



**STRONGER TOGETHER**

Collaborating for Success!

**CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED**

**CORPORATE PRESENTATION - SEPTEMBER 2020**

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# Murugappa Group Overview



## Murugappa Group in a Nutshell



Years of  
Existence



Consolidated  
Turnover  
(FY20)



Group Market  
cap (as on  
30<sup>th</sup> Jun 2020)



Sectors



Businesses



Listed  
Companies



Geographical  
Presence



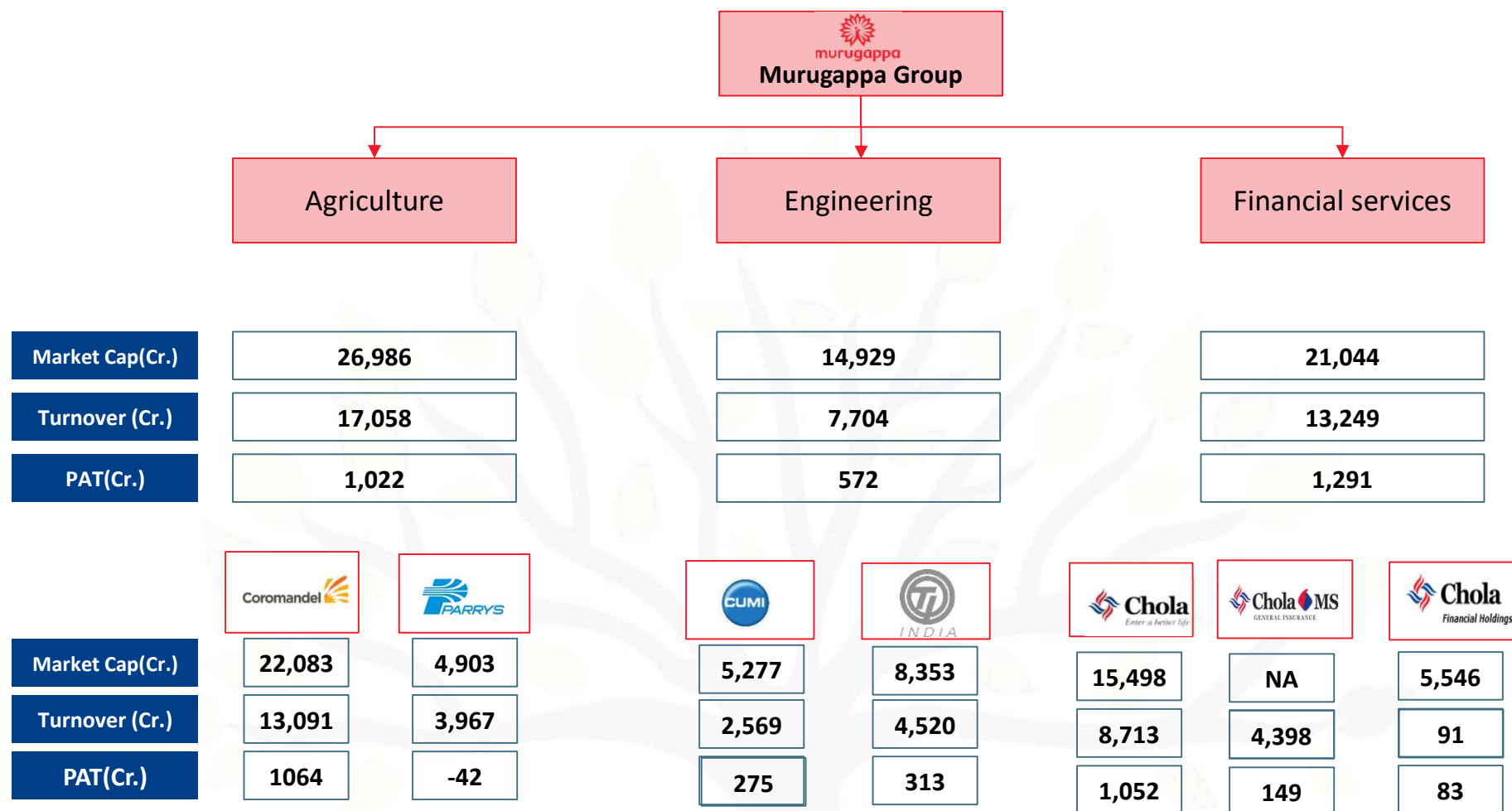
Manufacturing  
Locations



Work force



# Murugappa Group Overview



Note: Market Capitalization of Financial services incl. Chola Investments and Chola Financial Holdings.  
 Financial Performance are of FY 19-20.  
 Market data as on 30<sup>th</sup> September 2020. 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



15 lakh + customers

Helping customers enter better life

2 lakh customers in year 2000 to 15 lakh plus customers till date



24,902 employees

Strong employees force to serve more customers

200 plus employees in year 2000 to 24,900+ employees today



Rs. 74+k Cr. AUM

Healthy ROA of 3.5%

PAT - CAGR of 19% from  
FY15 to FY20



Rs. 20K Cr. market cap

Rapid market cap growth

From Rs. 840 Cr. in year 2008 to Rs. 20K Cr. in  
2020



1132 branches

Strong geographical presence

Across 29 states/Union Territories 81% presence  
across tier III—VI towns



Diversified product  
portfolio

- Presence across Vehicle Finance, Loan Against Property, Home Loans, Stock broking & distribution of financial products

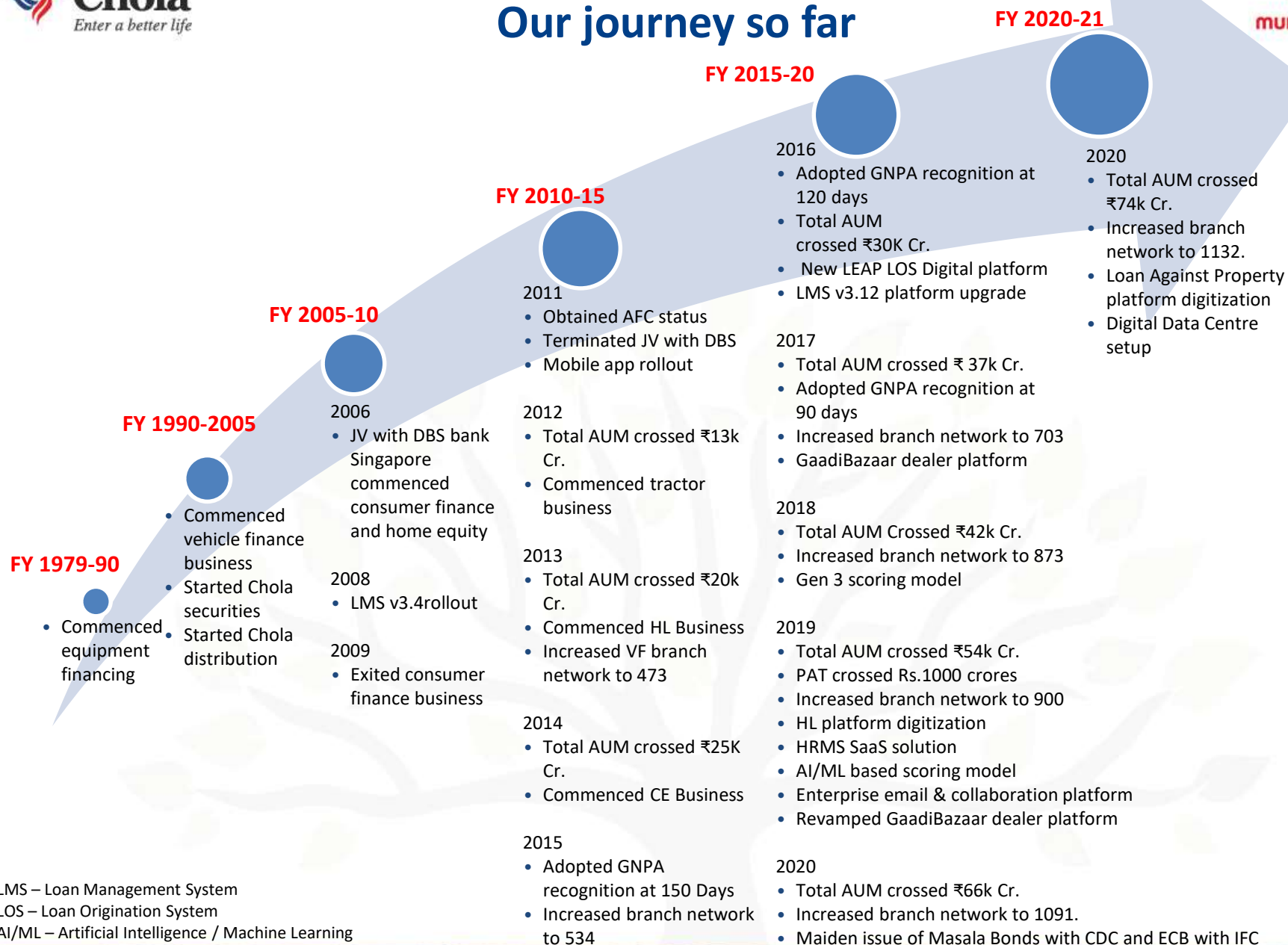


Highly experienced  
management

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



## Our journey so far



## ESG Certification – FTSE Russell

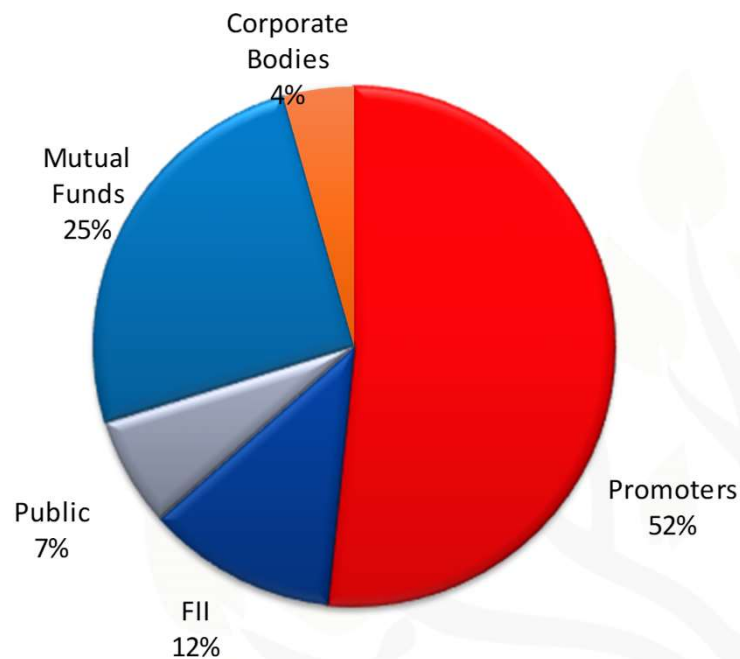


Our Company has been included in the FTSE4Good Index Series, created by the global index and data provider FTSE Russell. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

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

## Shareholding

### Shareholding Pattern



- Promoters share holding of 51..65% includes
  - Cholamandalam Financial Holdings Limited – 45.49%,
  - Ambadi Investments Limited – 4.11%
  - Others - 2.04%

### Institutional Holders (More than 1%)

#### Top Domestic Institutional Holding

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

#### Top Foreign Institutional Holding

- Cartica Capital
- Vanguard
- Government of Singapore (GIC)
- VanEck
- Janchor Partners

Note: As on 25<sup>th</sup> Sep 2020

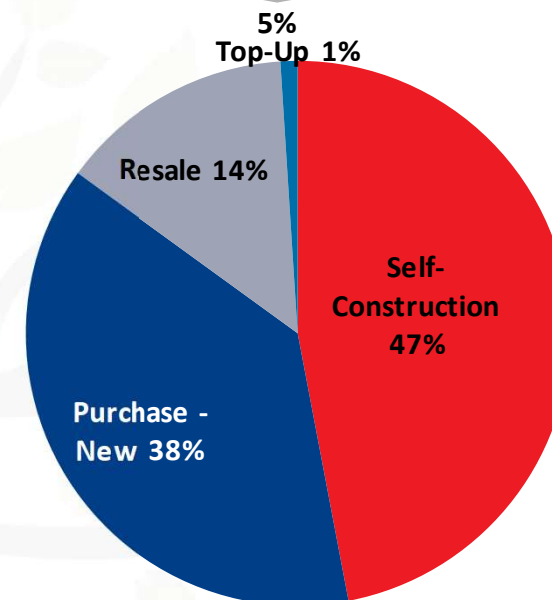
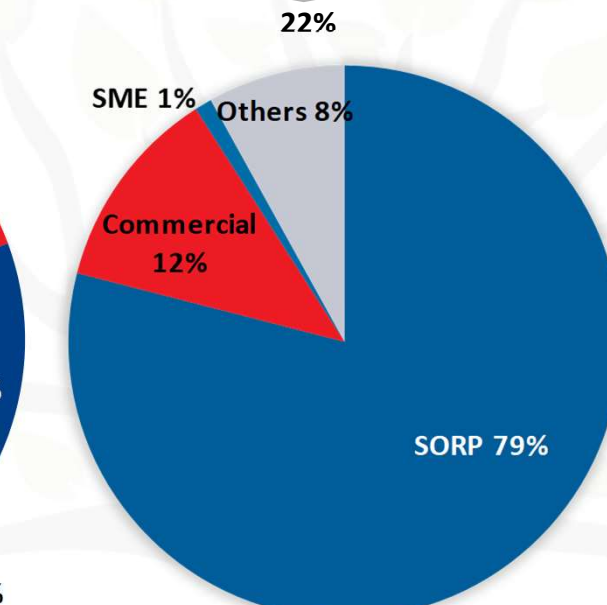
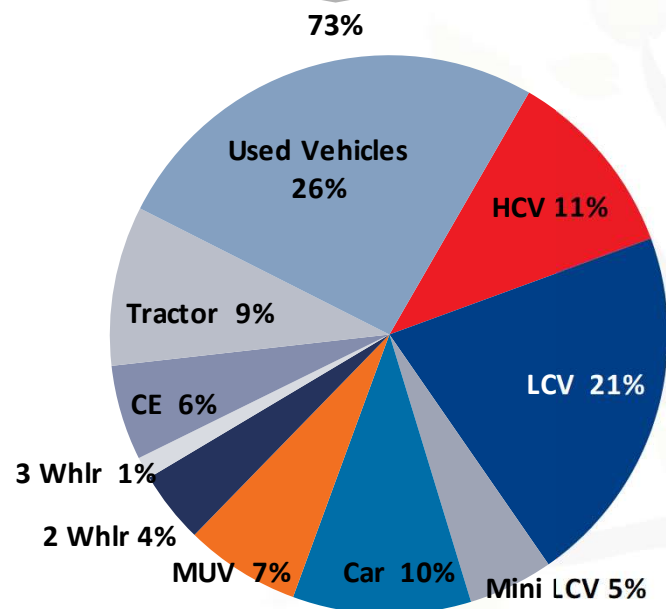
## Business Profile and AUM as on 30th Sep 2020

**Business AUM**  
Rs. 67,182Cr

**Vehicle Finance**  
Rs. 49,264Cr

**LAP & SME**  
Rs. 14,288Cr

**Home Loan**  
Rs. 3,630Cr



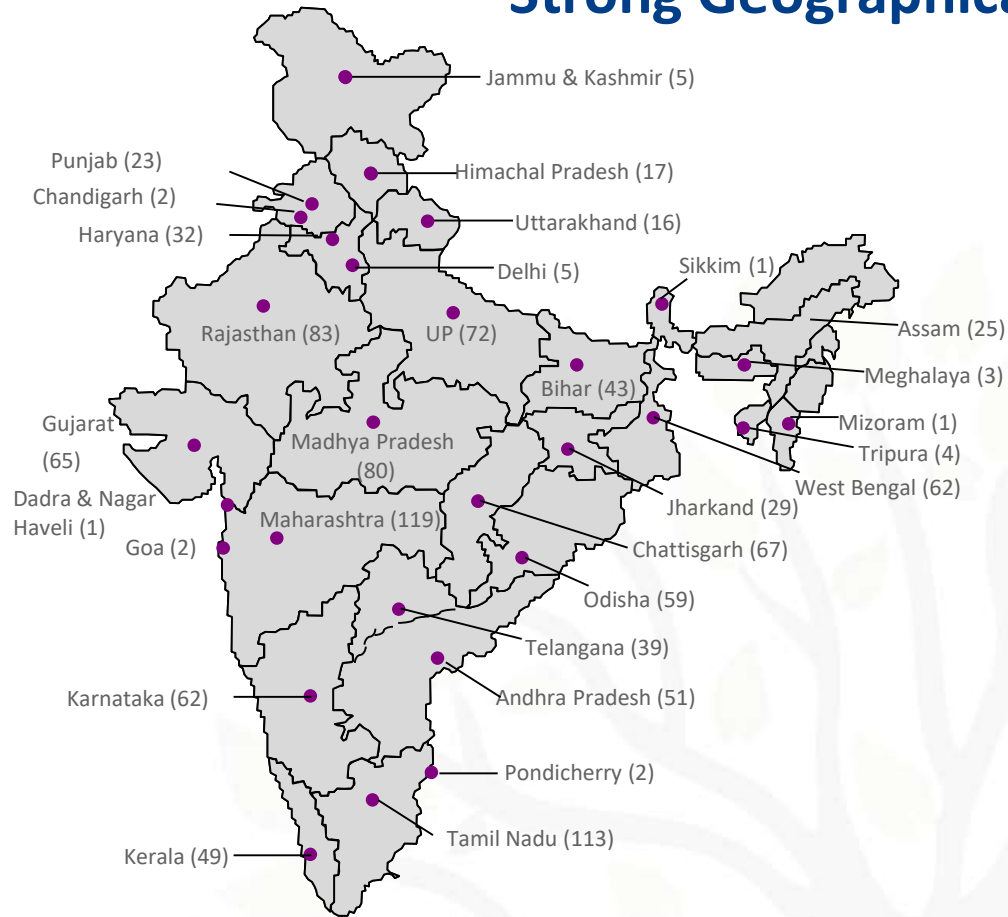
HCV: Heavy Commercial Vehicle  
LCV: Light Commercial Vehicle  
MUV: Multi Utility Vehicle  
3 Whlr: Three Wheeler

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

LAP: Loan Against Property

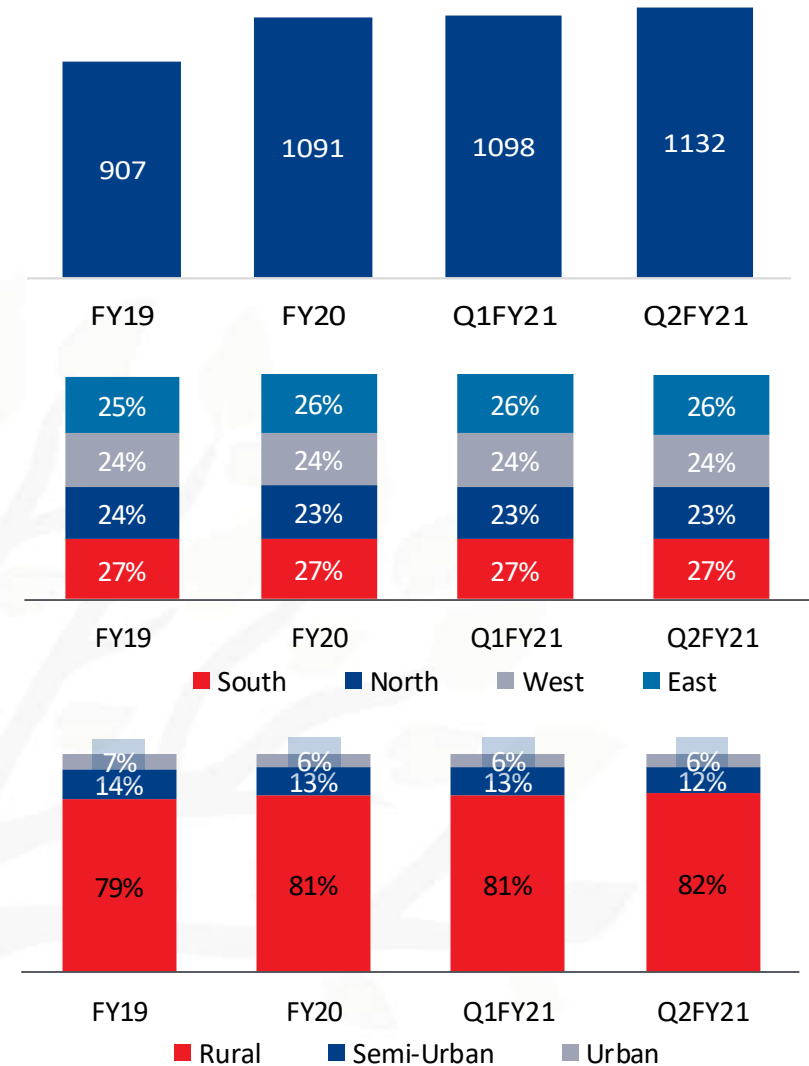


## Strong Geographical Presence



- **1132 branches** across **29 states/Union territories**: 1092 VF, 235 LAP (228 co-located with VF), 167 HL (138 co-located with VF) & 4 Regional offices in Tamil Nadu
- **82% locations** are in Tier-III, Tier-IV, Tier V and Tier-VI towns

Note: Figures in brackets represents total no. of branches as on 30<sup>th</sup> Sep 2020.



# Financial Performance



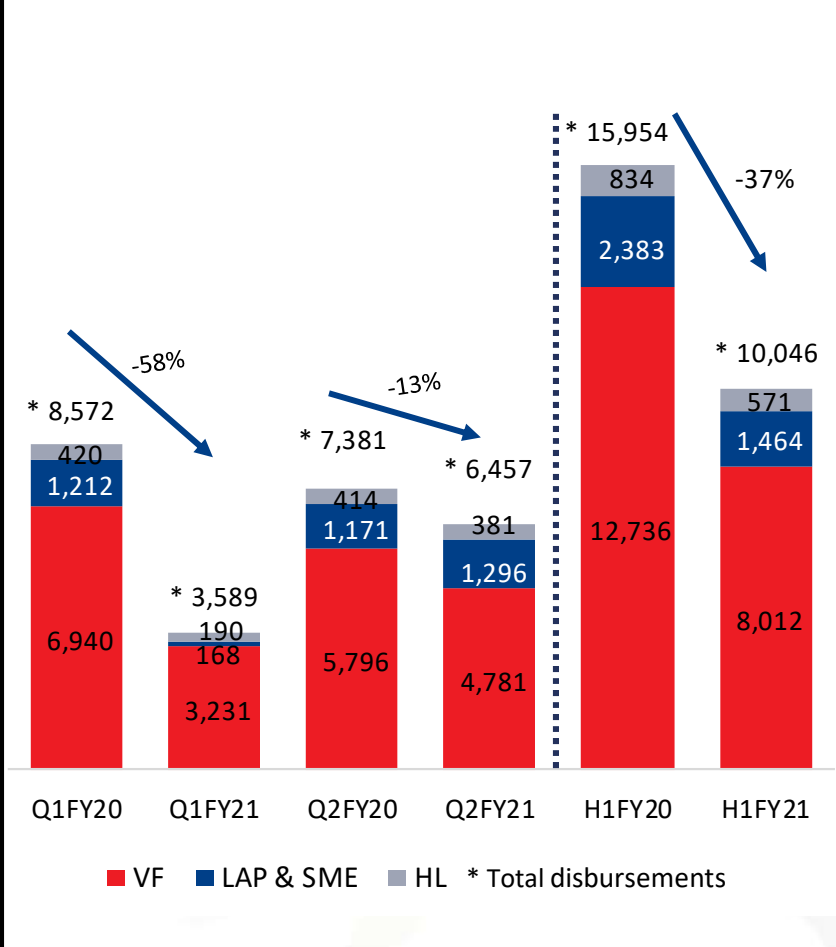
## Financial Snapshot —10 Years

Financials Snapshot	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	YoY	CAGR (5 years)	CAGR (10 years)
	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	INDAS	INDAS	INDAS			
<b>Disbursements</b>	<b>5,731</b>	<b>8,889</b>	<b>12,118</b>	<b>13,114</b>	<b>12,808</b>	<b>16,380</b>	<b>18,591</b>	<b>25,114</b>	<b>30,451</b>	<b>29,091</b>	<b>-4%</b>	<b>15%</b>	<b>20%</b>
<b>Assets under management</b>	<b>9,124</b>	<b>13,462</b>	<b>18,998</b>	<b>23,253</b>	<b>25,452</b>	<b>29,650</b>	<b>34,167</b>	<b>42,924</b>	<b>54,279</b>	<b>60,549</b>	<b>12%</b>	<b>20%</b>	<b>23%</b>
Total Income	1,202	1,767	2,556	3,263	3,691	4,194	4,660	5,480	6,993	8,653	24%	20%	25%
Interest expenses	568	988	1,411	1,771	1,960	2,051	2,231	2,659	3,589	4,592	28%	22%	26%
<b>Net Income</b>	<b>634</b>	<b>778</b>	<b>1,145</b>	<b>1,492</b>	<b>1,731</b>	<b>2,143</b>	<b>2,430</b>	<b>2,820</b>	<b>3,404</b>	<b>4,061</b>	<b>19%</b>	<b>17%</b>	<b>23%</b>
Operating Expenses	334	437	570	658	749	845	1,013	1,115	1,270	1,578	24%	17%	19%
<b>Operating Profit Before Loan Losses</b>	<b>300</b>	<b>342</b>	<b>575</b>	<b>834</b>	<b>982</b>	<b>1,298</b>	<b>1,416</b>	<b>1,705</b>	<b>2,134</b>	<b>2,483</b>	<b>16%</b>	<b>18%</b>	<b>26%</b>
Loan Losses & Provision	176	18	124	283	325	427	311	304	311	897	188%	20%	20%
<b>Profit before tax</b>	<b>100</b>	<b>290</b>	<b>451</b>	<b>550</b>	<b>657</b>	<b>871</b>	<b>1,106</b>	<b>1,401</b>	<b>1,823</b>	<b>1,586</b>	<b>-13%</b>	<b>16%</b>	<b>36%</b>
<b>Profit after tax</b>	<b>62</b>	<b>173</b>	<b>307</b>	<b>364</b>	<b>435</b>	<b>568</b>	<b>719</b>	<b>918</b>	<b>1,186</b>	<b>1,052</b>	<b>-11%</b>	<b>17%</b>	<b>37%</b>
<b>Ratios</b>													
Net Income to assets (%)	8.8	7.2	7.6	7.7	6.9	7.7	7.5	7.5	6.8	6.8			
Expense to assets (%)	4.6	4.1	3.8	3.4	3.0	3.0	3.1	3.0	2.6	2.6			
Losses and provisions (%)	2.4	0.2	0.8	1.5	1.3	1.5	1.0	0.8	0.6	1.5			
Return on assets (PBT) (%)	1.4	2.7	3.0	2.8	2.6	3.1	3.4	3.7	3.7	2.7			
Networth	*1072	*1417	*1965	2295	*3173	3657	4285	5098	6176	*8172			
Tier I	10.8	11.0	11.1	10.5	13.0	13.3	13.6	13.2	12.6	15.3			
CAR (%)	*16.7	*18.1	*19.0	17.2	*21.2	19.7	18.6	18.4	17.4	*20.68			
Return on equity (%)	6.7	13.9	18.1	17.1	15.8	16.7	18.1	19.6	20.9	15.2			
Earnings per share (Basic)	1.1	2.9	4.6	5.1	6.0	7.5	9.2	11.8	15.2	12.8			
Dividend	15%	25%	35%	35%	35%	45%	55%	65%	65%	85%			
Market Capitalisation	2059	2453	3883	4125	8423	11140	15072	22667	22624	12535			
GNPA (%)	2.6	0.9	1.0	1.9	3.1	3.5	4.7	3.4	2.7	3.8			
NNPA (%)	0.3	0.3	0.2	0.7	2.0	2.1	3.2	2.2	1.7	2.2			
NPA Recognition	6month	6month	6month	6month	5month	4month	3month	3month	3month	3month			
Branch Network	236	375	518	574	534	534	703	873	900	1091			

