

Cholamandalam Investment and Finance Company Limited

“Financing your Assets...since 1978”

Investor Presentation

Disclaimer

Certain statements included in this presentation may be forward looking statements made based on management's current expectations and beliefs concerning future developments and their potential effects upon Cholamandalam Investment and Finance Company Ltd and its subsidiaries. There can be no assurance that future developments affecting Cholamandalam Investment and Finance Company Ltd and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are important factors that could cause actual results to differ, possibly materially, from expectations reflected in such forward-looking statements. Cholamandalam Investment and Finance Company Ltd does not intend and is under no obligation, to update any particular forward-looking statement included in this presentation.

Table of Contents

Corporate Overview

Business Overview

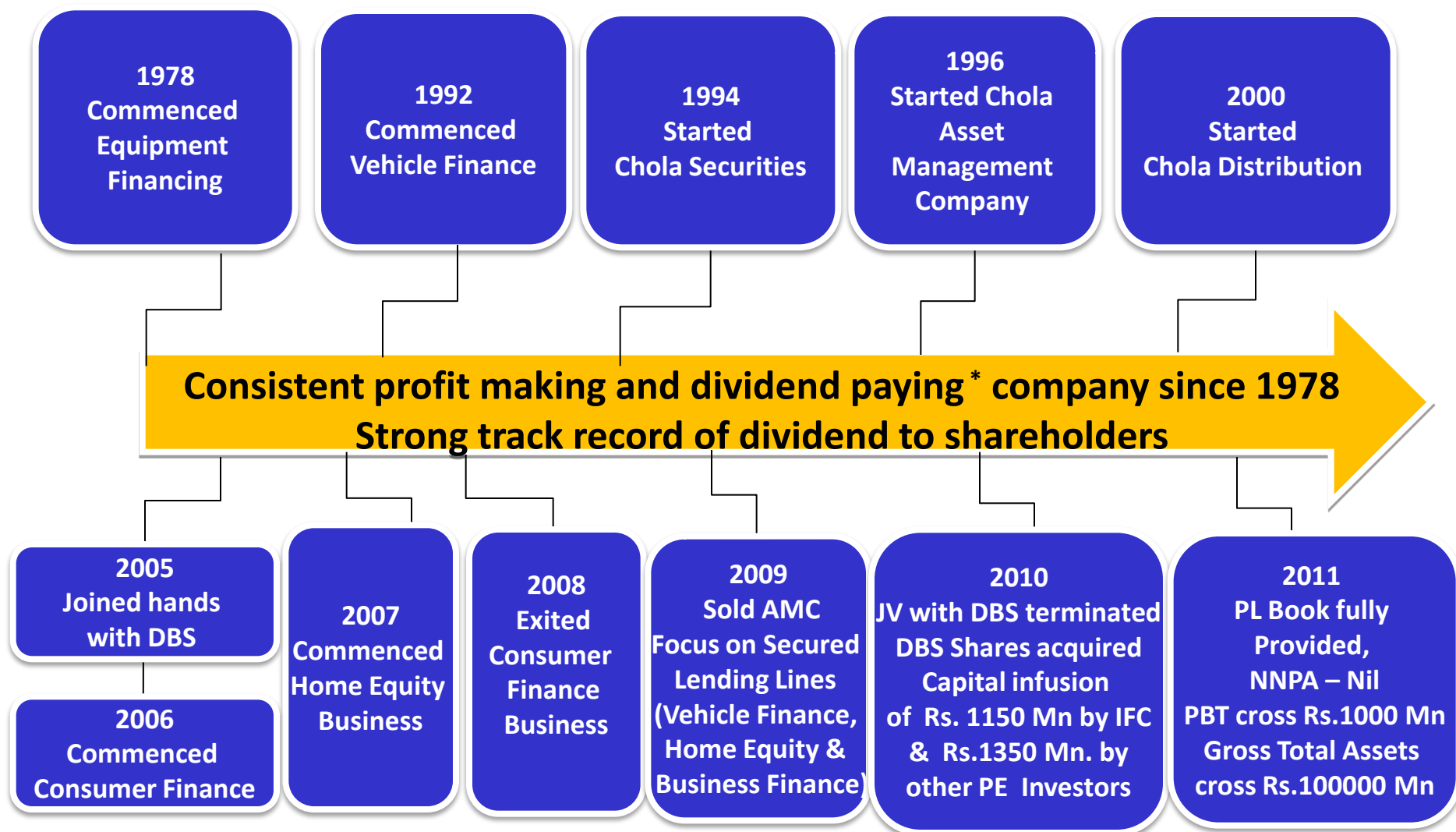
Financial Performance

Business Strategy

Wealth Management

Corporate Overview

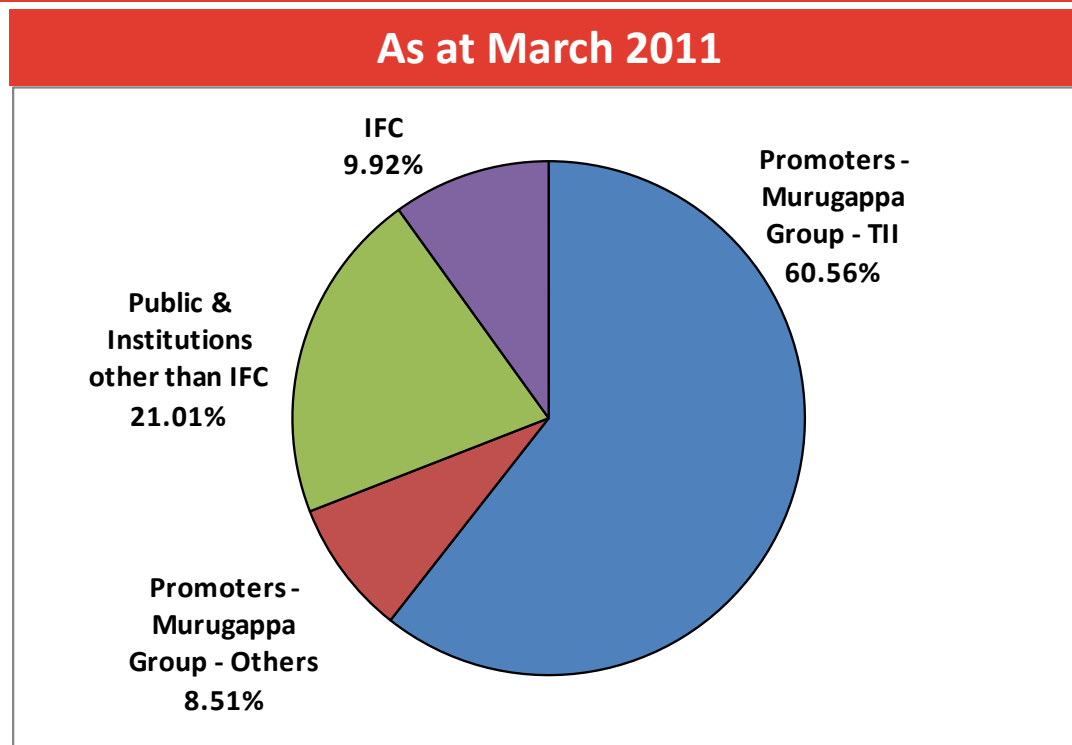
Journey so far ...



Note: All years are Calendar years

* except 2009, average dividend payout for the last 10 years is 35.5% on capital

Shareholding pattern



- Promoters share holding of 69.07% post DBS exit indicates strong promoter commitment.
- Public holding includes shares held by International Finance Corporation (9.92%) and other institutional investors (7.08%).

Major Companies - Murugappa Group

 Coromandel

Coromandel International Ltd

In Business since 1964, 2.9 million tonnes of phosphatic fertilisers , 2nd largest phosphatic fertiliser company in India

Market Cap - Rs. 81267 Mn.

 PARRYS

EID Parry India Ltd

Part of the Group since 1981 with wide range of products sugar, microalgal health supplements and bio products

Market Cap – Rs.36990 Mn.

 CUMI

Carborundum Universal Ltd

In business since 1954 , Pioneered in coated and bonded abrasives, super refractories, electro minerals and industrial ceramics


Market Cap - Rs.21530 Mn.

 INDIA

Tube Investments of India Ltd

In business since 1949, Wide range of product - engineering, metal formed products, e-scooters, fitness equipments and cycles.

Market Cap – Rs.25223 Mn.

 Cholamandalam

Cholamandalam Invt Finance

In business since 1978, financial provider for vehicle finance, business finance, home equity loans, stock broking & distribution of financial products

Market Cap - Rs.20863 Mn.

 Cholamandalam MS
General Insurance

Cholamandalam MS General Insurance

In business since 2003, JV with Mitsui Sumitomo Insurance Group of Japan, (5th largest insurer across the globe). Offers wide range of general insurance products that include fire, marine, motor, property, accident cover, engineering, health, liability, travel and auto insurance . **Market Cap is not applicable since it is not listed.**

Strong Corporate Governance

The Spirit of the Murugappa Group



INTEGRITY

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

PASSION

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

QUALITY

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

RESPECT

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

RESPONSIBILITY

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

Management



MBN Rao – Chairman

- Over 38 years of varied experience in the entire gamut of Banking and Finance, Economics, Foreign Exchange, Money and Capital Markets, and Administration
- Former Chairman and Managing Director of Canara Bank and Indian Bank.
- He was also the Chairman Indian Banks' Association, Indo Hong Kong Finance Limited, Vice Chairman of Commercial Bank of India, Russia and is a Director on the Boards of various reputed Companies
- He also served as a Member of various Committees constituted by the RBI, Ministry of Finance - Government of India, SEBI and National Institute of Bank Management



Mr. N Srinivasan, Mentor Director

- He has over 26 years of experience in the areas of Corporate Finance, Legal, Projects and General Management
- He is a Director on the Boards of Tube Investments of India Ltd., Cholamandalam MS General Insurance Company Ltd. and certain other Murugappa Group companies
- He is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India

CEO AND MANAGEMENT TEAM



Vellayan Subbiah, Managing Director

- He was the Managing Director of Laserwords, a leading provider of pre-press services to global publishers since 2005
- His professional experience includes 6 years at McKinsey and Company, Chicago and associations with 24/7 Customer Inc. Las Gatos and The Carlyle Group, San Francisco
- He holds a degree of Bachelor of Technology in Civil Engineering from the IIT Madras. He also holds a Masters in Business Administration from the University of Michigan, Ann Arbor

Management Team contd....



Kaushik Banerjee – President Asset Finance

- Kaushik has been in Asset Finance business for close to 22 years. He began his career in financial services with ITC Classic Finance Ltd (a subsidiary of ITC Limited),
- He headed the West & East operations of Esanda Finanz Ltd (a subsidiary of ANZ Grindlays Bank) with whom he spent 7 years.
- He joined CIFCL in 2001 and took over as Senior Vice President of the Vehicle Finance vertical in 2006.
- The division enjoys a strong reputation as one of the largest financiers of commercial vehicles in the country with a robust portfolio quality. He currently heads the Asset Finance divisions of Vehicle Finance and Corporate & Mortgage Finance.



Mr. Rohit Phadke, Sr. VP & Business Head-Home Equity

- Rohit has 20 years of rich experience in Asset Financing. His last assignment was with Apple Finance Ltd as Regional Manager.
- Rohit has been with the company for over eight years and had led the West Zone of the Vehicle Finance Business with distinction.
- Rohit established the Home Equity business in 2006, and has successfully built up a significant franchisee in the mortgage space recording both profits and growth from commencement of business.







