

BUILDING A
STRONG FOUNDATION...

FORWARD-LOOKING STATEMENT

In this Annual Report we may have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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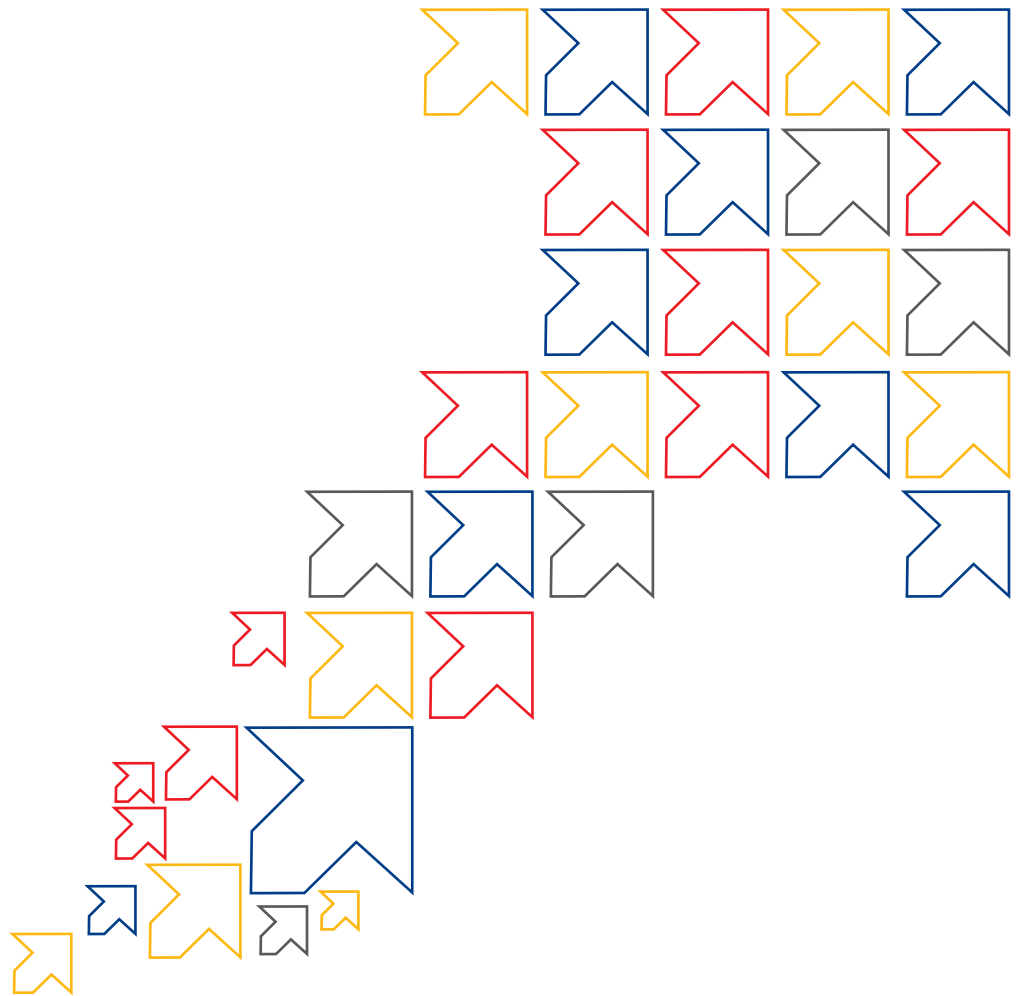
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CONSOLIDATED

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FOR SUSTAINABLE GROWTH

At Cholamandalam Investment and Finance Company Ltd. (Chola), we believe that to be successful, we must consistently perform and deliver results responsibly. We recognise and appreciate that the three key pillars to sustain the growth are - **People, Processes and Technology**.

We are investing in our people to keep them ahead of the changing times and customer needs.

We are implementing rigorous processes to ensure operational excellence and accelerated response to clients.

We are growing our technology exposure for real-time information access on a secured and robust platform, facilitating aggressive pan-India expansion and integration.

In a challenging business scenario with shrinking differentiation between banks and NBFC players, we believe these strategies will keep us ahead in our industry.

And build a strong platform for sustainable growth.

Since inception in 1978, we have grown steadily over years to emerge as one of India's premier composite financial services provider. The organisation has endeavoured to achieve high-end expertise in providing financial services to customers across India, offering a comprehensive portfolio of services ranging from vehicle finance, business finance, home equity loans, gold loans to stock broking and wealth management services.



CONSISTENT GROWTH



OUR KEY IDENTIFIERS

USD 4.4 billion

Murugappa Group

₹ 13,000 crores +

Assets under management (AUM)

33%

Dividend pay-out ratio over the past 10 years

1,400 +

Employee strength

3,50,000 +

Satisfied customers

375 branches

Across 21 states/Union Territories

90% presence

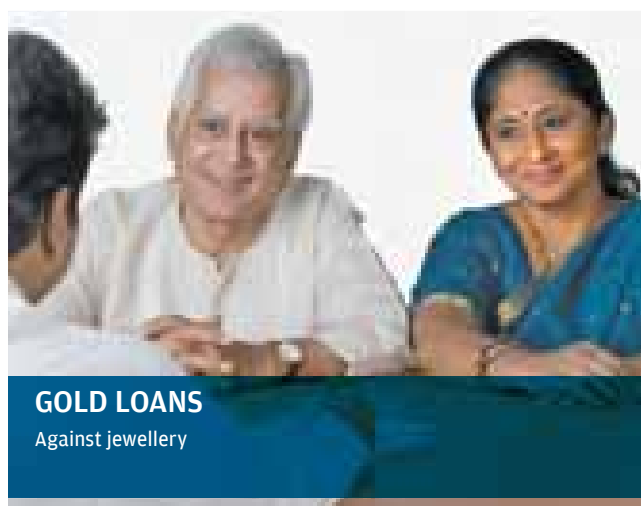
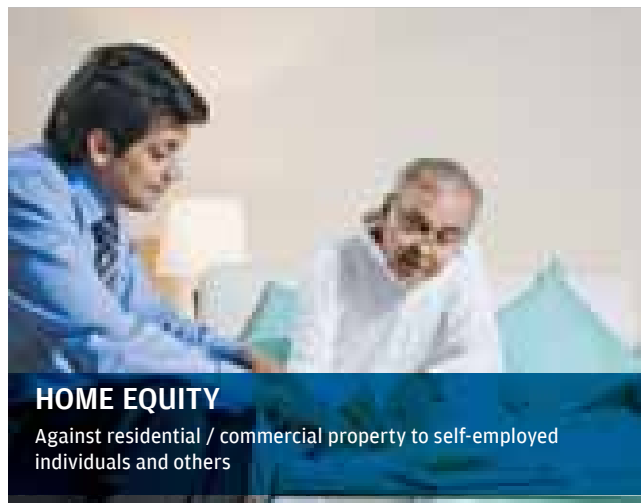
Across tier-II and tier III cities

NSE & BSE

Listed since 1995

NSDL & CDSL

Equity shares dematerialised with both the depositories



CORPORATE INFORMATION

BOARD OF DIRECTORS

M. B. N. Rao

Chairman

N. Srinivasan

Vice Chairman

Indresh Narain

R. V. Kanoria

V. Srinivasa Rangan

L. Ramkumar

Vellayan Subbiah

Managing Director

SECRETARY

P. Sujatha

CONTACT DETAILS

Phone: 044 30007172 (bd.) 30007055 (d)

Fax: 044 25346464

E-Mail: sujathap@chola.murugappa.com

AUDITORS

M/s. Deloitte Haskins & Sells, Chennai

REGISTERED OFFICE

Dare House

No.2, N.S.C. Bose Road, Parrys

Chennai 600 001.

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Ltd.

Plot No.17-24, Vittal Rao Nagar, Madhapur

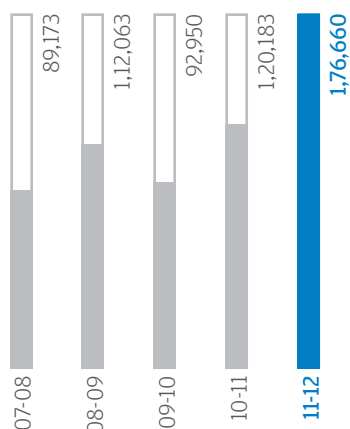
Hyderabad 500 081.

PERFORMANCE METRICS

TOTAL INCOME

(₹ in lakhs)

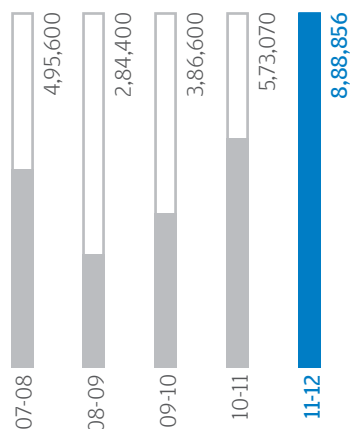
YoY 47%



ANNUAL DISBURSEMENTS

(₹ in lakhs)

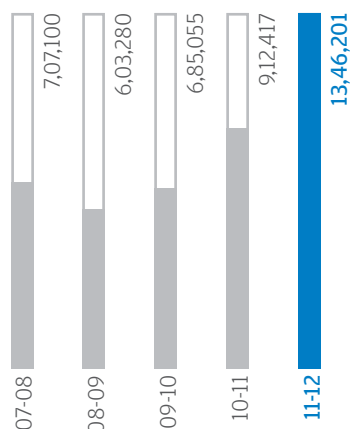
YoY 55%



ASSETS UNDER MANAGEMENT

(₹ in lakhs)

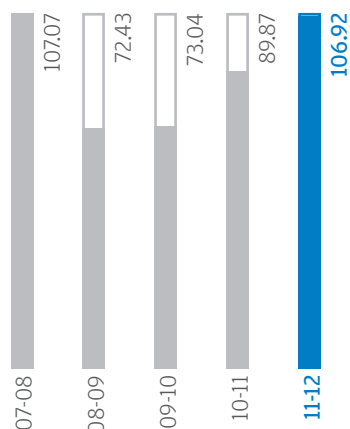
YoY 48%



BOOK VALUE PER EQUITY SHARE

(in ₹)

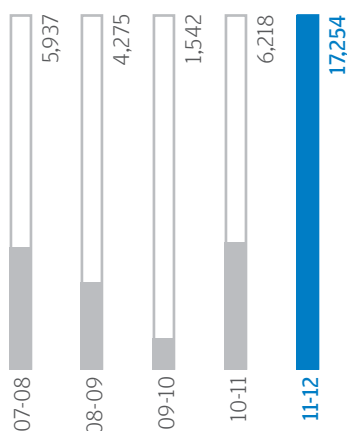
YoY 19%



PROFIT AFTER TAX

(₹ in lakhs)

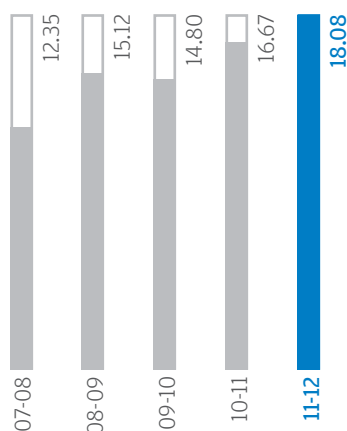
YoY 177%



CAPITAL ADEQUACY RATIO

(%)

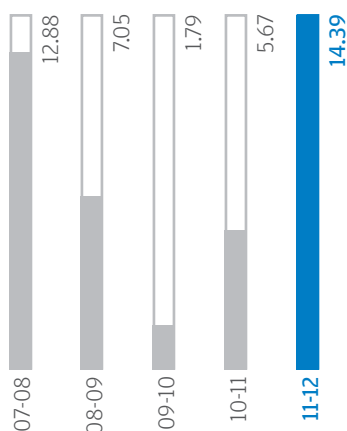
YoY 8%



EARNINGS PER EQUITY SHARE-BASIC

(in ₹)

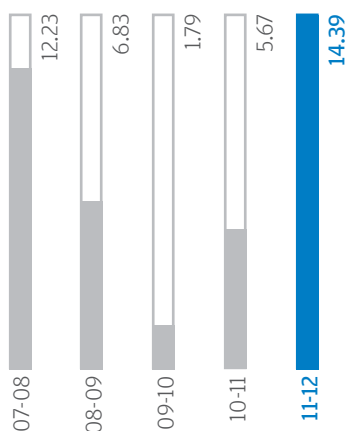
YoY 154%



EARNINGS PER EQUITY SHARE-DILUTED

(in ₹)

YoY 154%



ACHIEVEMENTS IN 2011-12

- Introduced tractor finance in the vehicle finance business
- Strengthened manufacturer's tie-up
- Expanded branch network significantly
- Infused equity share capital of ₹ 212 crores
- Achieved status of asset finance company as per RBI regulations
- Credit rating upgraded by ICRA (from [ICRA] AA- to [ICRA] AA)
- Raised tier II capital of ₹ 583 crores in the form of perpetual debt and sub-debt

THE APPROACH TO SUSTAINABLE GROWTH



Dear Shareholders,

The year 2011-12 has been a good year for Chola. We performed well across business parameters - disbursements, income and net credit losses.

The total assets under management grew by 40% from ₹ 10,441 crores to ₹ 14,643 crores. The aggregate disbursements during the year touched ₹ 8,889 crores as against ₹ 5,731 crores in 2010 - 11 registering a growth of 55%.

Gross income from operations was ₹ 1,767 crores for the year as compared to ₹ 1,202 crores in 2010 - 11, registering a growth of 47%. Profit after tax was ₹ 172.54 crores for the year as against ₹ 62.18 crores for 2010 - 11, registering a growth of 177%.

Our main businesses are performing well

Kaushik Banerjee and his team in vehicle finance performed exceedingly well. They increased Chola's overall Commercial Vehicle market share from 8.35% to 9.44%. The vehicle finance team disbursed ₹ 7,306 crores in assets, a growth of 63% over the previous year. Our vehicle finance asset book grew by 58%. We opened 124 new branches, added 1,50,000 customers and brought down the Net Credit Losses (NCL) to 0.37%. We

also entered tractor financing and achieved a 3.5% market share in the first year of our operations.

On the home equity front, I would like to credit Rohit Phadke and his team for their stellar performance. In a tough interest rate environment, we managed to grow disbursements to ₹ 1,528 crores (a growth rate of 24% over the previous year). The asset book in home equity crossed ₹ 3,000 crores. This is the result of clarity in goal-setting, strong controls and a consistent focus on efficiency.

We commenced gold loan operations in the last quarter. The company has a book size of ₹ 42 crores as of 31 March, 2012. I am convinced that Pravin Salian and his team will perform well in the long run in this business. We are building the gold loan business on our key platforms of safety, trust and transparency.

Our subsidiary businesses did not perform satisfactorily owing to subdued market conditions. We are strengthening our technology and service standards to capitalise on the opportunities once the conditions improve.

The company is now focused on "Strengthening the core"

We are strengthening our core to enable Chola to grow in a sustainable fashion. It is critical that we are "best-in-class" at our fundamentals - operations, risk management, technology,

We opened 124 new branches, added 1,50,000 customers and brought down the Net Credit Losses (NCL) to 0.37% in Vehicle Finance.

talent management and overall business process management. Over the past year, we have embarked on several projects and initiatives that will enhance our capability as an organisation along these fronts.

The vehicle finance business has initiated a productivity improvement initiative - "Hiper Drive" under the able direction and leadership of its sales head, Ravindra Kundu. The initiative is currently being rolled out across the entire vehicle finance branch network.

On the people front, an initiative to develop a systematic approach to talent and career development has been undertaken by R. Chandrasekar and P. Nataraj. Regional training centres are being set up to create a robust training platform for our employees.

On the technology front, Venkatesan and his team have undertaken several initiatives simultaneously. The core business application used for sales, credit underwriting and collections is being made accessible at the branches. This has positively impacted the turnaround time to end customers. The team has also developed and rolled out a mobile-based solution for sales and collections in the vehicle finance business. This is a significant step in further empowering our sales and collections teams.

Arul Selvan and his team continue to do a terrific job in strengthening treasury management and matching our assets and liabilities. Our strong financial performance and controls are reflected in the fact that ICRA upgraded our long-term credit rating from [ICRA] AA- to [ICRA] AA. Mahesh Waikar and his team have done a meticulous job in terms of operational execution of various initiatives in the operations space and supporting the company ably in this growth phase. Sujatha and team are performing commendably in the regulatory compliance and stakeholder management domain. They have helped us ensure high standards of corporate governance and regulatory compliance. Sujatha is also leading our initiative to significantly improve our capabilities in risk management.

Over time, new business lines are required to balance our portfolio and create growth

Once we strengthen our foundation, we need to build effectively on it. A strong building needs

We are strengthening our core to enable Chola to grow in a sustainable fashion. It is critical that we are "best-in-class" at our fundamentals - operations, risk management, technology, talent management and overall business process management.

at least four pillars - currently, we only have two. Today, 73% of our business comes from vehicle finance and 23% from home equity. Our distribution, gold and securities businesses have the opportunity of becoming these pillars and we are investing in them accordingly. We will have to add new business lines to balance our portfolio in the long - term.

In the coming year, we plan to enter the rural finance business and the Micro, Small and Medium Enterprise (MSME) finance business. Rural finance will leverage the strong rural connections of our Group companies - EID Parry (India) Ltd. and Coromandel International Ltd. Similarly, our MSME finance business will first focus on enterprises affiliated with the Murugappa ecosystem. We believe that both these businesses can become significant pillars for Chola over time.

Our endeavours today will pave the way for the future. Creating a strong foundation will allow us to compete more effectively in our existing businesses and "earn us the right" to profitably enter new business lines. Banking and financial services in India are underpenetrated. This creates an opportunity for us.

As always, I look forward to your feedback. Please feel free to send me your thoughts / comments at vellayan@chola.murugappa.com.

Best Wishes,

Vellayan Subbiah



We are creating a Chola that works Smart, **thinks Big** and **moves Fast**.

**WE DON'T
JUST
EMBRACE
THE FUTURE
AS IT
UNFOLDS.**

We help shape it through...



...PEOPLE EMPOWERMENT

Chola culture values simplicity, agility and innovation --- making and implementing decisions faster, pushing accountability deeper into the organisation and encouraging a lateral thinking approach.

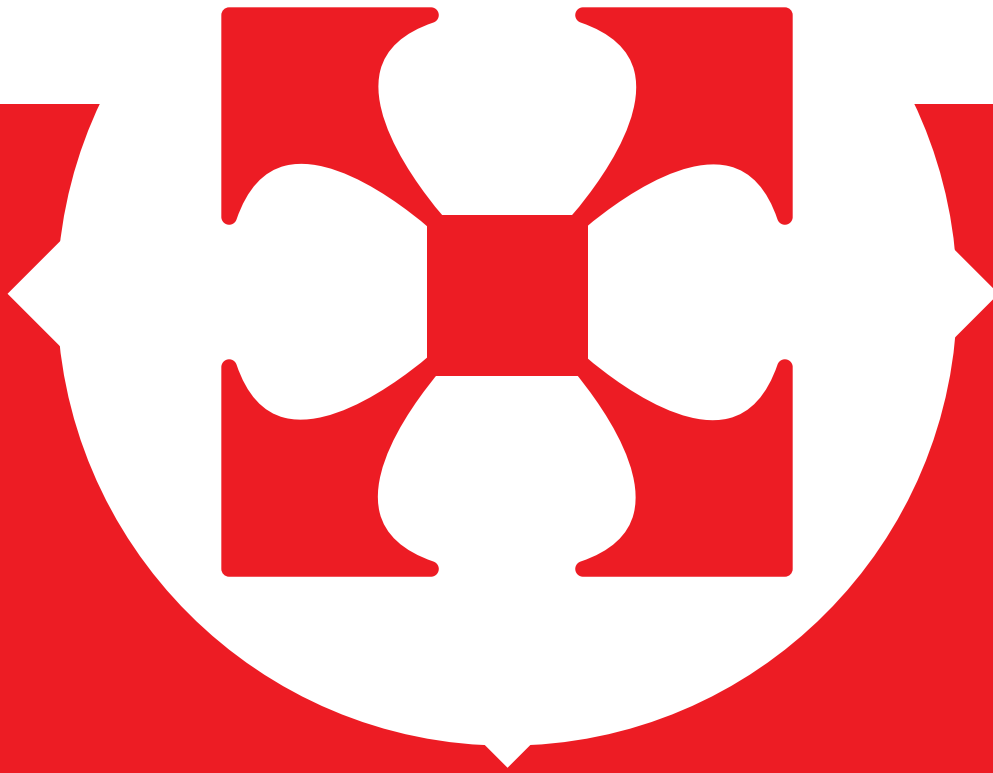


Our people-centric approach has resulted in most of the senior management staying with the organisation for over 8-10 years and a reasonable number of people in the second level staying with us for over five years. Their commitment, loyalty and support have enabled us to emerge successfully and have given us a proper balance towards sustainable future.

- ✦ The company is focusing on leadership pipeline, building the future capability and retention of top talent;
- ✦ Its recruitment strategies have been streamlined to ensure effective employee attraction and selection;
- ✦ Several initiatives have been taken to scale up the capability across the organisation to assess and manage risks, encourage innovation at work and build a customer-centric organisation;
- ✦ In enhancing people productivity, the company has undertaken an assessment of the organisational climate and has charted out an action plan on the identified gaps;
- ✦ The company has executed general and specialised training for its business managers focusing on improving the credit appraisal and managerial competencies.

22% to 5%

Reduction in regrettable attrition levels over the past six years.



...**PROCESS** **EXCELLENCE**

Robust processes help create a sustainable organisation. We have undertaken initiatives, aligned with the technology up-gradations, to identify and minimise in-process bottle-necks to reduce the turnaround time.



During the year, we conducted an organisational health survey. We mapped the entire process architecture and identified the improvement areas and initiated measures for strengthening those processes.

Central recurring theme of Chola for operational excellence shall rest on business enablement through customer delight and through process and performance capability model. The operations process management is benchmarked with the industry by re-defining the processes for enabling customer delight.

Several initiatives have been taken to encourage a high performance culture, cost savings - go green initiatives - enabling paper-less and technology based processes and usage of tools like 'Lean' to eliminate non-value added processes. Our team-work culture encourages 'fun at work' concept.



...TECHNOLOGY LEVERAGE

Technology is the key to understanding and enriching the future in business and in life. At Chola, we have consistently enhanced our technology investments to facilitate integration across branches and extend reach.



We have deployed a hybrid resource model for vendor platform optimisation, ensuring control over all our technology functions. We have also implemented a robust disaster recovery mechanism for all our critical business applications.

Operating in a highly competitive industry, we constantly need to innovate. Chola has introduced a unique mobile-based solution across the organisation for real-time information access on a secured and robust platform. Branch offices have been connected using a secured infrastructure to access all critical applications.

These initiatives will accelerate operations and enhance efficiency.

BENEFITS



Quicker
turnaround
time



Higher
productivity



Customer
delight



Data
consistency and
elimination of
errors



End-to-end
intervention

We are in the process of developing a platform to address customer queries on an immediate basis to enhance customer experience. Further, the information security policy is being strengthened by categorising the information assets.

PROFILE OF DIRECTORS



Mr. M. B. N. Rao

Chairman

Age : 63 Years

Is a graduate in Agricultural science, an Associate of the Chartered Institute of Bankers, London and a Fellow of the Indian Institute of Banking & Finance.

Is the former Chairman and Managing Director of Canara Bank and Indian Bank.

Has over 39 years of varied experience in fields of banking, finance, economics, IT, HR, marketing, treasury and administration.

Is a member of various committees constituted by RBI, MOF, SEBI and National Institute of Bank Management.

Is on the Boards of several companies including BEML. Ltd. Neyveli Lignite Corporation Ltd. and E.I.D. Parry (India) Ltd.

Joined the Board of Chola in July 2010.



Mr. N. Srinivasan

Vice Chairman

Age : 54 Years

Is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

Has over 28 years of varied experience in the areas of corporate finance, legal, projects and general management.

Is a Director on the Boards of Tube Investments of India Ltd., Cholamandalam MS General Insurance Company Ltd. and certain other Murugappa Group companies.

Joined the Board of Chola in December 2006.



Mr. Indresh Narain

Non-executive Director

Age : 67 Years

Is a Banker with wide experience at regional and head office level in personal and corporate banking, wealth management, currency markets, asset recovery, corporate finance and human resources.

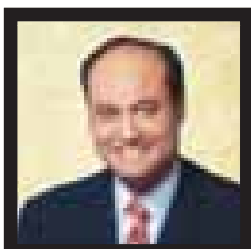
Retired as Head of Compliance & Legal, HSBC India.

Was a member of the Assets & Liabilities committee (ALCO), the Apex Management Committee, Corporate Governance and Audit committee of HSBC, India.

Is a Director on the Boards of Dhanuka Agritech Ltd., Mindteck (India) Ltd. and Intex Technologies (India) Ltd.

Is a Trustee of the Sasakawa India Leprosy Foundation.

Joined the Board of Chola in July 2006.

**Mr. R. V. Kanoria**

Non-executive Director

Age : 57 Years

Is an MBA (Hons) from IMD, Switzerland.

Is the Chairman and Managing Director of Kanoria Chemicals & Industries Ltd. and is on the Boards of several other companies.

Is the President of Federation of Indian Chamber of Commerce (FICCI) and has headed several joint-business councils. Was the Chair of the Commission on International Trade and Investment Policy of the ICC, Paris.

Is a Managing Committee member of PHD Chamber of Commerce & Industry.

Joined the Board of Chola in September 1995.

**Mr. V. Srinivasa Rangan**

Non-executive Director

Age : 52 Years

Is a graduate in Commerce, Grad. Cost and Works Accountants of India and an Associate member of the Institute of Chartered Accountants of India.

Is an Executive Director at Housing Development Finance Corporation Ltd. (HDFC Ltd) and has been associated with the company since 1986.

Is a Director on the Boards of Hindustan Oil Exploration Company Ltd. and several other companies in HDFC Group.

Was conferred the "Best CFO in the Financial Sector for 2010" by "The Institute of Chartered Accountants of India" (ICAI).

Joined the Board of Chola in July 2011.

**Mr. L. Ramkumar**

Non-executive Director

Age : 56 Years

Is a Cost Accountant and an MBA from IIM, Ahmedabad.

Is the Managing Director of Tube Investments of India Ltd.

Has varied experience in developing long term strategies, restructuring, setting up green field projects and building a customer oriented organisation.

Joined the Board of Chola in July 2010.

**Mr. Vellayan Subbiah**

Managing Director

Age : 42 Years

Is a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan, USA.

Has a varied experience including 6 years with Mckinsey and Company, Chicago 24/7 Customer Inc. and Sundram Fasteners.

Was the Managing Director of Laserwords, Chennai, between January 2007 and August 2010.

Is a Director on the Boards of SRF Ltd. and certain other Murugappa Group companies.

Joined the Board of Chola in August 2010.

FINANCIAL HIGHLIGHTS

₹ in lakhs

Particulars	2003	2004	2005
Operating Results			
Total Income	23565	22763	21498
Profit before tax	4554	#4606	5156
Profit after tax	2814	3210	3407
Assets			
Fixed Assets (including assets leased out)	4384	2571	1604
Statutory & Other Investments	9727	7743	12876
Receivables Under Financing Activity			
- Automobile Financing	98580	113245	125208
- Loans against Immovable Property	-	-	5340
- Other Loans	16714	24536	18117
Other Assets (net)	13709	13727	9259
Total Assets	143114	161822	172404
Liabilities			
Shareholders' funds			
-Equity	17821	22256	30275
-Preference	3300	2300	1000
Loan Funds	113034	128772	133543
Other Liabilities and Provisions	8959	8494	7586
Total Liabilities	143114	161822	172404
Key Indicators			
Earnings per Equity Share (₹)- Basic	16.09	#10.91	9.04
Earnings per Equity Share (₹)- Diluted	16.09	#10.91	9.04
Dividend per Equity Share (₹)	5.00	5.00	5.00
Book Value per Equity Share (₹)	105.65	87.97	79.78

Before extraordinary items

₹ in lakhs

2006	2007	2008	2009	2010	2011	2012
22146	40913	89173	112063	92950	120183	176660
4604	4727	9094	1708	3133	10011	29011
3521	3102	5937	4275	1542	6218	17254
2097	3294	4759	3384	1375	3318	5316
6861	7876	17394	40520	21933	6828	6170
148020	157926	194808	195610	307616	573146	882201
1626	12325	43838	63097	135857	188648	299966
39908	156677	301395	196768	105485	98232	50024
11767	36052	75174	197908	123977	97654	98583
210279	374150	637368	697287	696243	967826	1342260
31572	32635	55863	48101	48500	107202	141728
-	-	-	30000	30000	-	-
169985	321928	541748	542703	541480	794891	1144411
8722	19587	39757	76483	76263	65733	56121
210279	374150	637368	697287	696243	967826	1342260
9.12	7.63	12.88	7.05	1.79	5.67	14.39
9.12	7.63	12.23	6.83	1.79	5.67	14.39
5.00	4.00	4.00	0.00	1.00	1.50	2.50
83.20	86.00	107.07	72.43	73.04	89.87	106.92

DIRECTORS' **REPORT**



DIRECTORS' REPORT

Your directors have pleasure in presenting the thirty fourth annual report together with the audited accounts of the company for the year ended 31 March, 2012.

