

Cholamandalam Financial Holdings Limited

(formerly, TI Financial Holdings Limited)

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**Transcript of the proceedings of 71st Annual General Meeting of the Company held on Wednesday,
August 12, 2020 at 3.30 pm through Video Conferencing**

Participants

1. Mr. M M Murugappan - Chairman
 2. Mr. Ashok Kumar Barat - Independent Director
 3. Mr. B Ramaratnam – Independent Director
 4. Mrs. Vasudha Sundararaman - Independent Director
 5. Mr. Sridharan Rangarajan - Non-Executive Director
 6. Mr. V Ravichandran - Non-Executive Director
 7. Mr. N Ganesh - Manager & Chief Financial Officer
 8. Mrs. E Krithika - Company Secretary
 9. Mr. S Venugopalan – Chief Financial Officer, Chola MS
 10. Mr. Aravind Krishnan, S R Batliboi & Associates LLP, Statutory Auditors
 11. Ms. Srinidhi Sridharan, Secretarial Auditor
 12. Mr. R Sridharan, Scrutiniser
- and
Shareholders

Mr. M M Murugappan, Chairman

Good Afternoon Ladies and Gentlemen,

It gives me great pleasure to welcome you all to the 71st Annual General Meeting (AGM) of Cholamandalam Financial Holdings. This meeting is being held through Video Conference, largely arising out of the COVID 19 pandemic. First and foremost, I hope you and all your family members are safe and well.

Before I begin, let me also pay tributes to the hundreds of the medical personnel, and also para medical personnel, volunteers, public health officials etc., who are helping to ward of this pandemic contain it in many cases treat people etc. A lot of our colleagues across the group have also been impacted, fortunately most of them are well but nevertheless I think it is very important that we support them and we pay tribute to them.

As you are aware, due to COVID-19 pandemic, the Ministry of Corporate affairs and the Securities and Exchange Board of India have both allowed companies to hold Annual General Meetings through Video Conferencing or Other Audio Visual Means and also send the annual report and the notice to shareholders electronically.

Accordingly, considering the health and safety of all members, the 71st Annual General Meeting of the Company is being conducted through this Video Conference. The soft copy of the Notice and the Annual Report for FY 19-20 have been sent to all those shareholders whose email addresses are registered with the Company's Registrar & Transfer Agents or the Depository Participants.

The Company had also issued an advertisement informing shareholders to register their e-mail addresses to enable the Company to send these documents electronically to them.

As mentioned in the Notice convening the meeting, since the meeting is being held electronically, proxy related procedures have been dispensed with which is in line with the regulatory requirements.

The requisite quorum being present, I now call the meeting to order.

First, let me introduce to you my colleagues on the board

- Mr. Ashok Kumar Barat – He is Chairman of Nomination & Remuneration Committee;
- Mr. Ramaratnam, who is Chairman of our Audit Committee;
- Mrs. Vasudha Sundararaman – We welcome you Mam, this is your first AGM;
- Mr. V Ravichandran;

Together with me here to my right,

Mr. Sridharan Rangarajan, Non-Executive Director and my left

Ms. Krithika, our Company Secretary and also with us here

Mr. Ganesh, who is the manager as also

Mr. Venugopalan, who is the CFO, of our subsidiary company Chola MS General Insurance.

Mr. Aravind Krishnan, Partner representing M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors is present and at this time I must also wish Aravind's predecessor and senior partner Mr. Suresh Subramaniam who retired from the firm, we want to wish him well and he was with us in the last AGM and he has now turned his role on to Mr. Aravind and he is also helping us with the audit of the company. We also have Ms. Srinidhi Sridharan, Secretarial Auditor joining this meeting through video conference.

As the AGM notice and the annual report for the financial year 19-20 have already been circulated electronically may I with your permission I wish to take the notice convening the meeting as read.

DOCUMENTS AVAILABLE FOR INSPECTION

The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts or arrangements in which the Directors are interested, and the other documents mentioned in the Notice convening this meeting will be available for inspection by the Members. Members seeking to inspect the documents may contact the Company Secretary in this regard or write an e-mail to investorservices@cfhl.murugappa.com.

The statutory auditors' report on the financial statements of the Company for the year ended March 31, 2020 does not have any qualifications or observations or comments or other remarks on the financial transactions or matters as having any adverse effect on the functioning of the Company. The secretarial auditor report for the year ended March 31, 2020 does not contain any qualifications or observations or comments or other remarks. Accordingly, the statutory auditors' report and secretarial auditors report are not required to be read out at this meeting.