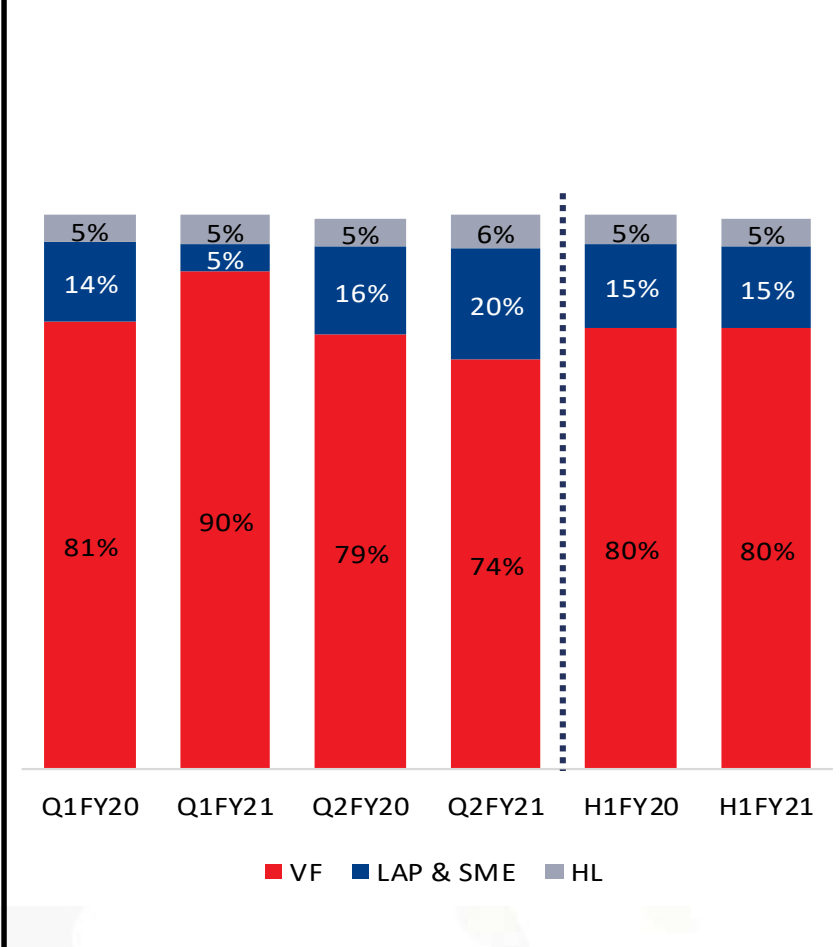
- Capital Infusion
- Loan losses includes an additional provision of Rs.504 Crores due to COVID & Macro Provision in FY20

## Chola: Financial Summary (I)

Disbursements (₹Cr)



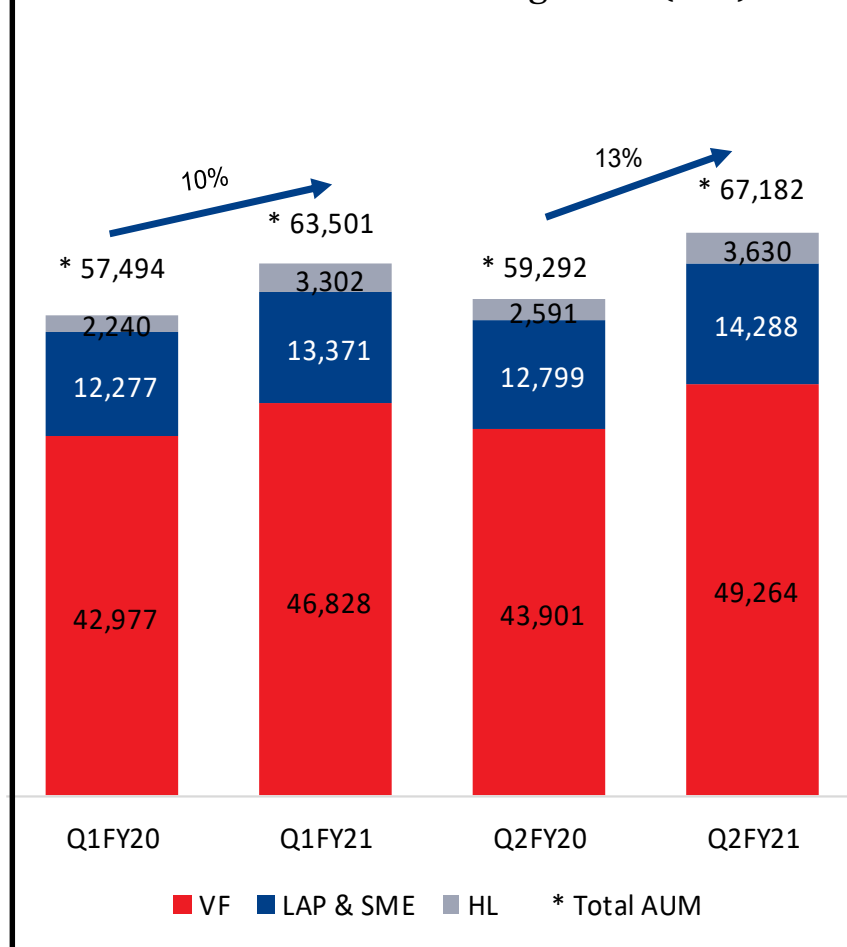
Disbursements (%)



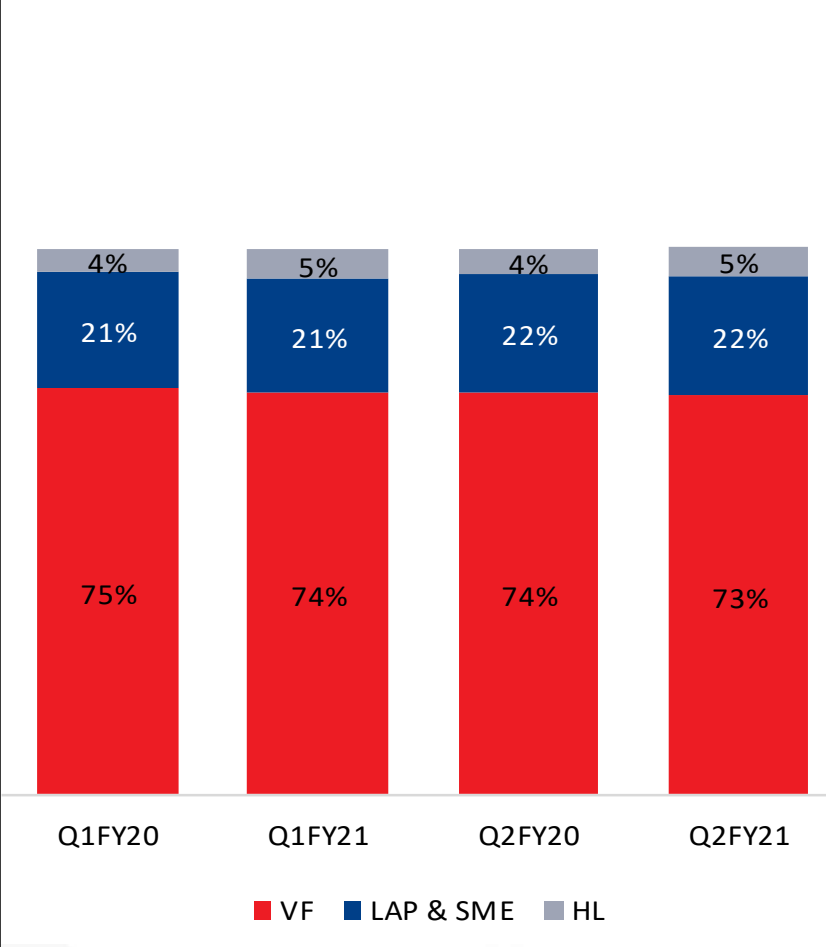


## Chola: Financial Summary (II)

Business - Assets under Management (₹Cr)

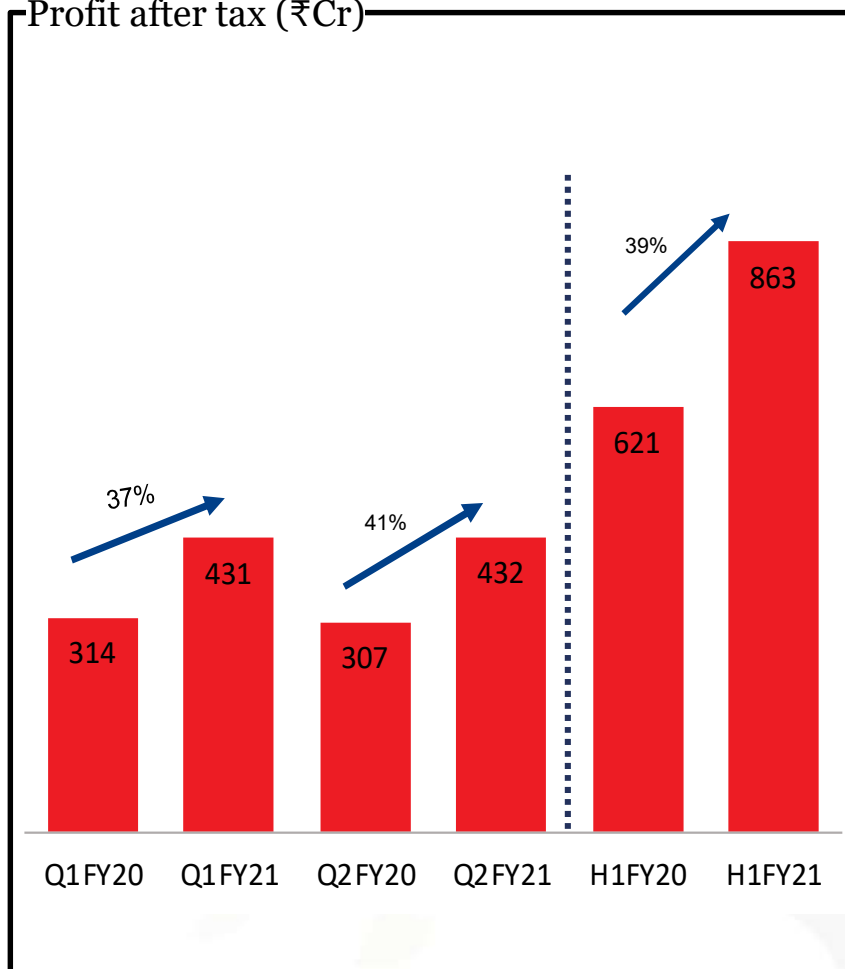


Business - Assets under Management (%)

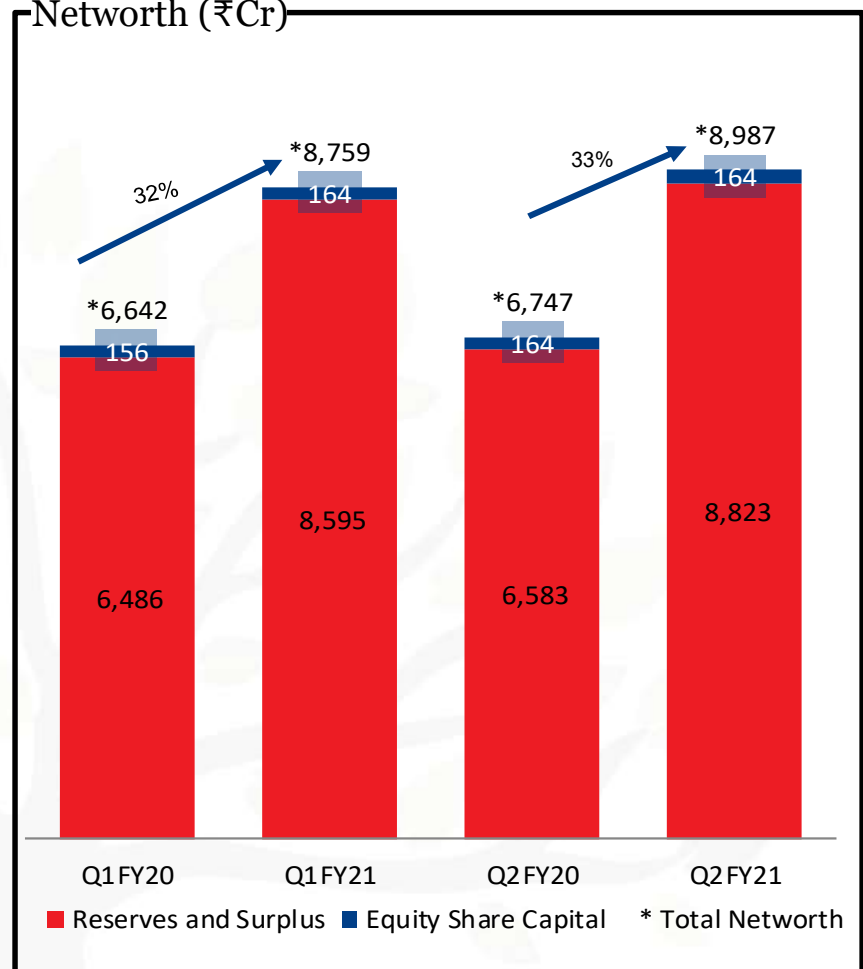


## Chola: Financial Summary (III)

Profit after tax (₹Cr)



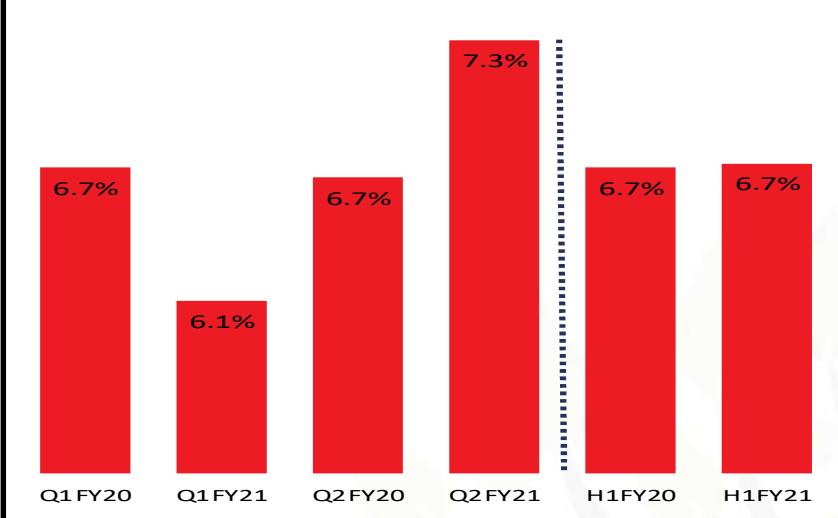
Networth (₹Cr)



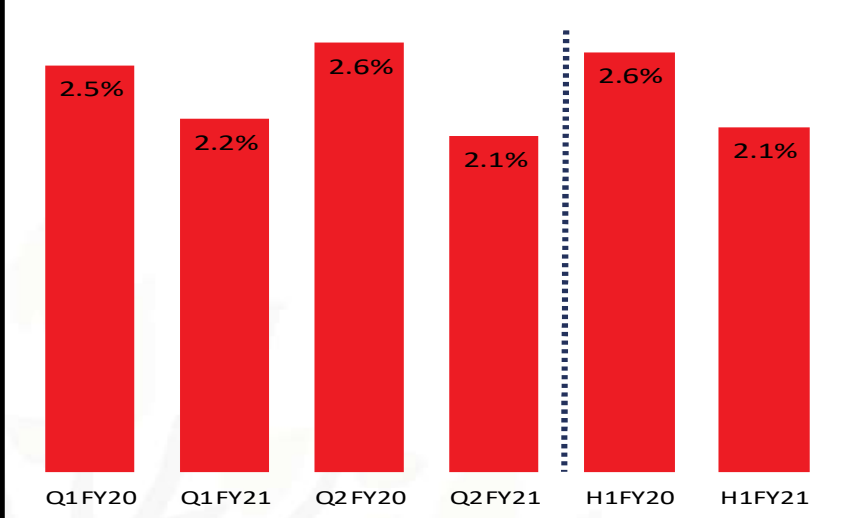
Note: Provided additional provision of Rs.250 Crs in Q2FY21

## Chola: Financial Summary (IV)

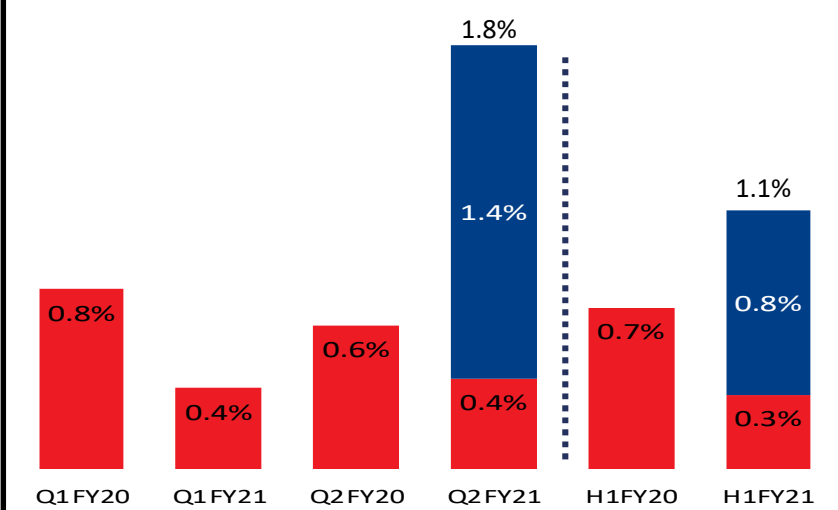
Net Income Margin (%)



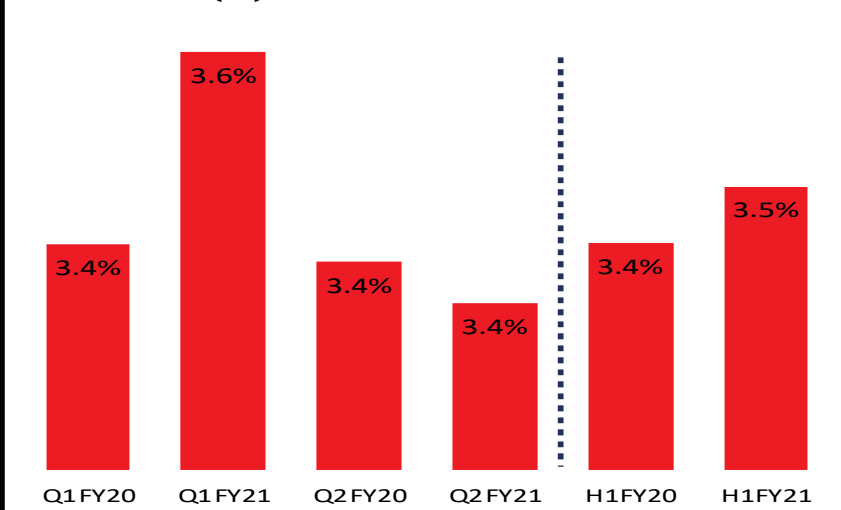
Expenses Ratio (%)



Loan Losses & Provisions (%)



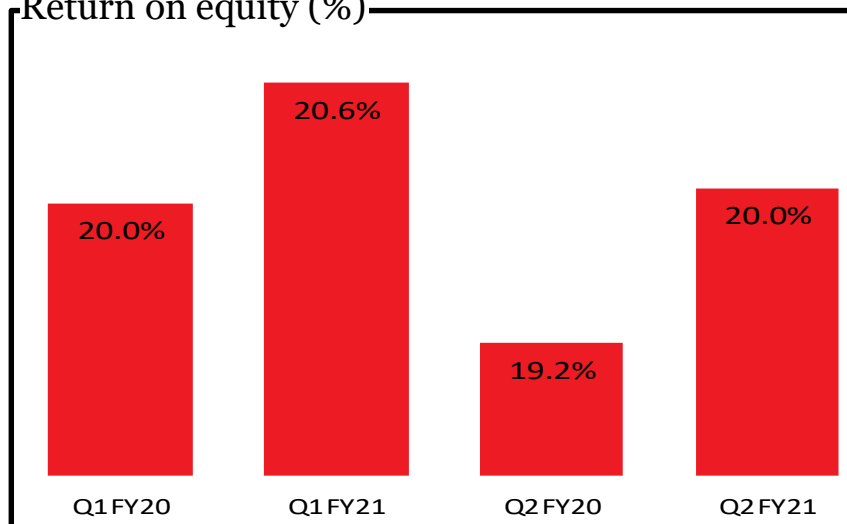
ROA - PBT (%)



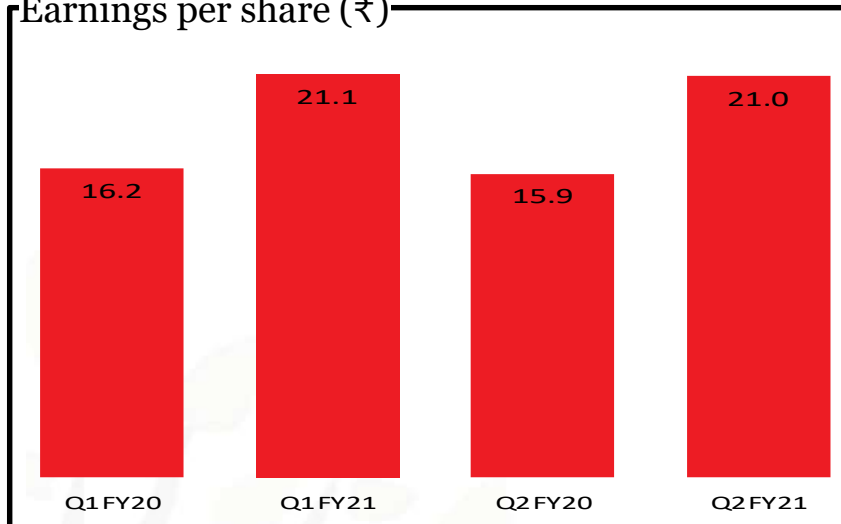
Note: Provided additional provision of Rs.250 Crs in Q2FY21

## Chola: Financial Summary (V)

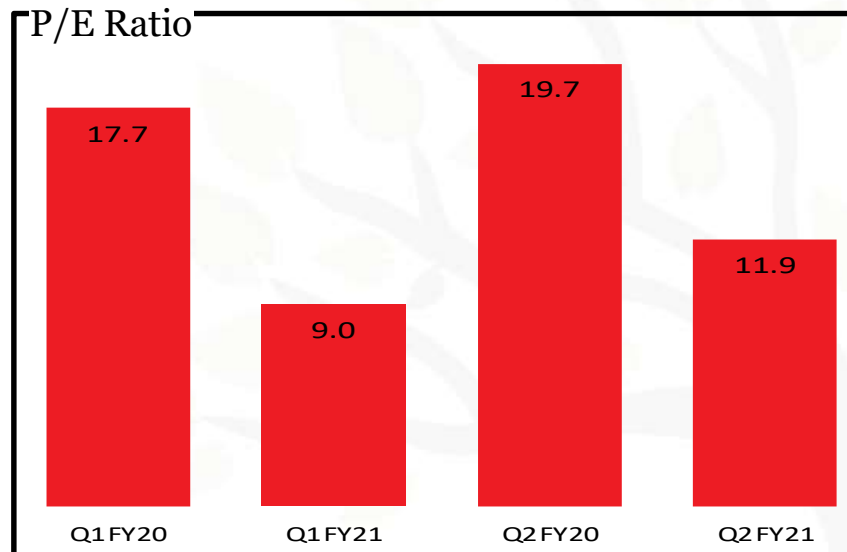
Return on equity (%)



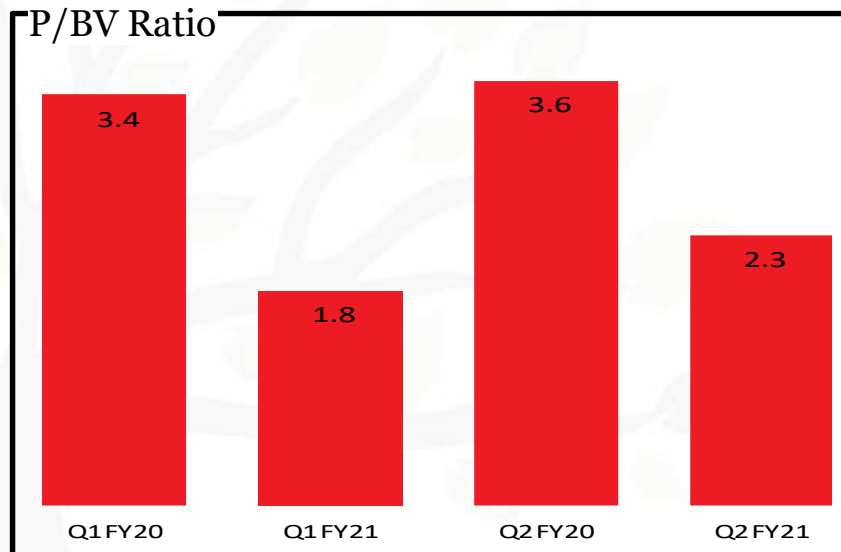
Earnings per share (₹)



P/E Ratio



P/BV Ratio



Note: EPS is annualised



## Profit and Loss Statement (As per IND AS)

₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>8,572</b>	<b>3,589</b>	<b>7,381</b>	<b>6,457</b>	<b>-13%</b>	<b>15,954</b>	<b>10,046</b>	<b>-37%</b>
<b>Closing Assets (Managed)</b>	<b>62,827</b>	<b>70,826</b>	<b>64,409</b>	<b>74,471</b>	<b>16%</b>	<b>64,409</b>	<b>74,471</b>	<b>16%</b>
Operating Income	2,030	2,114	2,197	2,440	11%	4,227	4,553	8%
Finance Charges	1,087	1,131	1,177	1,185	1%	2,264	2,316	2%
<b>Net Income</b>	<b>943</b>	<b>983</b>	<b>1,020</b>	<b>1,255</b>	<b>23%</b>	<b>1,963</b>	<b>2,238</b>	<b>14%</b>
Expenses	350	346	402	355	-12%	752	701	-7%
Net Credit Losses	110	56	95	318	234%	205	374	83%
<b>PBT</b>	<b>483</b>	<b>581</b>	<b>523</b>	<b>582</b>	<b>11%</b>	<b>1,006</b>	<b>1,163</b>	<b>16%</b>
<b>PAT</b>	<b>314</b>	<b>431</b>	<b>307</b>	<b>432</b>	<b>41%</b>	<b>621</b>	<b>863</b>	<b>39%</b>
Income	14.5%	13.2%	14.4%	14.1%		14.5%	13.7%	
Cost of Funds	7.7%	7.1%	7.7%	6.9%		7.7%	7.0%	
Net Income Margin	6.7%	6.1%	6.7%	7.3%		6.7%	6.7%	
Expense	2.5%	2.2%	2.6%	2.1%		2.6%	2.1%	
Losses & Provisions	0.8%	0.4%	0.6%	1.8%		0.7%	1.1%	
<b>ROA-PBT</b>	<b>3.4%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>3.4%</b>		<b>3.4%</b>	<b>3.5%</b>	
<b>ROA-PAT</b>	<b>2.2%</b>	<b>2.7%</b>	<b>2.0%</b>	<b>2.5%</b>		<b>2.1%</b>	<b>2.6%</b>	
Gross - Stage 3	1,671	1,996	1,803	1,756		1,803	1,756	
ECL Provisions - Stage 3	604	831	621	749		621	749	
<b>Coverage Ratio - Stage 3</b>	<b>36.2%</b>	<b>41.6%</b>	<b>34.4%</b>	<b>42.6%</b>		<b>34.4%</b>	<b>42.6%</b>	

**Note:** Provided additional provision of Rs.250 Cr in Q2FY21.

Stage 3 classification is as per Supreme Court judgement and basis roll forward the Stage 3 numbers will be Rs.1,904 which includes an additional provision of Rs.818 Cr.