FINANCIAL RESULTS

		₹ in crores
	2011 -12	2010 -11
Gross income	1,766.60	1,201.83
Profit before tax	290.11	100.11
Profit after tax	172.54	62.18
Add: Balance brought forward	81.84	56.46
Amount available for appropriation	254.38	118.64
Adjustments / Appropriation:		
Transfer to statutory and other reserves	134.51	15.55
Dividend		
- Equity	31.15	17.89
- Preference		0.39
Tax on dividend	5.05	2.97
Balance carried forward	83.67	81.84
Total	254.38	118.64

SHARE CAPITAL

During the year under review, the company with the approval of the shareholders, increased the authorised capital from ₹ 420 crores to ₹ 450 crores and further made a fresh issue of 1,32,55,454 equity shares of ₹ 10 each at ₹ 160 per equity share, being the price determined in accordance with the SEBI ICDR Regulations, by way of a preferential issue aggregating to ₹ 212 crores to the following investors:

Name of the Investor	No. of equity shares	Amount of Investment ₹ in crores
Creador 1 LLC	66,27,727	106
Multiples Private Equity FII I	48,13,718	77
Multiples Private Equity Fund	18,14,009	29
Total	1,32,55,454	212



The company recorded a significant increase in its performance due to sustained performance of the Vehicle Finance and Home Equity businesses inspite of the slow-down in the economy during the later part of the financial year.

DIRECTORS' REPORT

OPERATIONS

During the year ended 31 March, 2012, the company recorded a significant increase in its performance due to the sustained performance of the Vehicle Finance and Home Equity business inspite of the slow-down in the economy during the later part of the financial year. The reduction in loan losses on account of the Personal loan portfolio which has completely run-down also aided the effort. This resulted in:

- 190% growth in Profits before Tax
- 55% growth in disbursements
- 48% growth in closing managed assets

Disbursements in Vehicle Finance for the year were at ₹ 7,306 crores as against ₹ 4,496 crores in the previous year recording a growth of 62.50%.

Home Equity business recorded a disbursement of ₹ 1,528 crores as against ₹ 1,235 crores in the previous year recording a growth of 24%.

The newly launched gold loan business (launched in the month of Dec 2011) recorded disbursements aggregating to ₹ 54 crores.

The total business assets under management (net of provisions) of the company as at 31 March, 2012 increased to ₹ 13,462 crores from ₹ 9,124 crores in the previous year recording a growth of 48%.

The profit before tax for the year was at ₹ 290.11 crores as against ₹ 100.11 crores in the previous year. Profit after tax was at ₹ 172.54 crores for the year as compared to ₹ 62.18 crores in the previous year.

DIVIDEND

Your directors approved an interim dividend of 15% (₹ 1.50/- per equity share) on 31 January, 2012 for the year ended 31 March, 2012, which has been since paid out.

Your directors are pleased to recommend a final dividend of 10% (₹ 1/- per equity share) of ₹ 10 each.

TRANSFER TO RESERVES

Your company has transferred a sum of ₹ 34.51 crores to statutory reserve as required by the Reserve Bank of India Act, 1934 and ₹ 100 crores to general reserves.

OUTLOOK

Vehicle Finance:

The company is poised to grow at a steady phase as the growth potential of the portfolio continues to remain robust. The vehicle finance business predominantly focuses on the light commercial vehicles and small commercial vehicles for which the demand continues to be high. Hence it is expected that the demand will sustain for the commercial vehicles and the industry growth momentum will be stable over the next 5 years. As per CRISIL research the commercial vehicle industry is expected to record a growth [CAGR] of 18% to 20% in disbursements and is targeted to reach a level of about ₹ 98,700 crores by 2015-16. If the inflationary pressures are contained without any significant monetary compression, the year ahead will see the growth momentum sustained.

Home Equity:

For the financial year 2012-13, the market for loan against property is projected at ₹ 31,500 crores and is expected to maintain its growth trajectory for the next few years.

The demand for home equity loans is derived from the demand for credit off-take from its target customer segment. The target customer for home equity loans is the self-employed non-professional (SENP) group which comprises of small and medium scale industries / service providers, traders and SSI's.

Gold Loan:

The gold loan business, currently operating out of 31 locations will be evaluated taking into consideration the regulatory environment and market / industry trends.

New Business:

The company is planning to enter into affordable housing finance and provide loan facilities to Micro, Small and Medium Enterprises (MSME) that are associated with our group companies as vendors and suppliers.

FIXED DEPOSITS

The company is a systemically important non-deposit accepting non banking finance company (SI-ND-NBFC). It ceased taking deposits from public effective 1 November, 2006. At the time of conversion, the outstanding unmatured deposits were transferred to an escrow account together with the future interest payable thereon till the date of maturity and these are being repaid on maturity. Accordingly, there have been no fresh deposits accepted during the financial year 2011 - 12. Net of repayments, the matured and unclaimed deposits (including interest accrued) as at 31 March, 2012 were ₹ 0.54 crores.

As at 31 March, 2012 and as on the date of this report, there were 211 depositors whose deposits had matured but had not claimed the maturity amount aggregating to ₹ 0.54 crores (along with interest accrued). As a process, the company sends periodical reminders to these depositors before transferring the sums due to the Investor Education and Protection Fund (IEPF) under Section 205C of the Companies Act, 1956. During the year, the company remitted a sum of ₹ 0.16 crores to IEPF under this head representing unclaimed public deposits and interests thereon beyond seven years. In respect of outstanding fixed deposit of ₹ 0.02 crores, the repayment to the depositors has been stayed by courts / instruction from CBI and not remitted to IEPF.

CREDIT RATING**Short Term:**

The company's short term debt of ₹ 3,000 crores is rated as [ICRA] A1+ by ICRA and for ₹ 250 crores is also rated as "CRISIL A1+" by CRISIL.

DIRECTORS' REPORT

Long Term - Secured:

During the year, ICRA upgraded its long term rating on non convertible debentures and lines of credit from banks from [ICRA]AA- to [ICRA]AA. The outlook on the upgraded rating is "Stable".

CARE affirmed the rating of "CARE AA" to the non convertible debenture programme of the company.

Long Term - Unsecured:

ICRA upgraded its long term rating on subordinated debt programme of the company from [ICRA] AA- to [ICRA] AA. The outlook on the upgraded rating is Stable.

Fitch re-affirmed its existing rating of "Fitch AA-(ind)" with Stable outlook on the subordinated debt programme of the company.

ICRA upgraded its long term rating on perpetual debt instrument from [ICRA]A+ to [ICRA]AA-. The outlook on the upgraded rating is Stable.

CARE re-affirmed its existing rating of "CARE A+" on the perpetual debt instrument of the company.

During the year, the company raised Perpetual Debt Instrument (PDI) aggregating to ₹ 358 crores which were rated as [ICRA] A+ (Positive) or [ICRA] AA- by ICRA and CARE A+ by CARE. Part of the issue will qualify as Tier I capital and the balance will be considered as Tier II capital to address the company's capital adequacy requirements. The company also raised subordinated debt to the tune of ₹ 225 crores which were rated as [ICRA] AA- or [ICRA] AA by ICRA and Fitch AA-(Ind) by Fitch, which will be used to meet the Tier II capital requirements as per RBI Guidelines.

ASSET FINANCING COMPANY

During the year, the company was categorised as an Asset Financing Company (AFC) by Reserve Bank of India (RBI).

CAPITAL ADEQUACY

The company's capital adequacy ratio was at 18.08% as on 31 March, 2012 as against 16.67% as on 31 March, 2011. The minimum capital adequacy prescribed by RBI for an Asset Finance Company is at 15%.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the approval accorded by the shareholders at the twenty ninth annual general meeting of the company held in July 2007, the compensation & nomination committee had formulated the Employee Stock Option Scheme 2007. During the year under review, 3,70,880 options were granted to the employees of the company and its subsidiaries under the said scheme. As required under the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines), the following details of this scheme as on 31 March, 2012 are being provided:

Nature of Disclosure		Particulars								
a.	Options granted	24,73,123 options in 10 tranches since 30 July, 2007. Each option gives the grantee a right to subscribe to one equity share of ₹ 10 each in the company.								
b.	The pricing formula	The options were granted at an exercise price equal to the latest available closing price of the equity shares on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the options.								
c.	Options vested	4,38,992								
d.	Options exercised	15,214								
e.	The total no. of shares arising as a result of exercise of option	15,214								
f.	Options lapsed/ surrendered	12,49,056								
g.	Variation of terms of Option	The compensation & nomination committee at its meeting held on 30 July, 2008 revised the performance parameters of the employees for vesting. No terms were varied during FY 2011-12.								
h.	Money realised by exercise of options	₹ 4,35,887/-								
i.	Total no of Options in force	12,08,853								
j.	(i) Details of Options granted to Senior Management Personnel	Options granted till date to senior management personnel are as follows:								
		<table><tr><th>Name & Designation of the Employee</th><th>No. of Options granted</th></tr><tr><td>Kaushik Banerjee, President - Asset Finance</td><td>69,995</td></tr><tr><td>D.Arul Selvan, Sr. Vice President & CFO</td><td>43,773</td></tr><tr><td>Rohit Phadke, Sr. Vice President & Business Head - Home Equity</td><td>43,773</td></tr></table>	Name & Designation of the Employee	No. of Options granted	Kaushik Banerjee, President - Asset Finance	69,995	D.Arul Selvan, Sr. Vice President & CFO	43,773	Rohit Phadke, Sr. Vice President & Business Head - Home Equity	43,773
Name & Designation of the Employee	No. of Options granted									
Kaushik Banerjee, President - Asset Finance	69,995									
D.Arul Selvan, Sr. Vice President & CFO	43,773									
Rohit Phadke, Sr. Vice President & Business Head - Home Equity	43,773									
	(ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	<table><tr><th>Name & Designation of the Employee</th><th>No. of Options granted</th></tr><tr><td>Pravin Salian</td><td>35,400</td></tr><tr><td>Jaikumar K.P.</td><td>34,000</td></tr></table>	Name & Designation of the Employee	No. of Options granted	Pravin Salian	35,400	Jaikumar K.P.	34,000		
Name & Designation of the Employee	No. of Options granted									
Pravin Salian	35,400									
Jaikumar K.P.	34,000									

DIRECTORS' REPORT

Nature of Disclosure	Particulars
(iii) Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant	None
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20	₹ 14.39
l. (i) Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognised in the accounts if the fair value of Options had been used as the method of accounting	The employee compensation cost for the year would have been higher by ₹ 2.60 crores had the company used the fair value of options as the method of accounting instead of intrinsic value
(ii) Impact of the difference mentioned in (i) above on the profits of the company	The stock-based compensation cost calculated as per the intrinsic value method upto 31 March, 2012 is Nil. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period ended 31 March, 2012 would be ₹ 2,59,75,221/-
(iii) Impact of the difference mentioned in (i) above on the EPS of the company	Had the company accounted the Options as per fair value the diluted EPS would have been ₹ 14.18 per share instead of ₹ 14.39 per share
m. (i) Weighted Average exercise price of Options	₹ 160.46
(ii) Weighted average fair value of Options	₹ 71.02

n.	(i) Method used to estimate the fair value of Options	Black Scholes Options Pricing Model
	(ii) Significant assumptions used (weighted average information relating)	
	(a) Risk -free interest rate	7.66%
	(b) Expected life of the Option	4.15 years
	(c) Expected volatility	50.21%
	(d) Expected dividend yields	3.64%
	(e) Price of the underlying share in the market at the time of Option grant	₹ 185.45

The certificate from the statutory auditor as required under the SEBI Guidelines, confirming that the company's Employees Stock Option Scheme 2007 has been implemented in accordance with the SEBI Guidelines and shareholders resolution, will be placed before the shareholders at the ensuing annual general meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under Section 217(2AA) of the Companies Act, 1956, reporting the compliance with the accounting standards, is attached and forms a part of the directors' report.

CORPORATE GOVERNANCE REPORT

A report on corporate governance, including the status of implementation of mandatory and non-mandatory norms as per clause 49 of the listing agreement and the corporate governance voluntary guidelines, 2009 issued by Ministry of Corporate Affairs, is attached and forms part of the directors' report.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis report, highlighting the business-wise details is attached and forms part of this report.

DIRECTORS

Mr. N. Srinivasan was appointed as vice chairman of the company at the board meeting held on 31 January, 2012.

Mr. Indresh Narain and Mr. N. Srinivasan are liable to retire by rotation at the ensuing annual general meeting and being eligible, have offered themselves for re-appointment.

DIRECTORS' REPORT

AUDITORS

M/s. Deloitte Haskins & Sells, chartered accountants, retire at the ensuing annual general meeting and are eligible for re-appointment.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

The company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to ₹ 2.79 crores (including interest accrued but not due) was incurred during the year under review. The company does not have any foreign exchange earnings.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the name and other particulars of employees are set out in the annexure to the directors' report. However, having regard to provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the annual report is being sent to all members of the company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the company secretary at the registered office of the company.

SUBSIDIARY COMPANIES

Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited and Cholamandalam Factoring Limited are subsidiaries of the company. The financial performance of the subsidiaries is given below.

Cholamandalam Securities Limited (CSEC)

CSEC recorded a gross income of ₹6.32 crores for the year ended 31 March, 2012. CSEC made a loss before tax of ₹ 2.58 crores as against a profit of ₹ 0.49 crores in the previous year.

Cholamandalam Distribution Services Limited (CDSL)

CDSL recorded a gross income of ₹11.76 crores for the year ended 31 March, 2012. CDSL made a loss before tax of ₹ 0.37 crores as against a profit of ₹ 6.90 crores in the previous year.

Cholamandalam Factoring Limited (CFACT)

During the year, the company infused equity share capital aggregating to ₹ 60 crores to strengthen the capital base of CFACT. CFACT recorded a gross income of ₹ 0.02 crores for the year ended 31 March, 2012. CFACT made a loss before tax of ₹ 61.29 crores as against a loss of ₹ 8.16 crores in the previous year.

ACKNOWLEDGEMENT

The directors wish to thank the company's customers, vehicle manufacturers, vehicle dealers, banks, mutual funds, rating agencies and shareholders for their continued support. The directors also thank the employees of the company for their contribution to the company's operations during the year under review.

26 April, 2012
Chennai

On behalf of the board

M.B.N. Rao
Chairman

DIRECTORS' RESPONSIBILITY STATEMENT

The directors accept the responsibility for the integrity and objectivity of the statement of Profit & Loss Account for the year ended 31 March, 2012 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the financial statements the generally accepted accounting principles (GAAP) of India and applicable accounting standards issued by the Institute of Chartered Accountants of India have been followed.
- appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognised in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function.
- the financial statements have been prepared on a going concern basis.

26 April, 2012
Chennai

On behalf of the board

M.B.N. Rao
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS





The Company focused on increasing and strengthening its core business of vehicle finance and home equity by introducing process changes aided by technology to improve productivity and profitability.

Cholamandalam Investment and Finance Company Limited (Chola) is one of India's premier asset financing non-banking finance company primarily engaged in providing vehicle finance (VF), home equity (HE) loans and corporate mortgage finance (CMF) loans. The company has robust sourcing, underwriting, receivables management, collection and operations models commensurate with the size and risks of the respective underlying asset class. Through its subsidiaries, the company is engaged in the business of broking and distribution of financial products.

During the year, the company focused on increasing and strengthening its core businesses of vehicle finance and home equity by introducing process changes aided by technology to improve productivity and profitability.

Also, the footprint of these businesses across the nation widened with a substantial increase in branch network. The complete rundown of the personal loan portfolio in FY 2011-12 resulted in lower loan losses leading to manifold increase in the profitability of the company. The following are some of the major initiatives during the FY 2011-12:

- ✦ Re-categorised as an asset financing company as per RBI guidelines.
- ✦ Infused equity share capital aggregating to ₹ 212 crores to strengthen capital base.
- ✦ Increased presence in 124 new locations in Tier III and Tier IV towns and increased the total branch strength to 344 branches across India towards growing its vehicle finance business.
- ✦ Invested in technology and process improvements aimed at enhancing productivity levels and reducing operating costs in the years to come.
- ✦ Improved portfolio quality by focused collection across product lines.
- ✦ Raised long-term funds by way of Perpetual Debt Instrument (PDI) and Subordinated Debt (SD) to enhance capital adequacy ratio.
- ✦ Strengthened the asset liability management, in a rising interest rate scenario.
- ✦ ICRA upgraded its long-term rating on non-convertible debentures and lines of credit from banks from [ICRA]AA- to [ICRA]AA. The outlook on the upgraded rating is Stable.
- ✦ Actively participated in investor meetings to distinctly improve investor relations.
- ✦ Strengthened the technology platform to ensure faster turnaround time, efficient controls and better MIS.

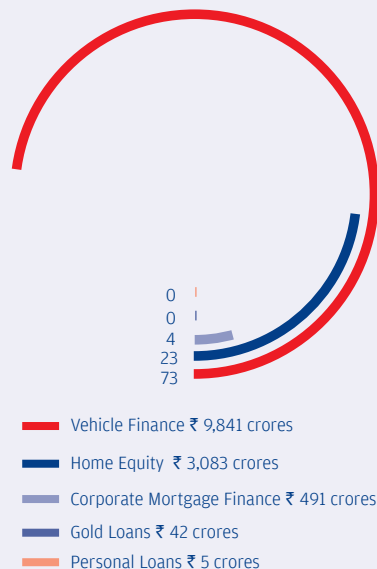
All these initiatives resulted in an impressive growth during the year under review and the benefits of the same are expected to continue in the years to come.

OVERALL PERFORMANCE

The company disbursed aggregate loans of ₹ 8,889 crores against ₹ 5,731 crores disbursed in the previous year. The aggregate disbursement of ₹ 7,306 crores in VF and ₹ 1,528 crores in HE verticals by the company was the highest ever since inception. The company has disbursed ₹ 54 crores from its newly launched loan against gold business. The net managed assets as on 31 March, 2012 increased to ₹ 13,462 crores (₹ 9,124 crores as on 31 March, 2011) clocking a growth of 48% over the previous year and is the highest ever achieved. Total assets (including off-balance sheet assets) grew to ₹ 14,643 crores (₹ 10,441 crores as on 31 March, 2011).

MANAGEMENT DISCUSSION AND ANALYSIS

The profile of the net managed loan book of the company at the closing of the year under review was as follows (%):



VF, which mainly constitutes funding against commercial vehicles and tractors, continued to account for the largest share of the company's asset portfolio with an asset deployment of ₹ 9,841 crores, constituting 73% of net managed assets.

HE, loan against property, enjoyed a successful ramp-up and closed the year with an asset portfolio of ₹ 3,083 crores, constituting 23% of net managed assets.

CMF, caters to the working capital needs of promoters, high net worth individuals and corporate houses and closed the year with an asset base of ₹ 491 crores constituting 4% of net managed assets.

The loan against gold business (commenced during the current financial year) ended the fiscal with an asset portfolio of ₹ 42 crores which constitutes less than 1% of the total asset book.

The discontinued consumer finance division, constituting unsecured personal loans has a residual book of ₹ 5 crores.

The performance of the company can be considered highly satisfying as its growth across the business verticals has been significantly higher than the industry growth levels.

DIVISIONAL ANALYSIS

VEHICLE FINANCE

Sale of Commercial Vehicles (CV) witnessed a fairly healthy growth during FY 2011-12, primarily in the light and small CV segments. The overall CV segment registered a growth of 18.2% during April-March 2012 as compared to 31% during the same period last year, inspite of a subdued Index of Industrial Production. The overall rate of growth of CV was lower than FY 2010-11, largely due to the sharp drop in the growth of heavy commercial vehicles and also due to the impact of a higher base in 2010-11. Medium & Heavy Commercial Vehicles (MHCV) registered a growth of 8%, while Light Commercial Vehicles (LCV) grew at 27.36%.

As the focus of our VF business is predominantly in the LCV and SCV product category, the VF business registered a substantial growth in disbursement leveraging the demand for LCVs and SCVs. The division's disbursements grew by 63% over the previous year to ₹ 7,306 crores. New CV volumes recorded a growth of 49% in unit terms, against the industry growth of 18%, resulting in an increase in market share from 8% to 10% during the year.

Fee income registered an increase of 47% over the previous year and other income increased by 26% during the same period.

The division continued to focus on ensuring that the asset quality remained robust through careful sourcing and granular credit decisioning process, supported by a strong and proactive collections approach. The individual and collective strengths of the teams have resulted in a superior portfolio performance as under:

1. Gross NPA was at 0.69%
2. Net NPA was at 0.26%
3. Stock level of repossessed vehicles was at 0.10% of overall assets level.

The key strategies adopted by the business during FY 2011-12 comprised:

- Addition of 124 new branches to increase pan India footprint particularly in the Tier III and IV towns, totaling the branch strength to 344;
- Supporting manufacturers through clear value addition in the middle and bottom of the pyramid customer segments and increasing penetration in new geographies;
- Increasing productivity at all levels;
- Focusing on portfolio quality and revenue generation;
- Investment in technology and process improvement initiatives for enhancing business efficiency.

The general outlook of the industry (in the relevant product segments) is one of optimism and most indicators appear positive. Volumes are expected to have a moderate growth rate of 12% - 15%, albeit on a higher base of FY 2011-12 volumes.

HOME EQUITY

The home equity business completed its fifth year of operations in FY 2011-12 and is a significant part of the Chola's growth story.

In FY 2011-12, the business disbursed ₹ 1,528 crores as compared to ₹ 1,235 crores in the previous financial year registering a growth of 24%. The net managed asset book grew by 42% and stood at ₹ 3,083 crores as on 31 March, 2012 compared to ₹ 2,174 crores for the same period in the previous financial year. The business commenced operations in nine new locations and is currently present in 45 locations across the country. All the 45 branches are co-located along with vehicle finance branches, thus reducing operating expenses to a large extent. The company is actively engaged in consolidating its presence at locations it already operates thereby building a clean and profitable portfolio.

In FY 2011-12, the company undertook several initiatives focused on enhancing customer engagement and quality of the asset book. These initiatives have resulted in an enhanced customer relationship and significant reduction in delinquent accounts.

With more banks and NBFCs entering the space and strengthening their presence, the home equity business is facing intense competition. However, the business has established itself in this space and

MANAGEMENT DISCUSSION AND ANALYSIS

is viewed today, as one of the most competitive and profitable industry player. The business expects robust growth in FY 2012-13 in this segment fuelled by healthy credit off take in our target customer segments.

The business continues to focus on self-occupied residential properties as the preferred asset class as it is considered to be the safest class to lend. The target customer segment continues to be the self-employed non-professional customers and the business has built an expertise in understanding and assessing this particular customer segment.

CORPORATE AND MORTGAGE FINANCE

In this business, the loans are given to promoters of corporates, high net worth individuals (HNI) and corporate houses for tenure of one to two years. The past year witnessed highly volatile capital markets with Sensex fluctuating between 15,135 and 19,811 levels.

These loans are secured by way of collaterals such as listed equity shares, property and current assets. The division closed the year with an asset float of ₹ 491 crores, which constituted close to 4% of the net managed assets of the company. These loans are collateralised and the company possesses stringent evaluation and online control mechanism for any adverse movement in stock price.

The book is secured 68% by way of equity shares and 32% by way of combination of property/assets and shares. Almost 52% of the book is from south-based clients while 34% of the float is from Mumbai and 14% from Delhi. The business continues its focus on the promoter financing book as the key profit driver. The south markets offer opportunities in the HNI space for additional growth.

The company has realigned the business to reduce the Finance Against Shares (FAS) exposure and accordingly the FAS book is brought down in view of the revised focus and strategy in this business line.

GOLD LOANS

The company launched gold loan business as a pilot project during the current financial year and commenced operations with its first branch launch in Chennai on 14 December, 2011.

The business closed the year with 31 branches and disbursements of ₹ 54 crores. The asset book as on 31 March, 2012 was ₹ 42 crores with a customer base of 1,673. Depending on the experience in the pilot phase, the company will form its revised strategy on this business.

PERSONAL LOANS

The personal loan asset book was brought down to ₹ 5 crores as on 31 March 2012, after fully providing for all overdues. No further losses are envisaged in this book and efforts will be continued in FY 2012-13 to collect the delinquent accounts, which is estimated to result in some recovery, though it may be minimal.

INVESTMENTS

Total investments of ₹ 62 crores include investments in subsidiaries of ₹ 56 crores (net of provisions) and investments of ₹ 4 crores (net of provisions) in government securities.

During the year, the company recapitalised its subsidiary, Cholamandalam Factoring Limited to the tune of ₹ 60 crores and provided ₹ 57.50 crores as impairment provision since the capital is almost fully eroded on account of the losses incurred in the subsidiary.

The company also provided ₹ 9 crores for impairment in investments made in Cholamandalam Securities Limited due to continued business losses on account of highly volatile stock markets.

RESOURCES AND TREASURY

During the year, the company focused on mobilising funds to sustain the aggressive growth of its VF and HE business. This was done by maintaining a right mix of long and short term assets in a suitable ratio to maintain a healthy asset liability position throughout the year.

Bank Borrowing

During the year, the company mobilised ₹ 1,795 crores of medium-term loans and ₹ 733 crores of working capital and cash credit facilities from banks.

Market Borrowing

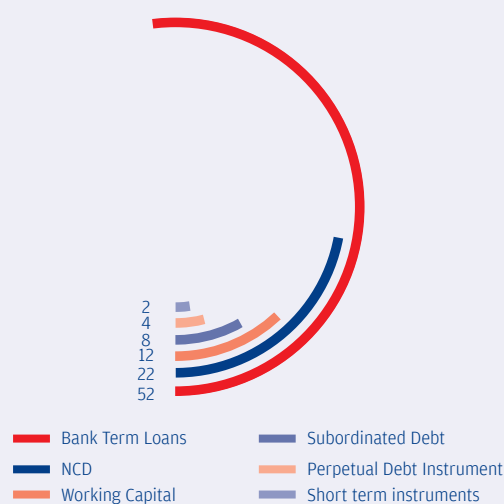
During the year, the company raised commercial papers (CP) worth ₹ 3,032 crores and repaid ₹ 3,377 crores of CP. CP outstanding as at the end of the year was ₹ 235 crores. The company also mobilised medium/long-term Non-Convertible secured Debentures (NCD) to the tune of ₹ 2,160 crores at competitive rates to address its medium-to-long term funding requirements. As at the end of FY 2011-12, outstanding NCD were ₹ 2,543 crores.

Tier I and Tier II Capital

During the year, the company raised equity share capital of ₹ 212 crores. The company raised ₹ 358 crores of perpetual debt instruments and ₹ 225 crores of subordinated debt to meet its capital adequacy requirements. As at the end of FY 2011-12, perpetual debt instrument outstanding was ₹ 508 crores and subordinated debt was ₹ 928 crores. The proportion of Tier II Capital was increased from 5.88% to 7.08%.