The Company has engaged the services of M/s KFin Technologies Private Limited to provide remote e-voting facility for members to cast their votes in a secure manner. Voting right is available to members and beneficial owners who hold shares in the Company, as on the cut-off date i.e. August 5, 2020. The electronic voting window was kept open from 9.00 am on Saturday, August 8, 2020 till 5.00 pm on Tuesday, August 11, 2020. Thereafter the remote e-voting facility was disabled by KFin.

Members who have not cast their vote through remote e-voting may cast their vote through e-voting facility provided during this meeting. The e-voting window will now be activated for allowing the members to cast their vote. The Company has made necessary arrangement to facilitate the insta-voting process.

Mr. R Sridharan of M/s. R Sridharan & Associates, Practicing Company Secretary has been appointed by the Board of Directors as the Scrutiniser for conducting the electronic voting process in a transparent manner.

Ladies and Gentlemen,

Let me give you a brief overview of the company's performance.

Financial Year 19-20 (FY 20) has been a challenging year for the Indian economy. India started witnessing an economic slow-down as early as the latter part of FY 18-19, with three of the four growth components namely, private consumption, private investment and exports slowing down significantly, accentuated by liquidity constraints in the financial services sector.

This continued into FY 19-20 and for the first time in several years, India's GDP growth was less than 6% in all the four quarters of financial year 2020 and adding to pressures of the slowing economy, together with this in March 2020, we saw the impact of COVID-19 which continues and this pandemic has significantly impacted the global as well as the Indian economy. The countrywide lockdown has brought the economic activities sometimes to an abrupt halt and even if they have been released partially as we speak economic activities has not gone back to its full swing.

However, as lockdown conditions are being eased progressively, early signs of recovery are evident but as the pandemic exacts a bitter toll on the economy, it has significantly accelerated the adoption of digital technologies, with far-reaching implications, I am sure the future. The digital transformation of India is currently underway is expected to boost the growth of e-commerce and change the consumer landscape in the coming years.

Looking into the financial sector, which is very diversified in India, predominantly driven by banking and non-banking financial companies. Over the last few years, India has been dealing with Balance Sheet stresses in the banking and corporate sectors as evidenced by the growing level of non-performing assets. The onset of the pandemic during the fourth quarter of FY 20, further weakened NBFCs stance in the economy. NBFCs and its allied sectors witnessed a tight liquidity situation. Revival measures initiated by the government and the banking regulator including provision of moratorium on EMI repayments, cut in repo rates and relaxation in classification of loan as NPAs and the provision of long-term repo operations (LTRO) are expected to ease the current liquidity position. More specifically, the year saw a decline in the automotive sales across all product categories, more particularly in commercial vehicles.

Turning to the insurance industry, it witnessed yet another eventful financial year. The industry underwent a turbulent phase with several far-reaching developments some of which were actually positive and a clutch of factors which caused transitory problems. The General Insurance industry as a whole grew by 9.5% over the previous year with the private sector Insurance companies improving their share to about 54% of total industry size.

The non-life insurance industry's Gross Written Premium (GWP) touched Rs.1,642 Billion mark. Some of the positive developments during the year were amendments to the proposed to Motor Vehicles Act, mandatory minimum pricing for property line of business and continued strong growth of specialist health player. Decline in sale of new vehicles, pricing discounts offered in Motor own damage (OD) insurance, resulted in sharp rise in motor OD claims, heavy losses from the crop insurance segment and the mandatory investment norms on stressed housing & infrastructure sectors where some of the limiting factors to the non-life insurance companies growth.

How did this impact our company?

Pursuant to the application filed with the Reserve Bank of India, your Company, has been registered as an Non-Banking Financial Company / Non-Deposit taking Systematically Important Core Investment Company under section 45 IA of the Reserve Bank of India Act, 1934 vide certificate of registration issued by the RBI dated January 6, 2020.

As you would have noted from the Annual Report the Company's total income grew by 24% to Rs. 91 Crore primarily through dividend income received from its long-term investments in group companies engaged in financial and risk management services. The Company's profit was Rs. 83 Crore for the year ended March 31, 2020, registered a growth of 25% over the previous year.