## Balance Sheet (As per IND AS)

₹ Cr

Particulars	Sep-19	Mar-20	Sep-20
<b>ASSETS</b>			
<b>Financial Assets</b>	<b>62,542</b>	<b>63,021</b>	<b>69,672</b>
Cash and Bank balance	6,283	6,959	6,802
Derivative financial instruments	133	114	19
Receivables	55	59	77
Loans	55,701	55,403	62,257
Investments	73	73	73
Other Financial Assets	298	413	444
<b>Non- Financial Assets</b>	<b>914</b>	<b>972</b>	<b>876</b>
Current tax assets (Net)	212	150	3
Deferred tax assets (Net)	379	523	589
Property, Plant and Equipment	267	256	226
Intangible assets	29	28	19
Other Non-Financial Assets	29	15	40
<b>TOTAL</b>	<b>63,457</b>	<b>63,993</b>	<b>70,548</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Financial Liabilities</b>	<b>56,599</b>	<b>55,694</b>	<b>61,439</b>
Derivative financial instruments	13	-	92
Trade Payables - Others	191	203	194
Other Payables - Others	68	99	76
Borrowings	55,903	55,005	60,578
Other Financial Liabilities	424	386	499
<b>Non-Financial Liabilities</b>	<b>119</b>	<b>127</b>	<b>121</b>
<b>Shareholder's fund</b>	<b>6,739</b>	<b>*8172</b>	<b>8,987</b>
<b>TOTAL</b>	<b>63,457</b>	<b>63,993</b>	<b>70,548</b>

\* Equity Infusion of Rs.1,200 Cr (QIP + Preferential allotment)

## Stagewise Assets & Provision Summary

₹ Cr

Particulars	Mar-19 Normal INR Cr	Mar-20 normal INR Cr	Mar-20 Covid INR Cr	Mar-20 Total INR Cr	Jun-20 normal INR Cr	Jun-20 Covid INR Cr	Jun-20 Total INR Cr	Sep-20 normal INR Cr	Sep-20 Covid INR Cr	Sep-20 Total INR Cr	Mar-19 Normal % to GA	Mar-20 normal % to GA	Mar-20 Covid % to GA	Mar-20 Total % to GA	Jun-20 normal % to GA	Jun-20 Covid % to GA	Jun-20 Total % to GA	Sep-20 normal % to GA	Sep-20 Covid % to GA	Sep-20 Total % to GA
<b>Gross Assets</b>	<b>53,553</b>	<b>56,926</b>		<b>56,926</b>	<b>59,773</b>		<b>59,773</b>	<b>63,945</b>		<b>63,945</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>
Stage 1	50,038	52,742		52,742	56,148		56,148	60,327		60,327	93.44%	92.65%		92.65%	93.94%		93.94%	94.34%		94.34%
Stage 2	2,077	2,021		2,021	1,629		1,629	1,863		1,863	3.88%	3.55%		3.55%	2.73%		2.73%	2.91%		2.91%
Stage 3	1,439	2,163		2,163	1,996		1,996	1,756		1,756	2.69%	3.80%		3.80%	3.34%		3.34%	2.75%		2.75%
<b>Provision</b>	<b>931</b>	<b>988</b>	<b>534</b>	<b>1,523</b>	<b>887</b>	<b>551</b>	<b>1,437</b>	<b>888</b>	<b>800</b>	<b>1,688</b>	<b>1.74%</b>	<b>1.74%</b>	<b>0.94%</b>	<b>2.68%</b>	<b>1.48%</b>	<b>0.92%</b>	<b>2.40%</b>	<b>1.39%</b>	<b>1.25%</b>	<b>2.64%</b>
Stage 1	187	150	241	391	163	250	413	181	402	583	0.37%	0.28%	0.46%	0.74%	0.29%	0.44%	0.74%	0.30%	0.67%	0.97%
Stage 2	197	165	68	233	132	61	194	173	183	356	9.50%	8.19%	3.36%	11.55%	8.12%	3.77%	11.89%	9.28%	9.84%	19.13%
Stage 3	546	673	225	898	591	240	831	534	215	749	37.98%	31.12%	10.40%	41.52%	29.62%	12.01%	41.62%	30.41%	12.24%	42.65%
<b>Net Assets</b>	<b>52,622</b>	<b>55,937</b>		<b>55,403</b>	<b>58,887</b>		<b>58,336</b>	<b>63,058</b>		<b>62,257</b>	<b>98.26%</b>	<b>98.26%</b>		<b>97.32%</b>	<b>98.52%</b>		<b>97.60%</b>	<b>98.61%</b>		<b>97.36%</b>
Stage 1	49,851	52,592		52,351	55,985		55,735	60,146		59,744	93.09%	92.39%		91.96%	93.66%		93.24%	94.06%		93.43%
Stage 2	1,879	1,855		1,787	1,497		1,435	1,690		1,507	3.51%	3.26%		3.14%	2.50%		2.40%	2.64%		2.36%
Stage 3	892	1,490		1,265	1,405		1,165	1,222		1,007	1.67%	2.62%		2.22%	2.35%		1.95%	1.91%		1.57%

**Note:** Hon'ble Supreme Court has directed that accounts which were not in NPA as of 31<sup>st</sup> August 2020, shall not be declared as NPA till further orders. Accordingly, the Company has not classified any new accounts as NPA after 31<sup>st</sup> August 2020. However, if the Company had classified new accounts as NPA, then the Gross Stage 3 and Net Stage 3 would have been 2.98% and 1.70% respectively.

## ECL - Stagewise Summary

₹ Cr

### Stage wise Summary - Sep 20

Particulars	Asset	Normal	Total	Total	Asset	Normal %	Total	Total
		Prov	Addn	Prov		PCR (%)	Addn	PCR (%)
			Prov				Prov	
Stage 1 (Repayment Initiated) ^	57,043	169	-	169	89.21%	0.30%	0.00%	0.30%
Stage 1 (With Overdues)	3,284	12	402	414	5.14%	0.36%	12.24%	12.61%
<b>Total Stage 1</b>	<b>60,327</b>	<b>181</b>	<b>402</b>	<b>583</b>	<b>94.34%</b>	<b>0.30%</b>	<b>0.67%</b>	<b>0.97%</b>
<b>Total Stage 2</b>	<b>1,863</b>	<b>173</b>	<b>183</b>	<b>356</b>	<b>2.91%</b>	<b>9.28%</b>	<b>9.84%</b>	<b>19.13%</b>
<b>Total Stage 3</b>	<b>1,756</b>	<b>534</b>	<b>215</b>	<b>749</b>	<b>2.75%</b>	<b>30.41%</b>	<b>12.24%</b>	<b>42.65%</b>
<b>Total</b>	<b>63,945</b>	<b>888</b>	<b>800</b>	<b>1,688</b>		<b>1.39%</b>	<b>1.25%</b>	<b>2.64%</b>

^ Collections adjusted up to 28th Oct 2020

### Stage wise Summary - Mar 20

Particulars	Asset	Normal	Total	Total	Asset	Normal %	Total	Total
		Prov	Addn	Prov		PCR (%)	Addn	PCR (%)
			Prov				Prov	
Stage 1	49,061	136	-	136	86.18%	0.28%	0.00%	0.28%
Stage 1 (With Overdues)	3,681	13	241	255	6.47%	0.37%	6.56%	6.93%
<b>Total Stage 1</b>	<b>52,742</b>	<b>150</b>	<b>241</b>	<b>391</b>	<b>92.65%</b>	<b>0.28%</b>	<b>0.46%</b>	<b>0.74%</b>
<b>Total Stage 2</b>	<b>2,021</b>	<b>165</b>	<b>68</b>	<b>233</b>	<b>3.55%</b>	<b>8.19%</b>	<b>3.36%</b>	<b>11.55%</b>
<b>Total Stage 3</b>	<b>2,163</b>	<b>673</b>	<b>225</b>	<b>898</b>	<b>3.80%</b>	<b>31.12%</b>	<b>10.40%</b>	<b>41.52%</b>
<b>Total</b>	<b>56,926</b>	<b>989</b>	<b>534</b>	<b>1,523</b>		<b>1.74%</b>	<b>0.94%</b>	<b>2.68%</b>



## Moratorium Collections – To date

Moratorium months	# of Agreements	# of EMI's Paid					
		Part EMI	1 EMI	2 EMIs	3 EMI	4+ EMIs	Total 1+ EMIs
1 Month	33674	7%	44%	11%	3%	5%	63%
2 Months	27282	2%	26%	22%	8%	24%	81%
3 Months	43840	0%	5%	11%	22%	60%	97%
4 Months	80263	0%	5%	10%	17%	66%	98%
5 Months	464437	0%	17%	32%	18%	29%	97%
6 Months	428740	2%	41%	28%	11%	13%	93%
<b>Total Active</b>	<b>1078236</b>	<b>1%</b>	<b>26%</b>	<b>27%</b>	<b>14%</b>	<b>26%</b>	<b>94%</b>
<b>Closed Agreements</b>	<b>38321</b>	<b>95%</b>					
<b>Total Moratorium</b>	<b>1116557</b>						

Collections as at 28th Oct 2020

# Business Overview



# Vehicle Finance



## Vehicle Finance: H1FY21 Performance

### Disbursements

- Disbursements has declined by 37% in H1FY21 as compared to H1FY20.

### Assets under management

- Assets have grown by 12% as compared to H1FY20.

### Loss and provisions

- Loan losses is at 1.4% in H1FY21 as compared to 0.9% in H1FY20

### Profit before tax

- PBT has grown to 25% in H1FY21 as compared to H1FY20.

## Sector outlook – Vehicle Finance business (1/3)

### Sector Outlook

- A faster recovery of the Rural sector and a good Rabi harvest is expected to support tractor demand. The supply chain bottlenecks have mostly been resolved and tractor industry is expected to be on a positive growth trajectory this year with good monsoon, higher cropping and government support.
- Demand for Light Commercial Vehicles is expected to be lower than expected during the next two quarters due to lower private consumption, reduced freight demand and lower disposable income among transporters; but likely to bounce back as positive sentiments come in.
- The industry is expected to have a lower contraction in Small commercial vehicle (excluding passenger applications) segment. Industry has started to see some recovery in the small commercial vehicle segments in Q2. This has been led primarily by rising rural demand and movement of essential goods across the country post relaxation of lock down.

### Chola's Position

- Chola intends to maintain a strong focus on financing of tractors given the positive industry trends. 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 uptick in rural demand.
- Any uptick in the demand of Light commercial vehicle will help us in garnering greater market share due to our presence in rural areas
- We are one of the leading players in this segment. Any improvement in the demand of Three-wheeler and Small commercial vehicles will help us in augmenting greater market share due to our presence in rural and Semi urban markets.



## Sector outlook – Vehicle Finance business (2/3)

### Sector Outlook

- Heavy commercial vehicle segment has been significantly impacted, since the imposed lockdown had a substantial impact on the freight availability. Cash flows of fleet operators are under pressure due to reduced business activity & increase in fuel prices. There is a significant price hike because of the transition to BS-VI emission norms. Recovery of the Heavy Commercial Vehicles and Construction Equipment segments is expected to be slow – considering the drop in overall GDP for FY21, the expected drop in infra spends by the government and the expected drop in capex expenditure by the private sector.
- Passenger vehicles, including Car & MUV might see significant drop in FY21 considering reduced discretionary purchases. However, repulsion to public transportation is expected to drive some demand in the entry level PV. The commercial passenger segment is expected to be under strain due to a dip in demand for yellow board registered Cars, MUVs, and three-wheeler passenger vehicles due to social distancing, shift to personal transport, work from home option for IT, ITES and many other industries.

### Chola's Position

- Our exposure to this segment has come down over the last 2 years and is below 12% at a portfolio level. Our customers pertaining to Heavy commercial vehicles, both new and used segments are mostly operating their vehicles within the state. Our risk in this segment is minimal at a overall portfolio level.
- 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 (3/3)

### Sector Outlook

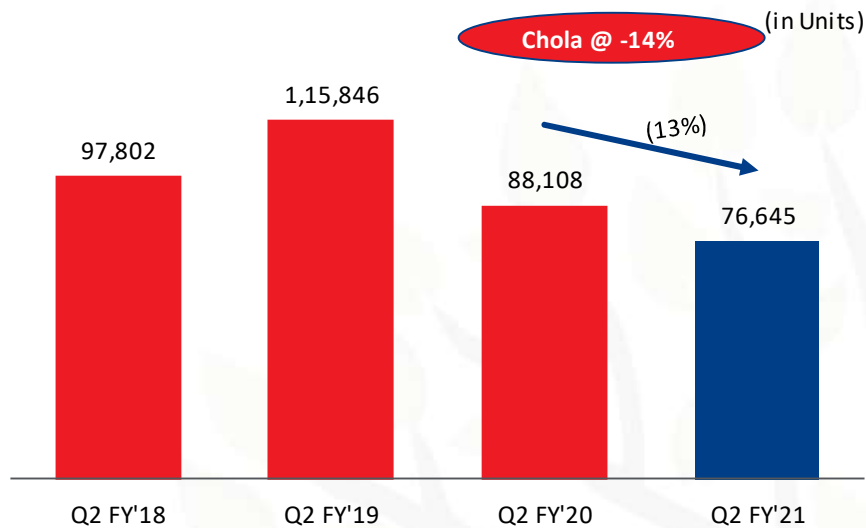
- Two-wheeler segment will have a larger role in elevating the automobile sector in this year by providing affordable personal mobility options. The expectation is from the fact that many users will migrate from public transportation for daily commute. The demand is expected to rebound in the second half of this year.
- Used commercial vehicle transactions are likely to be least impacted in FY21 considering lower market prices, BS VI transitioning and extended time gap in regularization of the new vehicles supply chain.

### Chola's Position

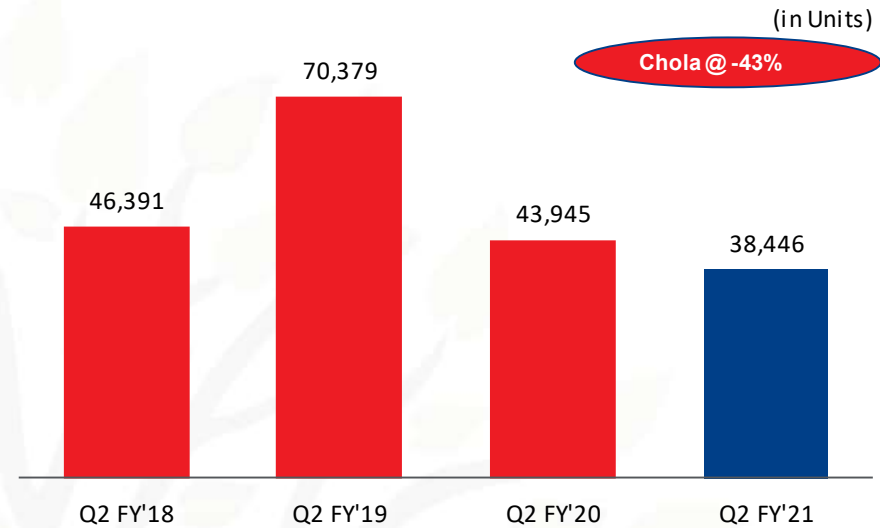
- The company intends to maintain a strong focus upon two-wheeler funding given the customer preference as being witnessed despite the challenging business environment. We are confident of increasing our market share in this segment considering our reach in rural and semi urban areas.
- We are one of the largest players in the used vehicle financing business with a disbursement mix of almost 30% in this space which will enable us to cater to this segment effectively and generate disbursement volumes during these challenging times.

## Auto Industry Outlook

**Trend in Domestic LCV Sales**



**Trend in Domestic SCV Sales**

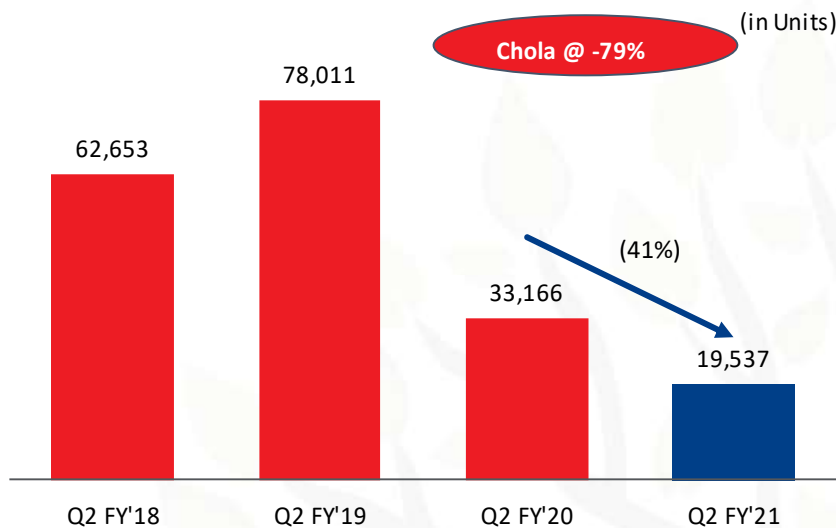


- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will aid growth in the long term post COVID recovery.
- Demand for Pickups will increase in long term due to higher flexibility in usage over sub one tonne vehicles.

Source: FY 18 to FY 21 numbers are from SIAM

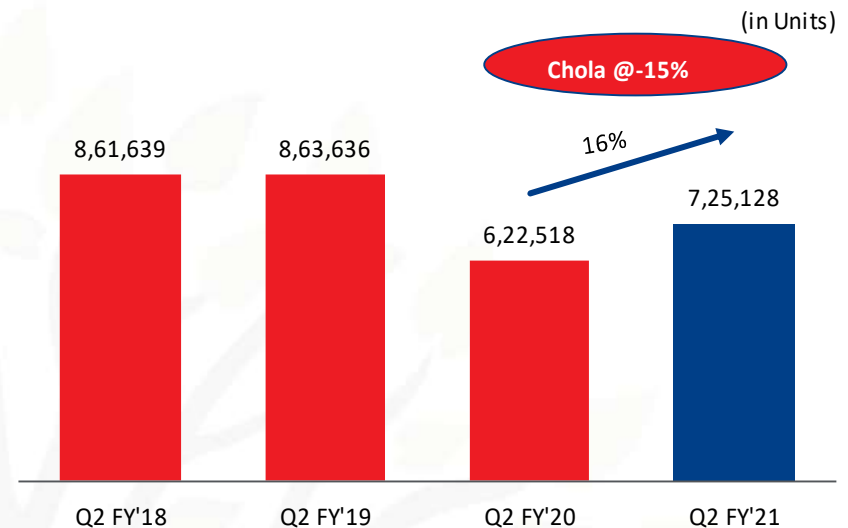
## Auto Industry Outlook

**Trend in Domestic HCV Sales**



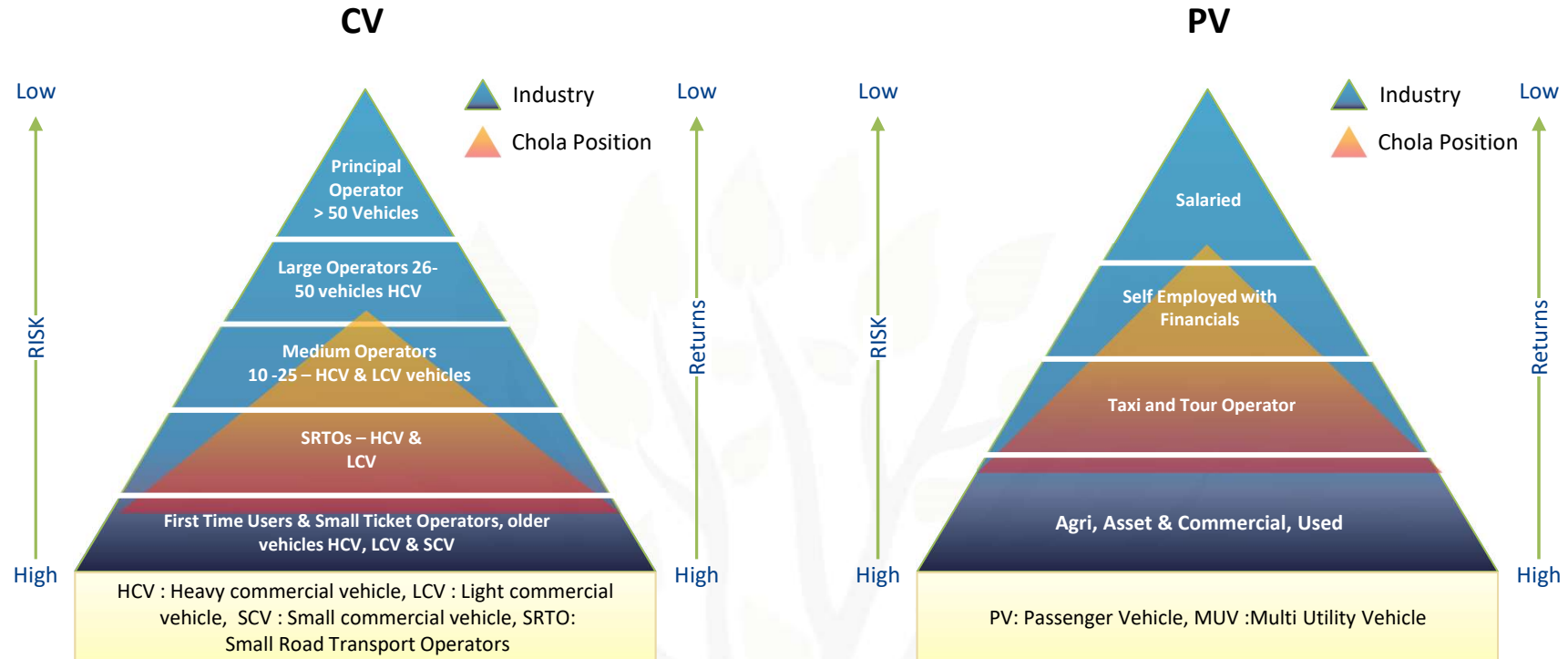
- Improved industrial activity, steady agricultural output, and the government's focus on infrastructure will aid growth in the long term considering a lower base currently.
- Pick up in construction and mining activities over the long term would drive demand.

