

## **Cholamandalam Investment and Finance Company Limited**

**Continued robust performance in Q4 - Disbursements up by 71%, PBT up by 245%**

### **Q -4 Performance Highlights:**

**Chennai, Apr 26<sup>th</sup>, 2012:** Q4 has been an extremely good quarter for the Company, with disbursements growing in vehicle finance by 75% and in home equity loans by 37% compared to the same period last year.

The Company disbursed Rs.2370 Cr. in Vehicle Finance as against Rs.1354 Cr. in Q-4 of 2010 – 11 and disbursed Rs.448 Cr. in Home Equity loans as against Rs.326 Cr. in Q-4 of 2010 – 11. The newly launched Gold Loan disbursed Rs.54 Cr. during the quarter. The aggregate disbursements of the Company for the quarter are Rs.2872 Cr. as against Rs.1680 Cr. in Q-4 of 2010 - 11 registering a growth of 71%.

Gross income from operations was Rs.522.51 Cr. compared to Rs.342.15 Cr. in Q - 4 of 2010 -11 registering a growth of 53%. During the quarter, the Company sold Rs.408.12 Cr. of vehicle finance assets on a bilateral assignment basis, for which the Company will recognize the gains over the tenure of the transactions.

Profit before tax is Rs.91.38 Cr. as against Rs.26.46 Cr. in Q - 4 of 2010 -11 registering a growth of 245%. Profit after tax is Rs.53.86 Cr. as against Rs.13.48 Cr. in Q - 4 of 2010 -11 registering a growth of 300%.

### **Full year ended - Mar 12 - Performance Highlights:**

Disbursements in Vehicle Finance assets grew 63% compared to the last year and Home Equity loans grew 24% compared to the last year. The Company disbursed Rs.7306 Cr. in Vehicle Finance assets as against Rs.4496 Cr. in 2010 - 11 and Rs.1528 Cr. in Home Equity loans as against Rs.1235 Cr. in 2010 – 11. The disbursement in the newly launched Gold Loan business was Rs.54 Cr. during the year. Aggregate disbursements of the Company for the year ended 31<sup>st</sup> March 2012, is Rs.8889 Cr. as against Rs.5731 Cr. in 2010 - 11 registering a growth of 55%.

Overall, total assets under management grew by 40% from Rs.10445 Cr. to 14643 Cr.

Gross income from operations was Rs.1767 Cr. compared to Rs.1202 Cr. in 2010 -11 registering a growth of 47%. Income from operations includes gains on assignment for Rs.54 Cr. in 2010 - 11. In 2011 – 12 there was no gain on assignment.

For the year ended 31<sup>st</sup> March 2012, net credit losses for the Vehicle Finance business were 0.37% of average assets and for Home Equity business was 0.23% of average assets.

Profit after tax is Rs.172.54 Cr. for the year as against Rs.62.18 Cr. for 2010 - 11 registering a growth of 177%.

## **Financial performance - Summary :**

| 2010-11 |         | Profit & Loss Account                   | Rs in Cr |         | 2011-12  |          | Growth Ratios |  |
|---------|---------|---|----------|---------|----------|----------|---------------|--|
| Q4      | Full Yr |   | Q4       | Full Yr | Q4 Vs Q4 | FY Vs FY |               |  |
| 1,680   | 5,731   | Disbursement( VF,HE & Gold)             | 2872     | 8889    | 71%      | 55%      |               |  |
| 342     | 1,202   | Total Income                            | 523      | 1767    | 53%      | 47%      |               |  |
| 50      | 124     | Profit before Tax and Exceptional Items | 103      | 324     | 104%     | 161%     |               |  |
| (24)    | (24)    | Exceptional Items                       | -12      | -33     | -52%     | 39%      |               |  |
| 26      | 100     | Profit before Tax                       | 91       | 290     | 245%     | 190%     |               |  |
| 13      | 62      | Profit After Tax                        | 54       | 173     | 300%     | 177%     |               |  |
| 2.61%   | 2.61%   | GNPA/Total Assets                       | 0.80%    | 0.80%   |          |          |               |  |
| 0.33%   | 0.33%   | NNPA/Total Assets                       | 0.25%    | 0.25%   |          |          |               |  |

\* Total income of 2010 -11 includes Rs.54 Cr. in on account of gain on assignment and Rs.11.27 Cr. on account of sale and lease of fixed assets as against Rs. Nil in 2011 - 12

- The Company has expanded its presence to 375 branches as on 31<sup>st</sup> March 2012. The additional branches are in Tier III and Tier IV locations across India.
- During the Quarter, the Company has received equity share capital aggregating to Rs.212 Cr. from three investors namely Creador I LLC, Multiples Private Equity FII I and Multiples Private Equity fund.
- The Company raised Tier II capital of Rs.583 Cr. during the year in the form of perpetual debt instruments and subordinated debt.
- With the above Tier I and Tier II capital infusions the capital adequacy ratio stands increased to 18.08% compared to 16.67% in March 2011.