Borrowing Profile

The borrowing profile of the company as on 31 March, 2012 is given below (%):



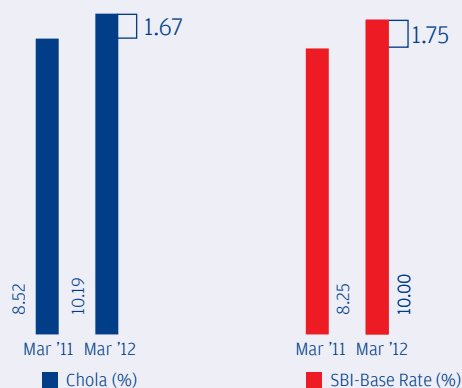
MANAGEMENT DISCUSSION AND ANALYSIS

Movement in Interest Cost

The company's interest cost as a percentage of average borrowings increased from 8.52% to 10.19% due to increase in bank base rates consequent to the sustained hike in key policy rates by RBI as well as the prevailing liquidity crunch in the market. The base rates of most of the banks were raised by 1.75% and the market rate for CP and NCD had significantly increased as compared to the previous year. The increase in cost of funds was clearly visible among all competitors in the market and the company adopted various measures to minimise the impact of the same such as:

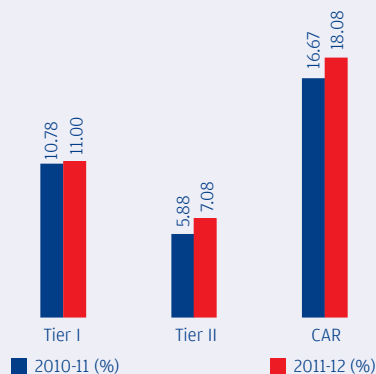
- Renegotiating the interest rates with various lenders
- Prepaying high cost loans
- Bilateral assignment / securitisation of priority sector assets

Base Rate of SBI increased by 1.75% while Chola borrowing cost increased by 1.67%



CAPITAL ADEQUACY RATIO

The company improved its Capital Adequacy Ratio (CAR) to 18.08% as on 31 March, 2012 compared to 16.67% in the previous financial year.



ASSET LIABILITY MANAGEMENT

During the year, the company significantly strengthened the asset liability management by improving the proportion of long term borrowings in the form of bank term loans and market instruments. The ALM position was maintained with no negative carry in any of the buckets upto 1 year.

RATING

The company's short-term debt is rated as [ICRA]A1+ by ICRA and 'CRISIL A1+' by CRISIL.

During the year, ICRA upgraded its long-term rating on non convertible debentures and lines of credit from banks from [ICRA]AA- to [ICRA]AA. ICRA upgraded its long-term rating on subordinated debt programme of the company from [ICRA]AA- to [ICRA]AA. ICRA upgraded its long term rating applicable to perpetual debt instrument from [ICRA]A+ to [ICRA] AA-. The outlook on the above upgraded ratings are 'Stable'.

CARE re-affirmed the rating of 'CARE AA' to the non-convertible debentures programme of the company. CARE re-affirmed its existing rating of 'CARE A+' on the perpetual debt instrument of the Company.

Fitch re-affirmed its existing rating of 'Fitch AA-(ind)' with stable outlook on the subordinated debt programme of the Company.

HUMAN RESOURCES

The company employed 1,405 employees as on 31 March, 2012. During the year, it launched various organisational development and engagement initiatives including a few critical initiatives like leadership coaching for senior leaders, 360 degree assessment and feedback to aid in developing the individual development plan for managers, competency identification and definition exercise for all roles in the core businesses. The online human resources (HR) portal 'People Power' was implemented during the year. Employees who have been with the company for more than five years were given service awards. The training team efficiently organised five virtual training centres which enabled the company to achieve more than 7,800 training man-days during the fiscal.

TECHNOLOGY

During the year, several technological initiatives such as comprehensive lead management and customer service modules were implemented to improve productivity, reduce turnaround time for better controls and governance. Pilot program on mobile applications to improve productivity of the sales and collection teams were launched. These enhancements are expected to result in significant improvements in productivity and easier access to information.

RISK MANAGEMENT

Risk is inherent in any business transactions and in financial sector, in particular, as it manifests in many ways due to diverse activities executed by numerous people from many locations.

An organization should be capable of identifying and managing the risks in order to achieve its strategic objectives. Hence, an effective risk management is fundamental and critical component of the overall objectives of the organisation.

MANAGEMENT DISCUSSION AND ANALYSIS

Like any other financial service company, your company has identified the risk management objectives which help in controlling and mitigating the risks through incessant risk management initiatives. The company faces various types of risks like credit risk, liquidity risk, interest rate risk, operational risk, reputational risks and regulatory issues.

As these are highly interrelated, your company has adopted a robust risk management framework to effectively manage them and is driven by the following fundamentals:

- Identification of key risks
- Evaluating the probability of occurrences and their impact
- Positioning tolerance limits and establishing adequate review mechanisms to monitor and control the risks
- Incorporating robust reporting mechanism and adoption of appropriate mitigation processes

As risk management is an integral part of the company's business process, it is well embedded in the Standard Operating Procedures (SOP) of all activities of the business units / functions. The risk management department is ably complemented by the Internal Audit team which evaluates the extent of SOP compliance with the objective of locating gaps. The company's Asset Liability Committee (ALCO) facilitates to manage the market related risks and to adopt various strategies related to assets and liabilities in line with the risk management framework of the company. The fraud control unit of the company also helps to manage the risks related to fraud and suspicious transactions.

During the year, the board reconstituted the Risk Management Committee (RMC) by inducting two more directors into the committee besides managing director, various business and functional heads of the company as its members in order to further improve the focus and strengthen the processes within the company.

INTERNAL CONTROL SYSTEMS

The company has adopted extensive internal controls to mitigate risks. The company has established procedures including a clear delegation of authority and SOP for all business parts. The in-house internal audit department as well as M/s. KPMG, internal auditors of the company, incessantly review the adequacy and effectiveness of controls.

The critical audit observations are shared with the audit committee on a quarterly basis for effective monitoring of controls and implementation of recommendations. On compliance matters, a methodical system of monthly self assessment exists in all functions. The company possesses a robust mechanism of fraud control, fraud detection and prevention. The investigations are reviewed by a disciplinary committee comprising senior management members and chaired by the managing director. The company has a strong IT security system and audit to ensure information security.

The company possesses sound documentation and framework as envisaged in Clause 49 of listing agreement. Clear segregation of duties exists between various functions. Key operational process (finance and operations) are centralised at the head office for better control. Capital / revenue expenses are subjected to approved budgets.

RESULT OF OPERATIONS

Balance Sheet

The balance sheet size of the company has significantly grown compared to previous year and a summarised version is given below:

Particulars	₹ in crores		
	Mar-12	Mar-11	Growth %
Assets			
Business Assets	12,322	8,600	43%
Other Assets	1,101	1,078	2%
Total	13,423	9,678	39%
Liabilities			
Networth	1,417	1,072	32%
Borrowings	11,444	7,949	44%
Other Liabilities	562	657	-15%
Total	13,423	9,678	39%

Statement of Profit & Loss

The profit before exceptional items significantly increased from ₹ 124 crores to ₹ 324 crores during the year. This was primarily achieved by increase in net margin by 23% and reduction in provisions and losses by 90%. The summarized version is given below:

Particulars	₹ in crores		
	Mar-12	Mar-11	Growth %
Disbursements	8,889	5,731	55%
Income	1,767	1,202	47%
Cost of Funds	(988)	(568)	74%
Net Margin	779	634	23%
Operating Expenses	(437)	(334)	31%
Provisions & Losses	(18)	(176)	-90%
PBT before exceptional items	324	124	161%

MANAGEMENT DISCUSSION AND ANALYSIS

Key Ratios

All key ratios have shown considerable improvement as given in the table below:

Particulars	₹ in crores		
	Mar-12	Mar-11	Growth %
Return on Equity - PAT	13.86%	6.70%	107%
Return on Total Assets - PAT	1.38%	0.65%	111%
Total Assets under Management	14,643	10,441	40%
EPS - Basic in ₹	14.39	5.67	154%
Market Price - Closing in ₹	185.05	172.60	7%
Market Capitalisation	2,452.92	2,058.84	19%
CAR	18.08%	16.67%	8%
GNPA % to Total Assets	0.80%	2.61%	-
NNPA % to Total Assets	0.25%	0.33%	-
Operating Expenses to Income	24.72%	27.79%	11%
Profit Before Exceptional items to Income	18.32%	10.33%	77%

GNPA-Gross Non-Performing Assets

NNPA-Net Non-Performing Assets

GNPA / NNPA

Particulars	% on Total Assets	
	Mar-12	Mar-11
GNPA - Company	0.80%	2.61%
GNPA - Personal Loans	0.12%	1.93%
GNPA - Other Businesses	0.68%	0.69%
NNPA - Company	0.25%	0.33%
NNPA - Personal Loans	0.00%	0.00%
NNPA - Other Businesses	0.25%	0.33%

Provision for Standard Assets

During the year, the company made a standard assets provision aggregating to ₹ 12.90 crores (previous year ₹ 20.97 crores) on its standard assets in accordance with the guidelines issued by RBI in this regard.

Branch operations

The company increased its presence to 375 branches as on 31 March, 2012 compared to 236 branches as on 31 March, 2011. Most of these branches are in Tier II, Tier III and Tier IV locations across India.

KEY PARTNERSHIPS AND PREFERRED FINANCIERS

Particulars	Institution
Life insurance business	Tata AIG Life Insurance company Limited
General insurance business	Cholamandalam MS General Insurance Company Limited
Preferred financiers for	Tata Motors Limited
	Mahindra & Mahindra Limited
	Force Motors Limited
	VE Commercial Vehicles Limited (Formerly Eicher Motors Limited)
	TAFE Limited
	New Holland

SUBSIDIARIES PERFORMANCE

The securities business incurred a loss before tax of ₹ 2.58 crores as against a profit of ₹ 0.49 crores in the previous year. The distribution / wealth management business made a loss before tax of ₹ 0.37 crores as against a profit of ₹ 6.90 crores in the previous year. Cholamandalam Factoring Limited, made a loss before tax of ₹ 61.29 crores as against a loss of ₹ 8.16 crores in the previous year.

CONSOLIDATED RESULTS

The consolidated profit after tax for the year was ₹ 168.99 crores as against ₹ 84.58 crores in the previous year.

26 April, 2012
Chennai

On behalf of the board

M.B.N. Rao
Chairman

REPORT ON CORPORATE GOVERNANCE



Corporate governance is about commitment to values and ethical business conduct. It is also about how an organisation is managed viz., its corporate and business structure, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the company, its performance and ownership forms part of the corporate governance.

CORPORATE GOVERNANCE PHILOSOPHY

The company is committed to the highest standards of corporate governance in all its activities and processes.

The company has always believed in and practiced the highest standards of corporate governance since its inception. The board recognises that governance expectations are constantly evolving and it is committed to keeping its standards of transparency and dissemination of information under review to meet both letter and spirit of the law and its own demanding levels of business ethics.

The company believes that sound corporate governance practices are crucial to the smooth and efficient operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders and provide shareholder value. Everything the company does is defined and conditioned by the highest standards of governance, which serve its values. The company firmly believes in and follows the below quote:

"The fundamental principle of economic activity is that no man you transact with will lose; then you shall not."

The corporate governance philosophy of the company is driven by the following fundamental principles:

- ✦ Adhere to corporate governance standards beyond the letter of law;
- ✦ Maintain transparency and high degree of disclosure levels;
- ✦ Maintain a clear distinction between the personal interest and corporate interest;
- ✦ Have a transparent corporate structure driven by business needs and
- ✦ Ensure compliance with applicable laws.

BOARD OF DIRECTORS

The corporate governance of the company ensure that the board remains informed, independent and involved in the company and that there are ongoing efforts towards better corporate governance to mitigate "non-business" risks.

The board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

Directors at Chola possess the highest personal and professional ethics, integrity and values and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the board is to provide effective governance over the company's affairs and exercise reasonable business judgment on the affairs of the company.

REPORT ON CORPORATE GOVERNANCE

The company's day to day affairs are managed by the managing director, ably assisted by a competent management team, under the overall supervision of the board. The company has in place an appropriate risk management system covering various risks that the company is exposed to, including fraud risks, which are discussed and reviewed by the audit committee and the board from time to time.

The company's commitment to ethical and lawful business conduct is a fundamental shared value of the board of directors, the senior management and all employees of the company. Consistent with its Values and Beliefs, the company has formulated a Code of Conduct applicable to the board and senior management. Further, the company has also adopted an Insider Trading Code for prevention of insider trading and a Whistle Blower Policy for reporting any concerns or grievances by employee / customer and others in their dealings with the company.

Composition

The board has been constituted in a manner, which results in an appropriate mix of executive/non-executive and independent directors to ensure proper governance and management. The board members have collective experience in diverse fields like banking, finance, compliance, engineering and technology. The directors are elected based on their qualification and experience in varied fields. At the time of induction of a director on the board of the company, a formal invitation to join the board of the company is sent out by the chairman of the company and a directors' handbook comprising a compendium of the role, powers and duties to be performed by a director is given to the new director.

Mr. V.P.Mahendra retired at the 33rd AGM held on 28 July, 2011. Mr.V.Srinivasa Rangan was appointed as a director in the vacancy caused by the retirement of Mr. V.P.Mahendra. Consequent to the above change in the constitution of the Board, the committees of the board were reconstituted with all other terms of reference remaining unaltered.

The Board at its meeting held on 31 January, 2012 elected Mr. N. Srinivasan as the vice chairman of the board, recognising the contributions made by him as 'Director in Charge' for over a period of two years and ensuring a smooth leadership transition when Mr. Vellayan Subbiah took over the reins of the company in August 2010.

As recommended in the Voluntary guidelines of the MCA on corporate governance, the offices of the chairman and CEO of the company have been kept separate.

The details of directors as at 31 March, 2012 including the details of their other board directorship and committee membership reckoned in line with clause 49 of the listing agreement as well as their shareholdings are given below:

Name of the directors	Executive/ Non executive/ Independent/ Promoter	No. of directorship Excluding Chola* (Out of which as chairman)	No. of shares held in the company	**No. of board committee membership Excluding Chola (Out of which as chairman)
Mr. M.B.N.Rao	Non executive / Independent Chairman	14	NIL	9(4)
Mr. N.Srinivasan	Non executive/ Vice Chairman	6	25,000	3
Mr. Indresh Narain	Non executive / Independent director	3	NIL	4(1)
Mr. R.V.Kanoria	Non executive / Independent director	7(1)	NIL	2(1)
Mr. V.Srinivasa Rangan	Non executive / Independent director	11	4,000	7
Mr. L.Ramkumar	Non executive director	2(1)	154	1
Mr. Vellayan Subbiah	Managing Director / Promoter director	3	2,18,793	3

* excludes private limited companies, section 25 companies, foreign companies and alternate directorships

** only chairmanship / membership of audit committee and shareholders grievance committee of other companies have been considered

The independent directors of the company provide an annual certificate of independence in accordance with clause 49 of the listing agreement, to the company which is taken on record by the board of company. All the board members including Independent directors have the opportunity and access to interact with the management.

REPORT ON CORPORATE GOVERNANCE

Board Meetings

The board of directors meet at regular intervals with an annual calendar and a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on operations, quarterly financial statements and other matters concerning the company. Besides, information about statutory compliance, minutes of all the subsidiary companies and sub-committees of the board and information as required under listing agreement are also provided to the directors on a quarterly basis. The board at every meeting also reviews the important regulatory changes and correspondence between two meetings.

The dates of the board meetings are fixed in advance for the full calendar year to enable maximum attendance from directors. During the year ended 31 March, 2012, five meetings of the board of directors were held i.e., 30 April, 2011, 28 July, 2011, 27 October, 2011, 31 January, 2012 and 30 March, 2012.

COMMITTEES OF THE BOARD

The board has constituted various committees to support the board in discharging its responsibilities.

There are five committees constituted by the board - audit committee, shareholders grievance committee, compensation & nomination committee, business committee and risk management committee.

The board at the time of constitution of each committee fixes the terms of reference and also delegates further powers from time to time. Various recommendations of the committees are submitted to the board for approval. The minutes of the meetings of all the committees are circulated to the board for its information.

AUDIT COMMITTEE

Terms of Reference

The primary role of the audit committee is to oversee the financial reporting process and disclosure of financial information, review - the financial statements before submission to the board, adequacy of internal control systems, findings of internal audits / investigations / whistle blower policy / monitoring the usage of funds from issue proceeds, related party transactions besides recommending appointment / removal of statutory auditors, internal auditors and fixing their remuneration.

Composition & Meetings

The committee comprises four non-executive directors with three-fourth of them being independent directors. As at 31 March, 2012, the committee comprised Mr.Indresh Narain, independent director as the chairman, Mr.M.B.N.Rao, Mr.N.Srinivasan and Mr.V.Srinivasa Rangan as its members and Mr.Vellayan Subbiah, managing director as an invitee. Company Secretary acts as the secretary to the Committee. All members of audit committee have knowledge of financial management, audit and accounts. The statutory auditors, internal auditors and senior management are invited to attend all the meetings

of the committee. Further, as a good corporate governance practice, the company has in place a system for a separate discussion of the committee with the statutory and internal auditors without the presence of the management team. The committee had five scheduled meetings during the year ended 31 March, 2012, for reviewing the financial statements and considering internal audit reports and plans.

SHAREHOLDERS GRIEVANCE COMMITTEE

Terms of Reference

The role of the committee includes formulation of shareholders servicing plans and policies, consideration of valid share transfer requests with folios beyond 5000 shares, share transmissions, issue of duplicate share certificates, issue of share certificates for split, rematerialisation, consolidation of shares etc., The committee also monitors and reviews the mechanism of share transfers, dematerialisation of shares and payment of dividends. It further looks into the redressing of shareholders' grievances and determining, monitoring and reviewing the standards for resolution of shareholders' grievances.

Composition & Meetings

As at 31 March, 2012, the committee comprised Mr. N.Srinivasan as the chairman and Mr.Vellayan Subbiah as a member. Ms.P.Sujatha, company secretary is the compliance officer. During the year, the committee held two meetings.

During the year, the company had received one complaint and there were no share transfer requests pending as at 31 March, 2012.

BUSINESS COMMITTEE

Terms of Reference

The role of the committee includes review of the business of the company including approval and review of business proposals beyond certain financial limits, review and recommend new product note to the board for approval, review of credit and investment policies, approve borrowings within the limits prescribed by the board, approve assignment of receivables and oversee the asset liability management system of the company. Besides, the committee also considers and recommends to the board the issue of non convertible debentures and other operations related matters from time to time.

Composition & Meetings

As at 31 March, 2012, the business committee comprised Mr.M.B.N.Rao as the chairman and Mr.N.Srinivasan and Mr.Vellayan Subbiah as members. The senior management is invited to attend the meetings of the committee. The committee held four meetings during the year.

COMPENSATION & NOMINATION COMMITTEE

Terms of Reference

The role of the committee is to determine the company's policy on specific remuneration packages for executive directors including pension rights and periodic increments in salary. The committee is also empowered to determine the annual commission / incentives of the executive directors and

REPORT ON CORPORATE GOVERNANCE

the minimum remuneration of the executive directors in the event of inadequacy of profits besides implementing, administering and monitoring the employee stock option plan / schemes of the company.

The committee further considers and recommends nominees for board positions. Decisions for selecting a nominee director is based on the merit, qualification, competency and the company's business needs. Such candidates shall be free of conflict of interest that would interfere with their ability to discharge their duties. The recommendations of the committee are placed before the board for its approval.

Composition & Meetings

As at 31 March, 2012, the committee comprised Mr.R.V.Kanoria as the chairman and Mr.M.B.N.Rao and Mr.N.Srinivasan as members. Majority of the members of this committee comprises independent directors including its chairman. The committee had four meetings during the year ended 31 March, 2012.

RISK MANAGEMENT COMMITTEE

The company had a risk management committee comprising of the managing director and the business and functional heads of the organisation. The committee has been in place since October 2007. The board at its meeting held on 30 April, 2011 re-constituted the committee inducting directors into the committee in order to further strengthen the risk management process within the company.

Terms of Reference

The role of the committee includes review of the risk management policy developed by the management, review of the annual risk management framework document, implementation of the actions planned in the annual risk framework document, periodically review the process for systematic identification and assessment of the business risks. Besides, the committee periodically monitors the critical risk exposures by specialised analysis and quality reviews and reports to the Board the details of any significant developments, the action taken to manage the exposures and carry out any other function as may be necessary to ensure that an effective risk management system is in place.

Composition & Meetings

As at 31 March, 2012, the committee comprised Mr.M.B.N.Rao as the chairman, Mr.N.Srinivasan, Mr.Vellayan Subbiah and the various business and functional heads of the company as members. The committee held two meetings during the year ended 31 March, 2012.

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of the organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and independent Directors.

The compensation to the managing director comprises a fixed component and a performance incentive. The compensation is determined based on the level of responsibility and scales prevailing in the industry. The managing director is not paid sitting fees for any board / committee meetings attended by him.

The compensation to the non-executive directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the company for each year calculated as per the provisions of Companies Act, 1956, the actual commission paid to the directors is restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the company, time devoted by the directors in attending to the affairs and business of the company and the extent of responsibilities cast on the directors under various laws and other relevant factors. Depending on the time and efforts put in by the directors towards the affairs of the company, the directors are also paid a differential remuneration. The non-executive directors are also paid sitting fees as permitted by government regulations for all board and committee meetings attended by them.

Remuneration of managing director:

Details of the remuneration of the managing director for the year ended 31 March, 2012 are as follows:

Name	Salary	Allowance	Incentive*	Perquisites & Contributions	₹ in lakhs
					Total
Mr. Vellayan Subbiah	38.67	56.67	26.31	24.45	146.10

* Provisional and subject to determination by the board and the same will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.

Remuneration of Non-executive directors

Mr. L.Ramkumar is not paid any sitting fees / commission in view of his being the managing director of the holding company, M/s.Tube Investments of India Limited.

The details of commission provided / sitting fees paid to other non-executive directors for the year ended 31 March, 2012 are as follows:

Name	Commission #	Sitting Fees paid	₹ in lakhs
			Total
Mr.M.B.N.Rao	15.00	2.30	17.30
Mr.Indresh Narain	5.00	1.50	6.50
Mr.R.V.Kanoria	5.00	0.25	5.25
Mr.N.Srinivasan	5.00	2.25	7.25
Mr.V.Srinivasa Rangan	3.40	0.75	4.15
Mr.V.P.Mahendra \$	1.63	0.90	2.53
Total	35.03	7.95	42.98

Commission will be paid after the adoption of accounts by the shareholders at the Annual General Meeting.

\$ Retired at the Annual General Meeting held on 28 July, 2011.

REPORT ON CORPORATE GOVERNANCE

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Names	Number of meetings attended						Attendance at last AGM
	Board	Audit committee	Shareholders grievance committee	Compensation & nomination committee	Business committee	Risk management committee	
Mr. M.B.N.Rao	5	5	NA	2	4	2	Yes
Mr. Indresh Narain	5	5	NA	NA	NA	NA	Yes
Mr. R.V.Kanoria	1	NA	NA	1	NA	NA	No
Mr. N.Srinivasan	5	5	2	4	4	2	Yes
Mr. V.Srinivasa Rangan\$	3	2	NA	NA	NA	NA	Yes
Mr. L.Ramkumar	4	NA	NA	NA	NA	NA	Yes
Mr. Vellayan Subbiah	5	NA	1	NA	4	2	Yes
Mr. V.P.Mahendra#	2	2	1	2	NA	NA	Yes

Retired in July 2011

\$ Appointed in July 2011

EMPLOYEE STOCK OPTION PLAN

During the year, the compensation & nomination committee approved an aggregate of 3,70,880 grants and allotted 15,214 equity shares to grantees who exercised their options.

GENERAL BODY MEETINGS

Particulars of venue, date and time of the previous three annual general meetings are given below:

Year	Date and Time	Venue
2009	28 July, 2009 4.00 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai -600 014
2010	28 July, 2010 4.00 p.m.	-do-
2011	28 July, 2011 4.00 p.m.	-do-

DETAILS OF SPECIAL RESOLUTIONS PASSED

Particulars of special resolutions passed in the previous three annual general meetings are given below:

Date of AGM	Details
28 July, 2009	Remuneration by way of commission to non whole-time directors at 1% of the net profits of the company as computed under sections 349 and 350 of the Companies Act, 1956 for a period of five financial years effective 1 April, 2009.
28 July, 2010	1. Amendment to clause 70A of the Articles of Association of the company regarding the affirmative covenants with International Finance Corporation. 2. Amendment to clause 127A of the Articles of Association of the company regarding the board composition.
28 July, 2011	Not applicable

POSTAL BALLOT

During the year, the company passed special resolutions for the following items through postal ballot:

- ✦ Amendment to clause V of the Memorandum of Association of the company relating to increase in the authorised share capital of the company.
- ✦ Amendment to article 5(a) of the Articles of Association of the company relating to increase in the authorised share capital of the company.
- ✦ Issue of equity shares aggregating to ₹ 212 crores to certain investors on preferential basis.

The postal ballot was conducted in accordance with the procedure laid down under Section 192A of the Companies Act, 1956 read with Companies (Passing of the resolution by postal ballot) Rules, 2011 by Mr. R. Sridharan of M/s. R. Sridharan & Associates, company secretaries. All the above resolutions were passed with requisite majority by the shareholders on 6 March, 2012. The results of the postal ballot are as follows:

1. Special resolution pertaining to amendment of clause V of the Memorandum of Association of the company to reflect the increase in authorised share capital of the company

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	853	9,74,58,648	99.98
Dissent	34	19,412	0.02
Total	887	9,74,78,060	100.00

REPORT ON CORPORATE GOVERNANCE

2. Special resolution pertaining to amendment of clause 5(a) of the Articles of Association of the company to reflect the increase in authorised share capital.

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	850	9,74,58,473	99.98
Dissent	37	19,587	0.02
Total	887	9,74,78,060	100.00

3. Special resolution pertaining to issue of 13,255,454 equity shares of ₹ 10/- aggregating to ₹ 212.09 crores on preferential basis.

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	841	9,74,53,335	99.98
Dissent	46	24,725	0.02
Total	887	9,74,78,060	100.00

Proposed resolutions through postal ballot

As of now, there is no proposal for passing any resolution through postal ballot.

COMPLIANCE REPORT

The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

SECRETARIAL AUDIT

The company is in the practice of conducting an annual secretarial audit by an independent practicing company secretary. In respect of the year ended 31 March, 2012, M/s. R. Sridharan & Associates, practicing company secretary has conducted the secretarial audit and the certificate was placed before the board.

CODE OF CONDUCT

The board has laid down a "Code of Conduct" for all the board members and the senior management of the company and the code of conduct has been posted on the website of the company. Annual declaration confirming compliance of the code is obtained from every person covered by the code of conduct. A declaration to this effect signed by Mr.Vellayan Subbiah, managing director is attached to this report.

CEO/CFO CERTIFICATION

Mr. Vellayan Subbiah, managing director and Mr. D. Arul Selvan, Sr. Vice President & CFO have given a certificate to the board as contemplated under clause 49 of the listing agreement.

DISCLOSURES

Transactions with related parties are disclosed in note 32 of the financial statements in the annual report. There were no material transactions with related parties i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

There were no instances of non-compliance on any matter related to capital markets during the last three years.

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The company has complied with all mandatory requirements of corporate governance norms as enumerated in clause 49 of the listing agreement with stock exchanges.

The company has also adopted the following non-mandatory requirements:

1. As detailed in the earlier paragraphs, a compensation & nomination committee has been constituted by the company.
2. A newsletter from the managing director highlighting the performance / significant achievements during the half-year ended 30 September, 2011 and enclosing the financial results was sent to all the shareholders of the company.
3. The company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimisation of employees who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the chairperson of the audit committee. We further affirm that during the year, no employee has been denied access to the audit committee.

The other non-mandatory requirements of clause 49 have not been adopted by the company.

The Ministry of Corporate Affairs has issued "Corporate Governance Voluntary Guidelines" in December 2009. While these guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business, the company has adopted most of these guidelines as detailed in the earlier paragraphs. The company will examine the possibilities of adopting the remaining guidelines in an appropriate manner.

