer

- Certain statements included in this presentation may be forward looking statements made based on management's current expectations and beliefs concerning future developments and their potential effects upon Cholamandalam Investment and Finance Company Ltd and its subsidiaries. There can be no assurance that future developments affecting Cholamandalam Investment and Finance Company Ltd and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are important factors that could cause actual results to differ, possibly materially, from expectations reflected in such forward-looking statements. Cholamandalam Investment and Finance Company Ltd does not intend and is under no obligation, to update any particular forward-looking statement included in this presentation.
- The facts and figures mentioned in this presentation is for informational purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of the Company, or the solicitation of any bid from you or any investor or an offer to subscribe for or purchase securities of the Company, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Nothing in the foregoing shall constitute and/or deem to constitute an offer or an invitation to an offer, to be made to the Indian public or any section thereof or any other jurisdiction through this presentation, and this presentation and its contents should not be construed to be a prospectus in India or elsewhere. This document has not been and will not be reviewed or approved by any statutory or regulatory authority in India or any other jurisdiction or by any stock exchanges in India or elsewhere. This document and the contents hereof are restricted for only the intended recipient (s). This document and the contents hereof should not be (i) forwarded or delivered or transmitted in any manner whatsoever, to any other person other than the intended recipient (s); or (ii) reproduced in any manner whatsoever. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised.
- The information in this document is being provided by the Company and is subject to change without notice. The information in this presentation has not been independently verified. No representation or warranty, express or implied, is made to the accuracy, completeness or fairness of the presentation and the information contained herein and no reliance should be placed on such information. The Company or any other parties whose names appear herein shall not be liable for any statements made herein or any event or circumstance arising therefrom.



Chola

Enter a better life



Thank You



murugappa