

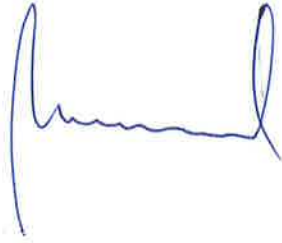



APR 2014 f. 2

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Cholamandalam Investment and Finance Company Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Audit Committee Chairman <p>Place : Chennai Date : 13th June 2014</p> <p>Refer our Audit Report dated 28th April, 2014 on the financial statements of the company</p> <p>For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No.008072S)</p> <p><i>Geetha Suryanarayanan</i> Geetha Suryanarayanan (Partner) (Membership No.29519)</p> <p>Place : Chennai Date : 13th June 2014</p>	   

Cholamandalam Investment and Finance Company Limited

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

Phone: 044 3000 7172; Fax: 044 2534 6464;

CIN-L65993TN1978PLC007576

Email ID: investors@chola.murugappa.com; Website: www.cholafinance.com

Notice to Shareholders

NOTICE is hereby given that the thirty sixth annual general meeting of the shareholders of Cholamandalam Investment and Finance Company Limited will be held at 4 p.m. on Thursday, 31 July, 2014 at The Music Academy, New No.168, (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014 to transact the following business:

ORDINARY BUSINESS:

1. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT the directors' report, the statement of profit and loss for the year ended 31 March, 2014 and the balance sheet as at that date together with the independent auditors' report thereon be and are hereby considered, approved and adopted.

2. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT the interim dividend of 25% declared by the board of directors on 29 January, 2014 on the equity shares of ₹ 10/- each of the company and paid to those equity shareholders whose name appeared in the register of members as on 8 February, 2014 being the record date fixed for this purpose be and is hereby approved for the year ended 31 March, 2014.

RESOLVED FURTHER THAT a final dividend of 10% as recommended by the board of directors be and is hereby declared on the equity shares of ₹ 10/- each of the company for the year ended 31 March, 2014 and paid to those shareholders, in case of shares held in physical form, whose names appear in the register of members as on 31 July, 2014 and in case of shares held in dematerialised form, as per the details furnished by the depositories for this purpose.

3. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT Mr. L.Ramkumar (holding DIN 00090089), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the company liable to retire by rotation.

4. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai bearing registration no. 008072S be and are hereby appointed as the auditors of the company for a period of three years commencing from the conclusion of the thirty sixth annual general meeting till the conclusion of the thirty ninth annual general meeting subject to ratification of such appointment by members at every annual general meeting at a remuneration of ₹ 30 lakhs per annum including the actual travelling and out of pocket expenses incurred in connection with the audit in addition to service tax as applicable.

SPECIAL BUSINESS:

5. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, 161, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to clause 49 of the listing agreement, Mr. Nalin

Mansukhlal Shah (holding DIN 00882723), additional director, who holds office up to the date of this annual general meeting and in respect of whom the company has received a notice in writing proposing his candidature for the office of a director under section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the company not liable to retire by rotation, to hold office for a term of 3 consecutive years up to 39th annual general meeting.

6. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to clause 49 of the listing agreement, Mr. M.B.N. Rao (holding DIN 00287260), director, in respect of whom the company has received a notice in writing proposing his candidature for the office of a director under section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the company not liable to retire by rotation, to hold office for a term of 4 consecutive years up to 40th annual general meeting.

7. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to clause 49 of the listing agreement, Mr. Indresh Narain (holding DIN 00501297), director, in respect of whom the company has received a notice in writing proposing his candidature for the office of a director under section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the company not liable to retire by rotation, to hold office for a term of one year up to 37th annual general meeting.

8. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to clause 49 of the listing agreement, Mr. V. Srinivasa Rangan (holding DIN 00030248), director in respect of whom the company has received a notice in writing proposing his candidature for the office of a director under section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the company not liable to retire by rotation, to hold office for a term of 5 consecutive years up to 31 March, 2019.

9. To consider and if deemed fit, to pass, with or without modification(s), the following as a **SPECIAL RESOLUTION:**

RESOLVED THAT in supersession of the resolutions passed earlier and pursuant to the provisions of section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committee thereof), to borrow from time to time such sum or sums of money as they may deem fit notwithstanding however, that the total borrowings exceed the aggregate of paid-up capital and free reserves of the company, provided however that the aggregate of amounts so borrowed and outstanding at any one time (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of ₹ 40,000 crores.

RESOLVED FURTHER THAT the board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.

10. To consider and if deemed fit, to pass, with or without modification(s), the following as a **SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 42, 71 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of Securities and Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2008, the rules, regulations, guidelines and circulars as amended from time to time, the Memorandum and Articles of Association of the company and subject to such other requirements as may be prescribed by regulatory

authorities from time to time, consent of the members of the company be and is hereby accorded to offer, issue and allot, in one or more series or tranches, secured and unsecured non-convertible debentures on private placement basis during the period commencing from the date of this 36th annual general meeting until the conclusion of the 37th annual general meeting, for an amount not exceeding ₹ 10,000 crores within the overall borrowing limits of the company, as approved by the members, on such terms and conditions and at such times at par or at such premium as may be decided by the board of directors of the company (including committees thereof), from time to time, to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals, as the case may be or such other person / persons as the board of directors of the company (including committees thereof) may determine and consider proper and most beneficial to the company including rate of interest, tenure and security cover thereof, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT pursuant to the provisions of sections 42, 71 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the company be and is hereby accorded to approve and ratify the secured and unsecured non-convertible debentures issued and allotted on private placement basis, in tranches, from 1 April, 2014 till the conclusion of this 36th annual general meeting, within the overall borrowing limits of the company, as approved by the members, on such terms and conditions as decided by the board of directors of the company (including committees thereof), to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals, as the case may be or such other person / persons as the board of directors of the company (including committees thereof) determined and considered proper and most beneficial to the company including rate of interest, tenure and security cover thereof, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT the board of directors of the company (including any committee thereof), be and is hereby authorised to do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments and writings as may be deemed necessary, proper, desirable or expedient to give effect to this resolution.

11. To consider and if deemed fit, to pass, with or without modification(s), the following as a **SPECIAL RESOLUTION**:

RESOLVED THAT pursuant to the provisions of sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Memorandum and Articles of Association of the company and subject to such approvals as may be required, the non-executive directors (excluding managing director / executive director / whole-time directors but including alternate directors, if any) be paid remuneration by way of commission for a period of five financial years commencing from 1 April, 2014, a sum not exceeding 1% of the net profits of the company for each financial year, as computed in the manner laid down under section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT the board of directors be and is hereby authorised to decide, from time to time the maximum commission payable to directors subject to the above ceiling of 1% and also to decide from time to time, the quantum and manner of distribution of the commission to one or more directors within the limit prescribed.

RESOLVED FURTHER THAT the aforesaid commission shall be exclusive of fees payable to such directors for attending any meetings of the board or a committee thereof.

RESOLVED FURTHER THAT the board of directors be and is hereby authorised to take all steps, as may necessary, desirable or expedient to give effect to this resolution.

12. To consider and deem fit, to pass, with or without modification(s), the following as a **SPECIAL RESOLUTION**:

RESOLVED THAT pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the company and subject to such other approvals and permissions as may be required, consent of the members be and is hereby accorded to sell, mortgage and / or create charge, in addition to the mortgages / charges created / to be created by the company in such form and manner and with such ranking and at such

time and on such terms and conditions as may be determined, on all or any of the movable and / or immovable properties of the company and / or the interest held by the company in all or any of the movable and / or immovable properties, both present and future and / or the whole or any part of the undertaking(s) of the company, in favour of lender(s), agent(s) and trustee(s) for securing the borrowings of the company availed / to be availed by way of loan(s) and securities (comprising non-convertible debentures, bonds or other debt instruments), issued / to be issued by the company, from time to time, together with interest at the respective agreed rates and all other costs, charges and expenses and all other monies payable by the company in terms of the loan agreement(s), debenture trust deed(s) or any other agreement / document, entered into / to be entered into between the company and the lender(s) / investor(s) / agent(s) and / or trustee(s), in respect of the said loans, borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the company and the lender(s), agent(s) and / or trustee(s).

RESOLVED FURTHER THAT the board of directors of the company (including any committee thereof), be and is hereby authorised to finalise and execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and all such deeds, documents, instruments or writings as may be necessary, proper, desirable or expedient as they may deem fit and to do all such acts, deeds and things and give such directions, as may be deemed necessary, desirable or expedient, to give effect to this resolution.

By Order of the Board

Place : Chennai
Date : 28 April, 2014

P. Sujatha
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the annual general meeting (AGM) may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the company. Proxy to be valid shall be deposited at the registered office of the company at least forty eight hours before the time for holding the meeting. A person shall not act as a proxy for more than fifty members and holding in the aggregate not more than 10% (ten percent) of the total share capital of the company carrying voting rights. A person holding more than 10% (ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxy form for the AGM is enclosed.**
2. Members are requested to bring their duly filled in attendance slips enclosed herewith to attend the meeting.
3. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the AGM.
4. Information as required under clause 49 of the listing agreement(s) in respect of appointment / re-appointment of directors are furnished and forms a part of the notice.
5. The explanatory statement pursuant to section 102 of the Companies Act, 2013 (the Act) in respect of businesses set out above in item nos. 4 to 12 is annexed.
6. The register of members and share transfer books of the company will remain closed from Friday, 25 July, 2014 to Thursday, 31 July, 2014 (both days inclusive).
7. The final dividend of ₹ 1/- per equity share of the company, as recommended by the board, if declared at the ensuing annual general meeting, will be paid, subject to the provisions of section 126 of the Act, to those members or their mandatees whose names stand registered in the company's register of members as on 24 July, 2014. Members are encouraged to utilise the electronic clearing service (ECS) for receiving dividends by registering their bank mandates.

8. All correspondence relating to change of address, transfer / transmission of shares, issue of duplicate share certificates, bank mandates, dividend and all other matters relating to the shareholding in the company may be made to M/s. Karvy Computershare Private Ltd., the registrar and share transfer agent (RTA). The members holding shares in dematerialised form may send such communication to their respective depository participant/s (DPs).
9. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed form no. SH13, duly filled in to the RTA. The prescribed form can be obtained from the RTA / DPs as well as downloaded from the company website.
10. All unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the company, have been transferred to the investor education and protection fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the company for the amounts so transferred prior to 31 March, 2014, nor shall any payment be made in respect of such claim. However, effective 1 April, 2014, as per the, new Companies Act, 2013, the shareholders shall be entitled to get refund out of fund only in such manner as may be prescribed by the Ministry of Corporate Affairs, from time to time.

It may be noted that the unclaimed dividend in respect of the financial year 2006-07 is due for transfer to the IEPF on 3 September, 2014. Reminders have been sent in February 2014 and June 2014 to those members having unclaimed dividends and not due for remittance to IEPF. Members wishing to claim dividends, which remain unclaimed are advised to write to the company's RTA immediately claiming dividends declared by the company. Members attention is particularly drawn to the "General Shareholders Information" section of the annual report in respect of unclaimed dividend.

11. As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiative and register your e-mail address to receive all communication and documents including annual reports from time to time in electronic form to the e-mail address provided by you. Members holding shares in dematerialised form, may send such communication to their respective DPs and those holding shares in physical form, may send such communication to RTA.
12. Copies of the annual report for 2014, notice of the 36th AGM along with attendance slip and proxy form are being sent to all the members whose email IDs are registered with the company / DPs for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the aforesaid documents are being sent in the permitted mode.
13. Members may also note that the notice of the 36th AGM and the annual report for 2014 will also be available on the company's website www.cholafinance.com for their download. The physical copies of the aforesaid documents will also be available at the company's registered office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the company's investor email id: investors@chola.murugappa.com.
14. SEBI has mandated the submission of the permanent account number (PAN) by every participant in the securities market. Members holding shares in electronic form, are therefore, requested to submit their PAN to their respective DPs. Members holding shares in physical form shall submit their details to RTA.
15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA for consolidation into a single folio.

By Order of the Board

Place : Chennai
Date : 28 April, 2014

P. Sujatha
Company Secretary

ANNEXURE TO THE NOTICE

A. INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S):

Item No. 3:

Re-appointment of Mr. L.Ramkumar as a director liable to retire by rotation:

Mr. L.Ramkumar was appointed as a director of the company on 28 July, 2010. He is liable to retire by rotation at the 36th annual general meeting and being eligible has offered himself for re-appointment. His brief resume and nature of his expertise in specific functional area is provided in the annual report. Mr. Ramkumar holds 154 equity shares of the company and is not related to any other director of the company. Names of other companies in which he holds directorship and committee membership as referred in clause 49 of the listing agreement(s) as per his disclosure to the board for the financial year 2014-15 are given below:

Name of the company	Committee membership
Tube Investments of India Limited	Shareholders & investors grievance committee
Shanthi Gears Limited	Shareholders grievance committee - Chairman
TI Financial Holdings Ltd.	-
TI Tsubamex Private Limited	-

Item No. 5:

Appointment of Mr. Nalin Mansukhlal Shah as an independent director:

Mr. Nalin Mansukhlal Shah was appointed as an additional director of the company at the board meeting on 31 July, 2013. His brief resume and nature of his expertise in specific functional area is provided in the annual report. Mr. Shah does not hold any shares of the company and is not related to any other director of the company. Names of other companies in which he holds directorship and committee membership as referred in clause 49 of the listing agreement(s) as per his disclosure to the board for the financial year 2014-15 are given below:

Name of the company	Committee membership
Eimco-Elecon (India) Limited	Audit committee – Chairman
Artson Engineering Limited	Audit committee – Chairman Investors grievance committee
DCB Bank Limited (formerly, Development Credit Bank Limited)	Audit committee Stakeholders relationship committee
ABC Bearings Limited	Investors grievance committee

Item No. 6:

Appointment of Mr. M.B.N.Rao as an independent director:

Mr. M.B.N. Rao was appointed as a director of the company on 28 July, 2010. His brief resume and nature of his expertise in specific functional area is provided in the annual report. Mr. Rao does not hold any shares of the company and is not related to any other director of the company. Names of other companies in which he holds directorship and committee membership as referred in clause 49 of the listing agreement(s) as per his disclosure to the board for the financial year 2014-15 are given below:

Name of the company	Committee membership
EID Parry (India) Limited	Audit committee - Chairman
Electro Steel Castings Limited	Audit committee
The Ramco Cements Limited (formerly, Madras Cements Limited)	-
Ramco Industries Limited	Audit committee

Name of the company	Committee membership
Taj GVK Hotels and Resorts Limited	Audit committee
Apollo Munich Health Insurance Company Limited	Audit committee - Chairman
Indian Clearing Corporation Limited	Audit committee - Chairman
Lanco Amarkantak Power Limited	Audit committee - Chairman
Lanco Power Limited	Audit committee
Aircel Cellular Limited	-
Aircel Limited	-
Nuziveedu Seeds Limited	Audit committee
Dishnet Wireless Limited	-
CRISIL Risk and Infrastructure Solutions Limited	-
MMTC - PAMP India Private Limited	-
Franklin Templeton Asset Management (India) Private Limited	-
Mandava Holdings Private Ltd. (Holding company of Nuziveedu Seeds Limited)	-
BFSI Sector Skill Council of India (section 8 company of the Companies Act, 2013)	-

Item No. 7:
Appointment of Mr. Indresh Narain as an independent director:

Mr. Indresh Narain was appointed as a director of the company on 21 July, 2006. His brief resume and nature of his expertise in specific functional area is provided in the annual report. Mr. Narain does not hold any shares of the company and is not related to any other director of the company. Names of other companies in which he holds directorship and committee membership as referred in clause 49 of the listing agreement(s) as per his disclosure to the board for the financial year 2014-15 are given below:

Name of the company	Committee membership
Dhanuka Agritech Limited	Shareholders grievance committee - Chairman
Pine Bridge Investments Trustee Company (India) Private Limited	Audit committee - Chairman
Governors of the Indian Public Schools Society (section 8 company of the Companies Act, 2013)	-

Item No. 8:
Appointment of Mr. V. Srinivasa Rangan as an independent director:

Mr. V. Srinivasa Rangan was appointed as a director of the company on 28 July, 2011. His brief resume and nature of his expertise in specific functional area is provided in the annual report. Mr. Rangan holds 4,000 equity shares of the company and is not related to any other director of the company. Names of other companies in which he holds directorship and committee membership as referred in clause 49 of the listing agreement(s) as per his disclosure to the board for the financial year 2014-15 are given below:

Name of the company	Committee membership
Housing Development Finance Corporation Limited	Investor relations and grievance committee
Atul Limited	Audit committee
Hindustan Oil Exploration Company Limited	Audit committee
HDFC Investments Limited	Audit committee
HDFC Venture Capital Limited	-

Name of the company	Committee membership
HDFC Property Ventures Limited	-
HDFC Holdings Limited	Audit committee
HDFC Developers Limited	-
TVS Credit Services Limited	Audit committee
HDFC Trustee Company Limited	Audit committee
IVF Advisors Private Limited	-
Ruralshores Business Services Private Limited	-
Credila Financial Services Private Limited	-
HDFC Education & Development Services Private Limited	Audit committee

B. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (THE ACT)

Item no. 4:

Pursuant to section 139 of the Companies Act, 2013 (the Act) read with Companies (Audit and Auditors) Rules, 2014, the statutory auditors shall be appointed for two terms of 5 years each, which shall include the tenure already served. The Rules also prescribe the maximum tenure a firm may be appointed as auditors if they have already been serving as auditors for more than 7 years. M/s. Deloitte Haskins & Sells, Chartered Accountants have been functioning as statutory auditors for a term of 9 years and hence as per the Rules, the maximum number of years for which the firm may be appointed shall be 3 consecutive years.

The statutory auditors have confirmed that their appointment, if made, would be within the limits prescribed under section 141(3)(g) of the Act and in accordance with the requirements of section 139(1) of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014. The auditors have further confirmed that they are not disqualified from being appointed as auditors under the Act or the Chartered Accountants Act, 1949.

Further, section 142 of the Act requires the remuneration of the auditors to be fixed in the general meeting and the same shall include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to them.

Accordingly, the approval of the members is being sought by means of an ordinary resolution for the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the statutory auditors, to audit the financial statements of the company for the period from the conclusion of the 36th annual general meeting till the conclusion of the 39th annual general meeting on the remuneration as per details provided under item no. 4 of the notice.

The board recommends the re-appointment of the statutory auditors of the company for approval of the shareholders.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no. 4 of the notice.

Item Nos. 5 to 8:

Pursuant to the provisions of section 149 of the Companies Act, 2013 (the Act), which came into effect from 1 April, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors (IDs). An ID shall hold office for a term up to five consecutive years on the board of a company, but shall be eligible for re-appointment for a term up to another five consecutive years on passing of a special resolution by the company and disclosure of such appointment in the board's report. As per the Act, an ID is not liable to retire by rotation.

Keeping in view the new provisions of the Companies Act, 2013 and considering the age and the term the IDs have already served on the board, the board considered and recommended for appointment of IDs for such terms as detailed in their respective appointment resolutions.

In respect of item no.5, Mr. Nalin Mansukhlal Shah was appointed as an additional director of the company on 31 July, 2013. Pursuant to the provisions of section 161 of the Act, Mr. Shah will hold office up to the date of this annual general meeting.

The company has received notices in writing along with a deposit of ₹ 100,000/- from members for each director under the provisions of section 160 of the Act proposing the candidature of Mr. Shah, Mr. Rao, Mr. Narain and Mr. Rangan as directors.

Mr. M.B.N. Rao, Mr. Indresh Narain, Mr. V. Srinivasa Rangan and Mr. Nalin Mansukhlal Shah, non-executive directors of the company have given a declaration to the board that they meet the criteria of independence as provided under section 149 of the Act as well as clause 49 of the listing agreement. In the opinion of the board, each of these directors fulfill the conditions specified in the Act and Rules made there under for appointment as IDs and they are independent of the management.

The board recommends the appointment of these directors as independent directors for such terms as specified in the resolutions as set out in item nos. 5 to 8 of the notice.

In compliance with the provisions of section 149 read with schedule IV of the Act and clause 49 of the listing agreement, the appointment of these directors is being placed before the members for their approval.

None of the key managerial personnel and directors of the company other than the directors who are to be appointed under the respective resolutions and their relatives are concerned or interested in the resolutions set forth in item nos. 5 to 8 of the notice.

Item no. 9:

Under section 180(1)(c) of the Companies Act, 2013 (the Act), sanction of the company is required for enabling the board of directors to borrow money in excess of paid-up share capital and free reserves of the company by way of a special resolution.

By a resolution passed at the annual general meeting held on 31 July, 2013, sanction was accorded by the members by way of an ordinary resolution to the board of directors to borrow money over and above the aggregate of the paid-up share capital and free reserves of the company up to a limit of ₹ 40,000 crores.

