



Chola

Financial Holdings

**CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED
(CFHL)**

CORPORATE PRESENTATION – FY20



murugappa

Murugappa Group in a Nutshell



Years of Existence



Consolidated Turnover (FY19)



Group Market cap (as on 31st Mar 2019)



Sectors



Businesses



Listed Companies



Geographical Presence



Manufacturing Locations



Work force

SPIRIT OF MURUGAPPA



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

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

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

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

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

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

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

45.50%

Cholamandalam
Investment and
Finance Company
Limited (CIFCL)

- Subsidiary (as per Ind AS)
- Associate (as per Companies Act)
- Listed Company
- Leading NBFC - Vehicle Finance, Home Equity, Home Loans and Business Finance

60.00%

Cholamandalam MS
General Insurance
Company Limited
(MSGICL)

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

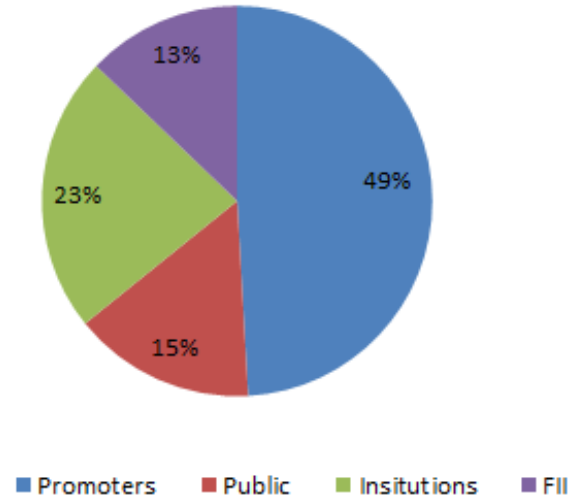
49.50%

Cholamandalam MS
Risk Services Limited
(CMSRSL)

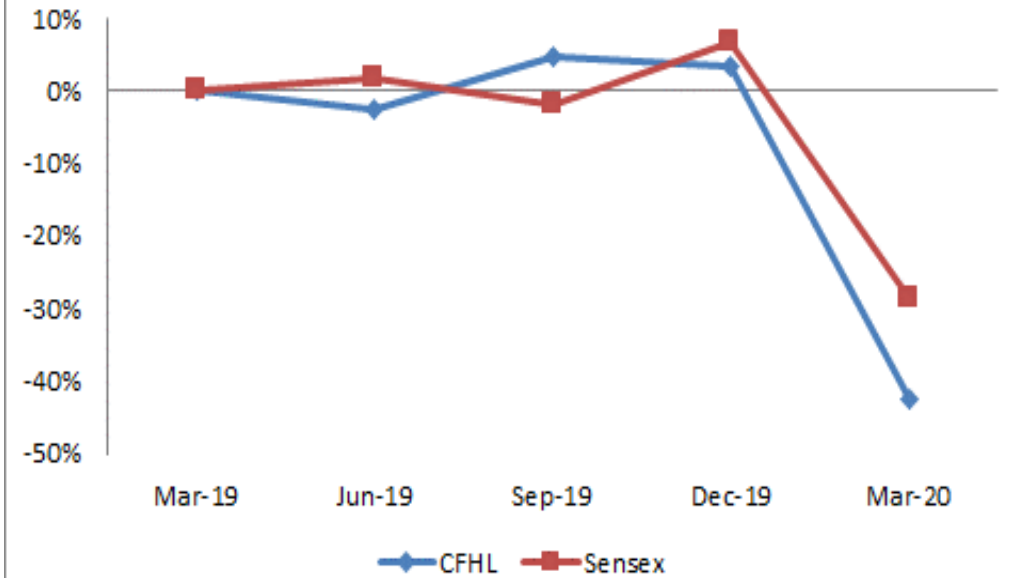
- Joint Venture with Mitsui Sumitomo Insurance Group, Japan
- Unlisted
- Risk Management and Engineering Solutions - Environment, Health and Safety

Shareholding pattern & Share price movement

Shareholding Pattern
as of March 31, 2020

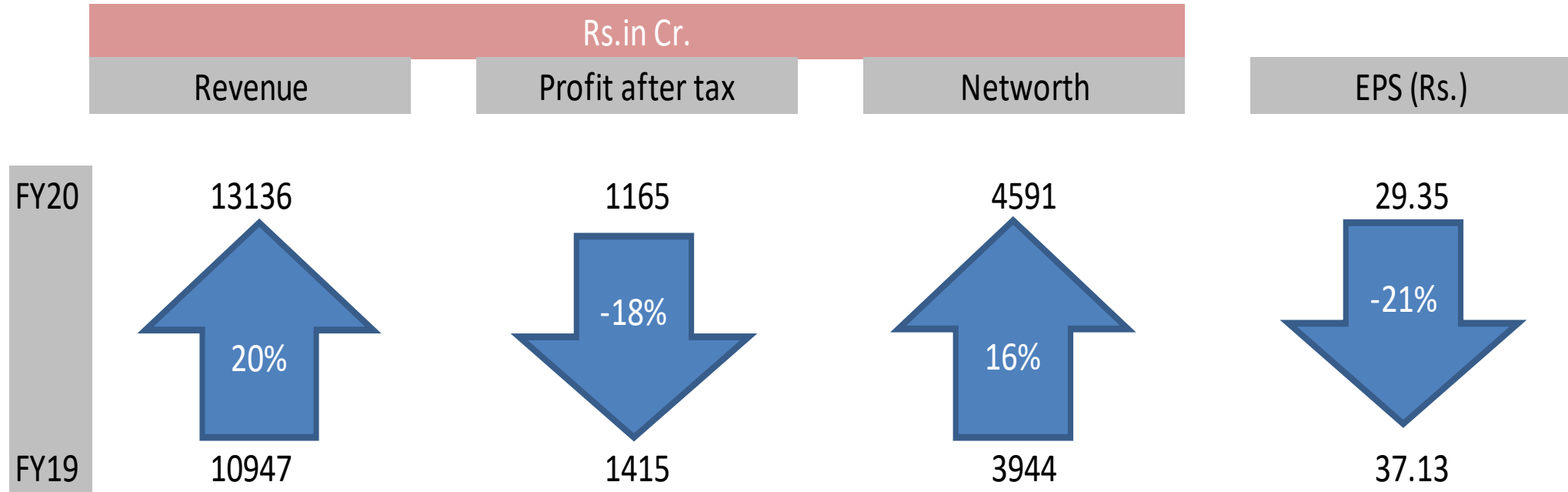


Share Price movement



	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
CFHL (Rs. / Share)	479.00	466.05	488.15	504.20	290.05
BSE Sensex	38,672.91	39,394.64	38,667.33	41,253.74	29,468.49

Performance Highlights - Consolidated

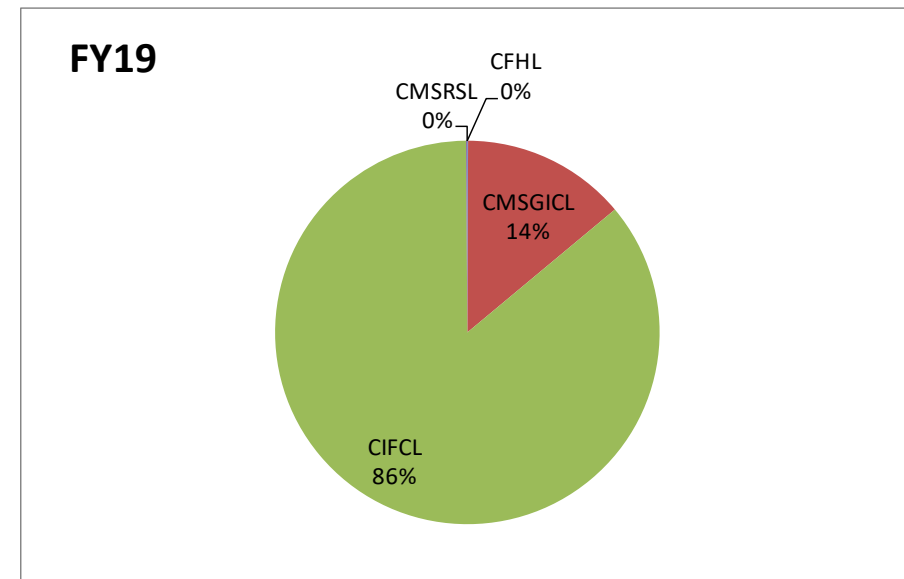
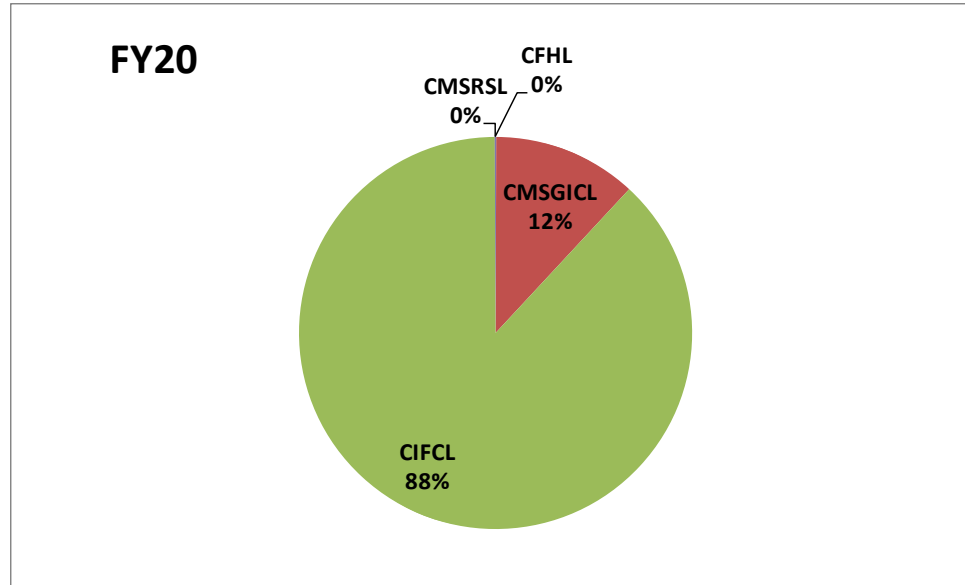


Major reasons for Drop in Profit after tax

- One time impairment provision of Rs 504 Cr. on loans to cover contingencies on account of COVID-19 and related macro-economic conditions;
- Provision / Write off of stressed assets in investment portfolio – Rs 281 Cr. and
- Remeasurement of deferred tax asset consequent to reduction in Income Tax Rate during the year – Rs 168 Cr.

Performance Highlights - Consolidated

Profit after tax



Rs.in Cr.

CFHL	CMSGICL	CIFCL	CMSRSL	CFHL Consol
1	138	1026	1	1165

Rs.in Cr.

CFHL	CMSGICL	CIFCL	CMSRSL	CFHL Consol
1	196	1217	1	1415

Financial Performance & Metrics

CFHL - Standalone Particulars (Rs. in Cr)	FY20	FY19
Income	91	74
Expenses	4	3
Profit Before Tax	87	71
Tax Expense	4	4
Profit After Tax	83	67

Balance Sheet (Rs. in Cr)	As at March 31, 2020	As at March 31, 2019
Networth	1,118	1,065
Current Liabilities	204	3
Total Equity and Liabilities	1,322	1,068
Investments and Bank deposits	1,322	1,068
Other Assets	0	0
Total Assets	1,322	1,068