**Trend in Domestic Car & MUV Sales**



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

## Vehicle Finance—Business Model & Positioning

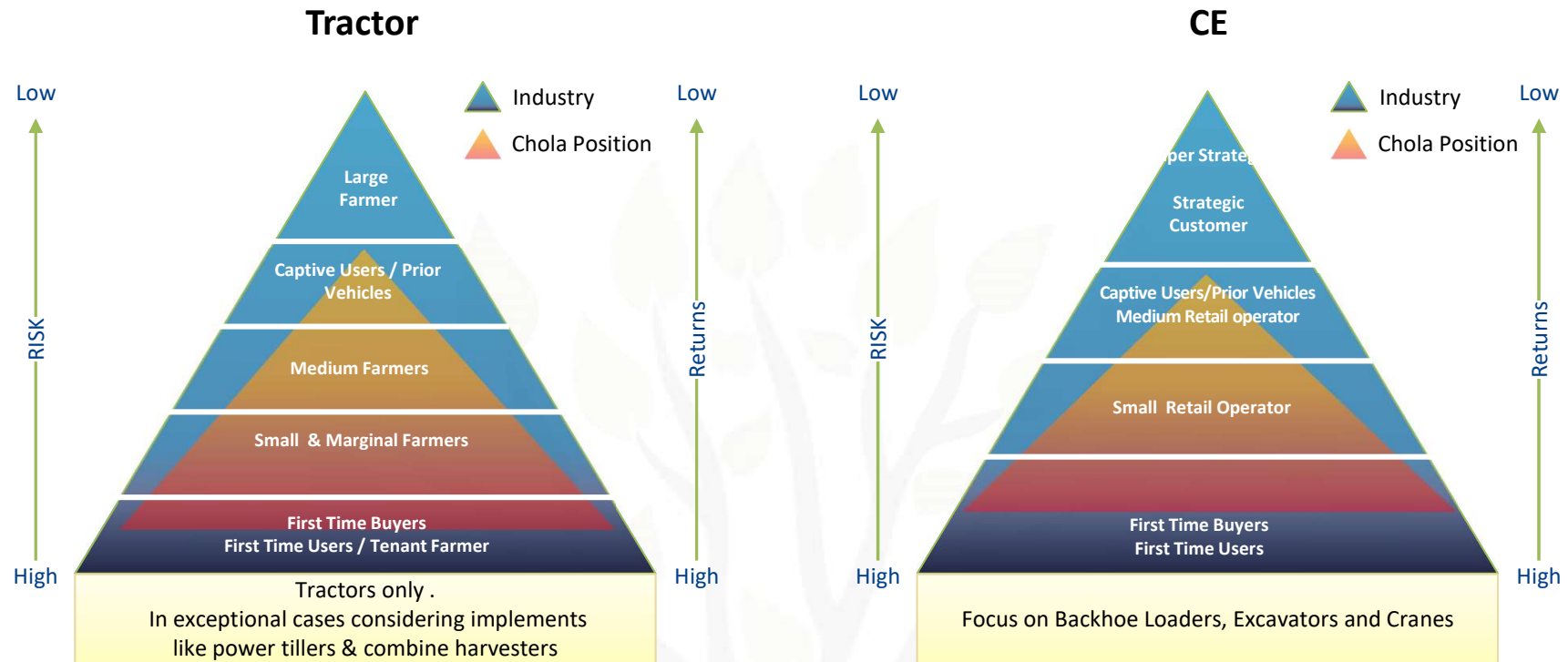


- ~65% of disbursements are to micro & small enterprises and agri-based customer segment
- Chola positioning-
  - Middle of the pyramid through New CVs, Used CVs
  - Top of the Bottom of the pyramid through SCV & older CVs Shubh

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



## Vehicle Finance—Business Model & Positioning



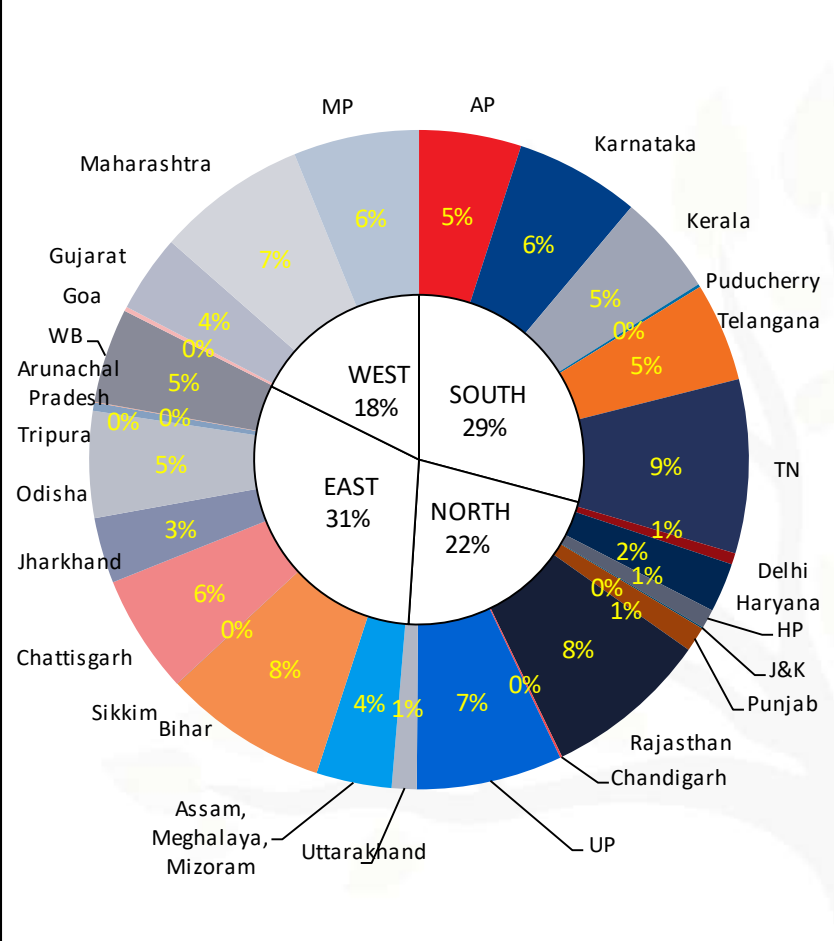
- ~65% of disbursements are to agri -based customer segment
- Application -
  - Agri usage
  - Commercial usage
  - Agri and Commercial usage
- New & Used

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

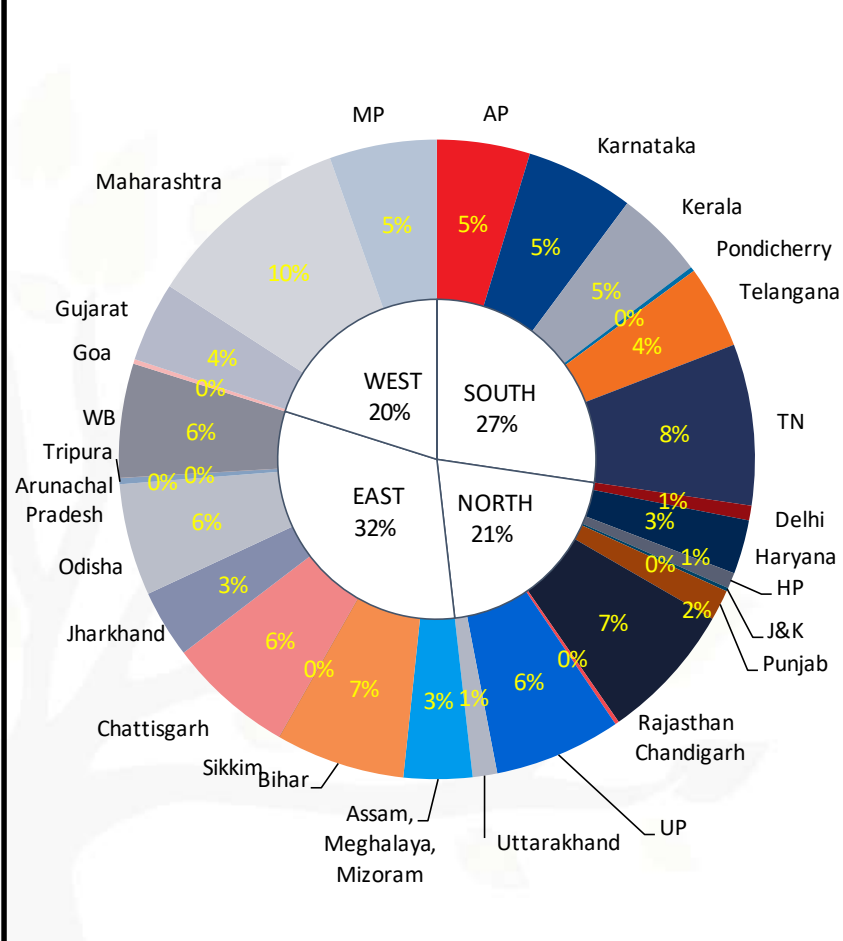
## Vehicle Finance - Disbursement/Portfolio Mix – H1FY21

Well diversified across geography

Disbursements - State wise



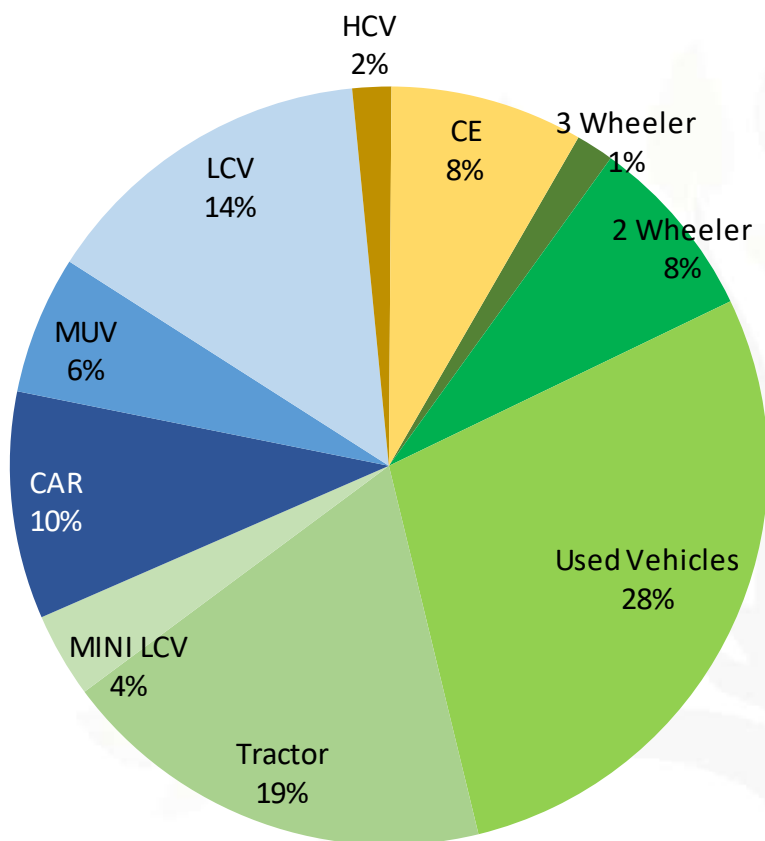
Portfolio - State wise



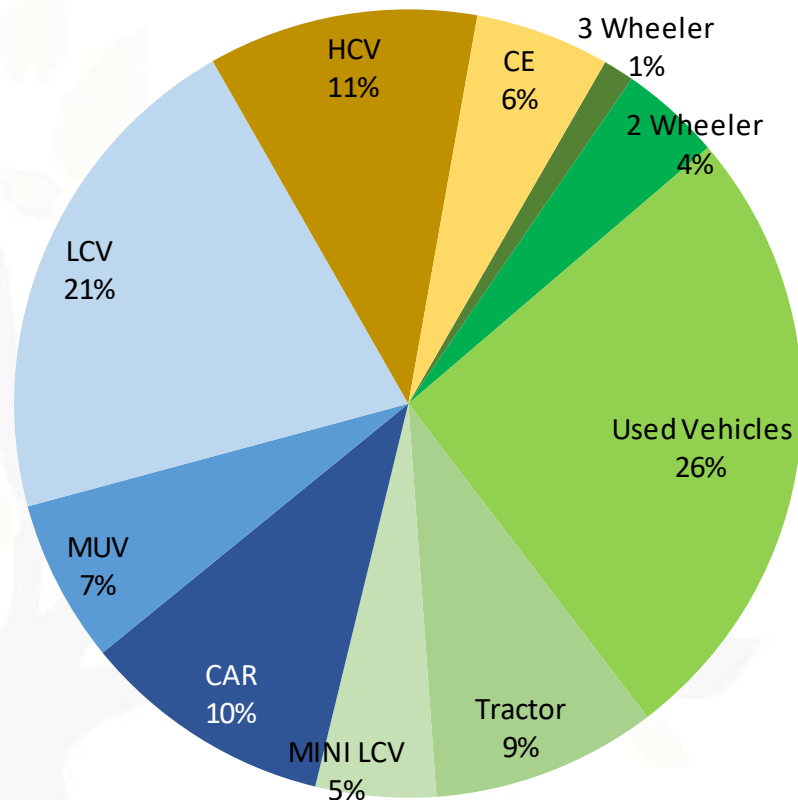
## Vehicle Finance - Disbursement/Portfolio Mix – H1FY21

Well diversified product segments

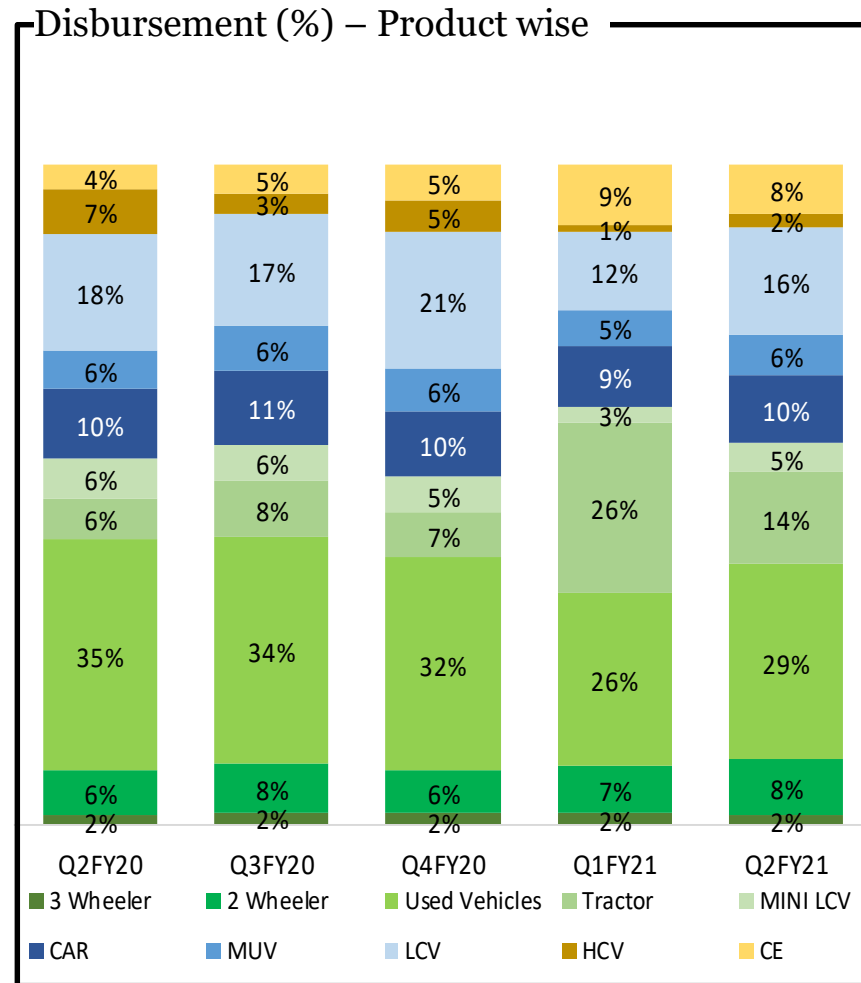
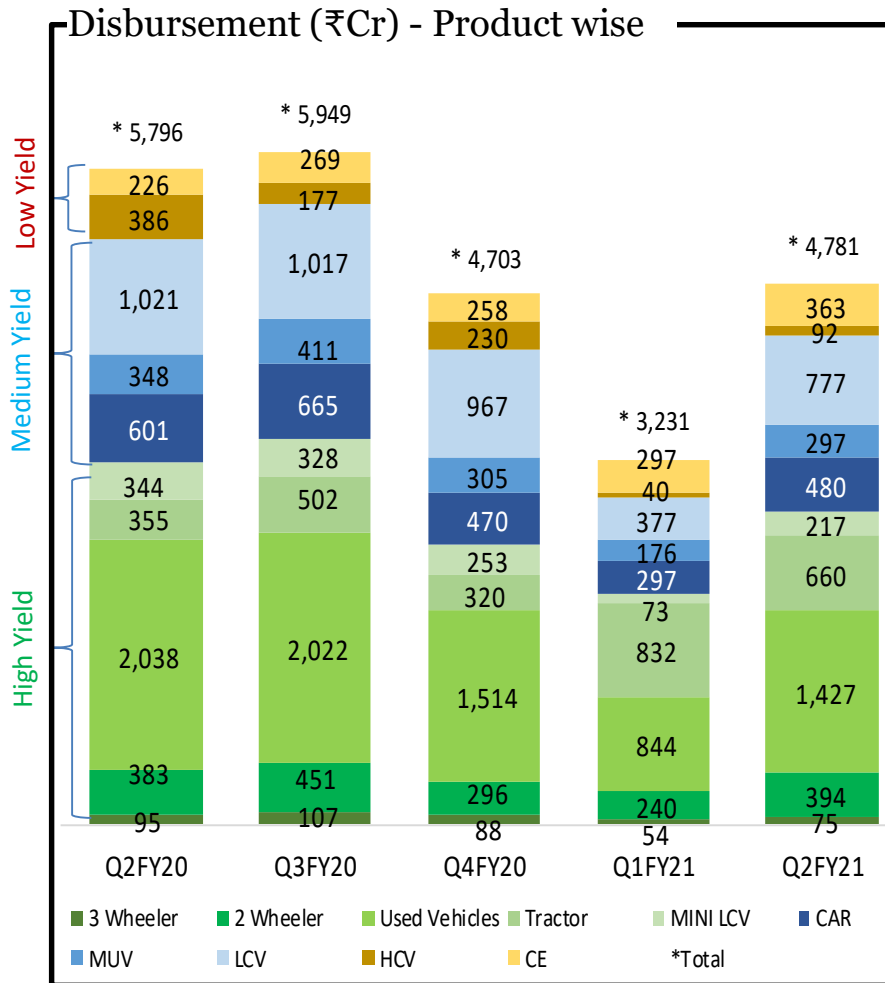
Disbursements (₹Cr) - Product wise



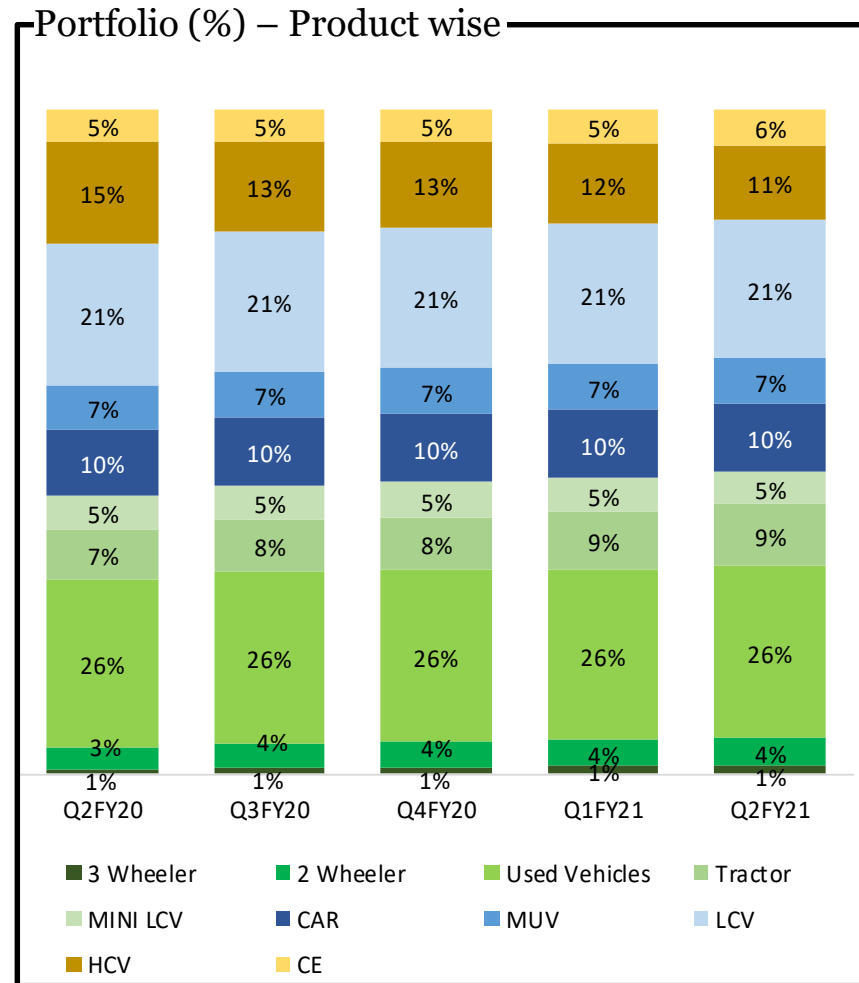
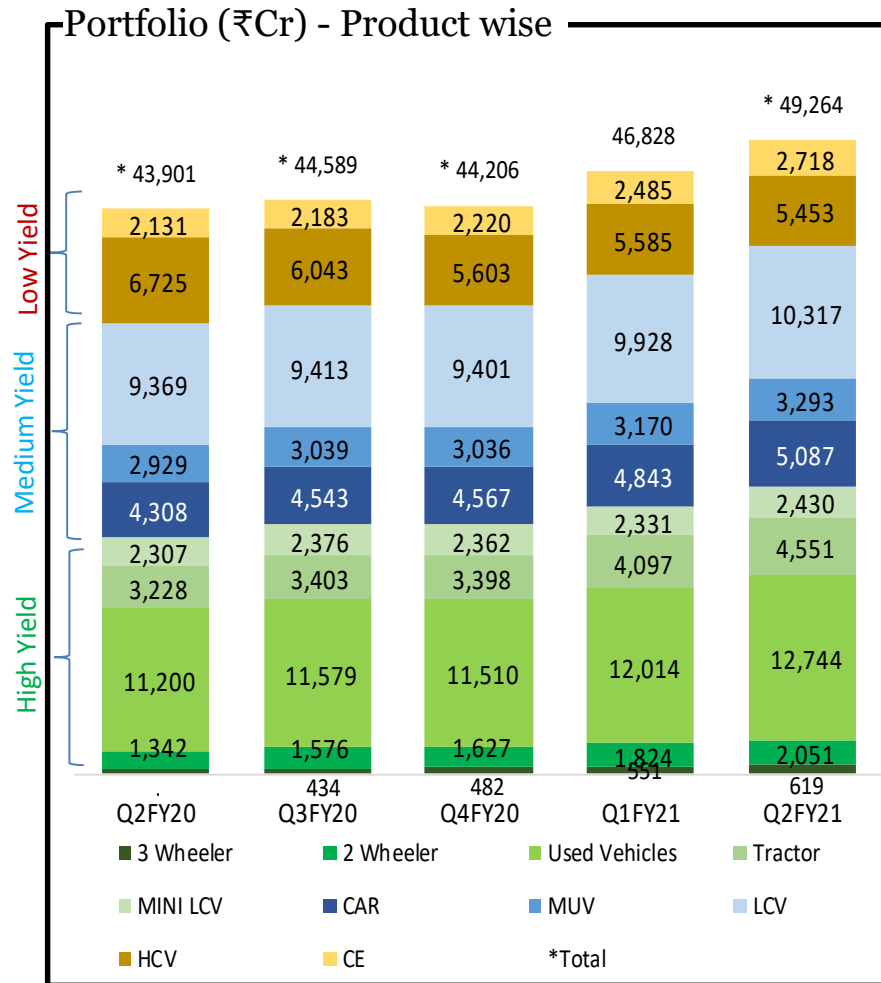
Portfolio (₹Cr) - Product wise



## Vehicle Finance - Disbursement Mix – Quarter-wise



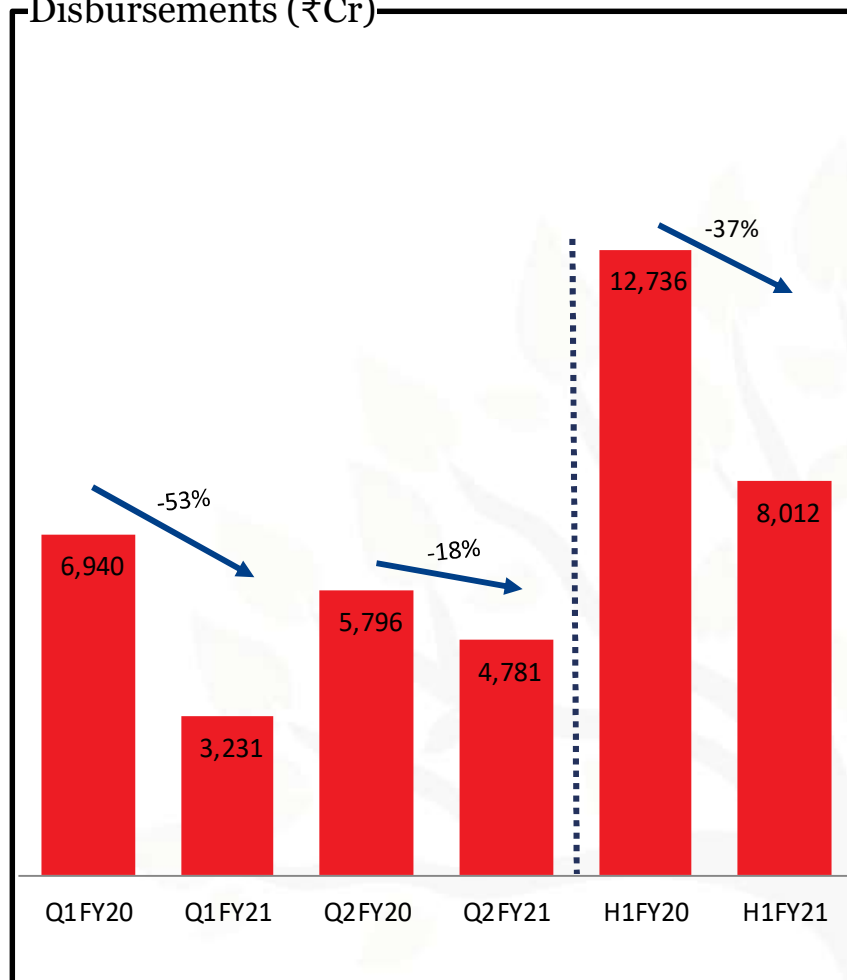
## Vehicle Finance - Portfolio Mix – Quarter-wise