Under section 180 of the Act, the above powers of the board are required to be exercised only with the consent of the company by a special resolution.

Hence, the resolution as set out in item no. 9 is being sought, by way of a special resolution, pursuant to section 180(1)(c) of the Act seeking approval of the shareholders to authorise the directors to borrow in excess of the aggregate of the paid-up capital and free reserves up to a sum not exceeding ₹ 40,000 crores.

The board recommends the resolution under item no. 9 for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no. 9 of the notice.

Item no. 10:

Pursuant to the provisions of section 42 of the Companies Act, 2013 read with rule 14(2)(a) of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), a company offering or making an invitation to subscribe to non-convertible debentures (NCDs) on a private placement basis, is required to obtain the prior approval of the shareholders by way of a special resolution. Such an approval by way of special resolution can be obtained once a year for all the offers and invitations made for such NCDs during the year.

The company has been borrowing by way of NCDs during the period from 1 April, 2014 till the date of this AGM. Further, the company is estimated to borrow up to ₹ 10,000 crores by way of NCDs during the period from the date of passing of this resolution till the next annual general meeting. The proceeds of the debentures are utilised to finance the growth of the lending portfolio of the company in its core businesses, vehicle finance and home equity. Further, in order to maintain its regulatory capital adequacy requirements, the company issues NCDs in the form of subordinated debt and perpetual debt instruments from time to time.

Accordingly, the approval of the members is being sought in connection with the aforesaid issues of NCDs including ratification of NCDs issued from 1 April, 2014. Further, members are requested to authorise the board (including any committee thereof) to issue NCDs on a private placement basis, as stipulated above in one or more tranches, within the overall borrowing limits of the company, as approved by the members from time to time.

The board recommends the resolution for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no. 10 of the notice.

Item no. 11:

At the thirty first annual general meeting of the company held on 28 July, 2009, the members had approved the payment to non-whole time directors, remuneration by way of commission at one percent of the net profits of the company as computed under section 198 of the Companies Act, 2013 (corresponding to sections 349 and 350 of the Companies Act, 1956) for a period of five financial years commencing from 1 April, 2009. As the approval is available only up to the financial year 2013-2014, the board recommends the resolution for the approval of members for a further period of five consecutive financial years. The remuneration will be distributed amongst all or some of the directors in accordance with the directions given by the board.

Accordingly, it is proposed that in terms of section 197 of the Act, the directors be paid remuneration not exceeding one percent of the net profits of the company computed in accordance with the provisions of the Act for each of the five financial years with effect from 1 April, 2014.

All the directors except Mr. L.Ramkumar and Mr. Vellayan Subbiah and their relatives are interested or concerned in the above resolution to the extent of the commission that they may receive. None of the key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no. 11 of the notice.

Item no. 12:

As per the provisions of section 180(1)(a) of the Companies Act, 2013 (the Act), a company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, unless approval of the shareholders is obtained by way of a special resolution.

In connection with the loan / credit facilities to be availed by the company, as and when required, through various sources for business purposes, the company might be required to create charges over its assets, properties and licenses by way of hypothecation, mortgage, lien, pledge etc. in favour of its lenders (up to the limits approved under section 180(1)(c) of the Act), for the purposes of securing the loan / credit facilities extended by them to the company.

Accordingly, the board recommends the special resolution set forth in item no.12 of the notice for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no. 12 of the notice.

By Order of the Board

Place : Chennai
Date : 28 April, 2014

P. Sujatha
Company Secretary

VOTING THROUGH ELECTRONIC MEANS - INSTRUCTIONS

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the company is pleased to offer e-voting facility to members to exercise their votes electronically on all resolutions set forth in the notice convening the 36th annual general meeting (AGM) to be held on Thursday, the 31 July, 2014 at 4 p.m. The company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility.

The company has appointed Mr. R. Sridharan of M/s. R. Sridharan & Associates, Company Secretaries as the scrutiniser for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on 20th June, 2014.

The instructions for e-voting are as under:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select "Cholamandalam Investment and Finance Company Limited" from the drop down menu and click on "SUBMIT"
- (iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user, follow the steps given below:
- (v) Now, fill up the following details in the appropriate boxes:

User ID	For Members holding shares in demat form: For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID For Members holding shares in physical form: Folio Number registered with the company and then enter the Captcha Code as displayed and Click on Login
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB**	Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details**	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

* Members who have not updated their PAN with the company/RTA/depository participant are requested to use the first two letters of their name and the sequence number (available in the attendance slip / in the e-mail sent to the members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. For example, if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

** Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by members holding shares in dematerialised form for voting in respect of the resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Select "EVSN" (E-voting Sequence Number) of Cholamandalam Investment and Finance Company Limited. Now, you are ready for e-voting as the voting page appears.
- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- (xi) Click on the "Resolutions File Link" if you wish to view the entire notice.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If demat account holder has forgotten the changed password, then enter the User ID and Captcha Code click on "Forgot Password" and enter the details as prompted by the system.
- (xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the board resolution and power of attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutiniser to verify the same.

In case of members receiving the physical copy:

- i. Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- ii. In case you have any queries or issues regarding e-voting, you may refer the frequently asked questions (FAQs) and e-voting manual available at <https://www.evotingindia.com> under help section or write an email to helpdesk.evoting@cdslindia.com.

Other instructions:

- i. The e-voting period begins on **Thursday, the 24 July, 2014 (9:00 a.m. Indian Standard Time) and ends on Saturday, the 26 July, 2014 (6:00 p.m. Indian Standard Time)**. During this period, the members of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 20 June, 2014, may cast their vote electronically.
- ii. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
- iii. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of 20 June, 2014.
- iv. Since the company is required to provide members the facility to cast their vote by electronic means, shareholders of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date and not casting their vote electronically, may cast their vote at the AGM venue. Facility will be available at the venue.
- v. The scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutiniser's report of the votes cast in favour or against, if any, forthwith to the chairman of the company.
- vi. The results shall be declared after the AGM of the company. The results declared along with the scrutiniser's report shall be placed on the company's website www.cholafinance.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the company and communicated to BSE Limited and National Stock Exchange of India Limited.
- vii. Voting will be provided to the members through e-voting and / or at the AGM venue. A member can opt for only one mode of voting i.e. either through e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through e-voting shall prevail and the voting at AGM shall be treated as invalid.



Strengthening the core

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.

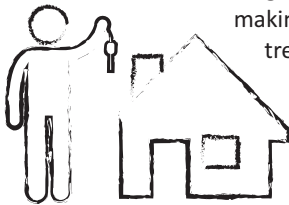


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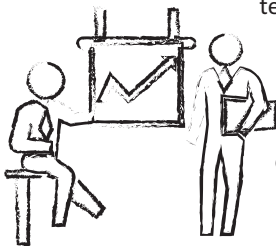
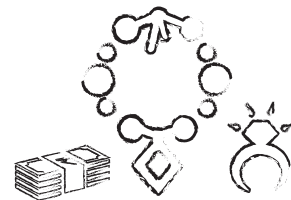
[Strengthening the core]

Strengthening our business fundamentals is a continuous process at Chola. The process is focused towards enhancing the value we deliver to our customers, leveraging IT and improving our business processes with intelligence and analytics; making our risk management framework more robust and strengthening our treasury and finance functions.



Through the fiscal year 2013-14 (FY14), Chola's mission of strengthening its core continued amid the tough and volatile business environment.

FY14 tested our resilience in the vehicle finance business. Our home equity business continued to perform strongly. Our portfolio of new businesses – SME, Home Loan, Gold Loan and Rural Finance – made new learnings while construction equipment finance got added as a new product under VF business segment. The year FY14 witnessed a sharp contraction in sale of commercial vehicles. However, Chola improved its performance marginally and also enhanced its credit rating of long term debt. It also expanded its market reach, added new businesses to its product portfolio and enhanced its operating efficiency.



With a belief that sustained growth will be a natural outcome of our capability building program, we enter FY15 with a determined focus on further strengthening our core.

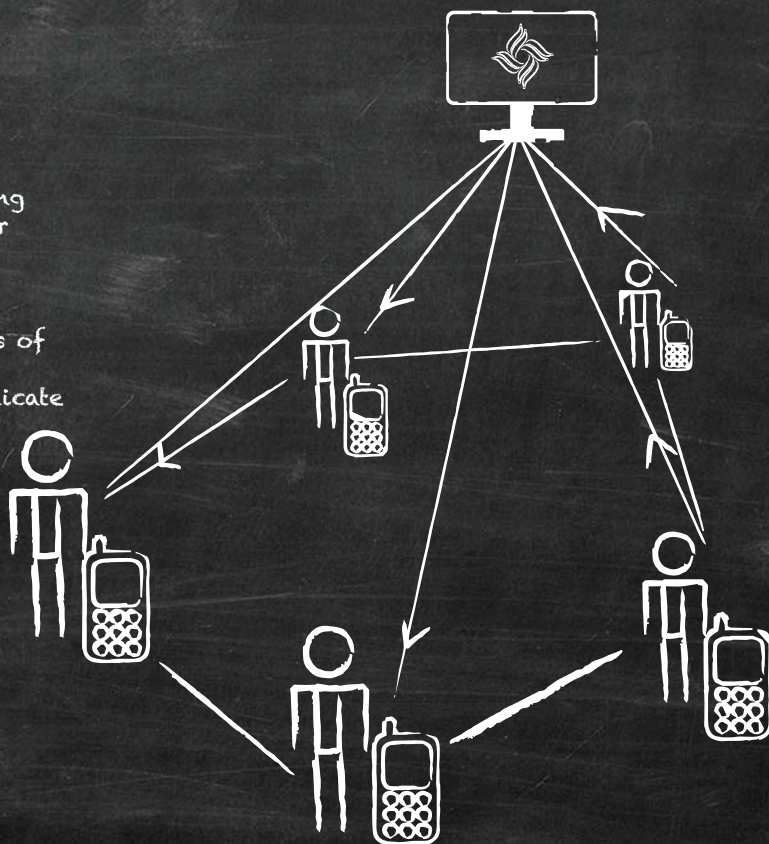
Information Technology: A strategic enabler

IT Highpoint

- Retail management system: The following major functionalities were added to our CORE lending platform:

a) Auto check with credit bureaus - An application that enables real time access of the CIBIL score of a prospect, thereby empowering the field executive communicate the loan probability to the customer.

b) Broker Empanelment - Ability to empanel brokers, thus increasing the business prospects from them and also to automate the payouts to the brokers.



The business landscape of financial services is fast evolving. Rapid spread of technology in everyone's lives is contributing to this effect. Thanks to the telecom revolution that has connected almost a billion Indians, technology now is omnipresent across the entire market landscape. The onus, now, is on business enterprises to start leveraging technology at the back end and front end in all the business processes.

With a deep conviction that information technology will drive a decisive competitive advantage, Chola has been making significant investment in leveraging information technology across its business functions and processes. From complete digitization to complete automation, Chola had fast crossed these two stages over recent years. Chola currently is significantly leveraging IT to assess key business parameters such as demand, supplies, risks and returns.

Chola's ever-evolving IT architecture and framework is facilitating its field force to access business intelligence and thereby judge the probability of loan sanctions of potential customers on a real time basis. It is enabling them to

- Business Intelligence for Finance - The Hyperion-Essbase platform was implemented and following key applications were rolled out:

a) Financial MIS: A full-fledged Financial MIS that will help each branch manager track his financial performance ratios like ROTA etc., This will aid in informed decision making at the branch level.

b) Treasury Analysis System: An application that tracks the entire lifecycle of our credit borrowing instruments. This will help Chola in planning its cash flow projections and thus improve its borrowing fundamentals.



- Mobile Platform Enhancements: Post the successful rollout in 2012, the mobility platform was enhanced to enable our field executives to serve our customers better. Critical enhancements include a grid for tractor funding, credit score on mobile and also the ability to capture document images via mobile.
- Q-Trac: This is a web based workflow automation system which facilitates centralised help desk, asset management and expense management for users pan India.
- Dealer & Customer portals: Launched self service portals for our existing customers and CV dealers to help them easily track their financial dealings in Chola online.



simplify and speed up the loan originating process – from application to disbursement. It is also helping Chola's collection teams to enhance the customer experience through the entire loan lifecycle.

For Chola, IT is helping cut down many activities that don't add much value. It is also helping it track the repayment capability of its customers. It is also helping Chola plan the daily roster of its field executives in the most productive manner. IT is enabling Chola assess the impact of a loan transaction on varied metrics such as yield, asset quality, delinquency and potential of repeat or referral business.

Chola is clear about where it wants to go and has a definite roadmap and resources to realize that vision. As it moves in that direction, it is finding IT to be a strategic enabler.

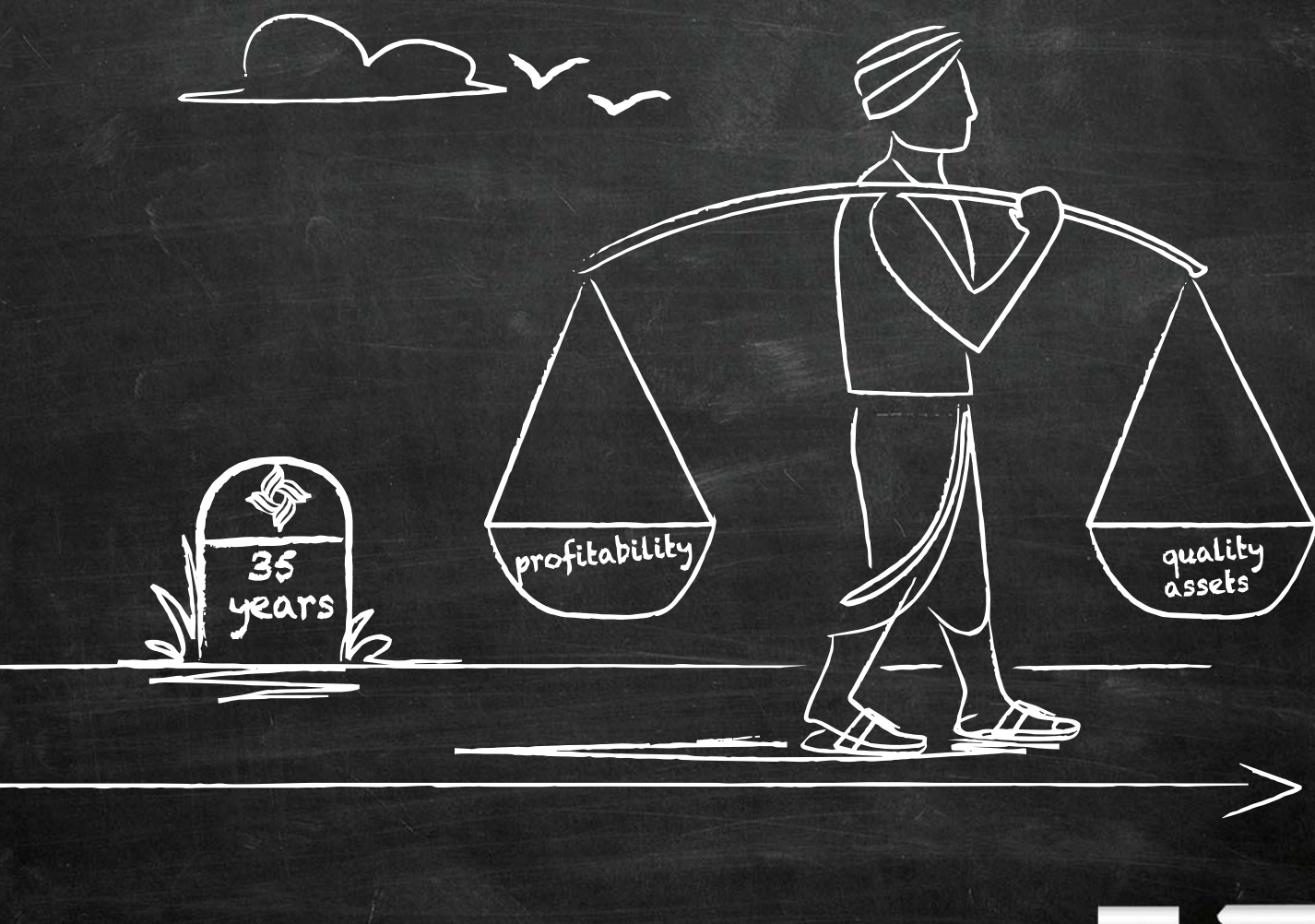
Operational Efficiency: The key to profitability

Chola's vision is to emerge as a financial services provider of choice for all its stakeholders. From employees to customers to lenders to investors and to community at large, Chola aspires to sustain its journey of value creation in such a fashion that all its stakeholders benefit from it. Over the last 35 years, it has delivered performance that balances profitability with quality assets.

While scaling rapid growth over the last three years, Chola has strategically entered and developed many new businesses, spread to multiple locations and created functions that operate at various levels. It has reached a scale where operational synergies become paramount in order to optimize resources – people, time and funds. With a belief that operational synergy is key to sustained profitability, Chola has been strengthening its operational framework over recent years.

In the process, Chola significantly centralised and automated processes which have drastically reduced Turn Around Time (TAT). This led to higher customer satisfaction and increased business through repeat business as well as increased recommendations. Also with automation, sales force is being relieved from other mundane works which has also led to better employee productivity.

In order to execute projects that involve two or more functions or business units, a strategic department called Project Management Office (PMO) was incubated in FY13. In collaboration with various businesses and functions, PMO is driving many strategic projects that enhance operational synergies in order to attain sustained profitability. Currently the top priority for PMO is to build a world-class business intelligence (BI) tool that links financial parameters to operational parameters. PMO is also focused towards identifying the potential disruptions that could arise in Chola's key businesses and making the respective businesses ready with effective counter measures.



In order to attain higher levels of operational excellence, Chola follows a structured framework. The key tenets of its operational excellence framework are as follows:

- **TATKAL:** Continuum of reduction in Turn Around Time (TAT) for disbursals, payouts and realization of funds
- **ARTHASHASTRA:** Systematic reduction in operational expenditure by enhancing efficiency and effectiveness of business operations
- **LEAN:** Systematic elimination of process steps that do not add commensurate value and thereby reduce cost and increase TAT
- **CENTRALISED CALL CENTRE:** This has led to better customer coordination and also enables sales force to remain focused

Risk Management: The value ombudsman

The company has established a robust risk management framework and is continuously engaged in strengthening the risk management practices.



During the fiscal year 2013-14, Chola continued its various risk management initiatives towards achieving the organisational objectives and strategies, some of which are as follows:

A comprehensive **Risk appetite statement** defining the risk tolerance at an enterprise level for various types of risks considering the context of Chola's business objectives, as approved by the Board was put in place.

The **Chola composite risk index**, an in-house developed risk index, was further fine-tuned and sharpened to measure and evaluate the movement of critical risks across businesses and functions, reviewed monthly by the senior management and quarterly by the Risk Management Committee.

Varied **Business analytics** carried out periodically to monitor the post disbursal portfolios and shared with the businesses to enable the various business groups to identify early enough the performance of the portfolio with respect to the risk / reward preference.

A comprehensive Risk and Control Self-Assessment process was implemented across its key branches to support active management of operational risks by obtaining self-certification from the process managers on adherence to the key internal controls.



A resilient **Business Continuity Plan** was implemented by engaging BCP experts to ensure minimal impact on continuity of business operations at Head Office and Central Processing Unit, in case of disruptions.

A comprehensive **Risk and Control Self-Assessment** process was implemented across its key branches to support active management of operational risks by obtaining self-certification from the process managers on adherence to the key internal controls.

On-line repository of **Operational loss events** was further built on to help in assessment of control failures / lapses in order to strengthen the control framework and policy making.

“**KnowRisk**”, a monthly Risk E-newsletter, to promote and instil risk culture across organisation, is published covering the key concepts of risk management supported by e-learning modules and classroom trainings on risk management and risk tools and techniques conducted to enhance the knowledge of managers.




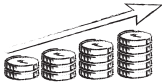






This is Chola

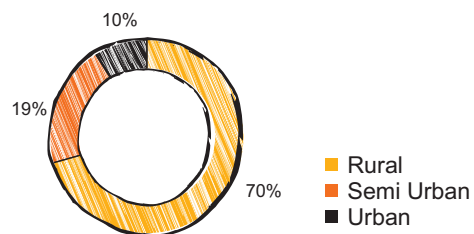
Cholamandalam Investment and Finance Company Limited (Chola) is a pan India financial services company, headquartered at Chennai with zonal offices in Mumbai, Delhi and Kolkata. A part of the diversified, ₹ 243 billion Murugappa Group, Chola serves the length and breadth of the country with an extensive distribution network of 574 branches. Revered for the Murugappa way of ethical conduct and transparent engagement with all stakeholders, Chola practices highest standards of corporate governance in all its dealings with stakeholders. With a clear geographical focus on rural and semi-urban geographies and target segments of self-employed individuals and small and medium enterprises, Chola proudly bears the flag of financial inclusion and rural empowerment.



