

Cholamandalam Investment and Finance Company Limited

Disbursement up by 55%, PBT up by 144% - Continued robust performance in Q3

Q -3 Performance Highlights:

Chennai, Jan 31st, 2012: Q3 has been a good quarter for the Company. Disbursements in vehicle finance continued to be robust and grew 65% compared to the same period last year. Home equity loans grew 17%. The Company has launched its gold loan business during the month of Dec 2011.

The Company disbursed Rs.1915 Cr. in vehicle finance as against Rs.1158 Cr. in Q-3 of 2010 - 11, disbursed Rs.368 Cr. in home equity loans as against Rs.315 Cr. in Q-3 of 2010 - 11 and Rs.0.53 Cr. in gold loans as against Nil in Q-3 of 2010 – 11. The aggregate disbursements of the Company for the quarter are Rs.2283 Cr. as against Rs.1473 Cr. in Q-3 of 2010 - 11 registering a growth of 55%.

Gross income from operations was Rs.457.71 Cr. compared to Rs.281.69 Cr. in Q - 3 of 2010 -11 registering a growth of 62%. During the quarter, the Company has sold Rs.705.16 Cr. of vehicle finance priority sector assets to banks. The Company will recognize the gains over the tenure of the transaction as against recognition of profits upfront as in the previous financial years.

Profit before tax is Rs.68.65 Cr. as against Rs.10.03 Cr. in Q - 3 of 2010 -11 registering a growth of 585%. During Q3 of 2010 -11 the Company has provided first time standard assets provision on its entire standard assets based on RBI guidelines. The impact for this first time provision in Q-3 of 2010 -11 is Rs. 18.10 Cr. After this adjustment on a comparative basis the profits have grown by 144%.

Nine Months ended - Dec 11 - Performance Highlights:

Disbursements in vehicle finance assets continued to be strong and grew 57% compared to the same period last year. Home equity loans grew 19% compared to the same period last year. The Company disbursed Rs.4937 Cr. in vehicle finance assets as against Rs.3142 Cr. in YTD Dec of 2010 - 11 and disbursed Rs.1080 Cr. in home equity loans as against Rs.908 Cr. in YTD Dec of 2010 - 11 and Rs.0.53 Cr. in gold loans as against Nil in YTD Dec of 2010 – 11. The aggregate disbursements of the Company for YTD Dec 11 is Rs.6017 Cr. as against Rs.4050 Cr. in YTD Dec of 2010 - 11 registering a growth of 49%.

Gross income from operations was Rs.1207.93 Cr. compared to Rs.811.64 Cr. in YTD Dec of 2010 -11 registering a growth of 49%. Incomes from operations include gains on assignment of Rs. NIL for YTD Dec of 2011-12 as against Rs 52.78 Cr. in YTD Dec of 2010-11.

For YTD Dec11, net credit losses for the vehicle finance business were 0.36% of average assets and for home equity business was 0.23% of average assets.

Profit before tax is Rs.198.73 Cr. for YTD Dec 2011 as against Rs.73.65 Cr. in YTD Dec of 2010 registering a growth of 170%.

Financial performance - Summary:

Rs in Cr						
2010-11		Profit & Loss Account	2011 - 12		Growth	
Q3	YTD Dec		Q3	YTD Dec	Q3 Vs Q3	YTD Dec Vs YTD DEC
1,472.60	4,050.38	Disbursements (VF, HE & Gold)	2,283.09	6,016.96	55%	49%
295.38	859.68	Total Income *	471.48	1,244.09	60%	45%
10.03	73.65	Profit before Tax and Exceptional Items	68.65	220.69	585%	200%
		Exceptional Items	-	(21.96)		
10.03	73.65	Profit Before Tax	68.65	198.73	585%	170%
4.48%	4.48%	GNPA/Total Assets	1.62%	1.62%		
0.82%	0.82%	NNPA/Total Assets	0.31%	0.31%		

* Total income of 2010 -11 includes Rs.52.78 Cr. in YTD Dec 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 YTD Dec of 2011 - 12

- The Company has expanded its presence to 347 branches as on 31st December 2011. The additions of 111 new branches are in Tier III and Tier IV locations across India during the nine months ended 31st December 2011.
- The Company raised Tier II capital of Rs.285 Cr. during the quarter in the form of perpetual debt instruments and subordinated debt.

Interim Dividend

The Board has recommended an interim dividend of Rs.1.50/- per share (15% on the face value of Rs.10/- per share) to its equity shareholders out of the profits of the Company for the financial year ending 31st March 2012.

Preferential Issue of Equity shares

Subject to the approval of the shareholders, the Board has approved an issue of 1,32,55,454 equity shares of Rs.10/- each at Rs.160 per share aggregating to Rs.212.08 Crores to the following investors on a preferential basis:

SN.	Name of the Investor	Number of equity shares issued	Amount of Investment (Rs. in crores)
1	Multiples Private Equity FII I	4,813,718	77.02
2	Multiples Private Equity Fund	1,814,009	29.02
3	Creador 1 LLC and /or its wholly owned subsidiary - Neobalano Carpus Ltd.	66,27,727	106.04
	Total	1,32,55,454	212.08

Subsidiaries Performance:

The wealth management business constituting Chola Securities and Chola Distribution Services had made a loss of Rs.0.54 Cr. compared to a profit of Rs.2.40 Cr. in Q – 3 of FY – 11 and a loss of Rs.2.65 Cr in YTD Dec of FY-12 compared to a profit of Rs.6.28 Cr in YTD Dec of FY -11.

Cholamandalam Factoring Limited made a loss of Rs.0.01 lacs compared to a loss of Rs.1.72 Cr. in Q -3 of FY -11 and a loss of Rs.56.99 Cr in YTD Dec of FY-12 compared to a loss of Rs.6.58 Cr in YTD Dec of FY-11.

Consolidated Results:

The consolidated profit after tax for the period ended December 2011 was Rs.108.22 Cr. as against a PAT of Rs.48.08 Cr. in the previous year registering a growth of 125%.

Others:

ICRA has upgraded the long term credit rating from [ICRA] **AA – / Positive** to [ICRA] **AA / Stable**.