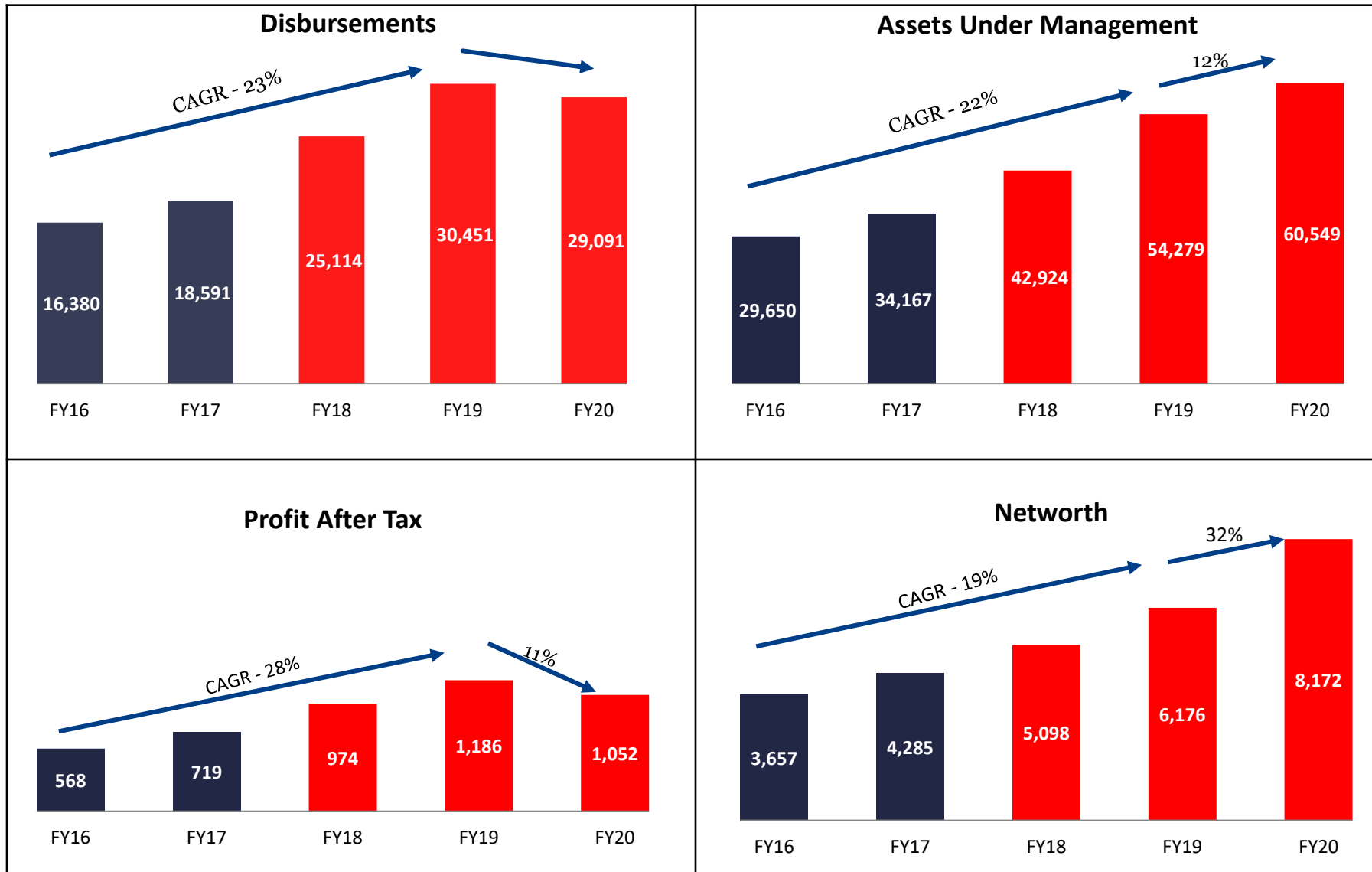
CIFCL	FY20	FY19
Disbursements (Rs. in Cr)	29,091	30,451
Assets Under Management (Rs. in Cr)	60,549	54,279
No. of Branches	1,105	900

CMSGICL	FY20	FY19
GWP (Rs. in Cr)	4,824	4,552
Investment Portfolio (Rs. in Cr)	9,027	7,697
No of physical touch points including SMO	607	560

CMSRSL	FY20	FY19
Income (Rs. in Cr)	49	43
PAT (Rs. in Cr)	4	4
Networth (Rs. in Cr)	24	21

Cholamandalam Investment and Finance Company Limited
(CIFCL)

CIFCL: Financial Summary (Rs. in Cr)



■ IGAAP ■ IND AS

Vehicle Finance

Vehicle Finance: FY20 Performance

Disbursements

- Disbursements has degrown -6% in FY20 as compared to FY19.

Assets under management

- Assets have grown by 9% as compared to FY19.

Loss and provisions

- Loan losses is at 0.9% as compared to 0.8% of FY19 at normal level as well as after adjusting COVID & Macro Provision.

Profit before tax

- PBT growth over FY 20 was 6% (without considering the Incremental provisions towards COVID and Macro) and PBT after considering the provision registered a de-growth of 26%

Sector outlook – Vehicle Finance business

Sector Outlook

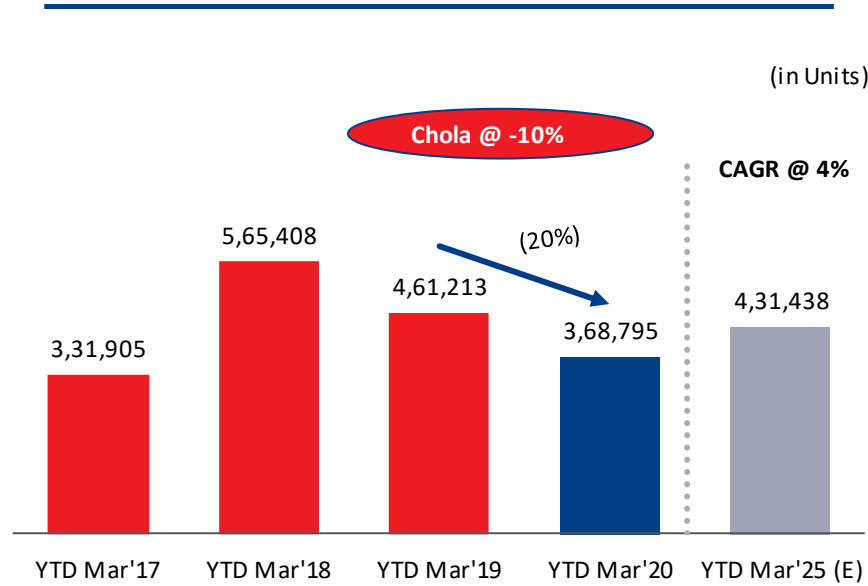
- A faster recovery of the Rural sector and a good Rabi harvest expected to support tractor demand immediately post easing of lockdown. Clearing supply chain bottlenecks and availability of labor for OEMs key to ensure supply.
- Demand for Light Commercial Vehicles expected to be significantly lower than expectation during Q1 FY21 due to lower private consumption, reduced freight demand and lower disposable income among transporters; likely to bounce back from Q2
- Used commercial vehicle transactions 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.
- Three wheeler and Small commercial vehicle demand to be least impacted due to its nature of deployment in last mile transportation

Chola's Position

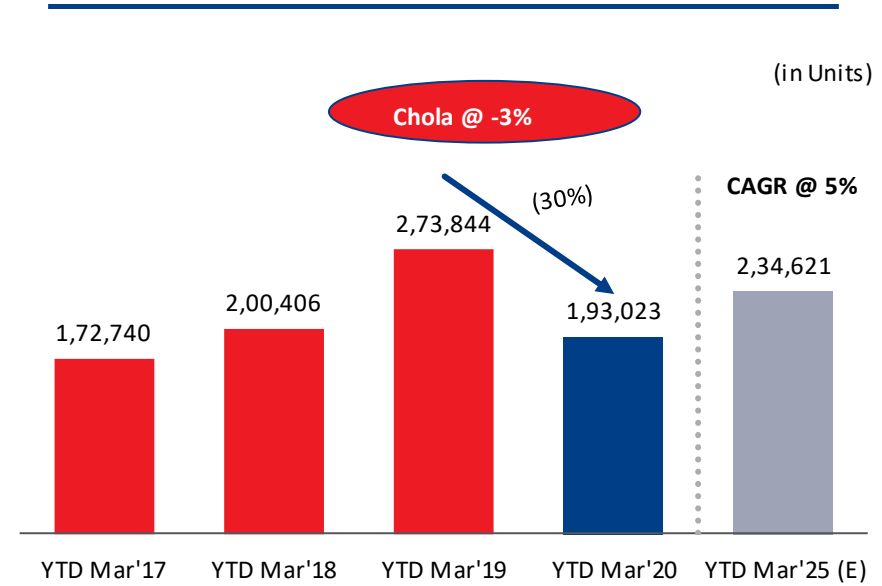
- More than 80% of our branches are present in the rural areas, towns and semi urban areas which gives us a clear advantage to capitalise the rebound in rural demand.
- Any uptick in the demand of Light commercial vehicle will help us in garnering greater market share due to our presence in rural areas
- We are one of the largest player in the used vehicle financing business with a disbursement mix of almost 30% in this segment which will enable us to cater to this segment effectively and generate disbursement volumes during the challenging times ahead.
- We are one of the leading players in this segment. Any uptick in the demand of Three wheeler and Small commercial vehicle will help us in garnering greater market share due to our presence in rural areas.

Auto Industry Outlook

Trend in Domestic LCV Sales



Trend in Domestic SCV Sales

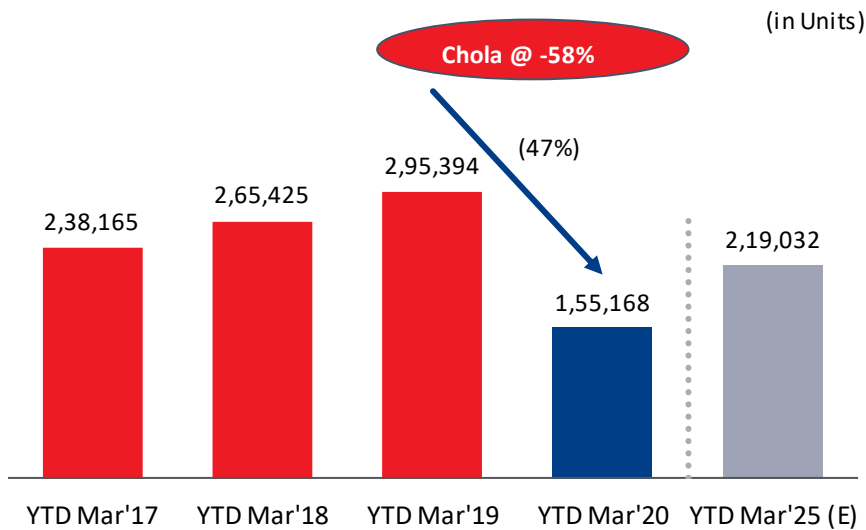


- Stronger demand from Consumption-driven sectors and E-commerce focused logistic companies will aid growth
- Demand for Pickups will increase in long term due to higher flexibility in usage over sub one tonne vehicles
- Bus sales to be supported by growing urban population, demand from schools and corporates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

Source: FY 17 to FY 25 numbers are from SIAM
FY 25 numbers are from CRISIL Research (proportionately adjusted for Year to Date)