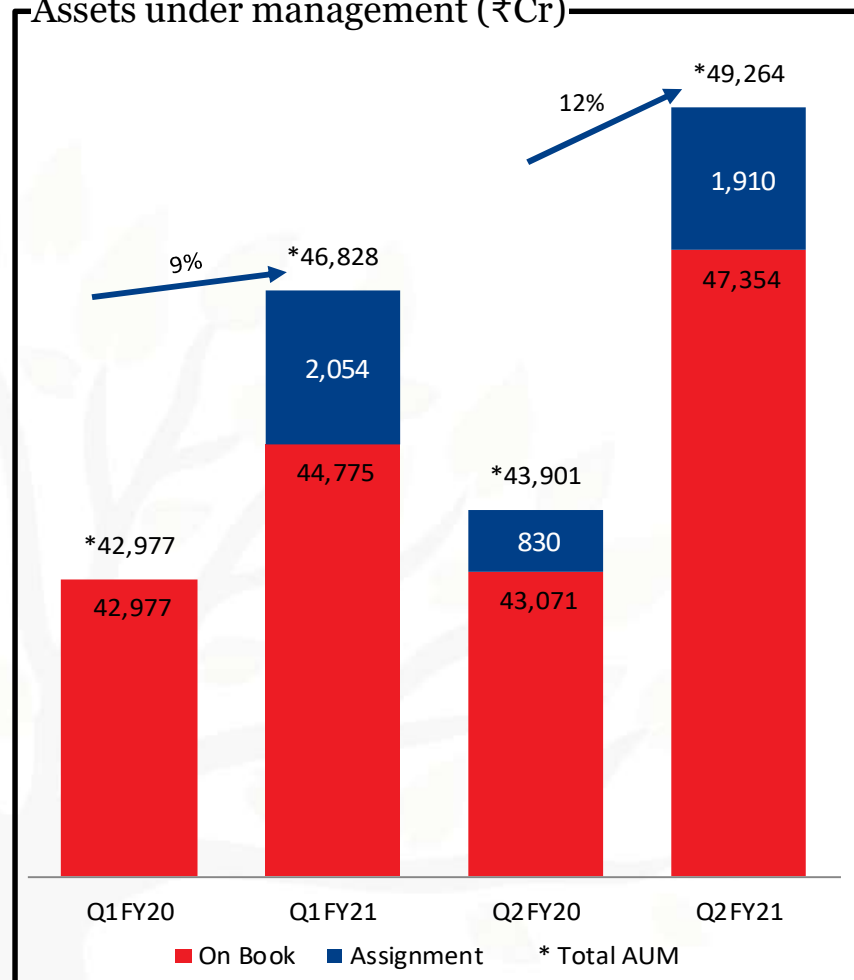


## Vehicle Finance: Financial summary Q2FY21 & H1FY21 (I)

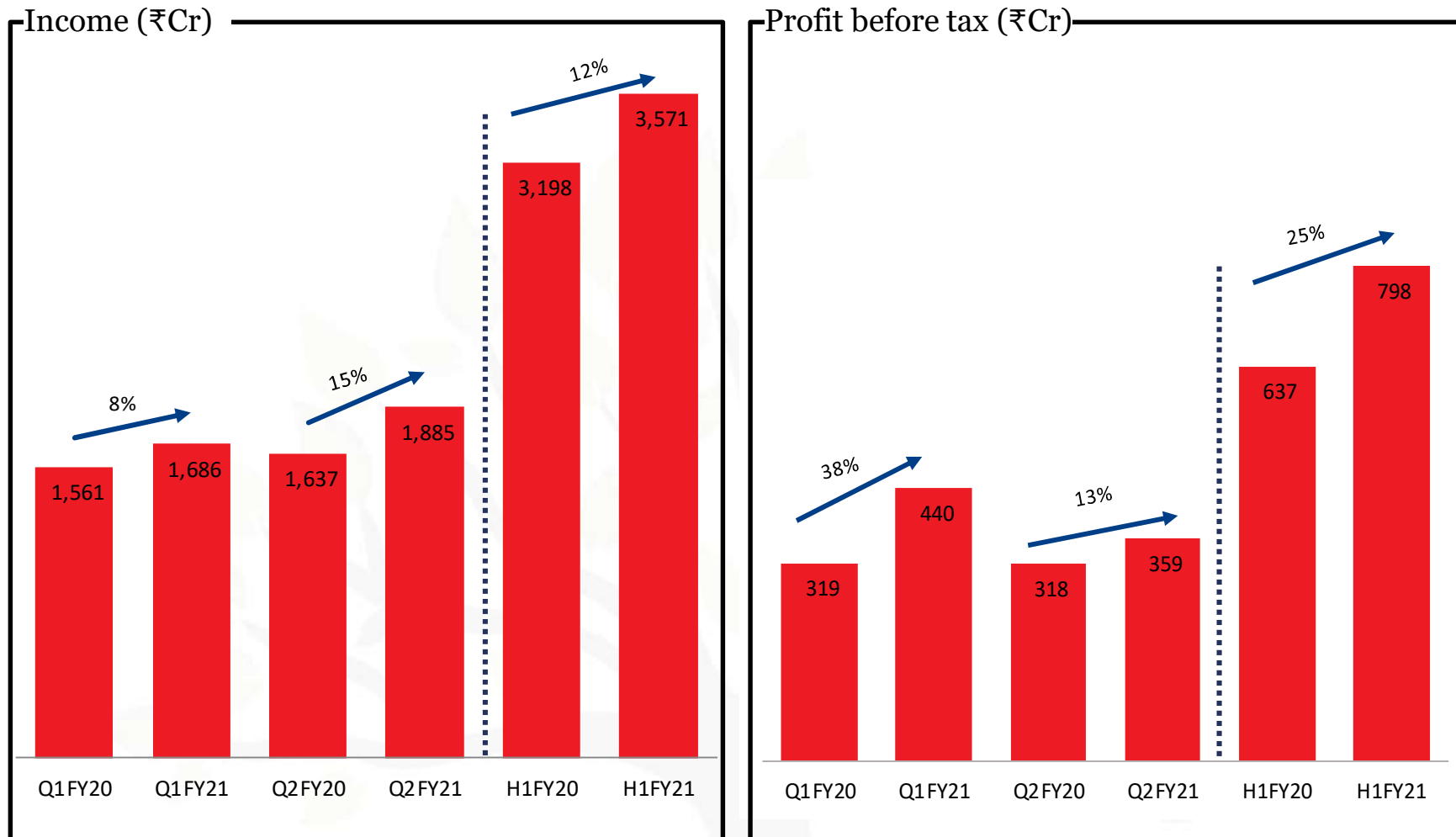
Disbursements (₹Cr)



Assets under management (₹Cr)

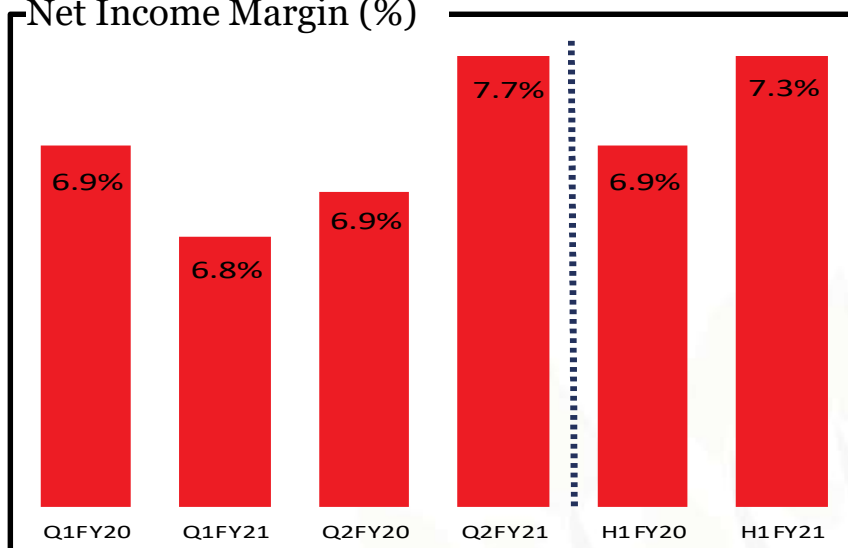


## Vehicle Finance: Financial summary Q2FY21 & H1FY21 (II)

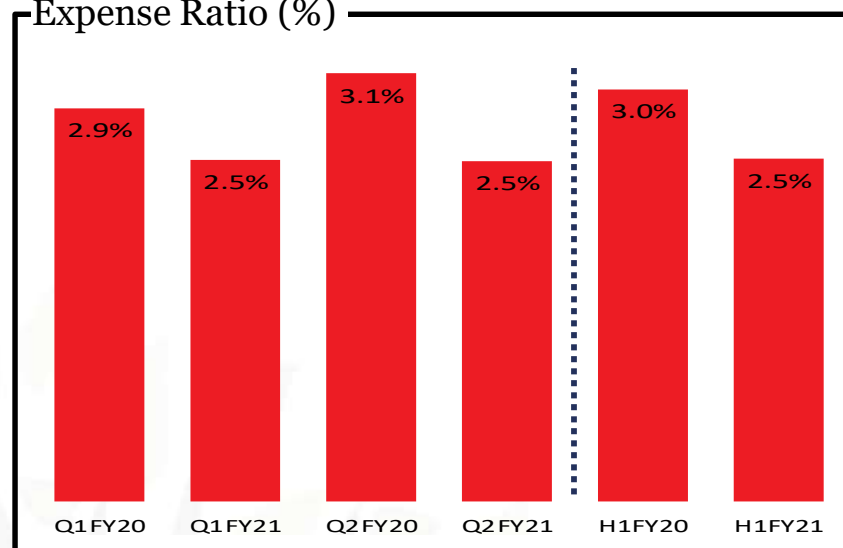


Note: Provided additional provision of Rs.214 Crs in Q2FY21

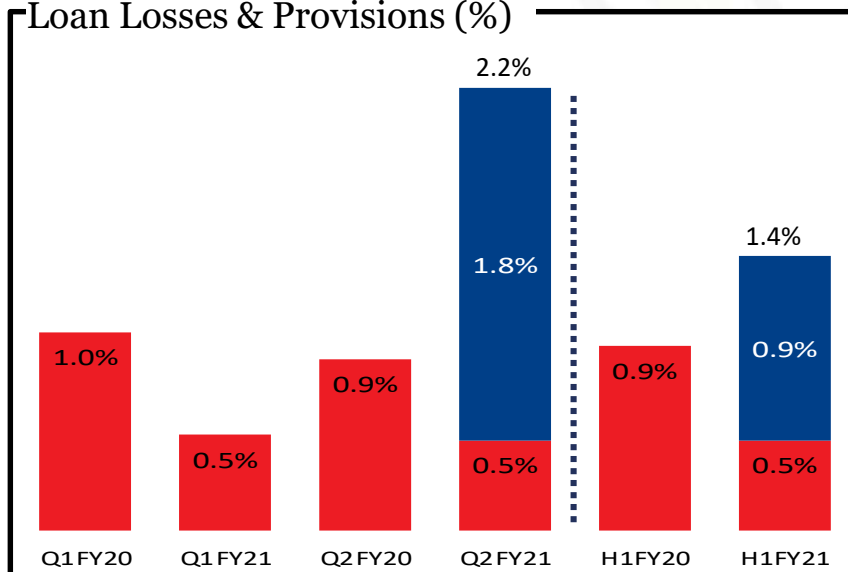
Net Income Margin (%)



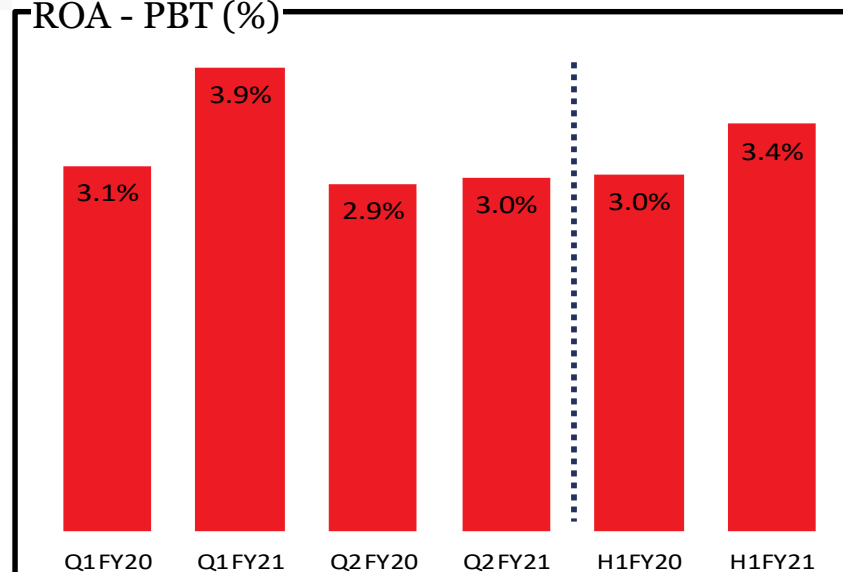
Expense Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Note: Provided additional provision of Rs.214 Crs in Q2FY21

## Profit and Loss Statement: Vehicle Finance (Managed)

₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>6,940</b>	<b>3,231</b>	<b>5,796</b>	<b>4,781</b>	<b>-18%</b>	<b>12,736</b>	<b>8,012</b>	<b>-37%</b>
<b>Closing Assets (Managed)</b>	<b>42,977</b>	<b>46,828</b>	<b>43,901</b>	<b>49,264</b>	<b>12%</b>	<b>43,901</b>	<b>49,264</b>	<b>12%</b>
Operating Income	1,561	1,686	1,637	1,885	15%	3,198	3,571	12%
Finance Charges	842	910	885	957	8%	1,728	1,867	8%
<b>Net Income</b>	<b>719</b>	<b>776</b>	<b>751</b>	<b>928</b>	<b>23%</b>	<b>1,470</b>	<b>1,704</b>	<b>16%</b>
Expenses	297	282	340	300	-12%	637	582	-9%
Net Credit Losses	103	54	94	269	188%	197	323	64%
<b>PBT</b>	<b>319</b>	<b>440</b>	<b>318</b>	<b>359</b>	<b>13%</b>	<b>637</b>	<b>798</b>	<b>25%</b>
<b>Asset Ratios</b>								
Income	15.0%	14.9%	15.0%	15.6%		15.1%	15.3%	
Cost of Funds	8.1%	8.0%	8.1%	7.9%		8.1%	8.0%	
Net Income Margin	6.9%	6.8%	6.9%	7.7%		6.9%	7.3%	
Expense	2.9%	2.5%	3.1%	2.5%		3.0%	2.5%	
Losses & Provisions	1.0%	0.5%	0.9%	2.2%		0.9%	1.4%	
<b>ROA-PBT</b>	<b>3.1%</b>	<b>3.9%</b>	<b>2.9%</b>	<b>3.0%</b>		<b>3.0%</b>	<b>3.4%</b>	

Note: Provided additional provision of Rs.214 Crs in Q2FY21

## Profit and Loss Statement: Vehicle Finance (On Book) ₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>6,940</b>	<b>3,231</b>	<b>5,796</b>	<b>4,781</b>	<b>-18%</b>	<b>12,736</b>	<b>8,012</b>	<b>-37%</b>
<b>Closing Assets (On B/S)</b>	<b>42,977</b>	<b>44,775</b>	<b>43,071</b>	<b>47,354</b>	<b>10%</b>	<b>43,071</b>	<b>47,354</b>	<b>10%</b>
Operating Income	1,561	1,623	1,666	1,835	10%	3,227	3,458	7%
Finance Charges	842	868	887	914	3%	1,729	1,782	3%
<b>Net Income</b>	<b>719</b>	<b>755</b>	<b>779</b>	<b>921</b>	<b>18%</b>	<b>1,498</b>	<b>1,676</b>	<b>12%</b>
Expenses	297	282	339	300	-11%	636	582	-8%
Net Credit Losses	103	54	94	269	188%	197	323	64%
<b>PBT</b>	<b>319</b>	<b>418</b>	<b>347</b>	<b>352</b>	<b>1%</b>	<b>666</b>	<b>770</b>	<b>16%</b>
<b>Asset Ratios</b>								
Income	15.0%	15.0%	15.4%	15.8%		15.3%	15.4%	
Cost of Funds	8.1%	8.0%	8.2%	7.9%		8.2%	7.9%	
Net Income Margin	6.9%	7.0%	7.2%	7.9%		7.1%	7.5%	
Expense	2.9%	2.6%	3.1%	2.6%		3.0%	2.6%	
Losses & Provisions	1.0%	0.5%	0.9%	2.3%		0.9%	1.4%	
<b>ROA-PBT</b>	<b>3.1%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>3.0%</b>		<b>3.2%</b>	<b>3.4%</b>	

Note: Provided additional provision of Rs.214 Crs in Q2FY21

# Loan Against Property





## Loan Against Property — H1FY21 Performance

### Disbursements

- Disbursements has declined by 46% in H1FY21 as compared to H1FY20.

### Asset under management

- The business has grown the assets by 10% in H1FY21.

### Loss and provisions

- Loan losses is at 0.7% in H1FY21 as compared to 0.04% in H1FY20.

### Profit before tax

- PBT has declined to 12% in H1FY21 as compared to H1FY20.

## Loan Against Property: Industry outlook

### Sector Outlook

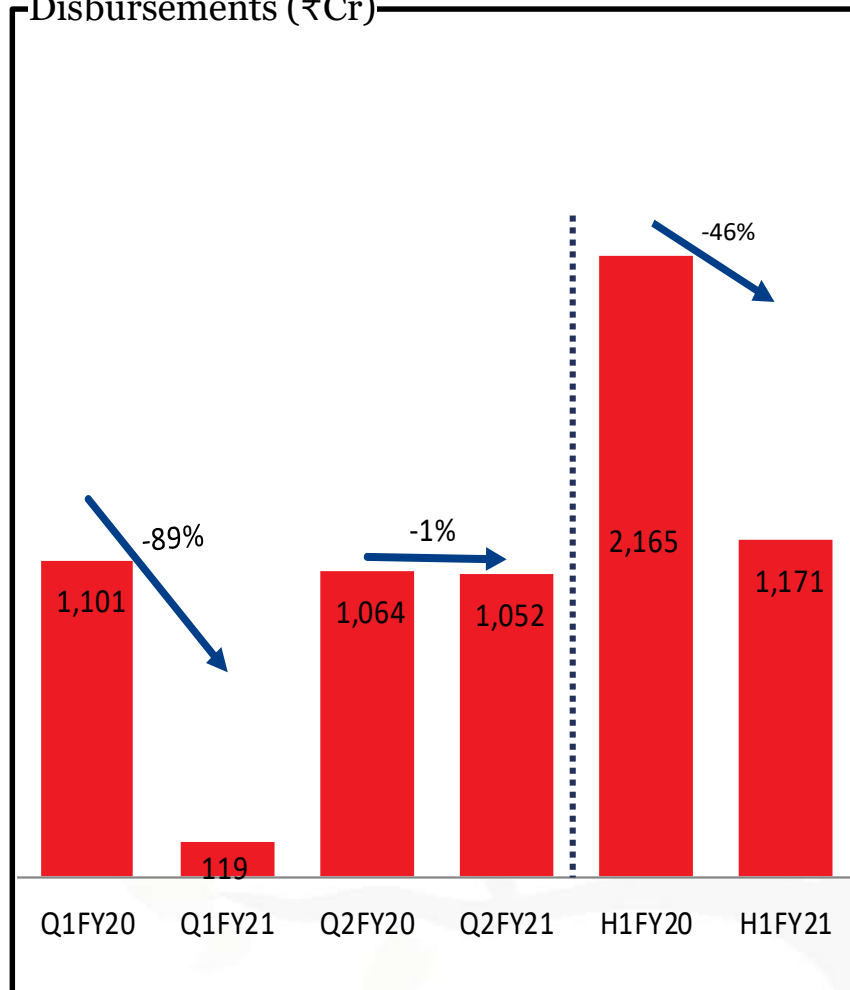
- The Emergency Credit Line Guarantee Scheme (ECLGS) introduced by GoI saw eligibility criteria relaxations in terms of including individuals, increasing outstanding limit to 50 Cr and turnover limit to 250 Cr. The scheme is applicable for loans sanctioned till 31<sup>st</sup> Oct 2020
- As per CIBIL NBFC Report (Sep'20), many non-bank lenders turned more cautious and stopped disbursements in the segment Q1 FY21 due to the lockdown and ambiguity over moratorium. However, a few of them resumed disbursals from Q2 FY21
- CRISIL Research believes the Non-Banks' LAP disbursals to decline 2-3% in fiscal 2021. Though the growth is expected to pick up in fiscal 2022, it will still be ~4-5% as players are likely to be risk averse in this segment

### Chola's Position

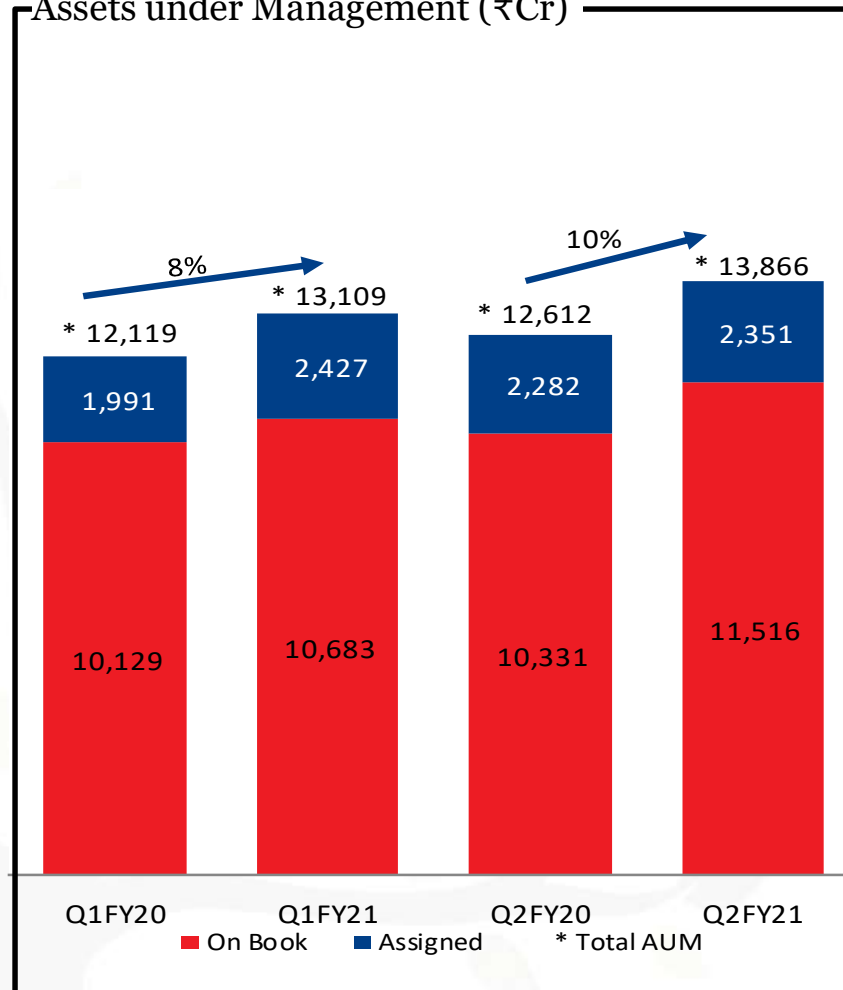
- Chola has proactively reached out to all eligible customers of ECLGS with pre-approved loan SMS offers and customer calling through branch teams
- The Business is following a cautious approach to fund new MSME customers
- Overhaul of entire credit policy has been done by the Business inline with the asset quality risks faced
- Chola shall continue to focus on retail ticket size loans to reduce concentration risk and avoid MSME sectors significantly affected by COVID. Portfolio LTV at origination is low at 52% which provides adequate security cover

## Loan Against Property — Financial Summary Q2FY21 & H1FY21 (I)

Disbursements (₹Cr)

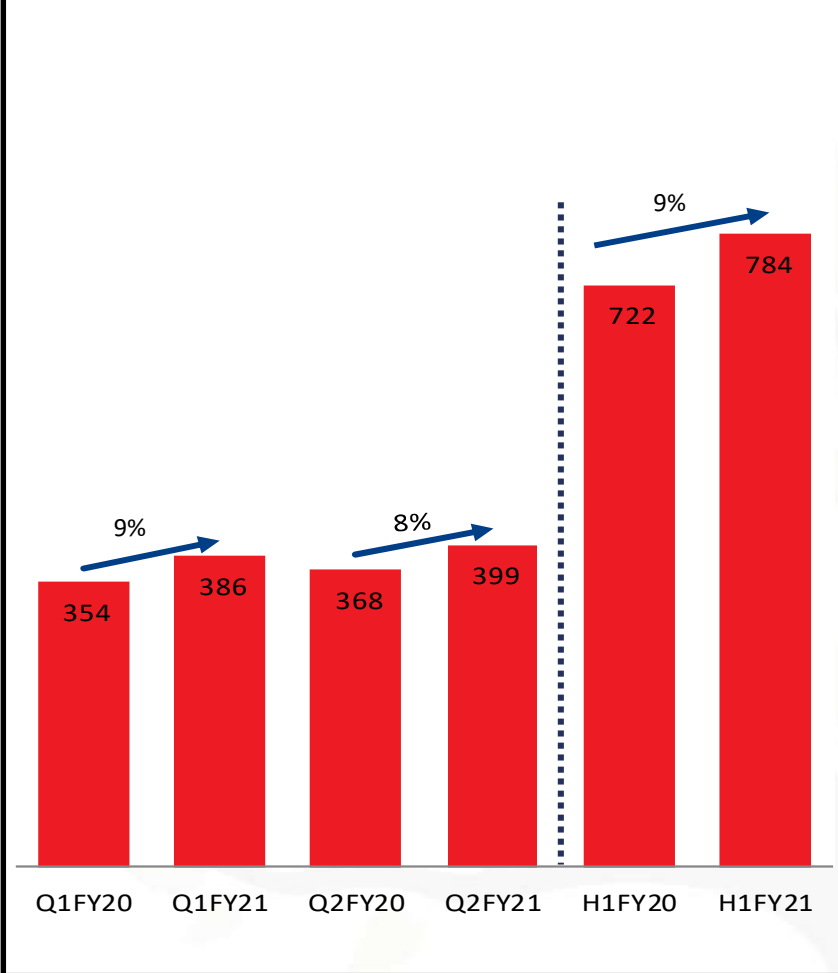


Assets under Management (₹Cr)