MEANS OF COMMUNICATION

The audited financial results, quarterly results and other major announcements like notices of board meetings, book closures were published in business standard and dinamani and are also available in

REPORT ON CORPORATE GOVERNANCE

the company's website www.cholafinance.com. Press releases are given in the leading newspapers and also posted on company's website. The company has posted a shareholder's satisfaction survey in its website to ascertain the level of shareholders satisfaction. Further, the code of conduct of the company applicable to the board and senior management, shareholding pattern and presentations made to analysts and investors from time to time are also displayed on the website of the company.

MANAGEMENT DISCUSSION & ANALYSIS

A management discussion & analysis forms part of the annual report.

GENERAL SHAREHOLDER INFORMATION

A separate section on the above has been included in the annual report.

26 April, 2012
Chennai

On behalf of the board

M.B.N. Rao
Chairman

DECLARATION ON CODE OF CONDUCT

This is to confirm that the board has laid down a code of conduct for all board members and senior management of the company. The code of conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the code of conduct of the company for the year ended 31 March, 2012, as envisaged in clause 49 of the listing agreement with stock exchanges.

26 April, 2012
Chennai

Vellayan Subbiah
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members of Cholamandalam Investment and Finance Company Limited

We have examined the compliance of conditions of corporate governance by **Cholamandalam Investment and Finance Company Limited**, for the year ended on 31 March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Registration No. 008072S)

M K Ananthanarayanan

Partner
Membership No.19521

Chennai
26 April, 2012

GENERAL SHAREHOLDER INFORMATION

REGISTERED OFFICE

"Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai - 600 001.

ANNUAL GENERAL MEETING

Date	Time	Venue
30 July, 2012	4 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai - 600 014.

FINANCIAL YEAR

1 April to 31 March

DATES OF BOOK CLOSURE

25 July, 2012 to 30 July, 2012 (both days inclusive)

DIVIDEND PAYMENT DATE

The company at its Board meeting held on 31 January, 2012 approved payment of an interim dividend on the equity shares for the financial year ending 31 March, 2012 at the rate of 15% (₹ 1.50 per share). The dividend was paid to the shareholders on 17 February, 2012 within 3 days from the record date fixed for this purpose.

The board has recommended declaration of final dividend of 10% (₹ 1 per share), for the year ended 31 March, 2012. The same will be paid within 7 days from the date of declaration by the shareholders at the ensuing annual general meeting.

LISTING ON STOCK EXCHANGES

The equity shares of the company are listed on the following stock exchanges:

BSE Ltd.	National Stock Exchange of India Ltd.
Floor 25, Phiroze Jeejeebhoy Towers	Exchange Plaza,
Dalal Street, Fort	Plot No.C/1, G Block
Mumbai-400 001.	Bandra - Kurla Complex
Stock Code: 511243	Bandra (E), Mumbai-400 051.
	Stock Code: CHOLAFIN EQ

The listing fees for the financial year 2011-2012 were paid to the above stock exchanges.

The company had filed an application for voluntary delisting of its equity shares with Madras Stock Exchange Ltd. (MSE) on 5 April, 2010. MSE vide its letter dated 17 April, 2012 has granted its approval for delisting under the SEBI (Delisting of Equity Shares) Regulations, 2009 and agreed to remove the name of the company from the list of listed securities of MSE with effect from 17 April, 2012.

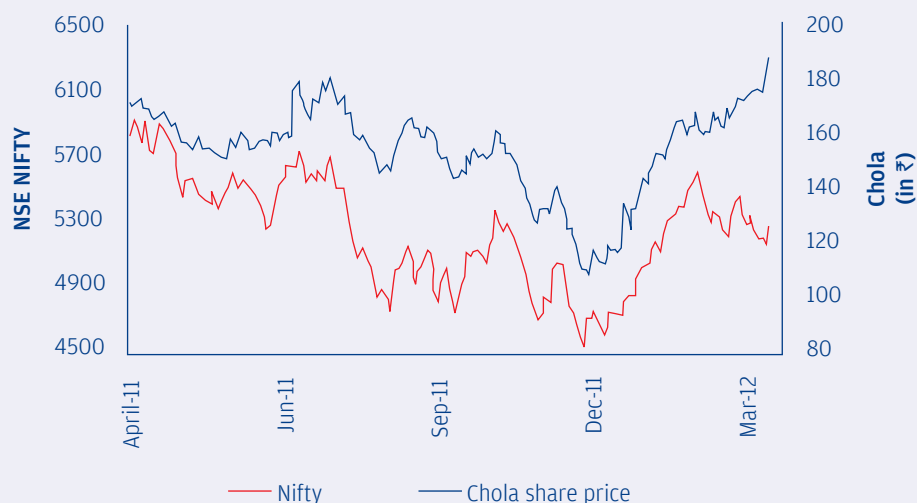
GENERAL SHAREHOLDER INFORMATION

SHARE PRICE DATA

In Rupees

Month	BSE			NSE		
	High	Low	Vol.	High	Low	Vol.
April 2011	182.85	161.60	438878	182.80	161.00	573988
May 2011	167.40	149.00	125772	167.50	148.00	400763
June 2011	162.90	148.00	550462	163.70	151.30	595921
July 2011	185.80	157.30	1419114	185.70	157.00	2657144
August 2011	174.40	142.25	91789	174.50	143.15	521787
September 2011	169.50	142.00	51947	169.85	146.35	185204
October 2011	165.00	142.10	52583	165.70	141.90	145831
November 2011	164.60	122.00	199226	163.90	125.05	146604
December 2011	142.00	106.25	81940	142.00	106.60	180472
January 2012	161.35	112.60	609815	161.40	111.00	1136095
February 2012	175.45	148.80	1136363	175.00	150.00	1876225
March 2012	187.95	161.05	109819	190.00	160.20	493361

**Chola share price performance in
comparison with NSE NIFTY**



REGISTRAR AND SHARE TRANSFER AGENT

M/s. Karvy Computershare Pvt. Ltd., Hyderabad is the Registrar and Share Transfer Agent (RTA) for handling the physical and electronic registry work. The shareholders are requested to address their share related requests / queries to the RTA.

The contact details of the RTA is as follows:

Karvy Computershare Pvt. Ltd.

(Unit: Cholamandalam Investment and Finance Company Limited)

Plot No.17-24, Vittal Rao Nagar, Madhapur

Hyderabad 500 081.

Tel. No. : 040-23420818

Fax No. : 040-23420814

E-mail ID : einward.ris@karvy.com

Contact person : Mr. V K Jayaraman, General Manager

Share Transfer System

For speedy processing of share transfers, the board has delegated powers to approve share transfers to the shareholders grievance committee and to the managing director. Depending on the number of requests received share transfers are processed every week.

Dematerialisation of shares

The company has signed agreements with both depositories in the country, namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The company's shares are in the list of compulsory demat settlement by all investors. At present, 99.55% of the company's shares are held in dematerialised form.

Nomination facility

The company is accepting nomination forms from shareholders in the prescribed Form 2B. All those who are desirous of making a nomination are requested to contact the RTA. The shareholders holding shares in dematerialised form are requested to forward their nomination instructions to the concerned depository participants. Nomination is only optional and can be cancelled or varied by a shareholder at any time.

Payment of dividend through ECS / NECS

The company uses Electronic Clearing Service (ECS) facility for payment of dividends directly to the bank accounts of shareholders. In addition to this, the electronic fund transfer platform called the National Electronic Clearing System (NECS) is also used for disbursement of dividends. We request all the shareholders to use these facilities by providing the bank account numbers to the Depository Participant / Registrar & Transfer Agent, as may be relevant, to enable the company to effect the dividend payment through the ECS / NECS modes.

GENERAL SHAREHOLDER INFORMATION

Green initiative in corporate governance

As per the circulars from the Ministry of Corporate Affairs (MCA) and Clause 32 of the listing agreement with the stock exchanges, the company may send all communication to shareholders including the annual report through email if a shareholder has registered his email address with the company for the said purpose. If a shareholder has not registered his email, the service of documents will be affected by other modes of service as provided under the section 53 of the Companies Act, 1956. We request the shareholders to participate and support the company in this green initiative by registering your e-mail ids with the company.

Payment of unclaimed / unpaid dividend

The company has remitted all unclaimed/unpaid dividends pertaining to the earlier financial years up to 30 October, 1995 to the central government. The dividends relating to the subsequent years that are lying unclaimed/unpaid for a period of seven years are transferred from time to time to the Investor Education and Protection Fund (IEPF) created by the central government under the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001. The company has remitted ₹ 5 lacs to IEPF during the year.

Unclaimed Suspense Account

In terms of clause 5A of the amended Listing Agreement all the shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed needs to be transferred into one folio in the name of Unclaimed Suspense Account and such shares shall be dematerialised by the company after the registrar sends at least three reminders to such shareholders. Accordingly, the registrar had sent three reminders to such shareholders informing them of the process advised by SEBI with regard to such unclaimed shares. After processing three requests received from such shareholders claiming for their shares, the company transferred the remaining unclaimed shares to a suspense account and dematerialised the shares. The details regarding the shares which are in the unclaimed suspense account are given below:

Sl. No.	Description	Total No. of cases	Total shares
1	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year	15	931
2	No. of shareholders who approached for transfer of shares from unclaimed suspense account during the year	3	169
3	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the year	12	762
4	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the end of the year	12	762

The company will send periodic communication to the concerned shareholders, advising them to lodge their claims with respect to unclaimed shares.

Distribution of Shareholding as on 31 March, 2012

No. of shares held	No. of shareholders	No. of Shares	% of Shareholding
1 - 5000	15,481	16,24,269	1.23
5001 - 10000	1142	8,74,860	0.66
10001 - 20000	586	8,55,373	0.65
20001 - 30000	238	6,02,088	0.45
30001 - 40000	116	4,10,440	0.31
40001 - 50000	77	3,57,462	0.27
50001 - 100000	161	11,68,675	0.88
100001 & Above	206	12,66,61,382	95.55
Total	18,007	13,25,54,549	100.00

SHAREHOLDING PATTERN

Category	As on 31 March, 2012	
	No. of shares	% of Shareholding
Promoters	8,25,42,685	62.27
Public		
Multilateral Financial Institution	1,18,31,352	8.93
Foreign Institutional Investors	83,74,129	6.32
Foreign Corporate Bodies	1,40,97,695	10.64
Private Corporate Bodies	26,00,537	1.96
Mutual Funds and Venture Capital Fund	39,65,016	2.99
Resident Individuals and others	91,43,135	6.89
Total	13,25,54,549	100.00

OUTSTANDING GDRS/ADRS ETC.

The company has not issued any GDR / ADR or any convertible instruments that is likely to impact the equity share capital of the company

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

Government of India, Ministry of Corporate Affairs (MCA) vide its circular dated 8 February, 2011 has exempted certain companies under section 212(8) of the Companies Act, 1956 from attaching the annual reports of the subsidiary companies to the company's accounts in view of the presentation of consolidated financial statements of the subsidiaries in the annual report. As the company is covered under the exemption in view of it publishing the consolidated financial statements, it has not attached the financial statements of the subsidiary companies to the annual report. However, the annual accounts

GENERAL SHAREHOLDER INFORMATION

of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in the head office of the company and its respective subsidiary companies.

ONLINE INFORMATION

Shareholders are requested to visit www.cholafinance.com for online information about the company. The financial results, share price information, dividend announcements of the company are posted on the website of the company and are periodically updated with all developments for the information of shareholders. The company also has posted various forms including the shareholder satisfaction survey form for obtaining feedback from shareholders on various parameters including shareholder servicing. Besides, the shareholders have the facility to post any query to the company directly from the website which are acted upon within 24 hours of receipt of query.

LOCATION

The company operates out of more than 375 branches across the country.

CONTACT PERSON

For any shareholders assistance the company secretary can be contacted at the following address:

"Dare House", No.2,
N.S.C. Bose Road, Parrys
Chennai-600 001
Phone: 044 30007172 (bd.) 30007055 (d)
Fax: 044 25346464
E-Mail: sujathap@chola.murugappa.com

26 April, 2012
Chennai

On behalf of the board

M.B.N. Rao
Chairman

AUDITORS' REPORT

TO
THE MEMBERS OF

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company") as at 31 March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31 March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells

Chartered Accountants

(Registration No.008072S)

M.K.Ananthanarayanan

Partner

(Membership No.19521)

Place: Chennai

Date: 26 April, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4(ii), 4(viii), 4(x), 4(xiii), 4(xiv) and 4(xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has granted loans to three subsidiaries aggregating to ₹859 lakhs. At the year-end, the outstanding balances of such loans aggregated to ₹NIL. The maximum amount involved during the year was ₹911 lakhs (number of parties - three).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The receipts of principal amounts and interest have been regular/as per stipulations.
 - (d) There were no overdue amounts remaining outstanding as at the year end.

The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of repossessed automobile assets and services. During the course of our audit, we have not observed any major weakness in such internal control system. The Company does not purchase inventory nor does it sell any goods (other than repossessed automobile assets) in the ordinary course of its business.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

- (b) Where each of such transaction is in excess of ₹5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, as applicable to the Company, with regard to the deposits accepted from the public prior to November 1, 2006. However, in respect of overdue amounts totalling to ₹1.86 lakhs, payments have not made since the repayment of the same to the depositors has been stayed by the Madras High Court. Further, in respect of overdue amounts totalling to ₹0.11 lakhs, payments have not been made as per instructions received from the Central Bureau of Investigation. Other than the above, according to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by the Company's internal audit department as well as an external firm of Chartered Accountants appointed by the Management, have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Cess and other material statutory dues in arrears as at 31 March, 2012 for a period of more than six months from the date they became payable except for fixed deposit amounts totalling to ₹1.97 lakhs which have not been credited to Investor Education and Protection Fund since the repayment to the depositors has been stayed by the Madras High Court for an amount of ₹1.86 lakhs and payments to the extent of ₹0.11 lakhs have not been made pursuant to instructions received from Central Bureau of Investigation.

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, and Cess which have not been deposited as on 31 March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates (Financial Year)	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Tax and Interest	Commissioner of Income Tax (Appeals)	2000-01 and 2005-06	405.76
Income Tax Act, 1961	Tax and Interest	Appellate Tribunal (ITAT)	1990-91 and 1991-92	2.79
Income Tax Act, 1961	Tax and Interest	Madras High Court	1995-96 and 2000-01	24.99
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	Sales Tax Appellate Tribunal	1994-95	228.59
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1994-95	59.77
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1992-93 and 1993-94	2.19
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	1997-98	2.03
Delhi Sales Tax Act, 1975	Sales Tax	Deputy Commissioner of Sales Tax Appeals	1990-91	7.58
U.P Trade Tax Act, 1948	Sales Tax	Deputy Commissioner of Trade Tax	1991-92 to 1998-99	9.11

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.
- (x) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiii) On the basis of review of Asset / Liability Gap Analysis report, giving utilisation of funds on overall basis and the related information made available to us and as per the explanation given to us, we report that funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.

- (xiv) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 21,929 debentures of ₹10 lakh each. The Company has created security in respect of the debentures issued.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

M.K.Ananthanarayanan
Partner
(Membership No.19521)

Place: Chennai
Date: 26 April, 2012

BALANCE SHEET as at March 31, 2012

	Note	As at 31.03.2012	₹ in lakhs As at 31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	13,261.99	11,934.93
Reserves and surplus	4	1,28,466.50	95,264.14
		1,41,728.49	1,07,199.07
SHARE APPLICATION MONEY PENDING ALLOTMENT	36(b)	-	2.73
NON-CURRENT LIABILITIES			
Long-term borrowings	5	7,15,455.00	5,61,551.63
Other long-term liabilities	6	1,936.88	2,957.90
Long-term provisions	7	5,294.93	5,017.88
		7,22,686.81	5,69,527.41
CURRENT LIABILITIES			
Short-term borrowings	5	1,54,806.28	1,06,666.11
Trade Payables	8	8,951.69	5,566.89
Other current liabilities	8	3,02,506.79	1,47,434.98
Short-term provisions	7	11,580.04	31,428.67
		4,77,844.80	2,91,096.65
TOTAL		13,42,260.10	9,67,825.86
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9		
(i) Tangible assets		4,945.49	3,118.59
(ii) Intangible assets		370.93	198.82
		5,316.42	3,317.41
Non-current investments	10	5,769.39	6,827.53
Deferred tax asset (net)	11	5,112.97	13,059.89
Receivable under Financing activity	12	8,34,289.83	5,41,926.24
Long-term loans and advances	13	4,486.38	5,843.13
Other non-current assets	14	36,470.26	38,202.04
		8,91,445.25	6,09,176.24
CURRENT ASSETS			
Current investments	15	400.67	-
Cash and bank balances	16	25,839.99	16,877.93
Receivable under Financing activity	12	3,97,901.63	3,18,100.14
Short-term loans and advances	13	3,049.65	5,915.24
Other current assets	14	23,622.91	17,756.31
		4,50,814.85	3,58,649.62
TOTAL		13,42,260.10	9,67,825.86

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Date : 26 April, 2012
Place : Chennai

P. Sujatha
Secretary

D. Arul Selvan
Chief Financial Officer

For and on behalf of the **Board**

M. B. N. Rao
Chairman

Vellayan Subbiah
Managing Director

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2012

₹ in lakhs

	Note	Year ended 31.03.2012	Year ended 31.03.2011
Revenue from operations	17	1,76,538.21	1,18,669.25
Other income	18	122.19	1,513.88
Total Revenue		1,76,660.40	1,20,183.13
Expenses			
- Finance Costs	19	98,818.16	56,825.05
- Business origination outsourcing		12,693.37	8,677.20
- Employee benefits expense	20	11,037.27	8,969.15
- Other operating expenses	21	19,058.38	14,898.14
- Depreciation and amortisation expense	9	890.25	851.44
- Provision, loan losses and other charges	22	1,806.29	17,552.15
Total expenses		1,44,303.72	1,07,773.13
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		32,356.68	12,410.00
Exceptional items	23	(3,346.00)	(2,399.36)
PROFIT BEFORE TAX		29,010.68	10,010.64
Tax expense			
- Current tax			
- Current year - Expense		3,657.32	1,921.95
- Prior years - Expense/(Reversal of provision)		152.17	(561.90)
- Deferred tax	11	7,946.92	2,432.70
		11,756.41	3,792.75
PROFIT FOR THE YEAR		17,254.27	6,217.89
Earnings per equity share of ₹10 each	24		
- Basic		14.39	5.67
- Diluted		14.39	5.67

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants**M. K. Ananthanarayanan**
PartnerDate : 26 April, 2012
Place : Chennai**P. Sujatha**
Secretary**D. Arul Selvan**
Chief Financial OfficerFor and on behalf of the **Board****M. B. N. Rao**
Chairman**Vellayan Subbiah**
Managing Director

CASH FLOW STATEMENT for the year ended March 31, 2012

Particulars	₹ in lakhs	
	Year ended 31.03.2012	Year ended 31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	29,010.68	10,010.64
ADJUSTMENTS FOR :-		
Depreciation	890.25	851.44
(Reversal of Provision) / Provision for Standard Assets (Net)	(1,709.60)	2,097.03
(Reversal of Provision)/Provision for Non Performing Assets under Financing Activity (Net)	(15,820.98)	(9,095.86)
(Reversal of Provision)/Provision for Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	(2,588.04)	(1,182.98)
Provision / (Reversal of Provision) for Diminution in Value of Investments	6,650.00	2,095.36
(Reversal of Provision)/Provision for Inter corporate Deposit	(304.00)	304.00
Provision for Mark to Market Losses on Derivatives	296.47	260.99
Liability no longer required written back	-	(70.36)
Financing Charges	98,818.16	56,825.05
Provision for Compensated Absences (Net)	123.28	171.17
Profit on Sale of Fixed Assets (Net)	(0.41)	(1,127.27)
Loss on Repossessed Assets (Net)	1,617.15	1,360.35
Loss assets written off	17,222.96	22,322.39
Loss on assignment of receivables (Net)	-	163.24
Profit on Sale of Current Investments (Net)	(1,047.63)	(706.20)
Amortisation of Premium on Acquisition of Government Securities	746	744
Interest on Bank Deposits	(2,947.27)	(3,550.18)
Interest on Investments	(29.60)	(67.11)
Dividend on Investments	(0.03)	(1.52)
	1,01,178.17	70,656.98
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,30,188.85	80,667.62
ADJUSTMENTS FOR :-		
Increase in Receivables under Financing Activity (including Repossessed Assets)	(5,02,954.66)	(3,75,321.01)
Increase in Other Current Assets	(5,508.97)	(3,789.60)
Decrease / (Increase) in Other Loans and Advances	2,792.86	(1,787.21)
Increase / (Decrease) in Current Liabilities and Provisions	2,945.59	(6,141.35)
Securitisation / Bilateral Assignment of Receivables	1,11,337.45	39,839.65
	(3,91,387.73)	(3,47,199.52)
CASH USED IN OPERATIONS	(2,61,198.88)	(2,66,531.90)
Financing Charges	(92,052.28)	(54,771.55)
Direct Taxes Paid	(3,861.36)	(3,576.69)
	(95,913.64)	(58,348.24)
NET CASH USED IN OPERATING ACTIVITIES (A)	(3,57,112.52)	(3,24,880.14)

CASH FLOW STATEMENT for the year ended March 31, 2012 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2012	Year ended 31.03.2011
CASH FLOW FROM INVESTING ACTIVITIES		
Bank Deposits and Unpaid Dividend Accounts (See Note below)	2,930.56	19,351.68
Purchase of Fixed Assets	(3,093.17)	(3,535.61)
Sale of Fixed Assets	22.83	1,689.10
Investment in Subsidiary Companies	(6,000.00)	(2,000.00)
Purchase of Other Investments	(13,01,001.22)	(10,26,722.28)
Sale/Redemption of Other Investments	13,02,048.84	10,27,428.48
Interest Received on Bank Deposits	4,504.57	4,494.69
Interest Received on Investments	31.30	67.41
Dividend Received on Investments	0.03	1.52
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(556.26)	20,774.99
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term & Medium Term		
- Increase in Equity Share Capital and Securities Premium (including conversion of Preference shares into Equity and net of Issue Expenses)	20,892.84	24,605.24
- Share Application money pending allotment	-	2.73
- Increase in Debentures	2,12,560.00	83,150.00
- Increase in Term Loans from Banks and Others	88,820.38	2,41,643.93
Short Term		
- Increase / (Decrease) in Bank Borrowings	82,640.17	(30,383.54)
- Decrease in Other Borrowings	(34,634.50)	(39,237.89)
- Decrease in Fixed Deposits	(7.80)	(22.70)
Dividends Paid (Including Distribution Tax)	(4,159.22)	(1,192.22)
NET CASH FROM FINANCING ACTIVITIES (C)	3,66,111.87	2,78,565.55
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	8,443.09	(25,539.60)
Cash and Cash Equivalents at the Beginning of the Year	5,171.86	30,711.46
Cash and Cash Equivalents at the End of the Year	13,614.95	5,171.86
NOTE:		
Cash and Cash Equivalents at the End of the Year as per Balance Sheet	50,136.74	44,624.21
Less: Balance in Current Accounts held for Unpaid Dividends	33.49	33.32
Less: Bank Deposits held for More than Three Months	4,997.83	7,804.12
Less: Bank Deposits under Lien	31,490.47	31,614.91
	13,614.95	5,171.86

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

M. K. Ananthanarayanan

Partner

Date : 26 April, 2012

Place : Chennai

P. Sujatha

Secretary

D. Arul Selvan

Chief Financial Officer

For and on behalf of the **Board**

M. B. N. Rao

Chairman

Vellayan Subbiah

Managing Director

NOTES forming part of the financial statements for the year ended March 31, 2012

Cholamandalam Investment and Finance Company Limited (the company) is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans, corporate mortgage loans and gold loans. The company through its subsidiaries, is also engaged in the business of broking and distribution of financial products.

1. SIGNIFICANT ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India including Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the relevant provisions of the Companies Act, 1956.

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India (RBI) for Non-deposit taking Non-Banking Finance Companies (NBFC-ND).

b) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

d) REVENUE RECOGNITION

Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non Performing Loans, interest income is recognised upon realisation, as per RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

Service Charges are recognised on issue of delivery instruction to the dealer/manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

Additional Finance Charges, Cheque bounce charges, Field visit charges and other penal/servicing charges are recognised as income on realisation due to uncertainty in their collection.

Interest spread on bilateral assignment or securitisation of receivables is recognised on accrual basis over the tenor of the underlying assets.

Loss if any in respect of securitisation and assignment is recognised upfront.

Income from non financing activity is recognised as per the terms of the respective contract on accrual basis.

Interest income on bonds and deposits is recognised on accrual basis.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

Dividend Income is recognised when the right to receive dividend is established.

e) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT

Fixed Assets are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset.

Depreciation on own fixed assets is provided pro-rata on the basis of the Straight Line Method over their estimated useful lives or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever is higher.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

Asset Description	Estimated Useful Life
Buildings	20 years
Plant and Machinery	
- Computer Equipment	3 years
- Others	5 years
Office Equipment	5 years
Furniture and Fixtures	
- Improvement to Leasehold Premises	Lease Period or 5 years, whichever is lower
- Others	5 years
Vehicles	5 years
Intangible Assets - Computer Software	License Period or 3 years, whichever is lower

Assets individually costing less than or equal to ₹5,000 are fully depreciated in the year of acquisition.

The carrying amount of assets are reviewed at each balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised if the carrying value exceeds the higher of net selling price of the assets and its value in use.

f) INVESTMENTS

Investments which are long term in nature, are stated at cost. Provision is made for diminution in value if it is of nature other than temporary. Premium on acquisition of Government securities is amortised over the balance tenure.

Current investments are valued at lower of cost and fair value.

g) RECEIVABLES UNDER FINANCING ACTIVITY AND PROVISIONING

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off

- (i) Unearned income
- (ii) Instalments appropriated up to the year-end.

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to minimum provisioning requirements specified by RBI.

Provision for Non Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to minimum provisioning requirements specified by RBI.

h) REPOSSESSED ASSETS

Repossessed Assets are valued at lower of cost and estimated net realisable value.

i) RETIREMENT AND OTHER BENEFITS

(i) Defined Contribution Plan

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family Pension Fund, based on the Statutory provisions as per the Employee Provident Fund Scheme, are charged to revenue.

Superannuation: The Company contributes a sum equivalent to 15% of eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

(ii) Defined Benefit Plan & Long Term Compensated Absences

Expenditure for defined benefit gratuity plan and long term accumulated compensated absences is calculated as at the balance sheet date in a manner that distributes expenses over the employees working lives. These commitments are valued at the present value of expected future payments and with consideration for calculated future salary increases.

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the balance sheet date, determined every year by LIC using the Projected Unit Credit method.

The Company accounts its liability for long term compensated absences based on actuarial valuation, as at the balance sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the profit and loss account in the year in which they occur.

(iii) Other Employee Benefits

Other employee benefits include short term accumulated compensated absences which is recognised based on the eligible leave at credit on the balance sheet date and is estimated based on the terms of the employment contract.

j) FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the balance sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the year.

k) DERIVATIVE TRANSACTIONS

The Company generally enters into derivative transactions for hedging purposes only. Income from derivative transactions is recognised on accrual basis. Such derivative instruments are marked to market wherever required as at the balance sheet date and provision for losses, if any, is dealt with in the profit and loss account.

l) LEASE ACCOUNTING

Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term in accordance with AS-19, Leases issued by the Institute of Chartered Accountants of India.

m) SERVICE TAX INPUT CREDIT

Service Tax Input Credit is accounted for in the books in the period when the underlying service received is accounted and when there is no uncertainty in availing / utilising the same.

n) TAXATION

Income Tax: Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

Deferred Tax: Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

o) DEFERRED COMPENSATION COSTS

In respect of stock options granted pursuant to the Company's Employee Stock Option Schemes, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for -

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

q) PREPAID FINANCE CHARGES

Prepaid Finance Charges represents ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, and is amortised on a straight line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.

r) SHARE ISSUE EXPENSES

Share issue expenses are either debited to the profit and loss account or adjusted against securities premium account in accordance with Section 78(2) of the Companies Act, 1956, based on management's decision.