The Company's Consolidated Total Income during the year ended March 31, 2020 was Rs. 13136 Crore, a growth of 20% over the previous year and the consolidated net profit for the year was Rs. 551 Crore a decline of 21% compared to the previous year.

An interim dividend of Rs.0.65 per equity share of face value of Re.1/- each, was approved by the Board and paid to the shareholders in the month of March 2020. Considering the prevailing uncertainties and in order to conserve the Company's cash flow, the Board has recommended to confirm the interim dividend paid as the final dividend for the financial year 19-20.

During FY 19-20, the Company infused an additional capital of Rs.300 Crore in the preferential allotment of equity shares of Cholamandalam Investment and Finance Company. Post the allotment, the Company holds 45.50% stake in Cholamandalam Investment and Finance Company as on March 31, 2020.

Cholamandalam Investment & Finance Company Limited

During FY 19-20 Chola Finance displayed a commendable tenacity in the face of adversity. Despite the slowdown in the automotive sector during the year, Business Assets under Management grew by 12% to Rs. 60549 Crores. Loan disbursements aggregated to Rs. 29091 Crore registering a decline of 4% during the year. Profit after tax was Rs.1052 Crore after a one-time provision of Rs. 504 Crore to cover contingencies due to COVID-19 and other macro-economic factors. On a comparable basis, profit after tax for the year ended March 31, 2020 was Rs.1387 Crores before the one-time provision and this was 17% growth.

On the business front, disbursements in Vehicle Finance division were impacted predominantly due to significant decline in the automotive sales across all product categories. However, the business to a large extent was able to offset year on year de-growth in traditional segments through higher disbursements in Passenger Vehicles and Two-Wheelers. While the affordable Home Loans business continued to increase its disbursements over the previous year, the Home Equity business witnessed a muted growth in line with the industry trends.

To further strengthen its capital adequacy, Chola Finance raised Rs.1,200 Crore capital during the FY 20. The Company also raised funds for the first time through an issue of 'Masala bonds' of Rs. 400 Crore.

Pursuant to RBI guidelines Chola Finance offered moratorium to its customers for EMI repayments. Chola's liquidity position was strongly placed as at March 31, 2020 to meet all its near term commitments. The Company did not avail moratorium on its own borrowing obligations. As at end of the year, capital adequacy was 20.7% as against the statutory requirement of 15%.

Now moving to the first quarter results of the current financial year,

Chola Finance, gradually resumed its operations post easing of lock down restrictions after May 15th and the demand improved since then. Aggregate disbursements for the quarter ended June 2020 were at ₹ 3,589 Crore registering a decline of 58% over the previous year. Profits after Tax for the quarter ended June 2020 were at ₹ 431 Crore, a growth of 37% over the previous year. The Company holds strong liquidity position with Rs. 7,169 Crore in cash balance as at June 30, 2020, with a total liquidity position of Rs.11,677 Crore (including undrawn sanctioned lines). Even after extending the moratorium to its customers, for the second phase, the cash position of the Company is adequate to meet all its maturities and fixed obligations till December 2020.

Chola's technology initiatives and customer's acceptance on digital lending amidst the current pandemic are encouraging signs in the near term. Considering its diversified product portfolio and pan India presence, disbursements are expected to improve in the coming quarters and the Company will continue to retain its focus on the collections and its cost efficiencies and also be very prudent in its lending.

Cholamandalam MS General Insurance Company Limited

Cholamandalam MS General Insurance achieved a gross written premium of Rs. 4824 Crore for the year ended March 31, 2020. Growth in business operations continues to be driven by strong performance in retail channels with Motor & Health insurance segments being significant contributors of the premiums with a good mix across metros & non metros locations. The Company continued to expand its network with bancassurance partners and automotive OEMS and secured new linkages with leading public sector banks. Proprietary insurance business grew by widening of distribution reach, into Tier 3 and Tier 4 towns through a digitally enabled model providing an enhanced customer experience, strong performance in OEM partnerships and continuing growth in existing distribution partnerships.

Despite a general slowdown in the last quarter of the financial year, Chola MS General Insurance continued to make an underwriting surplus in most lines of its businesses except Motor Third Party, Travel and weather

insurance. The premium pricing in Motor Own Damage insurance witnessed severe pressure throughout the year with discounts across vehicle categories rising to new highs.