Mr. Arul Selvan, Sr. Vice President & CFO

- Chartered Accountant from the Institute of Chartered Accountants of India & MBA from Open University (UK)
- With over 20 years of experience in Finance and Accounts, Arul heads the Finance function of CIFCL as the CFO.
- Arul has spent 19 years with the Murugappa Group, with stints in Tube Investments of India, Corporate Strategic Planning Division of Murugappa Group, Cholamandalam Mitsui Sumitomo General Insurance, and Group Corporate Finance of Murugappa Group.

Business Overview

Business Lines

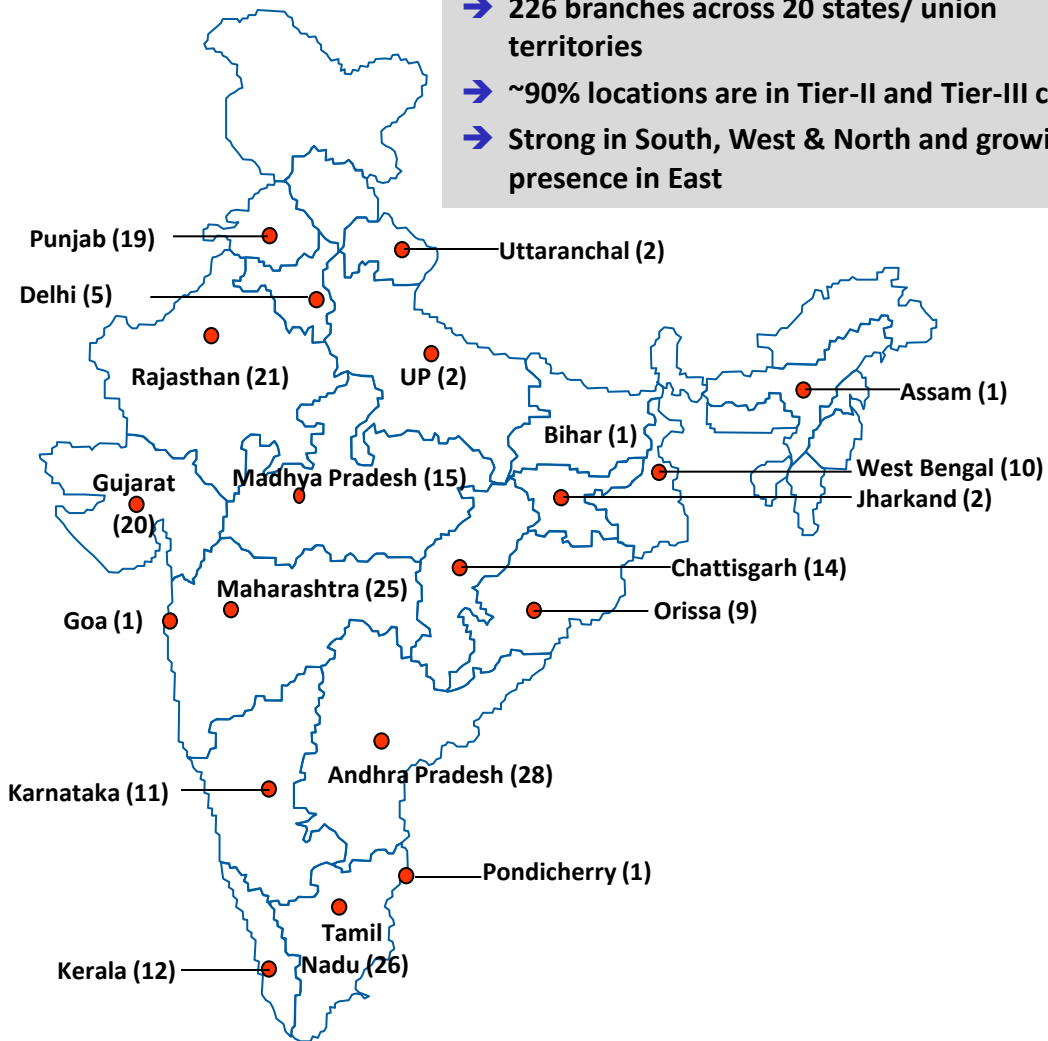
Asset Class		Description	Assets* as at 31 Mar '11	
			<u>Managed #</u> Rs Mn	<u>Own</u>
Vehicle Finance		→ Provides vehicle financing for NEW and USED HCVs, LCVs, SCVs, MLCVs, MUVs and Cars	60263 (64%)	57580 (69%)
Home Equity		→ Provides loans against residential property to self employed individuals	21710 (24%)	17867 (21%)
Business Finance		→ Provides loans against collateral of equity shares, commercial/ residential property and combination of current assets and shares	7795 (9%)	7795 (9%)
Personal Loans		→ Disbursements discontinued since October 2008 and currently only collection activities are continued. Portfolio expected to run off by Q -1 of 2011 - 12	1566 (2%)	466 (1%)
			Total	91333
				83708

* Assets are net of Provisions

#Managed assets refers to Own assets + off balance sheet items which have been securitized / sold on a bilateral assignment basis.

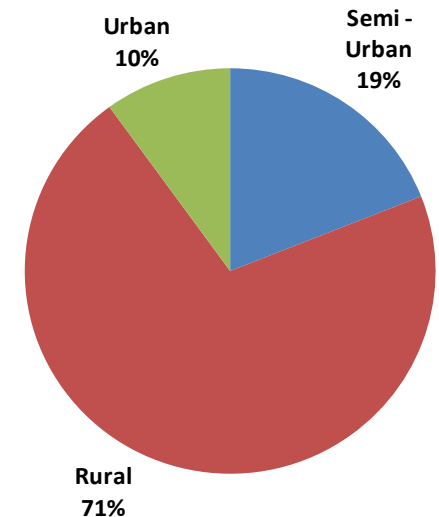
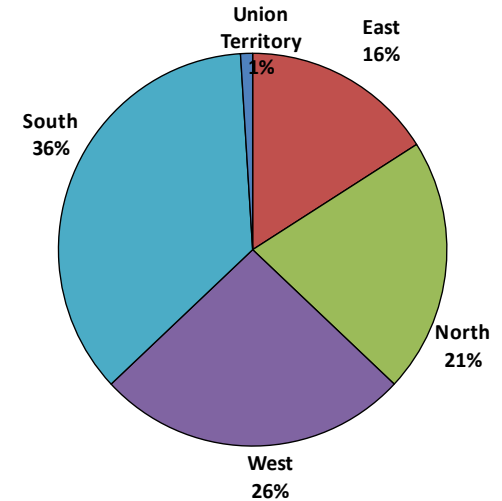
Geographical Presence

- ➔ 226 branches across 20 states/ union territories
- ➔ ~90% locations are in Tier-II and Tier-III cities
- ➔ Strong in South, West & North and growing presence in East