2. CHANGE IN ACCOUNTING POLICY

During the year, the Company has, by way of bilateral assignment, sold loan receivables aggregating to ₹70,883.45 lakhs. The interest spread arising there from is accounted over the residual tenor of the receivables sold as against upfront recognition of such interest spread in earlier years. Income from operations & Profit before tax would have been higher by ₹2,699.20 lakhs and Profit after Tax would have been higher by ₹1,619.52 lakhs had the company recognised the said interest spread upfront as in previous years. This change is also in line with the draft revised guidelines on Securitisation transaction issued by Reserve Bank of India in September 2011.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 3 SHARE CAPITAL		
AUTHORISED		
Equity Shares :		
15,00,00,000 (2011 - 12,00,00,000) Equity Shares of ₹10 each	15,000.00	12,000.00
Preference Shares :		
3,00,00,000 (2011 - 3,00,00,000) Redeemable Preference Shares of ₹100 each	30,000.00	30,000.00
	45,000.00	42,000.00
ISSUED		
Equity Shares :		
13,26,91,303 (2011 - 11,94,20,635) Equity Shares of ₹10 each	13,269.13	11,942.06
Preference Shares :		
3,00,00,000 (2011 - 3,00,00,000) 1% Fully Convertible Cumulative Preference Shares of ₹100 each (Fully converted on May 17, 2010 into 3,26,08,695 equity shares)	30,000.00	30,000.00
	43,269.13	41,942.06
SUBSCRIBED AND FULLY PAID UP		
Equity Shares :		
13,25,54,549 (2011 - 11,92,83,881) Equity Shares of ₹10 each	13,255.45	11,928.39
Add : Forfeited Shares	6.54	6.54
	13,261.99	11,934.93

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31.03.2012		As at 31.03.2011	
Equity Shares	No.	Amount	No.	Amount
At the beginning of the year	11,92,83,881	11,928.39	6,64,06,334	6,640.63
Issued during the year - conversion of 3,00,00,000 1% Fully convertible preference shares	-	-	3,26,08,695	3,260.87
Issued during the year on preferential basis	13,255,454	1,325.54	2,02,68,852	2,026.89
Issued during the year - Employees Stock Option Scheme	15,214	1.52	-	-
Outstanding at the end of the year	13,25,54,549	13,255.45	11,92,83,881	11,928.39
Forfeited shares				
Equity - Amount originally paid up	1,30,900	6.54	1,30,900	6.54
Fully convertible cumulative Preference Shares				
At the beginning of the year	-	-	3,00,00,000	30,000.00
Converted into Equity shares during the year	-	-	(3,00,00,000)	(30,000.00)
Outstanding at the end of the year	-	-	-	-

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

b) Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of ₹10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Equity Shares held by Holding company and its Associates

	31.03.2012	31.03.2011
Tube Investments of India Limited - Holding company	7,22,33,019	7,22,33,019
Murugappa Holdings Limited - Associate of Holding company	176	-

d) Details of shareholding more than 5% shares in the company

	As at 31.03.2012		As at 31.03.2011	
	No.	% holding in the class	No.	% holding in the class
Tube Investments of India Limited	7,22,33,019	54.49	7,22,33,019	60.56
International Finance Corporation	1,18,31,352	8.93	1,18,31,352	9.92
New Ambadi Estates Private Limited	72,18,410	5.45	72,18,410	6.05

e) Shares reserved for issue under options

Refer Note 36 for details of shares reserved for issue under options

	As at 31.03.2012	As at 31.03.2011
		₹ in lakhs
NOTE : 4 RESERVES AND SURPLUS		
CAPITAL RESERVE	0.03	0.03
CAPITAL REDEMPTION RESERVE (Note 4.1)	3,300.00	3,300.00
SECURITIES PREMIUM ACCOUNT		
Balance at the beginning of the year	68,211.04	18,893.56
Add: Premium on issue of shares on preferential basis (Note 4.2)	19,883.18	22,995.46
Premium on conversion of Preference shares	-	26,739.13
Premium on ESOPs exercised	5.57	-
Less: Share issue expenses	(320.24)	(417.11)
CLOSING BALANCE	87,779.55	68,211.04

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 4 RESERVES AND SURPLUS (Contd.)		
STATUTORY RESERVE (Note 4.3)		
Balance at the beginning of the year	9,142.82	7,898.82
Add: Amount transferred from surplus in the statement of profit and loss	3,451.00	1,244.00
CLOSING BALANCE	12,593.82	9,142.82
GENERAL RESERVE		
Balance at the beginning of the year	6,426.13	6,115.13
Add: Amount transferred from surplus in the statement of profit and loss	10,000.00	311.00
CLOSING BALANCE	16,426.13	6,426.13
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	8,184.12	5,645.84
Profit for the year	17,254.27	6,217.89
Less:		
Dividend		
Equity for previous year (Refer Note:4.4)	(0.08)	-
Equity Interim (Paid - ₹1.50 Per share)	(1,789.49)	-
Equity (Proposed - ₹1.00 Per share)	(1,325.55)	(1,789.26)
Preference	-	(38.63)
Distribution tax on Equity Dividend	(505.30)	(290.31)
Distribution tax on Preference Dividend	-	(6.41)
Transfer to Statutory Reserve	(3,451.00)	(1,244.00)
Transfer to General Reserve	(10,000.00)	(311.00)
NET SURPLUS IN THE STATEMENT OF PROFIT AND LOSS	8,366.97	8,184.12
Total Reserves and surplus	1,28,466.50	95,264.14

4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during the prior years

4.2 Premium on allotment of shares on preferential basis :

No. of equity shares	Premium per share		
13,255,454	150.00	19,883.18	
10,893,852	82.00		8,932.96
9,375,000	150.00		14,062.50
		19,883.18	22,995.46

4.3 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

4.4 Represents dividend payment relating to previous year in respect of 5,128 shares which were allotted to the employees under the Employee Stock Option Scheme 2007 after 31 March, 2011 but before 25 July 2011 (book closure date).

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non - Current		Current	
	As At 31.03.2012	As At 31.03.2011	As At 31.03.2012	As At 31.03.2011
NOTE : 5 BORROWINGS				
LONG TERM				
Redeemable Non-Convertible Debentures				
Medium Term - Secured	1,60,790.00	70,000.00	93,500.00	30,000.00
- Refer Note 5.1 (i) & 5.2 (i) to (iii)				
Subordinated Debt - Unsecured	77,800.00	70,300.00	15,000.00	-
- Refer Note 5.2 (iv)				
Perpetual Debt - Unsecured	50,770.00	15,000.00	-	-
- Refer Note 5.2 (v)				
Term Loan				
Rupee Loans from Banks - Secured	4,10,834.00	3,75,666.52	1,39,833.00	87,833.48
- Refer Note 5.1 (ii) & 5.2 (vi)				
Foreign currency Loans from Banks - Secured	15,261.00	30,585.11	25,817.01	8,839.52
- Refer Note 5.1(ii) & 5.2 (vi)				
	7,15,455.00	5,61,551.63	2,74,150.01	1,26,673.00
The above amount includes				
Secured borrowings	5,86,885.00	4,76,251.63	2,59,150.01	1,26,673.00
Unsecured borrowings	1,28,570.00	85,300.00	15,000.00	-
Amount disclosed under the head "Other Current Liabilities"			(2,74,150.01)	(1,26,673.00)
	7,15,455.00	5,61,551.63	-	-
SHORT TERM				
Working Capital Demand loans and Cash Credit from Banks - Secured	-	-	1,31,306.28	48,666.11
- Refer Note 5.1 (iii)				
Commercial Paper - Unsecured	-	-	23,500.00	58,000.00
	-	-	1,54,806.28	1,06,666.11
The above amount includes				
Secured borrowings	-	-	1,31,306.28	48,666.11
Unsecured borrowings	-	-	23,500.00	58,000.00
	-	-	1,54,806.28	1,06,666.11

5.1 Security

- Redeemable Non convertible debentures - Medium term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari pasu charge on immovable property situated at Ahmedabad.
- Term loans from banks is secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- Cash credit from banks and working capital demand loans are secured by floating charge on assets under hypothecation and other current assets.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

5.2 Details of Debentures

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par in - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2012	31.03.2011		
		₹ in lakhs	₹ in lakhs		
350	10,00,000	3,500	3,500	Nov-14	10.90
2150	10,00,000	21,500	13,500	Sep-14	10.55 to 10.90
500	10,00,000	5,000	-	Aug-14	10.55
250	10,00,000	2,500	-	Jul-14	10.55
1000	10,00,000	10,000	-	Jun-14	10.90 to 10.95
1000	10,00,000	10,000	-	Feb-14	10.70 to 10.71
250	10,00,000	2,500	-	Dec-13	10.67
750	10,00,000	7,500	-	Sep-13	10.30 to 10.45
1350	10,00,000	13,500	-	Aug-13	10.30 to 10.35
1000	10,00,000	10,000	-	Jul-13	10.35 to 10.59
100	10,00,000	1,000	-	Jun-13	10.59
700	10,00,000	7,000	2,000	May-13	8.75 to 10.64
1350	10,00,000	13,500	-	Apr-13	10.45 to 10.65
650	10,00,000	6,500	-	Mar-13	10.40 to 10.45
500	10,00,000	5,000	-	Feb-13	10.40
100	10,00,000	1,000	-	Oct-12	10.70
1100	10,00,000	11,000	11,000	Sep-12	9.90 to 12.00
2000	10,00,000	20,000	20,000	Aug-12	8.55 to 8.75
500	10,00,000	5,000	5,000	Jun-12	8.25
1500	10,00,000	15,000	15,000	May-12	8.25 to 8.40
1000	10,00,000	-	10,000	Dec-11	Redeemed
1000	10,00,000	-	10,000	Nov-11	Redeemed
500	10,00,000	-	5,000	Sep-11	Redeemed
500	10,00,000	-	5,000	Aug-11	Redeemed
		1,71,000	1,00,000		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium in - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹
		31.03.2012	31.03.2011		
		₹ in lakhs	₹ in lakhs		
180	10,00,000	1,800	-	Jun-15	13,63,970
97	10,00,000	970	-	Apr-15	13,36,573
300	10,00,000	3,000	-	Feb-15	13,32,073
50	10,00,000	500	-	Jan-15	13,32,420

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium in - No put call option (Contd.)

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹
		31.03.2012	31.03.2011		
		₹ in lakhs	₹ in lakhs		
150	10,00,000	1,500	-	Dec-14	13,35,731
600	10,00,000	6,000	-	Nov-14	13,49,068
600	10,00,000	6,000	-	Nov-14	13,54,707
180	10,00,000	1,800	-	Apr-14	12,18,469
150	10,00,000	1,500	-	Apr-14	12,11,490
40	10,00,000	400	-	Mar-14	12,08,700
110	10,00,000	1,100	-	Feb-14	12,07,865
250	10,00,000	2,500	-	Nov-13	12,20,668
750	10,00,000	7,500	-	Oct-13	12,27,765
1000	10,00,000	10,000	-	Aug-13	11,61,219
45	10,00,000	450	-	Jun-13	11,39,226
500	10,00,000	5,000	-	May-13	11,75,400
47	10,00,000	470	-	May-13	11,20,497
30	10,00,000	300	-	May-13	11,20,782
250	10,00,000	2,500	-	Apr-13	11,19,304
		53,290	-		

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par in - with Put option *

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2012	31.03.2011		
		₹ in lakhs	₹ in lakhs		
3000	10,00,000	30,000	-	Aug-14	10.41
		30,000	-		

* Put option available to debenture holders on 22-Sep-12, 22-Feb-13, 22-Aug-13 and 22-Feb-14

₹ in lakhs

	Non - Current		Current		Total	
Summary	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Redeemable at par - No put call option	1,07,500	70,000	63,500	30,000	1,71,000	1,00,000
Redeemable at premium - No put call option	53,290	-	-	-	53,290	-
Redeemable at par - with put option	-	-	30,000	-	30,000	-
	1,60,790	70,000	93,500	30,000	2,54,290	1,00,000

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

(iv) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par in - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2012	31.03.2011		
		₹ in lakhs	₹ in lakhs		
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1000	10,00,000	10,000	10,000	Apr-20	11.00
100	10,00,000	1,000	1,000	Nov-18	10.55
895	10,00,000	8,950	-	Aug-18	12.25
620	10,00,000	6,200	150	Jun-18	10.55 to 12.25
750	10,00,000	7,500	-	Nov-17	12.75
150	10,00,000	1,500	1,500	Mar-17	11.25
100	10,00,000	1,000	1,000	Feb-17	11.15
250	10,00,000	2,500	2,500	Jan-17	11.15
1000	10,00,000	10,000	10,000	Feb-15	11.25
1000	10,00,000	10,000	10,000	Dec-14	12.65
1000	10,00,000	10,000	10,000	Jun-13	10.85
300	10,00,000	3,000	3,000	Apr-13	11.50
550	10,00,000	5,500	5,500	Aug-12	12.00
100	10,00,000	1,000	1,000	Jul-12	13.75
450	10,00,000	4,500	4,500	Jun-12	10.50 to 12.00
400	10,00,000	4,000	4,000	May-12	9.35
		92,800	70,300		

(v) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2012	31.03.2011		
		₹ in lakhs	₹ in lakhs		
200	5,00,000	1,000	-	Mar-22	12.50
700	5,00,000	3,500	-	Jan-22	12.50
3500	5,00,000	17,500	-	Dec-21	12.50 to 12.95
320	5,00,000	1,600	-	Aug-21	12.50
413	5,00,000	2,065	-	Jul-21	12.50
2021	5,00,000	10,105	-	Jun-21	12.50
3000	5,00,000	15,000	15,000	Oct-20	12.05
		50,770	15,000		

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

5.2 (vi) Details of term loans

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			Non Current	Current
Base Rate	< 1 year	1	-	39,000
	1 - 2 years	1	8,500	-
		2	27,500	27,500
	2 - 3 years	1	45,000	-
		2	20,000	-
		4	50,000	-
Base Rate + spread (0.5% to 1.50%)	< 1 year	1	-	60,000
	1 - 2 years	1	91,500	-
		2	18,334	3,333
		4	20,000	-
	2 - 3 years	1	30,000	-
		2	50,000	-
Fixed Rate or Base rate whichever is higher	1 - 2 years	1	40,000	-
		4	10,000	-
Fixed Rate	< 1 year	1	-	5,000
		2	-	5,000
Total			4,10,834	1,39,833
USD 6M LIBOR + Spread	< 1 year	1	-	8,986
		2	-	5,230
		3	-	6,514
USD 12M LIBOR + Spread	< 1 year	1	-	5,087
	1-2 years	1	10,174	-
	2-3 years	1	5,087	-
Total			15,261	25,817

₹ in lakhs

	As at 31.03.2012	As at 31.03.2011
NOTE : 6 OTHER LONG TERM LIABILITIES		
Advances from customers	79.16	66.29
Interest Accrued but Not Due on Loans	1,679.45	-
Financial liabilities on derivative transactions	-	2,819.40
Deferred Rent	178.27	72.21
	1,936.88	2,957.90

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Long term		Short term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 7 PROVISIONS				
PROVISION FOR EMPLOYEE BENEFITS				
- Compensated Absences	-	-	749.62	626.34
	-	-	749.62	626.34
OTHER PROVISIONS				
Provision for Standard Assets	2,075.54	1,348.05	1,311.89	3,748.98
Provision for Non performing Assets	2,531.74	1,136.29	5,534.96	22,751.39
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	687.65	2,533.54	251.22	993.37
Provisions for Mark to Market Losses on Derivatives	-	-	1,456.15	1,159.69
Contingent Service Tax claims	-	-	735.61	69.33
Proposed Dividend - Equity	-	-	1,325.55	1,789.26
Provision for Distribution tax on proposed Dividend - Equity	-	-	215.04	290.31
	5,294.93	5,017.88	10,830.42	30,802.33
	5,294.93	5,017.88	11,580.04	31,428.67

₹ in lakhs

	As at 31.03.2012	As at 31.03.2011
NOTE : 8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
TRADE PAYABLES		
- Outstanding dues to Micro Enterprises & Small enterprises (Refer Note 28 for details of dues)	3.64	6.40
- Others	8,948.05	5,560.49
	8,951.69	5,566.89
OTHER CURRENT LIABILITIES		
Current maturities of long term debt	2,74,150.01	1,26,673.00
Interest Accrued but Not Due on Loans / Other Deposits	18,819.27	11,736.55
Income received in advance	14.06	-
Unclaimed Dividend (Refer Note 8.1)	33.49	33.32
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 & 8.3)	53.74	67.35
Advances from customers/others	1,083.40	1,628.16
Security Deposit received	282.11	239.08
Dues to :		
- Assignees/investors towards collections in derecognised assets (Refer Note 16.1)	6,712.12	6,256.10
- Insurance companies towards premium collected from customers	668.67	504.48
- Statutory authorities	339.04	201.90

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES (Contd.)		
Other liabilities *	350.88	95.04
	3,02,506.79	1,47,434.98
* Other liabilities include dues to subsidiary		
- Cholamandalam Securities Limited	2.28	-
- Cholamandalam Distribution Services Limited	-	3.11

- 8.1** There are no amounts of Unclaimed Dividend due and outstanding to be credited to Investor Education and Protection Fund (IEPF)
- 8.2** As at March 31, 2012, there are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF) in respect of Fixed Deposits except for ₹1.86 lakhs (2011 - ₹1.86 lakhs), the repayment of which to the depositors has been stayed by the Madras High Court. Further, in respect of overdue amounts totaling to ₹0.11 lakhs (2011 - ₹0.11 lakhs), payments have not been made as per instructions received from Central Bureau of Investigation.
- 8.3** Pursuant to the Company obtaining a fresh Certificate of Registration dated December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits, consequent to its decision to exit from deposit accepting activities effective November 01, 2006, the Company has a total deposit of ₹85.21 lakhs as at March 31, 2012 (2011 - ₹97.29 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 16.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

NOTE : 9 FIXED ASSETS

Description	Gross Block			Depreciation		Net Block as at	
	Cost as at 31.03.2011	Additions	Deletions	Cost as at 31.03.2012	Upto 31.03.2011	Provided	Withdrawn
Tangible Asset							
Freehold Land	-	464.19	-	464.19	-	-	-
Buildings (Note below)	2,962.61	462.30	-	3,424.91	228.14	156.85	-
Plant and Machinery	1,084.73	537.79	0.94	1,621.58	1,023.95	123.42	0.39
Office Equipment	246.69	303.48	1.50	548.67	168.75	142.38	1.14
Furniture and Fixtures	249.76	268.83	1.49	517.10	237.14	124.27	1.30
Leasehold improvements	309.01	296.15	8.93	596.23	255.01	88.20	6.57
Vehicles	266.92	219.73	75.50	411.15	88.14	68.02	56.53
Total	5,119.72	2,552.47	88.36	7,583.83	2,001.13	703.14	65.93
Previous Year	4,914.99	2,953.95	2,749.22	5,119.72	3,799.87	388.65	2,187.39
Intangible Asset							
- Computer Software	1,896.45	359.22	-	2,255.67	1,697.63	187.11	-
Total	1,896.45	359.22	-	2,255.67	1,697.63	187.11	-
Previous Year	1,495.18	401.27	-	1,896.45	1,234.84	462.79	-

Note:

Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 10 NON CURRENT INVESTMENTS (valued at cost unless stated otherwise)		
Trade Investments - Unquoted		
Investment in Equity shares of subsidiaries		
Cholamandalam Distribution Services Limited	4,240.00	4,240.00
4,24,00,000 Equity shares of ₹10 each fully paid up		
Cholamandalam Securities Limited	2,050.00	2,050.00
2,05,00,014 Equity shares of ₹10 each fully paid up		
Cholamandalam Factoring Limited	8,095.36	2,095.36
8,03,62,779 (2011 - 2,03,62,779) Equity shares of ₹10 each fully paid up		
	14,385.36	8,385.36
Less: Provision for diminution in the value of investment	(8,745.36)	(2,095.36)
Total (a)	5,640.00	6,290.00
Non Trade Investments		
Investment in Government Securities - Quoted		
Government of India Stock : 7.40% - 2012 (Face Value ₹400 lakhs)	-	460.36
Less: Amortisation of premium on acquisition	-	(52.22)
	-	408.14
Investment in Equity shares - Unquoted		
Amaravathi Sri Venkatesa Paper Mills Ltd.	129.04	129.04
2,93,272 Equity shares of ₹10 each fully paid up		
Saraswat Co-operative Bank Ltd.	0.10	0.10
1,000 Equity shares of ₹10 each fully paid up		
The Shamrao Vithal Co-operative Bank Ltd.	0.25	0.25
1,000 Equity shares of ₹25 each fully paid up		
Investment in other shares - Unquoted		
Abhishek Co-operative Housing Society	0	0
5 shares of ₹50 each : Cost ₹250 only		
Chennai Willingdon Corporate Foundation	0	0
5 shares of ₹10 each : Cost ₹50 only		
Total (b)	129.39	129.39
Total Non current Investments (a + b)	5,769.39	6,827.53
Aggregate Value of Quoted Investments - At Cost	-	460.36
- At Market Value	-	399.50
Aggregate Value of Unquoted Investments - At Cost	14,514.75	8,514.75
Aggregate provision for diminution in the value of investments	8,745.36	2,095.36

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 11 DEFERRED TAX ASSET (Net)		
Deferred Tax Asset		
Provision for Standard Assets	1,099.05	1,653.73
Provision for Non-Performing Assets	2,617.24	7,750.36
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	304.62	1,144.31
Provision for Repossessed Stock	307.82	331.22
Provision for Doubtful advances	-	98.63
Income Derecognised on Non Performing Assets	1,963.83	2,790.78
Provision for dimution in value of investment	4.83	2.41
Provisions for mark to market losses on derivatives	472.45	376.26
Provision for compensated absences	243.22	203.22
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	72.27	46.59
Others	58.47	45.51
(A)	7,143.80	14,443.02
Deferred Tax Liability		
Unamortised Prepaid Finance Charges	2,030.83	1,383.13
(B)	2,030.83	1,383.13
Net Deferred Tax Asset (A) - (B)	5,112.97	13,059.89
Movement in Net Deferred Tax Asset during the year	(7,946.92)	(2,432.70)

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
Secured				
Automobile Financing	5,43,592.65	3,39,482.81	3,27,479.99	2,25,242.56
Loans against Immovable Property	2,78,563.15	1,73,207.77	20,531.24	14,679.25
Loans against Securities	9,667.77	28,237.75	23,922.47	40,391.63
Loans against Gold (Refer Note 12.6)	-	-	4,131.26	-
Other Loans	2,300.00	200.00	-	-
Instalments and Other Dues from Borrowers (Refer Note 12.3 and 12.4)	-	-	12,108.56	9,507.25
Total (a)	8,34,123.57	5,41,128.33	3,88,173.52	2,89,820.69
Unsecured (Refer Note 12.2)				
Consumer Loans	166.26	797.91	761.85	5,975.08
Other Loans	-	-	7,421.77	4,215.73
Instalments and Other Dues from Borrowers (Refer Note 12.3 and 12.5)	-	-	1,544.49	18,088.64
Total (b)	166.26	797.91	9,728.11	28,279.45
Total receivables under financing activity (a) + (b)	8,34,289.83	5,41,926.24	3,97,901.63	3,18,100.14

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or, pledge of securities and / or, equitable mortgage of property and/ or, company guarantees or personal guarantees and/ or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets de-recognised on account of Assignment of Receivables.			927.82	3,097.63
12.4 Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months			4,292.06	2,599.19
12.5 Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months			1,322.51	16,645.34
Of the above:				
Considered Good	8,29,640.23	5,39,219.83	3,90,790.19	2,93,533.05
Others - Non Performing Assets	4,649.60	2,706.41	7,111.44	24,567.09
	8,34,289.83	5,41,926.24	3,97,901.63	3,18,100.14
12.6 Percentage of Loans against Gold to Total Assets	-	-	0.31%	-

₹ in lakhs

	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 13 LOANS AND ADVANCES				
Unsecured - Considered Good (Unless otherwise stated)				
Capital Advances	364.66	183.18	-	-
Security Deposits	813.58	610.52	353.04	305.59
Deposits placed towards cash collateral for assets de-recognised	-	-	-	3,765.58
Inter corporate Deposit placed with subsidiary - Cholamandalam Factoring Limited (considered Doubtful)	-	-	-	304.00
Less: Provision	-	-	-	(304.00)
Prepaid expenses	17.33	15.73	374.68	322.45
Service tax input credit	-	1,794.75	2,032.16	1,125.00
Advance tax {net of provision for tax ₹ 11,564.09 lakhs; (2011- ₹ 7,808.86 lakhs)}	3,290.81	3,238.95	-	-
Other advances *	-	-	289.77	396.62
	4,486.38	5,843.13	3,049.65	5,915.24
* Other advances includes dues from subsidiary company				
Cholamandalam Securities Limited	-	-	-	1.78

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 14 OTHER ASSETS				
Unsecured - Considered Good (Unless otherwise stated)				
Non current bank balances	24,296.75	27,746.28	-	-
Excess Interest spread - De-recognised assets	5,791.00	7,493.59	1,679.73	1,298.80
Prepaid Finance Charges	4,829.29	2,962.17	1,430.00	1,300.83
Prepaid Discount on Commercial paper	-	-	496.50	362.00
Reposessed Automobile assets	-	-	194.62	435.10
Interest and Other Income Accrued but Not Due				
- on Loans to Borrowers	-	-	13,704.66	8,585.34
- on Deposits and Investments	-	-	3,665.80	5,224.79
Financial assets on derivative transactions	1,553.22	-	1,512.50	-
Other Accruals and receivables	-	-	939.10	549.45
	36,470.26	38,202.04	23,622.91	17,756.31

₹ in lakhs

	As at 31.03.2012	As at 31.03.2011
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value, unless stated otherwise - Non Trade)		
Investment in Government Securities - Quoted		
Government of India Stock : 7.40% - 2012 (Face Value ₹400 lakhs)	460.36	-
Less: Amortisation of premium on acquisition	(59.69)	-
	400.67	-
Aggregate Value of Quoted Investments - At Cost	460.36	-
- At Market Value	399.46	-

₹ in lakhs

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 16 CASH AND BANK BALANCES				
CASH AND CASH EQUIVALENTS				
Cash on hand	-	-	2,089.41	1,030.28
Cheques, drafts on hand	-	-	778.86	1,134.27
Balances with banks				
- On Current Accounts (Refer Note 16.1)	-	-	10,746.68	3,007.31

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 16 CASH AND BANK BALANCES (CONTD)				
OTHER BANK BALANCES				
- On Unpaid Dividend Accounts	-	-	33.49	33.32
- On Deposit Accounts - (Refer Note 16.2)	-	-	4,997.83	7,804.12
- Deposits as collateral towards assets de-recognised	24,296.75	27,746.28	7,108.51	3,771.34
- Public deposit Escrow Account (Refer Note 8.3)	-	-	85.21	97.29
Amount disclosed under non current assets	(24,296.75)	(27,746.28)	-	-
	-	-	25,839.99	16,877.93

Of the above, the balances that meet the definition of cash and cash equivalents as per AS3 cash flow statements is ₹ 13,614.95 lakhs (2011- ₹ 5,171.86 lakhs)

16.1 Balances with Banks on Current Account include amounts collected in respect of assets de-recognised on account of Assignment of Receivables pending remittance to the assignees. Refer Note 8

16.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 4,997.83 lakhs (2011 - ₹ 4,182.58 lakhs) which have an original maturity of more than 12 months.