The Health, Accident and Travel lines of business grew by 9.5% in FY 19-20. Muted disbursements in motor NBFCs and Housing Finance Companies impacted the benefit of product bundling in health and accident products. Loss ratios across this line of business continues to be good with the Company continuing to adopt prudent underwriting practices while focusing on new segments of growth. Revenue from property lines of business scaled up contributing about 8% of the GWP. As at March 31, 2020 the investment portfolio of Chola MS General Insurance was stood Rs. 9027 Crore, registering a growth of 17% over the previous year. Chola MS General Insurance has also adopted prudent strategies and deployed funds largely in Government securities and pared down its exposures to corporate bonds.

The first quarter of the current FY 21, Chola MS registered a gross written premium of Rs. 883 Crore as against Rs.1199 Crore in the corresponding quarter of the previous year. Profits before tax for the quarter ended June 2020 was Rs.218 Crore compared to Rs. 32 Crore in June 2019. Increase in Profit before tax for the current quarter is primarily on account of reduction in net claims cost and also reduction in marketing expenses.

Chola MS will continue its focus on renewal insurance business, launch of COVID-19 specific products and harnessing the state-owned banks bancassurance relationships besides technology initiatives and special emphases on acquiring / servicing customers and partners digitally.

Cholamandalam MS Risk Services Limited

Chola MS Risk Services is another joint venture with the Mitsui Sumitomo Insurance Company, Japan, in which your Company holds 49.5% stake. The Company also strengthened its Order book during the year by bagging few long term contracts in both domestic as well as in overseas. A host of new services such as contractor incubation centre, studies on soil & ground water contamination and remediation plant were introduced during the year. The business also partnered with digital developers to introduce EHS digital products and exploring introducing AI integrated studies into the market.

During FY 20, Chola MS Risk services earned a revenue of Rs.48.9 Crore, a growth of 13% over the previous year.

Revenue during the first quarter of this year is Rs. 5.28 Crore as against Rs. 8.67 Crore in the corresponding quarter of the previous year. The Company is in the look- out for strengthening its business opportunities across India and in Overseas.

This morning the Board, approved the first quarter results of your Company for the current fiscal year 20-21.

The Company's Total Income was Rs. 2.5 crores and loss before Tax of Rs. 3.36 Crores as against profit before tax of Rs. 3.61 crores in the corresponding quarter last year.

Loss for the quarter is on account of the higher interest cost recognised on the borrowing made for the equity investment in subsidiary company.

The Consolidated Total Income was Rs. 3234 crores and profit before tax was Rs. 794 crores as against Rs 510 crores in the corresponding quarter of the previous year.

Board of Directors

Before I conclude, on behalf of the Board, I thank Mrs. Shubhalakshmi Panse, who stepped down from the Board in November 2019, I thank for her contribution being a Chairperson of the Audit Committee and a member of the Nomination & Remuneration Committee.

While welcoming Mrs. Vasudha Sundararaman, on Board. Mrs. Vasudha comes with more than 3 decades of experience in banking and related subjects and has been appointed on the Board in February 2020.

Finally while the immediate term may look a little stressed, I am confident that economic activities will pick up gradually. We can't say how soon but we believe it will pick up gradually. However, a lot will depend on the containment of the pandemic. Chola Financial Holdings through its investee companies will always to continue to deliver quality services with high responsibility towards its respected customers with utmost passion and integrity.

The members of the Board had been a great support to the company, active participation in the company's progress and also have been a great support to me with their wise counsel.

I take this opportunity to express my gratitude to all the people in our investee companies, and also within the company my colleagues in the company, Ganesh and Krithika and also members of the board and all of you shareholders for reposing your trust, unconditional faith on us.

Thank you very much. Now, I will move on to the rest of the agenda.

We have six resolutions. And I will read them out to you in brief.

Item no. 1 is for	Adoption of financial statements including consolidated financial statements, together with the board's report and auditor's report thereon for the financial year ended 31 March, 2020
Item no. 2 is for	Confirmation of interim dividend paid on equity shares for the financial year 2019-20.
Item no. 3 is for	Re-appointment of Mr. Sridharan Rangarajan, director retiring by rotation.
Item no. 4 is for	Re-appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as Statutory Auditors of the company.
Item no. 5 is for	Appointment of Ms. Vasudha Sundararaman as an Independent Director of the company.
Item no. 6 is for	Re-appointment of Mr. N Ganesh as Manager of the company.