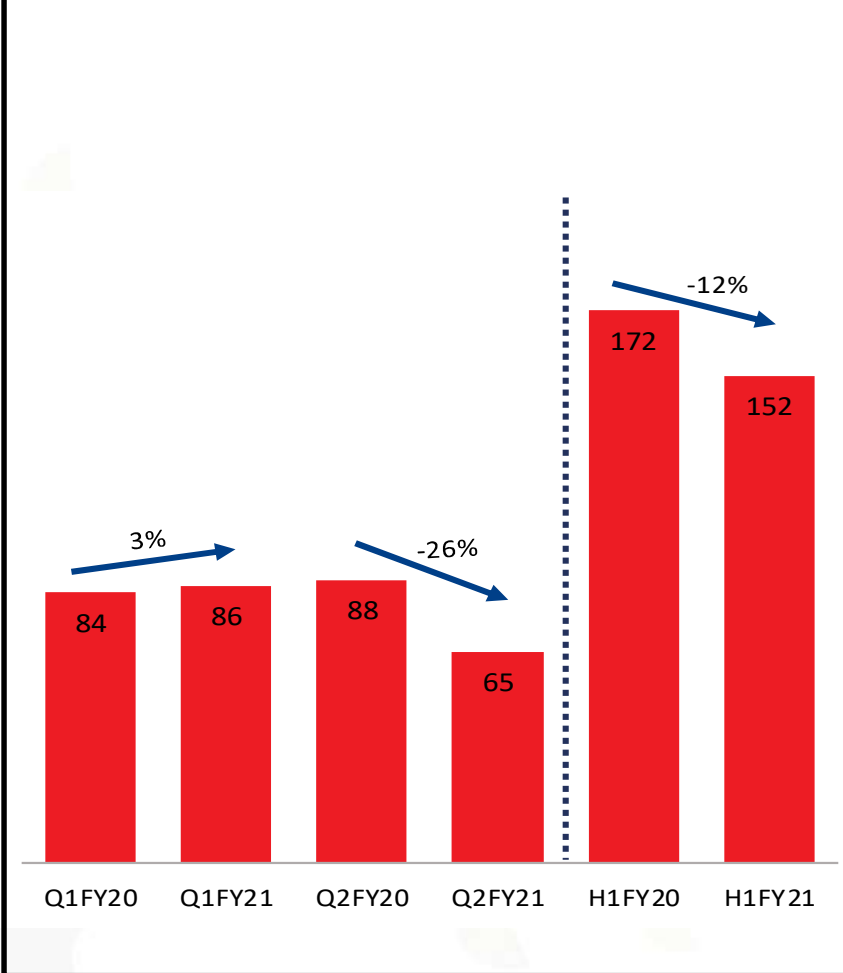


## Loan Against Property—Financial Summary Q2FY21 & H1FY21 (II)

Income (₹Cr)

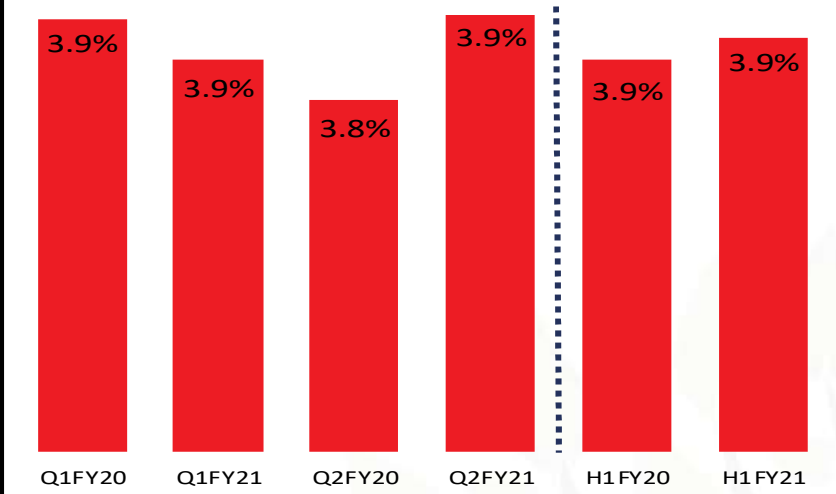


Profit before tax (₹Cr)

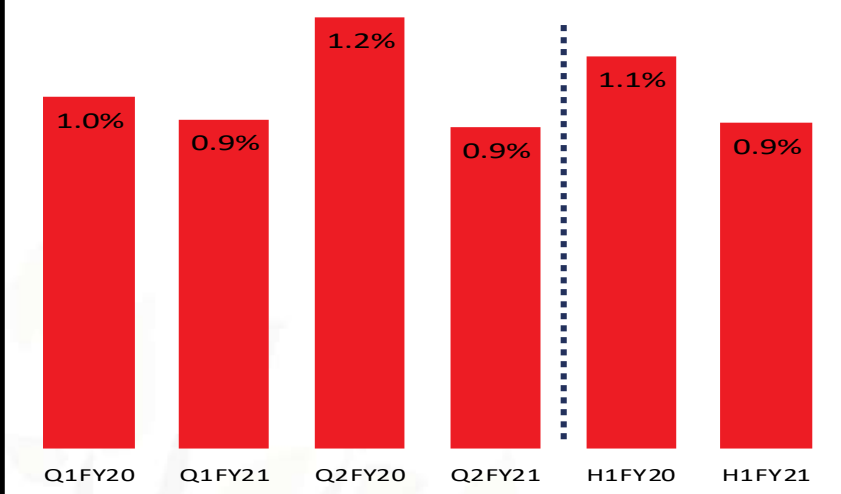


Note: Provided additional provision of Rs.31 Crs in Q2FY21

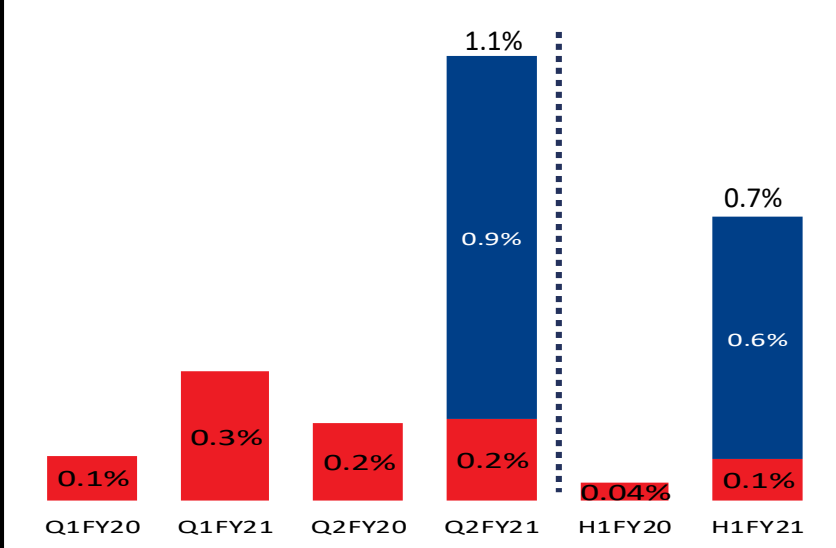
Net Income Margin (%)



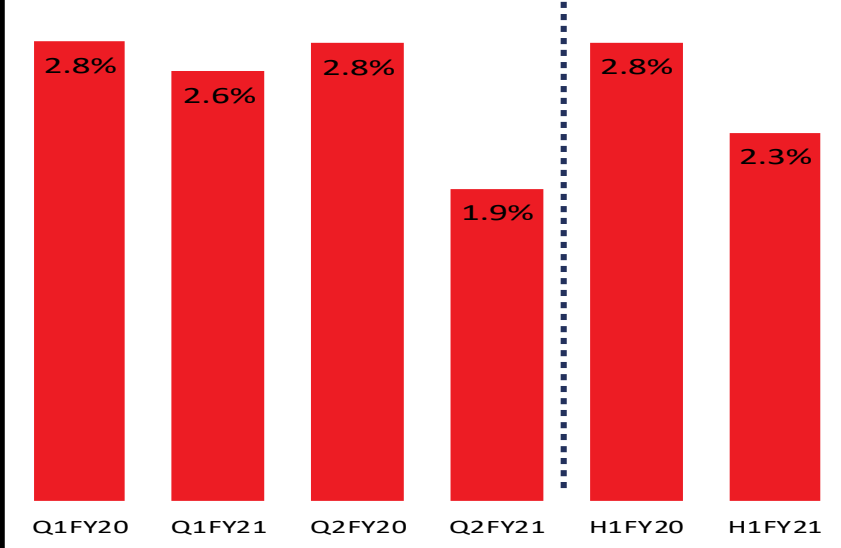
Expenses Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Note: Provided additional provision of Rs.31 Crs in Q2FY21

## Profit and Loss Statement: Loan Against Property (Managed)

₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>1,101</b>	<b>119</b>	<b>1,064</b>	<b>1,052</b>	<b>-1%</b>	<b>2,165</b>	<b>1,171</b>	<b>-46%</b>
<b>Closing Assets (Managed)</b>	<b>12,119</b>	<b>13,109</b>	<b>12,612</b>	<b>13,866</b>	<b>10%</b>	<b>12,612</b>	<b>13,866</b>	<b>10%</b>
Operating Income	354	386	368	399	8%	722	784	9%
Finance Charges	238	260	249	265	6%	487	525	8%
<b>Net Income</b>	<b>116</b>	<b>126</b>	<b>119</b>	<b>134</b>	<b>12%</b>	<b>235</b>	<b>260</b>	<b>11%</b>
Expenses	29	30	37	30	-18%	66	60	-9%
Net Credit Losses	3	10	-6	38	543%	-3	48	1711%
<b>PBT</b>	<b>84</b>	<b>86</b>	<b>88</b>	<b>65</b>	<b>-26%</b>	<b>172</b>	<b>152</b>	<b>-12%</b>
Income	12.0%	11.9%	11.9%	11.7%		11.9%	11.8%	
Cost of Funds	8.1%	8.0%	8.0%	7.8%		8.0%	7.9%	
Net Income Margin	3.9%	3.9%	3.8%	3.9%		3.9%	3.9%	
Expense	1.0%	0.9%	1.2%	0.9%		1.1%	0.9%	
Losses & Provisions	0.1%	0.3%	0.2%	1.1%		0.04%	0.7%	
<b>ROA-PBT</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>1.9%</b>		<b>2.8%</b>	<b>2.3%</b>	

Note: Provided additional provision of Rs.31 Crs in Q2FY21



## Profit and Loss Statement: Loan Against Property (On Book)

₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>1,101</b>	<b>119</b>	<b>1,064</b>	<b>1,052</b>	<b>-1%</b>	<b>2,165</b>	<b>1,171</b>	<b>-46%</b>
<b>Closing Assets (On B/S)</b>	<b>10,129</b>	<b>10,683</b>	<b>10,331</b>	<b>11,516</b>	<b>11%</b>	<b>10,331</b>	<b>11,516</b>	<b>11%</b>
Operating Income	318	314	322	372	16%	640	686	7%
Finance Charges	193	204	195	213	9%	389	417	7%
<b>Net Income</b>	<b>125</b>	<b>110</b>	<b>126</b>	<b>159</b>	<b>26%</b>	<b>251</b>	<b>269</b>	<b>7%</b>
Expenses	29	30	37	30	-18%	66	60	-9%
Net Credit Losses	3	10	-6	38	-743%	-3	48	-1909%
<b>PBT</b>	<b>93</b>	<b>70</b>	<b>95</b>	<b>91</b>	<b>-4%</b>	<b>188</b>	<b>161</b>	<b>-14%</b>
<b>Asset Ratios</b>	-	-	-	-	-	-	-	-
Income	12.8%	11.9%	12.5%	13.3%		12.0%	12.5%	
Cost of Funds	7.7%	7.7%	7.6%	7.6%		7.3%	7.6%	
Net Income Margin	5.0%	4.2%	4.9%	5.7%		4.7%	4.9%	
Expense	1.2%	1.1%	1.4%	1.1%		1.2%	1.1%	
Losses & Provisions	0.1%	0.4%	-0.2%	1.4%		0.0%	0.9%	
<b>ROA-PBT</b>	<b>3.7%</b>	<b>2.6%</b>	<b>3.7%</b>	<b>3.2%</b>		<b>3.5%</b>	<b>2.9%</b>	

Note: Provided additional provision of Rs.31 Crs in Q2FY21

# Home Loans



## Home Loans— H1FY21 Performance

### Disbursements

- Disbursements has declined by 32% in H1FY21 as compared to H1FY20.

### Asset under management

- The business has grown the assets by 40% in H1FY21.

### Loss and provisions

- Loan losses maintained at 0.6% of H1FY20.

### Profit before tax

- PBT has grown 76% in H1FY21 as compared to H1FY20.

## Sector Outlook

### Immediate term:

- Group Housing project completion getting delayed in large cities due to subdued demand
- Demand in Tier I cities is subdued with customers postponing investment decisions given the formal work from home (WFH) policies
- Reports suggest families may opt more for suburbs where houses are bigger and have more open space
- While lockdowns have been lifted in most places businesses are yet to recover to 100% pre-covid sales levels and continue to reel under losses incurred due to the lockdown hence repayments may be impacted

### Medium term

- Retail segment demand is likely to continue to be for ready property and self-construction
- Lower prices post lockdown may marginally support demand especially in tier 1, 2 cities
- The festive season may see a general increase in economic activity and thereby support growth especially in the self-employed segment

## Chola's Position

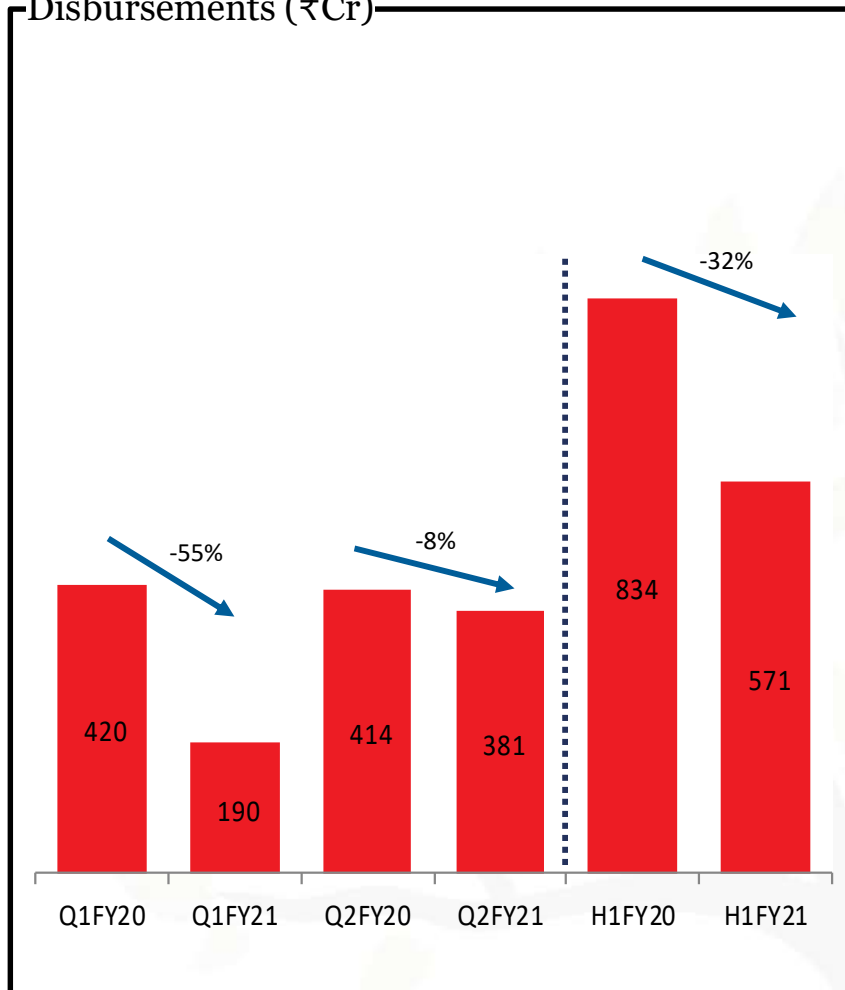
- Chola does not have Construction Finance exposure
- Chola does not have material under construction exposure to developer supplied houses
- Chola's LTV at a portfolio level is ~60% at origination – shall ensure adequate security cover
- 87% of assets are in tier 2,3,4 cities and suburbs of tier 1 cities
- Average ticket size of ~15 lacs – predominantly in tier 2,3,4 cities indicates quality and marketability of portfolio assets
- End use driven funding
- Chola has fortified its collections team in anticipation of higher bounce rates as well as created adequate provisions

### Chola's immediate future outlook:

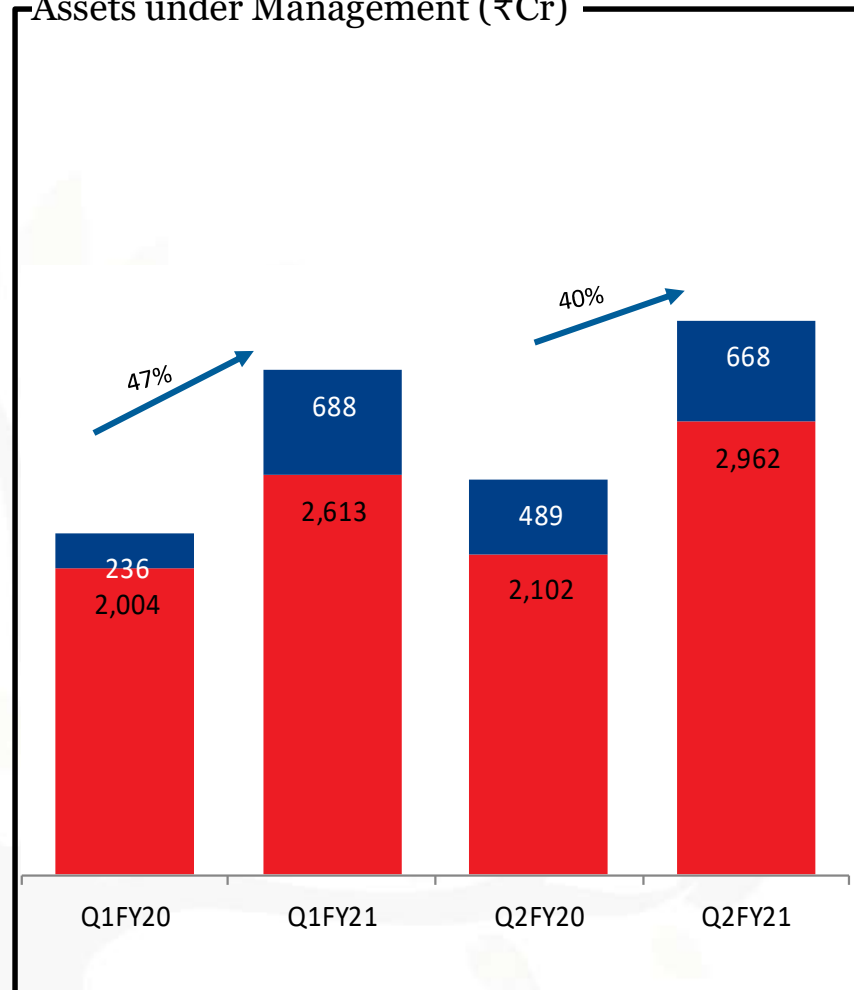
- With economic activities reviving and the festive season supporting the self-employed community, disbursement is expected to increase in Q3
- Likely stress on AUM due to BT-out due to low interest rate options
- With business velocity normalcy expected to be slow there is likely to be an increase in GNPA's in Q3 which may stabilize by Q4. Chola has increased its PCR in anticipation of the same

## Home Loans—Financial Summary Q2FY21 & H1FY21 (I)

Disbursements (₹Cr)

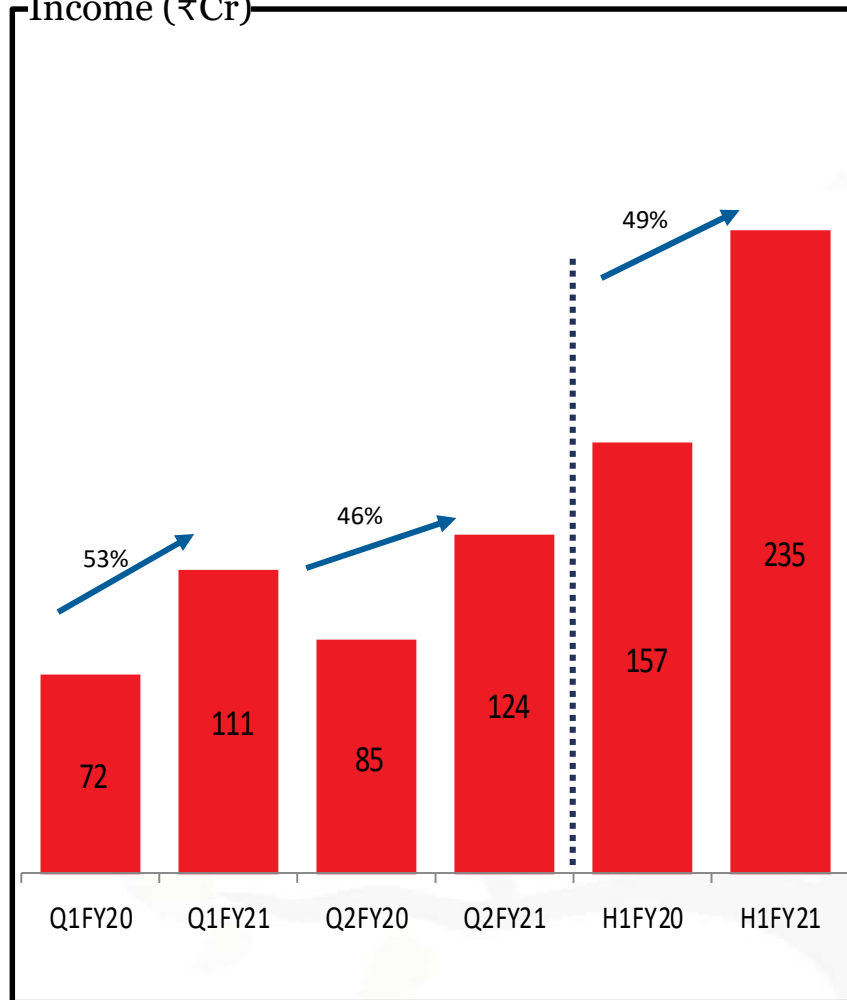


Assets under Management (₹Cr)

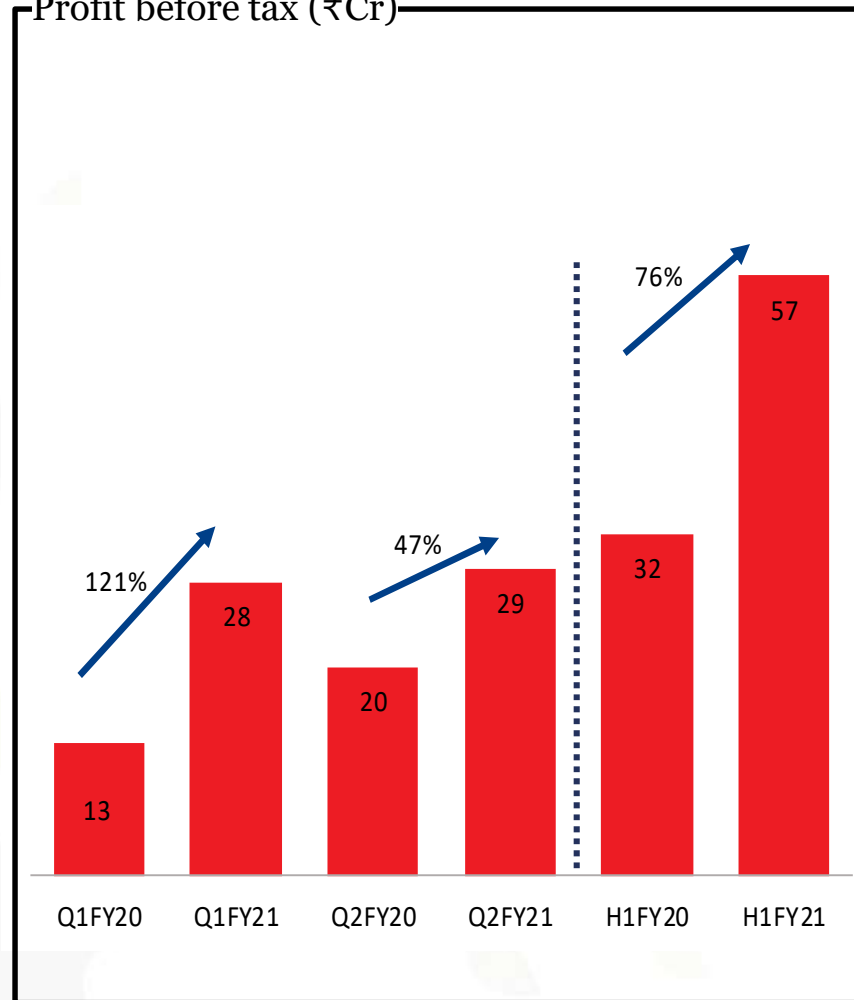


## Home Loans—Financial Summary Q2FY21 & H1FY21 (II)

Income (₹Cr)



