

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED (CIFCL)
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED
30th SEPTEMBER 2020

Total AUM crossed ₹ 74,000 Crs Up by 16% and
PAT for the quarter is at ₹ 432 Cr up by 41%

Key Financial results (H1 FY 20-21):

- Total AUM up at ₹ 74,471 Cr (Up by 16% YoY)
- PBT up at ₹ 1,163 Cr for the Half year ended (Up by 16% YoY)
- PAT up at ₹ 863 Cr for the Half year ended (Up by 39% YoY)



Chennai, October 29, 2020: The Board of Directors of CIFCL today approved the unaudited financial results for the quarter and half year ended 30th September 2020..

Highlights:

Q2 and H1 FY 20-21 Performance:

The company has posted a strong performance in Q2 and H1 FY21, despite the prevailing tough market conditions. Pursuant to the moratorium getting over in Aug'20, the Company had over 95% of the Moratorium customers starting to repay their installments till date. However, considering the externalities in the market, on a prudent basis the Company has created additional provisions of Rs. 250 Cr towards macro provisions during this quarter in Stage 1 and 2. Including this, the cumulative additional provisions towards macros stand at Rs. 800 Cr. The total provisions, including the additional macro provisions and the normal provisions created basis the prevailing ECL model is at Rs. 1688 Cr, which is at 2.64% of the overall book.

The Company continues to hold strong liquidity position with Rs. 6,802 Cr as cash balance as of Sep'20, with a total liquidity position of Rs.9,797 Cr (including undrawn sanctioned lines). The ALM is comfortable with no negative cumulative mismatches across all time buckets.

Performance Highlights:

Particulars	Rs in Cr					
	Q2 FY-20	Q2 FY-21	Growth (Y-o-Y)	YTD Sep 19	YTD Sep 20	Growth (Y-o-Y)
Disbursements	7,381	6,457	-13%	15,954	10,046	-37%
AUM	64,409	74,471	16%	64,409	74,471	16%
Total Income	2,197	2,440	11%	4,227	4,553	8%
Finance Cost	-1,177	-1,185	1%	-2,264	-2,316	2%
Net Income Margin	1,020	1,255	23%	1,963	2,238	14%
Total Expenses	-402	-355	-12%	-752	-701	-7%
Loan Losses	-95	-318	234%	-205	-374	83%
Profit Before Tax	523	582	11%	1,006	1,163	16%
Profit After Tax	307	432	41%	621	863	39%

Note: Loan Losses include additional provisions towards macros of ₹ 250 Cr for the quarter and ₹ 266 Cr for H1 of FY 21.

- Aggregate disbursements in Q2 FY 21 were at ₹ 6,457 Cr as against ₹ 7,381 in Q2 FY 20, which is a decline of 13%. Disbursements in H1 FY 21 were at ₹ 10,046 Cr as against ₹ 15,954 Cr in the previous year registering a decline of 37% Y-on Y.
- Vehicle Finance (VF) business has clocked a volume of ₹ 4,781 Cr in Q2 FY 21 as against ₹ 5,796 in Q2 FY20, registering a decline of 18%. Disbursements in H1 FY 21, were at ₹ 8,012 Cr as against ₹ 12,736 Cr in the previous year, reporting a decline of 37% Y-o-Y. Disbursements for new vehicles started picking up in the later part of the second quarter.
- Loan Against Property (LAP) business disbursed ₹ 1,052 Cr in Q2 FY 21, as against ₹ 1,064 Cr in Q2 FY 20, with a marginal decline of 1%. The Disbursements in H1 FY 21 were at ₹ 1,171 Cr as against ₹ 2,165 Cr in the previous year, registering a decline of 46% YoY.
- Home Loan (HL) business disbursed ₹ 381 Cr in Q2 FY 21, as against ₹ 414 Cr in Q2 FY 20. The Disbursements in H1 FY 21 were at ₹ 571 Cr as against ₹ 834 Cr in the previous year, registering a decline of 32% YoY.
- Assets under management as of 30th Sep 2020, grew by 16% at ₹ 74,471 Cr as compared to ₹ 64,409 Cr as of end Sep in FY20.
- Profits after Tax (PAT) for Q2 FY 21 were at ₹ 432 Cr compared to ₹ 307 Cr in Q2 FY 20, reporting a growth of 41%. PAT for H1 FY 21, were at ₹ 863 Cr as against ₹ 621 Cr in the same period last year registering a growth of 39%.
- PBT-ROA for Q2 FY 21 was at 3.4% and for the half year was at 3.5% as against 3.4% in half year of FY20.
- ROE for the H1 FY 21 was at 20.0 % as against 19.2% in previous year

Asset Quality

CIFCL asset quality as on 30th September 2020, represented by Stage 3 assets stood at 2.75% with a provision coverage of 42.65%, as against 3.18% in H1 of FY20 with a provision coverage of 34.43%. The Stage 3 assets have improved from 3.80% in Mar 20 to 2.75% in September 20. Apart from the provision coverage represented above against stage 3 assets, additional provisions of Rs. 549 crs have been created towards Stage 1 and Stage 2 assets to cover any contingencies arising out of the Covid-19 pandemic fallout. The total provisions currently carried against the overall book is 2.64% as against the normal overall provision levels of 1.75% carried prior to the Covid-19 pandemic, representing an increase of nearly 50%.

