

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED (CIFCL)

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2022

Key Financial results (Q1 FY 22-23):

- Disbursements at ₹ 13,329 Cr for the quarter (Up by 267% YoY)
- Total AUM at ₹ 86,703 Cr (Up by 14% YoY)
- Net Income Margin up at ₹ 1,640 Cr for the quarter (Up 19% YoY)
- PAT at ₹ 566 Cr for the quarter (Up 73% YoY)

Chennai, July 29, 2022: The Board of Directors of CIFCL today announced the unaudited financial results for the quarter ended 30th June 2022.

Highlights:

Consumer confidence continued to improve with Indian economy growing at 14-15% in Q1, in spite of higher-than-expected inflation and tightening of monetary policy by RBI. Chola delivered best-ever first quarter disbursements, collections, and profitability with domestic auto sales zooming 55% in the current quarter, albeit on a low base, and sustained growth momentum in residential unit sales.

Performance Highlights:

Particulars	Rs in Cr		
	Q1 FY-22	Q1 FY-23	Growth (Y-o-Y)
Disbursements	3,635	13,329	267%
AUM	75,763	86,703	14%
Total Income	2,478	2,771	12%
Finance Cost	-1,104	-1,131	2%
Net Income	1,374	1,640	19%
Total Expenses	-370	-580	57%
Loan Losses	-563	-299	-47%
Profit Before Tax	441	762	73%
Profit After Tax	327	566	73%

- Aggregate disbursements in Q1 FY 23 were at ₹ 13,329 Cr as against ₹ 3,635Cr in Q1 FY 22 with a growth of 267%. Q1 FY 22, was impacted by Covid 2nd wave, resulting in lower disbursements and profitability.
- Vehicle Finance (VF) disbursements were at ₹ 8,562 Cr in Q1 FY 23 as against ₹ 2,846 Cr in Q1 FY22, growth of 201%.
- Loan Against Property including Affordable LAP, business disbursed ₹ 2,169 Cr in Q1 FY 23, as against ₹ 386 Cr in Q1 FY 22, with a growth rate of 462%.
- Home Loan (HL) business disbursed ₹ 478 Cr in Q1 FY 23, as against ₹ 199 Cr in Q1 FY 22, registering growth of 140%.

- Small and Medium Enterprises Loan (SME) business disbursed ₹ 1,030 Cr in Q1 FY 23, as against ₹ 204 Cr in Q1 FY 22.
- Our new businesses Consumer and Small Enterprise Loans (CSEL) and Secured Business and Personal Loans (SBPL) had registered disbursements of ₹ 1,055 Cr and ₹ 36 Cr respectively in Q1 FY 23.
- Assets under management as of 30th June 2022, stood at ₹ 86,703 Cr as compared to ₹ 75,763 Cr as of 30th June 2021.
- Profits after Tax (PAT) for Q1 FY 23 were at ₹ 566 Cr compared to ₹ 327 Cr in Q1 FY 22, reporting a growth of 73%.
- PBT-ROA for Q1 FY 23 was at 3.7% as against 2.5% in the same period last year.
- ROE for Q1 FY 23 was at 18.9% as against 13.5% in previous year.
- The Company continues to hold a strong liquidity position with ₹ 5,113 Cr as cash balance as at end of June 2022 (including ₹ 1500 Cr / ₹ 200 Cr invested in Gsec / T-Bill shown under investments), with a total liquidity position of ₹ 11,324 Cr (including undrawn sanctioned lines). The ALM is comfortable with no negative cumulative mismatches across all time buckets.
- Consolidated Profit After Tax (PAT) for Q1 FY 23 were at ₹ 562 Cr as against ₹ 329 Cr in Q1 FY 22, reporting a growth of 71%.

Asset Quality

CIFCL asset quality as at end of June 2022, represented by Stage 3 assets stood at 4.16% with a provision coverage of 40.69%, as against 4.37% as at end of March 2022 with a provision coverage of 39.67%. The total provisions currently carried against the overall book is 2.92% as against the normal overall provision levels of 1.75% carried prior to the Covid-19 pandemic.

Management overlay provisions carried in books as of Jun'22 stands at 528 Cr.

As per revised RBI norms (circular dated Nov 12th, 2021 early adopted though the implementation date is only 1st Oct 2022) GNPA% and NNPA% as of June 2022 is at 6.31% and 4.35% respectively. We carry ₹ 736 Cr higher provisions under INDAS over IRAC. As per prevailing IRAC norms the GNPA will be similar to the stage 3 numbers, given above.