## **Subsidiaries Performance:**

The wealth management business constituting Chola Securities and Chola Distribution Services had made a loss of Rs.0.29 Cr. compared to a profit of Rs.1.19 Cr. in Q – 4 of FY – 11 and a loss of Rs.5.72 Cr in FY-12 compared to a profit of Rs.7.16 Cr in FY -11.

Cholamandalam Factoring Limited made a loss of Rs.4.30 Cr. compared to a loss of Rs.1.59 Cr. in Q - 4 of FY -11 and a loss of Rs.61.29 Cr in FY-12 compared to a loss of Rs.8.16 Cr in FY-11.

## **Consolidated Results:**

The consolidated profit after tax for the period ended 31<sup>st</sup> March 2012 was Rs.168.99 Cr. as against a PAT of Rs.84.58 Cr. in the previous year registering a growth of 100%.

**Others:**

The Board has recommended a final dividend of Rs.1/- per share (10% on the face value of Rs.10/- per share) to its equity shareholders. This is over and above the interim dividend of 15% (Rs.1.5 per share) approved by the Board and paid to the shareholders in January 2012.

**CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED**

Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.

**Audited Financial Results**

for the year ended March 31, 2012

*(Rupees in lakhs)*

| Particulars  | Standalone         |            |            |            |            | Consolidated       |            |            |            |            |
|--|--------------------|------------|------------|------------|------------|--------------------|------------|------------|------------|------------|
|  | Three months ended |            |            | Year ended |            | Three months ended |            |            | Year ended |            |
|  | 31.03.2012         | 31.12.2011 | 31.03.2011 | 31.03.2012 | 31.03.2011 | 31.03.2012         | 31.12.2011 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| 1. a) Income from operations   | 50,736             | 45,771     | 32,611     | 171,529    | 113,775    | 51,158             | 46,106     | 33,077     | 172,910    | 115,727    |
| b) Other operating income  | 1,461              | 1,351      | 1,329      | 5,009      | 4,894      | 1,202              | 1,433      | 1,164      | 5,016      | 4,904      |
| 2. Expenditure   |                    |            |            |            |            |                    |            |            |            |            |
| a) Interest (Financing Charges)  | 28,264             | 26,922     | 16,322     | 98,818     | 56,825     | 28,268             | 26,927     | 16,470     | 99,002     | 57,471     |
| b) Employees cost  | 2,914              | 2,966      | 2,066      | 11,037     | 8,969      | 3,119              | 3,191      | 2,229      | 11,919     | 9,655      |
| c) Business origination outsourcing  | 3,897              | 3,450      | 2,292      | 12,694     | 8,677      | 4,033              | 3,597      | 2,324      | 13,219     | 8,822      |
| d) Other operating expenses  | 6,263              | 4,796      | 3,672      | 19,058     | 14,898     | 6,371              | 4,885      | 3,817      | 19,489     | 15,324     |
| e) Depreciation  | 315                | 193        | 212        | 890        | 852        | 355                | 231        | 254        | 1,038      | 1,005      |
| f) Provisions and loan losses  | 309                | 1,956      | 4,606      | 1,806      | 17,552     | 756                | 1,971      | 4,665      | 7,796      | 17,722     |
| g) Total   | 41,962             | 40,283     | 29,170     | 144,303    | 107,773    | 42,902             | 40,802     | 29,759     | 152,463    | 109,999    |
| 3. Profit from Operations before Other Income & Exceptional Items (1-2)                      | 10,235             | 6,839      | 4,770      | 32,235     | 10,896     | 9,458              | 6,737      | 4,482      | 25,463     | 10,632     |
| 4. Other income  | 53                 | 26         | 275        | 122        | 1,514      | 369                | 73         | 457        | 469        | 1,642      |
| 5. Profit before Exceptional Items (3+4)   | 10,288             | 6,865      | 5,045      | 32,357     | 12,410     | 9,827              | 6,810      | 4,939      | 25,932     | 12,274     |
| 6. Exceptional items   | (1,150)            | -          | (2,399)    | (3,346)    | (2,399)    | -                  | -          | -          | 3,000      | -          |
| 7. Profit / (Loss) from Ordinary Activities before Tax (5+6)                                 | 9,138              | 6,865      | 2,646      | 29,011     | 10,011     | 9,827              | 6,810      | 4,939      | 28,932     | 12,274     |