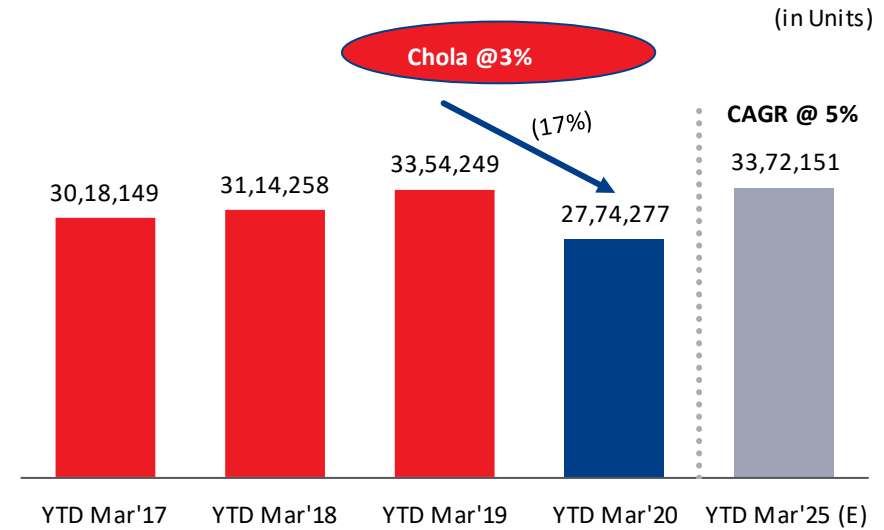
Auto Industry Outlook

Trend in Domestic HCV Sales



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

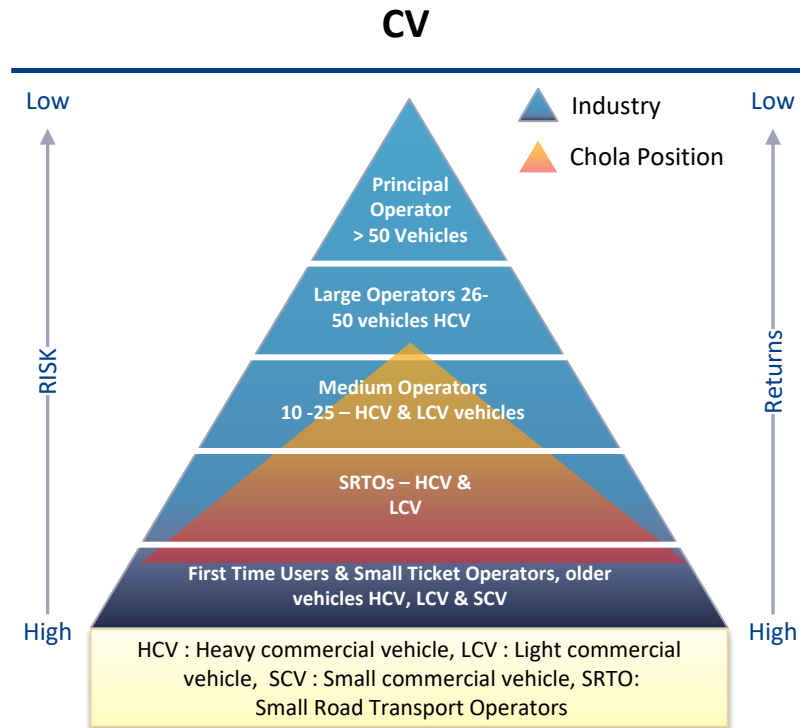
Trend in Domestic Car & MUV Sales



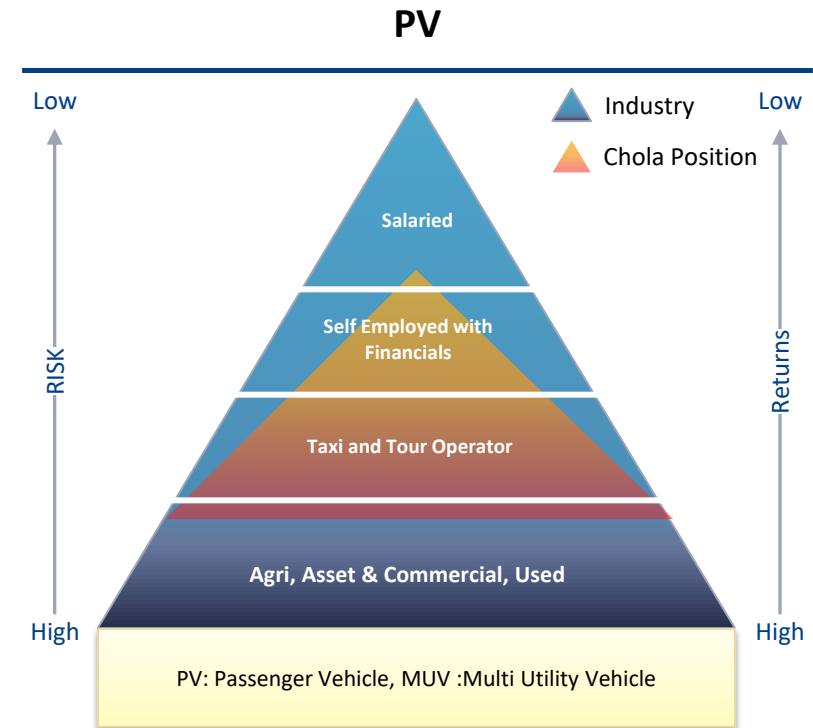
- Higher Income, lower penetration and lower cost of capital to boost long term demand
- Improved vehicle penetration from 23 vehicles per 1000 to upto 28 vehicles per 1000 population over the next 5 years

Source: FY 17 to FY 25 numbers are from SIAM
 FY 25 numbers are from CRISIL Research (proportionately adjusted for Year to Date)

Vehicle Finance—Business Model & Positioning

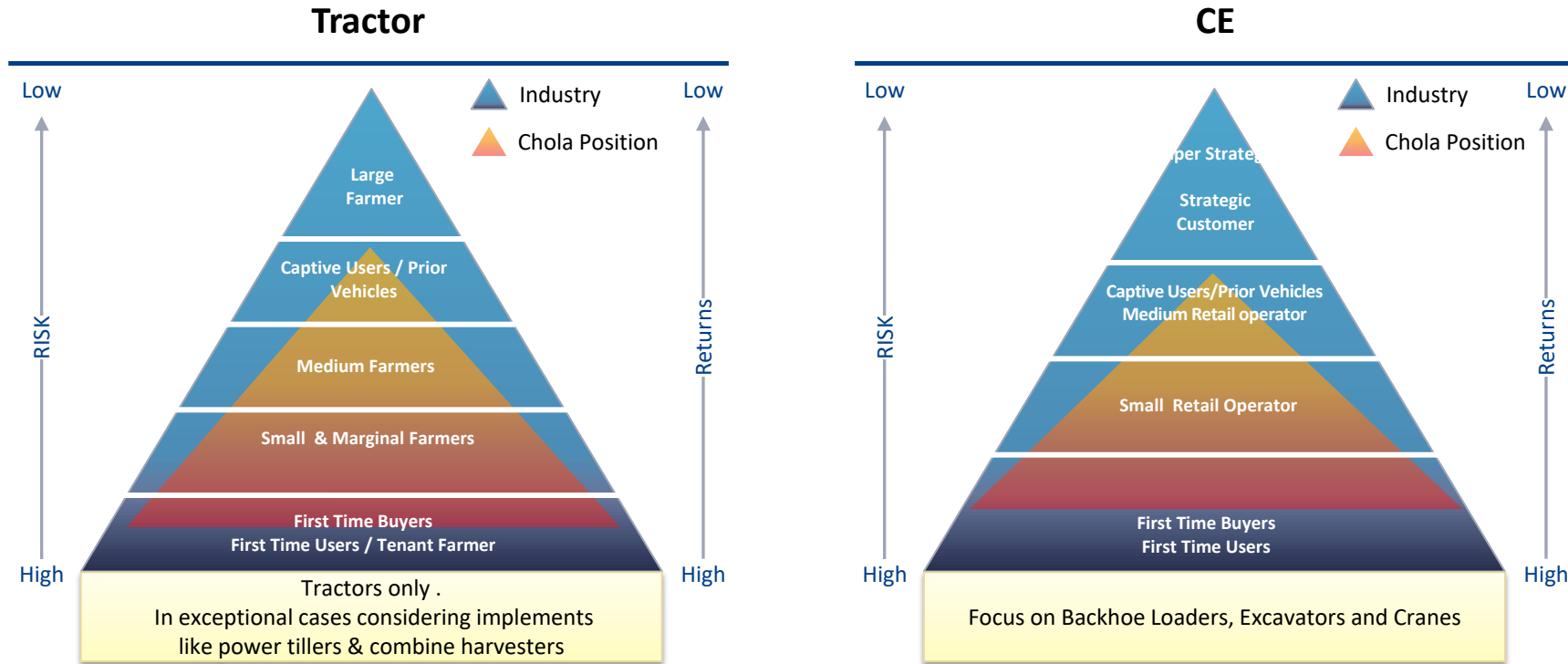


- ~65% of disbursements are to micro & small enterprises and agri -based customer segment
- Chola positioning-
 - Middle of the pyramid through New CVs, Used CVs
 - Top of the Bottom of the pyramid through SCV & older CVs Shubh



- ~ 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



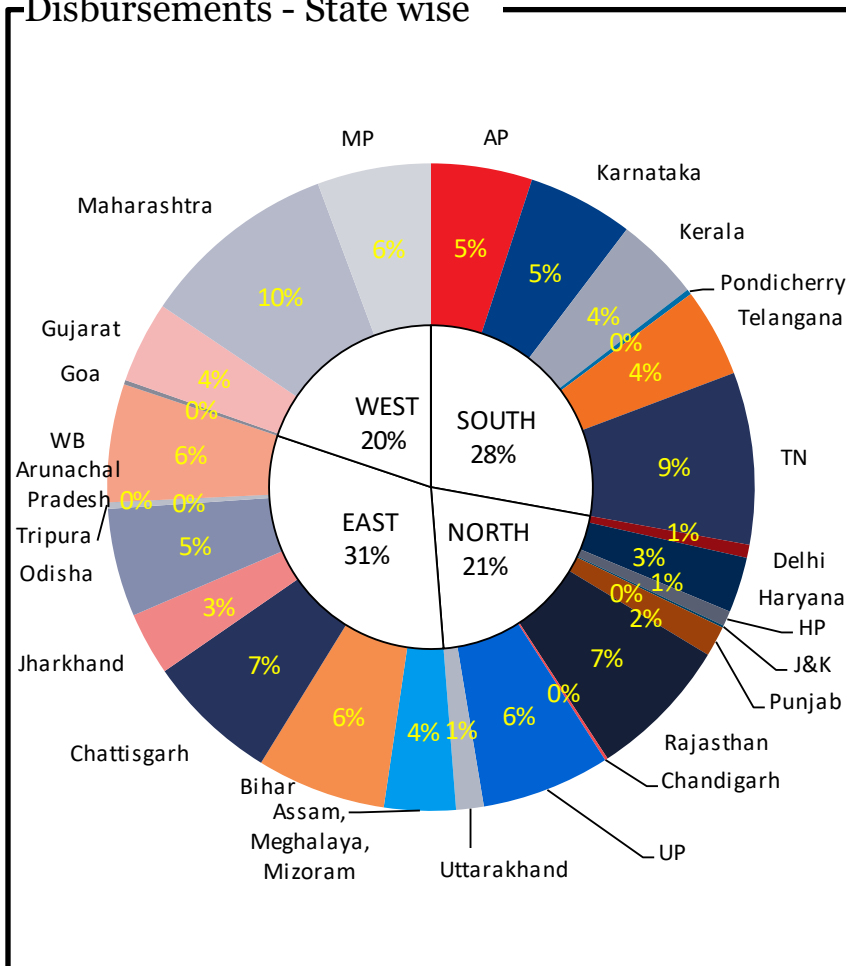
- ~65% of disbursements are to agri -based customer segment
- Application -
 - Agri usage
 - Commercial usage
 - Agri and Commercial usage
- New & Used

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

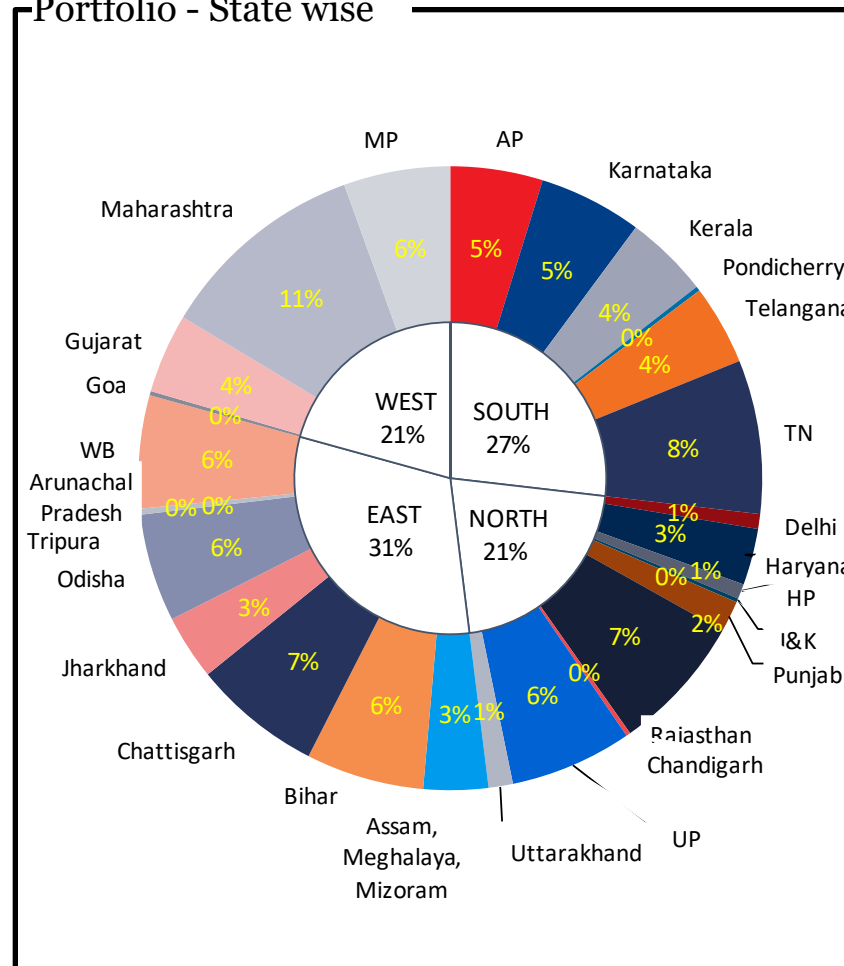
Vehicle Finance - Disbursement/Portfolio Mix – FY20