	Year ended 31.03.2012	Year ended 31.03.2011
NOTE : 17 REVENUE FROM OPERATIONS		
(a) Income from Financing activity		
i) Interest		
- Automobile Financing	1,07,563.55	67,051.67
- Loans against Immovable Property	31,489.40	19,261.61
- Loans against Securities	8,738.02	5,980.78
- Loans against Gold	154.62	-
- Other Loans	800.92	451.49
- Interest spread on assignment/securitisation (Refer Note 2)	2,880.37	5,351.16
ii) Other Operating Revenue		
- Automobile Financing	16,928.20	12,699.28
- Loans against Immovable Property	2,653.78	2,795.32
- Loans against Securities	198.04	184.00
- Loans against Gold	2.34	-
- Consumer Loans	113.50	-
- Other Loans	6.25	-
(b) Interest on Deposits Placed as Collateral Towards Assets Derecognised	2,891.90	3,492.97
(c) Profit on Sale of Current Investments	1,047.63	706.20
(d) Income from Non Financing Activity	1,069.69	694.77
	1,76,538.21	1,18,669.25

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	Year ended 31.03.2012	₹ in lakhs Year ended 31.03.2011
NOTE : 18 OTHER INCOME		
Interest Income		
on Deposits	55.37	94.06
on Investments - Non current, Non Trade & Quoted	29.60	30.26
on Income tax refund	20.53	-
Dividend Income from long term investments	0.03	1.52
Other Non-operating Income		
Rent	16.25	-
Profit on sale of Fixed assets	0.41	1,127.27
Miscellaneous Income *	-	260.77
	122.19	1,513.88
* Gain on Premature Redemption of Commercial Paper included in Miscellaneous Income	-	190.41
NOTE : 19 FINANCE COSTS		
Interest Expense		
- Debentures	31,997.80	17,210.56
- Bank Loans	54,380.38	27,904.09
- Intercompany Deposit	-	77.85
Discount on Commercial Papers	8,714.36	8,150.92
Others		
- Amortisation of ancillary borrowing costs	3,161.09	3,093.67
- Amortisation of premium on Forward contracts	147.78	-
- Bank charges	416.75	387.96
	98,818.16	56,825.05
NOTE : 20 EMPLOYEE BENEFIT EXPENSE		
Salaries, Bonus and Commission	10,022.34	8,277.14
Contribution to Provident and Other Funds	476.70	373.61
Staff Welfare Expenses	538.23	318.40
	11,037.27	8,969.15

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	Year ended 31.03.2012	₹ in lakhs Year ended 31.03.2011
NOTE : 21 OTHER OPERATING EXPENSES		
Rent (Refer Note 21.1)	1,898.51	1,527.48
Electricity Charges	375.69	223.37
Rates and Taxes (Refer Note 21.2)	2,049.07	82.73
Communication Cost	707.08	607.00
Traveling and Conveyance	1,254.45	615.69
Advertisement Expenses	748.11	355.35
Insurance	350.95	263.11
Repairs and Maintenance		
- Buildings	6.34	3.25
- Others	34.84	12.01
Printing and Stationery	488.32	329.00
Information Technology Expenses (Refer Note 21.1)	624.85	552.92
Auditors' Remuneration	29.10	29.96
Professional Charges	2,432.88	803.48
Lease Rental Expense	619.73	475.80
Commission to Directors	35.10	30.27
Sitting Fees to Directors	7.95	9.45
Foreign Exchange Loss (Net)	1,506.33	1,743.51
Recovery Charges (Refer Note 21.4)	5,754.58	6,994.07
Miscellaneous Expenses (Refer Note 21.3)	157.14	272.08
	19,081.02	14,930.53
Less : Expenses Recovered	(22.64)	(32.39)
	19,058.38	14,898.14
21.1 Lease equalisation charge included in:		
- Rent	68.07	37.68
- Information technology expense	(1.42)	(29.68)
21.2 Service Tax charge included in Rates and Taxes	1,963.35	-
21.3 Donation included in Miscellaneous expenses	145.00	42.50
21.4 Net of reversal of provision for servicing costs on assets derecognised	77.34	591.71

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	Year ended 31.03.2012	₹ in lakhs Year ended 31.03.2011
NOTE : 22 PROVISIONS AND LOAN LOSSES		
Loss Assets Written Off	17,222.96	22,322.39
Loss on Repossessed Assets(Net)	1,617.15	1,360.35
Provision for Non Performing Assets	1,556.23	12,194.65
Provision Released for Non Performing Assets on recovery/write off (Refer Note 22.1)	(19,887.91)	(21,505.27)
Total	508.43	14,372.12
Loss on Assignment of Receivables	-	1,065.63
Less: Provision Released	-	(902.39)
Total	-	163.24
Income reversal for Non Performing Consumer Loans	-	912.32
Provision for Standard Assets (Net)	1,290.40	2,097.03
Amortisation of Premium on Acquisition of Government Securities	7.46	7.44
	1,806.29	17,552.15
22.1 Includes reversal of provision for credit enhancements on assets derecognised	2,510.70	1,117.15

	2011-12 Gain / (Loss)	2010-11 Gain / (Loss)
NOTE : 23 EXCEPTIONAL ITEMS		
(Provision) made for diminution in value of investment and Inter corporate deposit placed with Subsidiaries		
- Cholamandalam Factoring Limited (investment and deposit)	(5,446.00)	(2,399.36)
- Cholamandalam Securities Limited (investment)	(900.00)	-
Reversal of Provision for Standard Assets made in March 2009 as per capital reduction scheme	3,000.00	-
Exceptional Items (Net)	(3,346.00)	(2,399.36)

	2011-12	2010-11
NOTE : 24 EARNINGS PER SHARE		
PROFIT AFTER TAX	17,254.27	6,217.89
Less: Preference Dividend Payable (Including Distribution Tax Thereon)	-	(45.05)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS	17,254.27	6,172.84
Weighted Average Number of Equity Shares (Basic)	11,98,71,902	10,88,18,492
EARNINGS PER SHARE - BASIC (₹)	14.39	5.67
Weighted Average Number of Equity Shares (Diluted)	11,98,86,211	10,88,44,714
EARNINGS PER SHARE - DILUTED (₹)	14.39	5.67
Face Value Per Share (₹)	10.00	10.00

Note: Earnings per Share calculations are done in accordance with Accounting Standard 20 (AS 20) "Earnings per Share".

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 25 ASSETS DE-RECOGNISED		
Assets De-recognised -		
on Bilateral Assignment of Receivables	1,00,853.02	90,199.04
on Securitisation of Receivables	31,337.92	-
Deposits provided as Collateral for Credit Enhancements (Note 16)	31,405.26	35,283.20
NOTE : 26 DETAILS OF OUTSTANDING DERIVATIVES		
Outstanding Derivatives:		
Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	58,046.00	53,586.00
Foreign currency exposure not hedged by derivative instrument or otherwise	-	-
	2011-12	2010-11
NOTE : 27 AUDITORS' REMUNERATION (Net of Service Tax Input Credit)		
Statutory Audit	18.00	18.00
Tax Audit	2.00	2.00
Other Services	8.00	8.40
Reimbursement of Expenses	1.10	1.56
Total	29.10	29.96*
(*) Excludes ₹3.50 lakhs paid for Preferential Issue related certification services, debited to Share Premium account		
NOTE 28 : MICRO, SMALL & MEDIUM ENTERPRISES		
Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year end are furnished below:		
Particulars	2011-12	2010-11
Principal amount due to suppliers under MSMED Act, as at the year end	3.64	6.40
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-
NOTE : 29 EXPENDITURE IN FOREIGN CURRENCY		
Travel	0.59	2.03
Interest on External Commercial Borrowing (including amount accrued and not due)	268.26	461.44
Professional charges	10.10	-

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

	₹ in lakhs	
	2011-12	2010-11
NOTE : 30 GRATUITY		
Details of Actuarial Valuation		
PROJECTED BENEFIT OBLIGATION AT THE BEGINNING OF THE YEAR	237.45	145.88
Current Service Cost	54.58	43.21
Interest Cost	19.00	11.67
Actuarial Losses / (Gains)	54.67	53.10
Benefits Paid	(8.20)	(16.41)
PROJECTED BENEFIT OBLIGATION AT THE END OF THE YEAR	357.50	237.45
CHANGE IN PLAN ASSETS		
Fair Value of Plan Assets at the Beginning of the Year	251.48	157.37
Expected Returns on Plan Assets	22.89	14.03
Employer's Contribution	94.00	96.49
Benefits Paid	(8.20)	(16.41)
Actuarial Gains / (Losses)	-	-
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	360.17	251.48
AMOUNT RECOGNISED IN THE BALANCE SHEET		
Liability at the End of the Year	357.50	237.45
Fair Value of Plan Assets as at the End of the Year	360.17	251.48
AMOUNT RECOGNISED IN THE BALANCE SHEET UNDER NOTE 13 (OTHER LOANS AND ADVANCES)	(2.67)	(14.03)
COST OF THE DEFINED BENEFIT PLAN FOR THE YEAR		
Current Service Cost	54.58	43.21
Interest on Obligation	19.00	11.67
Expected Return on Plan Assets	(22.89)	(14.03)
Net Actuarial Losses/(Gains) Recognised in the Year	54.67	53.10
NET COST RECOGNISED IN THE PROFIT AND LOSS ACCOUNT	105.36	93.95
ASSUMPTIONS		
Discount Rate	8.00% p.a.	8.00% p.a.
Future Salary Increase	5.00% p.a.	5.00% p.a.
Attrition Rate	1-3% p.a.	1-3% p.a.
Expected Rate of Return on Plan Assets	9.25% p.a.	9.25% p.a.

OTHER DISCLOSURES:

Benefit	2011-12	2010-11	2009-10	2008-09	2007-08
Projected Benefit Obligation	357.50	237.45	145.88	120.04	94.93
Fair Value of Plan Assets	360.17	251.48	157.37	76.81	53.25
Surplus/(Deficit)	2.67	14.03	11.49	(43.23)	(41.68)

Notes:

- The expected return on plan assets is as furnished by LIC.
- The entire plan assets are managed by LIC. The data on plan assets and experience adjustment has not been furnished by LIC and hence there are no disclosures in this regard.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

NOTE : 31 SEGMENT REPORTING

The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segment Reporting".

NOTE : 32 RELATED PARTY DISCLOSURES (As per AS-18 "Related Party Disclosures")

List of Related Parties:

• Companies holding Substantial Interest in Voting Power	: Tube Investments of India Limited, DBS Bank Limited, Singapore (upto April 7, 2010)
• Associate of Holding Company	: Murugappa Holdings Limited (w.e.f April 01, 2011)
• Joint venture of Holding Company	: Cholamandalam MS Risk Services Limited (w.e.f May 11, 2010)
• Subsidiaries	: Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited, Cholamandalam Factoring Limited
• Fellow Subsidiaries	: Cholamandalam MS General Insurance Company Limited
• Key Management Person	: Mr. N. Srinivasan, Director (Upto August 18, 2010) Mr. S. Vellayan, Managing Director (w.e.f August 19, 2010)

Note :

Related party relationships are as identified by the Management and relied upon by the Auditors.

		₹ in lakhs	
Transaction	Related Party	2011-12	2010-11
Dividend Payments			
- Equity Share	Tube Investments of India Limited	1,083.49	381.24
	Murugappa Holdings Limited (₹264.00)	0.00	-
- Preference Shares	Tube Investments of India Limited	-	196.44
Interest Payments	DBS Bank Limited	-	0.06
	Cholamandalam Distribution Services Limited	-	77.85
	Cholamandalam MS General Insurance Company Limited	257.25	193.39
Interest Receipts	Cholamandalam Securities Limited	0.04	0.42
	Cholamandalam Distribution Services Limited	0.14	-
Rent Payments	Cholamandalam Securities Limited	1.18	-
	Cholamandalam Distribution Services Limited	60.62	78.92
	Cholamandalam MS General Insurance Company Limited	31.96	20.84
Rent (including hiring) Receipts	Tube Investments of India Limited	33.35	37.43
	Cholamandalam Securities Limited	27.99	17.15
	Cholamandalam Distribution Services Limited	52.02	15.28
	Cholamandalam MS General Insurance Company Limited	77.53	66.51
	Cholamandalam MS Risk Services Limited	3.16	2.22
Payments for Services Availed	Cholamandalam Securities Limited	75.56	48.49
	Cholamandalam MS General Insurance Company Limited	486.61	259.18

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

		₹ in lakhs	
Transaction	Related Party	2011-12	2010-11
Advance Premium Deposit Given	Cholamandalam MS General Insurance Company Limited	4,839.63	1,554.96
Receipts for Services Rendered	Cholamandalam MS General Insurance Company Limited	1,063.97	282.03
Receipts on settlement of insurance claim	Cholamandalam MS General Insurance Company Limited	69.62	70.05
Expenses - Reimbursed	Tube Investments of India Limited	-	0.52
	Cholamandalam Securities Limited	0.52	0.59
	Cholamandalam Distribution Services Limited	20.62	17.94
	Cholamandalam MS General Insurance Company Limited	13.75	10.90
	Cholamandalam MS Risk Services Limited	0.68	-
Amounts Received towards Reimbursements of Expenses	Tube Investments of India Limited	-	1.61
	Cholamandalam Securities Limited	16.60	11.17
	Cholamandalam Distribution Services Limited	19.62	10.11
	Cholamandalam MS General Insurance Company Limited	27.96	23.27
	Cholamandalam MS Risk Services Limited	0.34	0.37
Purchase of Fixed Assets	Cholamandalam Securities Limited	0.30	6.64
	Cholamandalam Distribution Services Limited	4.85	8.89
Sale of Fixed Assets	Cholamandalam MS General Insurance Company Limited	-	5.60
Advances/Deposits Given	Cholamandalam Securities Limited	150.00	1,750.00
	Cholamandalam Distribution Services Limited	55.00	-
	Cholamandalam Factoring Limited	654.00	2,438.00
Advances/Deposits Recovered	Tube Investments of India Limited	-	0.60
	Cholamandalam Securities Limited	150.00	1,750.00
	Cholamandalam Distribution Services Limited	55.00	-
	Cholamandalam Factoring Limited	958.00	2,511.00
Advances/Deposits Availed	Cholamandalam Distribution Services Limited	-	3,270.00
Advances/Deposits Repaid	Cholamandalam Distribution Services Limited	-	3,270.00
Bilateral Assignment of Receivables Transaction	Cholamandalam Factoring Limited	-	1,243.50
Remittance of amounts collected in respect of assets de-recognised on account of Assignment of Receivables	Cholamandalam Factoring Limited	685.62	1,353.59
Conversion of Fully convertible cumulative Preference shares into Equity shares	Tube Investments of India Limited	-	30,000.00
Investment in Equity shares	Cholamandalam Factoring Limited	6,000.00	2,000.00

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

		₹ in lakhs	
Transaction	Related Party	2011-12	2010-11
Remuneration	Key Management Person (Mr. S Vellayan)	146.09	87.82
Directors Sitting Fees and Commission	DBS Bank Limited	-	0.40
	Key Management Person (Mr. N Srinivasan)	-	0.75
Net Amounts Receivable/ (Due) as at Year end	Tube Investments of India Limited	3.43	4.60
	Cholamandalam Securities Limited	(2.28)	1.78
	Cholamandalam Distribution Services Limited	-	(3.11)
	Cholamandalam Factoring Limited	(37.63)	194.73
	Cholamandalam MS General Insurance Company Limited	182.88	9.76
	Cholamandalam MS General Insurance Company Limited	(1,994.14)	(1,504.16)
	Cholamandalam MS Risk Services Limited	-	1.20

Note:

The Company had provided shortfall undertaking to the lender of Cholamandalam Factoring Limited (Subsidiary) in respect of its outstanding term loan - NIL (2011 - ₹6,000 lakhs).

NOTE : 33 CONTINGENT LIABILITIES AND COMMITMENTS

- (a) Counter Guarantees provided to Banks ₹113.49 lakhs (2011-₹78.02 lakhs) and Shortfall Undertaking provided to the lender of Cholamandalam Factoring Limited (Subsidiary) ₹NIL (2011- ₹6,000 lakhs)
- (b) Contested Claims Not Provided for:

Particulars	₹ in lakhs	
	As at 31.03.2012	As at 31.03.2011
Income tax and Interest Tax issues where the company is in appeal	2,290.20	2,128.67
Decided in the Company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	108.56	105.19
Sales Tax issues pending before Appellate Authorities in respect of which the Company is in appeal	384.15	425.95
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	1,062.66	912.47

The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.

(c) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 1,747 lakhs (2011 - ₹98.58 lakhs)

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

NOTE : 34 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2011	Additional Provision	Utilisation/ Reversal	As at 31.03.2012
Provision for Standard Assets	5,097.03	1,290.40	(3,000.00)	3,387.43
Provision for Non-Performing Assets	23,887.68	1,556.23	(17,377.21)	8,066.70
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	3,526.91	-	(2,588.04)*	938.87
Contingent Service Tax claims	69.33	735.61	(69.33)	735.61
Provision for Doubtful Advances	304.00	-	(304.00)	-

*Refer Note 21.4 and 22.1

NOTE : 35 LEASES

Assets taken on Non-cancellable operating lease consists of Plant and Machinery, Furniture and Fixtures and Office Equipments.

The details of Maturity profile of Non-cancellable Future Operating Lease Payments are given below.

₹ in lakhs

Period	31.03.2012	31.03.2011
Not later than one year	561.38	568.49
Later than one year and not later than five years	701.72	1,279.10
Later than five years	-	-
Total	1,263.10	1,847.59

NOTE : 36

a) EMPLOYEE STOCK OPTION PLAN

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007:

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No								Vested	Yet to vest
1	Original	30-07-07	193.40	30-07-08	7,65,900	-	6,35,732	1,30,168	-
	CAA *	25-01-08	178.70	-	54,433	-	44,337	10,096	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	1,62,800	-	1,33,638	29,162	-
4	Original	25-04-08	191.80	25-04-09	4,68,740	-	2,61,507	1,41,173	66,060
5	Original	30-07-08	105.00	30-07-09	10,070	2,012	1,020	4,017	3,021
6	Original	24-10-08	37.70	24-10-09	65,600	13,202	35,998	6,560	9,840
7									
Tranche I	Original	27-01-11	187.60	27-01-12	2,94,600	-	10,848	48,072	2,35,680
Tranche II	Original	27-01-11	187.60	27-01-12	2,09,700	-	21,576	69,744	1,18,380
8	Original	30-04-11	162.55	30-04-12	1,13,400	-	34,000	-	79,400
9	Original	28-07-11	175.35	28-07-12	61,800	-	-	-	61,800
10	Original	27-10-11	154.55	27-10-12	1,95,680	-	-	-	1,95,680

* CAA- Corporate Action Adjustment

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent Consultant.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Date of Grant	Variables					6. Fair Value of the Option (₹)
	1. Risk Free Interest Rate	2. Expected Life	3. Expected Volatility	4. Dividend Yield	5. Price of the underlying Share in the Market at the time of the Option Grant (₹)	
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% - 43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% - 7.98%	3-6 years	41.24% - 43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% - 7.10%	3-6 years	44.58% - 47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

Had compensation cost for the stock options granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Particulars	₹ in lakhs	
	2011-2012	2010-2011
Net Profit attributable to Equity Share Holders (as reported)	17,254.27	6,172.84
Add: Stock based employee compensation expense included in net profit	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma)	259.75	57.60
Net Profit (Proforma)	16,994.52	6,115.24
Basic Earnings per Share of ₹10 each (as reported) (₹)	14.39	5.67
Basic Earnings per Share of ₹10 each (pro forma) (₹)	14.18	5.62
Diluted Earnings per Share of ₹10 each (as reported) (₹)	14.39	5.67
Diluted Earnings per Share of ₹10 each (pro forma) (₹)	14.18	5.62

b) Share application money pending allotment as on March 31, 2011 represents application money received on exercise of 3,652 options on March 31, 2011 which were subsequently allotted on April 11, 2011.

NOTE : 37 SHARING OF COSTS

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed to between the Companies, which has been relied upon by the Auditors.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

NOTE : 38 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007:

₹ in lakhs

Sl. No.	Particulars	Amount Outstanding	Amount Overdue
		as at March 31, 2012	
Liabilities:			
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a)	Debentures		
	- Secured	2,67,156.22	-
	- Unsecured	97,264.31	-
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	52,778.51	-
(b)	Deferred Credits	-	-
(c)	Term Loans	5,92,899.94	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	23,003.50	-
(f)	Other Loans	1,31,360.02	-
	(Represents Working Capital Demand Loans, Cash Credit from Banks & Fixed Deposits along with Interest Accrued but Not Due on above) [Refer Notes 1 and 2 below]		

Notes:

- Though the Company has become a Non-deposit taking Non-Banking Finance Company, since the Company still has fixed deposits from the public accepted prior to November 1, 2006 which have not yet been liquidated (Refer Note 8), the details of the same have been disclosed above.
- Fixed Deposits include Matured / Unclaimed Deposits (together with Interest on Matured / Unclaimed Deposits) amounting to ₹53.74 lakhs as at March 31, 2012.

₹ in lakhs

		Amount Outstanding as at March 31, 2012
(2)	Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]:	
(a)	Secured	3,43,425.98
(b)	Unsecured	2,498.47
(3)	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities	
(i)	Lease Assets including Lease Rentals Accrued and Due:	-
	(a) Financial Lease	
	(b) Operating Lease	

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

Amount Outstanding as at March 31, 2012

(ii) Stock on Hire including Hire Charges under Sundry Debtors:	-
(a) Assets on Hire	
(b) Repossessed Assets	
(iii) Other Loans counting towards AFC Activities	
(a) Loans where Assets have been Repossessed	194.62
(b) Loans other than (a) above	8,99,971.66
4) Break-up of Investments (net of provision for diminution in value):	
Current Investments:	
I Quoted:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities (Net of Amortisation)	400.67
(v) Others	-
II Unquoted:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
Long term Investments:	
I Quoted:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities (Net of Amortisation)	-
(v) Others	-
II Unquoted	
(i) Shares:	
(a) Equity (Net of Provision for Diminution in Value of Investment)	5,769.39
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

(5) Borrower Group-wise Classification of Assets Financed as in (2) and (3) above

Sl. No.	Category	Amount (Net of Provisioning) as at March 31, 2012		
		Secured	Unsecured	Total
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	-	-
2.	Other than Related Parties	12,37,386.03	638.01	12,38,024.04
	Total	12,37,386.03	638.01	12,38,024.04

(6) Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :

Sl. No.	Category	MV / Break up Value or Fair Value or NAV	Book Value (Net of Provisioning)
1.	Related Parties *		
	(a) Subsidiaries	4,284.26	5,640.00
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	528.85	530.06
	Total	4,813.11	6,170.06

(7) Other Information

	Amount Outstanding As at March 31, 2012
(i) Gross Non-Performing Assets	
a) With Related Parties *	-
b) With Others	11,761.04
(ii) Net Non-Performing Assets	
a) With Related Parties *	-
b) With Others	3,694.34
(iii) Assets Acquired in Satisfaction of Debt	
a) With Related Parties *	-
b) With Others	-

* Related Parties are as identified in Note 32 above.

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

Details of Assets De-recognised by way of Securitisation during the year and included above:

Particulars	2011-12	2010-11
Total Number of Assets Securitised	18,005	-
	₹ in lakhs	
Book Value of Assets Securitised	40,454.27	-
Sale Consideration Received	40,454.27	-
Gain / (Loss) on Securitisation to be Amortised over the Life of the Securities	-	-
Bank Deposits provided as Collateral for Credit Enhancements -		
First loss facility	1,618.20	-
Second loss facility	2,225.00	-

A. Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK) - 2008 dated August 1, 2008:

i. Capital Adequacy Ratio

	₹ in lakhs	
Particulars	As at March 31, 2012	As at March 31, 2011
Tier I Capital	1,42,815	98,512
Tier II Capital	91,859	53,762
Total Capital	2,34,674	1,52,274
Total Risk Weighted Assets	12,98,308	9,13,653
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	11.00%	10.78%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	7.08%	5.88%
Total (%)	18.08%	16.66%

The Company has obtained professional opinion confirming that bilateral assignment of receivables is outside the purview of the RBI Guidelines on Securitisation of Standard Assets introduced with effect from February 1, 2006 and accordingly the adjustment for credit enhancements with regard to bilateral assignments have not been considered in the computation of Capital Adequacy Ratio.

ii. Exposure to Real Estate Sector, both Direct and Indirect

Category		
(a) Direct Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
- individual housing loans upto ₹ 15 lakhs	17,628.39	9,363.27
- individual housing loans more than ₹ 15 lakhs	2,67,398.62	1,54,706.41

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

ii. Exposure to Real Estate Sector, both Direct and Indirect (Contd.)

₹ in lakhs

Category	As at March 31, 2012	As at March 31, 2011
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).		
- Fund Based	31,375.42	24,229.20
- Non Fund based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a. Residential	-	-
b. Commercial Real Estate	-	-
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

Note:

The above summary is prepared based on the information available with the Company.

iii. Asset Liability Management

Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2012

₹ in lakhs

	Up to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	1,06,612	14,925	65,705	34,900	74,815	4,26,095	-	-	7,23,052
Market Borrowings	-	27,329	14,695	74,607	14,872	1,91,020	7,770	90,570	4,20,863
Assets									
Advances (Net of Provision for Non Performing Assets)	75,485	25,444	25,592	87,559	1,97,990	5,16,774	97,398	1,98,241	12,24,483
Investment (Net of Provision for Diminution in Value of Investments)	-	401	-	-	-	-	-	5,769	6,170

- B. Disclosure pursuant to Reserve Bank of India Circular DBOD.NO.BP.BC. 16 / 21.04.048/ 2005-06 dated July 13, 2005.
Details of Non Performing Financial Assets sold:

	2011-12	2010-11
a. Number of accounts sold	-	3,396
b. Aggregate outstanding	-	₹ 2,515.34 lakhs
c. Aggregate Sale Consideration received	-	₹ 1,095.05 lakhs

NOTES forming part of the financial statements for the year ended March 31, 2012 (contd.)

- C. Disclosure pursuant to Reserve Bank of India Notification DNBS (PD) No. 202(PK)/2008-09 and DNBS 203(PK)/2008-09 dated October 29, 2008.

Perpetual Debt Instrument (PDI)

		₹ in lakhs
	2011-12	2010-11
(i) Amount raised through PDI		
- during the year	35,770.00	15,000.00
- outstanding as at year end	50,770.00	15,000.00
(ii) PDI as a percentage of Tier I Capital	35.50%	15.23%

NOTE : 39 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

	Less than ₹ 1 Lakh		₹ 1 to ₹ 5 lakhs		Total	
	No. of accounts	Value (₹ in lakhs)	No. of accounts	Value (₹ in lakhs)	No. of accounts	Value (₹ in lakhs)
A) PERSON INVOLVED						
Staff	2	1.09	9	26.91	11	28.00
Customers			1	14.22	1	14.22
Staff and customers			1	5.97	1	5.97
Total	2	1.09	11	47.10	13	48.19
B) TYPE OF FRAUD						
Misappropriation and Criminal breach of trust	1	0.86	4	7.03	5	7.89
Fraudulent encashment / manipulation of books of accounts			1	1.51	1	1.51
Unauthorised credit facility extended			5	24.34	5	24.34
Cheating and Forgery	1	0.23	1	14.22	2	14.45
Total	2	1.09	11	47.10	13	48.19

Note:

The above summary is prepared based on the information available with the Company and relied upon by the auditors.

