

Cholamandalam Investment and Finance Company Limited:

Disbursement up by 48%, PBT up by 220% - all round turnaround performance

Q -4 Performance Highlights:

Chennai, April 30th, 2011: Q4 has been a record quarter for the Company. The surge in Commercial Vehicle Finance business has enabled the Company to grow its disbursements during the quarter.

Vehicle Finance disbursed Rs.1354 Cr. (as against Rs.924 Cr. in Q-4 of 2009 -10) and Home Equity disbursed Rs.326 Cr. (as against Rs.355 Cr. in Q -4 of 2009 – 10). The aggregate disbursements for the quarter is Rs.1680 Cr. (as against Rs.1279 Cr. in Q-4 of 2009 – 10) registering a growth of 31%.

Gross income from operations for the quarter was Rs.342 Cr. significantly higher than Rs.236 Cr. compared to Q -4 of 2009 – 10 registering a growth of 45%.

Profit before Exceptional Items is at Rs.53.32 Cr. as against Rs.19.29 Cr. in Q- 4 of 2009 -10 registering a growth of 176%.

Exceptional Items for the quarter of Rs.26.86 Cr. includes impairment provision on investments made in Subsidiary - Cholamandalam Factoring Limited to an extent of Rs.23.99 Cr. and the balance of Rs.2.87 Cr. is on account of standard assets provision created in line with RBI guidelines issued in this regard.

Full Year Performance :

The company has turned out a superior performance and all the Divisions established new records. During the year, the Company focused on

- Aggressively growing its asset financing business lines.
- Liquidating/collecting its unsecured personal loan portfolio (which had been a drag on profitability).
- Improving the profitability
- Significantly reducing non performing assets

The efforts have paid off.

Highlights:

- Disbursements for the year grew by 48% from Rs.3866 Cr. to Rs.5731 Cr. the highest for the Company since inception.
- All the existing business verticals recorded their highest growth / profits since inception. PBT recorded for the year by the Asset financing businesses amounted to Rs.347.63 Cr
- While the losses in the Personal Loan portfolio continued, the company has brought down the portfolio to Rs.47 Cr. – a mere 1% of the overall Portfolio as on 31-3-2011, thereby eliminating any further losses on this account in the year ahead. The non performing assets as a % of the portfolio have been significantly brought down.
- **Financial performance - Summary :**

Rs in Cr.

Particulars	31.03.11	31.03.10	Growth %
Disbursements	5,730.74	3,865.62	48%
Income	1,201.83	929.50	29%
PBT - Asset Financing Businesses	347.63	100.44	246%
Business Losses - Personal Loans	(202.56)	(66.21)	206%
PBT before (Excep Items)	145.07	34.23	324%
Profit After Tax	62.18	15.41	304%
Gross NPA - % on Total Assets	2.61%	5.53%	
Net NPA - % on Total Assets	0.33%	1.70%	

- **On Balance Sheet Portfolio – (all figures are net of provisions) :**

Particulars	31.03.11		31.03.10	
	Rs in Cr.	%	Rs in Cr.	%
Vehicle Finance	5,756	69%	3165	61%
Home Equity	1,787	21%	1254	24%
Business Finance	780	9%	511	10%
Personal Loans	47	1%	230	4%
Total	8,370	100%	5,160	100%
Total gross assets including off balance sheet items	10,445		8,627	

- **Provisions, Loan Losses and other Charges :**

The Company has been making aggressive provisions. A substantial part of the provisions and loan losses related to its unsecured personal loan portfolio. The personal loan book which was at Rs.230 Cr. net of provisions as on 31st March 2010 has been reduced to Rs.47 Cr. as on 31st March 2011. The total amount of provisions, loan losses and other charges for the year was Rs.224.49 Cr. - this includes a sum of Rs.167.77 Cr. towards the personal loan portfolio, constituting 75% of overall loan losses and provisions. With the reduction of Personal loan book size to Rs.47 Cr. as on 31st March 2011, and the probable losses from the portfolio having been fully provided for, the delinquencies relating to the personal loan book have been now fully addressed.

But for the above provisions / loan losses of Rs. 167.77 Cr. towards the personal loan book, the PBT for the year would have been higher by that amount.

- The Company has expanded its presence with 226 branches as on 31st March 2011 compared to 171 branches as on 31st March 2010. Most of these branches are in Tier II and Tier III locations across India.

Subsidiaries Performance :

The Securities Business posted a profit before tax of Rs.0.49 Cr. as against a profit of Rs.3.48 Cr. in the previous year, while the distribution / wealth management business posted a profit before tax of Rs.6.90 Cr. as against a profit of Rs.6.89 Cr. in the previous year. Cholamandalam Factoring Limited, made a loss before tax of Rs.8.16 Cr. as against a loss of Rs.8.62 Cr. in the previous year.

The wealth management business has plans for expansion. A senior management team with industry experience has been put in place to explore the cross sell business.

Consolidated Results

The consolidated profit after tax for the year was Rs.84.58 Cr. as against a PAT of Rs.52.77 Cr. in the previous year.