Note: Figures in brackets represents no. of branches as on 31st March 2011

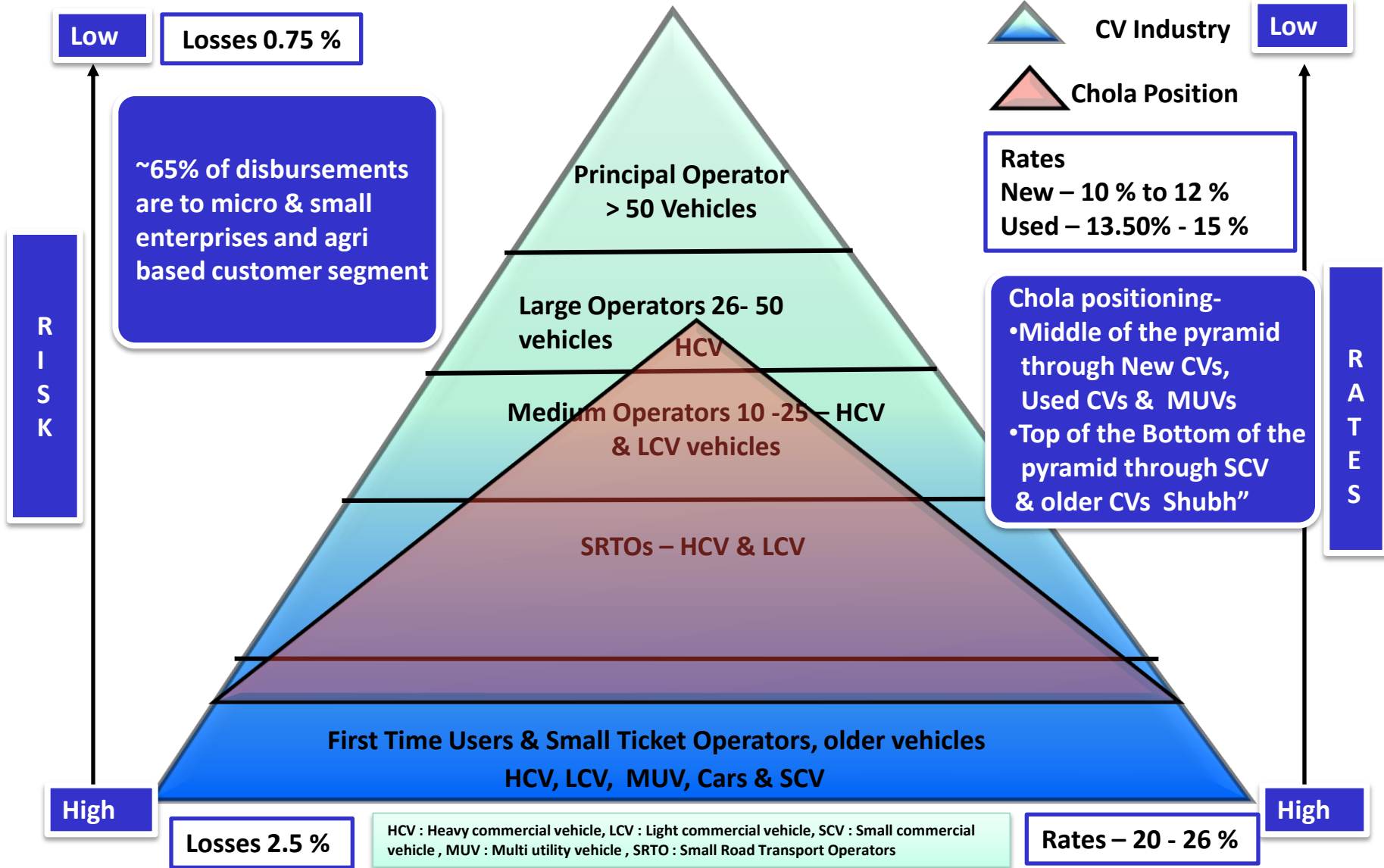
Geographical Mix - Locations



Note: Figures as on 31st March 2011

Vehicle Finance

Vehicle Finance - Business Model & Positioning

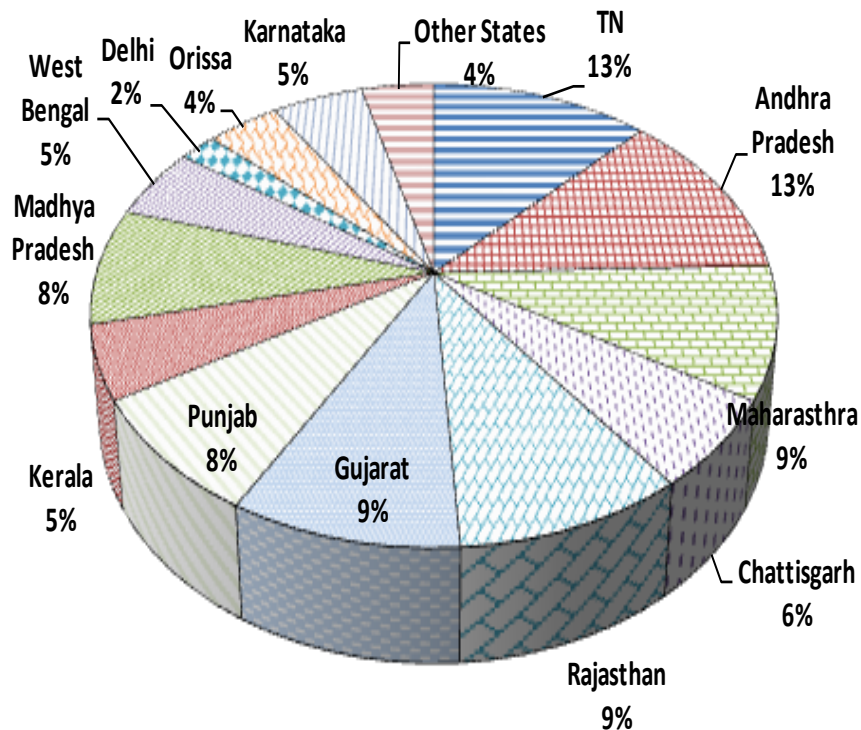


USP 's for Vehicle Finance

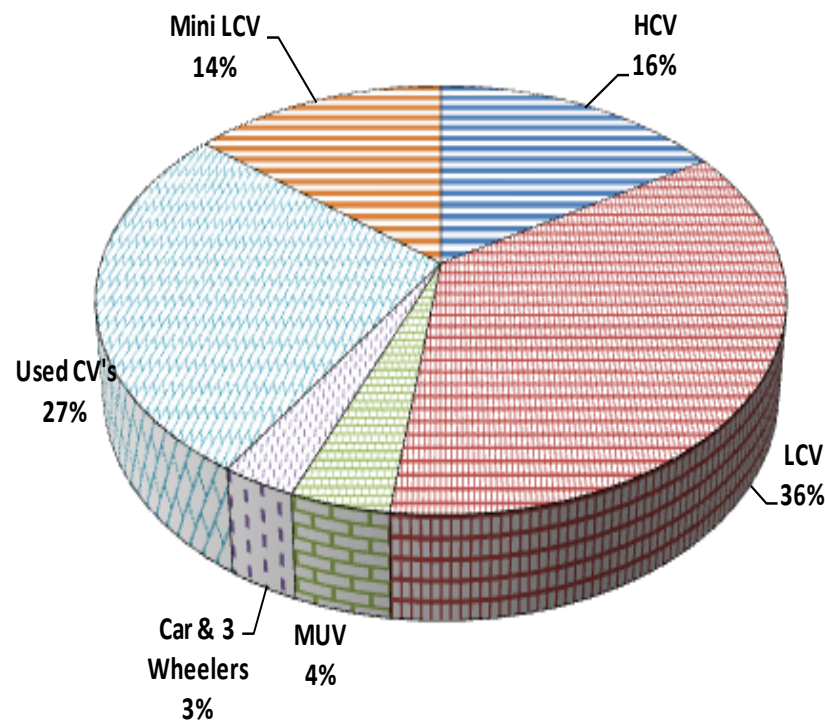
- Quicker Turn Around Time – (TAT)
- Reputation as a long term and stable player in the market
- Strong dealer and manufacturer relationship
- Good penetration in Tier II and Tier III towns
- In house sales and collection team which is highly experienced and stable.
- Low employee turnover
- Good internal control processes
- Customised products offered for our target customers
- Strong collection management

Geographical & Distribution Mix (FY - 11)

Geographical Mix



Disbursement Mix



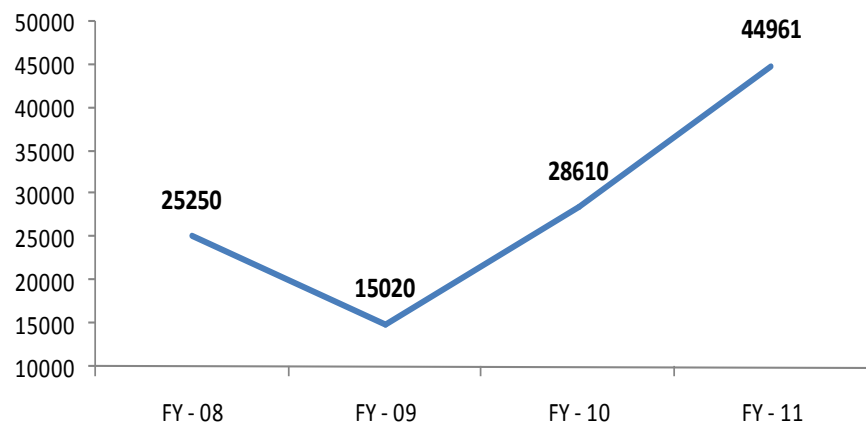
During FY11, ~36% of Disbursements were from South India and balance were from other zones