Ladies and Gentlemen,

The annual report for the year ended 31st, March has been with you for some time now. The company has provided an opportunity to shareholders to post their queries and also register themselves as speaker in the meeting. May I now request the moderator to facilitate the registered speakers speak and raise clarifications regarding the company's accounts and the operations of the company during the year 2019-20. Members, May I request you to keep your questions and comments being specific. I suggest that the members confined their questions to the company's operations and accounts and make your remarks to these pertinent areas. Perhaps each one of you can take about 5 minutes. We will collate all the questions tabulate them and then we will answer them. Either I will answer them, or my colleagues will also help me in answering your questions.

Moderator sir - May I call upon you to facilitate various registered speakers in the sequence of their registration?

Thank you very much.

Questions by Shareholders:

Speaker : Mukesh Ajmera, Shareholder

Good afternoon to all respected chairman Mr Murugappan. Murugu to as my classmate, other board of directors. Welcome, Ms. Krithika as company secretary. It is nice to see ladies occupying important management positions in the company in these days as also in the board of directors. At the outset, I would urge you to reconnect if disconnected to let me complete my talk. Not only as a shareholder, a well-wisher of the company but there are a few thoughts for the benefit of many others. And I would request to please understand what I am saying and try not to misunderstand whatever I am saying. As you know my mother's shares transmission to me is pending forever it is now three years since we have submitted all the requisite documents as per your asking and also as per regulators requirement. Also, I am not been informed by TI and all these years about lakhs of rupees of dividends going IEPF since my dear mother is no more 20 long years. Though you know I am the claimant beneficiary waiting for many years. I met you and others with my brother who flew down to Chennai only to complete the formalities at which time we were promised that it would be done for sure and TI didn't keep the promise. I met you and others many times in the last eight years with countless communications from me to you. But the company's responded only to raise new unwanted unnecessary and unreasonable documental demands. We cannot keep supplying and replicating them to satisfy various demands for some people if we are on a fault-finding mission with all the documents like wills no objections of legal hairs do not have expiry. Once given they are valid forever. It is just not possible at all for me any others to give them again and again for both the companies now. If TI didn't act initially as per its promise it is not our fault. It is impossible to produce these documents for multiple reasons. Details have gone since all the siblings have gone their ways having their own life in different cities everyone times and circumstances, abilities, situations, priorities capabilities and health have changed. All of them are in 70's and '80s. Unlike companies, individuals go through enormous hassles to give any documents. And once given nothing necessitates them to be given again. To ease numerous hardships of investors SEBI's notifications was sent by me to you as you put the onus on me to inform you as what is it by which you can do the transmission. After all, we have to ask a simple moot question. Who owns the shares? My Family. And the shares have to be transferred from a mother to a son. The companies role should be only as a facilitator and

not as an impediment or a disabler or a controller much beyond what the regulators are asking for. Is the company not obliged to fulfil the wishes of an ex-shareholder who is no longer there or beneficiaries the ones to fulfil the wishes of some people at the companies. To overcome such grievances only SEBI has offered two to three different sets of documents that can be accepted. It is either this or that or the other. It is not this plus that plus other plus some more. I have been going through enormous duress and stress in the last few years periodically I was told we are trying to help you. By the company by TI. May I know what help was rendered. Now what I am going to say Murugu is extremely important in multiple ways. The spirit of Murugappa group has five guiding lights and one of them is responsibility. What responsibility has the company shown to a lifetime investor like us, who are the backbone of any company? Not even doing transmission that we are entitled to and compiled with fully. Second is respect. We respected the company and the group for decades. As lifetime shareholders and reposing trust and faith in the company and group because we know each other 50 to 60 years. Now with all our submitted documents, the company has absolutely nothing to worry since it is protected fully by regulators statutory to the best safest and the most secure indemnity bond given by the beneficiary by myself, you don't want to trust that. Respected conglomerates like yours can be initiators for ease of investing, living and even dying peacefully to spare the survivors like me, the ordeals that I am going through with the company for many years. The shares of mothers are like Prasadam and blessings to me. Why should the company become an obstacle to it after following the due process, not the undue process? If you still force me to give up these, I will only think that it is my bad luck. It is bad karma. And I have struggled a lot to do this in the last so many years. I need peace as you do at this age and stage of my life. I am just concluding in one minute. If you still force us to give that also my parent's souls are not going to be rest in peace. Now, these things matter because all of us do poojas all of us do believe in god and there are value and virtues that human beings have and companies have to. You may not transmit my shares own mothers share to me that is my bad karma. But for becoming obstacles, the transmission of bad karma goes to multiple ways.

