

CHOLAMANDALAM DBS FINANCE LIMITED

Registered Office : DARE HOUSE, 2, N.S.C. Bose Road, Chennai - 600 001.

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2009

(Rupees in lakhs)

Particulars	Standalone				Consolidated			
	Unaudited		Audited		Unaudited		Audited	
	Three months ended		Year ended		Three months ended		Year ended	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
1. a) Income from operations	23,293	25,588	103,837	86,050	23,653	27,010	106,034	91,217
b) Other operating income	2,370	1,065	7,683	3,078	2,424	1,106	7,941	3,329
2. Expenditure								
a) Employees cost	1,374	2,137	7,970	7,515	1,797	3,064	10,808	10,568
b) Business origination outsourcing	623	3,710	8,327	13,050	866	3,748	8,847	13,528
c) Other operating expenses	1,772	2,266	7,536	7,223	2,228	3,237	10,090	10,006
d) Depreciation	468	647	1,953	1,619	542	746	2,256	1,843
e) Provisions, loan losses and other charges (Refer Note 7 below)	1,652	4,313	23,808	12,838	1,596	4,429	24,093	12,963
f) Total	5,889	13,073	49,594	42,245	7,029	15,224	56,094	48,908
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	19,774	13,580	61,926	46,883	19,048	12,892	57,881	45,638
4. Other income	543	45	543	45	530	44	579	64
5. Profit before Interest & Exceptional Items (3+4)	20,317	13,625	62,469	46,928	19,578	12,936	58,460	45,702
6. Interest (Financing Charges)	14,124	11,505	58,891	37,372	14,124	11,519	58,913	37,423
7. Profit / (Loss) after Interest but before Exceptional Items (5-6)	6,193	2,120	3,578	9,556	5,454	1,417	(453)	8,279
8. Exceptional items (Refer Notes 6 below)								
- Branch Closure Costs / Losses	-	-	(1,351)	-	(426)	-	(2,192)	-
- MTM Adjustments for Derivatives / Other Forex Differences	347	(462)	(519)	(462)	347	(462)	(519)	(462)
- Loss on account of securities	-	-	-	-	(192)	-	(1,611)	-
9. Profit / (Loss) from Ordinary Activities before Tax (7+8)	6,540	1,658	1,708	9,094	5,183	955	(4,775)	7,817
10. Tax expense (including fringe benefit tax and deferred tax)	(1,243)	384	(2,567)	3,157	(1,774)	136	(2,893)	3,084
11. Net Profit / (Loss) from Ordinary Activities after Tax (9-10)	7,783	1,274	4,275	5,937	6,957	819	(1,882)	4,733
12. Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-	-
13. Net Profit / (Loss) for the Period (11 - 12)	7,783	1,274	4,275	5,937	6,957	819	(1,882)	4,733
14. Paid-up equity share capital (Rs.10/- per share) (Refer Note 2 below)	6,647	5,224	6,647	5,224	6,647	5,224	6,647	5,224
15. Reserves excluding revaluation reserves (Refer Note 4 below)			41,454	50,638			34,699	47,686
16. Earnings per Share (EPS) - not annualised- before and after extraordinary items (in Rs.)								
a) Basic	11.69	2.41	7.05	12.88	10.45	1.55	(3.15)	10.26
b) Diluted	11.36	2.16	6.83	12.22	10.15	1.39	(3.15)	9.75
17. Public shareholding								
- Number of shares	16,629,378	13,065,942	16,629,378	13,065,942	16,629,378	13,065,942	16,629,378	13,065,942
- Percentage of shareholding	25.04	25.04	25.04	25.04	25.04	25.04	25.04	25.04
18. Promoters and Promoter group shareholding								
a) Pledged / encumbered								
- Number of shares			157,413				157,413	
- Percentage of shares as a% of the total shareholding of the promoter / promoter group			0.32%				0.32%	
as a% of the total share capital of the company			0.24%				0.24%	
b) Non encumbered								
- Number of shares			49,619,543				49,619,543	
- Percentage of shares as a% of the total shareholding of the promoter / promoter group			99.68%				99.68%	
as a% of the total share capital of the company			74.72%				74.72%	