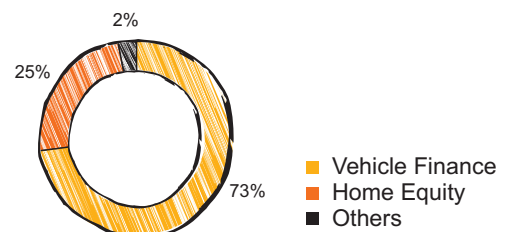
Business segments

-  • Vehicle Finance
-  • Home Equity
-  • Home Loans
-  • Corporate Finance
-  • Gold Loans
-  • Rural Finance
-  • Construction Equipment Finance
-  • Wealth Management

Geographic Mix : Branch Network

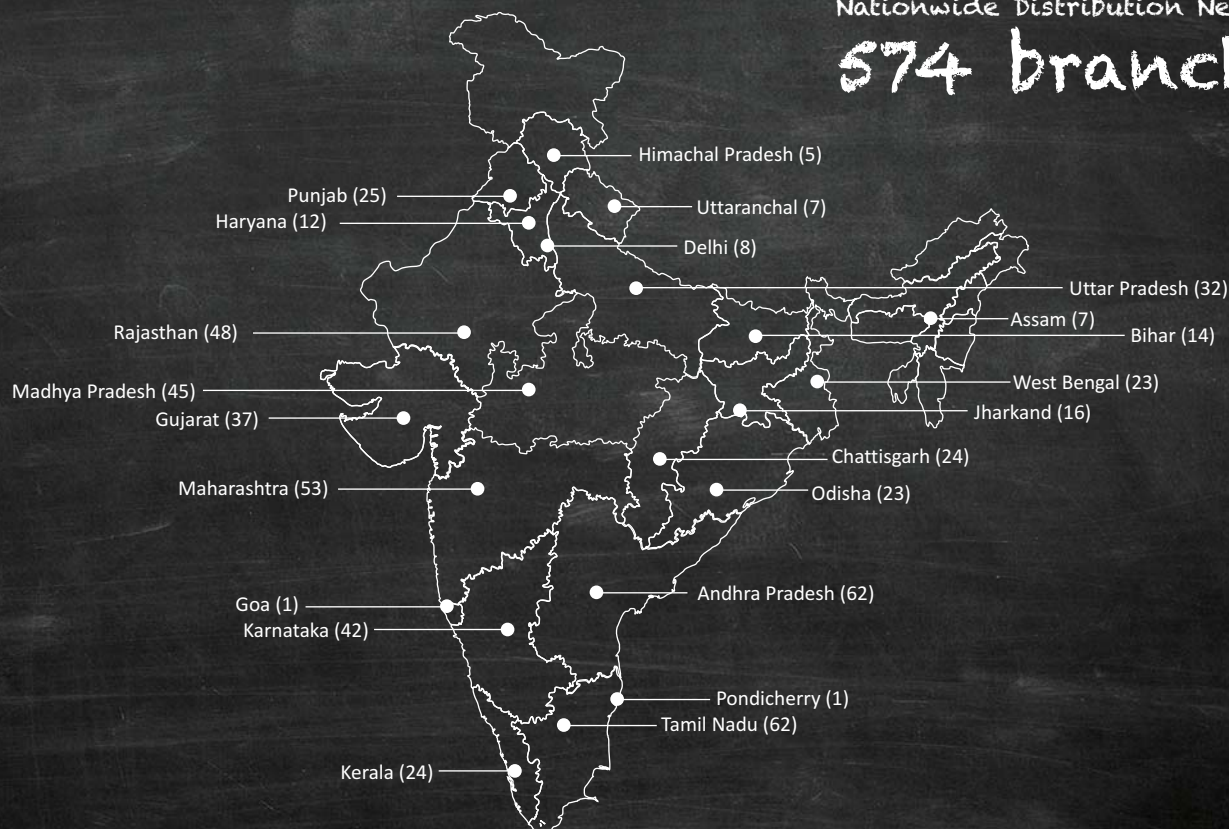


Segment Mix: Assets under Management



Nationwide Distribution Network

574 branches



Key Differentiators

- **Present across the financial services spectrum:** Having started vehicle finance in 1992, Chola has consistently spread its business presence across the spectrum of financial services products which include a host of secured lending and wealth management products. With eight distinct business verticals, it has fast established itself as a one-stop shop for varied financial needs of its retail and enterprise customers.
- **Nationwide presence, deeper entrenchment:** With a nationwide network of 574 branches, Chola reaches millions of current and potential customers across 22 states in India. Its established presence in rural, semi-urban and urban areas would help it participate in the growth of each of these regions.
- **Customer-centricity:** Chola adopts a consultative approach to customers' financial needs, maps their needs with loan eligibility and responds with speed and clarity through the entire lending lifecycle. It has pro-actively reversed the business flow by taking the documentation and decision-making process to the customer's doorstep. Ensuing modernisation of its processes and systems through deeper intervention of technology is adding to Chola's customer friendliness.
- **Trust and brand equity:** Brand Chola is synonymous with trust and fair business conduct. Undiluted focus on a value-based approach to business at all times keeps enhancing its goodwill quotient. This gets reflected in sizeable repeat and referral business opportunities from its existing and past customers.



Business Highlights

Key Figures (Standalone)

(₹ in Crores)

Particulars	FY14	FY13	FY12	FY11	FY10
Branch network (in nos.)	574	518	375	236	171
Disbursement	13,114	12,118	8,889	5,731	3,866
Assets Under Management (AUM)	23,253	18,998	13,470	9,124	6,851
Net Income Margin (NIM)	1,492	1,145	800	634	426
Operating Profit*	834	575	363	330	156
Profit After Tax (PAT)	364	307	173	62	15
Key Ratios					(in %)
NIM	7.7	7.6	7.4	8.8	7.0
Expense Ratio	3.4	3.8	4.1	4.6	4.4
Gross Non-Performing Assets	1.9	1.0	0.9	2.6	5.5
Net Non-Performing Assets	0.7	0.2	0.3	0.3	1.7
Capital Adequacy Ratio	17.2	19.0	18.1	16.7	14.8
Return on Total Assets	2.8	3.0	2.7	1.4	0.5
Return on Equity	17.1	18.1	13.8	6.7	2.0
Growth Ratios					(in %)
AUM growth	22.4	41.0	47.6	33.2	18.4
Disbursement growth	8.2	36.3	55.1	48.2	35.9
NIM growth	30.3	43.1	26.3	45.8	-18.3
Earnings Per Share growth	10.9	59.0	152.6	216.7	-
Book Value Per Share growth	16.8	28.4	19.0	23.0	0.84
Branch Efficiency Ratios					(₹ in Crores)
Disbursements per branch	22.8	23.4	23.7	24.3	22.6
NIM per branch	2.6	2.2	2.1	2.7	2.5
PAT per branch	0.6	0.6	0.5	0.3	0.1

* Profit before provisions & loan losses, exceptional items and tax.



Highpoints: FY14



- Added two new business segments – Rural Finance and Construction Equipment Finance
- Added 56 new branches, raising the strength to 574
- Ratings upgrade – Subordinated Debt instruments moved up to CARE AA, Perpetual Debt instrument rose to CARE AA-
- Initiated 'Hiper Drive II', an initiative aimed to augment Credit and Collection processes
- Strengthened the business intelligence framework for faster credit decisions
- Established a training center for reskilling the field workforce
- Strengthened the ERM function
- Business Continuity system and infrastructure commissioned – insulating business operations from unforeseen disruptions

Key Performance Indicators

Disbursements (₹ in Crores)



Its significance

Disbursement is a key indicator of future earnings growth.

How we performed?

Amid economic slowdown and sharp fall in sales of commercial vehicles, the mainstay of our flagship Vehicle Finance business, we grew our disbursements by 8.2%.

AUM (₹ in Crores)



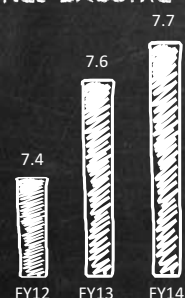
Its significance

Assets under Management depicts revenue visibility for the coming years.

How we performed?

Aided by robust disbursement growth in our Home Equity business, AUM has increased by 22.4% in FY14.

Net Income Margin (%)



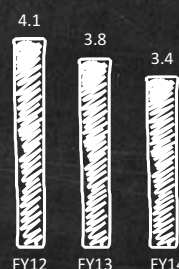
Its significance

Net Income Margin reflects a company's ability to simultaneously minimise the cost of funds while maximising the yield on assets.

How we performed?

Despite tightened liquidity and higher cost of funds, we improved our NIM by 10 basis points.

Expense Ratio (%)



Its significance

Expense ratio is an indicator of operating efficiency of a company.

How we performed?

Leveraging technology to reduce redundancies across processes and practices, Chola improved its Expense Ratio by an impressive 40 basis points.

Book Value Per Share (₹)



Its significance

Book Value Per Share is a real time measure of shareholder value.

How we performed?

In spite of regular dividend payout, Chola's consistent growth in profitability has aided BVPS to grow at a CAGR of 14.35% over 2012-14.

RoTA (%)



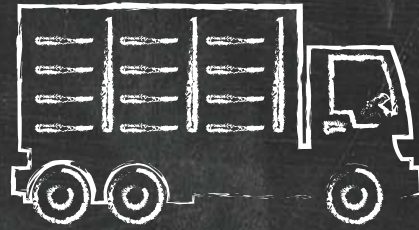
Its significance

Return on Total Assets is an indicator of the Capital Efficiency of a company.

How we performed?

Despite tough market conditions, we managed to derive a very stable return of 2.8% on our employed capital.

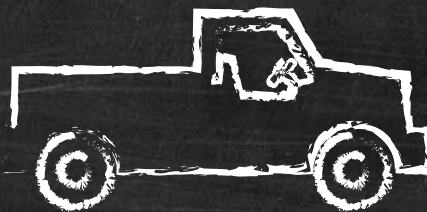
Business Review: Vehicle Finance



Started in the year 1992, Vehicle Finance (VF) is the largest contributor to revenue and distribution for Chola. At the end of FY14, VF contributed 77% of total disbursements, 73% of total AUM and 93% of Chola's customer base.

Key Differentiators

- Product offering catering to different customers and product segments
- Recognised as a trustworthy and stable financier
- Consistently improving turnaround time through leaner processes
- Use of technology to improve customer experience
- Strong presence across high growth tier II and tier III cities
- Strong collection management
- Robust internal control processes

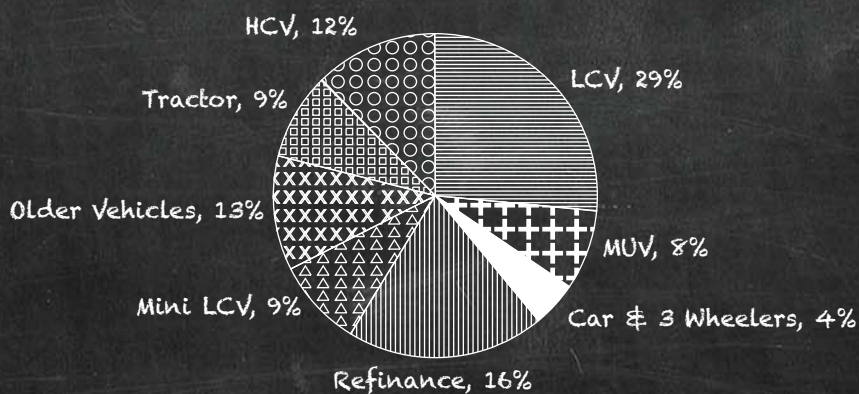


Operational review

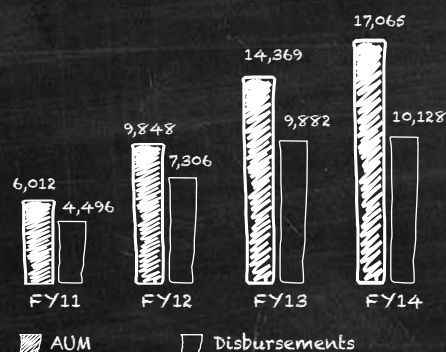


- Added 54 branches to take the network to 527 branches
- Disbursements in tractor financing grew by 56% over the last year
- Developing a centralised credit scoring system for automation of assessment
- Commenced financing for Construction Equipment
- Product and process improvement through technology interventions & people development programs

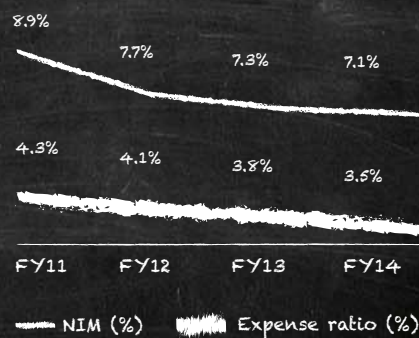
Well-diversified asset portfolio



Continuously increasing annual disbursements and AUM (₹ in Crores)



Maintaining strong NIMs and continuously improving expense ratio



Business Review:

Home Equity

Started in the year 2006, the Home Equity segment is the second biggest contributor to the company's profitability. Chola is focused on self-employed individuals and targets the middle income group. The business continues to show consistent growth.

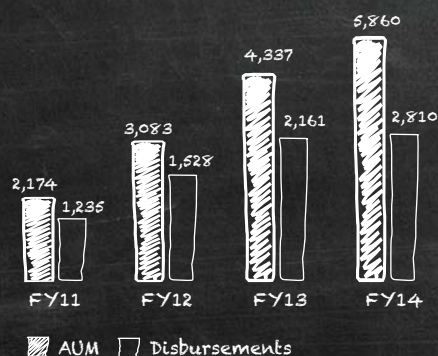


Key Differentiators

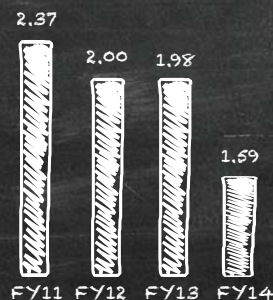
- One of the best turnaround time in the industry
- Highly committed team with vintage and domain knowledge
- Personalised approach with direct interaction with each customer as well as personal visit by credit manager
- Separate verticals for sales, credit and collection
- Focus towards self-employed customer segment
- More focus on residential properties



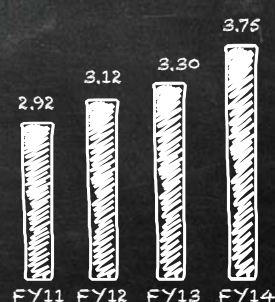
Robust growth in annual disbursements and total AUM (₹ in Crores)



Continuously improving expense ratio (%)



Robust Return on Total Assets (%)



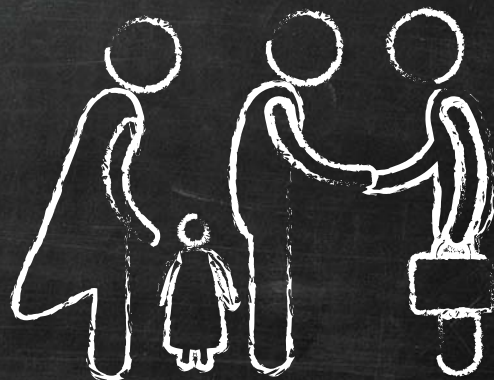
Operational review

- Continued focus on building and maintaining a clean portfolio
- Increased automation of branches and cost rationalisation
- Increased branch network to 68 in FY14
- Average ticket size remains stable at ₹ 53 lakhs and average tenure at 11 years



Business Review: New Verticals

The total wealth management AUM currently stands at ₹ 537 crores



Home Loans

Chola commenced the Home Loans business in 2012, focused primarily on self-employed non-professionals segment. The business started its operations from the state of Tamil Nadu. The business has expanded its operations recently to four more states: Andhra Pradesh, Karnataka, Gujarat and Maharashtra. As of March 2014, the business has ₹ 41 crores of Assets Under Management.



Corporate Finance

This business is focused towards the MSME sector in India, one of the largest and most underserved business segments in India. The business offers term loans, bill discounting and working capital loans. The business operates through the existing home equity branch network and is available in all the 68 branches that the home equity business operates in.

Gold Loans

This business was launched in 2012. It operates with 45 dedicated branches out of which 26 are located in semi-urban and rural locations. Amid prevailing regulatory uncertainties, the company operated on a unique fee-based model through FY14. Going forward, the company has re-entered the lending model.



Rural Finance



Focused on the farming community, the Rural Finance vertical offers syndicated loans for agricultural and allied activities. We would continue to leverage the vast rural network of Murugappa Group companies - Coromandel International Limited and EID Parry (India) Limited for future growth of this segment and also consider on-book lending in FY15.

Wealth Management

• Chola Securities

This subsidiary operates as a stock broking house and is mainly focused towards the equity market. It operates through a network of 14 branches with more branches concentrated in southern India. It is largely focused towards HNI and retail customers. Ethical conduct coupled with personalised services make it stand tall and differentiated even in difficult market cycles and this results in a healthy retention rate.



• Chola Distribution

This subsidiary is a national distributor of retail financial products such as mutual funds, PMS & structured investment products, general insurance, life insurance, infrastructure bonds and fixed deposits. The company offers full scale wealth management services to mass affluent and affluent customer segments. The total wealth management AUM currently stands at ₹ 537 crores.



A man with dark hair, wearing a light blue button-down shirt and dark trousers, stands next to a chalkboard. He is smiling and has his right hand resting on the chalkboard. The chalkboard has the title 'Managing Director's Message' written on it in white chalk.

Managing Director's Message

Dear Shareholders,

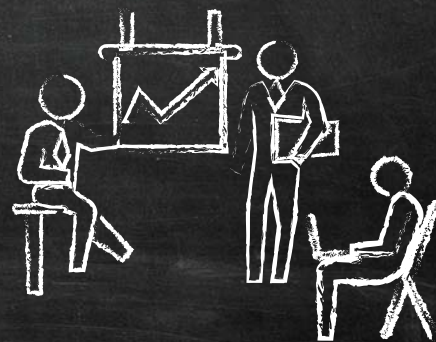
FY14 has been a year of challenges for the economy, globally as well as in India.

At Chola, our efforts last year were focused on minimising the impact of the adverse economic situation on our existing businesses and nurturing new businesses for future growth. We focused our energies internally on strengthening our core and becoming a leaner and more efficient organisation. Significant attention of our management continues to be invested in leveraging technology to improve customer experience. Other areas of focus are risk management, cost prudence and business intelligence. I am pleased to inform you that some of these initiatives have helped us in reducing our operating expense ratio as a percentage of average assets from 3.8% in FY13 to 3.4% in FY14.

The impact of these initiatives will become visible in our performance over the coming years.

In FY14, despite challenges in the operating environment, we grew our disbursements by 8.2% and assets under management (AUM) by 22%. We improved our net income margin (NIM) by 10 basis points to 7.7% despite tightened liquidity and higher cost of funds. Delinquency emerged as an area of concern for the entire financial services industry, however with a steadfast focus on asset quality and proactive sprucing up of our collection mechanism, we managed to contain our GNPA at 1.9%. We continue to remain focused on containing delinquency levels and are working assiduously to improve it over the coming quarters.

Home Equity (HE) or Loan Against Property (LAP) segment has been one of the fastest growing segments for NBFCs in recent years and we expect it to remain a key growth engine in the future. The LAP market is estimated to grow at a CAGR of 20% + in the medium term. Our HE vertical registered a growth in disbursements of 30% over the previous year at ₹ 2,810 crores as against ₹ 2,161 crores in 2012-13.



While the commercial vehicle finance industry faced significant challenges and shrunk by 20% in FY14, our vehicle finance business managed a modest growth of 2%, disbursing ₹ 10,128 crores. Our AUM in this business grew by 18% to reach ₹ 17,065 crores in FY14. We grew our book by expanding the customer and product segments we lend to. We increased our presence in car and MUV segments while cautiously growing our tractor and used CV business.

The Home Equity (HE) or Loan Against Property (LAP) segment has been one of the fastest growing segments for NBFCs in recent years and we expect it to remain a key growth engine in the future. The LAP market is estimated to grow at a CAGR of 20% + in the medium term. Our HE vertical registered a growth in disbursements of 30% over the previous year at ₹ 2,810 crores as against ₹ 2,161 crores in FY13.

In other businesses, the company's newly launched SME finance segment disbursed ₹ 137 crores and Home Loans segment disbursed ₹ 39 crores. The Gold Loan vertical operated on an outsource model with income arising through fee based on sourcing and servicing of gold loans. Among our new businesses, home loan and wealth management businesses made noteworthy progress during the year. We strengthened our distribution network by adding 56 new branches during the year.

Our efforts in FY14 have all been in the direction of making Chola stronger at its core and becoming a future ready organisation. We shall continue on this path and hope for marked improvement in the macroeconomic environment from the second half of FY15.

I take this opportunity to thank all our stakeholders for their continued trust and patronage. Your ideas and feedback have always been a great source of learning and I encourage you to keep sharing them with me at vellayan@chola.murugappa.com.