Well diversified across geography & product segments

Disbursements - State wise



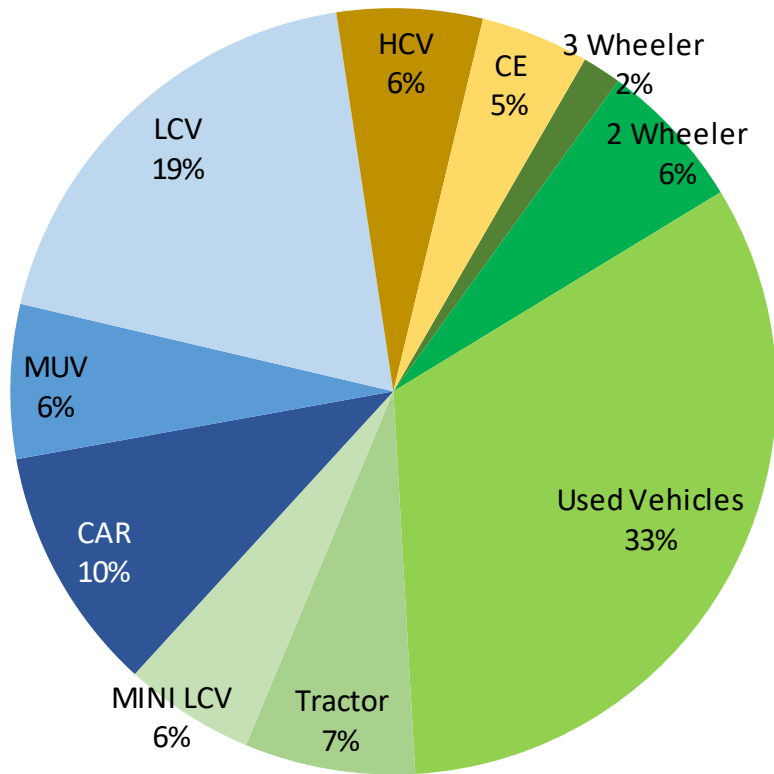
Portfolio - State wise



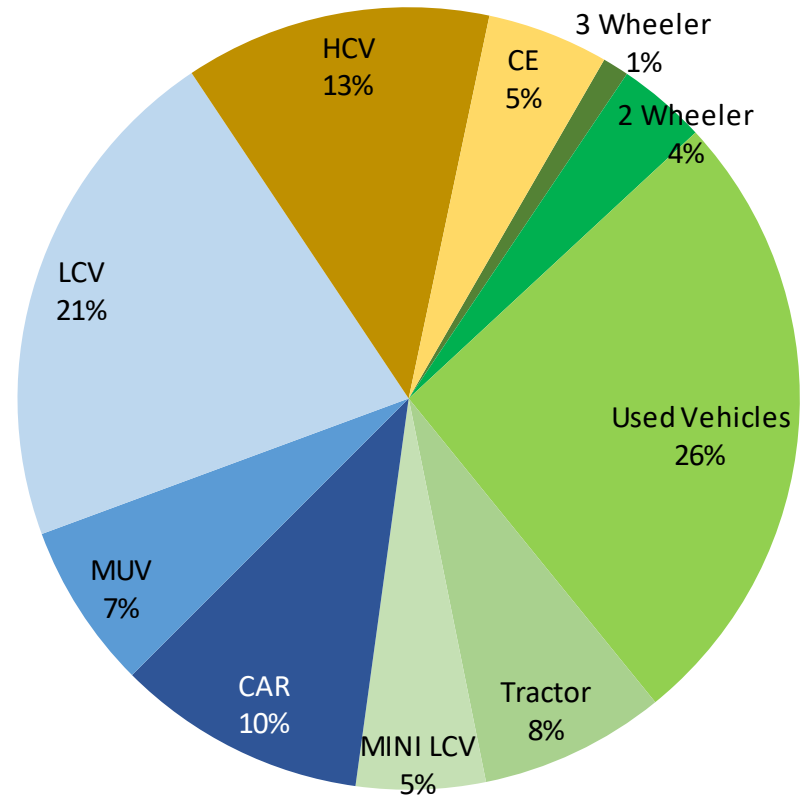
Vehicle Finance - Disbursement/Portfolio Mix – FY20

Well diversified across geography & product segments

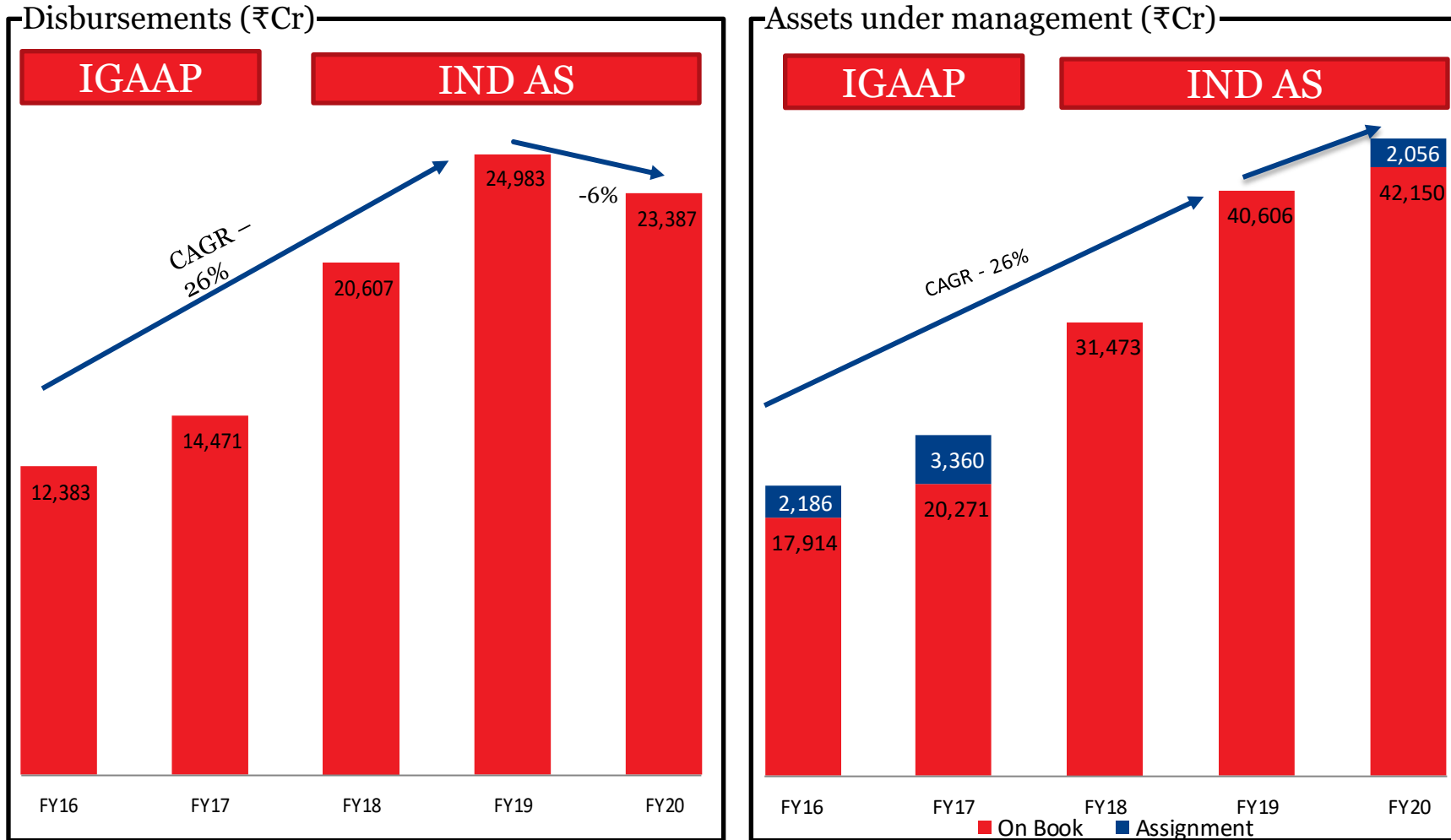
Disbursements (₹Cr) - Product wise



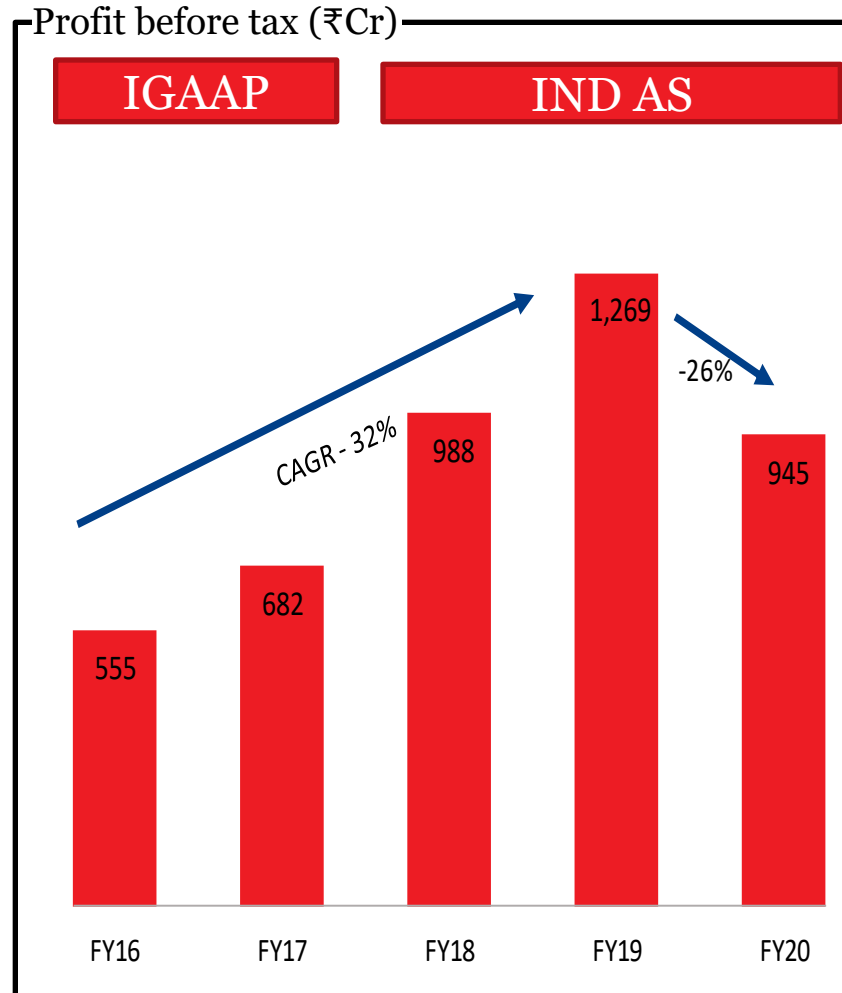
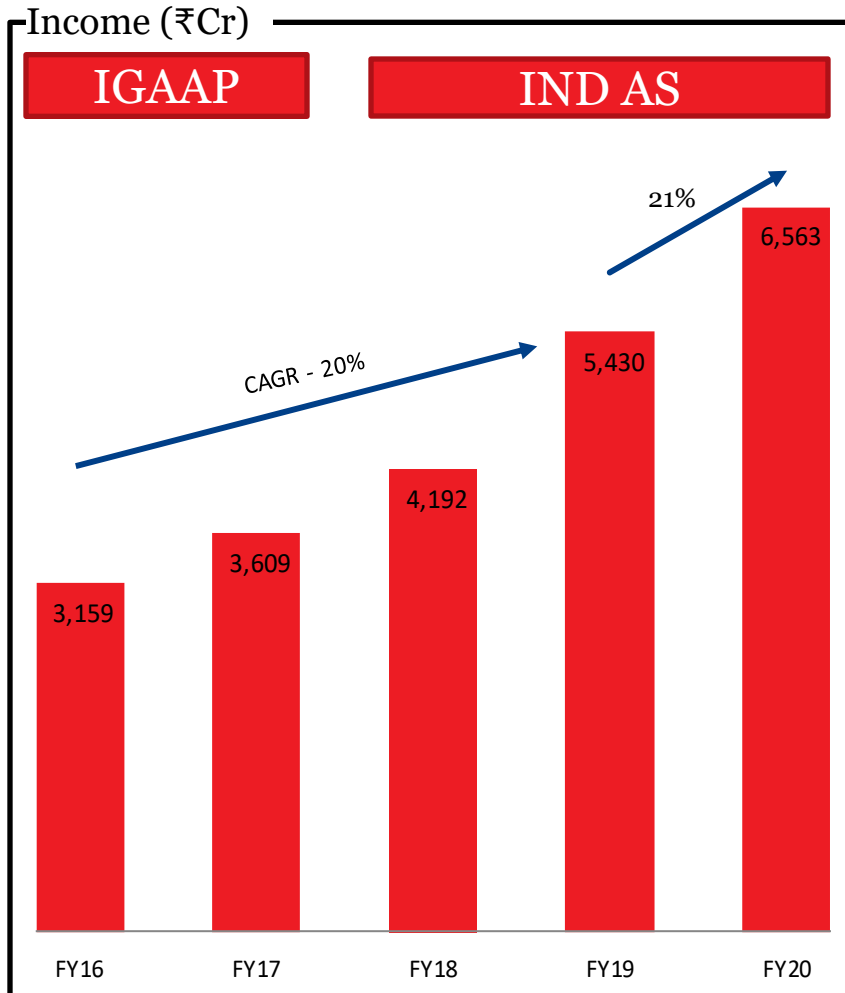
Portfolio (₹Cr) - Product wise



Vehicle Finance: Financial summary FY20 (I)



Vehicle Finance: Financial summary FY20 (II)



Home Equity

Home Equity— FY20 Performance

Disbursements

- Disbursements has de-grown -5% in FY20 as compared to FY19.

