

# Drop in vehicle NPAs boosts Cholamandalam's Q2 net

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Cholamandalam Investment & Finance Company has reported a 42 per cent rise in net profit at ₹171 crore for the quarter ended September 30, 2016, against ₹120 crore in the year-ago period.

"NPAs in vehicle finance have come down and that has helped us grow our profitability. There was also a bit of saving on the cost of funds side. But, that was offset by some amount of price drops on the interest side," D Arul Selvan, CFO, told *BusinessLine*.

Total income from operations stood at ₹1,162 crore (₹1,017 crore), a growth of 14 per cent. The company managed to maintain net income margin (as a percentage of assets) at 8.4 per cent (8.5 per

cent). Total disbursements saw a rise of 21 per cent at ₹4,444 crore (₹3,672 crore). The company disbursed ₹3,247 crore (₹2,790) in the vehicle finance business, an increase of 16 per cent. This was driven by strong growth in its light commercial vehicle volumes, as well as healthy growth in used vehicles.

Home equity disbursements grew 17 per cent to ₹901 crore (₹770 crore).

"Cholamandalam was able to close the quarter at a GNPA level of 3.5 per cent on five months' overdue, which is better than the GNPA at the end of June this year (3.6 per cent)," said a company statement.

The capital adequacy ratio of the company was at 18.69 per cent.