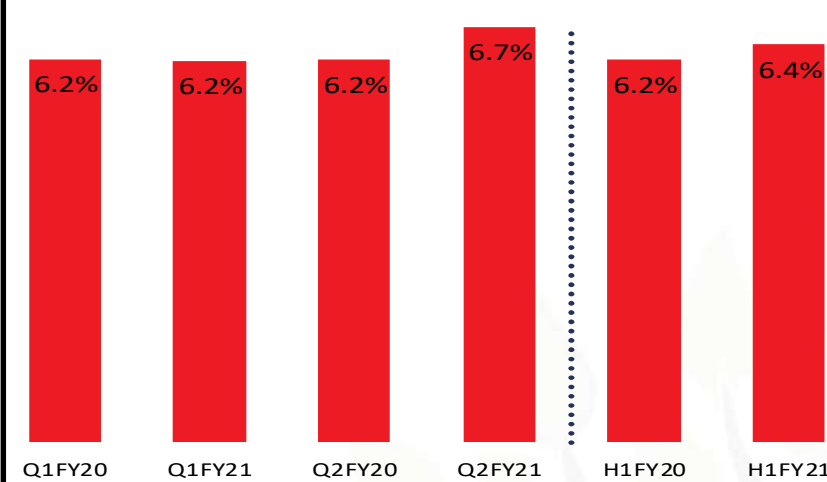
Profit before tax (₹Cr)



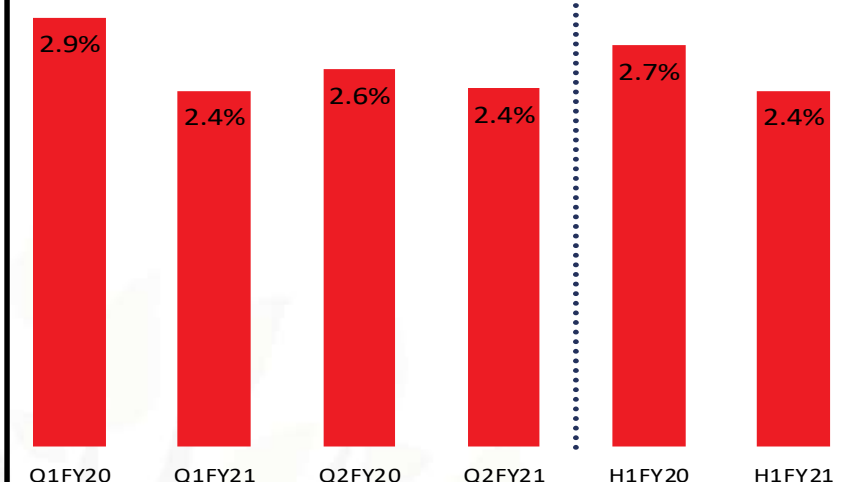
Note: Provided additional provision of Rs.5 Cr in Q2FY21



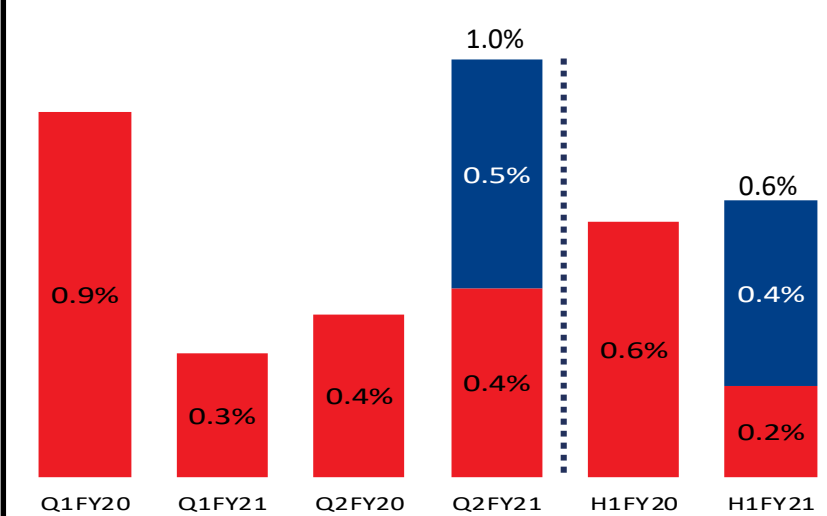
Net Income Margin (%)



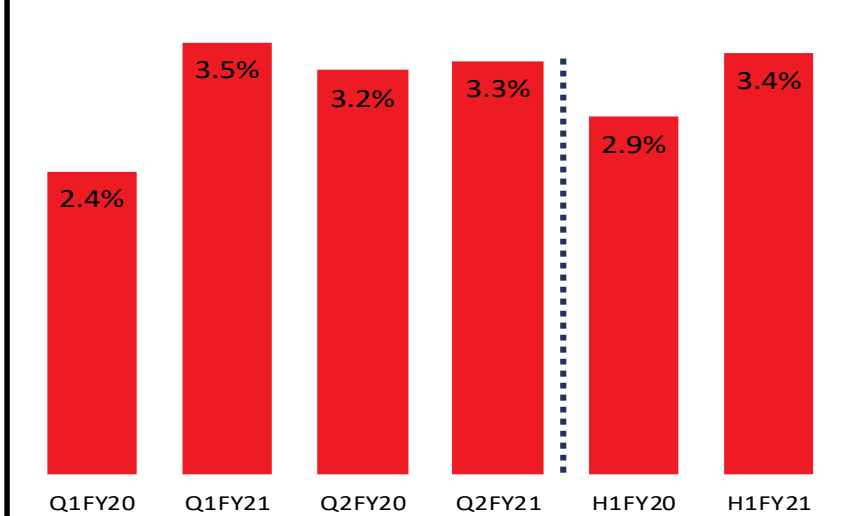
Expenses Ratio (%)



Loan Losses & Provisions (%)



ROA - PBT (%)



Note: Provided additional provision of Rs.5 Cr in Q2FY21

## Profit and Loss Statement: Home Loans (Managed)

₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>420</b>	<b>190</b>	<b>414</b>	<b>381</b>	<b>-8%</b>	<b>834</b>	<b>571</b>	<b>-32%</b>
<b>Closing Assets (Managed)</b>	<b>2,240</b>	<b>3,302</b>	<b>2,591</b>	<b>3,630</b>	<b>40%</b>	<b>2,591</b>	<b>3,630</b>	<b>40%</b>
Operating Income	72	111	85	124	46%	157	235	49%
Finance Charges	40	62	47	65	38%	88	127	45%
<b>Net Income</b>	<b>32</b>	<b>49</b>	<b>38</b>	<b>59</b>	<b>56%</b>	<b>70</b>	<b>108</b>	<b>55%</b>
Expenses	15	19	16	21	36%	31	41	32%
Net Credit Losses	4	2	2	9	269%	7	11	61%
<b>PBT</b>	<b>13</b>	<b>28</b>	<b>20</b>	<b>29</b>	<b>47%</b>	<b>32</b>	<b>57</b>	<b>76%</b>
<b>Asset Ratios</b>								
Income	14.0%	13.9%	14.0%	14.2%		14.0%	14.0%	
Cost of Funds	7.8%	7.7%	7.8%	7.5%		7.8%	7.5%	
Net Income Margin	6.2%	6.2%	6.2%	6.7%		6.2%	6.4%	
Expense	2.9%	2.4%	2.6%	2.4%		2.7%	2.4%	
Losses & Provisions	0.9%	0.3%	0.4%	1.0%		0.6%	0.6%	
<b>ROA-PBT</b>	<b>2.4%</b>	<b>3.5%</b>	<b>3.2%</b>	<b>3.3%</b>		<b>2.9%</b>	<b>3.4%</b>	

Note: Provided additional provision of Rs.5 Cr in Q2FY21

## Profit and Loss Statement: Home Loans (On Book)

₹ Cr

Particulars	Q1FY20	Q1FY21	Q2FY20	Q2FY21	Growth % Q2-o-Q2	H1FY20	H1FY21	Growth % H1-o-H1
<b>Disbursements</b>	<b>420</b>	<b>190</b>	<b>414</b>	<b>381</b>	<b>-8%</b>	<b>834</b>	<b>571</b>	<b>-32%</b>
<b>Closing Assets (On B/S)</b>	<b>2,004</b>	<b>2,613</b>	<b>2,102</b>	<b>2,962</b>	<b>41%</b>	<b>2,102</b>	<b>2,962</b>	<b>41%</b>
Operating Income	100	88	114	111	-3%	214	198	-7%
Finance Charges	40	47	41	51	23%	81	97	20%
<b>Net Income</b>	<b>60</b>	<b>41</b>	<b>73</b>	<b>60</b>	<b>-17%</b>	<b>133</b>	<b>101</b>	<b>-24%</b>
Expenses	15	19	16	21	36%	31	41	32%
Net Credit Losses	4	2	2	9	269%	7	11	61%
<b>PBT</b>	<b>41</b>	<b>19</b>	<b>55</b>	<b>30</b>	<b>-45%</b>	<b>95</b>	<b>50</b>	<b>-48%</b>
<b>Asset Ratios</b>								
Income	20.6%	13.9%	22.0%	15.7%		21.3%	14.8%	
Cost of Funds	8.2%	7.4%	8.0%	7.2%		8.1%	7.3%	
Net Income Margin	12.3%	6.5%	14.1%	8.6%		13.2%	7.5%	
Expense	3.1%	3.1%	3.0%	3.0%		3.1%	3.0%	
Losses & Provisions	0.9%	0.4%	0.4%	1.2%		0.7%	0.8%	
<b>ROA-PBT</b>	<b>8.3%</b>	<b>3.1%</b>	<b>10.6%</b>	<b>4.3%</b>		<b>9.5%</b>	<b>3.7%</b>	

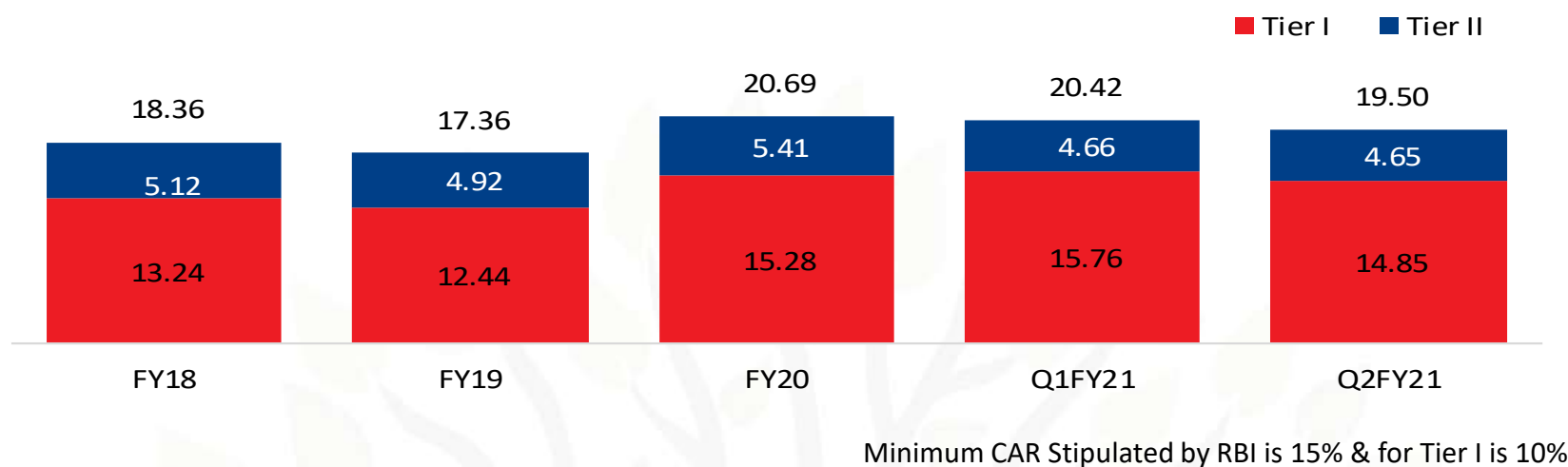
Note: Provided additional provision of Rs.5 Cr in Q2FY21

# 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	-

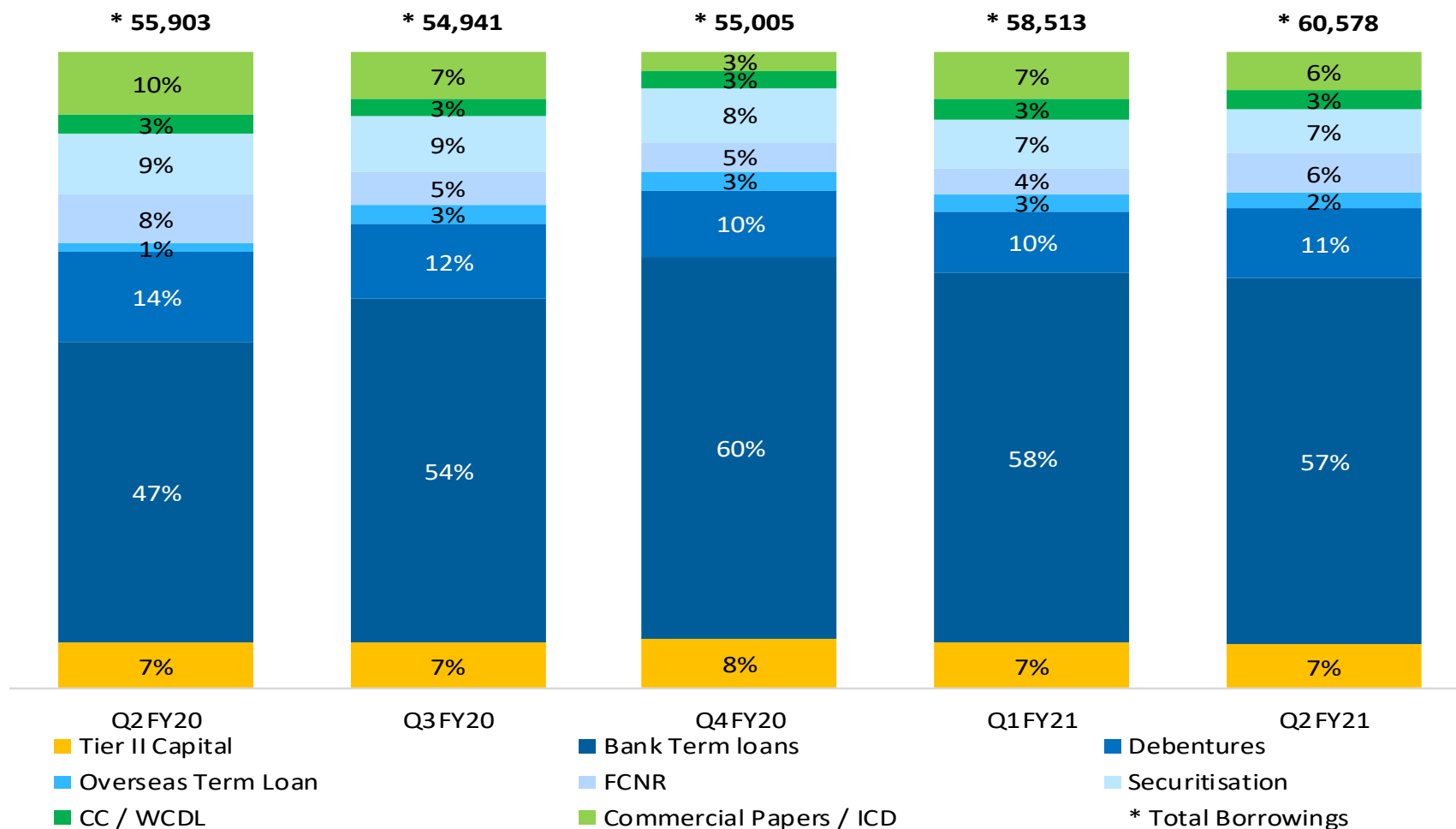
^ CP Rating

\* NCD Rating

## Diversified Borrowings Profile (I/II)

### Borrowing mix by instrument type

(₹Cr)

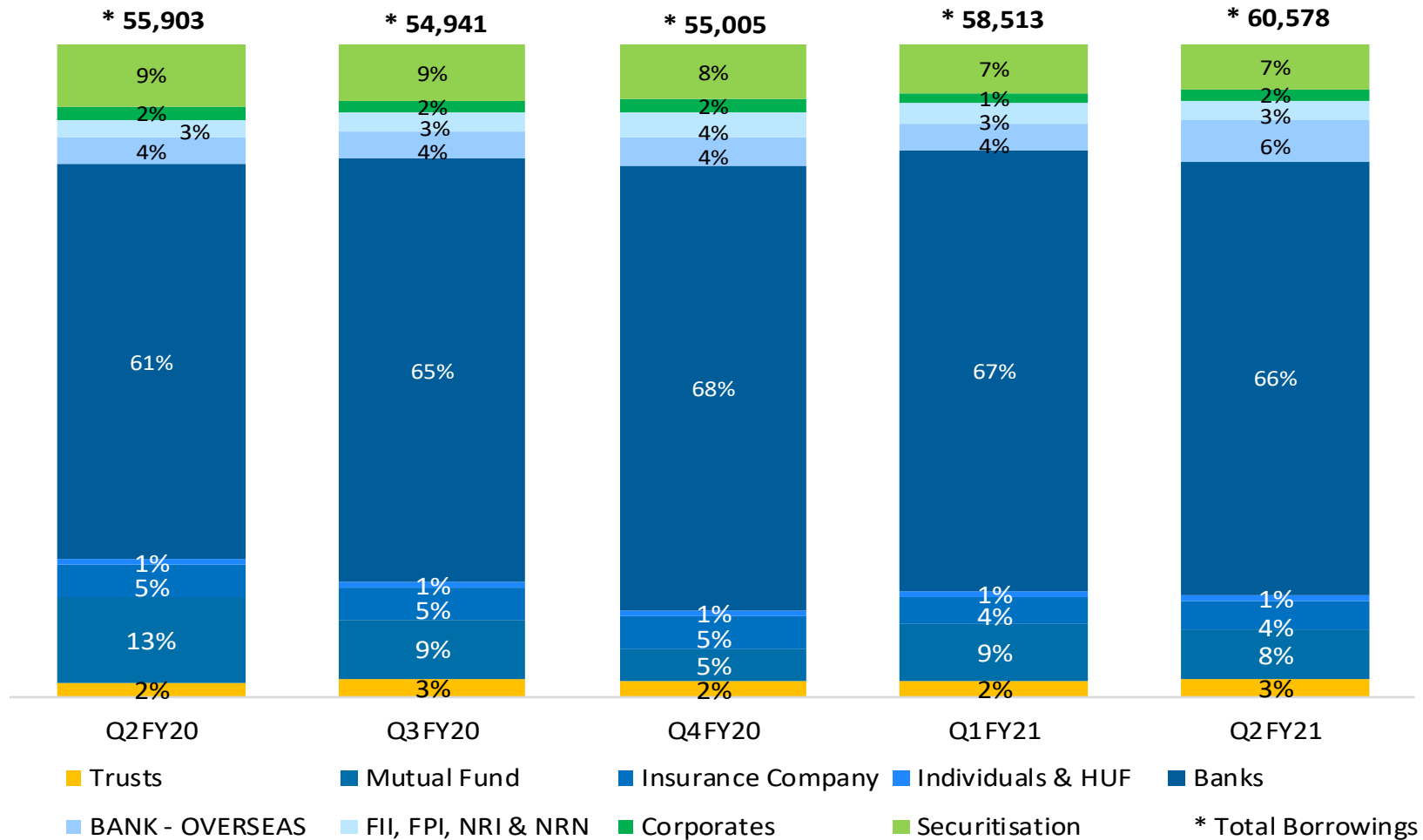




## Diversified Borrowings Profile (I/II)

Borrowing mix by investor type

(₹Cr)



## ALM Statement as of 30<sup>th</sup> Sep 2020 (As per IND AS)

(₹Cr)

ALM snapshot as on 30th Sep 2020									
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	2,904.83	785.00	900.00	850.00	985.00	-	-	-	6,424.83
Advances	1,663.45	1,447.49	1,711.19	6,716.23	10,238.88	27,688.81	7,819.53	5,627.98	62,913.56
Trade Receivable & Others	18.82	83.28	8.02	19.50	133.23	290.48	84.71	1,231.13	1,869.15
<b>Total Inflows (A)</b>	<b>4,587.10</b>	<b>2,315.78</b>	<b>2,619.20</b>	<b>7,585.73</b>	<b>11,357.11</b>	<b>27,979.28</b>	<b>7,904.23</b>	<b>6,859.11</b>	<b>71,207.54</b>
<b>Cumulative Total Inflows (B)</b>	<b>4,587.10</b>	<b>6,902.87</b>	<b>9,522.08</b>	<b>17,107.81</b>	<b>28,464.91</b>	<b>56,444.20</b>	<b>64,348.43</b>	<b>71,207.54</b>	
Borrowin Repayment-Bank & Others	1,302.74	936.13	1,435.29	5,264.59	9,081.38	21,898.60	4,998.76	1,134.50	46,052.00
Borrowin Repayment- Market	378.80	1,267.84	1,171.87	1,477.82	3,780.15	2,725.63	1,737.40	1,986.63	14,526.13
Capital Reserves and Surplus	-	-	-	-	-	-	-	8,986.79	8,986.79
Other Outflows	1,176.21	23.35	9.74	65.56	78.84	125.50	11.03	152.40	1,642.63
<b>Total Outflows (C)</b>	<b>2,857.74</b>	<b>2,227.33</b>	<b>2,616.90</b>	<b>6,807.96</b>	<b>12,940.38</b>	<b>24,749.73</b>	<b>6,747.19</b>	<b>12,260.32</b>	<b>71,207.54</b>
<b>Cumulative Total Outflows (D)</b>	<b>2,857.74</b>	<b>5,085.07</b>	<b>7,701.97</b>	<b>14,509.93</b>	<b>27,450.31</b>	<b>52,200.03</b>	<b>58,947.22</b>	<b>71,207.54</b>	
<b>E. GAP (A - C)</b>	<b>1,729.35</b>	<b>88.45</b>	<b>2.30</b>	<b>777.77</b>	<b>(1,583.28)</b>	<b>3,229.56</b>	<b>1,157.05</b>	<b>(5,401.21)</b>	
<b>F.Cumulative GAP (B - D)</b>	<b>1,729.35</b>	<b>1,817.80</b>	<b>1,820.11</b>	<b>2,597.88</b>	<b>1,014.60</b>	<b>4,244.16</b>	<b>5,401.21</b>	<b>0.00</b>	
<b>Cumulative GAP as % (F/D)</b>	<b>60.51%</b>	<b>35.75%</b>	<b>23.63%</b>	<b>17.90%</b>	<b>3.70%</b>	<b>8.13%</b>	<b>9.16%</b>	<b>0.00%</b>	

Note: Behavioural ALM.

Advances and maturities include the securitization inflows and outflows respectively

# Subsidiaries



## Subsidiaries – H1FY21

- CHFL recorded a gross income of Rs. 17.33 crores for the half year ended 30 Sep, 2020 as against Rs. 20.31 crores in H1FY20 and PBT of Rs.1.18 crores as against Rs.-0.33 crores in H1FY20. The Company has made an application to National Housing Bank (NHB) for registration as a Housing Finance Company in June 2018 and currently engaging with the RBI to obtain license to operate as a Housing Finance Company.

**Cholamandalam  
Home Finance  
Limited (CHFL)**



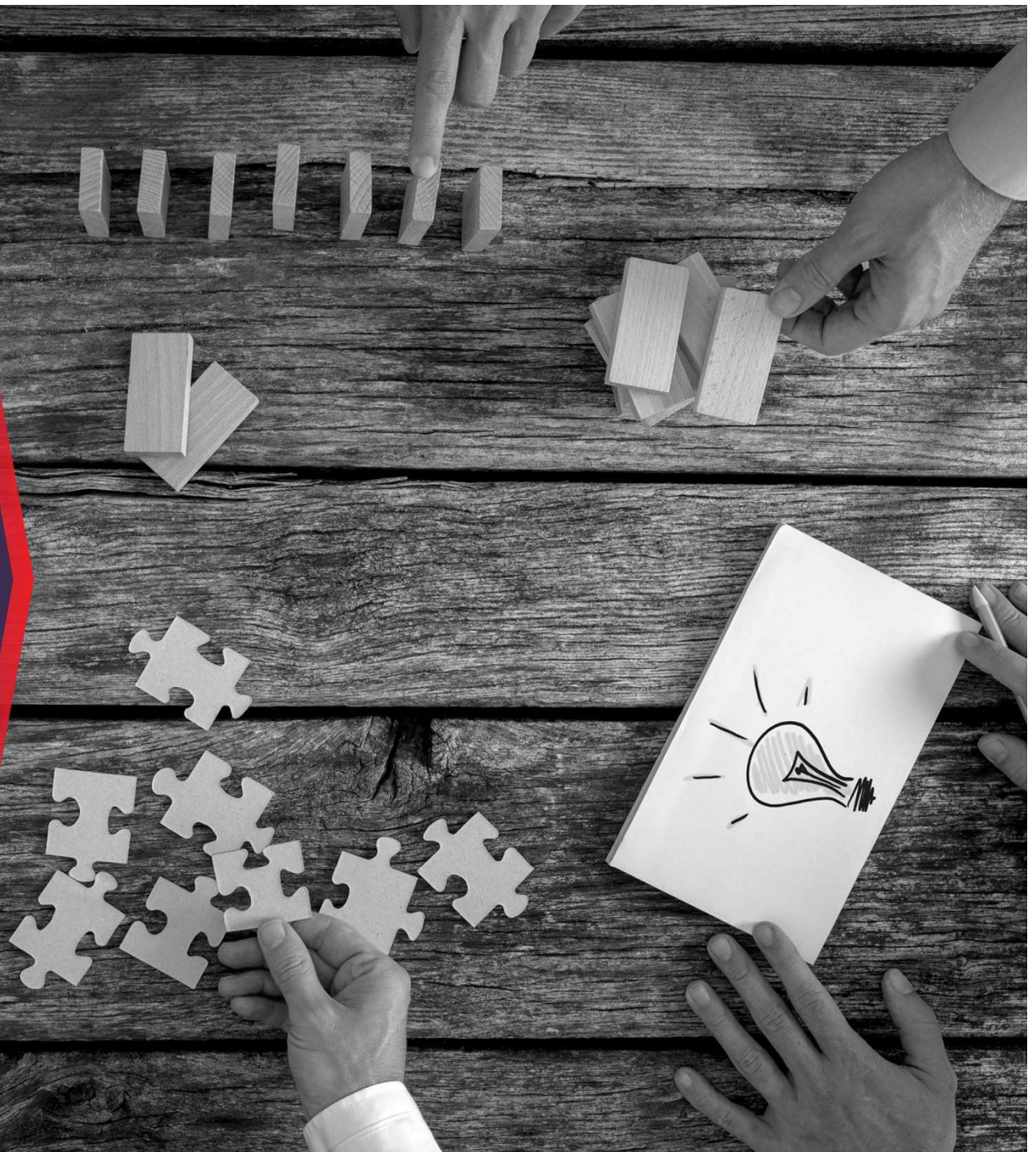
- During the quarter CSEC focused on creating three distinct business lines for enhancing revenues and productivity - broking, wealth and insurance distribution. The Broking business grew 42% and wealth business grew by 17% during the half year ended Sep 2020. CSEC achieved a gross income of Rs. 13.84 crores for the half year ended 30 Sep, 2020 and made a PBT of Rs. 3.69 crores as against a PBT of Rs. 1.49 crores in the previous year. The Mutual Fund AUM crossed ₹ 1,069 crores.

