CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED (CHOLA)
ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2015

Chennai, October 23 2015: The Board of Directors of Cholamandalam Investment and Finance Company Limited today approved its audited financial results for the half year ended 30th September, 2015 and unaudited financial results for the quarter ended 30th September 2015.

Highlights

- Profit after tax for Q2 FY16 at ₹ 120 Cr, a growth of 27% over Q2 FY15. For the half year, PAT at ₹ 231 Cr, a growth of 23% over same period last year.
- Q2 FY16 disbursements Rs. 3672 Cr, representing a growth of 21 % over Q2 FY15.
- 20% growth in Net Income Margin (NIM) during the quarter, compared to Q2 FY15.
- Accelerated provisioning to 4 months' overdue and adopted standard asset provisioning at 0.35%, 18 months ahead of the RBI's mandate.
- Gross NPA (on 5 months' overdue basis) stayed stable, at 3.39% in Sep-15 compared to 3.33% in Jun-15**.** Gross NPA (on 4 months' overdue basis) is 4.42%.

Financial Performance

Particulars	Q2 FY 16	Q2 FY 15	Growth (%)		YTD Sep 15	YTD Sep 14	Growth (%)	
Net Income Margin (Rs. In Cr.)	506.41	420.27	20%		996.64	813.96	22%	
PBT (Rs. In Cr.)	183.15	144.12	27%		353.67	285.15	24%	
PAT (Rs. In Cr.)	120.47	95.13	27%		230.72	188.23	23%	
EPS - in Rs.	8.09	6.63	22%		15.66	13.13	19%	
Net Income Margin (as % of assets)	8.5 %	7.7 %			8.5 %	7.6 %		
Total Expenses (as % of assets)	-3.5 %	-3.5 %			-3.6 %	-3.4 %		
Net Credit Losses (as % of assets)*	-1.9 %	-1.6 %			-1.9 %	-1.6 %		
PBT (as % of assets)	3.1 %	2.7 %			3.0 %	2.7 %		
ROE - in %	14.3 %	14.7 %			14.0 %	15.3 %		

*Q2 FY16 on 4 months' overdue basis; Q2 FY15 on 6 months' overdue basis

Chola disbursed ₹ 2790 Cr in our Vehicle Finance business as against ₹ 2189 Cr. in Q2 of FY15. This was a growth of 27%. This was possible on account of strong growth in our Heavy Commercial Vehicle Volumes, as also healthy growth in Used Vehicles. Home Equity disbursements grew by 7%, from ₹ 717 Cr in Q2 FY15 to ₹ 770 Cr in Q2 FY16. Chola's aggregate disbursements for the quarter were ₹ 3672 Cr as against ₹ 3028 Cr in Q2 of FY15, a growth of 21%.

Chola's Net Income Margin (NIM) was 8.5% for the quarter, compared to 7.7% in the same quarter of last year.

Chola was able to exit the quarter at a GNPA level of 3.39% at 5 months' overdue, which was almost the same as the GNPA at the end of Jun 15 (3.33%).

Chola proactively advanced by 18 months, the adoption of NPA provisioning at 4 months' overdue (as compared to RBI guidelines), and enhanced the rate of standard asset provision to 0.35%. The impact of this adoption on profitability was ₹ 53.58 Cr.

GNPA at 4 months' overdue is 4.42%.

Chola's PBT-ROTA for Q2 FY16 improved to 3.1% as against 2.7% in Q2 FY15, even after accounting for the early adoption. On a half year basis, ROTA was at 3.0%, compared to 2.7% in the previous year.

<u>Conversion of CCPS:</u>

1% Compulsorily Convertible Preference Shares ("CCPS") amounting to Rs. 500 Cr subscribed by Dynasty Acquisition (FDI) Ltd have been converted into 12,285,012 equity shares of Rs 10 each on September 2, 2015, at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share). The preferential dividend is cumulative and has been paid pro-rata upto the conversion date.

<u>Capital Adequacy:</u>

The capital adequacy ratio (CAR) of the company was at 20.80% as against the regulatory requirement of 15%.

<u>Subsidiaries Performance:</u>

The subsidiaries Cholamandalam Securities Limited (CSEC) and Cholamandalam Distribution Services Limited (CDSL) together made a profit before tax of ₹ 1.78 Cr in Q2 FY16, as against ₹ 2.95 Cr in the same quarter last year. On a half year basis, the subsidiaries made a profit before tax of ₹ 3.03 Cr, as against Rs. 5.57 Cr in H1 FY15. In August 2015, CDSL was granted in-principle approval by the RBI to set up a Payments Bank.

<u>Consolidated Results:</u>

The consolidated profit after tax for Q2 FY16 is ₹ 122 Cr. as against ₹ 99 Cr. in Q2 of FY15, registering a growth of 23%.

About Cholamandalam Investment and Finance Company Limited

Cholamandalam Investment and Finance Company Limited was 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 over 534 branches across India with assets under management above INR 25,000 Crores. The subsidiaries of Cholamandalam include Cholamandalam Securities Limited (CSEC) and Cholamandalam Distribution Services Limited (CDSL).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.

About Murugappa Group

Founded in 1900, the INR 269 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, 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 .

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A presentation for investors is being separately placed on our website: www.cholamandalam.com