Rs in Cr

	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Gross Assets - Stage 3	1,803	2,024	2,163	1,996	1,756
Stage 3 Assets to Total Gross Assets	3.18%	3.54%	3.80%	3.34%	2.75%
ECL Provisions - Stage 3	621	667	898	831	749
Covergae ratio (%) - Stage 3	34.43%	32.95%	41.52%	41.62%	42.65%
Gross Assets - Stage 1&2	54,907	55,072	54,762	57,777	62,190
ECL Provisions - Stage 1 &2	389	391	625	607	939
Covergae ratio (%) - Stage 1&2	0.71%	0.71%	1.14%	1.05%	1.51%
Total ECL Provision	1,010	1,058	1,523	1,437	1,688

The company had increased additional provision of Rs. 250 crs towards Macro factors for the quarter ended 30th September 2020 taking the total additional provisions to Rs. 800 crs.

Hon'ble Supreme Court has directed that accounts which were not in NPA as of 31st August 2020, shall not be declared as NPA till further orders. Accordingly, the Company has not classified any new accounts as NPA after 31st 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.

Capital Adequacy:

The Capital Adequacy Ratio (CAR) of the company as on 30th September 2020, was at 19.51% as against the regulatory requirement of 15%.

Managing Director's Comments:

Commenting on the results, Arun Alagappan, Managing Director, stated "The quarter gone by was critical not just for us, but for the entire banking and financial services industry. With the 6-month moratorium ending in August'20, the focus was to scale up on-field collection efforts and the Company has been able to make considerable improvement in the last 2 months. While the broader economy is still recovering, the Company has witnessed a better than expected disbursement numbers in Q2 FY21, with the trend seeming to be on a positive trajectory in the coming quarters. The pent-up demand and the economic activities associated with the festive season are expected to boost business sentiments and improve disbursements and collections across the businesses. Looking ahead, while business as usual post Covid-19 is still sometime away, the past couple of months have given us enough reasons to be cautiously optimistic about H2 FY21.

Looking beyond the financials, one thing that needs highlighting is that Chola's investments in tech, digital and analytics, have significantly helped the company during the challenging H1 of FY21: the forecasting and predictive analytics capabilities are today enabling a better prediction of the delinquent pools supported by focused collection efforts, the digital sourcing channels are being integrated with the OEM platforms and alternate channels, the customer requirements are getting served seamlessly with a capability for higher log-ins and conversions. These outcomes have strengthened the conviction to keep augmenting the tech, digital, analytics capabilities and leverage the same as a source of competitive advantage in future."



About Cholamandalam

Cholamandalam Investment and Finance Company Limited (Chola), incorporated in 1978 as the financial services arm of the Murugappa Group. Chola commenced business as an equipment financing company and has today emerged as a comprehensive financial services provider offering vehicle finance, home loans, home equity loans, SME loans, investment advisory services, stock broking and a variety of other financial services to customers.

Chola operates from 1132 branches across India with assets under management above INR 74,000 Crores.

The mission of Chola is to enable customers enter a better life. Chola has a growing clientele of over 10 lakh happy customers across the nation. Ever since its inception and all through its growth, the company has kept a clear sight of its values. The basic tenet of these values is a strict adherence to ethics and a responsibility to all those who come within its corporate ambit - customers, shareholders, employees and society.

For more details, please visit www.cholamandalam.com

About Murugappa Group

Founded in 1900, the INR 381 Billion (38,105 Crores) Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including nine listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Financial Holdings Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Transmission systems, Cycles, Sugar, Farm Inputs, Fertilisers, Plantations, Bio-products and Nutraceuticals, the Group has forged strong alliances with leading international companies such as Groupe Chimique Tunisien, Foskor, Mitsui Sumitomo, Morgan Advanced Materials, Sociedad Química y Minera de Chile (SQM), Yanmar & Co. and Compagnie Des Phosphat De Gafsa (CPG). The Group has a wide geographical presence all over India and spanning 6 continents.

Renowned brands like BSA, Hercules, Montra, Mach City, Ballmaster, Ajax, Parry's, Chola, Gromor, Shanthi Gears and Paramfos are from the Murugappa stable. The Group fosters an environment of professionalism and has a workforce of over 51,000 employees. For more details, visit www.murugappa.com

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