

**Cholamandalam Q1 Operational PBT grows 142% - Disbursements higher by 77% over the corresponding Quarter of 2009-10**

**Q1 Performance highlights:**

**Overall buoyancy in the economy led by the surge in the Commercial Vehicles industry helped the company to maintain the growth momentum and post an impressive performance in Q1.**

Rs in Cr.

Particulars	Q1 2010-2011	Q1 2009-2010	Growth
Disbursements	1246	702	77%
Managed assets net of provisions	7220	6042	20%
Operational profit	12.12	5.07	140%
Profit after tax	15.78	3.25	385%

Vehicle finance disbursed Rs 952 Cr. (as against Rs 511 Cr. in Q1 of 2009-10) and Home Equity disbursed Rs 294 Cr. (as against Rs 191 Cr. in Q1 of 2009-10). The corporate and mortgage finance product float grew to Rs 535 Cr. as against Rs 357 Cr. in Q1 of 2009-10.

The asset financing verticals – represented by Vehicle finance, Home Equity and Corporate and mortgage finance delivered a PBT of Rs 45 Cr. for the Quarter as against Rs 3 Cr. in Q1 of 2009 - 10.

Other income of Rs 11 Cr. represent Profit on sale of certain assets which, post sale, were taken under an operational lease.

PROFIT BEFORE TAX, after providing for Loan losses in the residual Personal Loan portfolio and other adjustments was higher at Rs 23.39 Cr. as against Rs 5.07 Cr. in Q1 of 2009-10.

The Gross income for this quarter was lower on account of reduction in personal loan book. Interest income on personal loan book was Rs.27 Cr. in Q-1 of 2010-11 as against Rs.92 Cr. in Q-1 of 2009-10. Expenditure for the Quarter are higher than the corresponding quarter of previous year due to (1) One time pay out in respect of Salaries coupled with higher one time provisioning towards Gratuity (2) higher sourcing costs due to higher volume of business transacted.

### PERSONAL LOAN PORTFOLIO:

The aggregate receivables net of Provisions outstanding in the Personal Loan portfolio as on 30-6-2010 have further come down to Rs 203 Cr. ( Rs 1123 Cr. as on 30-6-2009)

During the quarter the joint venture with DBS Bank Ltd., (DBS) was terminated and the entire stake of 37.48% held by DBS was acquired by the Murugappa Group. All the formalities post termination of the joint venture including the name change has been completed during the quarter.

### **Allotment of Share Capital :**

The allotment of shares arising out of preferential issue of shares aggregating to Rs.100 Cr. was completed during the quarter alongside conversion of the fully convertible preference shares (FCCPS) of Rs.300 Cr. issued to the promoters. The paid up capital of the Company and the net worth of the Company as on 30<sup>th</sup> June 2010 is at Rs. 110 Cr. and Rs 899 Cr. respectively.

Further, the Company raised subordinated debt of Rs 111 Cr. during the quarter which helped the Company maintain a healthy CAR of 15.78% during the quarter ended 30<sup>th</sup> June 2010.

### **New branches**

During the quarter, the Company expanded its operations to 37 new locations and as on 30<sup>th</sup> June, 2010 the Company operates out of 208 locations as against 171 as on 31<sup>st</sup> March 2010.

### **Rating:**

During the quarter Fitch Ratings revised the outlook on the National Long Term Rating for the Company's subordinated debt programme from '**negative**' to '**stable**'.

### **Subsidiaries Performance:**

The Subsidiaries –Cholamandalam Securities Ltd. and Cholamandalam Distribution Services Ltd reported a PBT of Rs 0.19 Cr. and Rs 1.70 Cr. respectively against a PBT of Rs 1.04 Cr. and Rs 0.85 Cr. in the corresponding quarter 2009-10. Cholamandalam Factoring Ltd. the recent

subsidiary reported a loss of Rs.2.11 Cr. as against a profit of Rs.0.01 Cr. in the corresponding quarter 2009-10.

### **Consolidated Performance:**

Consolidated income from operations for the quarter ended 30<sup>th</sup> June 2010 is at Rs. 259.41 Cr. as against Rs.244.95. Cr. for the same period last year and Consolidated profit before tax for the quarter was at Rs.23.17 Cr. as against Rs.1.63Cr. during the same period last year.

### **Capital Infusion**

With a view to augment the net worth of the Company required for the proposed growth in business as well as to further strengthen the capital adequacy ratio of the Company, the Board at its meeting held today also approved the following capital infusion proposals:

- An issue of Equity shares/securities equivalent thereto in one or more tranches upto Rs.150 crores by way of preferential allotment and/or Qualified Institutional Placement in accordance with the SEBI (Issue of Capital & Disclosure Requirements), Regulations, 2009 and
- An issue of redeemable cumulative preference shares up to Rs.100 crores on a private placement basis to one or more investors.

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