

October 28, 2009

**MSE / NSE / BSE
NSDL / CDSL / WDM-NSE**

Dear Sir,

**Sub: Publication of un-audited financial results for the quarter and six months ended
30th September 2009**

We refer to our letter dated 5th October 2009, intimating you of the convening of the meeting of the Board of Directors. In this regard, we wish to inform you that the Board of Directors at their meeting held today at Chennai, has approved the Un-audited financial results of the Company for the quarter and half year ended 30th September 2009. We enclose a copy of the un-audited financial results as approved by the Board. The results have been uploaded in the SEBI EDIFAR website and are also being published in the newspapers as per the listing agreement

We enclose herewith a copy of the press release with regard to the above un-audited results being released for publication for your information please.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For Cholamandalam DBS Finance Limited

Sd/-

P Sujatha
Company Secretary

Encl.: As above

CHOLAMANDALAM DBS FINANCE LIMITED
Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.
Unaudited Financial Results (Provisional)
for the quarter and six months ended September 30, 2009

(Rupees in lakhs)

Particulars	Standalone					Consolidated				
	Unaudited				Audited	Unaudited				Audited
	Three months ended		Six months ended		Previous Year ended	Three months ended		Six months ended		Previous Year ended
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.09	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.09
1. a) Income from operations	19,138	26,083	40,327	56,698	103,837	19,793	26,714	41,543	58,213	106,034
b) Other operating income	1,846	1,965	4,545	3,288	7,683	1,898	2,022	4,643	3,417	7,941
2. Expenditure										
a) Employees cost	2,215	2,262	3,951	4,857	8,383	2,708	3,085	4,920	6,546	11,399
b) Business origination outsourcing	1,094	2,152	2,235	6,718	8,327	1,140	2,172	2,333	6,799	8,847
c) Other operating expenses	1,443	3,359	2,800	5,538	8,474	1,640	4,168	3,178	6,982	11,297
d) Depreciation	369	484	698	917	1,953	416	561	796	1,074	2,650
e) Provisions, loan losses and other charges (Refer Note 3 below)	3,798	5,627	8,430	13,297	23,808	3,799	6,618	8,437	14,409	24,093
f) Total	8,919	13,884	18,114	31,327	50,945	9,703	16,604	19,664	35,810	58,286
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	12,065	14,164	26,758	28,659	60,575	11,988	12,132	26,522	25,820	55,689
4. Other income	3		9	-	543	4	8	45	17	579
5. Profit before Interest & Exceptional Items (3+4)	12,068	14,164	26,767	28,659	61,118	11,992	12,140	26,567	25,837	56,268
6. Interest (Financing Charges)	11,532	15,941	25,724	29,910	59,410	11,539	15,948	25,736	29,928	59,432
7. Profit / (Loss) after Interest but before Exceptional Items (5-6)	536	(1,777)	1,043	(1,251)	1,708	453	(3,808)	831	(4,091)	(3,164)
8. Exceptional items (Refer Note 5 below)										
- Provision for diminution in value of investment	(4,300)	-	(4,300)	-	-	-	-	-	-	-
- Goodwill on Consolidation written off	-	-	-	-	-	(260)	-	(260)	-	-
- Others	-	-	-	-	-	(330)	-	(545)	-	(1,611)
9. Profit / (Loss) from Ordinary Activities before Tax (7+8)	(3,764)	(1,777)	(3,257)	(1,251)	1,708	(137)	(3,808)	26	(4,091)	(4,775)
10. Tax expense (including fringe benefit tax and deferred tax)	(961)	(727)	(779)	(516)	(2,567)	(903)	(708)	(670)	(327)	(2,893)
11. Net Profit / (Loss) from Ordinary Activities after Tax (9 - 10)	(2,803)	(1,050)	(2,478)	(735)	4,275	766	(3,100)	696	(3,764)	(1,882)
12. Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-	-	-	-
13. Net Profit / (Loss) for the Period (11 - 12)	(2,803)	(1,050)	(2,478)	(735)	4,275	766	(3,100)	696	(3,764)	(1,882)
14. Paid-up equity share capital (Rs.10/- per share)	6,647	6,647	6,647	6,647	6,647	6,647	6,647	6,647	6,647	6,647
15. Reserves excluding revaluation reserves					41,454					34,699
16. Earnings per Share (EPS) - not annualised- before and after extraordinary items (in Rs.)										
a) Basic	(4.35)	(1.84)	(4.00)	(1.34)	7.05	1.02	(5.43)	0.78	(6.84)	(3.15)
b) Diluted	(4.35)	(1.84)	(4.00)	(1.34)	6.83	1.02	(5.43)	0.78	(6.84)	(3.15)
17. Public shareholding										
- Number of shares	16,629,378	16,629,378	16,629,378	16,629,378	16,629,378	16,629,378	16,629,378	16,629,378	16,629,378	16,629,378
- Percentage of shareholding	25.04	25.04	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	29,600		29,600		157,413	29,600		29,600		157,413
- Percentage of shares										
as a% of the total shareholding of the promoter / promoter group	0.06%		0.06%		0.32%	0.06%		0.06%		0.32%
as a% of the total share capital of the company	0.04%		0.04%		0.24%	0.04%		0.04%		0.24%
b) Non encumbered										
- Number of shares	49,747,356		49,747,356		49,619,543	49,747,356		49,747,356		49,619,543
- Percentage of shares										
as a% of the total shareholding of the promoter / promoter group	99.94%		99.94%		99.68%	99.94%		99.94%		99.68%
as a% of the total share capital of the company	74.91%		74.91%		74.72%	74.91%		74.91%		74.72%

