

CHOLAMANDALAM DBS FINANCE LIMITED

Registered Office : DARE HOUSE, 2, N.S.C. Bose Road, Chennai - 600 001.

UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008

(Rupees in lakhs)

Particulars	Standalone					Consolidated				
	Unaudited				Audited	Unaudited				Audited
	Three months ended		Nine months ended		Previous Year ended	Three months ended		Nine months ended		Previous Year ended
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
1. a) Income from operations (Refer Note 4 below)	23,846	23,342	80,544	60,462	86,050	24,168	25,220	82,381	64,207	91,217
b) Other operating income	2,025	913	5,313	2,013	3,078	2,100	1,011	5,517	2,223	3,329
2. Expenditure										
a) Employees cost	1,739	2,023	6,596	5,378	7,515	2,465	2,885	9,011	7,504	10,568
b) Business origination outsourcing	986	3,556	7,704	9,340	13,050	1,182	3,851	7,981	9,780	13,528
c) Other operating expenses	1,476	1,791	5,764	4,957	7,223	2,229	2,650	7,862	6,769	10,006
d) Depreciation	568	200	1,485	972	1,619	640	259	1,714	1,097	1,843
e) Provisions, loan losses and other charges	8,859	4,053	22,156	8,525	12,838	9,507	4,059	23,916	8,534	12,963
f) Total	13,628	11,623	43,705	29,172	42,245	16,023	13,704	50,484	33,684	48,908
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	12,243	12,632	42,152	33,303	46,883	10,245	12,527	37,414	32,746	45,638
4. Other income	-	-	-	-	45	32	7	49	20	64
5. Profit before Interest & Exceptional Items (3+4)	12,243	12,632	42,152	33,303	46,928	10,277	12,534	37,463	32,766	45,702
6. Interest (Financing Charges)	15,448	9,262	44,767	25,867	37,372	15,453	9,278	44,789	25,904	37,423
7. (Loss) / Profit after Interest but before Exceptional Items (5-6)	(3,205)	3,370	(2,615)	7,436	9,556	(5,176)	3,256	(7,326)	6,862	8,279
8. Exceptional items (Refer Notes 3 (a) and 3 (b) below)										
- Branch Closure Costs / Losses	(101)	-	(1,351)	-	-	(416)	-	(1,766)	-	-
- MTM Adjustments for Derivatives / Other Forex Differences	(275)	-	(866)	-	(462)	(275)	-	(866)	-	(462)
9. (Loss) / Profit from Ordinary Activities before Tax (7+8)	(3,581)	3,370	(4,832)	7,436	9,094	(5,867)	3,256	(9,958)	6,862	7,817
10. Tax expense (including FBT and deferred tax)	(808)	1,345	(1,324)	2,773	3,157	(792)	1,419	(1,119)	2,948	3,084
11. Net (Loss) / Profit from Ordinary Activities after Tax (9 - 10)	(2,773)	2,025	(3,508)	4,663	5,937	(5,075)	1,837	(8,839)	3,914	4,733
12. Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-	-	-	-
13. Net (Loss) / Profit for the Period (11 - 12)	(2,773)	2,025	(3,508)	4,663	5,937	(5,075)	1,837	(8,839)	3,914	4,733
14. Paid-up equity share capital (Rs.10/- per share) (Refer Note 5 below)	6,647	5,224	6,647	5,224	5,224	6,647	5,224	6,647	5,224	5,224
15. Reserves excluding revaluation reserves					50,638					47,686
16. Earnings per Share (EPS) - not annualised-before and after extraordinary items (in Rs.)										
a) Basic	(4.18)	4.11	(5.96)	10.62	12.88	(7.64)	3.72	(15.03)	8.92	10.26
b) Diluted	(4.18)	3.87	(5.96)	10.38	12.22	(7.64)	3.51	(15.03)	8.71	9.75
17. Public shareholding										
- Number of shares	16,629,378	13,065,942	16,629,378	13,065,942	13,065,942	16,629,378	13,065,942	16,629,378	13,065,942	13,065,942
- Percentage of shareholding	25.04	25.04	25.04	25.04	25.04	25.04	25.04	25.04	25.04	25.04