Best Wishes,

Vellayan Subbiah

Profile of Directors



Mr. M. B. N. Rao (65 years)

Chairman

- Is a graduate in Agriculture, an associate of the Chartered Institute of Bankers, London, a Certified Associate of the Indian Institute of Bankers and a Fellow of the Indian Institute of Banking & Finance. Holds a Diploma in Computer Studies from the University of Cambridge and the National Centre for Information Technology, United Kingdom.
- Is the former Chairman and Managing Director of Canara Bank and Indian Bank.
- Has over 41 years of varied experience in fields of banking, finance, economics, technology, human resource, marketing, treasury and administration.
- Has over 9 years of international banking experience in Singapore and Indonesia.
- Is a member of the Singapore Institute of Management. Was also the Chairman of Indian Banks Association and a member of various committees constituted by RBI, MOF, SEBI and National Institute of Bank Management.
- Is on the Boards of various reputed companies including E.I.D. Parry (India) Ltd., Taj GVK Hotels and Resorts Ltd., Indian Clearing Corporation Limited and Ramco Cements Ltd.
- Joined the Board of Chola in July 2010.

Mr. N. Srinivasan (56 years)

Vice Chairman

- Is a graduate in Commerce, an associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.
- Has over 30 years of 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 (69 years)

Non-executive Director

- Is a graduate in Arts, 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 the 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. and PineBridge Investments Trustee Company (India) Pvt. Ltd.
- Is on the Board of Governors of the Indian Public Schools Society.
- Joined the Board of Chola in July 2006.



Mr. V. Srinivasa Rangan (54 years)

Non-executive Director

- 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 Limited (HDFC Ltd) and has been associated with the company since 1986.
- Is a Director on the Boards of Hindustan Oil Exploration Company Limited 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.
- Joined the Board of Chola in July 2011.



Mr. L. Ramkumar (58 years)

Non-executive Director

- Is a graduate in Commerce, a member of the Cost and Works Accountants of India and holds a Post Graduate Diploma in Management from IIM, Ahmedabad.
- Is the Managing Director of Tube Investments of India Ltd (TII).
- Is the former President & Director of M/s. Fenner 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. Nalin Mansukhlal Shah (67 years)

Non-executive Director

- Is a Chartered Accountant from the Institute of Chartered Accountants of India, England & Wales.
- Was a member of the Governing Board of Deloitte India for several years.
- Was a member of the Accounting Standards Board of the Institute of Chartered Accountants of India and a member of the Institute's Expert Advisory Committee, Technical Reviewer for the Financial Reporting Board of the Institute.
- Is a Director on the Boards of Eimco-Elecon (India) Ltd., Artson Engineering Ltd. and DCB Bank Ltd.
- Joined the Board of Chola in July 2013.

Mr. Vellayan Subbiah (44 years)

Managing Director

- Is a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan.
- Has worked 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 Limited and certain other Murugappa Group companies.
- Joined the Board of Chola in August 2010.



Financial Highlights

₹ in lakhs

Particulars	2005	2006	2007
Operating Results			
Total Income	21,498	22,146	40,913
Profit Before Tax	5,156	4,604	4,727
Profit After Tax	3,407	3,521	3,102
Assets			
Fixed Assets (including assets leased out)	1,604	2,097	3,294
Statutory & Other Investments	12,876	6,861	7,876
Receivables Under Financing Activity			
- Automobile Financing	125,208	148,020	157,926
- Loans against Immovable Property	5,340	1,626	12,325
- Other Loans	18,117	39,908	156,677
Other Assets (net)	9,259	11,767	36,052
Total Assets	172,404	210,279	374,150
Liabilities			
Shareholders' Funds			
-Equity	30,275	31,572	32,635
-Preference	1,000	-	-
Loan Funds	133,543	169,985	321,928
Other Liabilities and Provisions	7,586	8,722	19,587
Total Liabilities	172,404	210,279	374,150
Key Indicators			
Earnings per Equity Share (₹)- Basic	9.04	9.12	7.63
Earnings per Equity Share (₹)- Diluted	9.04	9.12	7.63
Dividend per Equity Share (₹)	5.00	5.00	4.00
Book Value per Equity Share (₹)	79.78	83.20	86.00



₹ in lakhs

2008	2009	2010	2011	2012	2013	2014
89,173	112,063	92,950	120,183	178,821	255,568	326,284
9,094	1,708	3,133	10,011	29,011	45,080	55,021
5,937	4,275	1,542	6,218	17,254	30,655	36,401
4,759	3,384	1,375	3,318	5,316	7,065	7,290
17,394	40,520	21,933	6,828	6,170	22,451	8,243
194,808	195,610	307,616	573,146	882,201	1,198,841	1,429,606
43,838	63,097	135,857	188,648	299,966	434,722	493,046
301,395	196,768	105,485	98,232	50,823	29,031	20,161
75,174	197,908	123,977	97,654	98,550	126,370	196,334
637,368	697,287	696,243	967,826	1,343,026	1,818,480	2,154,680
55,863	48,101	48,500	107,202	141,728	196,477	229,470
-	30,000	30,000	-	-	-	-
541,748	542,703	541,480	794,891	1,144,411	1,528,901	1,809,319
39,757	76,483	76,263	65,733	56,887	93,102	115,891
637,368	697,287	696,243	967,826	1,343,026	1,818,480	2,154,680
12.88	7.05	1.79	5.67	14.39	22.89	25.43
12.23	6.83	1.79	5.67	14.39	22.83	25.38
4.00	-	1.00	1.50	2.50	3.50	3.50
107.07	72.43	73.04	89.87	106.92	137.29	160.25

Directors' Report

DIRECTORS' REPORT

Your directors have pleasure in presenting the thirty sixth annual report together with the audited accounts of the company for the year ended 31 March, 2014.

FINANCIAL RESULTS

₹ in crores

Particulars	2013 - 14	2012 - 13
Gross Income	3,262.84	2,555.68
Profit Before Tax	550.21	450.80
Profit After Tax	364.01	306.55
Add: Balance brought forward	123.64	83.67
Less: Adjustment for the year 2012-13 pursuant to the Scheme of Amalgamation	0.49	-
Less: Deferred Tax adjustment for the year 2012-13 consequent to the Scheme of Amalgamation	0.40	-
Amount available for appropriation	486.76	390.22
Adjustments / Appropriation:		
Transfer to statutory and other reserves	122.81	211.31
Dividend - Equity	50.11	47.46
Tax on dividend	8.52	7.81
Balance carried forward	305.32	123.64
TOTAL	486.76	390.22

OPERATIONS

In spite of the challenging year, your company achieved reasonable growth targets in key parameters:

- 22% growth in profit before tax
- 8% growth in disbursements
- 22% growth in closing managed assets

Your company registered a significant improvement across all the key parameters of disbursements, asset book, profits and portfolio quality in home equity (HE) business. In vehicle finance (VF) business, your company faced the stress of the prolonged slowdown in the commercial vehicles (CV) market resulting in asset quality deterioration necessitating high provision for non-performing assets (NPAs). However, the gross NPA levels remained significantly lower than the industry and your company is sparing no efforts in addressing this issue on a war footing basis.

Disbursements in vehicle finance for the year were at ₹ 10,128 crores as against ₹ 9,882 crores in the previous year managing a growth of 2% despite a negative trend in the industry sales.

Home equity business recorded a disbursement of ₹ 2,810 crores as against ₹ 2,161 crores in the previous year recording a growth of 30%.

Disbursements in home loans were at ₹ 39 crores and micro, small and medium enterprise (MSME) were at ₹ 137 crores. The gold loan business did not do any disbursements during the year and operated on an outsource model with income arising through fees, based on sourcing and servicing of gold loans.

The business assets under management (net of provisions) of the company as at 31 March, 2014 increased to ₹ 23,253 crores from ₹ 18,999 crores in the previous year, recording a growth of 22%.

The profit before tax for the year was at ₹ 550.21 crores as against ₹ 450.80 crores in the previous year. Profit after tax was at ₹ 364.01 crores for the year as compared to ₹ 306.55 crores in the previous year.

DIVIDEND

The company paid an interim dividend of 25% (₹ 2.50 per equity share) as approved by the board on 29 January, 2014 for the year ended 31 March, 2014.

Your directors are pleased to recommend a final dividend of 10% (₹ 1 per equity share). With this, the total dividend will be 35% (₹ 3.50 per equity share) for the year ended 31 March, 2014.

TRANSFER TO RESERVES

Your company has transferred a sum of ₹ 72.81 crores to statutory reserve as required under the Reserve Bank of India Act, 1934 and ₹ 50 crores to general reserves.

OUTLOOK

The company continues to concentrate and grow its two main business lines - vehicle finance and home equity while seeding new business lines like home loans, MSME, gold loans and rural financing.

Vehicle finance:

India's vehicle finance industry faced significant challenges in FY14, with sales dropping by a steep 20% over the previous year against a projected growth of 5-8%. Being a derived demand industry, the sharp drop in sales reflected the deceleration of the Indian economy. FY14 witnessed a sharp correction in demand across tonnage segments, with heavy commercial vehicle sales declining for the second year in a row and for the first time, a drop in the sales of light and small commercial vehicles. Against a backdrop of this decline in industry sales, your company had a 2% disbursement growth in the business over the previous year. This was made possible by the focus on diversification of the division's product portfolio, with used CVs, tractors, cars and multi-utility vehicles off-setting the impact of de-growth in sales of commercial vehicles. The division's reach and penetration in new geographies played a critical role in sustaining the growth of the business. The general industry outlook (in the relevant product segments) is subdued, but is expected to show signs of revival in the second half of 2014-15. Based on the anticipated revival of the agricultural sector, renewed investments being made in the infrastructure and construction sectors along with recommencement of activities in the mining sector, a modest growth rate of 5-10% is projected for the CV industry segment in 2014-15, against the negative industry growth rate recorded in 2013-14. The long term perspective of the industry continues to remain positive and is expected to grow at a compounded annual growth rate (CAGR) of 10-12% till 2017-18 (source: CRISIL Research).

Home equity:

Competition has been rapidly increasing in this segment with almost all the private sector banks and a number of public sector banks increasing their focus on loan against property (LAP) as an exclusive segment. Aggressive pricing strategies by the new entrants is expected to put downward pressure on the industry's net interest margin (NIM). Entrenched players are scaling up operations to tap the market potential from tier III and

tier IV cities. However, your company has established itself in the market place as a trusted and reliable partner for anyone looking for a LAP loan with a quick turnaround time and customer friendly service. Building on this momentum, your company expects to grow this business at a healthy pace in 2014-15.

FIXED DEPOSITS

The company is a systemically important non-deposit accepting non-banking finance company (SI - ND - NBFC). It ceased taking deposits from the 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 2013-14. Net of repayments, the

matured and unclaimed deposits (including interest accrued) as at 31 March, 2014 were ₹ 0.21 crores.

As at 31 March, 2014 there were 78 depositors whose deposits had matured but had not claimed the maturity amount aggregating to ₹ 0.21 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 125 of the Companies Act, 2013 (corresponding to Section 205C of the Companies Act, 1956). During the year, the company remitted a sum of ₹ 0.14 crores to IEPF under this head representing unclaimed public deposits and interests thereon beyond seven years. In respect of outstanding fixed deposit of ₹ 0.11 lakhs, the repayment to the depositors has been stayed under instruction from CBI and not remitted to IEPF.

CREDIT RATING

The credit rating details of the company as on 31 March, 2014 are as follows:

Rating Agency	Term	Type	Rating
ICRA	LT	NCD / SD / CC / TL	[ICRA]AA with Stable Outlook
	LT	PD	[ICRA]AA- with Stable Outlook
	ST	CP / WCDL	[ICRA]A1+
CRISIL	ST	CP	[CRISIL]A1+
	LT	SD	[CRISIL]AA-/ Stable
CARE	LT	NCD	CARE AA
	LT	SD	CARE AA [@]
	LT	PD	CARE AA- [@]
INDIA Ratings	LT	SD	IND AA- (ind) with Stable Outlook

NCD - Non Convertible Debentures

CP - Commercial Paper

PD - Perpetual Debt

CC - Cash Credit

SD - Subordinated Debt

LT - Long Term

TL - Term Loan

WCDL - Working Capital Demand Loan

ST - Short Term

The ratings as mentioned above were re-affirmed by the rating agencies during FY14.

@ The ratings were upgraded by the rating agencies during the year.

ASSET FINANCE COMPANY

During the year, the company retained its categorisation as an asset finance company (AFC) by Reserve Bank of India (RBI).

CAPITAL ADEQUACY

The company's capital adequacy ratio was at 17.23% as on 31 March, 2014 as against the statutory minimum capital adequacy of 15% prescribed by RBI.

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, the employees exercised 83,293 options and there were no fresh options granted. As required under the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines), the following details of this scheme as on 31 March, 2014, are being provided:

Nature of Disclosure	Particulars
a. Options granted	2,473,123 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 and exercisable	685,070
d. Options exercised	125,384
e. The total no. of shares arising as a result of exercise of Options	125,384
f. Options lapsed/surrendered	1,387,821
g. Variation in terms of Options	The compensation & nomination committee at its meeting held on 30 July, 2008 revised the performance parameters of the employees for vesting. The shareholders of the company, at the 34 th Annual General Meeting held on 30 July, 2012, approved extension of exercise period from 3 years to 6 years from the date of vesting.
h. Money realised by exercise of options during 2013-14	₹ 149.85 lakhs
i. Total number of Options in force	959,918
j. (i) Details of Options granted to Senior Management Personnel	The company has not granted options during 2013-14.
(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	The company has not granted options during 2013-14.
(iii) Identified 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	The company has not granted options during 2013-14.
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20	₹ 25.38
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 ₹ 76.87 lakhs had the company used the fair value of options as the method of accounting instead of intrinsic value.

Nature of Disclosure	Particulars
(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 for 2013-14 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 2013-14 would be ₹ 76.87 lakhs.
(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 ₹ 25.33 per share instead of ₹ 25.38 per share.
m. (i) Weighted average exercise price of Options	The company has not granted options during 2013-14.
(ii) Weighted average fair value of Options	The company has not granted options during 2013-14.
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	7.92% - 8.12%
(b) Expected life of the Option	0.12 years - 6.25 years
(c) Expected volatility	28.28% - 63.00%
(d) Expected dividend yields	1.18%
(e) Price of the underlying share in the market at the time of Option grant	₹ 212.05

The certificate from the statutory auditors 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 accounting standards, 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.

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 is attached and forms part of this report.

DIRECTORS APPOINTMENT

Mr. L. Ramkumar retires by rotation at the ensuing annual general meeting and being eligible, has offered himself for re-appointment.

During the year, Mr. Nalin Mansukhlal Shah was appointed as an additional director who holds office up to the forthcoming annual general meeting of the company and being eligible for appointment, is recommended for appointment as an independent director of the company.

As per Section 149 of the Companies Act, 2013 ("the Act"), which came into effect from 1 April, 2014, every listed company is required to have at least one-third of the total number of directors as independent directors (ID). The IDs shall hold office for a term up to 5 consecutive years from the date of the commencement of the Act. Accordingly, your board recommends the appointment of Mr. M.B.N. Rao, Mr. Indresh Narain and Mr. V. Srinivasa Rangan, Directors as Independent Directors of the company.

AUDITORS

M/s. Deloitte Haskins & Sells, chartered accountants, the statutory auditors of the company retire at the annual general meeting and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Act and Rules framed there under, it is proposed to appoint

M/s. Deloitte Haskins & Sells as statutory auditors of the company for a period of 3 years commencing from the closure of the thirty sixth annual general meeting till the closure of thirty ninth annual general meeting subject to ratification of such appointment by members at every AGM.

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 ₹ 1.13 crores 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 to be 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 and Cholamandalam Distribution Services 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 ₹ 8.04 crores for the year ended 31 March, 2014. CSEC made a loss before tax of ₹ 0.41 crores as against a loss before tax of ₹ 0.96 crores in the previous year.

Cholamandalam Distribution Services Limited (CDSL)

CDSL recorded a gross income of ₹ 11.88 crores for the year ended 31 March, 2014. CDSL made a profit before tax of ₹ 4.68 crores as against a profit before tax of ₹ 2 crores in the previous year.

Cholamandalam Factoring Limited (CFACT) was a Non-Banking Finance company (NBFC) and a wholly owned subsidiary of the company. The board of directors at their meeting held on 30 October, 2012 approved a Scheme of Amalgamation of CFACT with the company subject to the approval of Hon'ble High Court of Judicature at Madras and other necessary approvals and sanctions. The Hon'ble High Court of Judicature at Madras sanctioned the scheme with an appointed date of 1 April, 2012 and effective date of 24 May, 2013. In accordance with the said Scheme, the company has accounted for this amalgamation during the current period with retrospective effect from the appointed date.

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.

On behalf of the board

Place : Chennai

Date : 28 April, 2014

M.B.N.Rao
Chairman

Directors' Responsibility Statement

The directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss for the year ended 31 March, 2014 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.

On behalf of the board

Place : Chennai
Date : 28 April, 2014

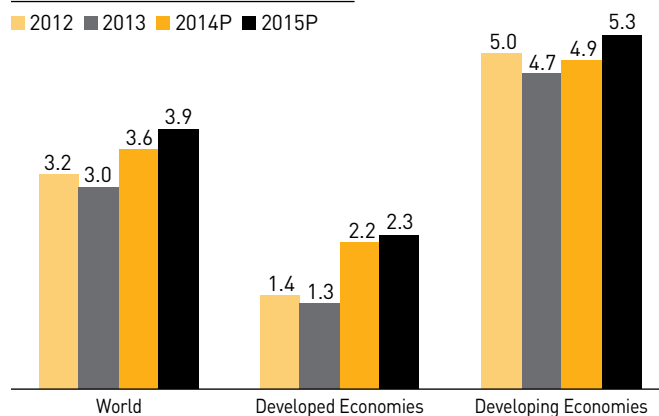
M.B.N.Rao
Chairman

Management Discussion and Analysis

ECONOMIC REVIEW

The global gross domestic product (GDP) in the year 2013 grew at 3% as against 3.2% in 2012. After a sluggish first half, where the global economy grew at 2.7%, the global economy bounced back with a robust growth of 3.7% during the second half of 2013. This momentum is expected to be maintained in the coming year. IMF has projected a growth of 3.9% in 2015 (Exhibit 1).

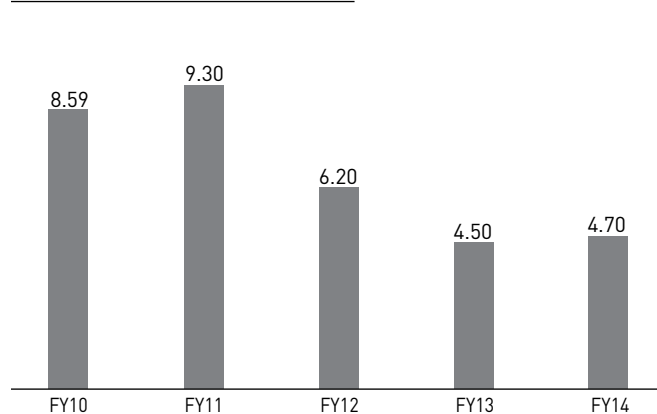
Exhibit 1: Global GDP Growth, %



Source: IMF's World Economic Outlook, April 2014

India's GDP growth has been under significant pressure over the last two years. As per central statistical office (CSOs) provisional estimates, India's GDP has grown at 4.7% in FY14 as against 4.5% growth in FY13 (Exhibit 2). The domestic concerns of the logjam in the infrastructure sector, slack capital investment cycle, slowdown in economic activities and high inflation continued to linger in FY14. Inflation continued to haunt in FY14 with consumer price index (CPI) inflation showing an upward trend (Exhibit 3).