Well diversified portfolio

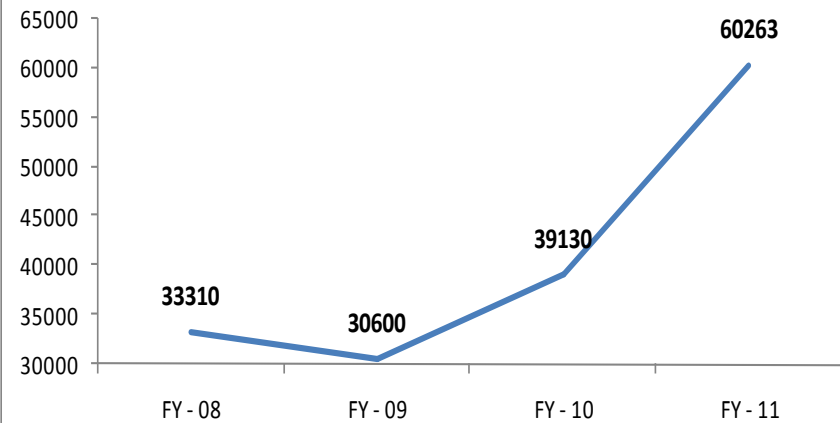
Financials – Vehicle Finance

Rs. In M

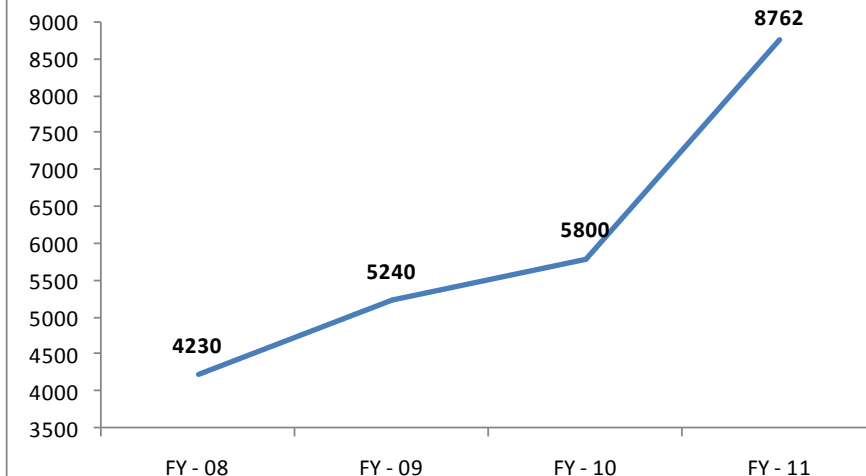
Disbursements



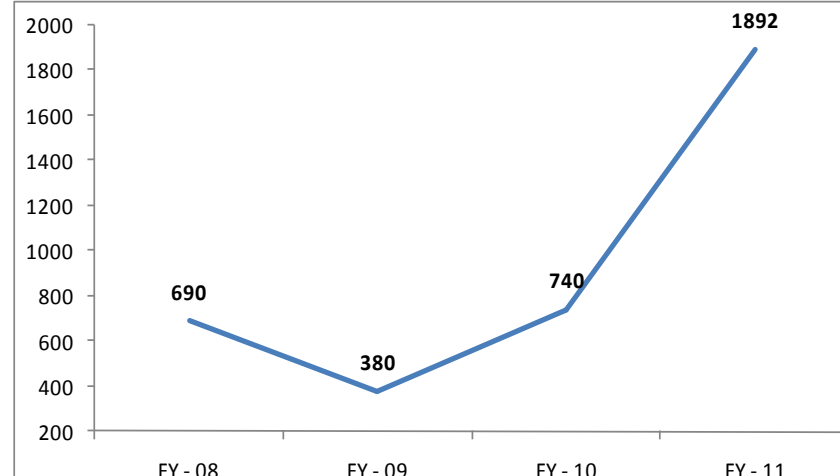
Closing Managed Assets



Income

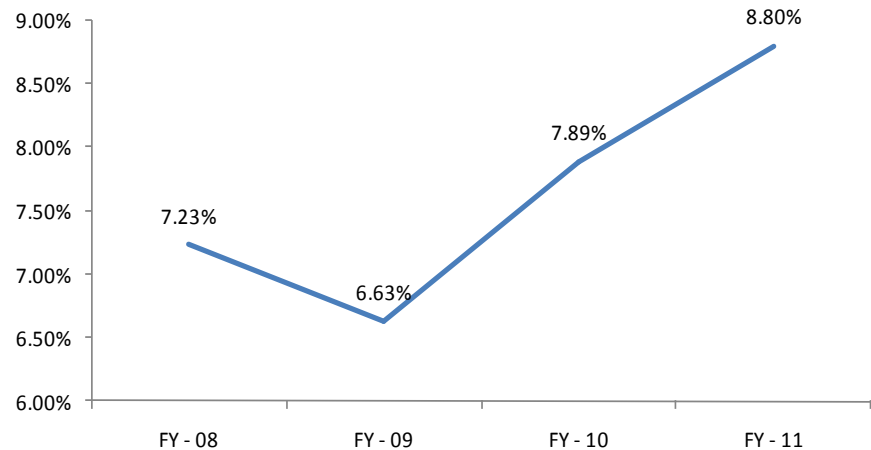


Profit Before Tax

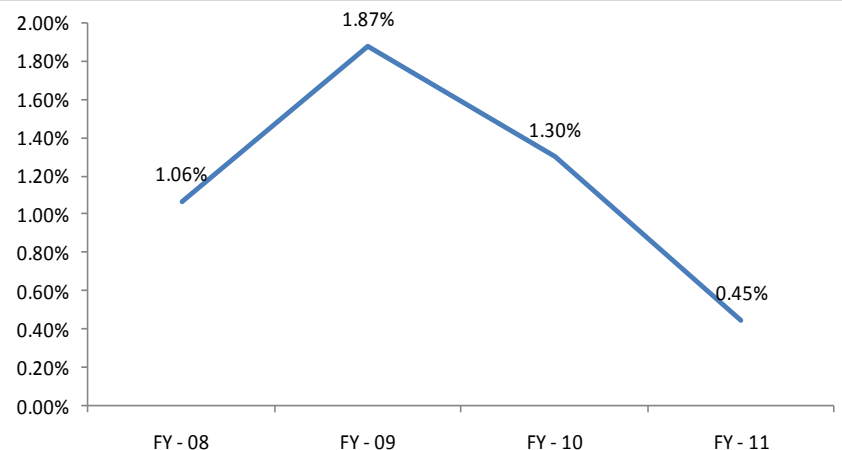


Financials – Vehicle Finance

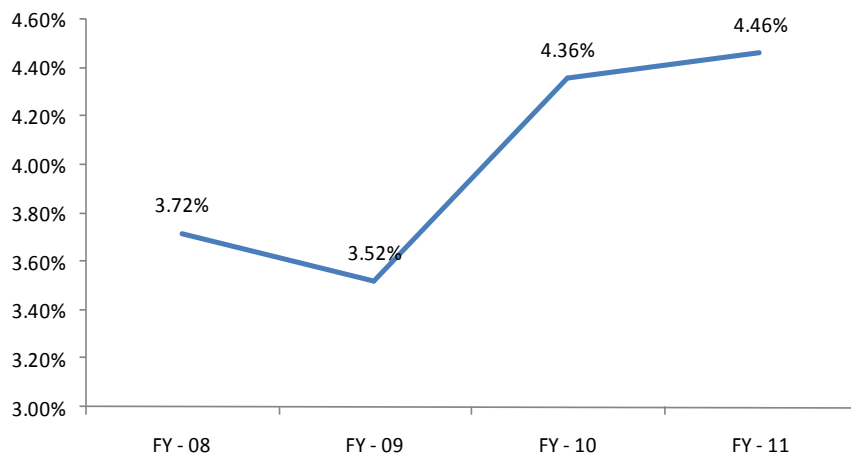
Net Income Margin



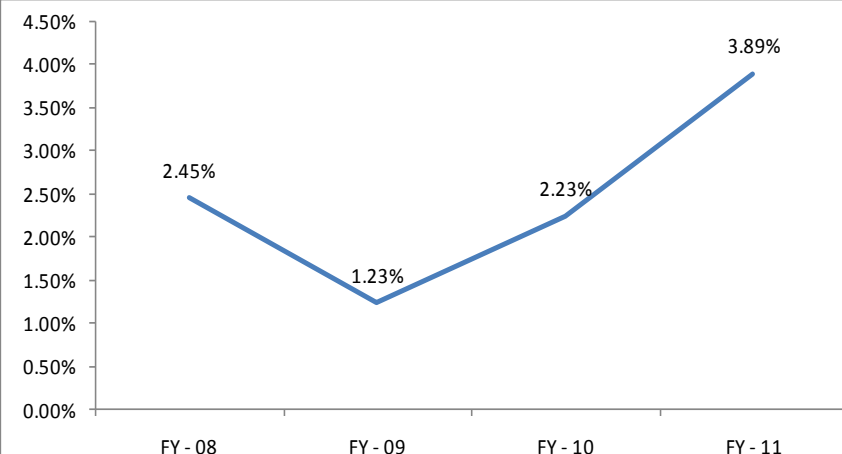
Net Credit Losses



Exp Ratio *



Return on Total Assets



* Incl. one time provision of Rs.145Mn towards Standard Assets in FY - 11

Home Equity

Home Equity – Business Model

Asset Class



Self Occupied Residential Property

Long tenor loans

PAN India 33 locations

Customer Profile



Self Employed Individuals

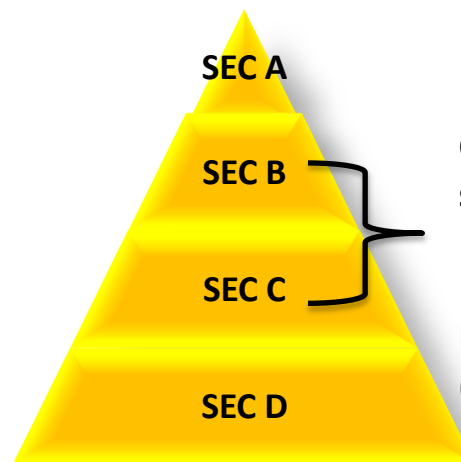
Major Players



PSU Banks



Customer Segment



SEC A

SEC B

SEC C

SEC D

Clear focus on the middle socio economic class of B & C

Focus further refined to Self Employed Non Professional (SENP) in the SEC's B & C

Home Equity – Key Differentiators

Process Differentiator



- Turn around time one of the best in the industry
- Provide personalized service to customers through direct interaction with each customer

Pricing



- Pricing to maintain net interest margin (NIM)
- Recover business origination & credit cost from upfront Fee Income
- Generate surplus fee income
- Effective cost management

Underwriting Strategy



- Personal visit by credit manager on every case
- Assess both collateral and repayment capacity to ensure credit quality

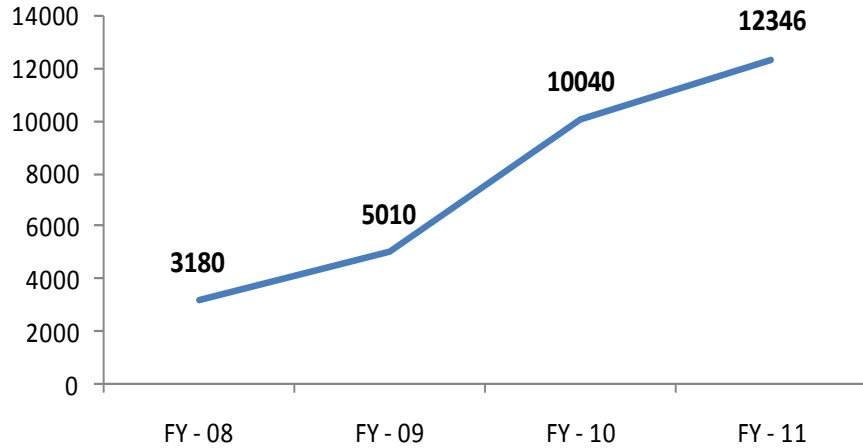
Structure

- Separate verticals for sales, credit & collections
- Convergence of verticals at very senior levels
- Each vertical has independent targets vis-à-vis their functions

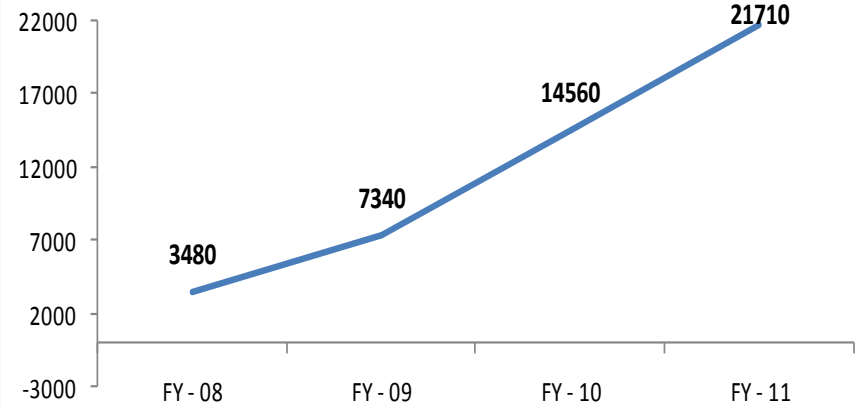
Financials – Home Equity

Rs. In M

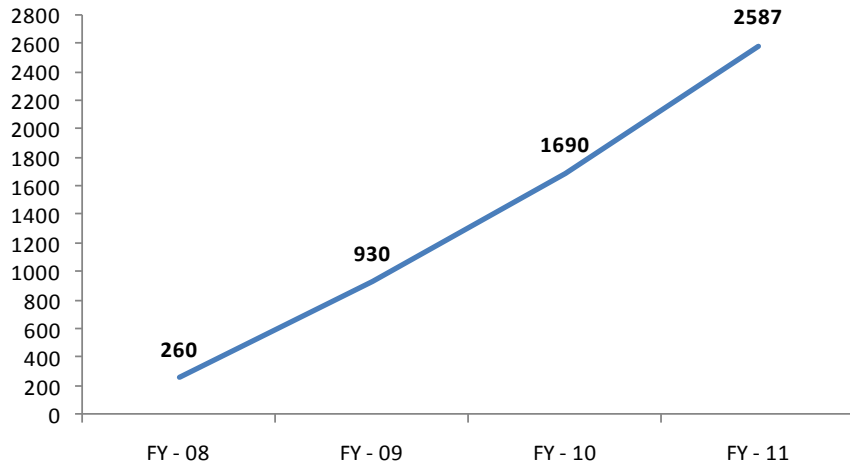
Disbursements



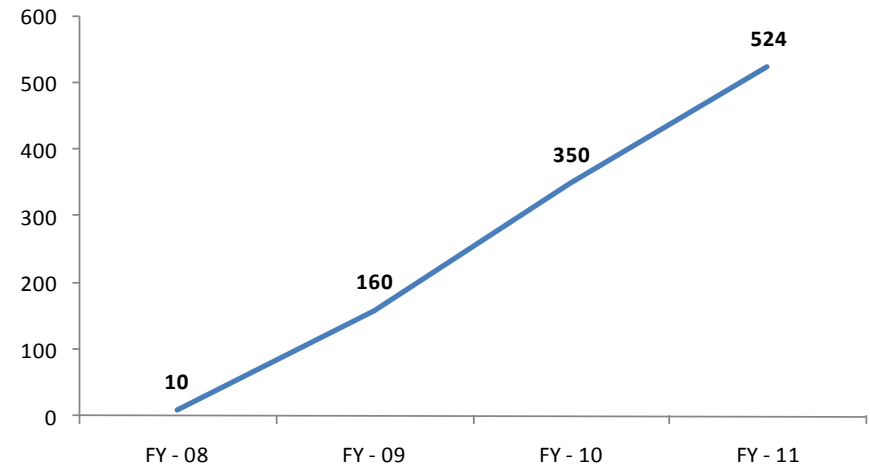
Closing Managed Assets



Income

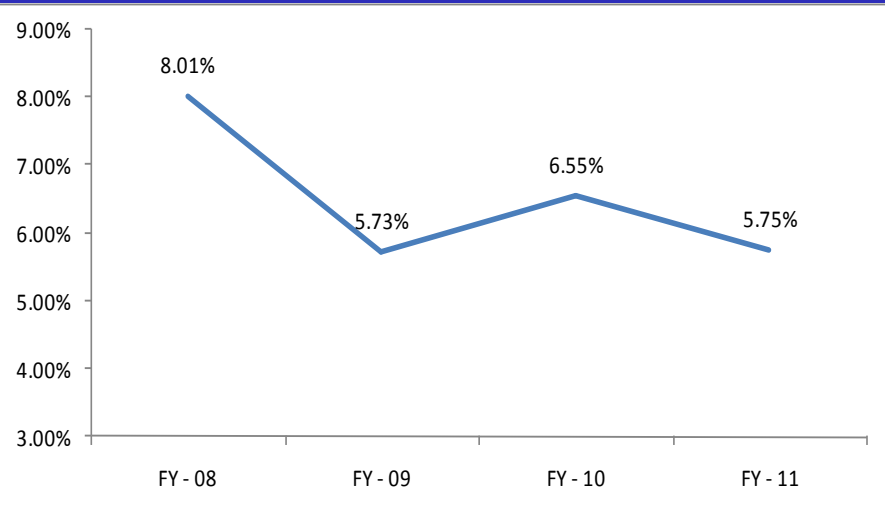


Profit Before Tax

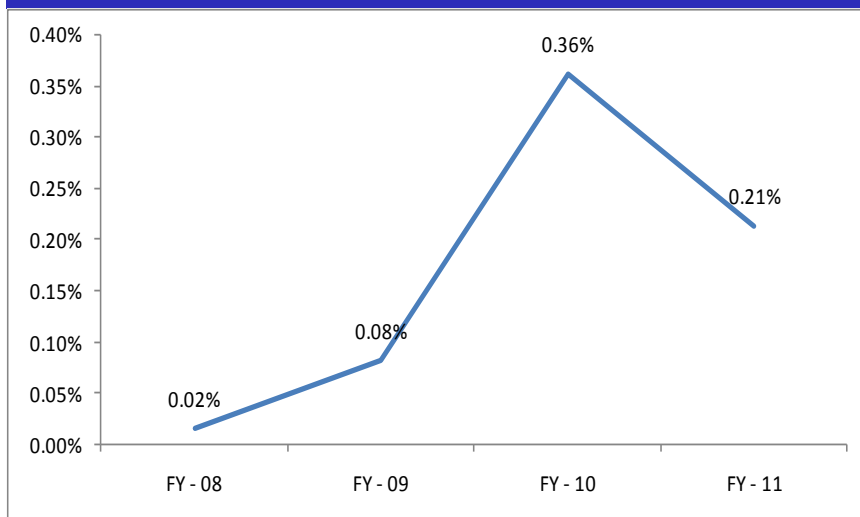


Financials – Home Equity contd...

