

Chola Q2 net profit surges 50% at ₹305 cr

Posts significant improvement in asset quality

OUR BUREAU

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Cholamandalam Investment & Finance Company (CIFCL) has reported strong growth in its net profit for the second quarter of this fiscal with a significant improvement in asset quality.

Chola's Q2 net profit grew 50 per cent at ₹305 crore for the quarter ended September 30, 2018, compared to ₹204 crore in the year-ago period, on the back of strong growth in vehicle loan disbursements.

"We could hold our cost of funds and also reduce our loan losses during the September quarter. This has helped our bottomline growth," D Arul Selvan, Executive Vice-President & Chief Financial Officer, Cholamandalam, told *BusinessLine*.

Total income from operations stood at ₹1,676 crore (₹1,350 crore in the same period last fiscal), posting a

growth of 24 per cent. Total disbursements saw an increase of 26 per cent at ₹6,899 crore (₹5,492 crore). It disbursed ₹5,542 crore in vehicle business against ₹4,295 crore in a year-ago period, an increase of 29 per cent, aided by strong growth in commercial vehicle volumes.

With efficient monitoring and strong recoveries, the company continued to improve its asset quality. The company closed this September quarter at a GNPA (gross NPA) level of 2.8 per cent, significantly down from 4.5 per cent in the September 2017 quarter. Net NPA fell to 1.6 per cent for the second quarter of this fiscal from 2.9 per cent a year ago.

Assets under management grew 31 per cent at ₹47,720 crore (₹36,456 crore). During the second quarter, as part of a deal, TVS Logistics Services (TVSLSL) took a 51 per cent stake in White Data Systems India Pvt Ltd.

Consequently, the holding of Chola in Data Systems fell from 63 per cent to 31 per cent.