Anyway, Murugu on Janmashtami day, I sincerely, honestly request you to and urge you to enable this as Krishna to this friend of your's Sudama. I wish and pray for the good health of all of you, your families and all the staff, thousands of employees of Murugappa group. We have been the well-wisher of the group we know the group for a long time and until my death, I will be wishing well for everybody. At the same time, it's my request please do consider this you have nothing to fear or worry and everything has been given its just a matter of doing it. Please enable it, thank you very much.

Speaker : Mr. MV Murugappan, Shareholder

Distinguished Chairman and the directors of the board thank you for giving me the opportunity to speak. Before I ask my question - I would like to preface it with appropriate data. CIFCL and Cholamandalam MS are the two most significant contributors to the income of Cholamandalam Financial Holdings. Ironically both of them had extremely high exposure to the auto sector in particular commercial vehicles which has seen a constant decline over the past two years. The outlook for this sector is very weak and growth prospects over the next two years look dim for the core portfolio. For example, in June 2020 the sales of Ashok Leyland were down by 93% in the MNHB and 82% down in LCB and total vehicle sales were down by 81%. So, the concentration of vehicle finance also is very high in the overall portfolio of CIFCL. For example, in financial year 19-20 segment contribution was 78 % of total income and 73% of the total in even. Further, the exposure to the commercial vehicle segment is 86% of the vehicle finance portfolio. Then on to Chola MS for financial year 19-20 the concentration of motor insurance was 74.1 per cent of the total product mix. To elaborate for

the motor is only 41% of the product mix of a competitor Bajaj Allianz General Insurance in motor commercial vehicle Chola MS commercial vehicle was 67.9 per cent of the total motor mix. Given this background data, my question is that Cholamandalam Financial Holdings has a significant share in both CIFCL to the tune of 45% and in Chola MS to the tune of 60%. Why have you not been able to influence decision making in these companies to reduce their exposure to the auto sector especially given that problems such as flowing economic growth current overcapacity in the CD system and the difficult financing environment have been there for close to two years now? I do understand stand that COVID has an impact but the head ones were already there two years ago. So had these proactive steps been taken perhaps the significant impairments that are evident in the financial statements could have been reduced thereby increasing profit before tax significantly. Thank you

Speaker : Mr. Abhishek, Shareholder

My name is the Abhishek, shareholder of the company. My DP ID is IN301637 and my client ID is 41359155. First of all I would like to congratulate the management on the eve of the 71st Annual General body meeting, I trust all is well with you and your family in this challenging situation. Our company deserves much more respect in the market after completing more than a decade of successful operation with profitability and dividend history and has become the strongest brands in our respective segment. Sir, we are the long term shareholders of the company we would like to know What is the real impact of COVID-19 in terms of percentage, the coronavirus and subsequent lockdowns have left virtually no industry untouched. So, any employees were sacked or salary cut in the present year 2019-20. What are the cost-cutting initiatives we are taking? what is a view on the sustainability of profits, earnings growth will remain challenging coming across. What are the efforts being taken by the management to increase our ROC, EBITA and interest coverage ratio? Kindly provide us that we would like to know what are the credential directors of the company bringing on to the table to take the company to the next phase of growth or to guide the new generation. Nothing much to ask sir. I and my team are practising advocates in name and style of Seven Hills Associates. So we would be happy to be a panel in the Cholamandalam group. Kindly let us know the procedure and put me to the right person so that we can get in touch with them. And nothing much to ask I wish the company and the board of directors a great success and prosperity in the coming future. Thank you very much for giving this opportunity, Sir.