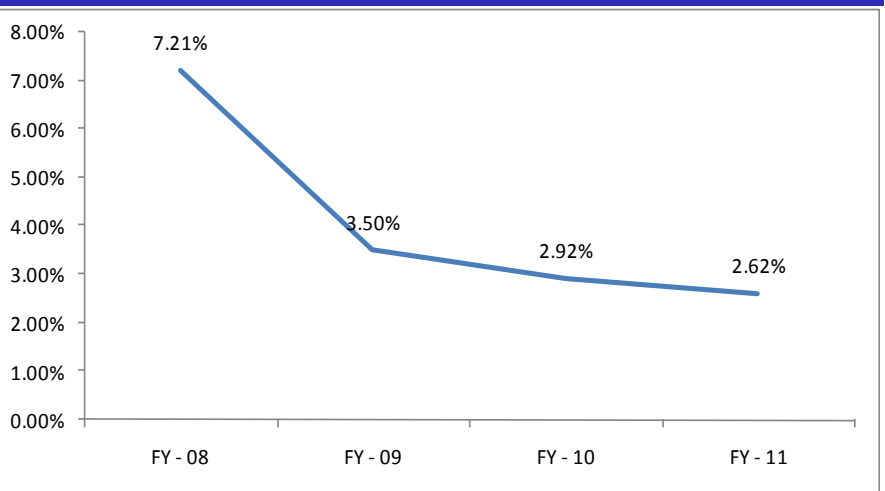
Net Income Margin



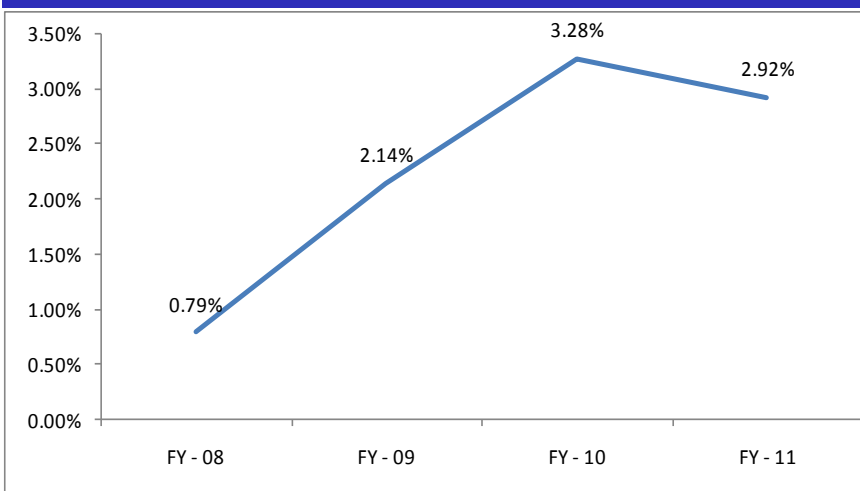
Net Credit Losses



Exp Ratio *



Return on Total Assets



* Incl. one time provision of Rs.45Mn towards Standard Assets in FY - 11

Business Finance

Business Finance

Asset Class

- Liquid Shares, Commercial Property, Residential Property, Current Assets

Customer Profile

- Promoters of large listed entities, High Net worth Individuals, Retail broking clients

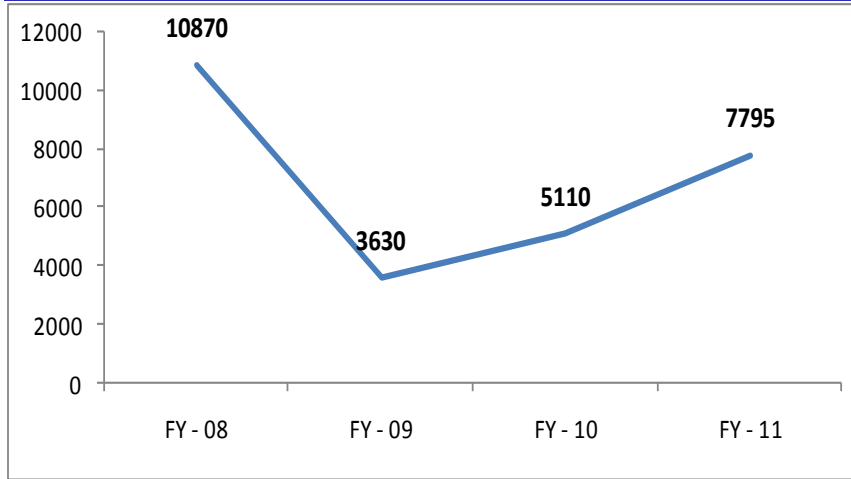
Divisions

- Wholesale segment:
 - ▶ Product offerings - Finance Against Shares / Loan Against Property /Corporate Finance
 - ▶ Target Segment - Promoters, Corporates , HNIs
- Retail segment:
 - ▶ Product offerings - ESOP Funding and Margin Funding
 - ▶ Target Segment – Retail clients

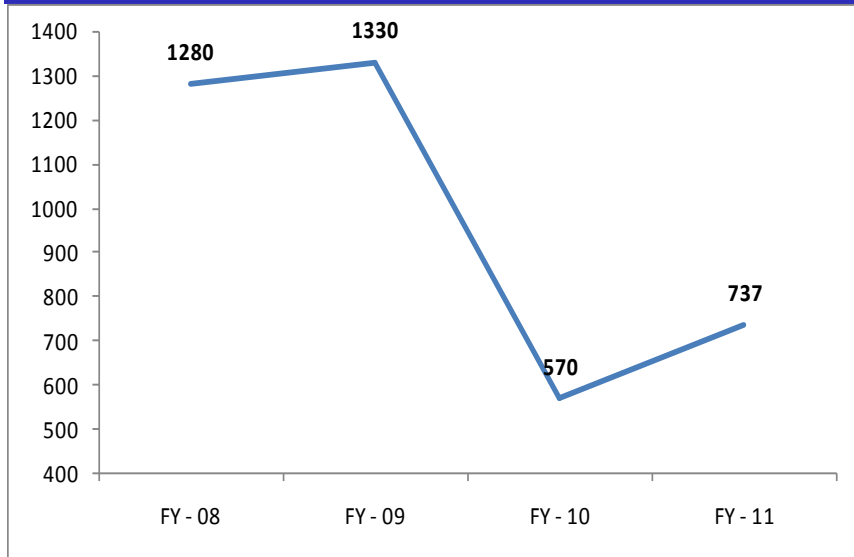
Financials – Business Finance

Closing Managed Assets

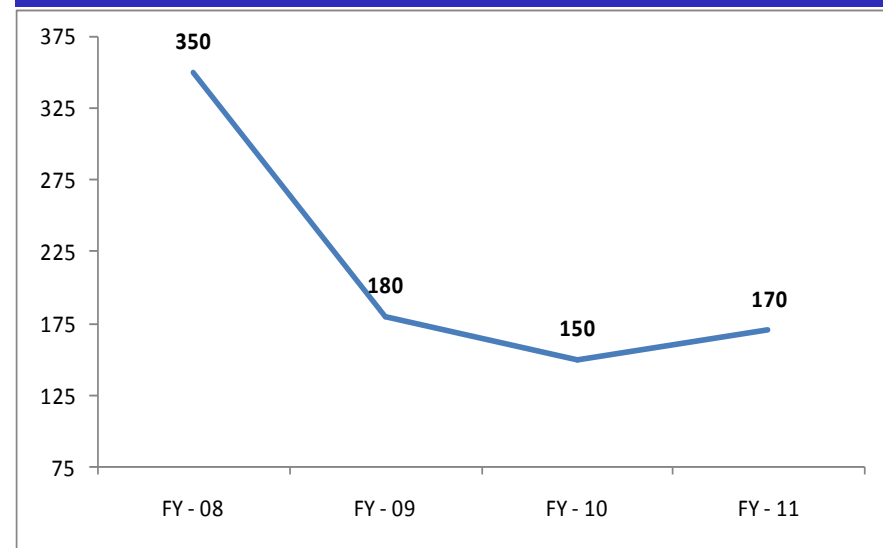
Rs. In M



Total Income

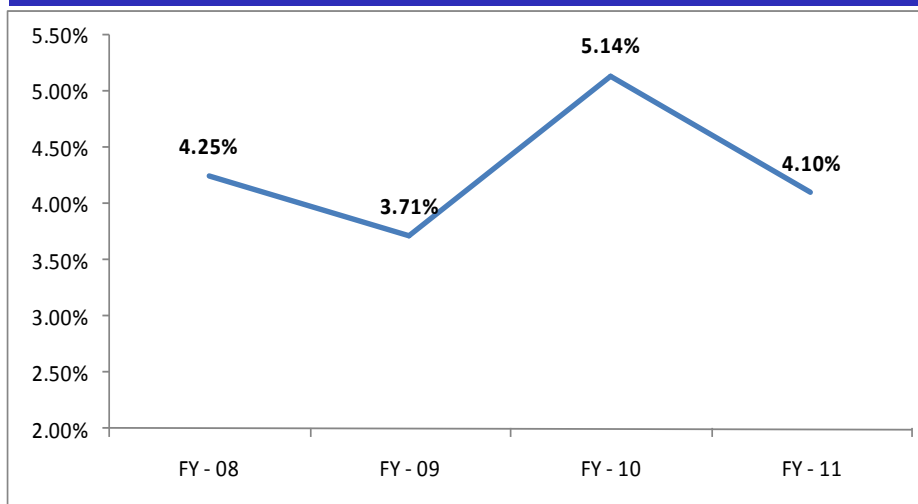


Profit Before Tax

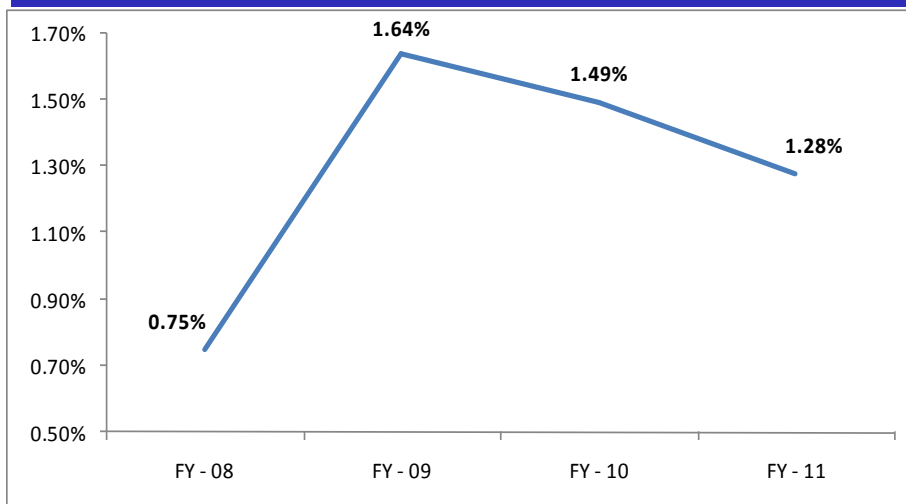


Financials – Business Finance contd...