NOTES forming part of the financial statements for the year ended March 31, 2012

NOTE : 40 DISCLOSURE PURSUANT TO CLAUSES 32 OF THE LISTING AGREEMENT

S L. No	Amount Outstanding as at 31-03-2012	₹ in lakhs Maximum Amount Outstanding during the year
(A) To Subsidiaries		
- Cholamandalam Securities Limited	-	150.00
- Cholamandalam Factoring Limited	-	726.00
- Cholamandalam Distribution Services Limited	-	35.00
(B) To Associates		
- No Associate during the Current Year	-	-
(C) Where there is		
i) No repayment schedule	-	-
ii) Repayment beyond seven years	-	-
iii) No interest	-	-
iv) Interest below the rate as specified in section 372 A of the Companies Act	-	-
(D) To Firms / Companies in which Directors are Interested (other than (a) and (b) above)	-	-
(E) Investments by the loanee in the shares of Parent Company and Subsidiary Company	-	-

NOTE : 41 PREVIOUS YEAR FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the **Board**

M. B. N. Rao
Chairman

Date : 26 April, 2012
Place : Chennai

P. Sujatha
Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

CONSOLIDATED AUDITORS' REPORT

TO

THE BOARD OF DIRECTORS

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31 March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 9,317.96 lakhs as at 31 March, 2012, total revenues of ₹ 558.45 lakhs and cash outflows amounting to ₹ 8.53 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells

Chartered Accountants

(Registration No. 008072S)

M. K. Ananthanarayanan

Partner

Membership No.19521

Place : Chennai

Date : 26 April, 2012

CONSOLIDATED BALANCE SHEET as at March 31, 2012

	Note	As at 31.03.2012	₹ in lakhs As at 31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	13,261.99	11,934.93
Reserves and surplus	4	1,27,110.77	94,263.65
		1,40,372.76	1,06,198.58
SHARE APPLICATION MONEY PENDING ALLOTMENT	35(b)	-	2.73
NON-CURRENT LIABILITIES			
Long-term borrowings	5	7,15,455.00	5,61,551.63
Other long-term liabilities	6	1,936.88	2,957.90
Long-term provisions	7	5,300.75	5,198.96
		7,22,692.63	5,69,708.49
CURRENT LIABILITIES			
Short-term borrowings	5	1,54,806.28	1,06,666.11
Trade Payables	8	9,923.86	6,717.83
Other current liabilities	8	3,02,555.48	1,53,369.27
Short-term provisions	7	18,542.67	32,275.61
		4,85,828.29	2,99,028.82
Total		13,48,893.68	9,74,938.62
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9		
(i) Tangible assets		5,126.70	3,333.42
(ii) Intangible assets		522.62	401.27
		5,649.32	3,734.69
Non-current investments	10	389.49	675.72
Deferred tax asset (Net)	11	5,112.97	13,340.21
Receivable under Financing activity	12	8,34,295.65	5,49,440.71
Long-term loans and advances	13	5,158.32	6,769.61
Other non-current assets	14	36,470.26	38,202.04
		8,87,076.01	6,12,162.98
CURRENT ASSETS			
Current investments	15	627.37	325.71
Trade Receivables	16	737.03	668.29
Cash and bank balances	17	28,826.87	19,742.44
Receivable under Financing activity	12	4,04,796.35	3,18,100.17
Short-term loans and advances	13	3,151.57	6,087.34
Other current assets	14	23,678.48	17,851.69
		4,61,817.67	3,62,775.64
Total		13,48,893.68	9,74,938.62

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

M. K. Ananthanarayanan

Partner

Date : 26 April, 2012

Place : Chennai

P. Sujatha

Secretary

D. Arul Selvan

Chief Financial Officer

For and on behalf of the **Board**

M. B. N. Rao

Chairman

Vellayan Subbiah

Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2012

		₹ in lakhs	
	Note	Year ended 31.03.2012	Year ended 31.03.2011
Revenue from operations	18	1,77,929.54	1,20,626.33
Other income	19	464.90	1,645.87
Total Revenue		1,78,394.44	1,22,272.20
Expenses			
- Finance Costs	20	99,002.09	57,471.17
- Business origination outsourcing		13,219.13	8,821.53
- Employee benefits expense	21	11,919.20	9,655.10
- Other operating expenses	22	19,487.70	15,323.33
- Depreciation and amortisation expense	9	1,038.29	1,004.77
- Provision, loan losses and other charges	23	7,795.92	17,722.17
Total expenses		1,52,462.33	1,09,998.07
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		25,932.11	12,274.13
Exceptional items	24	3,000.00	-
PROFIT BEFORE TAX		28,932.11	12,274.13
TAX EXPENSE			
- Current tax - Current year - Expense		3,658.35	2,065.07
- Prior years - Expense/(Reversal of provision)		147.21	(561.90)
- MAT Credit Entitlement		0.28	(143.03)
- Deferred tax	11	8,227.24	2,455.54
		12,033.08	3,815.68
PROFIT FOR THE YEAR		16,899.03	8,458.45
Earnings per equity share	25		
- Basic		14.10	7.73
- Diluted		14.10	7.73

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

M. K. Ananthanarayanan

Partner

Date : 26 April, 2012

Place : Chennai

P. Sujatha

Secretary

D. Arul Selvan

Chief Financial Officer

For and on behalf of the Board

M. B. N. Rao

Chairman

Vellayan Subbiah

Managing Director

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2012

Particulars	₹ in lakhs	
	Year ended 31.03.2012	Year ended 31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	28,932.11	12,274.13
ADJUSTMENTS FOR :-		
Depreciation	1,038.29	1,004.77
(Reversal of Provision) / Provision for Standard Assets (Net)	(1,709.60)	2,097.03
(Reversal of Provision) / Provision for Non Performing Assets under Financing Activity (Net)	(9,886.93)	(8,986.35)
(Reversal of Provision) / Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(2,588.04)	(1,182.98)
Provisions for mark to market losses on derivatives	296.46	260.99
Financing Charges	99,002.09	59,215.11
Provision for Compensated Absences (Net)	129.66	174.90
Loss / (Profit) on Sale of Fixed Assets (Net)	1.40	(1,128.13)
Provision no longer required written back	-	(95.59)
Goodwill written off	-	58.93
Loss on Repossessed Assets (Net)	1,617.15	1,360.35
Loss Assets Written Off	17,222.96	23,388.02
Profit on Sale of Investments (Net)	(1,057.62)	(711.47)
Amortisation of Premium on Acquisition of Government Securities	7.46	7.44
Interest & Dividend Income	(3,332.35)	(3,788.67)
	1,00,740.93	71,674.35
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,29,673.04	83,948.48
ADJUSTMENTS FOR :-		
Increase in Receivable Under Financing Activity (including Repossessed Assets)	(5,01,488.18)	(3,75,836.37)
Increase in Other Current Assets	(7,298.99)	(3,370.99)
Decrease / (Increase) in Other Loans and Advances	4,523.36	(4,919.08)
Increase / (Decrease) in Current Liabilities and Provisions	1,817.98	(3,824.78)
Securitisation / Bilateral Assignment of Receivables	1,11,337.45	39,839.65
	(3,91,108.38)	(3,48,111.57)
CASH USED IN OPERATING ACTIVITIES	(2,61,435.34)	(2,64,163.09)
Financing Charges	(92,356.27)	(57,135.69)
Direct Taxes Paid	(3,600.38)	(3,820.10)
	(95,956.65)	(60,955.79)
NET CASH USED IN OPERATING ACTIVITIES (A)	(3,57,391.99)	(3,25,118.88)
CASH FLOW FROM INVESTING ACTIVITIES		
Bank Deposits and Unpaid Dividend Accounts (See Note below)	2,784.23	16,984.71
Purchase of Fixed Assets	(3,169.50)	(3,546.59)
Sale of Fixed Assets	33.70	1,711.02
Purchase of Investments	(13,03,285.38)	(1,033,022.72)
Sale / Redemption of Investments	13,04,221.08	1,033,734.19
Interest & Dividend Received	4,887.43	4,796.87
NET CASH FROM INVESTING ACTIVITIES (B)	5,471.56	20,657.48

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2012 (contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2012	Year ended 31.03.2011
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term & Medium Term		
- Increase in Equity Share Capital and Securities Premium (including conversion of Preference shares into Equity and net of Issue Expenses)	20,892.84	24,605.24
- Share Application money pending allotment	-	2.73
- Increase in Debentures	2,12,560.00	83,150.00
- Increase in Term Loans from Banks and Others	82,820.38	2,40,143.93
- Decrease in Fixed Deposits	(13.61)	(22.70)
Short Term		
- Increase / (Decrease) in Bank Borrowings	82,640.17	(30,383.54)
- Decrease in Other Borrowings	(34,500.00)	(39,237.89)
Dividends Paid (Including Distribution Tax)	(4,159.23)	(1,192.78)
NET CASH FROM FINANCING ACTIVITIES (C)	3,60,240.55	2,77,064.99
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	8,320.12	(27,396.41)
Cash and Cash Equivalents at the Beginning of the Year	5,566.75	32,963.16
Cash and Cash Equivalents at the End of the Year	13,886.87	5,566.75
NOTE:		
Cash and Cash Equivalents at the End of the Year as per Balance Sheet	53,123.62	47,488.72
Add: Current Investments (Net of Investments under Lien)	226.70	325.71
Less: Balance in Current Accounts held for Unpaid Dividends	33.79	33.62
Less: Bank Deposits held for More than Three Months	7,402.83	9,809.12
Less: Bank Deposits under Lien	32,026.83	32,404.94
	13,886.87	5,566.75

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

M. K. Ananthanarayanan

Partner

Date : 26 April, 2012

Place : Chennai

P. Sujatha

Secretary

D. Arul Selvan

Chief Financial Officer

For and on behalf of the **Board****M. B. N. Rao**

Chairman

Vellayan Subbiah

Managing Director

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012

Cholamandalam Investment and Finance Company Limited (the company) is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans, corporate mortgage loans and gold loans. The company through its subsidiaries, is also engaged in the business of broking and distribution of financial products.

1. SIGNIFICANT ACCOUNTING POLICIES

a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Cholamandalam Investment and Finance Company Limited and its subsidiaries (hereinafter collectively referred to as "The Group"). The consolidated financial statements have been prepared on the following basis:

- (i) The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses, as per Accounting Standard 21- Consolidated Financial Statements.
- (ii) Investments in entities where the Company holds interest on a temporary basis and where it does not exercise significant influence / control are not considered for consolidation purposes.
- (iii) The Financial Statements of the Subsidiaries in the Consolidation are drawn up to the same reporting date as that of the Company.
- (iv) The excess of Cost to the Company of its Investment in the Subsidiaries over the Company's portion of Equity on the date of acquisition is recognised in the financial statements as Goodwill. The carrying value of goodwill is tested for impairment as at the end of each reporting period.
- (v) The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

b) PARTICULARS OF CONSOLIDATION

The financial statements of the following subsidiaries (all incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of Voting Power as on	
	March 31, 2012	March 31, 2011
Cholamandalam Securities Limited (CSEC)	100.00	100.00
Cholamandalam Distribution Services Limited (CDSL)	100.00	100.00
Cholamandalam Factoring Limited (CFACT)	99.99	99.99

c) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India including Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and the relevant provisions of the Companies Act, 1956.

The Company and one of its subsidiary follows the prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India (RBI) for Non-deposit taking Non-Banking Finance Companies (NBFC-ND).

d) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

e) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f) REVENUE RECOGNITION

Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non Performing Loans, interest income is recognised upon realisation, as per RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

Service Charges are recognised on issue of delivery instruction to the dealer/ manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

Additional Finance Charges, Cheque bounce charges, Field visit charges and other penal / servicing charges are recognised as income on realisation due to uncertainty in their collection.

Interest spread on bilateral assignment or securitisation of receivables is recognised on accrual basis over the tenor of the underlying assets.

Loss if any in respect of securitisation and assignment is recognised upfront.

Income from non financing activity is recognised as per the terms of the respective contract on accrual basis.

Income from Primary Market Distribution and Stock Broking are recognised based on contractual obligations.

Interest income on bonds and deposits is recognised on accrual basis.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

Dividend Income is recognised when the right to receive dividend is established.

g) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT

Fixed Assets are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset.

Depreciation on own fixed assets is provided pro-rata on the basis of the Straight Line Method over their estimated useful lives or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever is higher.

Asset Description	Estimated Useful Life
Buildings	20 years
Plant and Machinery	
-Computer Equipment	3 years
-Others	5 years
Office Equipment	5 years
Furniture and Fixtures	Lease Period or 5 years, whichever is lower
-Improvement to Leasehold Premises	Lease Period or 5 years, whichever is lower except that in respect of CSEC it is over 5 years.
-Others	5 years

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

Asset Description	Estimated Useful Life
Vehicles	5 years
Intangible Assets-Computer Software	License Period or 3 years, whichever is lower except that in respect of CSEC it is over 6 years
Stock Exchange Membership Card	15 years

Assets individually costing less than or equal to ₹5,000 are fully depreciated in the year of acquisition.

The carrying amount of assets are reviewed at each balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised if the carrying value exceeds the higher of net selling price of the assets and its value in use.

h) INVESTMENTS

Investments which are long term in nature, are stated at cost. Provision is made for diminution in value if it is of nature other than temporary. Premium on acquisition of Government securities is amortised over the balance tenure.

Current investments are valued at lower of cost and fair value.

i) RECEIVABLES UNDER FINANCING ACTIVITY AND PROVISIONING

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off

- (i) Unearned income
- (ii) Instalments appropriated up to the year-end.

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to minimum provisioning requirements specified by RBI.

Provision for Non Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to minimum provisioning requirements specified by RBI.

j) REPOSSESSED ASSETS

Reposessed Assets are valued at lower of cost and estimated net realisable value.

k) RETIREMENT AND OTHER BENEFITS

(i) Defined Contribution Plan

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees Provident Fund and Employees Family Pension Fund, based on the Statutory provisions as per the Employee Provident Fund Scheme, are charged to revenue.

Superannuation: The Company contributes a sum equivalent to 15% of eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred.

(ii) Defined Benefit Plan & Long Term Compensated Absences

Expenditure for defined benefit gratuity plan and long term accumulated compensated absences is calculated as at the balance sheet date in a manner that distributes expenses over the employees working lives. These commitments are valued at the present value of expected future payments and with consideration for calculated future salary increases.

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

accounts its liability for future gratuity benefits based on actuarial valuation, as at the balance sheet date, determined every year by LIC using the Projected Unit Credit method.

The Company accounts its liability for long term compensated absences based on actuarial valuation, as at the balance sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the profit and loss account in the year in which they occur.

(iii) Other Employee Benefits

Other employee benefits include short term accumulated compensated absences which is recognised based on the eligible leave at credit on the balance sheet date and is estimated based on the terms of the employment contract.

l) FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the balance sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the year.

m) DERIVATIVE TRANSACTIONS

The Company generally enters into derivative transactions for hedging purposes only. Income from derivative transactions is recognised on accrual basis. Such derivative instruments are marked to market wherever required as at the balance sheet date and provision for losses, if any, is dealt with in the profit and loss account.

n) LEASE ACCOUNTING

Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term in accordance with AS-19, Leases issued by the Institute of Chartered Accountants of India.

o) SERVICE TAX INPUT CREDIT

Service Tax Input Credit is accounted for in the books in the period when the underlying service received is accounted and when there is no uncertainty in availing / utilising the same.

p) TAXATION

Income Tax: Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax: Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

q) DEFERRED COMPENSATION COSTS

In respect of stock options granted pursuant to the Company's Employee Stock Option Schemes, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

r) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for -

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

s) PREPAID FINANCE CHARGES

Prepaid Finance Charges represents ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, and is amortised on a straight line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.

t) SHARE ISSUE EXPENSES

Share issue expenses are either debited to the profit and loss account or adjusted against securities premium account in accordance with Section 78(2) of the Companies Act, 1956, based on management's decision.

2. CHANGE IN ACCOUNTING POLICY

During the year, the Company has, by way of bilateral assignment, sold loan receivables aggregating to ₹ 70,883.45 lakhs. The interest spread arising there from is accounted over the residual tenor of the receivables sold as against upfront recognition of such interest spread in earlier years. Income from operations & Profit before tax would have been higher by ₹ 2,699.20 lakhs and Profit after Tax would have been higher by ₹ 1,619.52 lakhs had the company recognised the said interest spread upfront as in previous years. This change is also in line with the draft revised guidelines on Securitisation transaction issued by Reserve Bank of India in September 2011.

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 3 SHARE CAPITAL		
AUTHORISED		
Equity Shares :	15,000.00	12,000.00
15,00,00,000 (2011 - 12,00,00,000) Equity Shares of ₹ 10 each		
Preference Shares :		
3,00,00,000 (2011 - 3,00,00,000) Redeemable Preference Shares of ₹ 100 each	30,000.00	30,000.00
	45,000.00	42,000.00
ISSUED		
Equity Shares :		
13,26,91,303 (2011 - 11,94,20,635) Equity Shares of ₹ 10 each	13,269.13	11,942.06
Preference Shares :		
3,00,00,000 (2011 - 3,00,00,000) 1% Fully Convertible Cumulative Preference Shares of ₹ 100 each (Fully converted on May 17, 2010 into 3,26,08,695 equity shares)	30,000.00	30,000.00
	43,269.13	41,942.06
SUBSCRIBED AND FULLY PAID UP		
Equity Shares :		
13,25,54,549 (2011 - 11,92,83,881) Equity Shares of ₹10 each	13,255.45	11,928.39
Add : Forfeited Shares	6.54	6.54
	13,261.99	11,934.93

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31.03.2012		As at 31.03.2011	
Equity Shares	No.	Amount	No.	Amount
At the beginning of the year	11,92,83,881	11,928.39	6,64,06,334	6,640.63
Issued during the year - conversion of 3,00,00,000 1% Fully convertible preference shares	-	-	3,26,08,695	3,260.87
Issued during the year on preferential basis	1,32,55,454	1,325.55	2,02,68,852	2,026.89
Issued during the year - Employees Stock Option Scheme	15,214	1.52	-	-
Outstanding at the end of the year	13,25,54,549	13,255.45	11,92,83,881	11,928.39
Forfeited shares				
Equity - Amount originally paid up	1,30,900	6.54	1,30,900	6.54
Fully convertible cumulative Preference Shares				
At the beginning of the year	-	-	3,00,00,000	30,000.00
Converted into Equity shares during the year	-	-	(3,00,00,000)	(30,000.00)
Outstanding at the end of the year	-	-	-	-

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

b) Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of ₹10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Equity Shares held by Holding company and its Associates

	31.03.2012	31.03.2011
Tube Investments of India Limited - Holding company	7,22,33,019	7,22,33,019
Murugappa Holdings Limited - Associate of Holding Company	176	-

d) Details of shareholding more than 5% shares in the company

	As at 31.03.2012		As at 31.03.2011	
	No.	% holding in the class	No.	% holding in the class
Tube Investments of India Limited	7,22,33,019	54.49	7,22,33,019	60.56
International Finance corporation	1,18,31,352	8.93	1,18,31,352	9.92
New Ambadi Estates Private Limited	72,18,410	5.45	72,18,410	6.05

e) Shares reserved for issue under options

Refer Note 35 for details of shares reserved for issue under options

	As at 31.03.2012	As at 31.03.2011
NOTE : 4 RESERVES AND SURPLUS		
CAPITAL RESERVE	3.97	3.97
CAPITAL REDEMPTION RESERVE (Note 4.1)	3,300.00	3,300.00
SECURITIES PREMIUM ACCOUNT		
Balance at the beginning of the year	68,211.04	18,893.56
Add: Premium on issue of shares on Preferential basis (Note 4.2)	19,883.18	22,995.46
Premium on conversion of Preference shares	-	26,739.13
Premium on ESOPs exercised	5.57	-
Less: Share issue expenses	(320.24)	(417.11)
Closing balance	87,779.55	68,211.04
STATUTORY RESERVE (Note 4.3)		
Balance at the beginning of the year	9,155.45	7,911.45
Add: Amount transferred from surplus in the statement of profit and loss	3,451.00	1,244.00
Closing balance	12,606.45	9,155.45

₹ in lakhs

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
GENERAL RESERVE		
Balance at the beginning of the year	6,434.13	6,123.13
Add: Amount transferred from surplus in the statement of profit and loss	10,000.00	311.00
Transfer from Adjustments on consolidation	2,189.06	-
Closing balance	18,623.19	6,434.13
ADJUSTMENTS ON CONSOLIDATION		
Balance at the beginning of the year	2,189.06	2,189.06
Less: Transfer to General Reserve	(2,189.06)	-
Closing balance	-	2,189.06
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	4,970.00	191.16
Profit for the year	16,899.03	8,458.45
Less:		
Dividend		
Equity for previous year (Refer Note:4.4)	(0.08)	-
Equity Interim (Paid - ₹1.50 Per share)	(1,789.49)	-
Equity (Proposed - ₹1.00 Per share)	(1,325.55)	(1,789.26)
Preference	-	(38.63)
Distribution tax on Equity Dividend	(505.30)	(290.31)
Distribution tax on Preference Dividend	-	(6.41)
Transfer to Statutory Reserve	(3,451.00)	(1,244.00)
Transfer to General Reserve	(10,000.00)	(311.00)
Net surplus in the statement of profit and loss	4,797.61	4,970.00
Total Reserves and surplus	1,27,110.77	94,263.65

4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during the prior years

4.2 Premium on allotment of shares on preferential basis :

No of equity shares	Premium per share		
1,32,55,454	150.00	19,883.18	-
1,08,93,852	82.00	-	8,932.96
93,75,000	150.00	-	14,062.50
		19,883.18	22,995.46

4.3 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934

4.4 Represents dividend payment relating to previous year in respect of 5,128 shares which were allotted to the employees under the Employee Stock Option Scheme 2007 after 31 March, 2011 but before 25 July, 2011 (book closure date).

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 5 BORROWINGS				
LONG TERM				
Redeemable Non-Convertible Debentures				
Medium Term - Secured (Refer Note 5.1(i))	1,60,790.00	70,000.00	93,500.00	30,000.00
Subordinated debt - Unsecured	77,800.00	70,300.00	15,000.00	-
Perpetual debt - Unsecured	50,770.00	15,000.00	-	-
Term Loans (Refer 5.1(ii))				
Rupee Loans - Secured				
- Banks	4,10,834.00	3,75,666.52	1,39,833.00	87,833.48
- Others	-	-	-	6,000.00
Foreign currency loans from banks - Secured	15,261.00	30,585.11	25,817.01	8,839.52
	7,15,455.00	5,61,551.63	2,74,150.01	1,32,673.00
The above amount includes				
Secured borrowings	5,86,885.00	4,76,251.63	2,59,150.01	1,26,673.00
Unsecured borrowings	1,28,570.00	85,300.00	15,000.00	-
Amount disclosed under the head "Other Current Liabilities"	-	-	(2,74,150.01)	(1,26,673.00)
	7,15,455.00	5,61,551.63	-	-
SHORT TERM				
Working capital Demand loans and cash credit from Banks - Secured (Refer Note 5.1(iii))	-	-	1,31,306.28	48,666.11
Commercial paper - Unsecured	-	-	23,500.00	58,000.00
	-	-	1,54,806.28	1,06,666.11
The above amount includes				
Secured borrowings	-	-	1,31,306.28	48,666.11
Unsecured borrowings	-	-	23,500.00	58,000.00
	-	-	1,54,806.28	1,06,666.11

5.1 Security

- Redeemable Non convertible debentures - Medium term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari pasu charge on immovable property situated at Ahmedabad
- Term loans from banks is secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property
- Cash credit from banks and working capital demand loans are secured by floating charge on assets under hypothecation and other current assets

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	As at 31.03.2011
₹ in lakhs		
NOTE : 6 OTHER LONG TERM LIABILITIES		
Advances from customers	79.16	66.29
Interest Accrued but Not Due on Loans	1,679.45	-
Financial liabilities on derivative transactions	-	2,819.40
Deferred Rent	178.27	72.21
	1,936.88	2,957.90

	Long term		Short term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
₹ in lakhs				
NOTE : 7 PROVISIONS				
PROVISIONS FOR EMPLOYEE BENEFITS				
- Compensated Absences	-	-	817.59	687.93
	-	-	817.59	687.93
Other provisions				
Provision for Standard Assets	2,075.54	1,348.05	1,311.89	3,748.98
Provision for Non performing Assets	2,537.56	1,317.37	12,429.62	23,536.74
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	687.65	2,533.54	251.22	993.37
Provisions for Mark to Market Losses on Derivatives	-	-	1,456.15	1,159.69
Contingent Service Tax Claims	-	-	735.61	69.33
Proposed Dividend - Equity	-	-	1,325.55	1,789.26
Provision for Distribution tax on proposed Dividend - Equity	-	-	215.04	290.31
	5,300.75	5,198.96	17,725.08	31,587.68
	5,300.75	5,198.96	18,542.67	32,275.61

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
TRADE PAYABLES		
Dues to clients and Stock Exchanges	830.44	981.82
Others	9,093.42	5,736.01
	9,923.86	6,717.83
OTHER CURRENT LIABILITIES		
Current maturities of long term debt	2,74,150.01	1,32,673.00
Interest Accrued but Not Due on Loans / Other Deposits	18,819.27	11,743.05
Income received in advance	29.91	-
Unclaimed Dividend	33.79	33.62
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Note 8.1)	53.74	67.35
Advances from customers/others	1,083.40	1,628.16
Security Deposit received	291.36	249.12
Dues to :		
- Assignees/investors towards collections in derecognised assets	6,674.48	6,146.82
- Insurance companies towards premium collected from customers	668.67	504.48
- Statutory authorities	367.44	219.05
Other liabilities	383.41	104.62
	3,02,555.48	1,53,369.27

- 8.1** Pursuant to the Company obtaining a fresh Certificate of Registration dated December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits, consequent to its decision to exit from deposit accepting activities effective November 01, 2006, the Company has a total deposit of ₹85.21 lakhs as at March 31, 2012 (2011 - ₹97.29 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 17.

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

NOTE : 9 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block as at	
	Cost as at		Additions	Deletions	Upto		Provided	Withdrawn	Upto	
	31.03.2011	31.03.2012			31.03.2011	31.03.2012				
Tangible Asset										
Freehold Land	-	464.19	-	-	-	-	-	-	-	464.19
Buildings (Note 9.1)	2,962.61	462.30	-	-	228.14	156.85	-	-	384.99	3,039.92
Plant and Machinery (Note 9.2)	1,507.59	561.43	16.88	-	1,293.13	184.82	16.31	-	1,461.64	590.50
Office Equipment	291.58	303.82	6.40	-	193.02	144.25	4.35	-	332.92	256.08
Furniture and Fixtures	274.86	290.48	7.37	-	249.81	128.59	5.27	-	373.13	184.84
Leasehold improvements	414.72	296.20	35.84	-	341.29	102.03	32.11	-	411.21	263.87
Vehicles	275.98	237.33	83.93	-	88.53	70.83	57.28	-	102.08	327.30
Total	5,727.34	2,615.75	150.42	150.42	2,393.92	787.37	115.32	115.32	3,065.97	5,126.70
Previous Year	5,931.74	2,964.93	3,165.44	-	4,495.14	494.77	2,582.55	-	2,407.36	3,323.87
Intangible Asset										
Computer Software	2,332.13	372.27	-	-	1,959.35	244.35	-	-	2,203.70	500.70
Stock Exchange Membership Card	170.75	-	-	-	142.26	6.57	-	-	148.83	21.92
Total	2,502.88	372.27	-	-	2,101.61	250.92	-	-	2,352.53	401.27
Previous Year	2,145.71	401.27	47.99	-	1,626.16	510.00	47.99	-	2,088.17	519.55

9.1. Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.