**Cholamandalam  
Securities  
Limited (CSEC)**

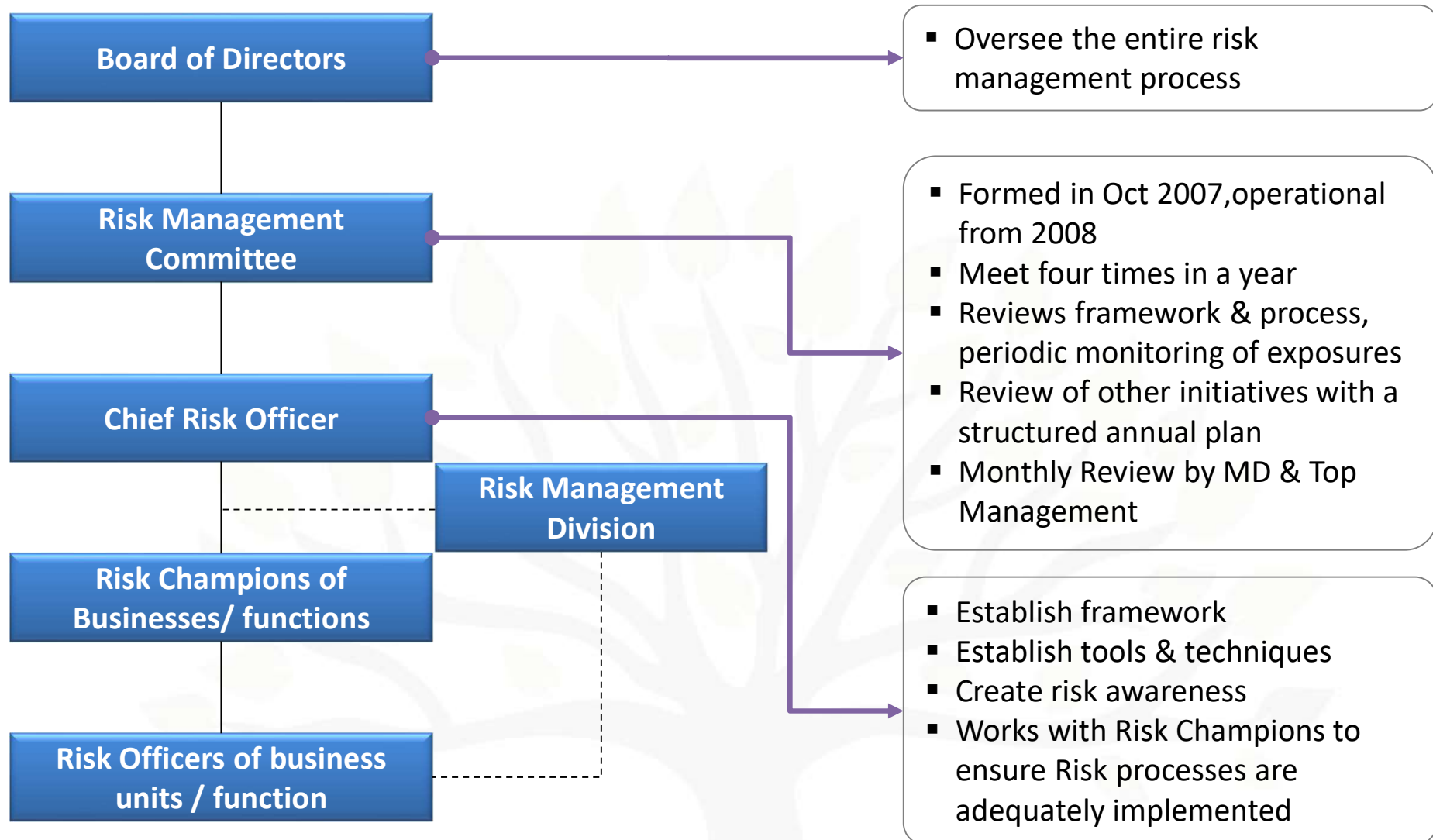




# Risk Management



## Risk Governance Structure



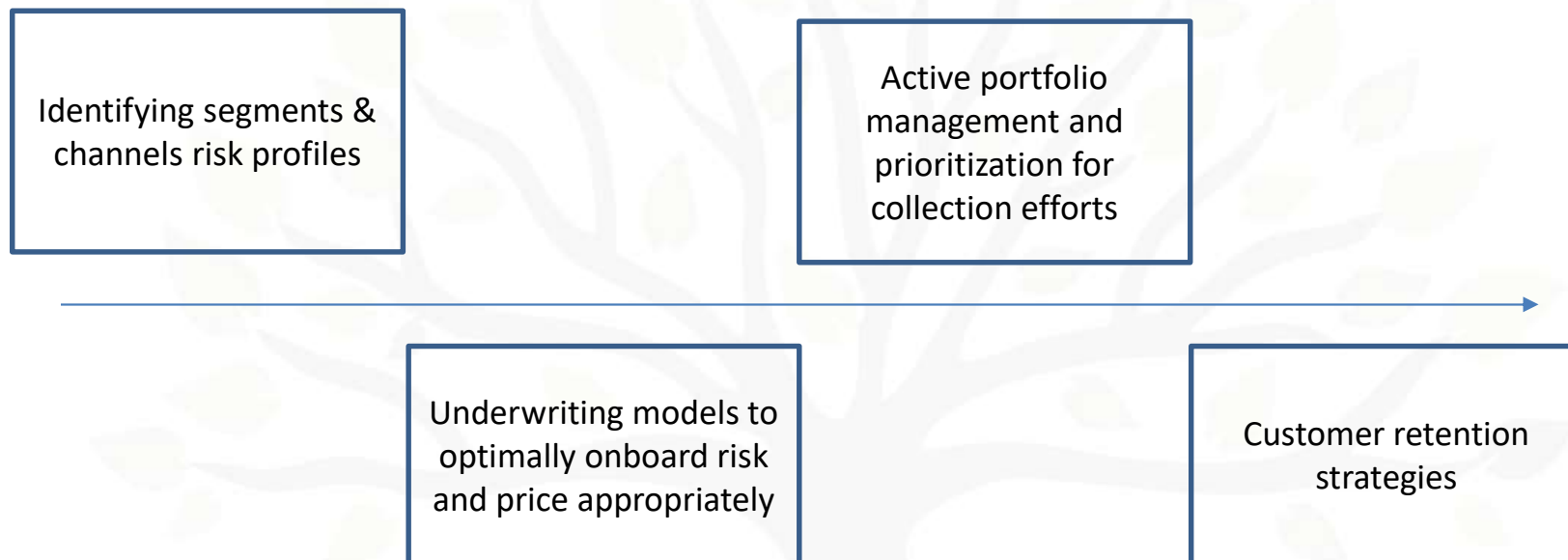


## ERM as Value Centre in Corporate Processes

- 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.
- Functional level risk monitoring using functional risk index
- Engagement with audit & assurance functions to ensure effective implementation of processes
- Business continuity plan
  - ERM team manages the robust continuity plans which has ensured that all critical functions continue to operate even during this pandemic event

## ERM as Value Centre in Business Processes

- Risk registers for various business process to identify laundry list of risks, controls, residual risks and KRIs for monitoring
- ERM works with business teams on the overall customer life cycle management



## ERM as Value Centre in Strategic Functions

- Actively involved in giving strategic inputs for scenario building
- Active participant in Asset Liability support group which monitors company's liquidity position
- Building forward looking macro indicators and its impact on business metrics
- Involved in new product launch and assessing its risk / reward trade-off
- Supports all business functions in all new initiatives involving process changes/technical assessments involving risk mitigation

# Information Technology



## Technology Infrastructure

### Delivering resilient & scalable environment

- Connectivity infrastructure and bandwidth augmented to support remote working for the organization
- Setup and improve compute capacity along with required controls for comprehensive BCP / DR setup
- Integrated asset and service management solution in place for end user technology assets
- Refreshed compute and storage infrastructure to support higher volumes on core lending platforms

## Application Platform

### Stable foundation for core products & services

- Transition mortgage related businesses to an industry-focused Loan Management Solution
- Develop functional module for Co-Lending integration with other banks & financial institutions
- Model and build comprehensive big data repository for real-time data flow for dashboards / MIS as part of journey to be a data-driven enterprise
- Deliver increased automation for managing & analyzing securitization and assignment of originated loans

## Digital Engagement

### Digitally connect employees, partners, & customers

- Gaadi Bazaar – Digital platform with features for dealers to on-board and request & manage Trade Advance & customers for self-serve functionality
- Lead Management solution providing seamless integration with manufacturers for lead flow, status update, and approvals
- Deploy completely re-imagined digital journey for loan originations for the Loan Against Property (LAP) business with role level operational dashboards delivered
- Establish a digital channel for connector onboarding, related validation and lead flow management

## Compliance, Innovation & People

### Balance innovation & technology risk

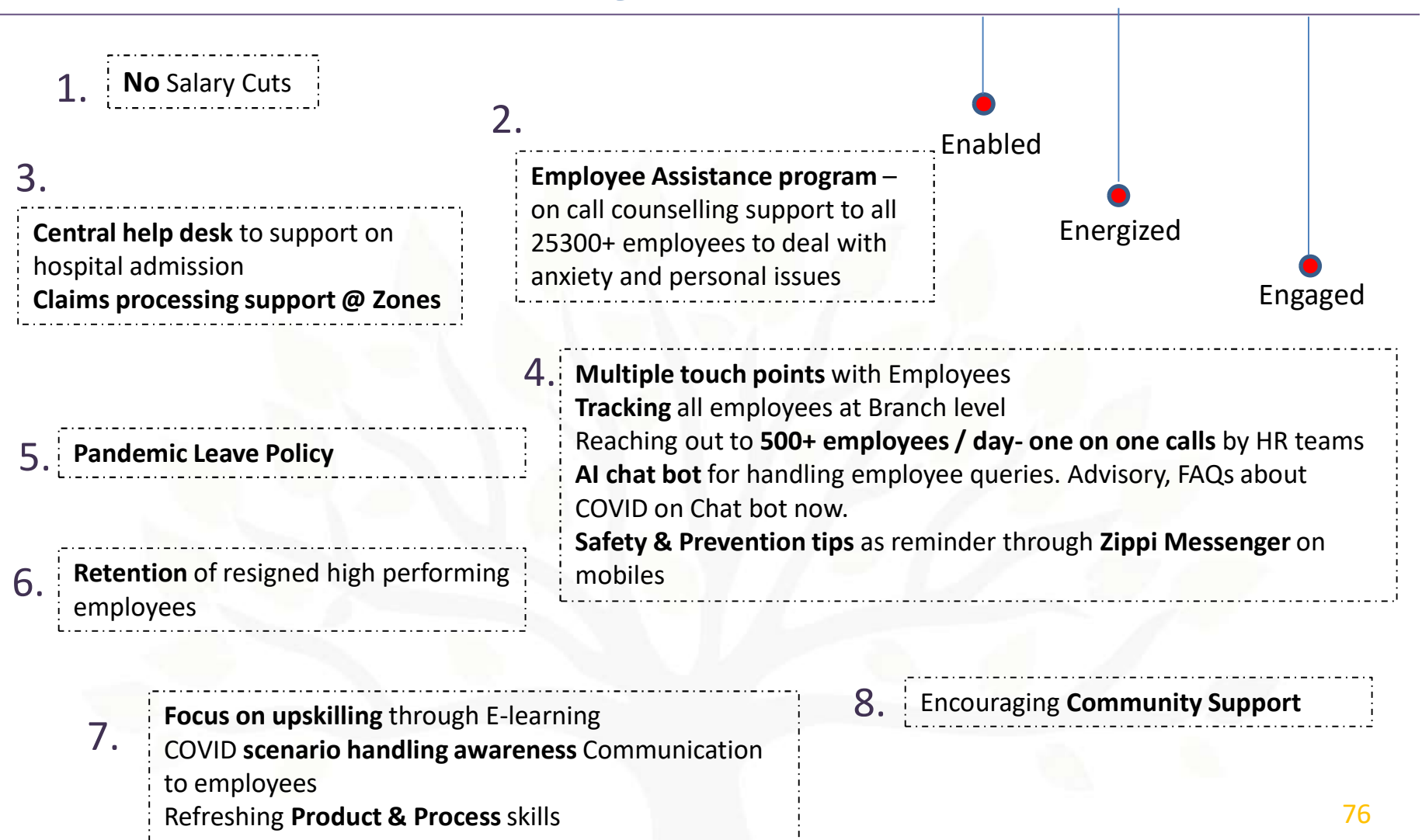
- Ensure ongoing compliance with RBI master directions, across infrastructure, applications, network, service management and security
- Drive increased employee engagement with rollout of new collaboration and people management platform
- Deploy robust infrastructure monitoring, auditing, and access management processes & solutions to maintain strong information security posture
- Deploy automation and other digital tools & services to improve quality and reduce human activity index across processes



# Human Resources



## CHOLA @ COVID times





## Pandemic Crisis Management

### Ensuring Business continuity

- Enabling work from home option for employees.
- Re-aligning of HR process (hiring & onboarding – remotely).
- Getting branches operational – approval, branch sanitization, planning, allocation of employees at office in association with business.
- Leverage on technologies – Microsoft Teams for virtual meetings, Zippi messenger, a secure platform for business team to connect.

### Increased touch points – Employee first

- On average 500+ employees reached out everyday.
- Jinie, chat box – housing government advisories. A helpdesk tool for employees.
- Engaging employees through various learning initiatives.
- Communication to employees on scenario handling (in office, during customer visits, when a colleague is infected).

### Emphasis on employee health & safety

- Educating employees periodically about the prevention techniques.
- IR thermometers at branches
- Petty cash expenses for procurement of sanitization.
- Tracking of isolated employees, the tested report, support for the employees tested positive.
- Personal conversations with employees to help them cope with the uncertainty and keep them motivated.

## Update on COVID test employees – as on 17th Oct 2020

Details	South	North	East	West	HO & CPU	Total
<b>Total # of tests</b>	943	413	846	290	497	<b>2989</b>
<b># of employees Tested Negative</b>	403	181	218	52	446	<b>1300</b>
<b># of employees Declared Positive</b>	540	232	628	238	51	<b>1689</b>
<b># of Recovered employees</b>	451	180	359	184	49	<b>1223</b>
<b># of employees Under Treatment</b>	88	51	268	53	2	<b>462</b>
<b># of Fatalities</b>	1	1	1	1	-	<b>4</b>

- On an average 96% of the branches were operational during Q2 around 37% of the employees are working from office, 21% of the employees continue to work from home, about 42% are in the field.
- Around 6% of the CHOLA's Population have been tested COVID positive.
- We lost 3 of our colleagues in Q2 due to COVID.
- 72% of employees tested positive have recovered.
- Special Pandemic leave rolled out. Under this policy employees can avail a maximum of 21 days leave out of which 7 days will be special paid leave and the rest is adjusted against the available PL / SL balance.
- Periodic reviews by Zonal teams on Branch sanitization, safety of employees and communication on prevention.

## Employee Wellness initiatives

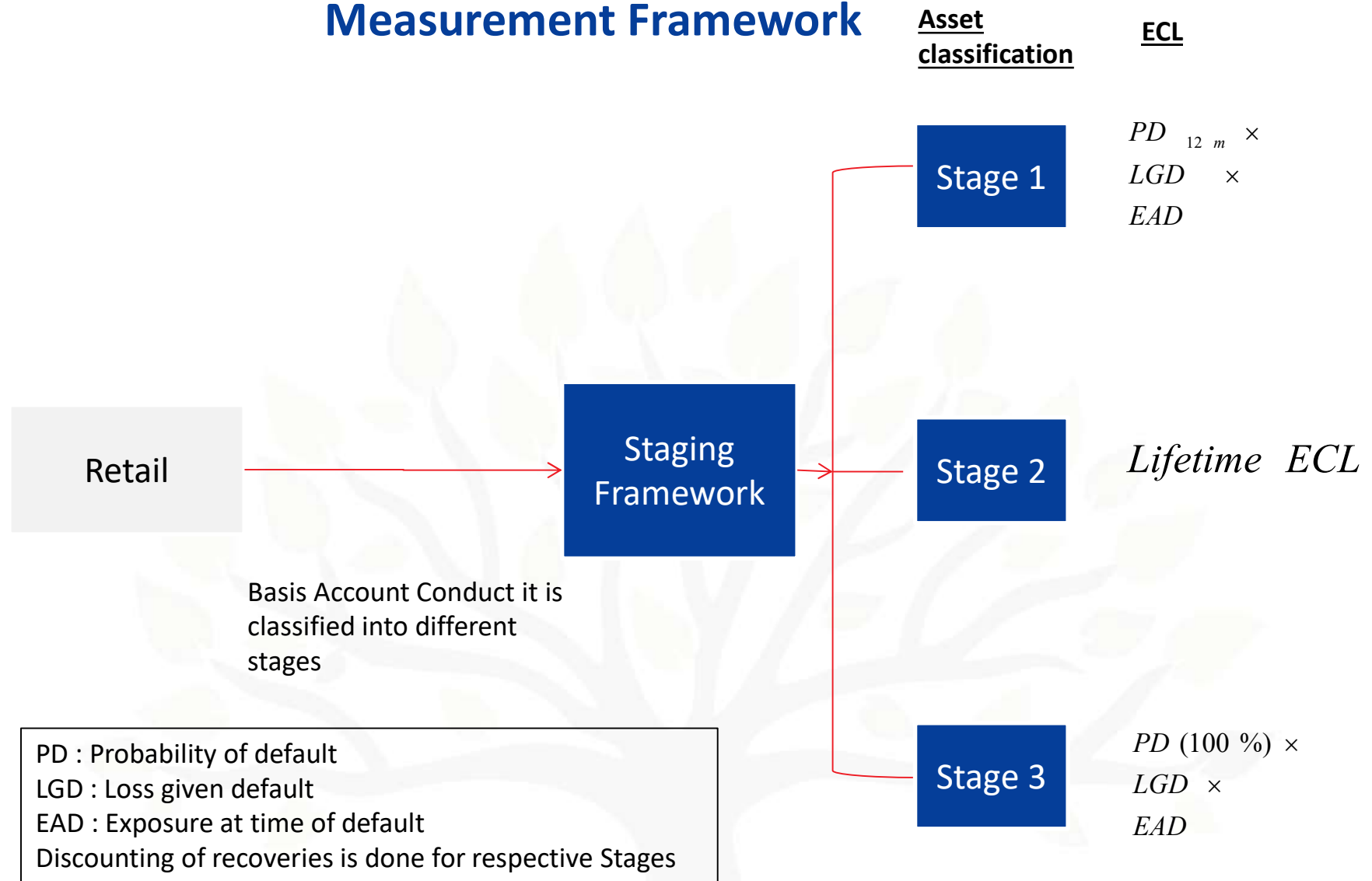
1. **COVID-19 protection Insurance covers** : Rs. 50,000 on diagnosis of Covid-19.
2. **Health Insurance with special coverage for COVID-19 treatment:** Employees who are in need of hospitalization are provided a special coverage of health insurance upto a maximum of Rs.5 lakhs for CIFCL employees and Rs. 3 Lakhs for CBSL employees
3. **Additional Life Cover** : Upto Rs.10 lakhs for CIFCL employees and Rs.5 lakhs for CBSL employees. This is apart from the 50 times gross salary coverage that all Murugappa group employees have.
4. **COVID – 19 testing at negotiated / subsidized cost** borne by the Company for all employees in Head Office and CPU.
5. **Doctor on Call** for Covid-19 affected employees and monitored on a weekly basis and medical advice is provided as per normal/complication status and feedback. This is offered free of cost in association with the Insurance TPA (Third Party Associate)
5. **Medical assistance desk** for assisting employees affected by COVID – 19:
  - (a) arrangement of ambulance;
  - (b) bed allotment & hospitals and;
  - (c) Monitoring of employees till discharge

## Staying Engaged

- First virtual townhall with Senior Leadership covering participants from 1000+ branches across India
- Zonal & Regional Meets, with an emphasis on Rewards & Recognitions conducted pan India
- Annual performance incentive for FY 20 processed and paid to employees
- 1000+ executives recognized with Cash awards for exemplary performance
- Nominal salary increase processed for all CBSL & Supervisory grade employees

# ECL Methodology

## Measurement Framework



## Measurement Framework

### Asset classification

### ECL

### Description

Stage 1

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

- 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

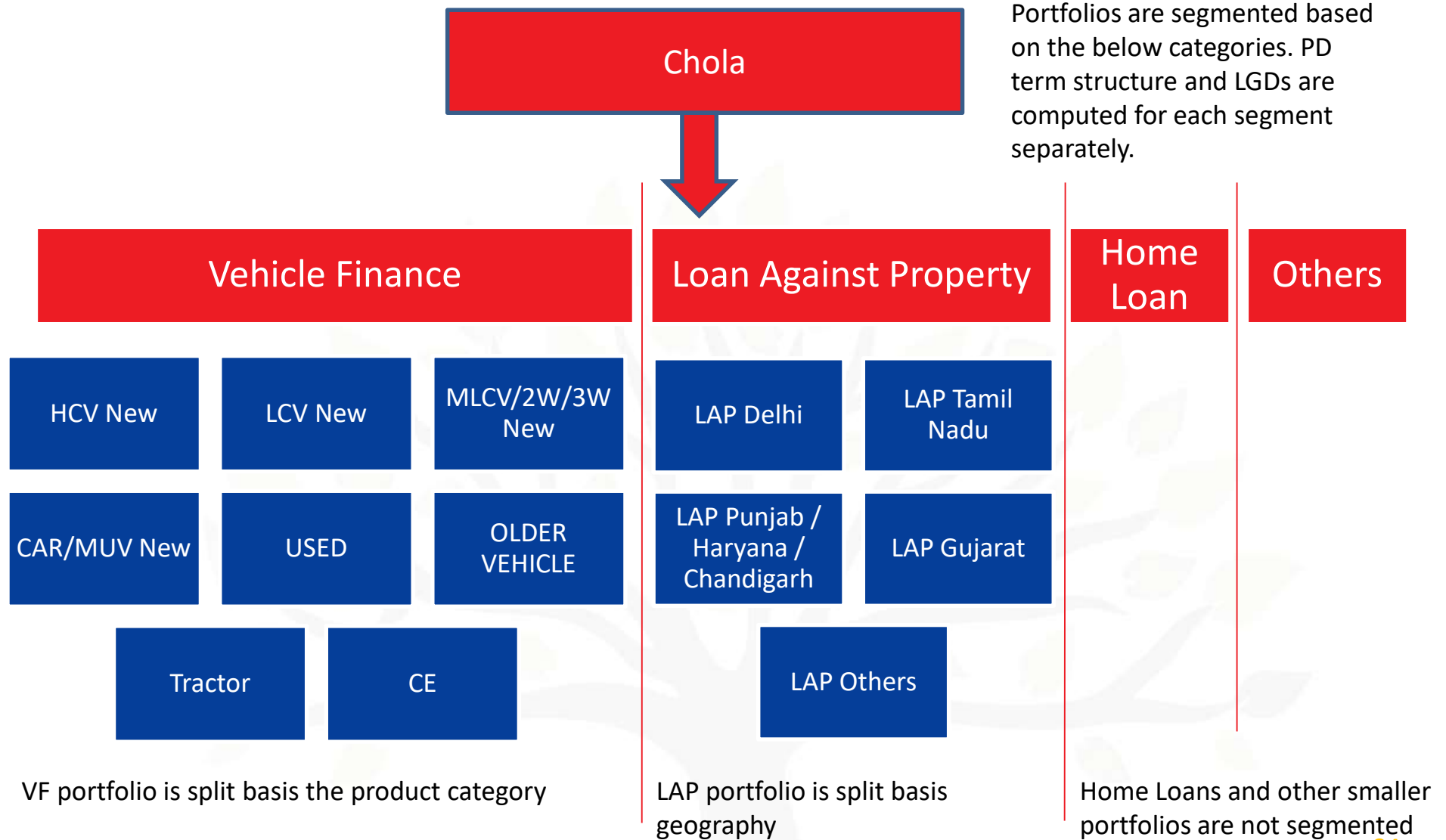
Stage 3

$$\frac{PD(100\%) \times LGD}{EAD}$$

- 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



## Contact us

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Collaborating for Success!

**THANK YOU**