Asset under management

- The business has grown the Assets by 11% in FY20

Loss and provisions

- Loan losses is at 0.04% from -0.04% at normal level & is at 0.7% from -0.04% after adjusting COVID & Macro Provision as compared to FY19.

Profit before tax

- PBT growth over FY 20 was 10% (without considering the Incremental provisions towards COVID and Macro) and PBT after considering the provision registered a de-growth of 20%

Home Equity: Industry outlook

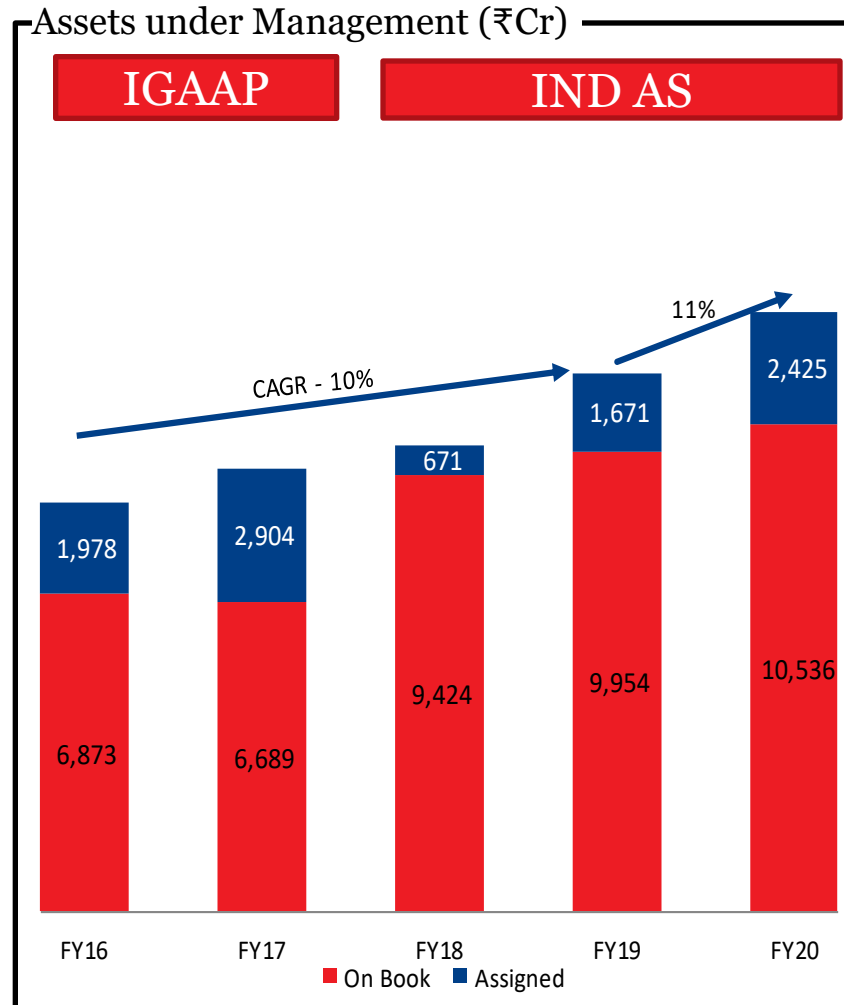
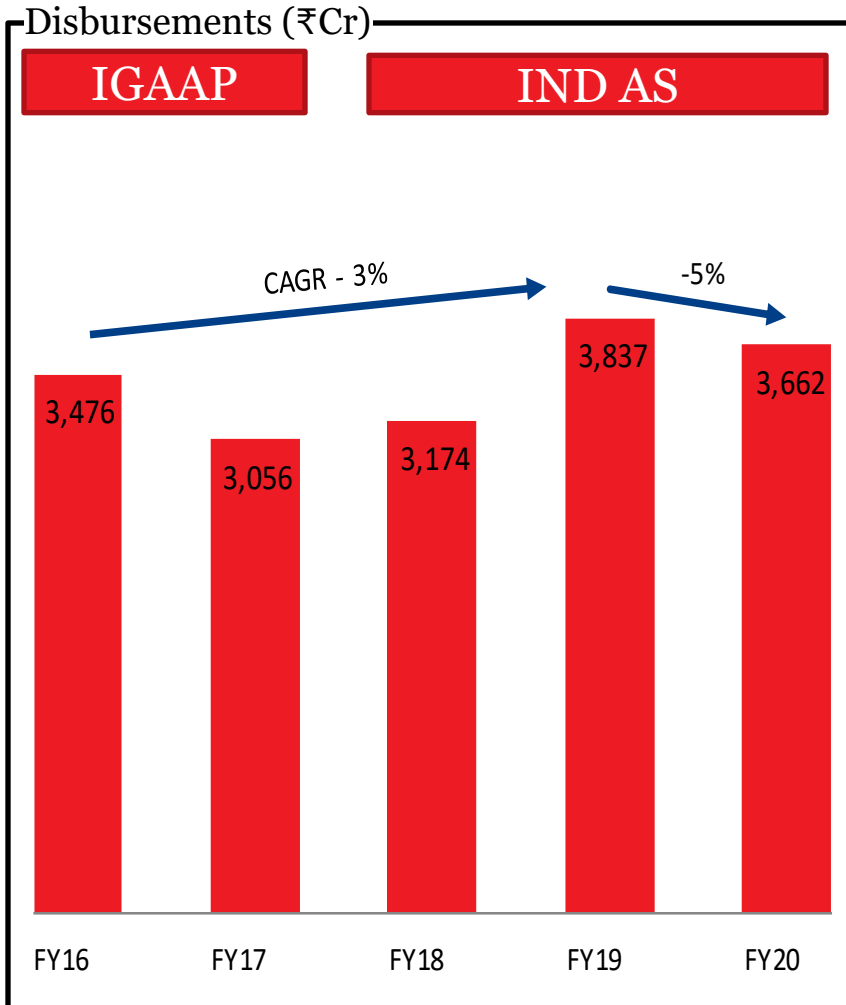
Sector Outlook

- CRISIL expects the COVID-19 pandemic and the lockdown to impact credit growth majorly during first half of fiscal 2021. Measures from RBI and Government are likely to expedite the recovery process
- Cashflow impact likely to remain in the short term even after lockdown eases, due to supply chain disruptions and counterparty debtor risk across the value chain
- Property prices may face downward revision in the short term, however lenders with optimal Loan-to-Value (LTV) ratio in their portfolio are expected to wear out this challenge sooner than others
- Asset quality concerns are expected to pose challenge over the next one year

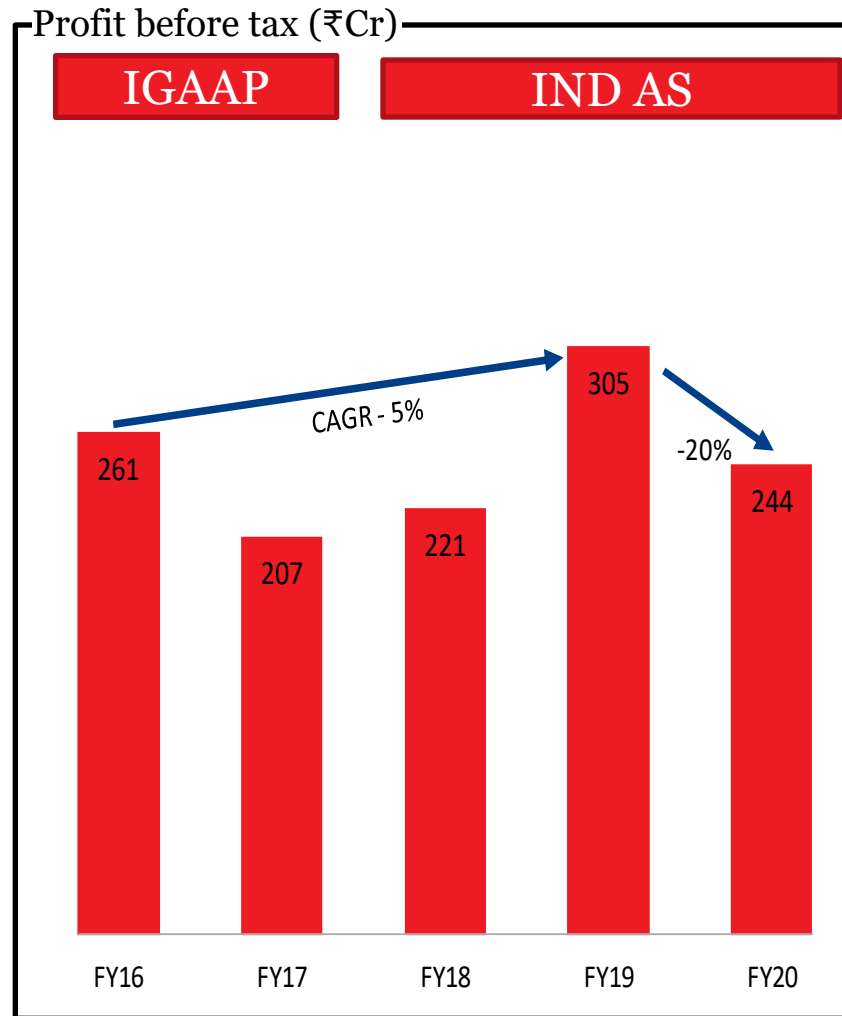
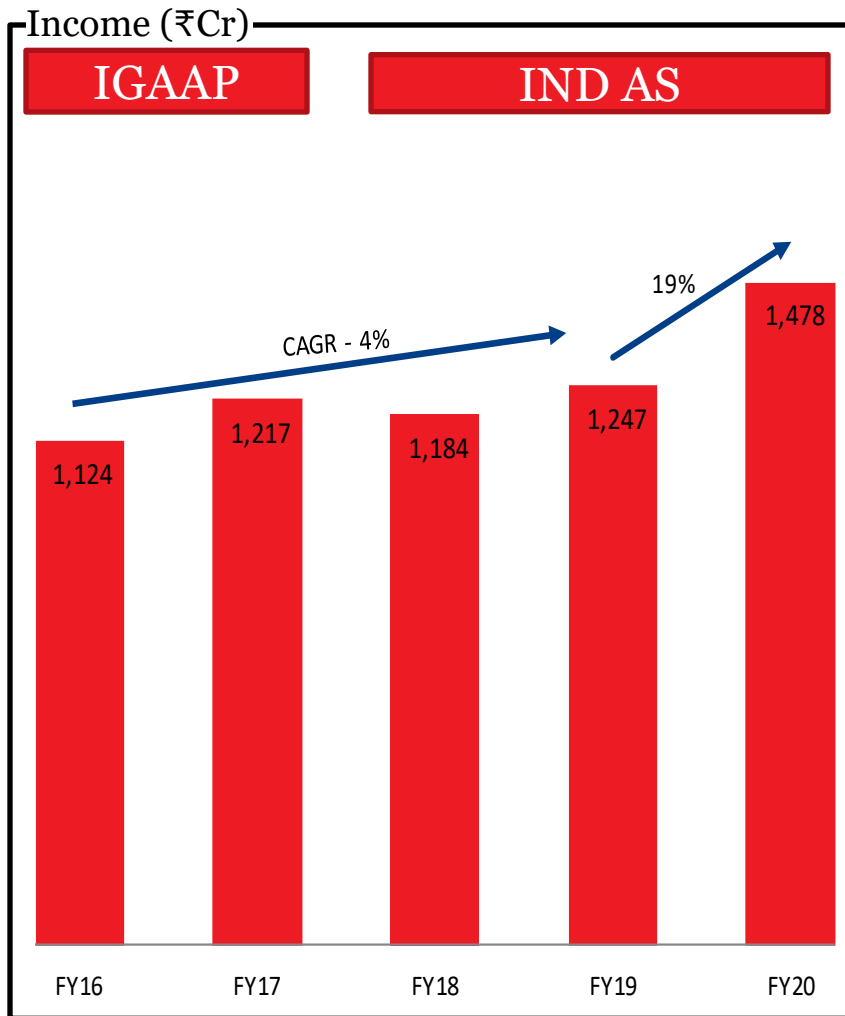
Chola's Position

- Chola shall continue to focus on retail ticket size loans to reduce concentration risk
- Chola's portfolio LTV at origination is low at ~52% - provides adequate security cover
- Revision of SARFAESI limit to 50 lakhs will positively impact Chola
- Chola's focus on tier 2,3 cities and retail trader segment will help bounce back
- Chola has very low exposure to commercial properties

Home Equity—Financial Summary FY20 (I)