The details of the stagewise assets and provisions are given in the annexure.

Capital Adequacy:

The Capital Adequacy Ratio (CAR) of the company as on 30th June 2022, was at 19.15% as against the regulatory requirement of 15%. Tier-I Capital was at 16.3% against the regulatory norm of 10%

Annexure

Stage wise ECL Summary – Jun 22

Particulars	Asset	ECL Model	Management Overlay	Total Provn	NNPA	Total Provn
	Rs in Cr	Rs in Cr	Rs in Cr	Rs in Cr	Rs in Cr	PCR %
Stage 1A	72,463	369	-	369	72,094	0.51%
Stage 1B	244	12	-	12	232	4.99%
Total Stage 1	72,707	381	-	381	72,326	0.52%
Stage 2A	4,237	415	-	415	3,823	9.78%
Stage 2B	1,517	192	20	212	1,305	13.97%
Total Stage 2	5,754	606	20	626	5,128	10.89%
Stage 3	3,408	879	507	1,387	2,021	40.69%
Total Stage 3	3,408	879	507	1,387	2,021	40.69%
Total	81,869	1,866	528	2,394	79,475	2.92%
NPA as per RBI (incl Sec)	5,169	1,083	528	1,611	3,558	31.16%
NNPA RBI %					4.43%	

Particulars	Asset	ECL Model	Management Overlay	Total Provn	NNPA %
	%	PCR (%)	PCR (%)	PCR (%)	%
Stage 1A	88.51%	0.51%	0.00%	0.51%	88.06%
Stage 1B	0.30%	4.99%	0.00%	4.99%	0.28%
Total Stage 1	88.81%	0.52%	0.00%	0.52%	88.34%
Stage 2A	5.18%	9.78%	0.00%	9.78%	4.67%
Stage 2B	1.85%	12.64%	1.32%	13.97%	1.59%
Total Stage 2	7.03%	10.54%	0.35%	10.89%	6.26%
Stage 3	4.16%	25.80%	14.89%	40.69%	2.47%
Total Stage 3	4.16%	25.80%	14.89%	40.69%	2.47%
Total	100.00%	2.28%	0.64%	2.92%	97.08%
NPA as per RBI (incl Sec)	6.31%	20.95%	10.21%	31.16%	4.35%
NNPA RBI %					4.43%

Asset Classification:

STAGE_1A	Represents assets (i) which had never touched NPA and (ii) which had been an NPA in the past but had been normalised and currently in the 0-30 days - Hence no more an NPA as per RBI norms
STAGE_1B	Represents assets which had been an NPA in the past but yet to be fully normalised though it has moved to stage 1 currently - Hence an NPA as per current RBI norms
STAGE_2A	Represents assets (i) which had never touched NPA and (ii) which had been an NPA in the past but had been normalised post that and now in 31-90 days DPD - Hence no more an NPA as per RBI norms
STAGE_2B	Represents assets which had been an NPA in the past but yet to be fully normalised though it has moved to stage 2 currently - Hence an NPA as per current RBI norms
STAGE_3	Represents assets which continues to be a NPA as on the closing date - Hence an NPA as per current RBI norms

Note: NNPA as per RBI is as per revised norms early adopted though mandated to be effective from 1st Oct 2022.

	Rs in Cr				
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Gross Assets - Stage 1 & 2	62,348	65,083	68,254	73,135	78,461
Gross Assets - Stage 3	4,545	4,271	4,244	3,343	3,408
Stage 3 Assets to Total Gross Assets	6.79%	6.16%	5.85%	4.37%	4.16%
Coverage ratio (%) - Stage 3	35.51%	36.45%	38.80%	39.67%	40.69%

About Murugappa Group

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The Group holds leadership position in several product lines including Abrasives, Technical Ceramics, Electro Minerals, Auto Components & Systems, Power Conversion Equipment, Transformers & Reactors for the Power T&D segment, Solutions for Railways in Rolling Stock & Signalling Equipment, Bicycles, Fertilisers, Sugar, Tea and Spirulina (Nutraceuticals). The Group has forged strong alliances with leading international companies such as Groupe Chimique Tunisien, FOSKOR, Mitsui Sumitomo, Morgan Advanced Materials, Yanmar & Co. and Compagnie Des Phosphates 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, Rhodius, 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 59,000 employees.

For more details, visit <https://www.murugappa.com/>