9.2 Computers held for sale included in Plant and Machinery is Nil (2011 - ₹ 1.38 lakhs).

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 10 NON CURRENT INVESTMENTS (Valued at Cost Unless Stated Otherwise)		
Non Trade Investments - Unquoted		
Investment in Equity shares		
Amaravathi Sri Venkatesa Paper Mills Ltd. 2,93,272 Equity shares of ₹10 each fully paid up	129.04	129.04
Saraswat Co-operative Bank Ltd. 1,000 Equity shares of ₹10 each fully paid up	0.10	0.10
The Shamrao Vithal Co-operative Bank Ltd. 1,000 Equity shares of ₹25 each fully paid up	0.25	0.25
Bombay Stock Exchange Limited 1,30,000 Shares of ₹1 each fully paid up	138.04	138.04
Madras Stock Exchange Limited 2,65,000 Shares of ₹1 each fully paid up	0.15	0.15
Chola Insurance Services Limited 19,133 Shares of ₹10 each fully paid up	1.91	-
Samvit Educational Services Private Limited 25,000 Shares of ₹10 each fully paid up	-	-
Investment in other shares		
Abhishek Co-operative Housing Society 5 shares of ₹50 each : Cost ₹250 only	-	-
Chennai Willingdon Corporate Foundation 5 shares of ₹10 each : Cost ₹50 only	-	-
Investment in Mutual Fund Units - Unquoted	120.00	-
Investment in Government Securities - Quoted		
Government of India Stock : 740% - 2012 (Face Value ₹400 lakhs)	-	460.36
Less: Amortisation of premium on acquisition	-	(52.22)
	389.49	675.72
Aggregate Value of Quoted Investments - At Cost	-	460.36
- At Market Value	-	399.50
Aggregate Value of Unquoted Investments - At Cost	389.49	267.58

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	As at 31.03.2012	₹ in lakhs As at 31.03.2011
NOTE : 11 DEFERRED TAX ASSET (NET)		
DEFERRED TAX ASSET		
Provision for Standard Assets	1,099.05	1,653.73
Provision for Non-Performing Assets	2,617.24	7,750.36
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	304.62	1,144.31
Provision for Repossessed Stock	307.82	331.22
Provision for Doubtful advances	-	161.22
Income Derecognised on Non Performing Assets	1,963.83	2,790.78
Provision for diminution in value of investment	4.83	2.41
Provisions for mark to market losses on derivatives	472.45	376.26
Provision for compensated absences	243.22	205.15
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	72.27	46.59
Others	58.47	333.98
(A)	7,143.80	14,796.01
DEFERRED TAX LIABILITY		
Unamortised Prepaid Finance Charges	2,030.83	1,383.13
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	-	72.67
(B)	2,030.83	1,455.80
NET DEFERRED TAX ASSET (A) - (B)	5,112.97	13,340.21
MOVEMENT IN NET DEFERRED TAX ASSET DURING THE YEAR	(8,227.24)	(2,455.54)

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
SECURED (Refer Note 12.1 & 12.2)				
Automobile Financing	5,43,592.65	3,39,482.81	3,27,479.99	2,25,242.56
Loans against Immovable Property	2,78,563.15	1,73,207.77	20,531.24	14,679.25
Loans against Securities	9,667.77	28,237.75	23,922.47	40,391.63
Loans against Gold	-	-	4,131.26	-
Other Loans	2,300.00	200.00	-	-
Instalments and Other Dues from Borrowers (Refer Note 12.3 & 12.4)	-	-	12,108.56	9,507.25
Total (a)	8,34,123.57	5,41,128.33	3,88,173.52	2,89,820.69
UNSECURED				
Consumer Loans	172.08	8,312.38	7,656.57	5,975.08
Other Loans	-	-	7,421.77	4,215.73
Instalments and Other Dues from Borrowers (Refer Note 12.3 & 12.5)	-	-	1,544.49	18,088.68
Total (b)	172.08	8,312.38	16,622.83	28,279.49
Total receivables under financing activity (a) + (b)	8,34,295.65	5,49,440.71	4,04,796.35	318,100.18

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and/or, pledge of securities and/or, equitable mortgage of property and/or, company guarantees or personal guarantees and/or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets de-recognised on account of Assignment of Receivables.			927.82	3,097.63
12.4 Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months			4,292.06	2,599.19
12.5 Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months			1,322.51	16,645.34
Of the above:				
Considered Good	8,29,599.88	5,40,354.33	3,90,830.06	2,92,289.32
Others - Non Performing Assets	4,695.77	9,086.38	13,966.29	25,810.86
	8,34,295.65	5,49,440.71	4,04,796.35	3,18,100.18

₹ in lakhs

	Long Term		Short term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 13 LOANS AND ADVANCES				
Unsecured - Considered Good (Unless otherwise stated)				
Capital Advances	364.66	183.18	-	-
Security Deposits	842.03	637.20	353.04	305.59
Deposits placed towards cash collateral for assets de-recognised	-	-	-	3,765.58
Deposits with Stock Exchanges	145.50	144.50	47.18	134.29
Prepaid expenses	22.35	15.86	423.20	361.07
Service tax input credit	217.51	1,958.64	2,032.90	1,125.21
Less: Provision	(217.51)	(163.90)	-	-
	-	1,794.74	2,032.90	1,125.21
Advance tax (net of provision for tax ₹ 11,564.09 lakhs; 2011- ₹ 7,808.86 lakhs)	3,622.61	3,825.85	5.17	-
MAT Credit entitlement (net)	161.17	168.28	-	-
Other advances	-	-	290.08	395.60
	5,158.32	6,769.61	3,151.57	6,087.34

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Non current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 14 OTHER ASSETS				
Unsecured - Considered Good (Unless otherwise stated)				
Non current bank balances	24,296.75	27,746.28	-	-
Excess Interest spread - Derecognised assets	5,791.00	7,493.59	1,679.73	1,298.80
Prepaid Finance Charges	4,829.29	2,962.17	1,430.00	1,321.77
Prepaid Discount on Commercial paper	-	-	496.50	362.00
Reposessed Automobile assets	-	-	194.62	435.10
Interest and Other Income Accrued but Not Due				
- on Loans to Borrowers	-	-	13,704.66	8,585.34
- on Deposits and Investments	-	-	3,699.86	5,254.94
Financial assets on derivative transactions	1,553.22	-	1,512.50	-
Unbilled revenue	-	-	21.51	44.29
Other Accruals and receivables	-	-	939.10	549.45
	36,470.26	38,202.04	23,678.48	17,851.69

₹ in lakhs

	As at 31.03.2012	As at 31.03.2011
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value, unless stated otherwise)		
Investment in Government Securities - Quoted		
Government of India Stock : 7.40% - 2012 (Face Value ₹ 400 lakhs)	460.36	-
Less: Amortisation of premium on acquisition	(59.69)	-
	400.67	-
Investments in Mutual Funds - Unquoted	226.70	325.71
	627.37	325.71
Aggregate Value of Quoted Investments - At Cost	460.36	-
- At market value	399.46	-
Aggregate Value of Unquoted Investments - At Cost	226.70	325.71

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

₹ in lakhs

	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 16 TRADE RECEIVABLES				
Secured - Considered Good	-	-	670.28	609.44
Unsecured - Considered Good	-	-	66.75	58.85
Unsecured - Considered Doubtful	191.15	185.71	6.97	7.18
Less: Provision for Doubtful Debts	(191.15)	(185.71)	(6.97)	(7.18)
	-	-	737.03	668.29
Trade Receivables outstanding for a period of more than 6 months				
Secured - Considered Good	-	-	2.19	1.81
Unsecured - Considered Doubtful	-	-	3.80	7.18

₹ in lakhs

	Non - Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
NOTE : 17 CASH AND BANK BALANCES				
CASH AND CASH EQUIVALENTS				
Cash on hand	-	-	2,089.90	2,165.04
Cheques, Drafts on hand	-	-	778.86	
Balances with banks				
- On Current Accounts (Refer Note 17.1)	-	-	10,791.41	3,076.00
OTHER BANK BALANCES				
- On Unpaid Dividend Accounts	-	-	33.79	33.62
- On Client and Exchange related Accounts	-	-	87.92	191.55
- On Deposit Accounts - (Refer Note 17.2)				
- Free of Lien	-	-	7,402.83	9,809.12
- Under Lien	-	-	440.00	598.48
- Deposits as collateral towards assets de-recognised	24,296.75	27,746.28	7,108.51	3,771.34
- Escrow Account (Refer 8.1)	-	-	93.65	97.29
Amount disclosed under non current assets	(24,296.75)	(27,746.28)		
	-	-	28,826.87	19,742.44

Of the above, the balances that meet the definition of cash and cash equivalents as per AS3 cash flow statements is ₹13,660.17 lakhs (2011- ₹5,241.04 lakhs).

17.1 Balances with Banks on Current Account include amounts collected in respect of assets de-recognised on account of Assignment of Receivables pending remittance to the assignees. Refer Note 8.

17.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹4,997.83 lakhs (2011 - ₹4,182.58 lakhs) which have an original maturity of more than 12 months.

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	Year ended 31.03.2012	₹ in lakhs Year ended 31.03.2011
NOTE : 18 REVENUE FROM OPERATIONS		
(A) Income from Financing activity		
i) Interest		
-Automobile Financing	1,07,563.54	67,051.67
-Loans against Immovable Property	31,489.40	19,261.61
-Loans against Securities	8,738.03	5,980.78
-Loans against Gold	154.62	-
-Other Loans	800.73	451.08
-Interest spread on assignment/securitisation	2,880.37	5,351.16
ii) Other Operating Revenue		
-Automobile Financing	16,928.20	12,699.28
-Loans against Immovable Property	2,653.79	2,795.32
-Loans against Securities	198.04	184.00
-Loans against Gold	2.34	-
-Consumer Loans	113.50	-
-Other Loans	6.25	-
(B) Interest on bank deposits placed as collateral towards assets derecognised	2,891.89	3,492.97
(C) Stock broking, Depository Operations and Allied Services	475.02	957.52
(D) Retail Distribution Operations	906.50	994.70
(E) Profit on sale of current investments	1,057.62	711.47
(F) Income from Non Financing activity	1,069.70	694.77
	1,77,929.54	1,20,626.33
NOTE : 19 OTHER INCOME		
Interest (Refer Note 19.1)	429.31	191.85
Dividend	11.15	39.54
Rent	16.25	-
Profit on sale of Fixed assets	-	1,128.13
Miscellaneous Income (Refer Note 19.2)	8.19	286.35
	464.90	1,645.87
19.1 Interest includes :		
- Interest on Deposits	328.00	157.32
- Interest on Income Tax Refund	71.70	-
19.2 Gain on premature redemption of commercial paper included in Miscellaneous income	-	190.41

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	Year ended 31.03.2012	₹ in lakhs Year ended 31.03.2011
NOTE : 20 FINANCE COSTS		
Interest Expense		
- Debentures	31,997.80	17,210.56
- Bank Loans	54,525.46	27,904.09
- Intercompany Deposit	-	1.88
- Other Loans	-	680.49
Discount on Commercial Papers	8,714.36	8,150.92
Others		
- Amortisation of ancillary borrowing costs	3,182.03	2,140.38
- Amortisation of premium on Forward contracts	147.78	994.89
- Bank charges	434.66	387.96
	99,002.09	57,471.17
NOTE : 21 EMPLOYEE BENEFIT EXPENSE		
Salaries, Bonus and Commission	10,819.43	8,890.44
Contribution to Provident and Other Funds	514.84	407.12
Staff Welfare Expenses	584.93	357.54
	11,919.20	9,655.10
NOTE : 22 OTHER OPERATING EXPENSES		
Rent (Refer Note 22.1)	2,061.70	1,676.23
Electricity Charges	396.73	243.12
Rates and Taxes (Refer Note 22.2)	2,091.87	121.18
Communication Cost	745.16	650.22
Traveling and Conveyance	1,283.98	641.82
Advertisement Expenses	748.11	355.35
Business Development Expenses	13.02	15.62
Insurance	389.94	290.24
Repairs and Maintenance		
- Buildings	6.34	3.25
- Others	67.17	36.49
Printing and Stationery	499.23	340.78
Information Technology Expenses (Refer Note 22.1)	752.52	663.93
Auditors' Remuneration (including for other Auditors)	43.44	41.97
Professional Charges	2,382.81	823.68
Lease Rental Expense	619.73	475.80
Loss on Sale of Fixed Assets (Net)	1.40	-
Foreign Exchange Loss (Net)	1,506.33	1,743.51
Recovery Charges (Refer Note 22.4)	5,754.58	6,994.07
Miscellaneous Expenses (Refer Note 22.3)	213.36	327.12
	19,577.42	15,444.38
Less : Expenses Recovered	(89.72)	(121.05)
	19,487.70	15,323.33

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	Year ended 31.03.2012	₹ in lakhs Year ended 31.03.2011
22.1 Lease equalisation charge included in:		
- Rent	68.07	37.68
- Information technology expense	(1.42)	(29.68)
22.2 Service Tax charge included in Rates and Taxes	1,963.35	-
22.3 Donation included in Miscellaneous expenses	145.00	42.50
22.4 Net of reversal of provision for servicing costs on assets derecognised	77.34	591.71

NOTE : 23 PROVISIONS, LOAN LOSSES AND OTHER CHARGES

Loss Assets Written Off	17,222.96	23,388.02
Loss on Repossessed Assets (Net)	1,617.15	1,360.35
Provision for Non Performing Assets	7,490.28	12,304.16
Provision Released for Non Performing Assets on recovery/write off (Refer Note 23.1)	(19,887.91)	(22,407.66)
	6,442.48	14,644.87
Interest reversal for Non Performing Consumer Loans	-	912.32
Provision for Standard Assets (Net)	1,290.40	2,097.03
Provision for other doubtful debts and advances	53.84	1.13
Loss on sale of shares held as stock in trade (Net)	1.74	0.45
Goodwill Written off	-	58.93
Amortisation of Premium on Acquisition of Government Securities	7.46	7.44
	7,795.92	17,722.17
23.1 Includes reversal of provision for credit enhancements on assets derecognised	2,510.70	1,117.15

	2011-12 Gain / (Loss)	₹ in lakhs 2010-11 Gain / (Loss)
NOTE : 24 EXCEPTIONAL ITEMS		
Reversal of Provision for Standard Assets made in March 2009 as per capital reduction scheme	3,000.00	-
Exceptional Items (Net)	(3,000.00)	-

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

Particulars	₹ in lakhs	
	2011-12	2010-11
NOTE : 25 EARNINGS PER SHARE		
Profit After Tax	16,899.03	8,458.45
Less: Preference Dividend Payable (Including Distribution Tax Thereon)	-	(45.05)
Profit Attributable to Equity Shareholders	16,899.03	8,413.40
Weighted Average Number of Equity Shares (Basic)	11,98,71,902	10,88,18,492
Earnings per Share - Basic (₹)	14.10	7.73
Weighted Average Number of Equity Shares (Diluted)	11,98,86,211	10,88,44,714
Earnings per Share - Diluted (₹)	14.10	7.73
Face Value Per Share (₹)	10.00	10.00

Note:

Earnings per Share calculations are done in accordance with Accounting Standard 20 (AS 20) "Earnings per Share".

	As at 31.03.2012	As at 31.03.2011
NOTE : 26 ASSETS DE-RECOGNISED		
Assets De-recognised -		
on Bilateral Assignment of Receivables	1,00,853.02	90,199.04
on Securitisation of Receivables	31,337.92	-
Deposits provided as Collateral for Credit Enhancements (Refer Note 17)	31,405.26	35,283.20

NOTE : 27 DETAILS OF OUTSTANDING DERIVATIVES		
(i) Outstanding Derivatives:		
Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	58,046.00	53,586.00
(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

NOTE : 28 AUDITORS' REMUNERATION		
(including for other auditors and net of service tax input credit)		
Statutory Audit	25.83	25.66
Other Services	15.67	14.55
Reimbursement of Expenses	1.94	1.76
Total	43.44	41.97*

(*) Excludes ₹3.50 lakhs paid for Preferential Issue related certification services, debited to Share Premium account.

NOTES

forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

	₹ in lakhs	
	2011-12	2010-11
NOTE : 29 GRATUITY		
DETAILS OF ACTUARIAL VALUATION:		
PROJECTED BENEFIT OBLIGATION AT THE BEGINNING OF THE YEAR	264.49	166.91
Current Service Cost	62.97	47.19
Interest Cost	21.12	13.35
Actuarial Losses / (Gains)	51.57	55.59
Benefits Paid	(9.37)	(18.55)
PROJECTED BENEFIT OBLIGATION AT THE END OF THE YEAR	390.78	264.49
CHANGE IN PLAN ASSETS		
Fair Value of Plan Assets at the Beginning of the Year	280.96	180.48
Expected Returns on Plan Assets	25.50	16.01
Employer's Contribution	98.89	103.02
Benefits Paid	(9.37)	(18.55)
Actuarial Gains / (Losses)	(0.10)	-
Fair Value of Plan Assets at the End of the Year	395.88	280.96
Liability at the End of the Year	390.78	264.49
FAIR VALUE OF PLAN ASSETS AS AT THE END OF THE YEAR	395.88	280.96
AMOUNT RECOGNISED IN THE BALANCE SHEET UNDER NOTE 13 (LOANS AND ADVANCES)	(5.10)	(16.47)
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	62.97	47.19
Interest on Obligation	21.12	13.35
Expected Return on Plan Assets	(25.50)	(16.01)
Net Actuarial Losses/(Gains) Recognised in the Year	51.67	55.59
NET COST RECOGNISED IN THE PROFIT AND LOSS ACCOUNT	110.26	100.12
ASSUMPTIONS		
Discount Rate	8.00% p.a.	8.00% p.a.
Future Salary Increase	5.00% p.a.	5.00% p.a.
Attrition Rate	1-3% p.a.	1-3% p.a.
Expected Rate of Return on Plan Assets	9.00 - 9.25% p.a.	9.00 - 9.25% p.a.

OTHER DISCLOSURES:

Benefit	2011-12	2010-11	2009-10	2008-09	2007-08
Projected Benefit Obligation	390.78	264.49	166.90	153.47	135.37
Fair Value of Plan Assets	395.88	280.96	180.48	103.18	74.53
Surplus/(Deficit)	5.10	16.47	13.58	(50.29)	(60.84)

Notes:

1. The expected return on plan assets is as furnished by LIC.
2. The entire plan assets are managed by LIC. The data on plan assets and experience adjustment has not been furnished by LIC and hence there are no disclosures in this regard.
3. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
4. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

NOTE : 30 SEGMENTAL REPORTING

The Management has identified the following reportable segments:

	Financing			Distribution		Stock Broking		Eliminations		Consolidated Total	
	2011-12	2010-11		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE											
External Revenue	1,76,538.03	1,18,668.84		909.81	994.70	481.70	962.79	-	-	1,77,929.54	1,20,626.33
Inter-segment Revenue	-	-		0.14	-	75.60	-	(75.74)	-	-	-
Total Revenue	1,76,538.03	1,18,668.84		909.95	994.70	557.30	962.79	(75.74)	-	1,77,929.54	1,20,626.33
RESULT											
Segment Result	22,881.61	9,194.19		(37.06)	690.63	(258.43)	48.87	-	-	22,586.11	9,933.70
Other Income	-	-		-	-	-	-	-	-	6,346.00	2,340.43
Net Profit Before Tax	-	-		-	-	-	-	-	-	28,932.11	12,274.13
Other Information											
Segment Assets	13,34,595.22	9,52,249.14		2,503.90	2,298.39	1,875.77	2,062.26	-	-	13,38,974.89	9,56,609.78
Unallocated Corporate Assets	-	-		-	-	-	-	-	-	9,918.78	18,328.84
Total Assets	13,34,595.22	9,52,249.14		2,503.90	2,298.39	1,875.77	2,062.26	-	-	13,48,893.68	9,74,938.62
Segment Liabilities	12,07,402.84	8,67,493.31		131.47	104.54	986.60	1,139.46	-	-	12,08,520.92	8,68,737.31
Unallocated Corporate Liabilities	-	-		-	-	-	-	-	-	-	-
Total Liabilities	12,07,402.84	8,67,493.31		131.47	104.54	986.60	1,139.46	-	-	12,08,520.92	8,68,737.31
Capital Expenditure	3,093.17	3,535.61		47.53	8.48	28.80	2.50	-	-	3,169.50	3,546.59
Depreciation	890.25	851.44		42.75	40.04	105.29	113.29	-	-	1,038.29	1,004.77

NOTES

forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

NOTE : 31 RELATED PARTY DISCLOSURES (as per AS-18 "Related Party Disclosures")

List of Related Parties:

• Companies holding Substantial Interest in Voting Power	: Tube Investments of India Limited, DBS Bank Limited, Singapore (upto April 7, 2010)
• Associate of Holding Company	: Murugappa Holdings Limited (w.e.f April 01,2011)
• Joint venture of Holding Company	: Cholamandalam MS Risk Services Limited (w.e.f May 11, 2010)
• Fellow Subsidiaries	: Cholamandalam MS General Insurance Company Limited
• Key Management Person	: Mr. N. Srinivasan, Director (Upto August 18, 2010)
	Mr. S. Vellayan, Managing Director (w.e.f August 19, 2010)

Note:

Related party relationships are as identified by the Management and relied upon by the Auditors

		₹ in lakhs	
Transaction	Related Party	2011-12	2010-11
Dividend Payments			
Equity Shares	Tube Investments of India Limited	1,083.49	381.24
	Murugappa Holdings Limited (₹ 264.00)	0.00	-
Preference Shares	Tube Investments of India Limited	-	196.44
Interest Payments	DBS Bank Limited	-	0.06
	Cholamandalam MS General Insurance Company Limited	257.25	193.39
Rent Payments	Cholamandalam MS General Insurance Company Limited	34.82	32.55
Rent (including hiring) Receipts	Tube Investments of India Limited	33.35	37.43
	Cholamandalam MS General Insurance Company Limited	77.53	66.51
	Cholamandalam MS Risk Services Limited	3.16	2.22
Payments for Services Availed	Cholamandalam MS General Insurance Company Limited	524.55	285.08
Advance Premium Deposit Given	Cholamandalam MS General Insurance Company Limited	4,839.63	1,554.96
Receipts for Services Rendered	Tube Investments of India Limited	-	5.40
	Cholamandalam MS General Insurance Company Limited	1,490.10	423.31
Receipts on settlement of insurance claim	Cholamandalam MS General Insurance Company Limited	76.82	74.09
Expenses-Reimbursed	Tube Investments of India Limited	-	0.52
	Cholamandalam MS General Insurance Company Limited	14.12	20.36
	Cholamandalam MS Risk Services Limited	0.68	-

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

		₹ in lakhs	
Transaction	Related Party	2011-12	2010-11
Amounts Received towards	Tube Investments of India Limited	-	1.61
Reimbursements of Expenses	Cholamandalam MS General Insurance Company Limited	35.02	51.12
	Cholamandalam MS Risk Services Limited	0.34	0.37
Sale of Fixed Assets	Cholamandalam MS General Insurance Company Limited	-	5.60
Advances/Deposits Recovered	Tube Investments of India Limited	-	0.60
Conversion of Fully convertible cumulative Preference shares into Equity shares	Tube Investments of India Limited	-	30,000.00
Remuneration	Key Management Person (Mr. S Vellayan)	146.09	87.82
Directors Sitting Fees and Commission	DBS Bank Limited	-	0.40
	Key Management Person (Mr. N Srinivasan)	-	0.75
Net Amounts Receivable/ (Due) as at Year end	Tube Investments of India Limited	3.43	4.60
	Cholamandalam MS General Insurance Company Limited	182.88	9.76
	Cholamandalam MS General Insurance Company Limited	(1,994.14)	(1,504.16)
	Cholamandalam MS Risk Services Limited	-	1.20

Note:

The Company had provided shortfall undertaking to the lender of Cholamandalam Factoring Limited (Subsidiary) in respect of its outstanding term loan ₹ NIL (2011 - ₹ 6,000 lakhs).

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Counter Guarantees provided to Banks - ₹968.49 lakhs (2011 - ₹933.02 lakhs)

(b) Contested Claims Not Provided for:

Particulars	₹ in lakhs	
	As at 31.03.2012	As at 31.03.2011
Income tax and Interest Tax issues where the company is in appeal	2,324.18	2,158.66
Decided in the Company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	204.37	201.93
Service Tax issues pending in respect of which the company is under appeal	22.90	118.47
Decided in the Company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Service Tax	50.76	-
Sales Tax issues pending before Appellate Authorities in respect of which the Company is in appeal	384.15	425.95
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	1,082.66	912.47

The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.

(c) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 1,770.50 lakhs (2011- ₹ 98.58 lakhs).

NOTE : 33 CHANGES IN PROVISIONS

Particulars	₹ in lakhs			
	As at 31.03.2011	Additional Provision	Utilisation/ Reversal	As at 31.03.2012
Provision for Standard Assets	5,097.03	1,290.40	(3,000.00)	3,387.43
Provision for Non-Performing Assets	24,854.11	7,490.29	(17,377.21)	14,967.19
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	3,526.91	-	(2,588.04)*	938.87
Contingent Service Tax claims	69.33	735.61	(69.33)	735.61

*Refer Note 22.4 & 23.1

Note:

The Company had provided shortfall undertaking to the lender of Cholamandalam Factoring Limited (Subsidiary) in respect of its outstanding term loan ₹ NIL (2011 - ₹ 6,000 lakhs).

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

NOTE : 34 LEASES

Assets taken on Non-cancellable operating lease consists of Plant and Machinery, Furniture and Fixtures and Office Equipments.

The details of Maturity profile of Non-cancellable Future Operating Lease Payments are given below.

Period	₹ in lakhs	
	31.03.2012	31.03.2011
Not later than one year	561.38	568.49
Later than one year and not later than five years	701.72	1,279.10
Later than five years	-	-
Total	1,263.10	1,847.59

NOTE : 35

a) EMPLOYEE STOCK OPTION PLAN

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(IA) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme - 2007:

Particulars	Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year		
Grant No.							Vested	Yet to vest	
1	Original	30-07-07	193.40	30-07-08	7,65,900	-	6,35,732	1,30,168	-
	CAA *	25-01-08	178.70	-	54,433	-	44,337	10,096	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	1,62,800	-	1,33,638	29,162	-
4	Original	25-04-08	191.80	25-04-09	4,68,740	-	2,61,507	1,41,173	66,060
5	Original	30-07-08	105.00	30-07-09	10,070	2,012	1,020	4,017	3,021
6	Original	24-10-08	37.70	24-10-09	65,600	13,202	35,998	6,560	9,840
7									
- Tr I	Original	27-01-11	187.60	27-01-12	2,94,600	-	10,848	48,072	2,35,680
- Tr II	Original	27-01-11	187.60	27-01-12	2,09,700	-	21,576	69,744	1,18,380
8	Original	30-04-11	162.55	30-04-12	1,13,400	-	34,000	-	79,400
9	Original	28-07-11	175.35	28-07-12	61,800	-	-	-	61,800
10	Original	27-10-11	154.55	27-10-12	1,95,680	-	-	-	1,95,680

* CAA- Corporate Action Adjustment

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent Consultant.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

NOTES forming part of the Consolidated financial statements for the year ended March 31, 2012 (contd.)

Date of Grant	Variables					6. Fair Value of the Option (₹)
	1. Risk Free Interest Rate	2. Expected Life	3. Expected Volatility	4. Dividend Yield	5. Price of the underlying Share in the Market at the time of the Option Grant (₹)	
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% - 43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% - 7.98%	3-6 years	41.24% - 43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% - 7.10%	3-6 years	44.58% - 47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

- b) Share application money pending allotment as on March 31, 2011 represents application money received on exercise of 3,652 options on March 31, 2011 which were subsequently allotted on April 11, 2011.

NOTE : 36 SHARING OF COSTS

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed to between the Companies, which has been relied upon by the Auditors.

NOTE : 37 PREVIOUS YEAR FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the **Board**

M. B. N. Rao
Chairman

Date : 26 April, 2012
Place : Chennai

P. Sujatha
Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

DISCLOSURE of Information Relating to Subsidiaries

The Ministry of Corporate Affairs, Government of India, vide general circular No.2 and 3 dated 8 February, 2011 and 21 February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of certain conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular including the disclosure of information of subsidiaries in the consolidated balance sheet of the company.

Particulars	₹ in lakhs					
	Cholamandalam Distribution Services Limited		Cholamandalam Factoring Limited		Cholamandalam Securities Limited	
	2011 - 12	2010 - 11	2011 - 12	2010 - 11	2011 - 12	2010 - 11
1. Share Capital						
- Equity	4,240.00	4,240.00	8,036.48	2,036.48	2,050.00	2,050.00
- Preference	-	-	-	-	-	-
2. Reserves and Surplus						
-	(1,377.53)	(1,341.12)	(7765.00)	(1,635.94)	(899.68)	(363.94)
Total	2,862.47	2,898.88	271.48	400.54	1,150.32	1,686.06
3. Total Liabilities *	131.47	104.54	6,911.09	7,287.41	986.61	1,139.46
4. Total Assets (Including investments)+	2,993.94	3,003.42	7,182.57	7,687.95	2,136.93	2,825.52
5. Investments:						
Current Investments	-	109.33	226.70	25.96	-	190.42
Non Current investments						
- Quoted	-	-	-	-	-	-
- Unquoted	120.00	-	1.91	-	138.19	138.19
6. Gross Income	1,176.50	1,151.38	2.45	2.37	631.57	1,013.57
7. Profit/(Loss) before Tax	(37.06)	690.63	(6,129.07)	(816.43)	(258.43)	48.87
8. Provision for taxation						
- Current	(0.64)	-	-	-	(3.01)	0.09
- Deferred	-	-	-	-	280.32	22.84
9. Profit/(Loss) after Tax	(36.42)	690.63	(6,129.07)	(816.43)	(535.74)	25.94
10. Dividend / Proposed Dividend including dividend tax	-	-	-	-	-	-

* Total Liabilities include: Borrowing, Trade Payables, Other Liabilities and Provisions

+ Total Assets include: Net fixed Assets, Investments, Deferred Tax Asset, Loans and Advances, Cash and Bank balances, Trade Receivable and Other Current Assets

VALUES AND BELIEFS

The Spirit of Murugappa Group comprises 'The Five Lights', each light representing one value of the Group.

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.



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