Mr. M M Murugappan, Chairman

First, let me take the questions in the order of the speakers. The order of the speaker's first from Mr Mukesh Ajmera. Thank you for your good wishes to the company. I would like you to address a few issues that you have raised. I will first address them from Chola Financial Holdings Limited. In Chola financial holdings Limited we have had no recent correspondence from you sir. And what has happened for your kind information that Chola Financial Holdings Limited your family shares have been moved to the IEPF as per the regulatory requirements. We would like you to know that although the shares have been moved to the IEPF, it remains as your family shares. And if you wish for Chola financial Holdings to facilitate and assist you in reclaiming the shares, kindly do so by providing Chola Financial Holding the requisite information by writing to the company secretary. Company secretary will then send to you the procedures and documentation that is required in order to claim the shares from IEPF and that are related to Chola Financial Holdings. Now you also mentioned on your non-transmission of shares in Tube investments of India and Tube investments of India was the original company from which it named Tube investments of India and the financial services Investments came to Chola Financial Holdings. It was first TI Financial holdings and then to Chola Financial holdings. While it is not

appropriate for me to discuss this matter at the shareholders meeting of Chola financial holdings limited. But by virtue of being the chairman of Tube investments as well over this period and during the period when the demerger took place. I would like to inform you sir that some documentation is still unavailable to the company and recent correspondence from the company to you has still been unanswered and unreplied. May I request you to humbly to please respond to the company that is TI. And in the case of Chola Financial Holdings please do make a fresh request to the company secretary of Chola Financial Holdings. All documentation being proper we will definitely facilitate the claiming of shares from the IEPF there is a procedure that has been well laid out and whatever facilitation is required upon receiving requisite documentation will be done. We at the company has absolutely no intention of withholding the shares and the dividends thereon from you or any of your family members. But we will institutionally require the requisite documentation which we will have to provide to the regulatory authority. I hope this matter is clear to you and thank you once again for your good wishes.

We will move on to the next question. From representing Mr MV Murugappan HUF Valli Arunachalam. Thank you for your interest in the company. You are right that both the companies Chola Finance and Chola MS General Insurance have a high exposure to the Auto sector. We do recognise this and I would like to give you a perspective as to the exact exposure to the auto sector. You had appropriately mentioned the vehicle production and sale of M/s Ashok Leyland leading Automotive manufacturer particularly in commercial vehicles. Let me give you a perspective of the portfolio of Chola finance which will give you a little more comfort and confidence. Relative to vehicles we have our Portfolio 13 per cent of the portfolio is new commercial vehicles, this is heavy commercial it is 13 per cent. The light commercial vehicles which still find a place in intra-regional and intra City transportation the exposure is 21%. Multi utility vehicles is seven per cent. Passenger cars are 10% and mini vehicles are 5%. So this is the new category. Many of our competitors, some are focused entirely on a used category some on the new category. In our case what I have explained you category is the new category. In the new category light commercial vehicles and mini vehicles have done quite well. We also have 26% of our Portfolio in the used commercial vehicles. And this portfolio does quite well for us. And it's also a profitable portfolio more so than the new vehicles. So we have a good spread between used and new. We also have 4% in two wheeler financing. 8% in tractors. Both of which are doing very well. And a very select 5 per cent in construction equipment. So, if you look at the overall portfolio, though it is towards the Moto sector and the commercial vehicle sector if we go more granularly. Now superimpose this also into geographies and superimpose this further into the kind of activities these vehicles are used for. Chola only finances and asset which is and earning asset. So, we do our best in order to finance an earning Assets and we help the people also with this asset some of them are fleet operators, some of them are individual entrepreneurs, some of them are first time entrepreneurs. Also in terms of trying to get loan their use of their assets. So we do have a spread out portfolio and quite naturally if the used in new vehicles do well it is also better fortune. Secondly, you talked about Chola MS. You are very right. The portfolio there is acute more towards motor this is motor own damage and motor third party it is very competitive. And then we also have other lines of business in Chola MS. In what we are attempting to do in Chola MS is to progressively improve other lines of business which could be commercial lines of business, which could be accident and travel lines of business. And thus reducing the share of the motor business. But here again being on the retail side it gives us quit we large geographical spread as well. we do recognise but overall as motor we have a very high percentages portfolio. Which will be strategically reduced over the next couple of years. We certainly will ensure that the portfolio is much better balanced. You have talked about some proactive steps through buy and reduce possible impairments. I think it's a good thought and as we speak in this year from the 74% as you stated the current motor exposure is 63 percent and clearly we will be working on this front going forward

as well by ensuring that one we look at the smaller percentage in the future and also increase the exposure to property, commercial, health accident and travel lines of business.

