

Cholamandalam Investment expects growth to continue

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Murugappa Group's NBFC arm Cholamandalam Investment and Finance has said that the company is expecting the market growth to continue during the current fiscal, in tune with the growth witnessed in the last fiscal year. The company has seen a 28 per cent growth in disbursement during 2015-16 as against a flat growth during the previous fiscal year, said Arul Selvan, chief financial officer of Cholamandalam Investments.

"We are seeing growth happening on the disbursement side. The industry volumes are picking up and the collections are picking up. If growth is happening and borrowers are earning enough to repay comfortably, it looks good," he said.

He said that the Union Budget talked about growth in the infrastructure, both rural as well as urban and more on the road transportation. The monsoon predictions are also good. All these are positives which will boost the senti-

ment," he added.

The disbursement during 2013-14 was around ₹13,200 crore and it was more or less the same during 2014-15 also. However, last fiscal year it has seen a growth of 28 per cent and the momentum is expected to continue, he added.

The company is moving a resolution in the upcoming Annual General Meeting (AGM) seeking shareholders' approval to raise around Rs 10,000 crore through issuance of secure and non secure Non-convertible Debentures (NCDs) for the current fiscal year, which is higher than last year. Last year, during the same period, the company went for a resolution to raise around ₹6,700 crore through NCDs.

Commenting on its decision to abandon earlier plans to set up a payments bank, he said, "We have enough to do with our vehicle finance and home equity and other businesses we are in. The board decided not to proceed with it (plans for payments bank)." Murugappa Group company was one of the 11 firms that got

in-principle approval from the Reserve Bank of India (RBI) to set up payments banks in the country.

Chola currently operates from over 534 branches across India with assets under management above ₹30,000 crores, which has seen a 16 per cent growth. The company will be adding 70-100 branches this year across the country. Over the last two to three years, it has increased its presence in North and East part of the country, while earlier it has been known as a company with focus on South. Currently around 30 per cent of the business is from North, 25 per cent each from South and West and 20 per cent from East. Going forward, the company will be looking at operations balanced across all the region. The company has posted a growth of 42 per cent in net profit at ₹193.79 crore during the quarter ended March 31, 2016, as compared to ₹136.57 crore registered during the same quarter of previous fiscal year.

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