- The above statement of Unaudited Financial Results (Provisional) for the quarter and nine months ended December 31, 2008 was reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on January 30, 2009. The same has also been subjected to a Limited Review by the Statutory Auditors.
- The Standalone Results of the Company for the quarter and nine months ended December 31, 2008 have been adversely affected by unexpected external market factors and higher financing charges.
- a) During the nine months ended December 31, 2008, the Management, as part of its overall cost management exercise, has decided to consolidate its operations in certain locations and accordingly, has initiated action for rationalising/downsizing some of the branches and its workforce. The costs / loss on account of such initiative as at December 31, 2008 is Rs. 1,351 lakhs, which also includes the Management's estimate of the balance cost to be incurred in this regard. This has been shown under Exceptional Items.
b) Mark to Market (MTM) adjustments with respect to Derivatives made in accordance with the accounting policy of the Company have been shown under Exceptional Items.
- Income from Operations for the nine months ended December 31, 2007 is net of derecognition of a portion of upfront gain amounting to Rs. 467 lakhs on repurchase of receivables sold under a bilateral agreement to a Bank in 2006-07, consequent to certain developments during the nine months ended December 31, 2007. Further, depreciation for the nine months ended December 31, 2007 includes accelerated depreciation of Rs. 422 lakhs due to revision of estimated useful lives of certain assets by the Management.
- The Board of Directors vide their resolution dated July 14, 2008 called for the conversion of the warrants at an exercise price of Rs 95 per warrant. During the nine months ended December 31, 2008, the warrants were converted into 14,229,929 equity shares of Rs 10 each for an aggregate value of Rs 13,518 lakhs.
- Following the approval of the Board of Directors, the Company is seeking the approval of the Shareholders for issue of 30,000,000 1% Fully Convertible Cumulative Preference Shares (FCCPS) of Rs. 100 each at Par, aggregating to Rs. 30,000 lakhs to the existing promoters of the Company. These preference shares shall be convertible into equity shares within a tenor of 18 months from the date of allotment.
- The Compensation and Nomination Committee at its meeting held on October 24, 2008 approved a grant of 65,600 options to certain employees of the Company and its subsidiaries. Each option is exercisable for one equity share of Rs 10 each on payment of the requisite exercise price to the Company being a price of Rs 37.70 per share. All these options vest over a period of 4 years. The total outstanding options (net of cancellations / lapses) as at December 31, 2008 including those granted in the earlier periods is 1,032,614.
- Basic and Diluted Earnings Per Share has been computed in accordance with Accounting Standard (AS) 20 on Earnings per Share.
- During the quarter, the Company made an additional equity investment of Rs 1,000 lakhs in one of its subsidiaries, DBS Cholamandalam Asset Management Limited.
- 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 AS-17 "Segment Reporting" in respect of the Company. The Segmental Reporting in respect of the Consolidated Accounts is given in Appendix 1.
- The Board of Directors, at their meeting held on January 30, 2009, have approved a Capital Restructuring Proposal pursuant to Sections 78, 100 to 103 of the Companies Act, 1956 and other applicable provisions, subject to the approval of the Shareholders and the Hon'ble High Court of Judicature at Madras and other regulators as may be required, which involves utilisation of Rs.32,353 lakhs, being the balance standing to the credit of the Securities Premium Account as at March 31, 2008 for making certain provisions for standard assets, write off of bad debts, loan losses etc, to the extent required and diminution, other than temporary, in the value of investments, that may be required as at March 31, 2009.
- During the quarter ended 31 December 2008, 2 investor complaints were received and resolved. One investor complaint pending at the beginning of the quarter has been resolved during the quarter and there were no unresolved investor complaints at the end of the quarter.
- Prior period figures have been regrouped wherever necessary to conform to the current quarter presentation.

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

Appendix 1

(Rupees in lakhs)

Particulars	Consolidated				
	Unaudited				Audited
	Three months ended		Nine months ended		Previous Year ended
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
1. Segment Revenue					
Financing	25,871	24,255	85,857	62,475	89,128
Distribution	88	828	678	1,596	2,217
Asset Management	109	401	387	938	1,238
Stock Broking	256	761	1,124	1,440	2,057
Others	5	4	5	4	6
Total	26,329	26,249	88,051	66,453	94,646
Less: Inter-Segment revenue	(61)	(18)	(153)	(23)	(100)
Net Revenue	26,268	26,231	87,898	66,430	94,546
2. Segment Results (Profit / (Loss) before tax)					
Financing	(3,566)	3,226	(4,890)	7,292	8,860
Distribution	(684)	(230)	(1,329)	(815)	(707)
Asset Management	(1,325)	19	(2,959)	(56)	(115)
Stock Broking	(323)	232	(825)	419	(316)
Others	(1)	2	(4)	2	31
Total	(5,899)	3,249	(10,007)	6,842	7,753
Add: Other unallocable income net of unallocable expenditure	32	7	49	20	64
Net (Loss) / Profit before Tax	(5,867)	3,256	(9,958)	6,862	7,817
3. Capital Employed (Segment Assets - Segment Liabilities)					
Financing			50,100	50,171	47,307
Distribution			(1,483)	(34)	10
Asset Management			1,583	1,579	1,474
Stock Broking			130	1,486	1,047
Others			(7)	1,343	(7)
Other Unallocable assets net of unallocable liabilities			7,268	-	3,079
Total			57,591	54,545	52,910

Note: Management of the Company has identified the above reportable segments. Segment data for the previous periods has been restated to conform to the current quarter presentation.

Place : Chennai
Date : January 30, 2009

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On behalf of the Board
N Srinivasan
Director