| 8. Tax expense (net of deferred tax)   | 3,752              | 2,758      | 1,298      | 11,757     | 3,793      | 3,750              | 2,754      | 1,290      | 12,033     | 3,816      |
| 9. Net Profit / (Loss) from Ordinary Activities after Tax (7 - 8)                            | 5,386              | 4,107      | 1,348      | 17,254     | 6,218      | 6,077              | 4,056      | 3,649      | 16,899     | 8,458      |
| 10. Extraordinary Items (net of tax expense)   | -                  | -          | -          | -          | -          | -                  | -          | -          | -          | -          |
| 11. Net Profit / (Loss) for the Period (9 - 10)  | 5,386              | 4,107      | 1,348      | 17,254     | 6,218      | 6,077              | 4,056      | 3,649      | 16,899     | 8,458      |
| 12. Paid-up equity share capital (Rs.10/- per share)   | 13,262             | 11,936     | 11,935     | 13,262     | 11,935     | 13,262             | 11,936     | 11,935     | 13,262     | 11,935     |
| 13. Reserves excluding revaluation reserves  |                    |            |            | 128,466    | 95,264     |                    |            |            | 127,110    | 94,264     |
| 14. Earnings per Share (EPS) - not annualised- before and after extraordinary items (in Rs.) |                    |            |            |            |            |                    |            |            |            |            |
| a) Basic   | 4.43               | 3.44       | 1.13       | 14.39      | 5.67       | 5.00               | 3.40       | 3.06       | 14.10      | 7.73       |
| b) Diluted   | 4.43               | 3.44       | 1.13       | 14.39      | 5.67       | 5.00               | 3.40       | 3.06       | 14.10      | 7.73       |
| 15. Public shareholding  |                    |            |            |            |            |                    |            |            |            |            |
| - Number of shares   | 50,011,864         | 36,783,717 | 36,898,230 | 50,011,864 | 36,898,230 | 50,011,864         | 36,783,717 | 36,898,230 | 50,011,864 | 36,898,230 |
| - Percentage of shareholding   | 37.73              | 30.83      | 30.93      | 37.73      | 30.93      | 37.73              | 30.83      | 30.93      | 37.73      | 30.93      |
| 16. Promoters and Promoter group shareholding  |                    |            |            |            |            |                    |            |            |            |            |
| a) Pledged / encumbered  |                    |            |            |            |            |                    |            |            |            |            |
| - Number of shares   | -                  | -          | -          | -          | -          | -                  | -          | -          | -          | -          |
| - Percentage of shares   | -                  | -          | -          | -          | -          | -                  | -          | -          | -          | -          |
| as a% of the total shareholding of the promoter / promoter group                             | -                  | -          | -          | -          | -          | -                  | -          | -          | -          | -          |
| as a% of the total share capital of the company  | -                  | -          | -          | -          | -          | -                  | -          | -          | -          | -          |
| b) Non encumbered  |                    |            |            |            |            |                    |            |            |            |            |
| - Number of shares   | 82,542,685         | 82,510,704 | 82,385,651 | 82,542,685 | 82,385,651 | 82,542,685         | 82,510,704 | 82,385,651 | 82,542,685 | 82,385,651 |
| - Percentage of shares   |                    |            |            |            |            |                    |            |            |            |            |
| as a% of the total shareholding of the promoter / promoter group                             | 100.00%            | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%            | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| as a% of the total share capital of the company  | 62.27%             | 69.17%     | 69.07%     | 62.27%     | 69.07%     | 62.27%             | 69.17%     | 69.07%     | 62.27%     | 69.07%     |

1. Statement of Assets and Liabilities as on March 31, 2012 is given below.

(Rs.in lakhs)

