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Cholamandalam Investment Board of Directors approves raising of Rs. 500 crs

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Board of Directors approves raising of Rs. 500 crs through issue of Compulsorily Convertible Preference Shares.

The Board of Directors at their meeting held on 26 July 2014 considered and approved an issue of 50,000,000 Compulsorily Convertible Preference Shares ("CCPS") of Rs 100 each aggregating to Rs 5,000 Million (Rupees five billion only) on a preferential basis as permitted by SEBI (ICDR) Regulations to investors as a preferential issue in terms of Chapter VII of the SEBI (ICDR) Regulations.

This capital infusion will help the Company to meet the business growth and augment the Tier 1 capital adequacy ratio (CAR).

The CCPS will bear a dividend coupon of 1% per annum payable from the date of allotment of CCPS till the date of conversion into equity shares. The CCPS shall be converted into equity shares at the expiry of 12 months from the date of allotment or earlier at the discretion of the Board.

The entire CCPS issue will be subscribed by funds advised by the global private equity firm Apax Partners ("Apax Funds").

The proposed preferential issue is subject to the approval of the members of the Company and any other applicable regulatory approvals.

S Vellayan, Managing Director of Cholamandalam said "We are glad to have the opportunity to work with Apax a leading global PE firm in this round of capital infusion."