1. The above statement of Unaudited Financial Results (Provisional) for the quarter and six months ended September 30, 2009 was reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on October 28, 2009. The same has also been subjected to a limited review by the Statutory Auditors.
2. With reference to the observations made by the auditors in the Limited Review Report for the period ended June 30, 2009 regarding the clearance of certain outstanding open items in some of the Bank Reconciliations, the Company has since cleared and resolved the same.
3. The Company provides for NPAs on estimated basis which is higher than the norms stipulated by RBI. The Company has, during the previous quarter, reviewed the provisioning norms for personal loan losses duly taking into account the voluntary creation of provision for standard assets of Rs.200 Crores made in the previous year and has provided in this quarter an amount of Rs.13.84 crores on the same basis as followed in the previous quarter.
4. During the quarter ended September 30, 2009, the Company made an additional equity investment of Rs 500 lakhs in M/s DBS Cholamandalam Asset Management Limited to maintain the required network.
5.
 - a. During the quarter ended September 30, 2009, subject to receipt of necessary regulatory approvals ,the Company entered into a memorandum of understanding with M/s L & T Finance Ltd (LTF) for sale of the entire equity investment in its mutual fund subsidiaries, M/s DBS Cholamandalam Asset Management Limited (DCAM) and DBS Cholamandalam Trustees Limited (DCTL) for a total sale consideration of Rs.45 crores, subject to closing audit adjustments. Subsequently, the Company has entered into a share purchase agreement with LTF, DCAM and DCTL on 19th October 2009. An amount of Rs.4,300 lakhs is provided towards the expected loss on sale and has been reported as an Exceptional item.
 - b. Exceptional item - Others represents amortisation of expenses amounting to Rs 362 lakhs and shortfall on scheme amounting to Rs 183 lakhs absorbed by the subsidiary DBS Cholamandalam Asset Management Limited on behalf of the Mutual Fund for the period ended 30th September 2009.
6. 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.
7. No employee stock option was granted during the quarter ended September 30, 2009. The total outstanding employee stock options (net of cancellation / lapses) as at September 30, 2009 is 648,112.
8. During the three months ended September 30, 2009, one investor complaint was received and resolved. There were no unresolved investor complaints either at the beginning or end of the quarter.
9. Prior period figures have been regrouped wherever necessary to conform to the current period presentation.

On behalf of the Board

Place : Chennai

Date : October 28, 2009

N Srinivasan
Director

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CHOLAMANDALAM DBS FINANCE LIMITED

Appendix 1

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

(Rupees in lakhs)