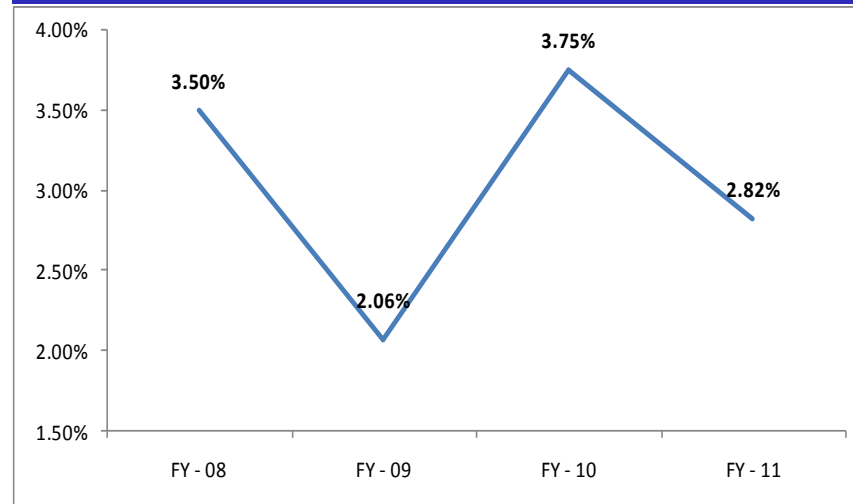
Net Income Margin



Exp Ratio *



Return on Total Assets



* Incl. one time provision of Rs.20Mn towards Standard Assets in FY - 11

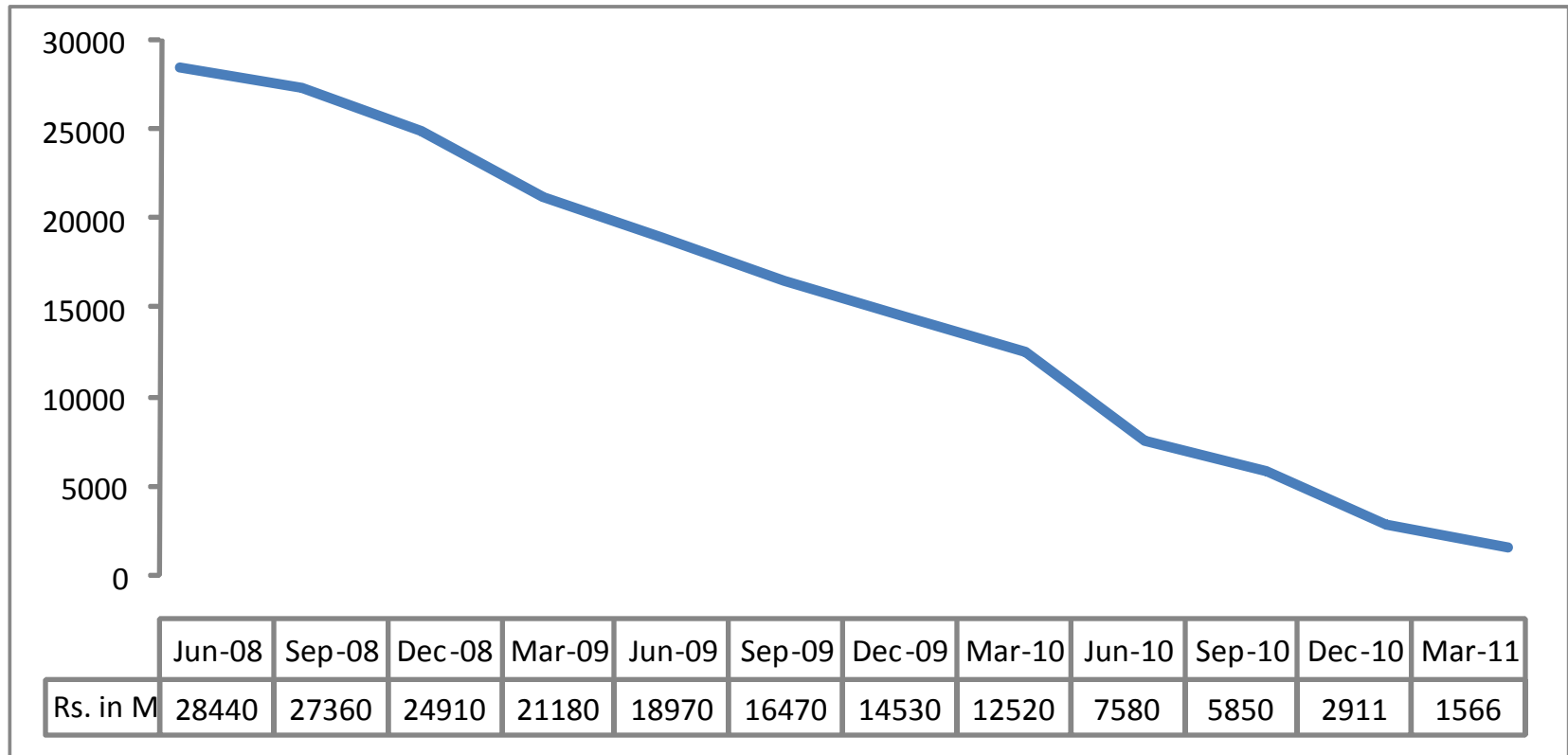
Personal Loans

Personal Loan Portfolio

- Personal Loan was introduced as a new product segment after the Company entered into a JV with DBS. During economic downturn, the company faced high delinquencies and decided to discontinue its personal loan business in Oct, 2008
- Through a combination of asset sell-down and aggressive collection, loan receivables on balance sheet were brought down from Rs. 2300 Mn. (net of provisions) at the beginning of FY 10 to Rs. 466 Mn. (net of provisions) as at end of March 2011.
- This segment comprises 1% of the Own assets (net of provisions) as on 31st March 2011.

This strategy will continue until the complete run-down of receivables

Movement in Personal loan Portfolio (cont'd)

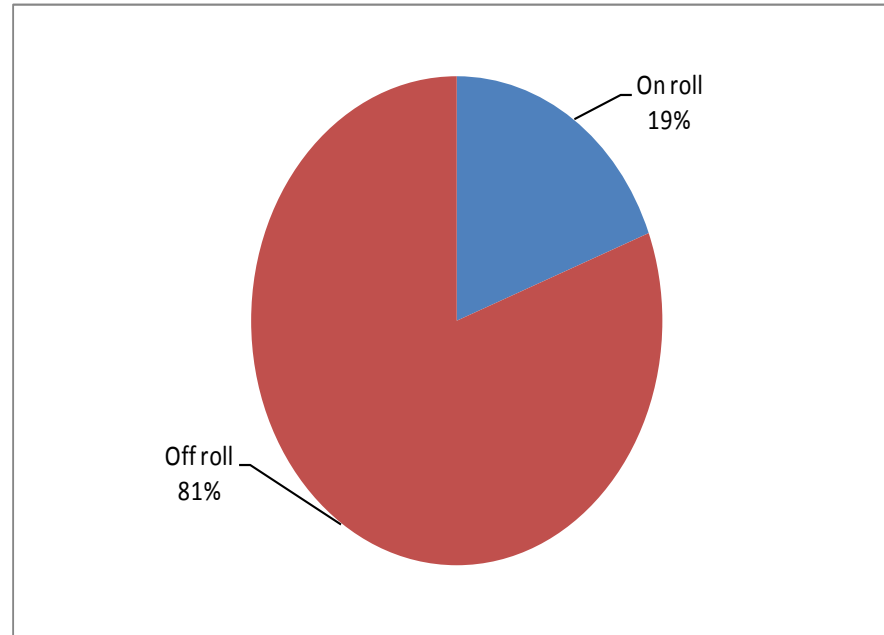


- The portfolio shown above is on managed assets net of provisions
- Apart from Non Performing loan provisions, the Company is carrying an additional provision of Rs.516 Mn as on 31st March 2011 to meet possible delinquencies.
- Rs.770 Mn of loans are in Zero bucket with nil delinquencies.

Key Competencies

Employee Strength of Chola

as on 31 Mar 2011 - (5625) *



* The off roll employees belong to Cholamandalam Business Services Limited

- ➔ On roll employees includes 88 professionals (CA, ICWA, Lawyers and engineers) and 360 MBAs as at 31 Mar 2011

Access to 5625 + trained manpower directly and indirectly

Risk Management Frame work

Risk Management Committee :

- Risk management committee reviews the implementation of various risk management techniques, analytics, systems, policies and procedures.
- The Chairman, Managing director and one other non-executive director along with heads of various businesses and support functions of the Company constitute the risk management committee.
- The Committee reviews the top risks in each business and functions and the changes in risk perceptions on a regular basis.
- The Board reviews risk management processes on a periodical basis.

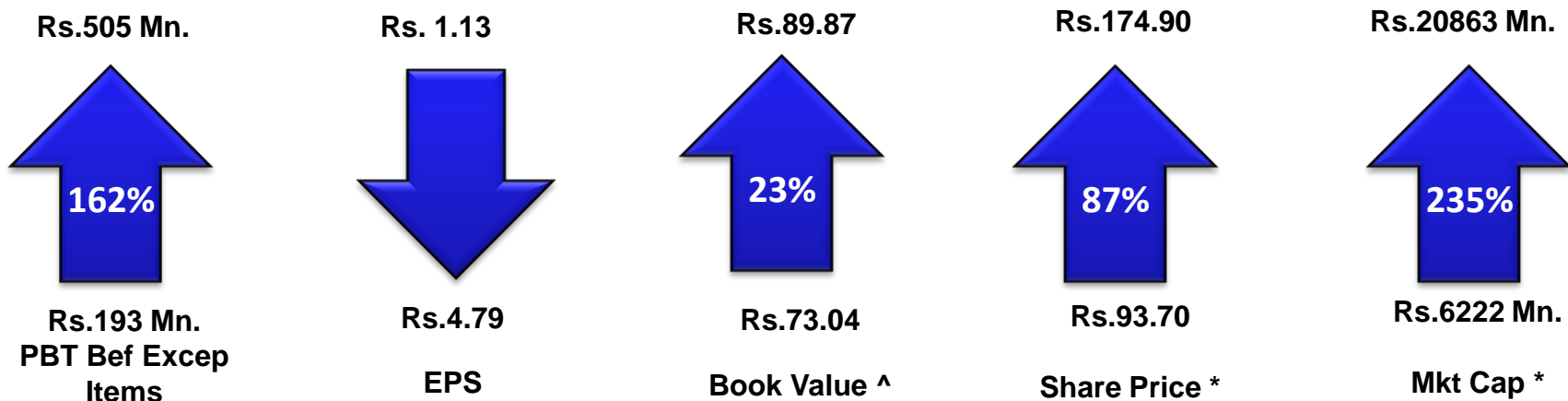
Internal Control Systems :

- SOPs for all business parts are in place
- Comprehensive risk registers are prepared for businesses and various functions
- In-house and independent internal audit teams
- Robust mechanism of fraud control, fraud detection and prevention – disciplinary committee comprising of senior management members
- Key operational processes (finance & operations) are centralized at Head office for better control
- Strong IT security system and audit to ensure information security

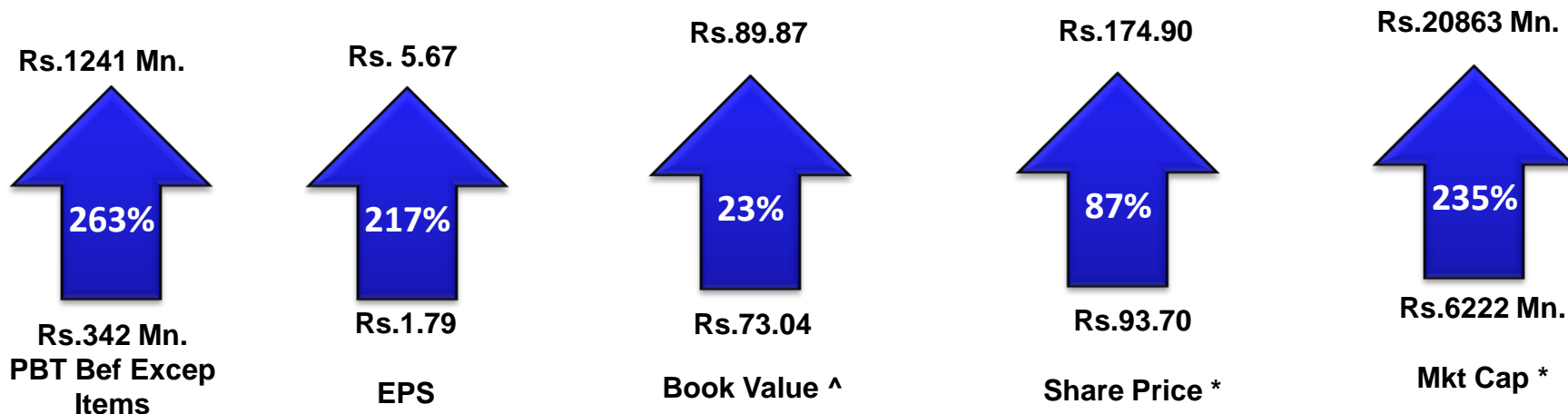
Financial Performance

Key Highlights

Performance Highlights of Q – 4 FY – 11 Vs Q - 4 FY - 10



Performance Highlights of 2010-11 Vs 2009-10



* Price considered is as per last trading session of the FY, ^ Book value of share is adjusted for Preference Share Capital in 09-10.

