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Headline: Cholamandalam to raise Rs.500 Cr

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Chennai: The board of directors of Cholamandalam Investment and Finance Company has approved a fund-raise of Rs 500 crore by the company through issue of debt instruments.

An issue of 50,000,000 compulsorily convertible preference shares of Rs 100 each aggregating to Rs 500 crore on a preferential basis, has been approved. The entire issue will be subscribed by private equity firm Apax Partners, which would translate into an 8% stake in the company. This capital infusion is expected to help

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"Our last fund raise was done almost three years ago. Discussions for the new raise commenced last year and the timing of the raise was dependent on the market," Kaushik Ba-

nerjee, president and corporate affairs of Cholamandalam, said.

"With sentiments picking up especially in the passenger car segment, our focus this year would on growth and protecting our margins," he added.

Further, these preference shares will bear a dividend coupon of 1% per annum payable from the date of allotment of such shares till the date of conversion into equity shares.

The shares would be converted into equity shares at the expiry of 12 months from the date of allotment or earlier at the discretion of the board.