| Particulars                                  | Standalone          |                     | Consolidated        |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at<br>31.03.2012 | As at<br>31.03.2011 | As at<br>31.03.2012 | As at<br>31.03.2011 |
| <b>EQUITY AND LIABILITIES</b>                |                     |                     |                     |                     |
| 1. Shareholders' funds                       |                     |                     |                     |                     |
| (a) Share capital                            | 13,262              | 11,935              | 13,262              | 11,935              |
| (b) Reserves and surplus                     | 128,467             | 95,264              | 127,111             | 94,264              |
| (c) Money received against share warrants    | -                   | -                   | -                   | -                   |
| <b>Sub-total - Shareholders' funds</b>       | <b>141,729</b>      | <b>107,199</b>      | <b>140,373</b>      | <b>106,199</b>      |
| 2. Share application money pending allotment | -                   | 3                   | -                   | 3                   |
| 3. Minority interest                         | -                   | -                   | -                   | -                   |
| 4. Non-current liabilities                   |                     |                     |                     |                     |
| (a) Long-term borrowings                     | 715,455             | 561,552             | 715,455             | 561,552             |
| (b) Deferred tax liabilities (net)           | -                   | -                   | -                   | -                   |
| (c) Other long-term liabilities              | 1,937               | 2,958               | 1,937               | 2,958               |
| (d) Long-term provisions                     | 5,295               | 5,018               | 5,301               | 5,984               |
| <b>Sub-total - Non-current liabilities</b>   | <b>722,687</b>      | <b>569,527</b>      | <b>722,693</b>      | <b>570,494</b>      |
| 5. Current liabilities                       |                     |                     |                     |                     |
| (a) Short-term borrowings                    | 154,806             | 106,666             | 154,806             | 106,666             |
| (b) Trade payables                           | 8,952               | 5,567               | 9,924               | 6,668               |
| (c) Other current liabilities                | 302,507             | 147,435             | 302,555             | 153,369             |
| (d) Short-term provisions                    | 11,580              | 31,429              | 18,543              | 31,540              |
| <b>Sub-total - Current liabilities</b>       | <b>477,845</b>      | <b>291,097</b>      | <b>485,828</b>      | <b>298,243</b>      |
| <b>TOTAL - EQUITY AND LIABILITIES</b>        | <b>1,342,261</b>    | <b>967,826</b>      | <b>1,348,894</b>    | <b>974,939</b>      |
| <b>B ASSETS</b>                              |                     |                     |                     |                     |
| 1. Non-current assets                        |                     |                     |                     |                     |
| (a) Fixed assets                             | 5,316               | 3,317               | 5,649               | 3,735               |
| (b) Goodwill on consolidation                | -                   | -                   | -                   | -                   |
| (c) Non-current investments                  | 5,769               | 6,828               | 389                 | 676                 |
| (d) Deferred tax assets (net)                | 5,113               | 13,060              | 5,113               | 13,340              |
| (e) Receivable under Financing Activity      | 834,290             | 541,926             | 834,296             | 549,441             |
| (f) Long-term loans and advances             | 4,486               | 5,843               | 5,158               | 6,770               |
| (g) Trade Receivables                        | -                   | -                   | 5                   | 4                   |
| (h) Other non-current assets                 | 36,470              | 38,202              | 36,470              | 38,202              |
| <b>Sub-total - Non-current assets</b>        | <b>891,444</b>      | <b>609,176</b>      | <b>887,081</b>      | <b>612,167</b>      |
| 2. Current assets                            |                     |                     |                     |                     |
| (a) Current investments                      | 401                 | -                   | 627                 | 326                 |
| (b) Inventories                              | -                   | -                   | -                   | -                   |
| (c) Trade receivables                        | -                   | -                   | 733                 | 664                 |
| (d) Cash and cash equivalents                | 25,840              | 16,878              | 28,827              | 19,742              |
| (e) Receivable under Financing Activity      | 397,902             | 318,100             | 404,796             | 318,100             |
| (f) Short-term loans and advances            | 3,050               | 5,915               | 3,152               | 6,087               |
| (g) Other current assets                     | 23,624              | 17,756              | 23,678              | 17,852              |
| <b>Sub-total - Current assets</b>            | <b>450,817</b>      | <b>358,650</b>      | <b>461,813</b>      | <b>362,772</b>      |
| <b>TOTAL - ASSETS</b>                        | <b>1,342,261</b>    | <b>967,826</b>      | <b>1,348,894</b>    | <b>974,939</b>      |

2. The above statement of Audited Financial Results for the year ended March 31, 2012 was reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on April 26, 2012.
3. On March 16, 2012, the company allotted 1,32,55,454 equity shares of Rs 10/- each at a premium of Rs 150/- per share aggregating to Rs 212.09 crores on preferential basis to three investors.
4. During the quarter ended March 31, 2012, the company made additional equity investment of Rs 500 lakhs in its subsidiary, Cholamandalam Factoring Limited.
5. Exceptional Item in standalone accounts represent the impairment of investments in its subsidiaries net of provisions available, the impact of which is reflected in the consolidated accounts after adjustments on consolidation.
6. During the year, the Company has, by way of bilateral assignment, sold loan receivables aggregating to Rs 70,883.45 lakhs. The interest spread arising there from is accounted over the residual tenor of the receivables sold as against upfront recognition of such interest spread in earlier years. Income from operations, Profit before tax and Profit after tax for standalone and consolidated results would have been higher (refer table below) had the company recognized the said interest spread upfront as in previous years. This change is also in line with the draft revised guidelines on Securitization transaction issued by Reserve Bank of India in Sep 2011.