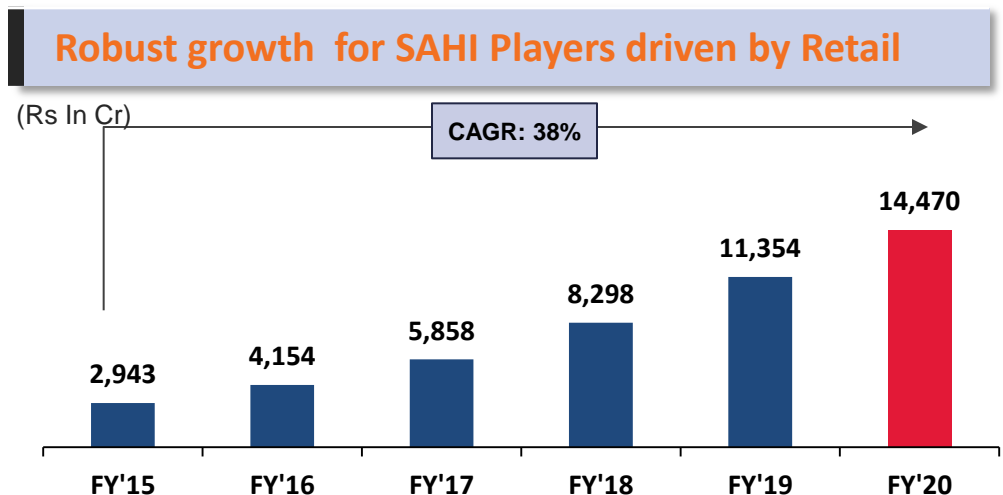
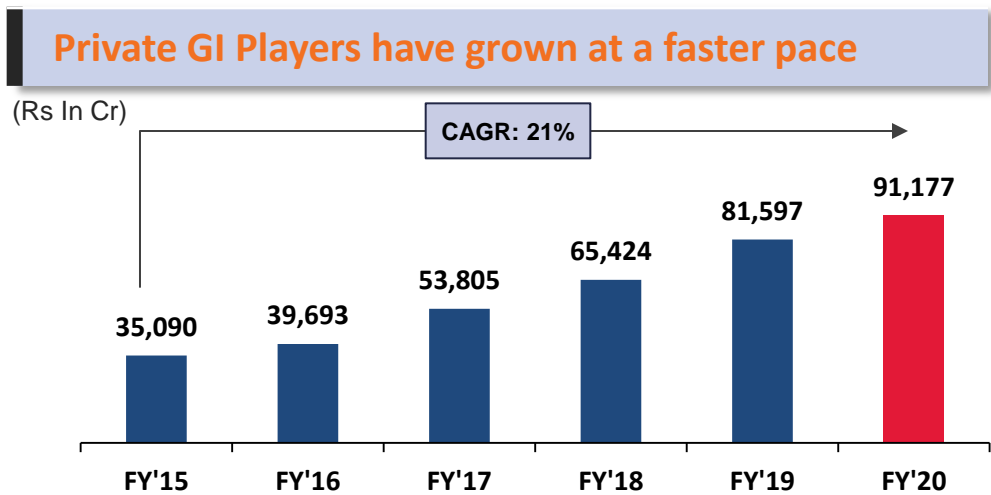
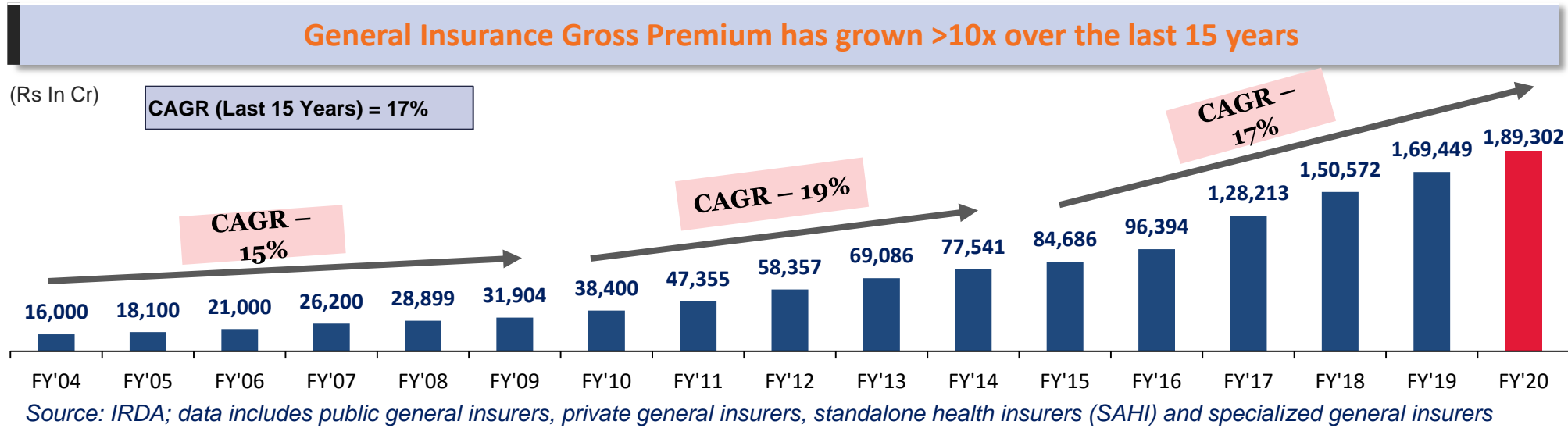


Home Equity—Financial Summary FY20 (II)



Cholamandalam MS General Insurance Company
Limited
(CMMSGICL)

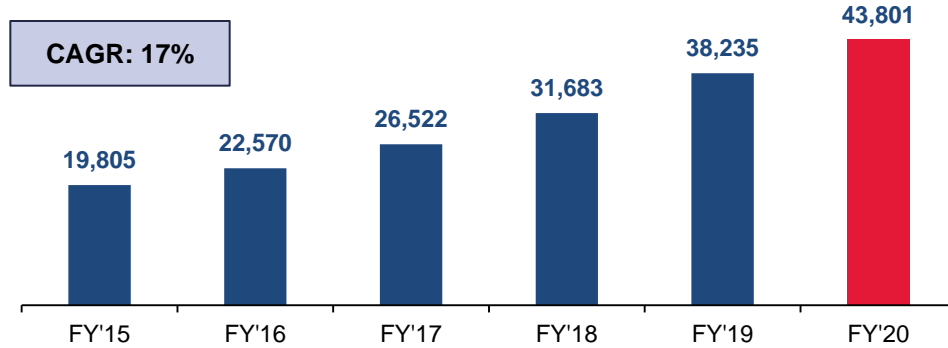
Industry has Witnessed Strong Growth Over the last 15 Years



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

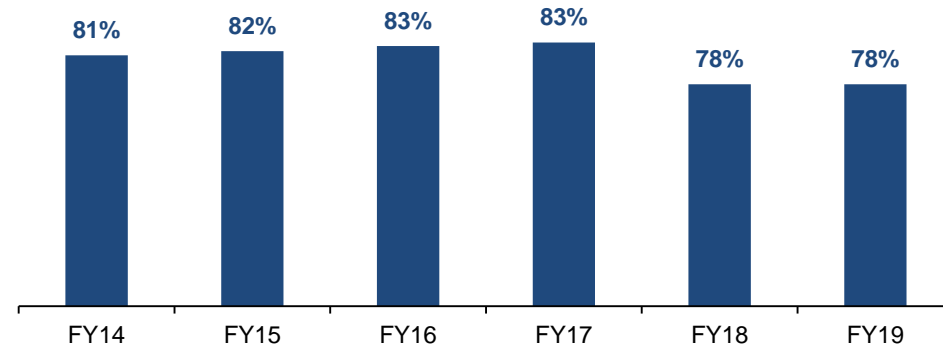
Motor accounts for 63% of the overall GWP for Private General Insurers (single largest segment)

(Private Motor Insurance – GWP Rs in Crs)



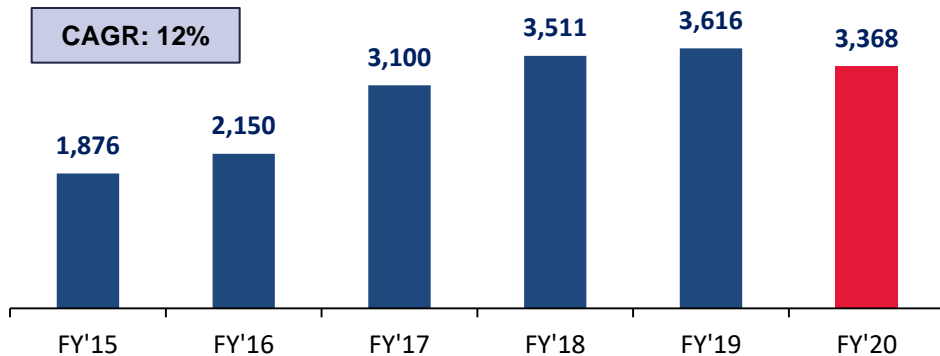
With favorable regulations & increasing motor premium – Claims ratio is expected to normalize

(Private Motor Insurance – Claims Ratio)



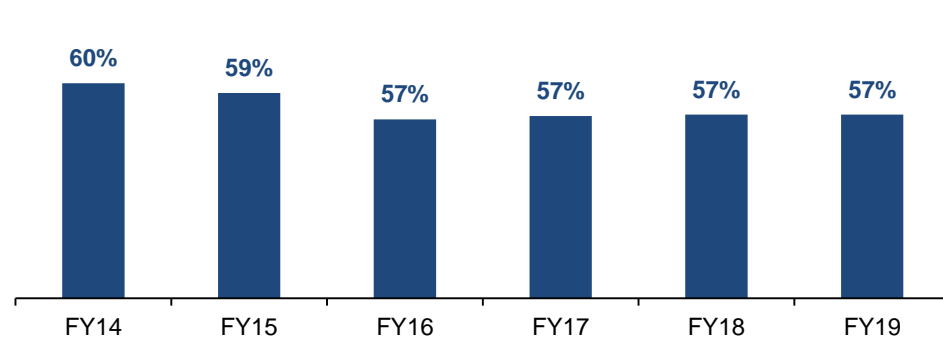
Retail Health (4%* of overall GWP) is the fastest growing segment (12% CAGR)

(Private Retail Health Insurance – GWP Rs in Crs)



Retail Health has been a profitable segment with improving claims ratio

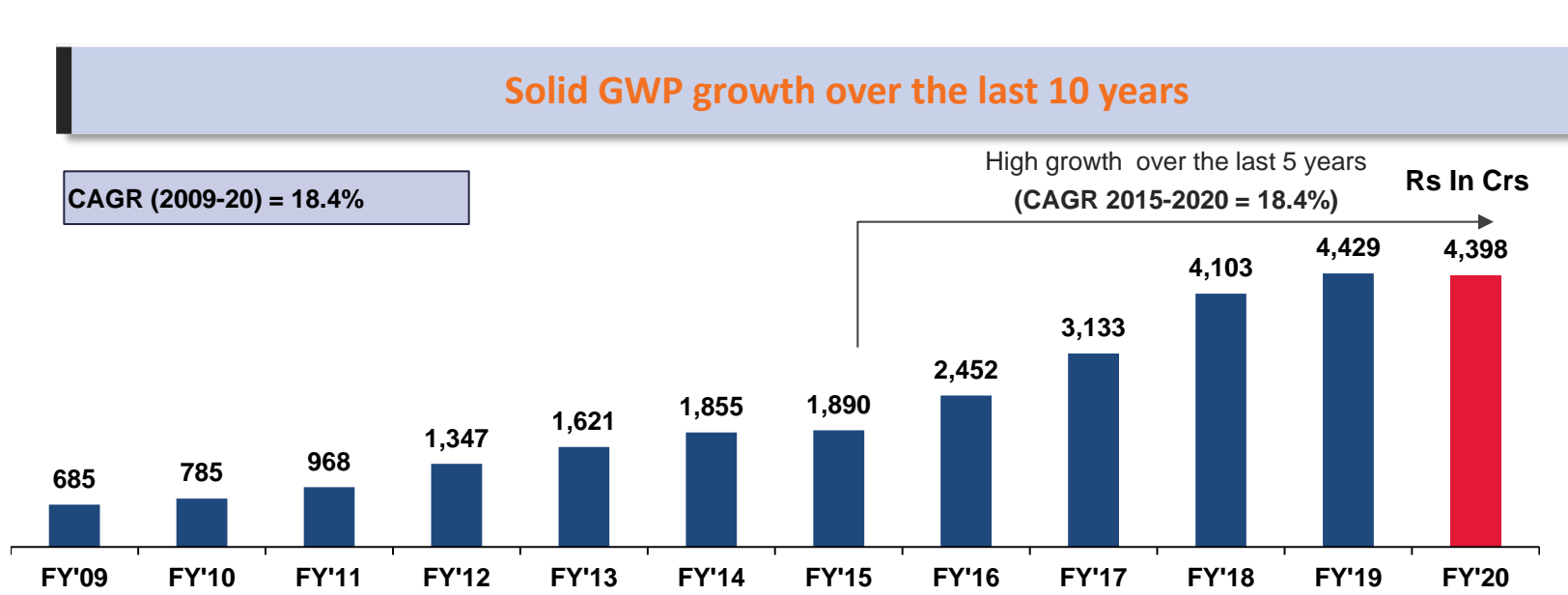
(Private Retail Health Insurance – Claims Ratio)



