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Apax Partners to invest Rs 500 cr in Chola Finance

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The global private equity major Apax Partners will acquire about 8% stake in Cholamandalam Investment and Finance Company Limited, the financial services arm of the Murugappa Group for Rs 500 crore.

The Board of Directors of Choa Finance has approved an issue of 50 million Compulsorily Convertible Preference Shares (CCPS) on a preferential basis. 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 at a conversion price of Rs 407 per share.

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Shares of Cholamandalam were closed at Rs 409.85 on Friday, up by 2.68% on BSE.

Shashank Singh, Managing Director and Head of Apax India said, "We believe in the long term secular growth runway of Indian retail financial services and Cholamandalam is well positioned in this space, with an outstanding management team and exposure to attractive lending segments." Apax was advised by Kotak Mahindra Capital Company.

Cholamandalam Investment and Finance Company Limited, incorporated in 1978 as an equipment financing company, has emerged as a financial services provider offering vehicle finance, home loans, home equity loans, SME loans, investment advisory services and stock broking. Chola operates from over 575 branches across India with assets under management above INR 25,000 crore.

Apax Partners, an active investor in India, had acquired product and development firm GlobalLogic in a deal worth about \$420 million last year. Earlier, Apax-backed iGate had acquired Patni Computer Systems for \$1.2 billion in 2011. Funds under the advice of Apax Partners total over \$40 billion around the world.