|  | <u>Quarter ended 31.03.12</u> | <u>Quarter ended 31.12.11</u> | <u>Year ended 31.03.12</u> |
|--|-------------------------------|-------------------------------|----------------------------|
| Income from operations & profit before tax | 1,173.19                      | 1,526.01                      | 2,699.20                   |
| Profit after tax                           | 697.51                        | 922.01                        | 1,619.52                   |

7. No employee stock options were granted during the quarter ended March 31, 2012. The total outstanding employee stock options (net of exercised / lapsed / cancellation) as at March 31, 2012 is 1,208,853
8. Segmental Reporting: The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business in India. As such there are no separate reportable segments as per Accounting Standard (AS) 17 "Segment Reporting" in respect of the Company. The Segmental Reporting in respect of the Consolidated Accounts is given in Appendix 1.
9. The Board of Directors of the Company have recommended a final dividend of 10% being Rs.1/- per equity share for the year ended March 31, 2012
10. During the quarter ended March 31, 2012, no investor complaint was received. There were no unresolved investor complaints pending either at the beginning or end of the quarter.
11. The figures of the current quarter are the balancing figures between the audited figures of the full financial year ended March 31, 2012 and the published year to date figures upto third quarter ended December 31, 2011.
12. Prior period figures have been regrouped wherever necessary to conform to the current period presentation.

On behalf of the Board

**Vellayan Subbiah**  
Managing Director

Place : Chennai  
Date : April 26, 2012

visit us at [www.cholafinance.com](http://www.cholafinance.com)

**Segment wise Revenue, Results and Capital Employed for consolidated results under clause 41 of the listing agreement**

*(Rupees in lakhs)*

| Particulars   | Consolidated       |               |               |                |                |
|---|--------------------|---------------|---------------|----------------|----------------|
|   | Audited            |               |               | Audited        |                |
|   | Three months ended |               |               | Year Ended     |                |
|   | 31.03.2012         | 31.12.2011    | 31.03.2011    | 31.03.2012     | 31.03.2011     |
| <b>1. Segment Revenue</b>   |                    |               |               |                |                |
| Financing   | 52,174             | 47,122        | 33,884        | 176,538        | 118,674        |
| Distribution  | 102                | 303           | 127           | 907            | 995            |
| Stock Broking   | 110                | 129           | 137           | 557            | 963            |
| <b>Total</b>  | <b>52,386</b>      | <b>47,554</b> | <b>34,148</b> | <b>178,002</b> | <b>120,632</b> |
| Less: Inter-Segment revenue                                       | (26)               | (15)          | 94            | (76)           | (1)            |
| <b>Net Revenue</b>  | <b>52,360</b>      | <b>47,539</b> | <b>34,242</b> | <b>177,926</b> | <b>120,631</b> |
| <b>2. Segment Results (Profit / (Loss) before tax)</b>            |                    |               |               |                |                |
| Financing   | 8,708              | 6,865         | 2,487         | 22,882         | 9,194          |
| Distribution  | 22                 | 27            | 160           | (37)           | 691            |
| Stock Broking   | (53)               | (82)          | (48)          | (259)          | 49             |
| <b>Total</b>  | <b>8,677</b>       | <b>6,810</b>  | <b>2,599</b>  | <b>22,586</b>  | <b>9,934</b>   |
| <b>Add: Other unallocable income net of unallocable expenses</b>  | <b>1,150</b>       | <b>-</b>      | <b>2,340</b>  | <b>6,346</b>   | <b>2,340</b>   |
| <b>Net Profit / (Loss) before Tax</b>                             | <b>9,827</b>       | <b>6,810</b>  | <b>4,939</b>  | <b>28,932</b>  | <b>12,274</b>  |
| <b>3. Capital Employed (Segment Assets - Segment Liabilities)</b> |                    |               |               |                |                |
| Financing   |                    |               |               | 127,192        | 84,755         |
| Distribution  |                    |               |               | 2,372          | 2,194          |
| Stock Broking   |                    |               |               | 889            | 923            |
| Other Unallocable assets net of unallocable liabilities           |                    |               |               | 9,919          | 18,329         |
| <b>Total</b>  |                    |               |               | <b>140,372</b> | <b>106,201</b> |

Note:  
Management of the Company has identified the above reportable segments. Segment data for the previous periods has been restated, wherever necessary, to conform to the current quarter presentation.