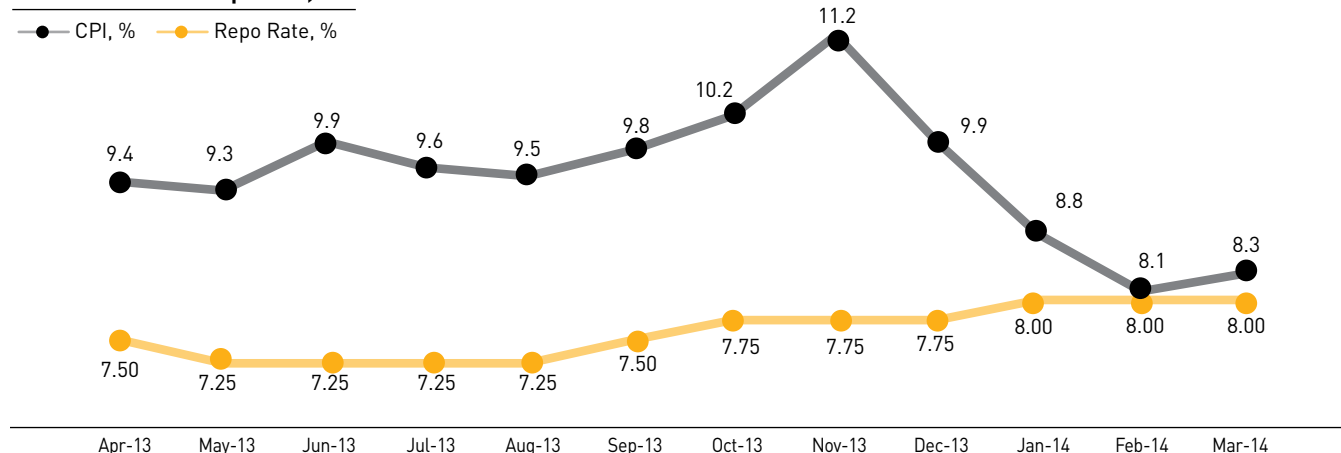
Exhibit 2: India GDP Growth, %



Source: Central Statistical Office, Reserve Bank of India

However, RBI has been proactive in terms of working towards bringing down inflation. This had its repercussions of a very high cost of borrowing in the system due to high repo rates. However, inflation has shown initial signs of cooling off and growth is also expected to revive from the second half of FY15. IMF has projected India's GDP to grow at 5.4% in 2014, which would further inch up to 6.4% in 2015.

Exhibit 3: CPI and Repo rate, %

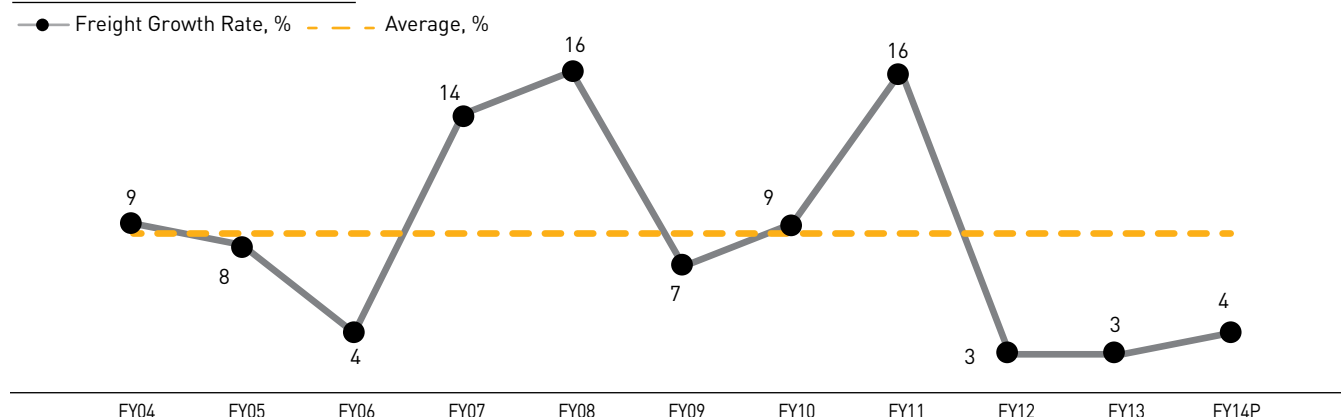


Source: Central Statistical Office, Reserve Bank of India

VEHICLE FINANCE INDUSTRY

The overall auto sales growth in India has been sluggish at 3.5% in FY14. This has been due to the significant fall in commercial and passenger vehicle sales. Industrial production and mining are the two key growth drivers for the commercial vehicle sector in India and both the sectors have seen slowdown in FY14. The index of industrial production (IIP) growth for manufacturing activity for FY14 was negative by 0.1% and for mining activity was negative by 0.8%. This had its repercussions on commercial vehicle sales which were down by 20% in FY14. The medium and heavy commercial vehicle sales plummeted by 27% in FY14. Major reason for this fall has been the significantly low freight availability (Exhibit 4). Due to this falling demand for commercial vehicles, the vehicle financiers faced significant challenges in terms of their disbursement growth in FY14.

Exhibit 4: Growth in freight rates



Source: CRISIL Research

During the year under review, the overall utilisation level for commercial vehicles dropped to 65%, which had a negative impact on the vehicle operator's cash flows. Along with this, the rising cost of living and diesel prices also had an adverse impact on their cash flow. This had its repercussions on the vehicle financiers who witnessed significant jump in non-performing assets.

However, the long-term perspective of the commercial vehicle industry continues to remain positive and is expected to grow at a compounded annual growth rate (CAGR) of 10-12% till FY18 (Source: CRISIL Research).

HOME EQUITY

The home equity market is one of the fastest evolving markets for loan distribution in India. Close to 85% of the lending in this segment is towards self-employed borrowers and the balance is towards salaried borrowers. From a nascent market with a size of ₹ 18,000 crores in FY10, the market is estimated to have grown at a CAGR of 26.6% to a more matured market with disbursement opportunities to the tune of ₹ 46,200 crores at the end of FY14 (CRISIL research). The key growth drivers for the home equity market are:

- a. Increased requirement of funds by self-employed non-professionals to support their business growth and tap bigger opportunities
- b. Promotion and increased awareness of the product
- c. More preferred product as compared to personal loans as home equity attracts lower interest rates
- d. Due to favourable risk return equation, financiers have also increased focus towards home equity

Due to this, both banks and NBFCs have increased their focus towards home equity leading to rising competition in the market. However, the opportunity remains high as CRISIL has estimated the market to grow at 20% over the medium term.

HOME LOAN

The housing finance market in India is very stable and has been one of the most promising secured lending markets in India. As per CRISIL research, the disbursement for housing finance has grown at a CAGR of 19% over FY10 to FY14 and is further expected to grow at 17% over FY14 to FY18. However, the growth of disbursements towards home loan by housing finance companies (HFCs) has been higher than that of state

commercial banks. As a result, the share of HFCs in the total annual disbursements has gone up from 41% in FY10 to 46% in FY13.

The slowdown in the economy has led to significant rise in non-performing assets in India's financial system. However, the HFCs have been able to maintain their asset quality. The gross non-performing assets (GNPA) for the HFCs at the end of December 2013 has been stable at 0.8%. Hence, better growth coupled with better asset quality offers robust growth opportunity for mortgage lending in India.

OPERATIONAL OVERVIEW

With continued slowdown in economy and industrial activities, the business environment faced significant challenges in FY14. Even in this difficult environment, the company was able to grow its major businesses, vehicle finance (VF) and home equity (HE). Also, it added new branches as well as product offerings. During the year, the company continued further scaling down of its operating expenditure with higher technological integration and enhanced productivity. Following are the highlights of key strategic steps taken during the year:

- Added 56 branches that will further expand the company's reach in tier II and tier III cities as well as in rural areas. The total branch network now stands at 574 branches. Also, the company increased its presence in East India with share of 19% in total branch network, up by 2% from previous year.
- Leveraged technology for the advancement and streamlining of business processes
- Built a business intelligence framework to fast track decision making and enhance customer lifetime value
- Learning and development focused on capability building of first time managers and recorded all time high of learning man-days
- Several enterprise risk management (ERM) initiatives to further strengthen the ERM framework and company robustness

Through these measures, the company further strengthened the core. The streamlining of processes would add to the robustness of company's business structure and enhance value creation.

FINANCIAL OVERVIEW

The company's aggregate loan disbursement grew by 8% from ₹ 12,118 crores in FY13 to ₹ 13,114 crores in FY14. The key lever

for this growth has been the strong growth in the home equity business. This has led to 22.4% year on year (YoY) growth in the total assets under management (AUM) and 16.4% YoY growth in AUM (on book). The total AUM (including on book & assigned) in FY14 stood at ₹ 23,253 crores as against ₹ 18,999 crores recorded in FY13.

During the year, the company witnessed rise in gross non-performing assets (GNPAs) but as compared to peers, GNPA for the company is still well under control. GNPA, as a percentage of AUM increased from 1% in FY13 to 1.9% in FY14. However, the company follows a prudent and stringent provisioning policy, due to which, the company holds excess provision buffer over and above the prescribed norms. The net non-performing assets (NNPA) are at 0.7% of AUM in FY14 as compared to 0.2% in FY13.

Due to a balanced sourcing mix and higher yield, the company was able to improve its net interest margin (NIM) to 7.7% in FY14 as against 7.6% in FY13. This has led to a strong 30% growth in NIM in FY14. The company during the year also remained focused towards cost rationalisation and further improved the expense ratio to 3.4% in FY14 from 3.8% last year. Even after a significant jump in the provisioning cost, the net profit for the year rose by 19% to ₹ 364 crores from ₹ 307 crores in the previous year.

Earnings per share for the year stood at ₹ 25.4 and the book value per share stood at ₹ 160.

Divisional analysis

Vehicle finance

The on-going economic slowdown continued to adversely impact commercial vehicles (CV). Against a projected 5-8% growth in sales, CV sales declined by 22% in FY14, an adverse swing of close to 30% on estimates. The sales of light commercial vehicles recorded a decline for the first time since 2008 and so was the case with small commercial vehicles.

Against this backdrop, disbursements of the VF business grew by 2.5% to ₹ 10,128 crores. This performance was led by focusing on diversification of the division's product portfolio with used CVs, tractors and cars and multi-utility vehicles offsetting the impact of the sales of new commercial vehicles. The division's reach and penetration in new geographies played a critical role in sustaining the growth of the business. However, FY14 was a year of challenges for CV customers as a result of a decline in freight availability coupled with an increase in input costs. This impacted the ability of borrowers to effectively

service their loans, as witnessed by the increase in stressed assets compared to the previous years, in spite of which the division has been able to keep its GNPA under 2%. Industry GNPA for the CV portfolio is estimated at approximately 4%. (India Ratings).

The division focused on the following key strategies:

- Credit and collections initiatives to strengthen portfolio quality and behaviour
- Broad basing the product mix by building the tractor, cars, MUV and used CV portfolios
- Managing cost to asset ratios
- Added 54 new branches to increase pan-India footprint, taking the total VF branch strength to 527
- Focused on manufacturer and dealer engagement programs and supported them through increased penetration in new geographies
- Focused on retention of existing customers and enhancing business generation from existing customers
- Launch of the construction equipment finance vertical

The projected industry growth for FY15 is estimated at 7-8%. This is dependent upon several macro economic factors – improvement in infrastructure investment, improvement in consumption demand, increase in freight rates, a more balanced demand – supply position between freight loads and vehicle supply, food grain production, effective monsoons and political stability with a pro-development outlook.

Home equity

The HE business completed yet another successful year of operations in FY14 and forms a significant part of the company's growth story. The disbursement of ₹ 2,810 crores was at 30% growth rate over the previous year.

The company continues its focus on building and maintaining a clean and profitable portfolio. In FY14, the company consolidated its presence in this business segment in 61 locations where it already operated and further expanded its presence. With an increased presence in 7 new locations this year, the business has expanded to 68 locations throughout India.

During the year, the business undertook several initiatives to become more customer-centric by creating a customer portal to access loan related details online. This initiative has helped the business improve its customer satisfaction levels.

Competition has been rapidly increasing in this segment with almost all the private and public sector banks increasing their focus on loan against property (LAP) as an exclusive segment. Aggressive pricing strategy by the new entrants is expected to put downward pressure on the industry's NIM. Entrenched players are scaling up operations to tap the market potential from tier III and tier IV cities. However, the company has established itself in the market place as a trusted and reliable partner for anyone looking for a LAP loan with a quick turnaround time and customer friendly service. Building on this momentum, the company expects to grow this business at a healthy pace in FY15.

The business continues to focus on self-occupied residential properties, a safer asset class to lend against, as its preferred asset class. Its target segment continues to be the self-employed, non-professional customers. The business has built an expertise in understanding and assessing this customer segment.

Gold loans

Gold loan business did not do any disbursements during the year and operated on an outsource model with income arising through fee based on sourcing and servicing of gold loans. The company re-launched this business in FY15 out of its existing 45 gold loan branches.

Home loans

The affordable home loans business was launched in FY13 and has been growing since then. The business has built an AUM of ₹ 41.10 crores with 291 live customers. The prime focus of the business is the self-employed non-professional customers.

MSME finance

The business launched its micro, small and medium enterprises (MSME) loans segment by offering products such as loan against property (with marquee commercial/industrial property as collateral), bill discounting and working capital loans. MSME business has been launched in all the HE locations across the country. The business has built an AUM of ₹ 220 crores and has 138 live customers. The business will continue with its strategy of increased focus on its MSME loans segment in FY15.

Asset Liability Management (ALM)

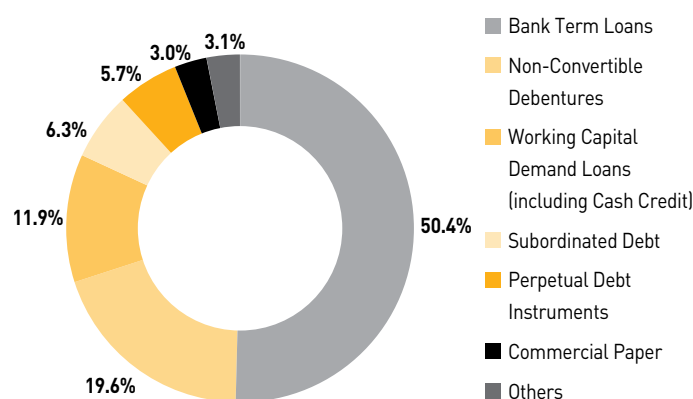
During the year under review, the company strengthened its ALM by increasing long-term borrowings in the form of bank term loans and market instruments. ALM position was maintained with no negative cumulative mismatch in any of the buckets up to one year. A higher level of securitisation also

helped in ensuring a perfect match of inflows and outflows for a considerable part of the borrowings.

Resources & Treasury

During the year, the company maintained its mix of borrowings in a similar proportion of bank funding vs. market borrowings to support the growth of its businesses. This was done maintaining a right mix of long and short-term borrowings and to maintain a healthy asset liability position throughout the year. The company's borrowing profile as on 31 March, 2014, is given below:

Exhibit 5: Borrowing profile



Bank borrowing

In FY14, the company mobilized ₹ 4,780 crores of medium-term loans and ₹ 1,425 crores (net) of working capital and cash credit facilities from banks.

Market borrowing

During the year under review, the company raised commercial papers (CP) worth ₹ 3,271 crores and repaid ₹ 3,575 crores of CP. CP outstanding, as at the end of the year was ₹ 547 crores. The company mobilised medium and long-term secured non-convertible debentures (NCD) to the tune of ₹ 1,566 crores at competitive rates to address its medium to long-term funding requirements. At the end of FY14, outstanding NCD stood at ₹ 3,565 crores.

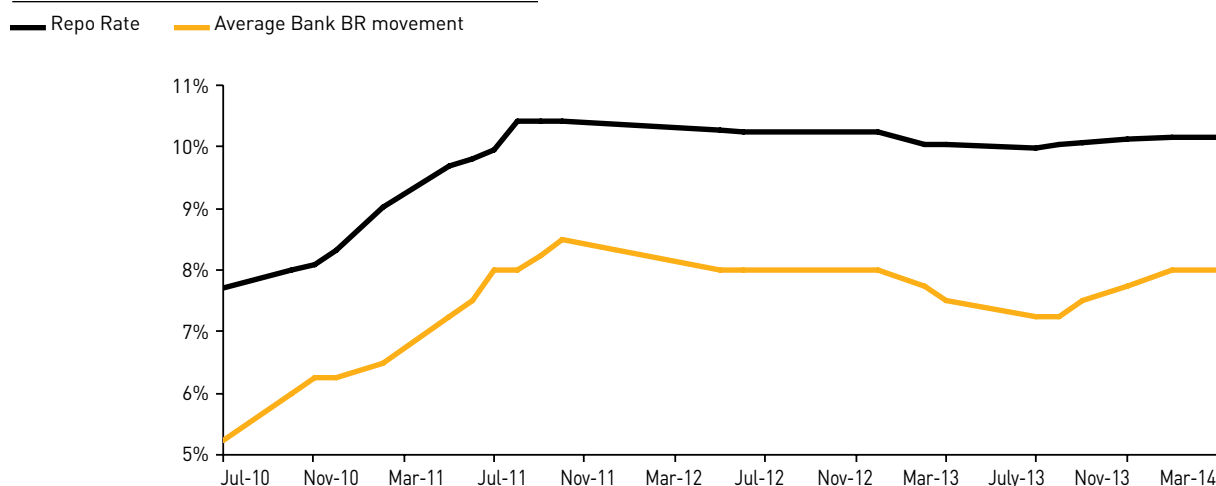
Movement in interest cost

The company's interest cost, as a percentage of average borrowings, marginally increased from 10.6% in FY13 to 10.7% in FY14. RBI reduced the repo rate from 7.5% to 7.3% in May, 2013. But, this was followed by three increases in the repo rate in FY14, taking it all the way to 8%. Hence, many of the banks also increased their base rates (BR) by around 25-40 basis

points. The base rate has been steady for the year, however there has been spike in Q3 among all private/ public sector banks (Exhibit 6). To minimise the impact of base rate hikes, the company adopted various measures:

- > Renegotiating the interest rates with various lenders
- > Prepaying high-cost loans
- > Securitisation of priority sector assets

Exhibit 6: Repo and Average Bank BR movement



During Q2 and Q3 of FY14, there was severe crunch in the money market leading to a sharp increase in borrowing rates across the spectrum of lenders. This was on account of measures announced by RBI, capping liquidity adjustment facility (LAF) and introducing a spread on marginal standing facility (MSF). As these measures were implemented with immediate effect, the markets witnessed a sharp spike in interest rates on short-term borrowings. As the company had well-established banking relationships and minimum exposure to short-term borrowings, it managed the interest costs comfortably.

During Q3 and Q4, the company securitised ₹ 3,380 crores of priority sector assets at fine rates, which resulted in good savings in interest costs for the later part of the year. The benefits of the low interest cost on these deals will continue to benefit the company in FY15 and FY16 with regard to VF deals and for a longer period with regard to HE assets sold.

Capital Adequacy Ratio

The capital adequacy ratio (CAR) of the company was at 17.3% as on 31 March, 2014, as compared to the regulatory requirement

of 15%. In FY13, the CAR was at 19%, which was primarily due to the equity infusion during Feb 2013.

During FY14, the company raised ₹ 207.60 crores of perpetual debt instruments and ₹ 120 crores of subordinated debt to strengthen the CAR through the tier II route.

As at the end of FY14, perpetual debt instrument outstanding was ₹ 1,033 crores and subordinated debt was ₹ 1,148 crores.

Investments

The company's investments of ₹ 82.42 crores include investments in subsidiaries of ₹ 53.37 crores (net of provisions), investments in pass through certificates of ₹ 27.74 crores and investments in equity shares of ₹ 1.31 crores.

Human Resources (HR)

The company is committed to attract, retain and inspire a talented workforce by fostering an engaged, enabled and energised work environment. The company employed 2,550 employees as on 31 March, 2014.

During the year FY14, the HR team focused on capability building to support the hiper drive initiative in the VF sales function. The training content of VF business processes for sales, credit and operations were digitised. Field level workforce training and need-based behavioral competency training for seasoned managers were rolled out. The company's learning and development team logged in 44,359 man-days of training during the year.

The company also internalised the development centre. This centre worked on identifying competency gaps and framing internal development programs for employees in transition roles. New training centres were opened in Delhi and Pune as training in-house for the feet on street was taken up as a continuous process. The company automated various employee transactions and services.

Being IT-Savvy

Technology has been imperative in driving key changes to re-engineer the business process to its next level. The company is poised to take its mobility solution to the next generation level. Once completed, this will help improve the turnaround time to our customers and provide instant feedback to the field force, which will reduce multiple visits and paper work. The elimination of such non-value added work will result in considerable cost saving while enhancing job satisfaction to the line functions.

A comprehensive business MIS application is being developed to provide reports across business verticals and functions for all management levels. The core business application is being upgraded to latest technology platform to support the growing needs of the organisation. A self-service portal for home loan customers has been successfully launched and a similar portal for channel partners is being developed. The branch automation system has been improved with several new modules along with a centralised helpdesk system during the year.

RISK MANAGEMENT

The necessity and demand for increased effectiveness and efficiency for addressing uncertainties is greater than ever, making the company increasingly risk-focused in order to achieve its strategic goals. The diverse nature of businesses the company is engaged in exposes it to a slew of complex and variable risks. The company's approach to risk is founded on an effective risk management framework including measuring and monitoring process and risk governance.

Risk management framework

The company's risk management framework is based on: (a) clear understanding and identification of various risks (b) disciplined risk assessment by evaluating the probability and impact and (c) measurement and monitoring process by establishing key risk indicators with thresholds for all critical risks and adequate review mechanisms to monitor and control risks.