Profit & Loss Account

Rs. In Million.

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Disbursements - Non PL	12,954	17,624	28,434	20,027	38,656	57,307
Disbursements - PL	-	7,972	21,260	8,408	-	-
Income	2,215	4,091	8,917	11,206	9,295	12,018
Expenditure						
Financing Charges	994	1,889	3,783	5,941	5,036	5,857
Business Origination Outsourcing	157	594	1,305	833	575	868
Operating and Other Expenses	395	778	1,636	1,881	1,429	1,598
Provisions & Loan Losses	209	357	1,284	3,381	3,614	2,245
Total Expenditure	1,755	3,619	8,008	12,035	10,653	10,568
Profit before adjustments	460	473	909	(829)	(1,358)	1,451
Std Assets Provision	-	-	-	1,000	1,700	(210)
Exceptional items	-	-	-	-	(29)	(240)
Profit Before Taxation	460	473	909	171	313	1,001
Provision for Taxation:	108	163	316	(257)	159	379
Profit After Taxation	352	310	594	427	154	622

Note : The Company had created an one time standard assets provision (SAP) of Rs.3000 M in March 2009 to meet the losses of personal loan business. Out of this Rs.1000 M was utilized in FY – 09, Rs 1700 M was utilized in FY – 10 and the balance Rs.300 M is retained. During FY 2010-11, the Company has created a first time SAP of RS.210 M towards non PL standard assets as per RBI directive.

Exceptional Items for 2010 -11 is on account of impairment provision created on investments made in Cholamandalam Factoring Limited.

Profit & Loss Account – PL & Non PL

Rs. In Mn

Particulars	2007-08			2008-09			2009-10			2010-11		
	CIFCL	PL	NON-PL	CIFCL	PL	NON-PL	CIFCL	PL	NON-PL	CIFCL	PL	NON-PL
Income	8,917	4,029	4,888	11,206	4,407	6,800	9,295	1,461	7,834	12,018	631	11,387
Financing Charges	3,783	1,261	2,523	5,941	1,842	4,099	5,036	831	4,205	5,857	527	5,330
Business Origination Outsourcing	1,305	963	342	833	425	408	574	10	564	868	6	861
Operating Exp and Depreciation	1,636	886	749	1,881	868	1,013	1,429	436	993	1,598	228	1,370
Provisions and Loan Losses	1,284	937	347	3,381	2,719	661	3,614	2,980	634	2,245	1,895	350
Expenditure	8,008	4,047	3,961	12,035	5,854	6,181	10,653	4,257	6,396	10,568	2,657	7,911
PBT Before Standard Assets Provisions	909	(18)	928	(829)	(1,448)	618	(1,358)	(2,795)	1,438	1,451	(2,026)	3,476
Standard Assets Provisions	-	-	-	1,000	1,000	-	1,700	1,700		(210)	-	(210)
PBT (Before Exceptional Item)	909	(18)	928	171	(448)	618	342	(1,095)	1,438	1,241	(2,026)	3,267
Less: Exceptional Item	-	-	-	-	-	-	(29)	-	(29)	(240)	(240)	-
PBT	909	(18)	928	171	(448)	618	313	(1,095)	1,409	1,001	(2,266)	3,267

Balance Sheet

Rs. In Mn

Particulars	Actuals					
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Sources of Funds						
Shareholders' Funds						
Equity Share Capital	380	380	522	665	665	1,194
Preference Share Capital	-	-	-	3,000	3,000	-
Reserves and Surplus	2,777	2,883	5,064	4,145	4,185	9,526
	3,157	3,264	5,586	7,810	7,850	10,720
Loan Funds						
Secured Loans	9,571	19,206	29,939	37,133	38,583	65,159
Unsecured Loans	7,391	12,983	24,037	16,777	15,353	14,294
	16,962	32,188	53,976	53,910	53,936	79,453
Total	20,120	35,452	59,562	61,720	61,786	90,173
APPLICATION OF FUNDS						
Fixed Assets - Net	221	336	490	338	138	350
Investments	686	788	1,739	4,052	2,193	683
Deferred Tax Asset (Net)	29	35	214	1,501	1,549	1,306
Current Assets, Loans and Advances						
Receivables under Financing Activity	18,955	32,693	54,004	45,548	54,896	86,092
Cash and Bank Balances	638	2,716	5,337	15,578	7,451	4,462
Other Current Assets	264	635	1,290	1,448	1,311	1,554
Other Loans and Advances	156	170	388	758	1,874	2,375
	20,014	36,214	61,018	63,331	65,532	94,483
Less: Current Liabilities and Provisions						
Current Liabilities	522	1,578	3,075	3,286	3,390	3,120
Provisions	350	383	900	4,362	4,236	3,529
	872	1,960	3,976	7,648	7,626	6,649
Net Current Assets	19,142	34,254	57,042	55,683	57,905	87,834
Miscellaneous Expenditure	42	39	77	145	-	-
Total	20,120	35,452	59,562	61,720	61,786	90,173
Off Balance sheet Assets	2,257	7,417	17,128	16,760	16,908	9,020
Total Assets under Management	22,377	42,869	76,690	78,480	78,694	99,193

Key Ratios

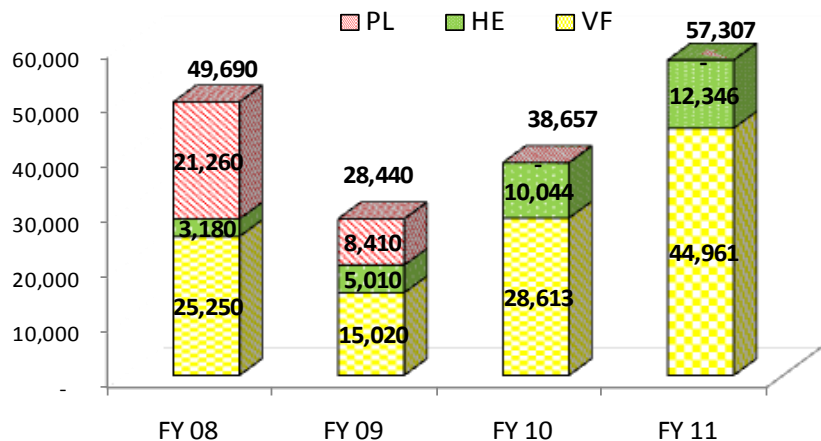
As a % of Average Assets

Particulars	Vehicle Finance	Home Equity	Business Finance	Company as a Whole
Income	18.01%	14.43%	12.21%	16.61%
Less :Cost of Funds	-9.21%	-8.68%	-8.11%	-8.10%
Net Margin	8.80%	5.75%	4.10%	8.52%
Opex Expenses	-4.16%	-2.37%	-0.95%	-4.36%
Loan Losses	-0.45%	-0.21%	0.00%	-2.15%
Standard Assets Prov	-0.30%	-0.25%	-0.32%	-0.29%
PBT Before Exceptional Items	3.89%	2.92%	2.82%	1.72%