1. The above statement of Audited Financial Results for the year ended March 31, 2009 was reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 18, 2009.
2. The Board of Directors vide their resolution dated July 14, 2008 called for the conversion of the warrants at an exercise price of Rs 95 per warrant. During the year ended March 31, 2009 the warrants were converted into 14,229,929 equity shares of Rs 10 each for an aggregate value of Rs 13,518 lakhs.
3. During the quarter ended March 31, 2009, the Company issued and allotted 30,000,000 1% Fully Convertible Cumulative Preference Shares (FCCPS) of Rs 100/- each at Par aggregating to Rs 30,000 lakhs to the existing promoters of the Company on a preferential basis.
4. Pursuant to the Capital Reduction Scheme under Sections 78, 100 to 103 of the Companies Act, 1956, as approved by the Shareholders and confirmed by the Hon.ble High Court of Judicature at Madras and registered with the Registrar of Companies on April 30, 2009, an amount of Rs. 32,353 lakhs, being the balance in the Securities Premium Account as at March 31, 2008 has been withdrawn for creation of Provision for Standard Assets for an amount of Rs 20,000 lakhs, adjustment of write off of the bad debts / loan losses for an amount of Rs 10,000 lakhs and setting off of the provision for diminution in the value of investments of the Company in one of its subsidiaries, M/s. DBS Cholamandalam Distribution Limited, amounting to Rs 2,353 lakhs. Had the Company not made Provision for Standard Assets in accordance with its revised provisioning policy and had the aforesaid adjustments to Securities Premium not been effected, the financial effects on the results would have been as under:
 - a) In respect of Standalone results, Loss before tax of Rs. (10,645 lakhs) as against the profit before tax of Rs. 1,708 lakhs; and a loss after tax of Rs. (8,078 lakhs) as against the profit after tax of Rs. 4,275 lakhs.
 - b) In respect of Consolidated results, Loss before tax of Rs. (17,128 lakhs) as against the loss before tax of Rs. (4,775 lakhs); and a loss after tax of Rs. (14,235 lakhs) as against the loss after tax of Rs. (1,882 lakhs).
 The above accounting treatment though is as per the Court Order, is not in compliance with Section 211 (3) (C) of the Companies Act 1956 as observed in the Auditors' Report for the year ended March 31, 2009.
5. With reference to the observations made in the Auditors' Report for the year ended March 31, 2009 regarding the clearance of certain outstanding open items in some of the Bank Reconciliations, the Management is of the opinion that adjustments, if any, arising out of clearance of such reconciling items should not have a material impact on the reported balances of assets, liabilities, income and expenses and, consequently, on the financial statements of the Company for the year. The Company is in the process of reconciling such outstanding open items.
6. a) During the year ended March 31, 2009, on account of rationalising some of the branches and its workforce, the Company incurred one-time costs / loss of Rs. 1,351 lakhs, which also includes the Management's estimate of the balance cost to be incurred in this regard, as shown under Exceptional Items.
 b) Mark to Market (MTM) adjustments with respect to Derivatives made in accordance with the accounting policy of the Company and other abnormal forex differences due to high volatility in the foreign exchange rates have been shown under Exceptional Items.
 c) In the consolidated results, loss on account of securities represent losses absorbed by M/s DBS Cholamandalam Asset Management Limited, one of the wholly owned subsidiaries of the company on account of certain securities purchased and sold back to Mutual Fund Schemes in light of the external market factors. This has been shown under Exceptional Items.
7. During the year, the management has reviewed and revised the provisioning norms applied for Non Performing Assets (NPA) taking into account the stipulated minimum provisioning requirements of the Reserve Bank of India (RBI), the current economic environment and the voluntary provision of Rs 20,000 lakhs for Standard Assets. Such change in respect of assets identified for full provisioning, as compared to the previous year ended March 31, 2008 has resulted in the provision for NPA for the current year being lower by Rs 6,691 lakhs and, consequently, the profit before tax for the current year being higher by that amount which has been referred to in the Auditor's Report.
8. During the quarter ended March 31, 2009, the Company made additional equity investments in its subsidiaries viz. Rs. 1,000 Lakhs in M/s DBS Cholamandalam Asset Management Limited, Rs. 800 Lakhs in M/s DBS Cholamandalam Securities Limited and Rs. 2,000 Lakhs in M/s DBS Cholamandalam Distribution Limited
9. Income from Operations for the year ended March 31, 2008 is net of derecognition of a portion of upfront gain amounting to Rs 467 lakhs on repurchase of receivables sold under a bilateral agreement to a Bank in 2006-07, consequent to certain developments that had occurred during the year ended March 31, 2008.
10. Segmental Reporting: The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business in India. As such there are no separate reportable segments as per Accounting Standard (AS) 17 "Segment Reporting" in respect of the Company. The Segmental Reporting in respect of the Consolidated Accounts is given in Appendix 1.
11. No employee stock options were granted during the quarter ended March 31, 2009. The total outstanding employee stock options (net of cancellation / lapses) as at March 31, 2009 is 910,803.
12. During the quarter ended March 31, 2009, 2 investor complaints were received and resolved. There are no investor complaints pending at the beginning and end of the quarter.
13. Prior period figures have been regrouped wherever necessary to conform to the current period presentation.

Segment wise Revenue, Results and Capital Employed for consolidated results under clause 41 of the listing agreement

Appendix 1
(Rupees in lakhs)

Particulars	Consolidated			
	Unaudited		Audited	
	Three months ended		Year ended	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
1. Segment Revenue				
Financing	25,663	26,653	111,520	89,128
Distribution	133	621	811	2,217
Asset Management	100	300	487	1,238
Stock Broking	239	617	1,363	2,057
Others	1	2	6	6
Total	26,136	28,193	114,187	94,646
Less: Inter-Segment revenue	(59)	(77)	(212)	(100)
Net Revenue	26,077	28,116	113,975	94,546
2. Segment Results (Profit / (Loss) before tax)				
Financing	6,180	1,568	1,290	8,860
Distribution	(427)	108	(1,756)	(707)
Asset Management	(1,035)	(59)	(3,994)	(115)
Stock Broking	(70)	(735)	(895)	(316)
Others	5	29	1	31
Total	4,653	911	(5,354)	7,753
Add: Other unallocable income net of unallocable expenditure	530	44	579	64
Net Profit / (Loss) before Tax	5,183	955	(4,775)	7,817
3. Capital Employed (Segment Assets - Segment Liabilities)				
Financing			52,420	47,307
Distribution			80	10
Asset Management			1,696	1,474
Stock Broking			868	1,047
Others			(7)	(7)
Other Unallocable assets net of unallocable liabilities			16,289	3,079
Total			71,346	52,910

Note: Management of the Company has identified the above reportable segments. Segment data for the previous periods has been restated, wherever necessary, to conform to the current quarter presentation.

Place : Chennai
Date : May 18, 2009

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On behalf of the Board
N. Srinivasan
Director