Industry Landscape – Solid GWP Growth for Private GI Players (Ex-Crop)

Insurers	FY'20 GWP (Rs in Crs)	Growth over FY'20	Market Share	Last 5 years GWP CAGR	FY'20 Motor Mix %	FY'20 Heath + PA Mix%	FY'20 Fire Mix%
ICICI-Lombard	13302	10.5%	9.4%	15.4%	51.0%	24.0%	11.7%
Bajaj Allianz	10298	7.3%	7.3%	17.2%	50.8%	22.9%	11.9%
HDFC ERGO	7145	9.7%	5.1%	22.2%	47.4%	26.7%	13.7%
IFFCO-Tokio	6078	19.9%	4.3%	13.3%	58.0%	23.1%	8.7%
Reliance	5685	21.9%	4.0%	20.7%	54.7%	26.0%	12.3%
Tata-AIG	6966	6.1%	4.9%	24.6%	58.0%	13.8%	13.6%
SBI General	4581	43.3%	3.2%	24.1%	34.2%	34.4%	26.1%
Chola MS	4379	9.7%	3.1%	17.3%	74.1%	14.2%	7.8%
Royal Sundaram	2906	4.8%	2.1%	14.3%	71.6%	15.5%	7.7%
Future Generali	2505	22.0%	1.8%	13.5%	54.1%	18.3%	13.7%
Bharti AXA	2306	32.6%	1.6%	16.0%	64.5%	13.5%	9.6%
Universal Sampo	1488	33.0%	1.1%	20.4%	59.2%	21.4%	12.1%
Shriram	2466	4.7%	1.7%	9.6%	96.6%	0.6%	1.4%
Go Digit	2199	126.6%	1.6%	NM	86.8%	1.8%	9.5%
Liberty Videocon	1531	36.1%	1.1%	39.1%	68.4%	17.3%	5.1%
Magma HDI	1225	26.2%	0.9%	32.0%	84.0%	4.2%	6.4%
Kotak Mahindra	433	43.9%	0.3%	228.5%	57.6%	30.8%	8.1%
Acko	373	163.2%	0.3%	NM	58.6%	25.9%	0.0%
Raheja QBE	158	36.3%	0.1%	53.1%	65.6%	0.6%	1.9%
DHFL General	158	-35.0%	0.1%	NM	55.7%	24.5%	15.3%
Edelweiss General	146	58.2%	0.1%	NM	52.2%	44.2%	2.5%
Average of top 10 Insurers				18.2%	55.4%	21.9%	12.7%

Amongst the Fastest Growing Private General Insurer



FY'20
8th Largest Private Insurer by GWP (8th Rank without Crop)

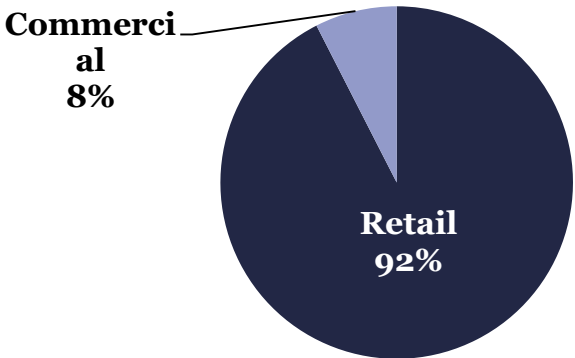
6th Largest Private Motor Insurer by GWP with 7.4% market share

6.7% market share in PA

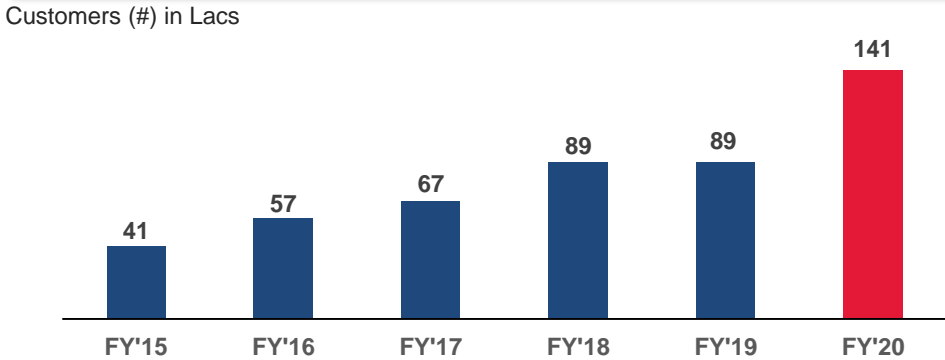


Retail Focused Diversified Operations

Retail dominated business mix



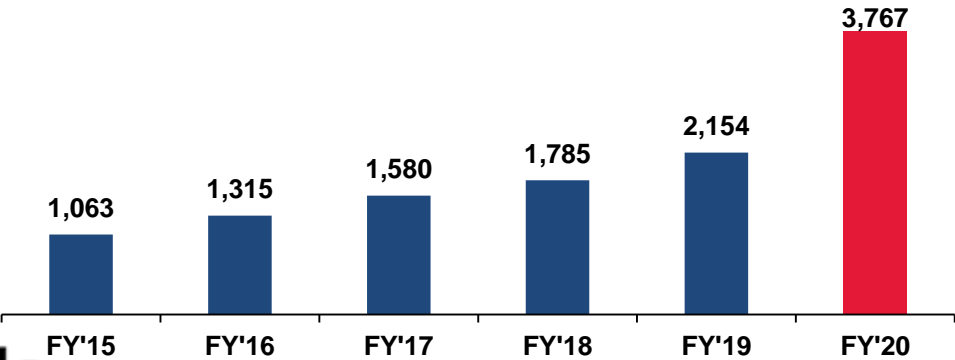
Granular book aided by increasing dispersed customer base



Significant growth in retail oriented policies

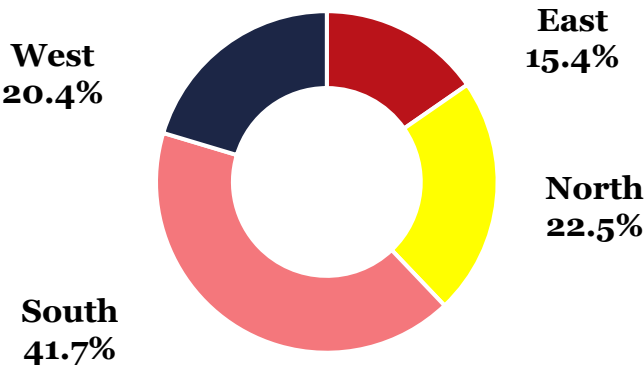
of Retail Policies (Motor, Retail Health, PA and travel) (000's)

CAGR (2015-20) = 28.8%



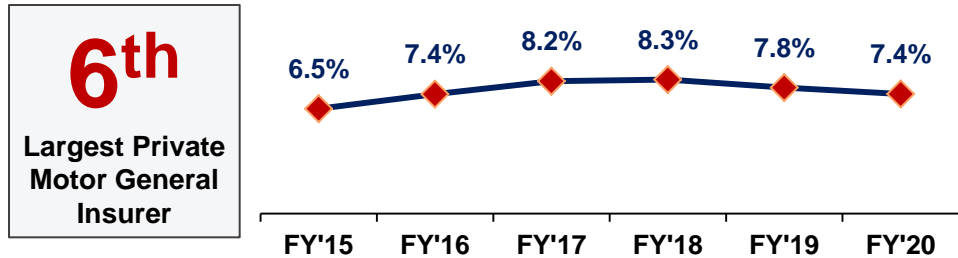
Balanced Geographic Presence – Mix %

Mix %



Dominance in Motor, Gaining Prominence in Other Segment

Increasing market share in Motor (Largest GI Segment)



6th
Largest Private Motor General Insurer

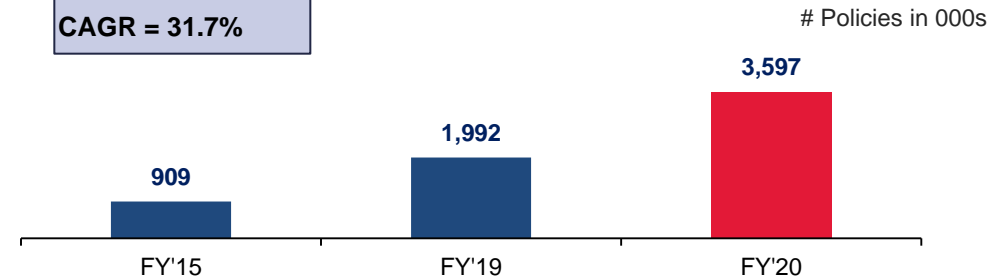
Significant OEM Tie-ups:



16% wallet share of Toyota's OEM channel
1 Toyota Insurer Rating for 18 consecutive quarters

Significant traction in Motor

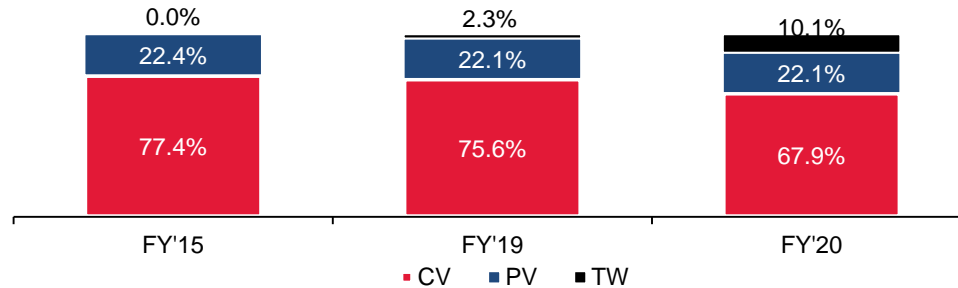
CAGR = 31.7%



Significant network support:

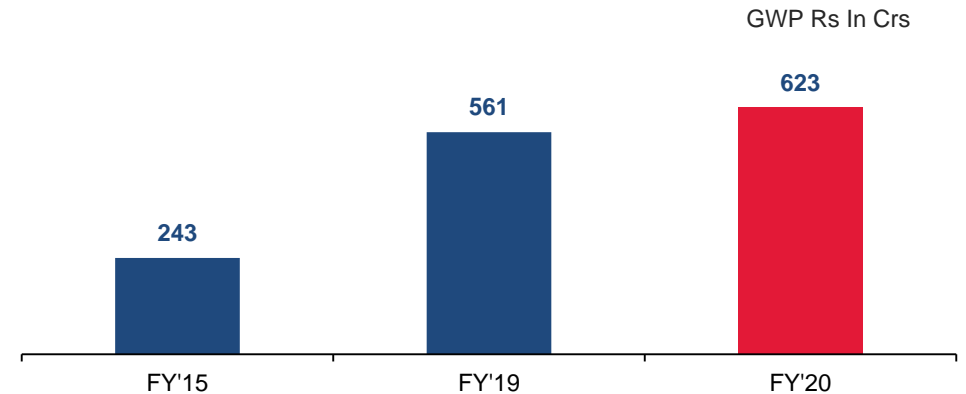
- 900+ Chola branches
- 140+ Chola MS branches
- 7,500+ Garages tie-ups

Strategized diversification across Motor eco-system



- Ventured into two wheeler
- Expanding across eastern and western regions

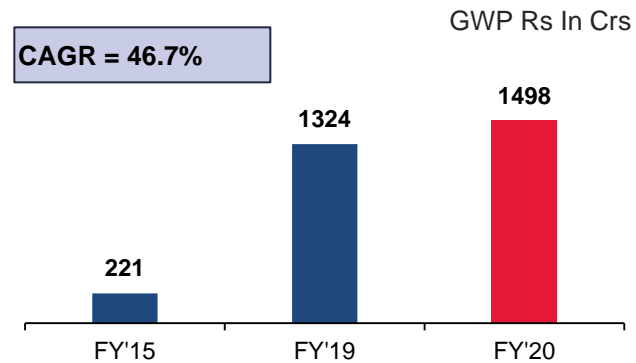
Health/ PA Segment GWP grew at 21% CAGR in the period



Balanced Revenue Mix: Stable in-house + Growth Channels

Captive Channel
(Chola Finance + Coromandel+ SMO)

34% of FY20 GWP



32% penetration in CVs financed by the Group NBFC (2/3rd penetration booster)

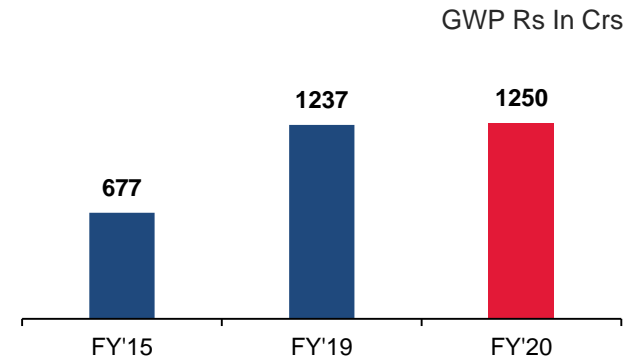
Chola Finance synergies (900+ branches) drive the drive CV business

