**CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED (CHOLA)**
**ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2016**

**Chennai, January 25 2017:** The Board of Directors of Cholamandalam Investment and Finance Company Limited today approved its unaudited financial results for the quarter and nine months ended 31st December 2016.

## Highlights

- Interim dividend declared – 35% i.e. ₹ 3.50 per equity share of ₹ 10 each.
- Profit after tax for Q3 FY17 at ₹ 163 Cr, a growth of 12% over Q3 FY16. For the Nine months period, PAT at ₹ 499 Cr, a growth of 33% over same period last year.
- Q3 FY17 disbursements Rs. 4,373 Cr, representing a marginal growth of 3% over Q3 FY16.
- 12% growth in Net Income Margin (NIM) during the quarter, compared to Q3 FY16.
- Brickworks Rating India Private Limited has assigned the credit rating of AA+ for Non-Convertible debentures
- Gross NPA (on 4 months' overdue basis) marginally increased to 3.8% in Dec-16 compared to 3.5% in Sep-16 in spite of de-monetisation. NPA recognition process continues as per existing norms.

**Financial Performance**

| Particulars | Q3 FY 17 | Q3 FY 16 | Growth (%) | | YTD Dec 16 | YTD Dec 15 | Growth (%) | |
|---|---|---|---|---|---|---|---|---|
| **Net Income Margin** (₹. In Cr.) | 610.00 | 542.98 | 12% | ↑ | 1763.67 | 1539.52 | 15% | ↑ |
| **PBT** (₹. In Cr.) | 250.92 | 220.94 | 14% | ↑ | 767.98 | 574.61 | 34% | ↑ |
| **PAT** (₹. In Cr.) | 162.52 | 145.70 | 12% | ↑ | 499.19 | 376.42 | 33% | ↑ |
| **EPS** - in ₹. | 10.40 | 9.33 | 11% | ↑ | 31.96 | 25.06 | 28% | ↑ |
| **Net Income Margin** (as % of assets) | 8.39% | 8.77% | | | 8.38% | 8.54% | | |
| **Total Expenses** (as % of assets) | -3.56% | -3.47% | | | -3.50% | -3.53% | | |
| **Net Credit Losses** (as % of assets)* | -1.38% | -1.73% | | | -1.22% | -1.82% | | |
| **PBT** (as % of assets) | 3.45% | 3.57% | | | 3.65% | 3.19% | | |
| **ROE** - in % | 15.8% | 16.70% | | | 17.0% | 14.9% | | |

*Q3 FY 17 and Q3 FY16 is on 4-months overdue basis.

The one-time provision created in Mar'16, on a prudent basis, to meet the 90 days provisioning norms to be complied by Mar'18, has been retained as standard assets provision.

Chola disbursed ₹ 3491 Cr in our Vehicle Finance business as against ₹ 3245 Cr. in Q3 of FY16. This was possible on account of steady growth in Heavy Commercial Vehicle Volumes, and in Car/MUV segment during Oct 2016. Home Equity disbursements were at ₹ 619 Cr in Q3 FY17 as against ₹ 882 Cr in Q3 FY16. Chola's aggregate disbursements for the quarter were ₹ 4,373 Cr as against ₹ 4,260 Cr in Q3 of FY16, a growth of 3%.

Chola's Net Income Margin (NIM) was 8.4% for the quarter, which has marginally declined when compared to the same quarter of last year.

Chola was able to exit the quarter at a GNPA level of 3.8% at 4 months' overdue, which is slightly higher than the GNPA at the end of Sep 16 (3.5%).

Operating Expenses include one-time provision of Rs. 28 crs, towards estimated VAT liability (tax and interest) in respect of sale of repossessed vehicles during the period 2008-2016 in Maharashtra. Demand in this regard is yet to be raised and will be contested.

Chola's PBT-ROTA for Q3 FY17 reduced to 3.5% as against 3.6% in Q3 FY16. For the Nine month period, ROTA improved to 3.6%, compared to 3.2% in the previous year.

**De-monetisation:**

The Company has seen flat disbursements when compared to the previous quarter due to the overall economic slowdown. Delinquencies in early buckets have increased owing to the temporary cash crunch of borrowers. However, the Company continued to adhere to the existing Board approved provisioning norms which is at 120 days, without taking shelter under the RBI circular for deferment of NPA. Thus, net credit losses of the company for the current quarter is at 1.4%.

**Interim Dividend:**

The Board of Directors of the Company declared an Interim dividend of 35% (₹ 3.50 per share) on the equity shares of the Company, for the year ending March 31, 2017.

**Capital Adequacy:**

The capital adequacy ratio (CAR) of the company was at 19.21% as against the regulatory requirement of 15%.

**Subsidiaries Performance:**

The subsidiaries together made a profit before tax of ₹ 0.91 Cr in Q3 FY17, as against ₹ 3.11 Cr in the same quarter last year. For the Nine months period, the subsidiaries made a profit before tax of ₹ 5.13 Cr, as against ₹. 6.14 Cr in YTD December FY16.

**Consolidated Results:**

The consolidated profit after tax for Q3 FY17 is ₹ 163 Cr. as against ₹ 148 Cr. in Q3 of FY16, registering a growth of 10% and for the Nine months period, made a profit after tax of of ₹ 498 Cr, as against ₹. 381 Cr in YTD December FY16, recording a growth of 31%.

**About Cholamandalam Investment and Finance Company Limited (Chola)**

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 700 branches across India with assets under management above INR 30,000 Crores. The subsidiaries of Chola are Cholamandalam Securities Limited (CSEC), Cholamandalam Distribution Services Limited (CDSL) and White Data Systems India Private Limited (WDSI).

The vision of Chola is to enable customers enter a better life. Chola has a growing clientele of over 7.5 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, visit www.cholamandalam.com

**About Murugappa Group**

Founded in 1900, the INR 295 Billion 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 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., Parry Sugar 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, Ladybird, 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 32,000 employees. For more details, visit www.murugappa.com

**For further information, please contact:**


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A presentation for investors is being separately placed on our website:

http://www.cholamandalam.com/investor-presentation.aspx