Mr. Abhishek, thank you for your good wishes. What is the real impact of covid-19. As I mentioned in my opening remarks until the month of May, we couldn't do very much business because of the lockdowns. Lockdowns have been progressively eased and therefore we are progressively improving our business. We have focused quite a lot as I mentioned in response to the earliest speaker we are focused quite a lot on more balanced portfolio and you will be happy to know that during covid-19 exposure to motor has been reduced, exposure to Commercial lines etc. have been increased. Relative to employees etc all our employees are currently employed with us. We have not asked any of our employees in our investee company Chola Insurance to leave because of cost reduction measures. You talked about the directors. Our board of directors come from a variety of industries. Our directors come from backgrounds in Business management and operation. They come from backgrounds of Banking. They come from backgrounds of consumer facing businesses and consumer understanding they come from background on accounting and regulatory expertise etc. So we have a cross-section of directors who come from a variety of industries. And so do the board of our underlying investments. Chola investment and finance has also Chola MS. Being a large shareholder we are keen that these two business do well and our directors provide us the counsel and the balance in order to support these two businesses.

In addition to the questions that has been asked we have received few questions related to the annual report. We have a question from Mr. Suhas Mannur HUF. Are there any inorganic plans for your general insurance business plans and also any plans for entering Life Insurance. Mannur there are no plans as of now. We have another question similarly from T Meenakshi. Any plans to enter life and health insurance? Life Insurance, No, Health Insurance we're already there under Chola health it is within the company itself is not the separate entity but we do provide Health Insurance under Chola MS general insurance.

Name is confusing with Chola finance and can we change it to Chola Insurance Limited. The insurance company is called Chola MS General Insurance to reflect both partners Chola and Murugappa group and Mitsui Sumitomo general insurance there 40% partners and Chola Murugappa 60% partners so that name of that company reflects both partners. And therefore our company Chola Financial Holding shares of both these companies and hence it is called Chola Financial Holdings.

Mr. Satyender Golla ask question as to how our employees working are any risk of jobs and what are we planning for this covid. I responded to another shareholders question along similar lines and all are working well wherever we are located in containment zones. We are taking adequate precautions where there are a few of our employees who have been infected but thank god touchwood they are all well and we are providing them all the support that we can and there is no employee of Chola Financial Holdings who have been retrenched. Thank you for your good wishes to the company.

We have one more question from Urjita Master. We have a question state that what is the strategy in terms of improving two wheeler mix in the OD book and the overall OD mix within the motor insurance. This is roughly about the two wheeler is roughly about 98 crores. I think at this point in time and much more provision or write off on the investment book that will be done in FY21. We are constantly monitoring this investment book and will make adequate provision perhaps even if it means to a tune of 100 crores or more we will make those provisions. You will be pleased to know that we have provided as of now about 84% of the total impairments that we foresee.

Relative to the road maps on premium growth combined ratios, RVs etc., we do not make any forward-looking statements but we will be focused on looking at the portfolio that we have in terms of lines of business, terms of motor vehicles, Property, commercial lines, health, accident travel etc accepted to give it even better balance. And also we will work towards a lot more prudence in terms of ensuring that we are more efficient. We will work more digitally both in terms of reaching out to customers and ensuring internal efficiency. Do we have any capital raising plans at the moment? At the moment not. Our solvency is adequate and we believe if everything goes well our solvency will even get better, as we go forward.

We have one more question that I see. That is from Sivakumar. Can you elaborate the plans to unlock value in the insurance company by listing or other means? At this point in time we have no plans to list the company, both partners are very clear that the company has adequate resources to go forward and if we require more resources both partners are willing to put in those resources as of now.

Having gone through all the members' questions, first of all I thank you all for your interest in the company and we greatly appreciate.

May I now request, the members who have not cast their vote may now cast their vote. The e-voting system will continue to be active until 15 minutes from the closure of this meeting. Mr. R. Sridharan, Scrutiniser will submit a report to the Company after consolidating the remote e-voting and voting during the AGM. I request the scrutiniser for an orderly conduct of the voting.

The result will be declared along with the scrutiniser's report and be placed on the website of the Company, www.cholafhl.com and on the website of KFIN Technologies, within 48 hours from the conclusion of this meeting and communicated to the stock exchange(s) which will be available on their websites as well.

Ladies and Gentlemen,

As there is no other business to be transacted, I thank you all for your cooperation in ensuring a smooth conduct of the meeting and I thank you for your interest in the company. I now, declare the meeting closed.

Thank you all very much once again.

Jai Hind