MGC Store synergies (650+ stores) drive small ticket size insurance

~509 'Smart Offices' expected to be generate substantial business (4x since FY15)

Long Lasting Channel
(IBL + Toyota)

28% of FY20 GWP

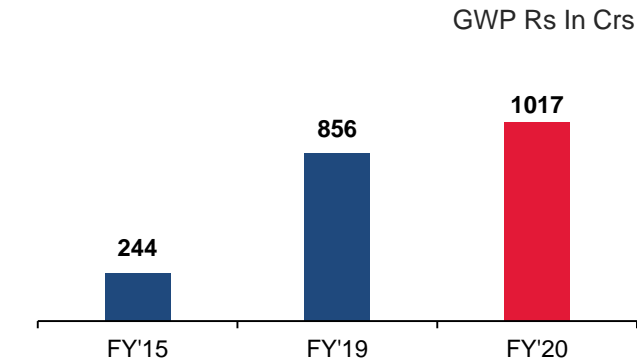


IndusInd Bank: 12 years' of relationship. Partnership renewed till 2023

Healthy CAGR in Toyota Channel @ 28.6%

Other Tied Channels
(PSU Banca, NBFC, OEM)

23% of FY20 GWP



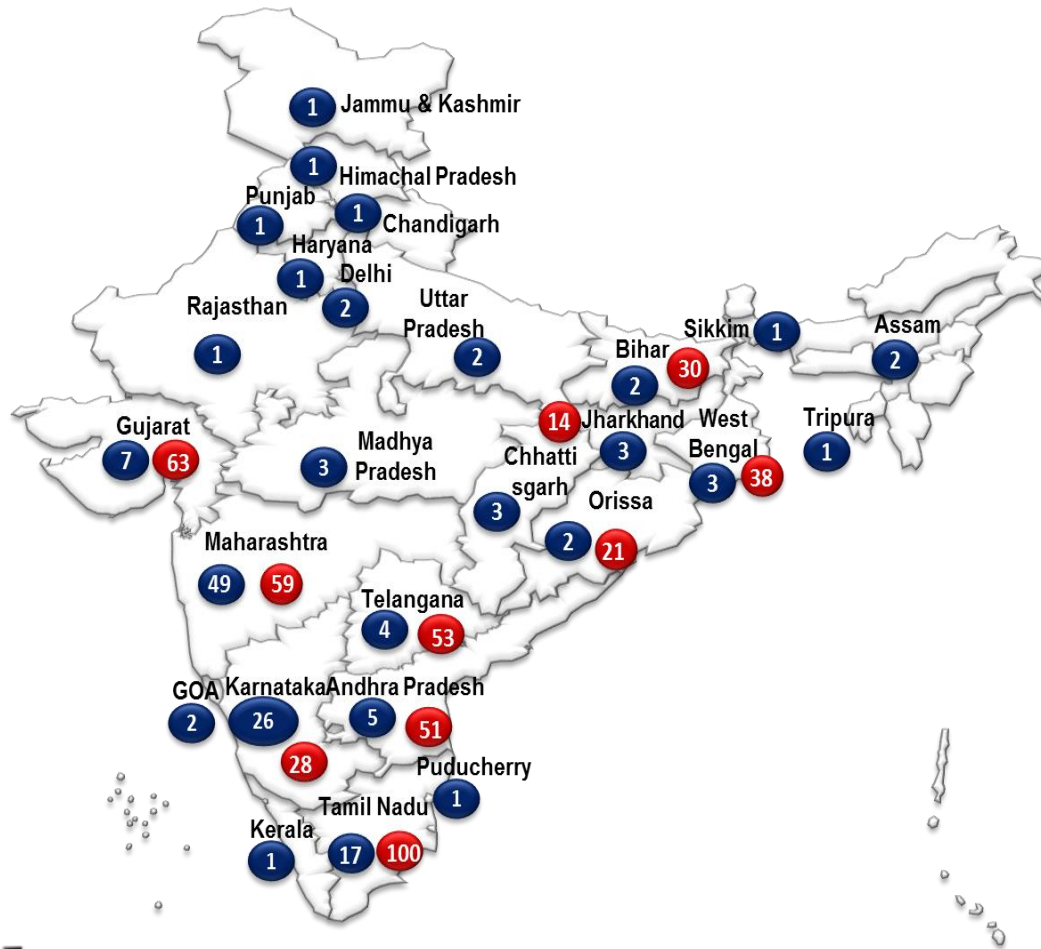
Access to ~19k PSU Bank branches Pan India

PSU Bank Merger – Chola MS better placed to add couple of more partners

Entry into Maruti OEM dealerships and access to NBFCs / SFBs (Equitas, AUF, Indostar, HLFS)

Pan India Multi-channel distribution network

Offices as on Mar'20



143
Chola MS branches across India

464
Digitally Enabled Offices (Chola Insurance Xpress)

900+
Access to Chola Finance branches

30k+
Network of agents

4+
Large OEM partnership

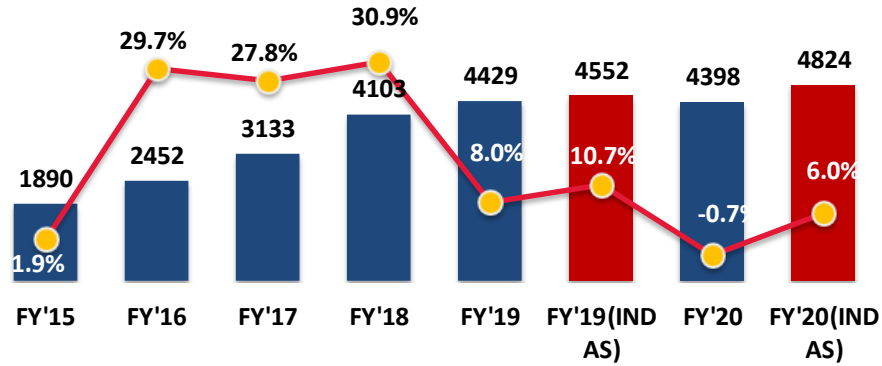
Mobikwik
Digital partnership

10+
Banca / NBFC tie-ups. Access to 27k+ branches

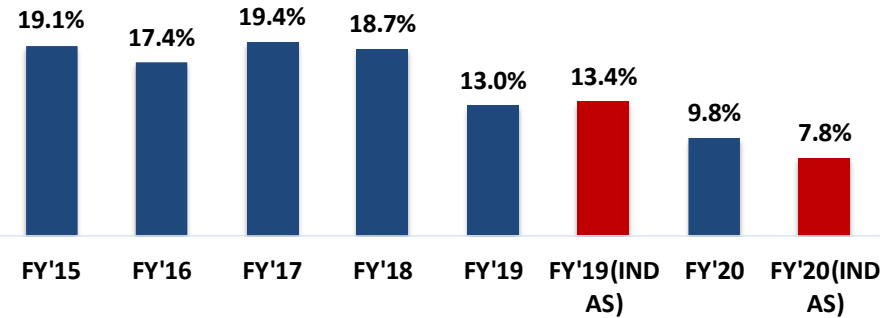


Key Financial Indicators

GWP (INR Cr) and Growth (%)

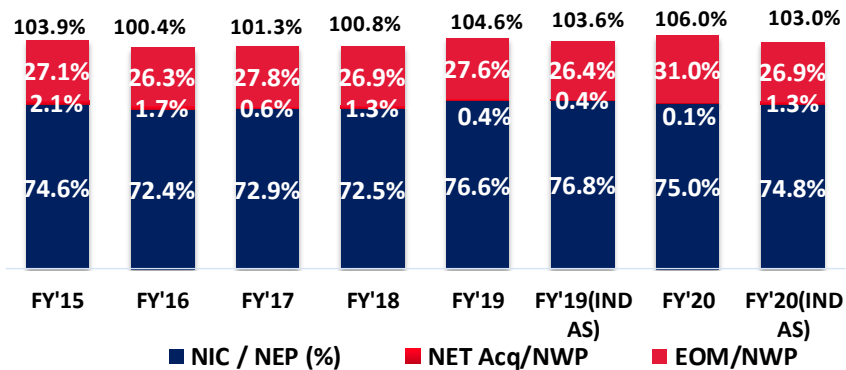


Return on Net Worth (%)

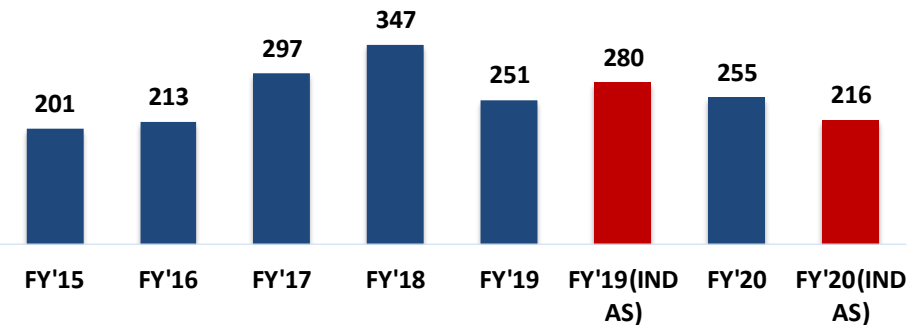


Break up of CoR (%)

CoR%



Profit Before Tax (Rs. Crs)



Financial Highlights

Particulars – In Rs. Cr	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY'19(I ND AS)	FY 2019-20	
													I GAAP	IND AS
Gross Written Premium	685	785	968	1347	1621	1855	1890	2452	3133	4103	4429	4552	4398	4824
Net Earned Premium	385	462	627	869	1167	1431	1482	1691	2248	2824	3050	3050	3437	3437
PBT	12	2	-23	16	89	102	201	213	297	347	257	280	260	216
PAT	7	2	-23	19	60	70	137	148	208	243	179	198	149	125
Networth	148	279	257	326	436	582	719	853	1075	1296	1453	1481	1603	1605
Fixed Assets (net)	28	14	29	36	50	58	62	62	69	70	69	67	72	124
Investment portfolio	365	572	966	1257	1724	2328	3165	3861	4905	6363	7596	7697	9078	9027
Earnings per Share (Rs.)	0.49	0.11	-0.86	0.69	2.08	2.37	4.59	4.95	6.97	8.12	5.99	6.63	5.00	4.18
Book value per Share (Rs.)	10.39	10.46	9.63	11.48	14.93	19.49	24.06	28.54	35.98	43.38	48.64	49.55	52.68	53.73
Return on Networth (%)	4.80%	1.10%	-8.50%	5.87%	13.81%	12.05%	19.07%	17.35%	19.36%	18.72%	12.31%	13.38%	9.76%	7.79%

Investment Book Overview (Rs. Crs)

Catogery	Mar-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Mar-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
C Govt Sec	1303	1623	1765	2300	2969	2623	20.5%	21.3%	22.2%	27.2%	33.4%	28.2%
S Govt Sec	805	1436	1955	2263	2729	3693	12.7%	18.9%	24.6%	26.7%	30.7%	39.8%
Housing sector	1040	1027	967	923	862	620	16.4%	13.5%	12.2%	10.9%	9.7%	6.7%
Infra sector	1216	1505	1454	1355	961	688	19.1%	19.8%	18.3%	16.0%	10.8%	7.4%
Approved - Other Corp Bonds	1496	1510	1350	1028	882	787	23.6%	19.9%	17.0%	12.1%	9.9%	8.5%
Other Inv - Other Corp Bonds	0	189	219	249	219	410	0.0%	2.5%	2.8%	2.9%	2.5%	4.4%
Equity	128	144	118	120	96	113	2.0%	1.9%	1.5%	1.4%	1.1%	1.2%
AIF	8	15	15	15	14	13	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%
Mutual Funds	220	72	66	189	138	86	3.5%	0.9%	0.8%	2.2%	1.5%	0.9%
Investment Property	29	29	29	29	29	29	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%
Bank Deposits	107	55	0	0	0	225	1.7%	0.7%	0.0%	0.0%	0.0%	2.4%
Grand Total	6351	7605	7937	8470	8898	9285	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
All Corp Bonds							59.1%	55.6%	50.3%	42.0%	32.9%	27.0%
Reduction in Exposure								3.4%	5.4%	8.3%	9.1%	5.9%

Keeping safety as objective, increased exposure in State Govt and Central Government Securities & prune down exposure in Corporate Bonds
Bond Exposure reduced to 27% in Mar 20 from 55.6% in Mar 19.

Investments – Provisions for Stressed Assets (Rs In Crs)

Particulars	Gross Exposure	Write off	Net Exposure	Provision	% of Provisions (including Write off)
As at March 2019	167	22	145	15	22%
As at March 2020	495	109	386	211	65%

Contact us

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Chola

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Thank You



murugappa