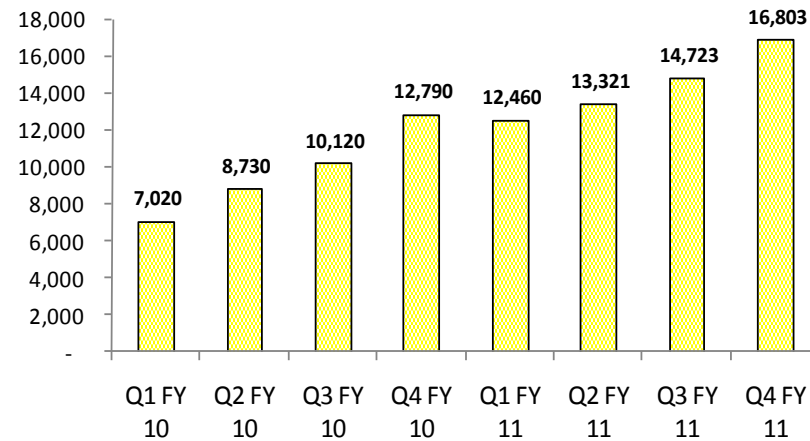
Strong Business Momentum

Rs. In Mn

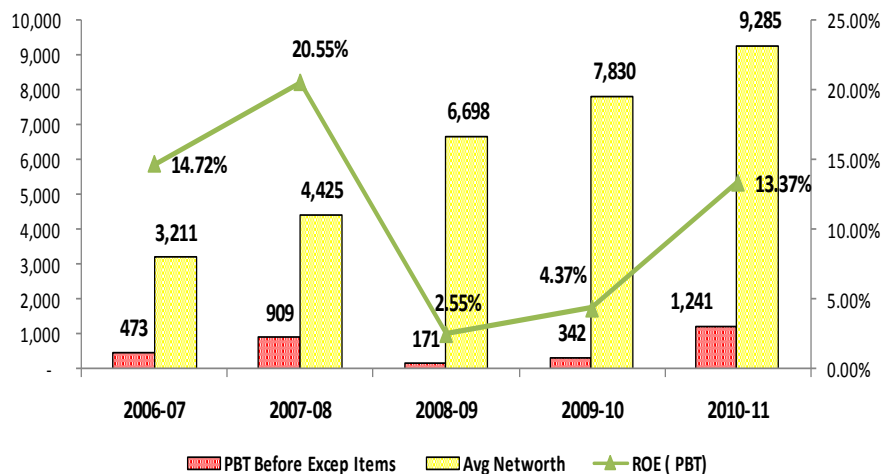
Disbursements



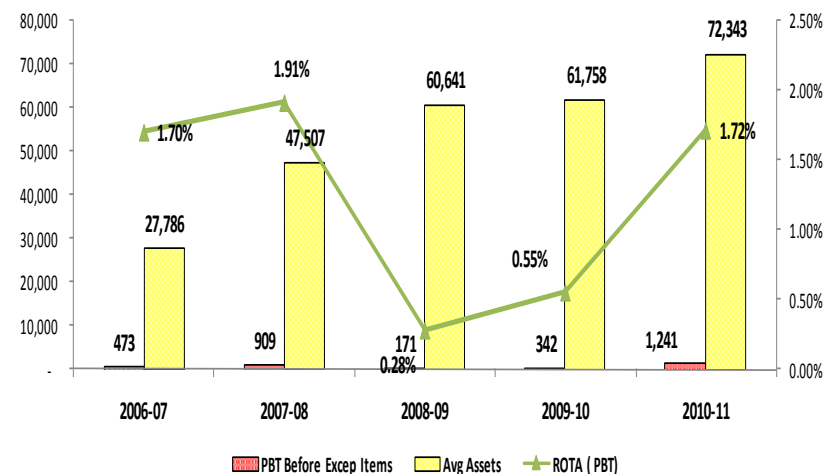
Disbursement QoQ



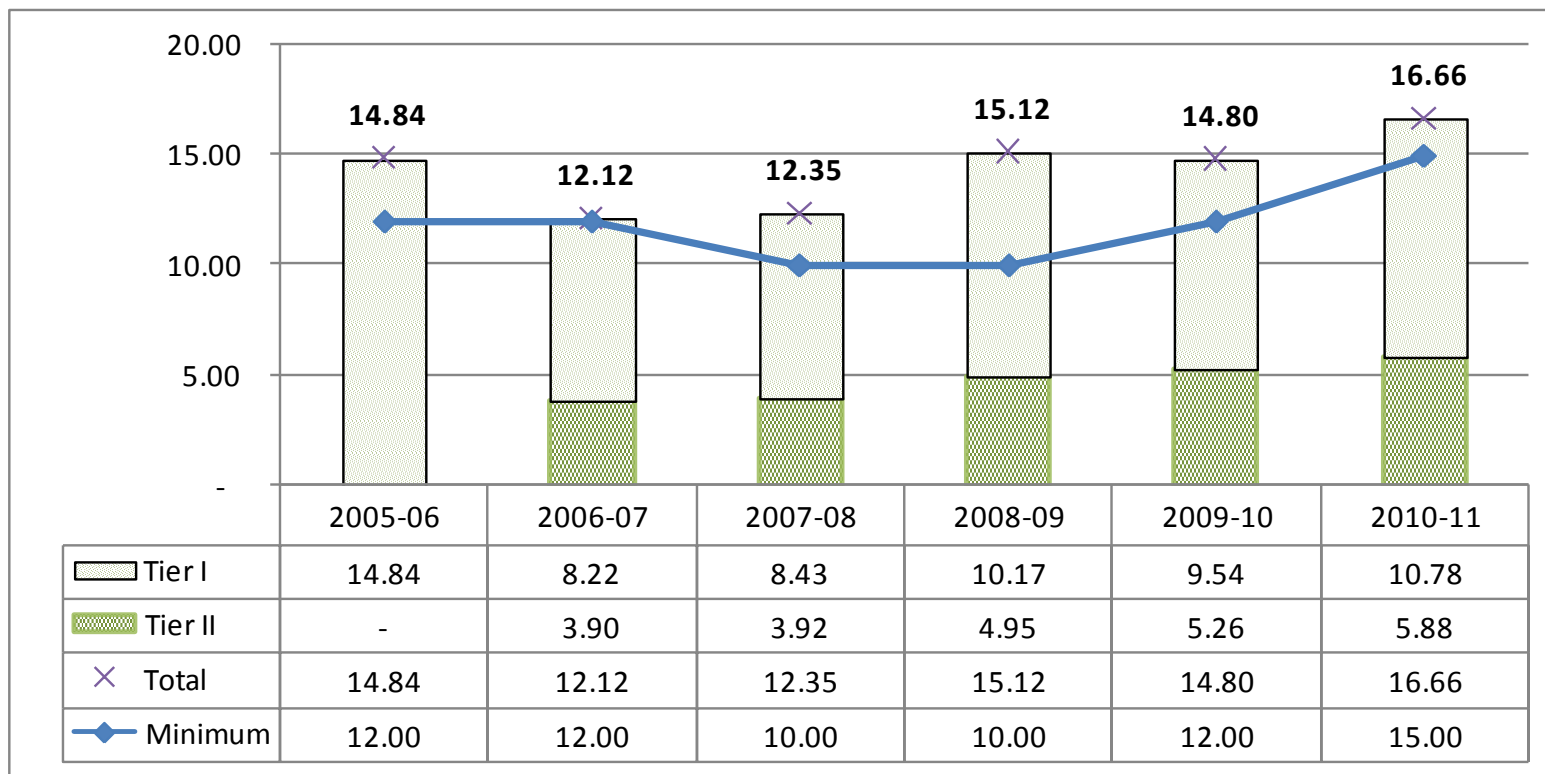
Return on Equity



Return on Assets



CAR & Credit Rating

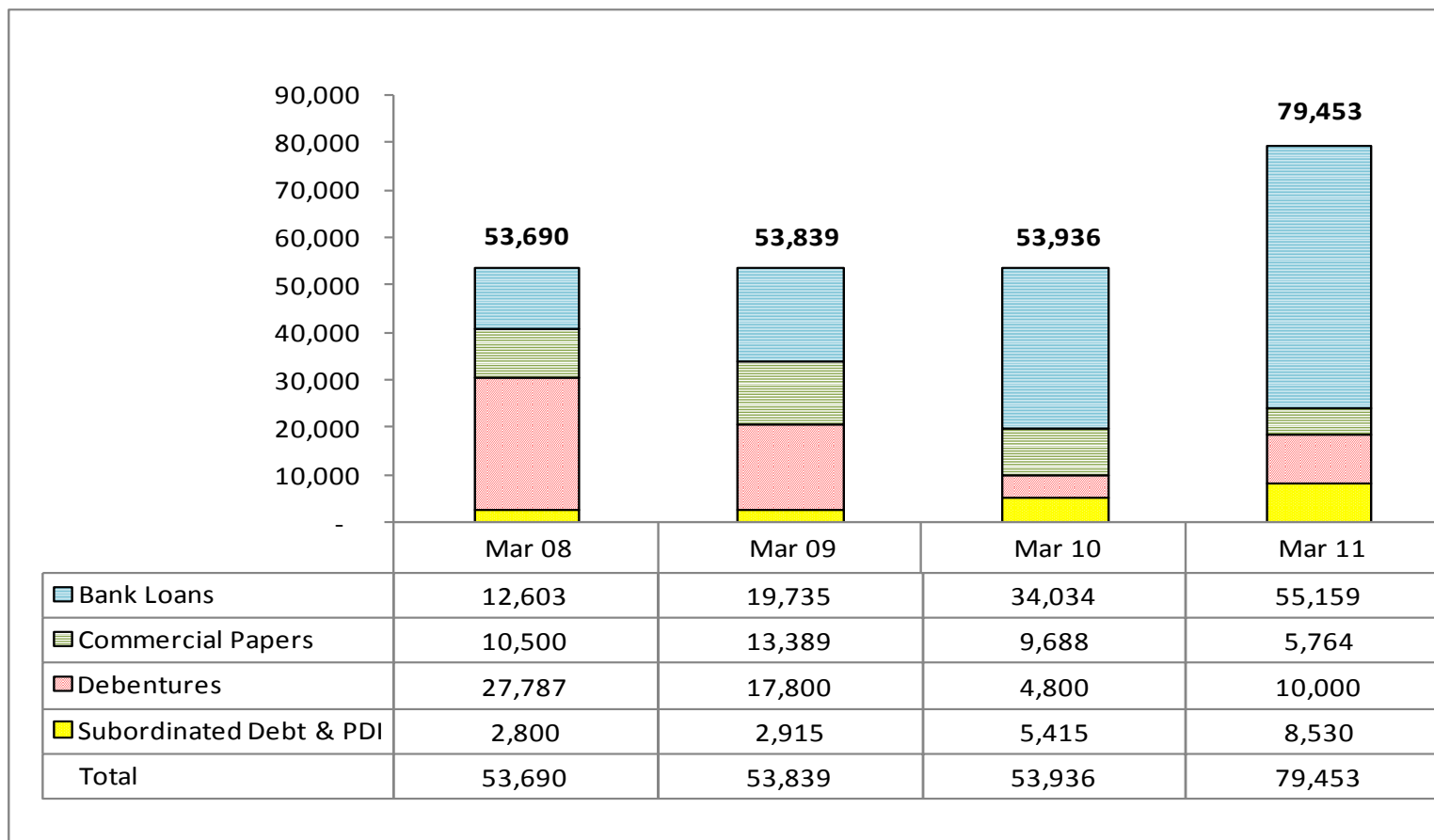


CREDIT RATINGS:

- The Company carries a credit rating of ICRA (A1 +) and CRISIL (P1+) for Short Term Instruments
- For long term instruments the Company is rated with CARE (AA), ICRA (LAA - / Positive) Fitch (FAA - / Stable) and CRISIL (AA - / Stable)
- For Perpetual Debt, the Company is rated with CARE (A+) and ICRA (A+)

Borrowing Profile

Rs in Mn.



- Consistent investment grade rating of debt instruments since inception
- Long term relationships with banks ensured continued lending
- A consortium of 18 banks with approved limits of ~ Rs.18750 Mn.

ALM Statement as of Mar 2011

Rs in Mn

Period	As of 31/03/2011			
	Outflows	Inflows	Mismatch	Cum Mismatch
1-14 days	2,359	9,089	6,730	6,730
15-30/31 days	2,187	4,069	1,883	8,613
Over 1 to 2 months	4,755	4,780	25	8,638
Over 2 to 3 months	507	1,890	1,384	10,022
Over 3 to 6 months	7,374	7,478	104	10,126
Over 6 mths to 1 year	8,683	8,479	(204)	9,922
Over 1 to 3 years	47,697	34,831	(12,867)	(2,944)
Over 3 to 5 years	5,232	7,782	2,550	(395)
Over 5 years to 20 years	4,310	15,092	10,781	10,387
Over 20 years	11,029	642	(10,387)	-
Total	94,132	94,132	-	-

Cumulative Mismatch is significantly lower than the RBI stipulated levels of 15%

New Product Initiatives

a) Pilot Launch of Loan against Gold – FY 2011-12

b) Tractor Financing – Launched

New line of business being evaluated are:

1) Asset backed Agri financing

2) Construction equipment

3) SME Loans

Line extensions being evaluated are:

1) Utility Vehicles

2) Housing Loans

THANK YOU

Financial of Last 10 Years

Rs in MN

Financial Year ended	2002	2003	2004	2005	2006	2007	2008	2009*	2010	2011
	12 Months									
Profit & Loss Account										
Income										
Total Income	20 69	23 57	22 76	21 50	22 15	40 91	89 17	1 12 06	92 95	1 20 18
Expenditure										
Finance Charges	8 94	9 74	8 36	8 45	9 94	18 89	37 83	59 41	50 36	58 57
Salary cost	73	1 04	1 29	1 46	1 81	3 81	7 52	8 38	7 65	8 92
Other Operating Exp	7 51	6 57	6 05	4 18	3 70	9 91	21 89	18 75	12 38	15 74
Provisions & Loan Losses	79	1 66	2 46	2 25	2 08	3 58	12 84	23 81	19 14	24 55
Exceptional items			- 15						29	2 40
Profit Before Tax	2 72	4 55	4 76	5 16	4 60	4 73	9 09	1 71	3 13	10 01
Taxes	85	1 74	1 55	1 75	1 08	1 63	3 16	- 2 57	1 59	3 79
Profit After Tax	1 88	2 81	3 21	3 41	3 52	3 10	5 94	4 28	1 54	6 22
Dividend Payout (In Rs.)	5.00	5.00	5.00	5.00	5.00	4.00	4.00	-	1.00	1.50
Average Dividend payout of last 10 Years (In Rs.)										3.55
As a % on Face Value										35.50%

*No Dividend was paid during the year 2009.