The company has institutionalised a formal risk reporting framework through the company's composite risk index at organisational level to highlight the movement of critical risks. The company also developed risk reporting and monitoring mechanisms for the risks at business / vertical level. The risk index provides the level and direction of the risk, which is arrived at based on the risk thresholds for the identified key risk indicators. This is, today, an important tool in the hands of the management to understand the level of risk and act suitably.

Risk governance structure

The company's risk governance structure facilitates and strengthens risk evaluation and management. The board oversees the risk management process and monitors the risk profile of the company through the board constituted risk management committee. The committee, which meets a minimum of four times a year, reviews the risk management policy, implementation of risk management framework, monitoring of critical risks through risk index and reviews various other initiatives with a structured annual plan. The risk management division has established a comprehensive risk management framework across the organisation and provides appropriate reports on risk exposures and analysis in its pursuit to create awareness on risk management across the company. The company's risk management initiatives and risk index are reviewed monthly by the managing director and business heads.

The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified under credit risk, market risk and operational risk.

Credit Risk

Credit risk is the risk arising when a borrower is unable to meet its financial obligations to the lender. The company has a comprehensive and well-defined credit policy, which encompasses credit approval process for all business segments

along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers. The company has a robust post sanction monitoring process to identify credit portfolio trends. This enables the company to implement necessary changes to the credit policy, whenever the need arises.

Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. The company is exposed to interest rate risk and liquidity risk. These risks are continuously monitored and controlled through appropriate risk limits. The company's asset liability management committee (ALCO) manages market-related risks and helps adopt various strategies related to assets and liabilities, in line with the company's risk management framework.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. The operational risk of the company is managed through comprehensive internal controls systems and procedures and key back-up processes. In order to further strengthen the control framework and effectiveness, the company has initiated risk control self-assessment as a platform to highlight process lapses and exception reporting thereby identifying key areas of operational risks and steps to adequately mitigate them. The company also undertakes risk-based audits on an annual basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit assures effective implementation of self-certification and internal control adherence, thereby reducing enterprise exposure. The company has already put in place a robust disaster recovery plan, which is periodically tested. During the year, the company implemented a business continuity framework to ensure the seamless recovery of operations including services to customers, when confronted with adverse events such as natural disasters, technological

failures, human error, terrorism, etc.

In addition, the risk management division is ably complemented by the internal audit team, which evaluates the extent of SOP compliance to identify gaps. The fraud control unit of the company helps manage fraud-related risks and monitor suspicious transactions. Moreover, it continuously helps to improve the processes and procedures to mitigate such risks.

The company is continuously engaged in creating risk awareness and enhancing risk culture across the organisation through training on risk management tools and communication through risk e-newsletters.

The company will continue strengthening its risk management process as the company believes effective risk management can be a strategic differentiator.

INTERNAL CONTROL SYSTEMS

An extensive internal control framework helps the company establish clear delegation of authority and SOP for all its businesses and functions. The company adopts a co-sourced model of internal audit. Both in-house internal audit department and M/s. Ernst & Young LLP, the company's external internal auditors, incessantly review the adequacy and effectiveness of existing internal controls.

The critical audit observations are shared with the audit committee on a quarterly basis to effectively monitor controls and implement recommendations. On compliance matters, a methodical system of monthly self-assessment exists in all functions. The company has a robust mechanism to control, detect and prevent fraud. 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.

Clear segregation of duties exists between various functions. Key operational processes (finance and operations) are centralised at the head office for better control.

RESULT OF OPERATIONS

Balance sheet

The company's balance sheet size has steadily grown, compared to the previous year. A summarised version of the same is given below:

₹ in crores

Particulars	March 2014	March 2013	Growth %
Assets			
Business Assets	19,428	16,626	17%
Other Assets	2,119	1,559	36%
TOTAL	21,547	18,185	18%
Liabilities			
Networth	2,295	1,965	17%
Borrowings	18,093	15,289	18%
Other Liabilities	1,159	931	25%
TOTAL	21,547	18,185	18%
Off-Balance Sheet Assets	4,087	2,529	62%
Total Assets	25,634	20,713	24%

Statement of Profit & Loss

The company's profit before tax increased from ₹ 450.80 crores in 2012-13 to ₹ 550.21 crores in 2013-14.

The summarised version is given below:

₹ in crores

Particulars	March 2014	March 2013	Growth %
Disbursements	13,114.22	12,118.27	8%
Income	3,262.84	2,555.68	28%
Cost of Funds	-1,771.09	-1,411.01	26%
Net Margin	1,491.75	1,144.67	30%
Operating Expenses	-658.21	-569.58	16%
Provisions and Losses	-283.33	-124.29	128%
Profit Before Tax (PBT)	550.21	450.80	22%
Current and Deferred Tax	-186.19	-144.25	29%
Profit After Tax (PAT)	364.01	306.55	19%

Key Ratios

in %

Particulars	March 2014	March 2013	Growth %
Net Income Margin	7.7	7.6	1
Return on Equity - PAT	17.1	18.1	-6
Return on Total Assets - PAT	1.8	1.5	24
Total Assets under Management (₹ in crores)	25,634	20,713	24
Earnings Per Share - Basic in ₹	25.43	22.89	11
Market Price - Closing in ₹	288.10	271.35	6
Market Capitalisation (₹ in crore)	4,125.33	3,883.23	6
CAR	17.2	19	-9
Operating Expenses to Assets	3.4	3.8	10
Profit Before Tax to Income	16.9	17.6	-4

% of AUM

Particulars	March 2014	March 2013
Gross Non-Performing Assets (GNPA)	1.86	1.04
Provisions	1.10	0.81
Net Non-Performing Assets (NNPA)	0.75	0.23
Provision Coverage on GNPA	60.13	78.39

Provision for standard assets

During the year under review, the company made provisions aggregating to ₹ 6.59 crores (₹ 7.69 crores in the previous year) on its standard assets, in accordance with the guidelines issued by RBI in this regard.

KEY PARTNERSHIPS AND PREFERRED FINANCIERS

Particulars	Institution
Life Insurance business	HDFC Standard Life Insurance Company Limited
General Insurance business	Cholamandalam MS General Insurance Company Limited
Preferred financiers for	Tata Motors Limited
	Mahindra & Mahindra Limited
	Ashok Leyland Limited
	Daimler India Commercial Vehicles
	VE Commercial Vehicles Limited (Formerly Eicher Motors Limited)
	SML Isuzu Limited
	Force Motors Limited
	TAFE Limited
	New Holland
	Sonalika International Tractors Limited

SUBSIDIARIES PERFORMANCE

The securities business incurred a loss before tax of ₹ 0.41 crores in FY14 as against ₹ 0.96 crores in the previous year. The distribution business made a profit before tax of ₹ 4.68 crores in FY14 as against ₹ 2 crores in the previous year.

CONSOLIDATED RESULTS

The consolidated profit after tax for the year under review was ₹ 368.28 crores, as against ₹ 307.91 crores in the previous year.

On behalf of the board

Place : Chennai

M.B.N.Rao

Date : 28 April, 2014

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 practices 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 continuous 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 its 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 practices of the company ensure that the board remains informed, independent and involved in the company and that there are ongoing efforts towards better 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.

The board of directors ('the board') are committed to representing the long-term interests of the stakeholders and in providing effective governance over the company's affairs and exercise reasonable business judgment on the affairs of the company.

The company's day to day affairs are managed by the managing director, 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 every quarter.

The company's commitment to ethical and lawful business conduct is a fundamental shared value of the board, 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 directors / employees / customers and vendors in their dealings with the company. In order to ensure that the mechanism is effective and as prescribed, direct access to the chairman of the audit committee is provided to the complainant.

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, audit, finance, compliance and engineering. 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 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.

The details of directors as at 31 March, 2014 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 including CIFCL* (Out of which as chairman)	No. of shares held in the company	No. of board committee membership including CIFCL** (Out of which as chairman)
Mr. M.B.N.Rao	Non-executive / Independent chairman	16(1)	NIL	10 (4)
Mr. N.Srinivasan	Non-executive / Vice chairman	6	25,000	6 (1)
Mr. Indresh Narain	Non-executive / Independent director	2	NIL	2 (2)
Mr. V.Srinivasa Rangan	Non-executive / Independent director	11	4,000	8
Mr. L.Ramkumar	Non-executive director	4 (1)	154	2 (1)
Mr. Nalin Mansukhlal Shah	Non-executive / Independent director	5	NIL	6 (2)
Mr. Vellayan Subbiah	Managing director / Promoter director	4	245,493	4

* excludes private limited companies, companies under section 8 and foreign companies as defined under the Companies Act, 2013.

** only chairmanship / membership of audit committee and stakeholders relationship 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 and Companies Act, 2013, to the company which is taken on record by the board. All the board members including independent directors have the opportunity and access to interact with the management.

Board Meetings

The board meets 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, 2014, six meetings of the board were held i.e., 26 April, 2013, 31 July, 2013 (2 meetings), 29 October, 2013, 29 January, 2014 and 28 March, 2014. Besides, the company also provides video conferencing and audio conferencing facilities to enable the directors' participation at the meetings.

COMMITTEES OF THE BOARD

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

There are six committees constituted by the board - audit committee, stakeholders relationship committee, corporate social responsibility committee, nomination and remuneration committee, risk management committee and business 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 role of the audit committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements before submission to the board, adequacy of internal financial control and risk management systems, findings of internal audits / investigations, whistle blower policy, monitoring the usage of funds from issue proceeds, approval or any subsequent modification to related party transactions, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the company besides recommending the appointment / removal of statutory auditors, internal auditors and fixing their remuneration and review of the effectiveness of audit process.

Composition & Meetings

The committee comprises four non-executive directors with three-fourth of them being independent directors. As at 31 March, 2014, 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, 2014, for reviewing the financial statements and considering internal audit reports and plans.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The board of directors of the company at their meeting held on 28 April, 2014, re-designated the name of the "shareholders grievance committee" to "stakeholders relationship committee" pursuant to the notification of Companies Act, 2013 and amendments made to clause 49 of the listing agreement to this effect.

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, 2014, 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 two complaints from the shareholders and both the complaints have been resolved to the satisfaction of the shareholders. There were no investor complaints pending as at 31 March, 2014.

NOMINATION & REMUNERATION COMMITTEE

The board of directors of the company at their meeting held on 28 April, 2014, re-designated the name of the "compensation and nomination committee" to "nomination and remuneration committee" pursuant to the notification of Companies Act, 2013 and amendments made to clause 49 of the listing agreement to this effect.

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 the minimum remuneration of the executive directors in the event of inadequacy of profits besides implementing, remuneration including commission payable to non-executive directors administering and monitoring the employee stock option plan/schemes of the company. The terms of reference *inter-alia* includes the role of the committee to further consider and recommend persons who are qualified for board positions, evaluate directors performance, persons who are qualified to be senior management, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on board diversity. 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

Mr. Indresh Narain was inducted as a member of the committee effective 29 October, 2013 consequent to the retirement of Mr. R.V. Kanoria at the annual general meeting held on 31 July, 2013. As at 31 March, 2014, the committee comprised Mr. Indresh Narain, independent director as the chairman, Mr. M.B.N. Rao and Mr. N. Srinivasan as its members. Majority of the members of this committee comprises independent directors including its chairman. The committee had two meetings during the year ended 31 March, 2014.

RISK MANAGEMENT COMMITTEE

Terms of Reference

The role of the committee includes review of the risk management policy developed by the management, review the annual risk management framework document and implementation of the actions planned in, 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, identify and make recommendations to the board, to the extent necessary on resources and staffing required for effective risk management and 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, 2014, the committee comprised Mr. M.B.N. Rao as the chairman, Mr. N. Srinivasan, Mr. Vellayan Subbiah, Mr. V. Srinivasa Rangan and the various business and functional heads of the company as members. The committee held five meetings during the year ended 31 March, 2014.

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, approve borrowings within the limits prescribed by the board, approve assignment of receivables and oversee the asset liability management system of the company.

Composition & Meetings

As at 31 March, 2014, the business committee comprised Mr. M.B.N.Rao as the chairman and Mr. N.Srinivasan and Mr. Vellayan Subbiah as its members. The senior management is invited to attend the meetings of the committee. The committee held four meetings during the year.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Terms of Reference

The role of the committee includes formulation and recommendation of a Corporate Social Responsibility (CSR) Policy for the company, recommend the amount of expenditure to be incurred on the CSR activities, monitor the CSR Policy of the company from time to time and institute a transparent monitoring mechanism for implementing the CSR activities and carry out any other function or activity as may be required to ensure that the CSR objectives are met.

Composition & Meetings

The committee was constituted by the board of directors at its meeting held on 28 March, 2014. As at 31 March, 2014, the corporate social responsibility committee comprised Mr. M.B.N.Rao, Mr. N. Srinivasan and Mr. Vellayan Subbiah as its members.

REMUNERATION OF DIRECTORS

Remuneration Policy

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

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 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, 2014 are as follows:

₹ in lakhs

Name of the Managing Director	Salary	Allowance	Incentive*	Perquisites & Contributions	Total
Mr. Vellayan Subbiah	60.95	107.89	60.66	24.76	254.27

* 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, 2014 are as follows:

₹ in lakhs

Name of the directors	Commission [#]	Sitting Fees paid	Total
Mr. M.B.N.Rao	10.00	2.80	12.80
Mr. Indresh Narain	5.00	1.50	6.50
Mr. N.Srinivasan	5.00	2.40	7.40
Mr. V.Srinivasa Rangan	5.00	1.60	6.60
Mr. Nalin Mansukhlal Shah	3.34	0.45	3.79
Mr. R.V.Kanoria	1.67	0.25	1.92
TOTAL	30.01	9.00	39.01

[#] Commission will be paid after the adoption of accounts by the shareholders at the annual general meeting and will be paid, subject to deduction of tax as applicable.

ATTENDANCE AT BOARD, COMMITTEE AND GENERAL MEETINGS

Name of the directors	Number of meetings attended						Attendance at last AGM
	Board	Audit committee	Stakeholders Relationship committee	Nomination & Remuneration committee	Business committee	Risk management committee	
Mr. M.B.N.Rao	5	5	NA	2	4	5	Yes
Mr. Indresh Narain [#]	5	5	NA	NA	NA	NA	Yes
Mr. N.Srinivasan	5	5	2	2	4	5	Yes
Mr. V.Srinivasa Rangan	4	4	NA	NA	NA	4	Yes
Mr. L.Ramkumar	4	NA	NA	NA	NA	NA	Yes
Mr. Vellayan Subbiah	5	NA	2	NA	4	5	Yes
Mr. R.V.Kanoria [Ⓐ]	1	NA	NA	1	NA	NA	No
Mr. Nalin Mansukhlal Shah [*]	3	NA	NA	NA	NA	NA	NA

[#] inducted into the nomination & remuneration committee at its meeting held on 29 October, 2013.

[Ⓐ] Retired at the AGM held on 31 July, 2013.

^{*} Appointed as an additional director at the board meeting held on 31 July, 2013.

GENERAL BODY MEETINGS

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

Year	Date and Time	Venue
2011	28 July, 2011 at 4.00 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai - 600 014
2012	30 July, 2012 at 4.00 p.m.	-do-
2013	31 July, 2013 at 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, 2011	Not applicable
30 July, 2012	1. Amendment to Employee Stock Option Plan, 2007 by extending the exercise period of options from three years to six years. 2. Introduction of a new Employee Stock Option Plan, 2012 (ESOP 2012) through a Trust route for the benefit of eligible employees of the company and its subsidiary companies.
31 July, 2013	Not applicable

POSTAL BALLOT

No Postal Ballot was conducted during the financial year 2013-14.

COMPLIANCE REPORT

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

SECRETARIAL AUDIT

The company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31 March, 2014, M/s. R.Sridharan & Associates, company secretaries 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.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The auditors' certificate on compliance of corporate governance norms is annexed to the 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 with regard to financial statements, compliance and internal control systems as contemplated under clause 49 of the listing agreement.

DISCLOSURES

Transactions with related parties are disclosed in note 31 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 nomination and remuneration committee has been constituted by the company.
2. The company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimisation of directors / employees / customers 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 access to the chairperson of the audit committee. We further affirm that during the year, no personnel have 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.

MEANS OF COMMUNICATION

The audited financial results, quarterly results and other major announcements like notices of board meetings, book closures were published in Business Line and Dinamani and are also available in the company's website www.cholafinance.com. Press releases are given in the leading newspapers and also posted on company's website. The quarterly investors' presentations and call transcripts are also posted on the company's website. The company has posted a shareholder's satisfaction survey on its website to ascertain the level of shareholders satisfaction. Further, the 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.

On behalf of the board

Place : Chennai
Date : 28 April, 2014

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 March 31, 2014, as envisaged in clause 49 of the listing agreement with stock exchanges.

Place: Chennai

Date : 28 April, 2014

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

1. We have examined the compliance of conditions of corporate governance by **Cholamandalam Investment and Finance Company Limited** ("the company"), for the year ended on 31 March, 2014 as stipulated in Clause 49 of the Listing Agreement of the company with the stock exchanges.
2. 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.
3. 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.
4. 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)

Geetha Suryanarayanan

Place: Chennai

Date : 28 April, 2014

Partner

(Membership No.29519)

General Shareholders Information

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER : L65993TN1978PLC007576

ANNUAL GENERAL MEETING

Date	Time	Venue
31 July, 2014	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

Friday, the 25 July, 2014 to Thursday, the 31 July, 2014 (both days inclusive)

DIVIDEND PAYMENT DATE

The company at its board meeting held on 29 January, 2014 approved payment of an interim dividend on the equity shares for the financial year ending 31 March, 2014 at the rate of 25% (₹ 2.50 per share) and fixed a record date of 8 February, 2014. The dividend was paid to all the shareholders by 18 February, 2014.

The board has further recommended declaration of final dividend of 10% (₹ 1 per share), for the year ended 31 March, 2014. 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

Equity Shares:

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

The Wholesale Debt Market (WDM) Segment of NSE and F - Class Segment of BSE.

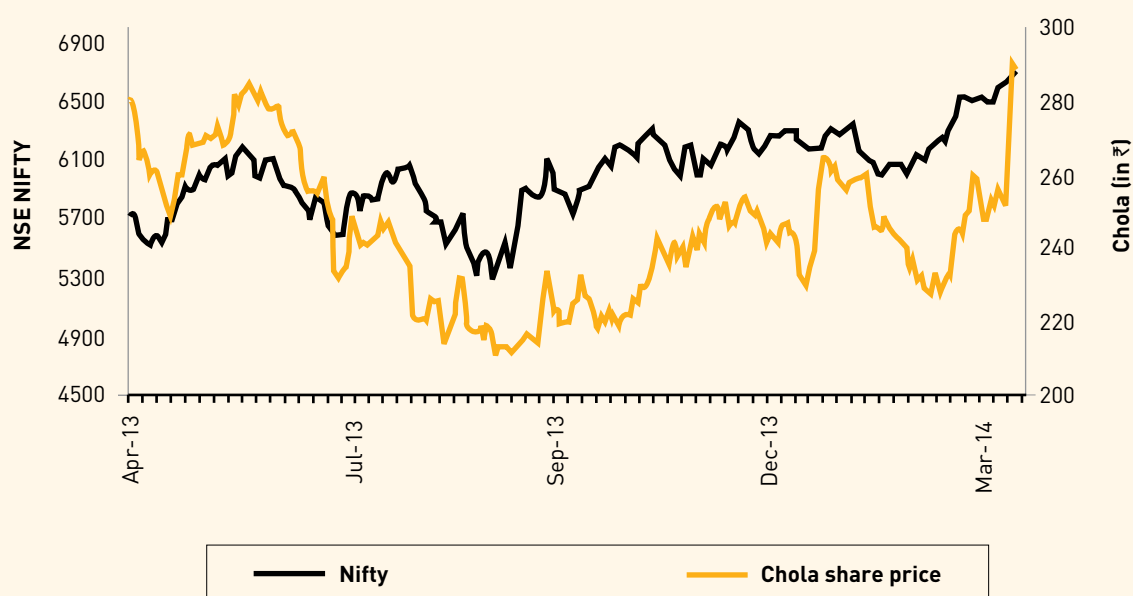
The listing fees for the financial year 2013-2014 were paid to the above stock exchanges.

SHARE PRICE DATA

(In ₹)

Month	BSE			NSE		
	High	Low	Vol.	High	Low	Vol.
April, 2013	282.00	242.50	73,005	284.60	237.00	745,092
May, 2013	286.70	264.50	138,329	287.85	262.00	501,622
June, 2013	277.00	215.20	742,924	288.45	216.20	1,323,983
July, 2013	262.00	217.00	914,618	263.50	216.00	1,233,191
August, 2013	236.00	205.00	39,403	239.70	202.00	366,505
September, 2013	238.75	209.05	117,905	239.00	207.70	164,431
October, 2013	237.40	217.30	625,784	238.80	217.00	295,398
November, 2013	254.00	228.70	119,453	255.95	230.00	178,232
December, 2013	257.95	237.00	25,572	255.00	235.50	239,778
January, 2014	272.90	225.00	148,876	272.00	223.60	406,955
February, 2014	251.00	226.00	15,138	251.65	224.30	127,741
March, 2014	294.15	282.75	3,927,506	294.40	226.00	1,448,125

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 are 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 and liquidity

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. As of 31 March, 2014, 99.63% of the company's shares were held in dematerialised form. The company's shares are regularly traded on National Stock Exchange of India Limited and BSE Limited, in electronic form.