Particulars	Consolidated				
	Unaudited		Unaudited		Audited
	Three months ended		Six months ended		Previous Year Ended
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.09
1. Segment Revenue					
Financing	20,984	28,048	44,872	59,986	111,520
Distribution	276	288	458	590	811
Asset Management	75	106	160	278	487
Stock Broking	364	343	738	868	1,363
Others	2	-	3	-	6
Total	21,701	28,785	46,231	61,722	114,187
Less: Inter-Segment revenue	(10)	(49)	(45)	(92)	(212)
Net Revenue	21,691	28,736	46,186	61,630	113,975
2. Segment Results (Profit / (Loss) before tax)					
Financing	534	(1,826)	1,034	(1,324)	1,290
Distribution	174	(527)	234	(645)	(1,756)
Asset Management	(129)	(1,364)	(661)	(1,634)	(3,994)
Stock Broking	85	(98)	178	(502)	(895)
Others	-	(1)	-	(3)	1
Total	664	(3,816)	785	(4,108)	(5,354)
Add: Other unallocable income net of unallocable expenditure	(801)	8	(759)	17	579
Net Profit / (Loss) before Tax	(137)	(3,808)	26	(4,091)	(4,775)
3. Capital Employed (Segment Assets - Segment Liabilities)					
Financing			50,815	54,976	52,420
Distribution			317	(793)	80
Asset Management			1,489	1,839	1,696
Stock Broking			1,050	462	868
Others			3	(8)	(7)
Other Unallocable assets net of unallocable liabilities			18,367	6,189	16,289
Total			72,041	62,665	71,346

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.

On behalf of the Board

Place : Chennai
Date : October 28, 2009

N Srinivasan
Director

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Cholamandalam DBS Finance Ltd – H1

Performance

– Profit before tax and Exceptional items at Rs 1043 L

Q2 Performance:

For the quarter ended 30 9 09, aggregate disbursements were at Rs.873 Crs as against Rs. 605 Crs in Q2 of 2008-09 (Disbursements of 2008-09 included disbursements of Rs 160 crs in Personal Loan segment and nil in 2009-10) On a like to like basis, the aggregate disbursement of Rs.873 Crs is higher by 96% over disbursement of Rs.445 Crs made during the quarter ended 30/9/08. All the secured lines of businesses, Vehicle finance, Home Equity Loans and Business finance continue to demonstrate superior portfolio performance and profitability.

The strong initiatives taken by the company to rationalize branches and to reduce costs have yielded results. Aggregate expenditure for the quarter was significantly lower at Rs.89 Crs as against Rs.139 Crs in Q2 of 08-09. Excluding Provisions and Loss Losses, expenditure for the Quarter was lower by 38% and for the half year by 46% over the corresponding period of last year.

Significant efforts to collect the Consumer loan receivables helped contain loan losses / delinquencies in the consumer finance business which impacted the company's overall profitability.

Profit before tax and Exceptional items was at Rs 5.36 crores as against the loss of Rs 17.77 crores reported for the corresponding quarter of the previous year.

Performance for the Half year ended 30 9 09:

- Disbursement on a comparable basis excluding consumer loans were Rs.1575 Crs compared to Rs.1393 Crs. for the corresponding period last year. The Vehicle Finance business grew its assets by 30%; the Home equity business increased its assets by 25%, during the current half year as compared to the same period last year.
- Other operating income was higher at Rs.45 Crs.

- Aggregate expenditure for the half year ended including provisions was Rs.181.14 Crs as against Rs.313.27 crores for the corresponding period last year.
- Profit before tax and exceptional items were significantly higher at Rs.10.43 Crs as compared to a loss of Rs.12.51 Crs reported for the corresponding period last year.

Exceptional item - Sale of Mutual Fund Business:

- The company has entered into a binding agreement with Larsen & Toubro Finance Ltd for the sale of the Mutual Fund business, subject to necessary statutory approvals. Pending completion of the sale, the likely loss for impairment on the transaction aggregating to Rs.43 Crores has been provided for.

Performance of Subsidiaries:

Significant cost cutting and rationalization of business lines / locations enabled both the subsidiaries DBS Cholamandalam Securities and DBS Cholamandalam Distribution report a turnaround in their performance and come back to profits.

Performance of subsidiaries for the half year ended 30 9 09 are as follows:

Rs. Crs

	DCSec		DCDL	
	30 9 09	30 9 08	30 9 09	30 9 08
Total Income	7.54	8.69	4.90	5.98
Total expenses	5.61	13.96	2.35	12.82
Profit / (Loss) before Tax	1.93	-5.27	2.55	-6.84
Tax	1.08	1.78		0.05
Profit / (Loss) after Tax	0.85	-7.05	2.55	-6.89

Tier II capital Infusion:

During the quarter the company infused Tier II capital of Rs.100 Crs into the business and Capital Adequacy as on 30-9-09 stood at 15.82%.