To enable us to serve our investors better, we request shareholders whose shares are in physical mode to dematerialise shares and to update their bank accounts with their respective depository participants.

Nomination facility

The company is accepting nomination forms from shareholders in the prescribed form. 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 & Share Transfer Agent, as may be relevant, to enable the company to effect the dividend payment through the ECS / NECS modes.

Green initiative in corporate governance

The Companies Act, 2013 and the underlying Rules permits companies to send various documents including the financial statements through electronic mode to the shareholders. To support the green initiative and to receive all documents, notices, including annual reports and other communications of the company, investors are requested to give a positive consent in writing to RTA for receiving by electronic mode, if shares are held in physical mode or register the e-mail ID with the Depository Participant, if the holding is in electronic mode.

Details of Complaints received and redressed

Two investor service complaints relating to non-receipt of annual report and updation of change of address have been received from two shareholders during the year. Both complaints were resolved to the satisfaction of the shareholders. There were no investor service complaints pending as on 31 March, 2014.

Designated email address for investors services

In terms of Clause 47(f) of the listing agreement, the designated email address for investor complaints is investors@chola.murugappa.com.

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) established by the central government. The company has remitted ₹ 4.07 lakhs to IEPF during the year and no claim shall lie for such unclaimed dividends from IEPF by the members. In respect of such monies transferred to IEPF after the expiry of seven years, the shareholders shall be entitled to get refund out of fund only in such manner as may be prescribed by the Ministry of Corporate Affairs, from time to time.

Year wise details of the dividend to be paid out are given below:

Year to which the dividend relates	Date of declaration	Due date of transfer to Investor Education and Protection Fund (IEPF)
2007	30 July, 2007	03 September, 2014
2008	30 July, 2008	04 September, 2015
2010	26 April, 2010	31 May, 2017
2011	28 July, 2011	01 September, 2018
2012		
- Interim	31 January, 2012	07 March, 2019
- Final	30 July, 2012	04 September, 2019
2013		
- Interim	18 January, 2013	23 February, 2020
- Final	31 July, 2013	04 September, 2020
2014		
- Interim	29 January, 2014	05 March, 2021

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 voting rights of these shares shall remain frozen till the rightful owner of such shares claims 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	12	762
2	No. of shareholders who approached for transfer of shares from unclaimed suspense account during the year	-	-
3	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the year	-	-
4	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the end of the year	12	762

Distribution of Shareholding as on 31 March, 2014

No. of shares held	No. of shareholders	No. of Shares	(%) of Shareholding
1 - 5000	15,139	1,482,088	1.04
5001 - 10000	995	762,727	0.53
10001 - 20000	521	764,258	0.54
20001 - 30000	229	584,907	0.41
30001 - 40000	98	348,660	0.24
40001 - 50000	75	346,973	0.24
50001 - 100000	143	1,038,913	0.72
100001 & Above	205	137,862,508	96.28
TOTAL	17,405	143,191,034	100.00

SHAREHOLDING PATTERN

Category	As on 31 March, 2014	
	No. of shares	% of shareholding
Promoters	82,807,068	57.83
Public		
Multilateral Financial Institution	11,831,352	8.26
Foreign Institutional Investors	24,216,938	16.92
Foreign Corporate Bodies	9,283,977	6.48
Private Corporate Bodies	3,770,324	2.63
Mutual Funds and Trust	2,279,746	1.59
Resident Individuals and others	9,001,629	6.29
TOTAL	143,191,034	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 had 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 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 registered 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 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 574 branches across the country.

CONTACT PERSON

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

Ms. P.Sujatha
Company Secretary
"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
investors@chola.murugappa.com

On behalf of the board

Place : Chennai
Date : 28 April, 2014

M.B.N.Rao
Chairman

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. As required by Section 227(3) of the Act, we report that:
 - (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 comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm's Registration No.: 008072S)

Geetha Suryanarayanan

Partner

(Membership No.: 29519)

Date : 28 April, 2014

Place: Chennai

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 6 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses 4(ii), 4(viii), 4(xiii), 4(xiv), and 4(xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations 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 maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has granted loans aggregating ₹12,930 lakhs to two parties during the year. At the year-end, the outstanding balances of such loans granted aggregated ₹800 lakhs (one party) and the maximum amount involved during the year was ₹2,200 lakhs (two parties).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interest 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.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

 - (a) The Company has taken loans aggregating ₹4,300 lakhs from two parties during the year. At the year-end, the outstanding balances of such loans taken aggregated ₹8,138 lakhs (two parties) and the maximum amount involved during the year was ₹8,454 lakhs (two parties).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
 - (c) The payments of principal amounts and interest in respect of such loans are regular / as per stipulations.
- (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 for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses 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 in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction (excluding loans reported under paragraph (iii) above) 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.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A, 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 1 November, 2006. However, in respect of overdue amounts totalling to ₹1.86 lakhs, payments have not been made since the repayment of the same to the depositors has been stayed by the Honourable 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 and an external agency 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:
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2014 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2014 on account of disputes are given below:

Name of the 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)	2005-06 and 2008-09	157
Income Tax Act, 1961	Tax and Interest	Appellate Tribunal (ITAT)	1990-91 and 1991-92	3
Income Tax Act, 1961	Tax and Interest	Madras High Court	1995-96, 2000-01, 2001-02 and 2002-03	96
Tamil Nadu General Sales Tax Act, 1959	TNGST	Sales Tax Appellate Tribunal	1995-96	987
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1995-96	12
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1993-94 and 1994-95	2
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	May 1997 to September 1997	2
Delhi Sales Tax Act, 1975	Sales Tax	Deputy Commissioner of Sales Tax Appeals	1991-92	8
Rajasthan VAT Act, 2003	Sales Tax	Deputy Commissioner (Admin)	2003-04, 2006-07 to 2012-13	59
OVAT Act, 2004	Sales Tax	Joint Commissioner of Sales Tax Appeals	July 2007 to January 2013	47

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- (ix) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xi) In our opinion, the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xv) 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.
- (xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 15,660 secured debentures of ₹1,000,000 each. The Company has created security in respect of these debentures issued.
- (xvii) 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 though there have been a few cases of irregularities amounting to ₹112 lakhs (Refer Note 38 to the financial statements) detected and appropriately dealt with by the management.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm's Registration No.: 008072S)

Geetha Suryanarayanan

Partner

(Membership No.: 29519)

Date : 28 April, 2014

Place : Chennai

Balance Sheet as at 31 March, 2014

₹ in lakhs			
	Note	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,325.64	14,317.31
Reserves and surplus	4	215,144.48	182,159.38
		229,470.12	196,476.69
Share Application Money pending Allotment		0.94	-
Non-current liabilities			
Long-term borrowings	5	983,300.00	829,871.00
Other long-term liabilities	6	3,260.18	4,845.63
Long-term provisions	7	11,049.09	8,819.85
		997,609.27	843,536.48
Current liabilities			
Short-term borrowings	5	316,525.29	298,153.01
Trade payables	8	12,456.28	14,387.99
Current maturities of long-term borrowings	5	509,494.00	400,877.00
Other current liabilities	8	65,021.50	49,720.72
Short-term provisions	7	24,102.83	15,327.74
		927,599.90	778,466.46
TOTAL		2,154,680.23	1,818,479.63
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		6,791.64	6,518.22
(ii) Intangible assets		497.94	547.10
		7,289.58	7,065.32
Non-current investments	10	6,612.49	7,439.07
Deferred tax asset (net)	11	12,964.87	6,886.05
Receivable under financing activity	12	1,307,904.40	1,147,363.27
Long-term loans and advances	13	7,167.60	5,425.35
Other non-current assets	14	61,217.93	45,732.27
		1,403,156.87	1,219,911.33
Current assets			
Current investments	15	1,630.26	15,011.90
Cash and cash equivalents	16	80,083.59	38,896.69
Receivable under financing activity	12	634,908.28	515,230.80
Short-term loans and advances	13	1,431.88	1,242.05
Other current assets	14	33,469.35	28,186.86
		751,523.36	598,568.30
TOTAL		2,154,680.23	1,818,479.63

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

For and on behalf of the **Board of Directors**

M B N Rao
Chairman

Vellayan Subbiah
Managing Director

Statement of Profit and Loss for the year ended 31 March, 2014

₹ in lakhs			
	Note	Year ended 31.03.2014	Year ended 31.03.2013
Revenue			
- Revenue from operations	17	326,177.93	255,376.90
- Other income	18	106.38	191.24
Total Revenue		326,284.31	255,568.14
Expenses			
- Finance costs	19	177,108.51	141,101.20
- Business origination outsourcing		19,731.62	17,436.78
- Employee benefits expense	20	18,749.90	15,308.62
- Other operating expenses	21	24,977.28	22,180.92
- Depreciation and amortisation expense	9	2,363.13	2,031.22
- Provisions and loan losses	22	28,333.31	12,429.35
Total Expenses		271,263.75	210,488.09
Profit before tax		55,020.56	45,080.05
Tax expense:			
- Current tax			
- Current year - Expense		22,392.69	17,322.91
- Prior years - (Reversal of provision)		-	(1,124.32)
- Deferred tax	11	(3,773.43)	(1,773.08)
		18,619.26	14,425.51
Profit after tax for the year		36,401.30	30,654.54
Earnings per equity share of ₹10 each	23		
- Basic		25.43	22.89
- Diluted		25.38	22.83

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

For and on behalf of the **Board of Directors**

M B N Rao
Chairman

Vellayan Subbiah
Managing Director

Cash Flow Statement for the year ended 31 March, 2014

₹ in lakhs

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Cash Flow from Operating Activities				
Profit Before Tax		55,020.56		45,080.05
Adjustments for :-				
Depreciation and amortisation expense	2,363.13		2,031.22	
Provisions/(reversal of provisions) - Long Term				
- Standard Assets (Net)	415.89		775.08	
- Non Performing Assets under Financing Activity (Net)	1,813.35		2,684.05	
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	-		65.79	
- Diminution in Value of Investments	(1.10)		(107.00)	
Provisions/(reversal of provisions) - Short Term				
- Standard Assets (Net)	243.86		(6.16)	
- Non Performing Assets under Financing Activity (Net)	1,961.93		4,897.97	
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	(74.70)		(176.52)	
- Compensated Absences(Net)	(139.58)		298.10	
- Contingent Service Tax claims	-		56.76	
Loss on Repossessed Assets (Net)	15,330.43		2,995.36	
Loss assets written off	8,642.54		1,153.37	
Investment Written off	1.10		-	
Finance Costs	177,108.51		141,101.20	
Profit on Sale of Fixed Assets (Net)	(5.58)		(0.63)	
Liability no longer required written back	(71.63)		-	
Profit on Sale of Current Investments (Net)	(2,548.10)		(2,011.18)	
Loss on redemption of Government securities	-		0.67	
Gain on prepayment of Commercial paper and Debentures (Net)	(187.95)		(11.96)	
Interest Income	(4,856.89)		(3,010.78)	
Interest on Investments	(137.01)		(2.63)	
Dividend on Investments	(0.01)		(1.50)	
		199,858.19		150,731.21
Operating Profit Before Working Capital Changes		254,878.75		195,811.26
Adjustments for :-				
(Increase)/Decrease in operating Assets - Current/short term				
- Receivables under Financing Activity (including Repossessed Assets)	(475,423.28)		(339,887.26)	
- Other Current Assets	(5,728.16)		(15,863.26)	
- Loans and advances	(189.83)	(481,341.27)	1,774.99	(353,975.53)
(Increase)/Decrease in operating Assets - Non Current/ Long term				
- Receivables under Financing Activity (including Repossessed Assets)	(160,541.13)		(313,073.44)	
- Other Non Current Assets	(15,544.53)		1,632.38	
- Loans and advances	(904.28)	(176,989.94)	59.52	(311,381.54)
Securitisation / Bilateral Assignment of Receivables		338,078.00		218,775.00
Increase/(Decrease) in operating liabilities				
- Other Current & Short term liabilities		2,906.99		17,349.07
- Other Long term liabilities		0.28		64.25
Cash Used in Operations		(62,467.19)		(233,357.49)

Cash Flow Statement for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Finance Costs paid	(166,926.28)		(133,309.83)	
Interest Received on Bank Deposits and other investments	4,939.60		6,159.76	
Profit on Sale of Current Investments (Net)	2,548.10		2,011.18	
Direct Taxes Paid	(23,190.50)	(182,629.08)	(17,424.71)	(142,563.60)
Net Cash Used in Operating Activities (A)		(245,096.27)		(375,921.09)
Cash Flow from Investing Activities				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	(5,743.41)		5,391.31	
Purchase of Fixed Assets	(2,653.41)		(3,564.23)	
Sale of Fixed Assets	35.17		12.37	
Investment in Subsidiary Companies	-		(1.32)	
Purchase of Other Investments	(2,571,328.04)		(2,027,075.54)	
Sale/ Redemption of Other Investments	2,571,626.84		2,024,402.28	
Dividend Received on Investments	0.01		1.50	
Net Cash Used in Investing Activities (B)		(8,062.84)		(833.63)
Cash Flow from Financing Activities				
Increase in Equity Share Capital and Securities Premium (net of expenses)		150.79		29,620.22
Increase/(Decrease) in borrowings - Non current/Long term				
- Debentures	23,340.00		100,950.00	
- Banks and Others	130,089.00	153,429.00	13,466.00	114,416.00
Increase/(Decrease) in borrowings - Current/Short term				
- Debentures	30,200.00		22,320.00	
- Banks and Others	97,180.28	127,380.28	247,753.72	270,073.72
Decrease in Fixed Deposits		(18.24)		(14.21)
Dividends Paid (Including Distribution Tax)		(5,860.92)		(5,393.00)
Net Cash From Financing Activities (C)		275,080.91		408,702.73
Net Increase in Cash and Cash Equivalents (A+B+C)		21,921.80		31,948.01
Cash and Cash Equivalents at the Beginning of the Year		45,562.96		13,614.95
Add: Cash and Cash equivalents received pursuant to the merger		13.25		-
Cash and Cash Equivalents at the End of the Year		67,498.01		45,562.96
Note:				
Cash and Cash Equivalents at the End of the Year as per Balance Sheet		80,083.59		38,896.69
Add: Current Investments (Excluding Investments under Lien)		-		13,500.00
Less: Balance in Current Accounts held for Unpaid Dividends		34.78		33.35
Less: Bank Deposits held for More than Three Months		1,013.62		68.96
Less: Bank Deposits under Lien		11,537.18		6,731.42
		67,498.01		45,562.96

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the **Board of Directors**

Geetha Suryanarayanan
Partner

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

M B N Rao
Chairman
Vellayan Subbiah
Managing Director

Notes forming part of the Financial statements for the year ended 31 March, 2014

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) Basis of accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

Preparation of the 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 from 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.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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.

Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

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.

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per RBI Guidelines.

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 and pass through certificates 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. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

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
Leasehold improvements	Lease Period or 5 years, whichever is lower
Furniture and Fixture	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 estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The carrying amount of assets is 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.

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

Costs of investments include acquisition charges such as brokerage, fees and duties.

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

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 Balance Sheet date

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 the minimum provisioning requirements specified by RBI.

h) Repossessed Assets

Repossessed Assets are valued at lower of cost and estimated net realizable 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. The Company has no liability for future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

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 contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(ii) Defined Benefit Plan

Expenditure for defined benefit gratuity plan 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 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 / independent actuary using the Projected Unit Credit method.

(iii) Long-term compensated absences

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

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

(iv) Other-short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under :

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

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 Statement of Profit and Loss.

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 period 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 period.

k) Derivative Transactions

The Company enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

l) Lease Accounting

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

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.

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 substantively 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.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Statement of Profit and Loss.

o) Employee share based payments

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) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

r) Prepaid Finance Charges

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

s) Share Issue Expenses

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

t) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

u) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Operating Cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current.

2. Approval of Scheme of Amalgamation

Cholamandalam Factoring Ltd (CFACT) was a Non-Banking Finance Company (NBFC) and a wholly owned subsidiary of the Company. The Board of Directors at their meeting held on 30 October, 2012 approved a Scheme of Amalgamation of CFACT with the Company subject to the approval of Hon'ble High Court of Judicature at Madras and other necessary approvals and sanctions. The Hon'ble High Court of Judicature at Madras sanctioned the scheme with an Appointed date of 1 April, 2012 and is effective from 24 May, 2013, being date of filing the order with the Registrar of Companies. In accordance with the said Scheme, the Company has accounted for this amalgamation in the nature of merger under the pooling-of-interest method, during the current year with retrospective effect from the appointed date.

Consequently:

- i. All the assets, debts, liabilities and obligations of CFACT have been vested in the Company and have been recorded at their respective book values as of 1 April, 2013.
- ii. The net asset value of CFACT of ₹411.61 lakhs as on 1 April, 2013 has been adjusted against the net investment of the Company in CFACT.
- iii. The excess of net asset value of CFACT over the value of investments held by the company in CFACT (after adjusting CFACT Capital reserve of ₹3.94 lakhs and Statutory reserve of ₹12.63 lakhs) as at 1 April, 2012 amounting to ₹4.91 lakhs has been credited to "General Reserve". The difference in the "Surplus in the Statement of Profit and Loss" of CFACT between 1 April, 2012 and 1 April, 2013 aggregating to ₹49.23 lakhs has been debited to opening balance in "Surplus in the Statement of Profit and Loss" of the Company.

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	Amount	Nos.	Amount
NOTE : 3 SHARE CAPITAL				
AUTHORISED (Refer Note 3.1)				
Equity Shares of ₹10 each	240,000,000	24,000.00	150,000,000	15,000.00
Preference Shares of ₹100 each	30,000,000	30,000.00	30,000,000	30,000.00
		54,000.00		45,000.00
ISSUED				
Equity Shares of ₹10 each	143,327,788	14,332.78	143,244,495	14,324.45
1% Fully Convertible Cumulative Preference Shares of ₹100 each (Fully converted on 17 May, 2010 into 32,608,695 equity shares)	30,000,000	30,000.00	30,000,000	30,000.00
		44,332.78		44,324.45
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹10 each	143,191,034	14,319.10	143,107,741	14,310.77
Add : Forfeited Shares	130,900	6.54	130,900	6.54
		14,325.64		14,317.31

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

₹ in lakhs

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the year	143,107,741	14,310.77	132,554,549	13,255.45
Issued during the year on preferential basis	-	-	10,526,315	1,052.63
Issued during the year - Employees Stock Option Scheme	83,293	8.33	26,877	2.69
Outstanding at the end of the year	143,191,034	14,319.10	143,107,741	14,310.77
Forfeited shares				
Equity - Amount originally paid up	130,900	6.54	130,900	6.54

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 except for interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

c) Equity Shares held by Holding company and its Associates:

Particulars	As at 31.03.2014	As at 31.03.2013
Tube Investments of India Limited - Holding Company	72,233,019	72,233,019
Murugappa Holdings Limited - Associate of Holding Company	176	176

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	72,233,019	50.45	72,233,019	50.47
International Finance Corporation	11,831,352	8.26	11,831,352	8.27
Ambadi Investments Private Limited	7,218,410	5.04	7,218,410	5.04

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) Shares reserved for issue under options

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

f) Issue of shares on Preferential basis

On 13 February, 2013 the Company allotted 10,526,315 equity shares of ₹10 each at a premium of ₹275 per share aggregating ₹30,000 lakhs to eligible investors who are Qualified Institutional Buyers.

- 3.1 As per the Scheme of Amalgamation approved by Hon'ble High Court of Judicature at Madras, the Authorised Share Capital of the Company is increased to ₹54,000 lakhs which has been divided into 240,000,000 equity shares of ₹10 each amounting to ₹24,000 lakhs and 3,000,000 preference shares of ₹100 each amounting to ₹30,000 lakhs. (Refer Note 2)

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 4 RESERVES AND SURPLUS		
Capital Reserve	0.03	0.03
Add: Adjustment pursuant to Scheme of Amalgamation (Refer Note 2)	3.94	-
	3.97	0.03
Capital Redemption Reserve (Refer Note 4.1)	3,300.00	3,300.00
Securities Premium Account		
Balance at the beginning of the year	116,344.45	87,779.55
Add: Premium on issue of shares on preferential basis (Refer Note 3f)	-	28,947.37
Premium on ESOPs exercised	141.52	39.31
Less: Share issue expenses	-	(421.78)
Closing balance	116,485.97	116,344.45
Statutory Reserve (Refer Note 4.2)		
Balance at the beginning of the year	18,724.82	12,593.82
Add: Amount transferred from surplus in the Statement of Profit and Loss	7,281.00	6,131.00
Adjustment pursuant to Scheme of Amalgamation (Refer Note 2)	40.66	-
Closing balance	26,046.48	18,724.82
General Reserve		
Balance at the beginning of the year	31,426.13	16,426.13
Add: Amount transferred from surplus in the Statement of Profit and Loss	5,000.00	15,000.00
Adjustment pursuant to Scheme of Amalgamation (Refer Note 2)	4.91	-
Deferred tax adjustment consequent to the Scheme of Amalgamation (Refer Note 11)	2,345.47	-
Closing balance	38,776.51	31,426.13
Surplus in the Statement of Profit and loss		
Balance at the beginning of the year	12,363.95	8,366.97
Profit for the year	36,401.30	30,654.54
Adjustment for the year 2012-13 pursuant to Scheme of Amalgamation (Refer Note 2)	(49.23)	-
Deferred Tax adjustment for the year 2012-13 consequent to the Scheme of Amalgamation (Refer Note 11)	(40.08)	-

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 4 RESERVES AND SURPLUS (Contd.)		
Less:		
Dividend		
Equity for previous year (Refer Note 4.3)	(0.43)	(0.03)
Equity Interim - Paid (₹2.50 per share)	(3,579.26)	(3,314.54)
Equity - Proposed (₹ 1.00 per share)	(1,431.97)	(1,431.08)
Distribution tax on Equity Dividend	(851.73)	(780.91)
Transfer to Statutory Reserve	(7,281.00)	(6,131.00)
Transfer to General Reserve	(5,000.00)	(15,000.00)
Net surplus in the Statement of Profit and Loss	30,531.55	12,363.95
Total Reserves and Surplus	215,144.48	182,159.38

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

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

4.3 Represents dividend payment relating to previous year in respect of 42,828 (31 March, 2013 - 3,433) shares which were allotted to the employees under the Employee Stock Option Scheme 2007 after 31 March, 2013 but before 26 July, 2013 (book closure date).

₹ in lakhs

Particulars	Non - Current		Current	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE : 5 BORROWINGS				
LONG - TERM				
Redeemable Non-Convertible Debentures				
Medium Term - Secured	215,520.00	204,940.00	141,020.00	117,820.00
- Refer Note 5.1 (i) & 5.2 (i) to (iv)				
Subordinated Debt - Unsecured	94,800.00	102,800.00	20,000.00	13,000.00
- Refer Note 5.2 (v)				
Perpetual Debt - Unsecured	103,330.00	82,570.00	-	-
- Refer Note 5.2 (vi)				
Term Loan				
Rupee Loans from Banks - Secured	569,650.00	434,133.00	342,483.00	259,201.00
-Refer Note 5.1 (ii) & 5.2 (vii)				
Foreign currency Loans from Banks - Secured	-	5,428.00	5,991.00	10,856.00
-Refer Note 5.1(ii) & 5.2 (vii)				
	983,300.00	829,871.00	509,494.00	400,877.00
The above amount includes				
Secured borrowings	785,170.00	644,501.00	489,494.00	387,877.00
Unsecured borrowings	198,130.00	185,370.00	20,000.00	13,000.00
Amount disclosed under the head "Current Maturities of Long term borrowings"	-	-	(509,494.00)	(400,877.00)
	983,300.00	829,871.00	-	-
SHORT - TERM				
Working Capital Demand loans and Cash Credit from Banks - Secured - (Refer Note 5.1(iii))	-	-	260,055.29	211,107.01
- Unsecured	-	-	-	-
Commercial Paper - Unsecured	-	-	54,670.00	85,005.00

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	Non - Current		Current	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE : 5 BORROWINGS (Contd.)				
Inter-corporate Deposit - Unsecured from subsidiaries (Refer Note 31)			1,800.00	2,041.00
	-	-	316,525.29	298,153.01
The above amount includes				
Secured borrowings	-	-	260,055.29	211,107.01
Unsecured borrowings	-	-	56,470.00	87,046.00
	-	-	316,525.29	298,153.01

5.1 Security

- (i) 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 passu charge on immovable property situated at Ahmedabad.
- (ii) Term loans from banks are secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (iii) Cash credit from banks and working capital demand loans are secured by floating charge on assets under hypothecation and other current assets.

5.2 Details of Debentures

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
2000	1,000,000	20,000	-	Sep-18	11.00
1400	1,000,000	14,000	-	May-18	9.50 to 9.65
2500	1,000,000	25,000	25,000	Dec-17	10.50
250	1,000,000	2,500	-	Jan-17	10.25
2000	1,000,000	20,000	-	Sep-16	11.00
2550	1,000,000	25,500	-	May-16	9.40 to 9.60
2500	1,000,000	25,000	25,000	Dec-15	10.50
250	1,000,000	2,500	2,500	Jun-15	10.67
4100	1,000,000	41,000	-	May-15	9.40 to 9.60
250	1,000,000	2,500	2,500	Apr-15	10.20
1350	1,000,000	13,500	8,500	Mar-15	9.50 to 10.07
600	1,000,000	6,000	6,000	Nov-14	10.05 to 10.90
400	1,000,000	4,000	4,000	Oct-14	10.08
2600	1,000,000	26,000	26,000	Sep-14	10.30 to 10.90
500	1,000,000	5,000	5,000	Aug-14	10.55
250	1,000,000	2,500	2,500	Jul-14	10.55
2850	1,000,000	28,500	33,500	Jun-14	10.77 to 10.95
805	1,000,000	8,050	8,050	Apr-14	9.70 to 9.82
1000	1,000,000	-	10,000	Feb-14	10.70 to 10.71
250	1,000,000	-	2,500	Dec-13	10.67
750	1,000,000	-	7,500	Sep-13	10.30 to 10.45
1350	1,000,000	-	13,500	Aug-13	10.30 to 10.35

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
500	1,000,000	-	5,000	Jul-13	10.40 to 10.59
100	1,000,000	-	1,000	Jun-13	10.59
700	1,000,000	-	7,000	May-13	8.75 to 10.64
850	1,000,000	-	8,500	Apr-13	10.45 to 10.80
		271,550	203,550		

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
160	1,000,000	1,600	-	Feb-19	1,635,566
100	1,000,000	1,000	-	May-18	1,580,260
250	1,000,000	2,500	-	May-16	1,317,510
50	1,000,000	500	-	May-16	1,330,118
250	1,000,000	2,500	-	May-16	1,314,733
100	1,000,000	1,000	-	Mar-16	1,310,710
250	1,000,000	2,500	-	Jan-16	1,275,288
100	1,000,000	1,000	-	Apr-15	1,200,660
145	1,000,000	1,450	1,450	Sep-15	1,340,839
102	1,000,000	1,020	1,020	Sep-15	1,334,362
30	1,000,000	300	300	Aug-15	1,382,264
180	1,000,000	1,800	1,800	Jun-15	1,363,970
225	1,000,000	2,250	2,250	May-15	1,348,378
97	1,000,000	970	970	Apr-15	1,336,573
113	1,000,000	1,130	1,130	Apr-15	1,331,826
137	1,000,000	1,370	1,370	Mar-15	1,320,885
300	1,000,000	3,000	3,000	Feb-15	1,332,073
50	1,000,000	500	500	Jan-15	1,332,420
150	1,000,000	1,500	1,500	Dec-14	1,335,731
600	1,000,000	6,000	6,000	Nov-14	1,354,707
600	1,000,000	6,000	6,000	Nov-14	1,349,068
250	1,000,000	2,500	2,500	Jun-14	1,227,000
330	1,000,000	3,300	3,300	May-14	1,220,232
180	1,000,000	1,800	1,800	Apr-14	1,218,469
150	1,000,000	1,500	1,500	Apr-14	1,211,490
500	1,000,000	5,000	5,000	Apr-14	1,102,376
40	1,000,000	-	400	Mar-14	1,208,700
110	1,000,000	-	1,100	Feb-14	1,207,865
250	1,000,000	-	2,500	Nov-13	1,220,668
100	1,000,000	-	1,000	Nov-13	1,107,560
750	1,000,000	-	7,500	Oct-13	1,227,765
1000	1,000,000	-	10,000	Aug-13	1,161,219
160	1,000,000	-	1,600	Jul-13	1,117,377
45	1,000,000	-	450	Jun-13	1,139,226
500	1,000,000	-	5,000	May-13	1,175,400
30	1,000,000	-	300	May-13	1,120,782

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
47	1,000,000	-	470	May-13	1,120,497
250	1,000,000	-	2,500	Apr-13	1,119,304
		53,990	74,210		

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption*	Rate of interest %
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
500	1,000,000	5,000	30,000	Aug-14	10.15
		5,000	30,000		

* Put option exercised for ₹20,000 lakhs on 22 Aug, 2013 and ₹5,000 lakhs is exercised on 24 Feb, 2014

(iv) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
1600	1,000,000	16,000	-	May-15	9.5**
1000	1,000,000	10,000	15,000	Sep-14	10.45*
		26,000	15,000		

* Call option exercised by the Company on 02 Sep, 2013 for ₹5,000 lakhs

** Call option available to the Company on 20 Jun, 2014

Particulars	Non - Current		Current		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Redeemable at par - No put call option	178,000	148,550	93,550	55,000	271,550	203,550
Redeemable at premium - No put call option	21,520	41,390	32,470	32,820	53,990	74,210
Redeemable at par - with put option	-	-	5,000	30,000	5,000	30,000
Redeemable at par - with call option	16,000	15,000	10,000	-	26,000	15,000
	215,520	204,940	141,020	117,820	356,540	322,760

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
250	1,000,000	2,500	-	Mar-24	11.00
200	1,000,000	2,000	-	Feb-24	11.00
250	1,000,000	2,500	-	Jan-24	11.00
150	1,000,000	1,500	-	Sep-23	11.00
600	1,000,000	6,000	6,000	Dec-22	11.05 to 11.25
100	1,000,000	1,000	-	Mar-21	11.00
100	1,000,000	1,000	-	Feb-21	11.00

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

(v) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option
(Contd.)

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
150	1,000,000	1,500	-	Oct-20	11.00
500	1,000,000	5,000	5,000	Jul-20	10.70
115	1,000,000	1,150	1,150	May-20	11.00
1000	1,000,000	10,000	10,000	Apr-20	11.00
750	1,000,000	7,500	7,500	Dec-19	11.50
700	1,000,000	7,000	7,000	Jun-19	11.40
1500	1,000,000	15,000	15,000	May-19	11.70 to 11.75
100	1,000,000	1,000	1,000	Nov-18	10.55
250	1,000,000	2,500	2,500	Sep-18	11.25
895	1,000,000	8,950	8,950	Aug-18	12.25
620	1,000,000	6,200	6,200	Jun-18	10.55 to 12.25
750	1,000,000	7,500	7,500	Nov-17	12.75
150	1,000,000	1,500	1,500	Mar-17	11.25
350	1,000,000	3,500	3,500	Feb-17	11.15
1000	1,000,000	10,000	10,000	Feb-15	11.25
1000	1,000,000	10,000	10,000	Dec-14	12.65
1000	1,000,000	-	10,000	Jun-13	10.85
300	1,000,000	-	3,000	Apr-13	11.50
		114,800	115,800		

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

No of Debentures	Face Value ₹	Balance as at		Maturity Date (Call option available; with prior approval of RBI in)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2014 ₹ in lakhs	31.03.2013 ₹ in lakhs		
500	500,000	2,500	-	Feb-24	12.90
50	1,000,000	500	-	Jan-24	12.60
1031	1,000,000	10,310	-	Dec-23	12.50 to 12.60
245	1,000,000	2,450	-	Oct-23	12.60
1000	500,000	5,000	-	Oct-23	12.90
300	1,000,000	3,000	3,000	Feb-23	12.80
1450	1,000,000	14,500	14,500	Dec-22	12.70 to 12.80
860	500,000	4,300	4,300	Sep-22	12.75
2000	500,000	10,000	10,000	Aug-22	12.90
200	500,000	1,000	1,000	Mar-22	12.50
700	500,000	3,500	3,500	Jan-22	12.50
3500	500,000	17,500	17,500	Dec-21	12.50 to 12.95
320	500,000	1,600	1,600	Aug-21	12.50
413	500,000	2,065	2,065	Jul-21	12.50
2021	500,000	10,105	10,105	Jun-21	12.50
3000	500,000	15,000	15,000	Oct-20	12.05
		103,330	82,570		

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

5.2 (vii) Details of term loans

₹ in lakhs

Rate of interest	Maturity	Instalments	Amount outstanding			
			Non - Current		Current	
			31.03.2014	31.03.2013	31.03.2014	31.03.2013
Base Rate	< 1 year	1	-	-	-	31,834
	1 - 2 years	1	20,000	60,000	7,500	-
		2	-	27,500	-	7,500.00
		4	-	12,500	-	37,500
	2 - 3 years	1	212,500	105,000	72,500	-
		2	4,150	-	24,150	-
Base Rate + spread (0.5% to 1.50%)		4	65,000	27,000	12,500	-
	< 1 year	1	-	-	40,500	81,500
	1 - 2 years	1	-	90,500	53,333	-
		3	-	3,333	-	6,667
		4	-	37,500	-	12,500
		6	7,500	-	7,500	-
	2 - 3 years	1	205,000	-	30,000	-
		3	-	8,300	37,500	4,200
		4	7,500	30,000	22,500	-
		8	20,000	-	-	-
Fixed Rate or Base rate whichever is higher	< 1 year	1	-	-	-	40,000
Fixed Rate	< 1 year	2	-	-	-	20,000
		4	-	-	-	10,000
	1 - 2 years	1	-	-	7,500	-
		2	-	7,500	-	7,500
		3	-	15,000	15,000	-
	2 - 3 years	1	10,000	10,000	-	-
Total			569,650	434,133	342,483	259,201
USD 12M LIBOR + Spread	< 1 year	1	-	-	5,991	10,856
	1-2 years	1	-	5,428	-	-
Total			-	5,428	5,991	10,856

5.3 The Company has not defaulted in the repayment of dues to its lenders

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 6 OTHER LONG - TERM LIABILITIES		
Advances from Customers	80.00	115.85
Interest Accrued but not due on borrowings	2,938.22	4,523.95
Deferred Rent	241.96	205.83
	3,260.18	4,845.63

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs			
	Long term		Short term	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE : 7 PROVISIONS				
Provision for Employee Benefits				
- Compensated Absences (Refer Note 29B)	-	-	908.14	1,047.72
	-	-	908.14	1,047.72
Other Provisions				
Provision for Standard Assets (Refer Note 33)	3,266.51	2,850.62	1,549.59	1,305.73
Provision for Non performing Assets (Refer Note 33)	7,029.14	5,215.79	19,177.40	10,432.93
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 33)	753.44	753.44	-	74.70
Contingent Service Tax claims	-	-	792.37	792.37
Proposed Dividend - Equity	-	-	1,431.97	1,431.08
Provision for Distribution tax on proposed Dividend - Equity	-	-	243.36	243.21
	11,049.09	8,819.85	23,194.69	14,280.02
	11,049.09	8,819.85	24,102.83	15,327.74

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 8 OTHER CURRENT LIABILITIES		
Trade payables		
- Outstanding dues to Micro Small and Medium Enterprises (Refer Note 27)	1.54	0.06
- Others	12,454.74	14,387.93
	12,456.28	14,387.99
Other current liabilities		
Interest Accrued but Not Due on Borrowings / Other Deposits	38,062.54	27,518.73
Income received in advance	1.52	-
Unpaid Dividend (Refer Note 8.1)	34.78	33.35
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Notes 8.2 & 8.3)	21.29	39.53
Advances from customers	1,852.40	1,459.15
Security Deposits received	473.74	361.60
Remittances payable - Derecognised assets (Refer Note 16.1)	22,857.90	18,486.80
Insurance premium collected from customers	1,001.35	1,219.69
Statutory dues	344.59	415.91
Other liabilities *	371.39	185.96
	65,021.50	49,720.72
* Other liabilities include dues to subsidiaries		
Cholamandalam Securities Limited	6.84	7.35
Cholamandalam Distribution Services Limited	-	0.99

8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF).

8.2 As at 31 March, 2014, there are no amounts due and outstanding to be credited to the Investor Education and Protection Fund (IEPF) in respect of Fixed Deposits except for ₹1.86 lakhs (31 March, 2013 - ₹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 (31 March, 2013 - ₹0.11 lakhs), payments have not been made as per instructions received from the Central Bureau of Investigation.

8.3 Pursuant to the Company obtaining a fresh Certificate of Registration dated 11 December, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits and consequent to its decision to exit from deposit accepting activities effective 01 November, 2006, the Company has a total deposit of ₹26.91 lakhs as at 31 March, 2014 (31 March, 2013 - ₹48.06 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 31 March, 2014 (Contd.)

NOTE : 9 FIXED ASSETS

As at 31 March, 2014

Description	Gross Block				Accumulated Depreciation and Amortisation			Net Block as at	
	Cost as at 31.03.2013	Additions	Deletions	Cost as at 31.03.2014	Upto 31.03.2013	Provided for the year	Withdrawn during the year	31.03.2014	31.03.2013
Tangible Asset									
Freehold Land	464.19	-	-	464.19	-	-	-	464.19	464.19
Buildings (Refer Note 9.1)	3,463.77	-	-	3,463.77	555.76	172.02	-	2,735.99	2,908.01
Plant and Machinery	2,387.24	758.32	43.81	3,101.75	1,591.07	609.42	43.69	944.95	796.17
Office Equipment	1,136.72	368.02	28.85	1,475.89	647.88	242.17	18.59	604.43	488.84
Furniture and Fixtures	1,308.03	321.42	0.12	1,629.33	709.99	315.99	0.12	603.47	598.04
Leasehold Improvements	1,525.29	674.15	16.41	2,183.03	657.97	543.32	15.95	997.69	867.32
Vehicles	564.20	192.94	57.35	699.79	168.55	129.45	39.13	440.92	395.65
Total	10,849.44	2,314.85	146.54	13,017.75	4,331.22	2,012.37	117.48	6,791.64	6,518.22
Intangible Asset (acquired)									
- Computer Software	2,698.84	302.13	65.35	2,935.62	2,151.74	350.76	64.82	497.94	547.10
Total	2,698.84	302.13	65.35	2,935.62	2,151.74	350.76	64.82	497.94	547.10

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 9 FIXED ASSETS (Contd.)

As at 31 March, 2013

Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block as at	
	Cost as at 31.03.2012	Additions	Deletions	Cost as at 31.03.2013	Upto 31.03.2012	Provided for the year	Withdrawn during the year	Upto 31.03.2013
Tangible Asset								
Freehold Land	464.19	-	-	464.19	-	-	-	464.19
Buildings (Refer Note 9.1)	3,424.91	38.86	-	3,463.77	384.99	170.77	-	2,908.01
Plant and Machinery	1,621.58	781.01	15.35	2,387.24	1,146.98	457.23	13.14	776.17
Office Equipment	548.67	596.93	8.88	1,136.72	309.99	346.20	8.31	488.84
Furniture and Fixtures	517.10	805.48	14.55	1,308.03	360.11	364.44	14.56	598.04
Leasehold Improvements	596.23	934.18	5.12	1,525.29	336.64	326.45	5.12	867.32
Vehicles	411.15	192.23	39.18	564.20	99.63	99.13	30.21	395.65
Total	7,583.83	3,348.69	83.08	10,849.44	2,638.34	1,764.22	71.34	6,518.22
Intangible Asset (acquired)								
- Computer Software	2,255.67	443.17	-	2,698.84	1,884.74	267.00	-	547.10
Total	2,255.67	443.17	-	2,698.84	1,884.74	267.00	-	547.10
								370.93

Note:

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

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

		₹ in lakhs	
Particulars		As at 31.03.2014	As at 31.03.2013
NOTE : 10 NON - CURRENT INVESTMENTS (valued at cost unless stated otherwise)			
Trade Investments - Unquoted			
Investment in Equity shares of subsidiaries			
Cholamandalam Distribution Services Limited 42,400,000 Equity shares of ₹ 10 each fully paid up		4,240.00	4,240.00
Cholamandalam Securities Limited 20,500,014 Equity shares of ₹ 10 each fully paid up		2,050.00	2,050.00
Cholamandalam Factoring Limited (amalgamated during the year) 80,364,829 Equity shares of ₹ 10 each fully paid up (Refer Note 2)		-	8,096.68
		6,290.00	14,386.68
Less : Provision for diminution in the value of investment		(953.00)	(8,638.36)
Total (a)		5,337.00	5,748.32
Non Trade Investments			
Investment in Equity shares - Unquoted			
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up		129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up		0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up		0.25	0.25
Add : Pursuant to merger of Cholamandalam Factoring Limited			
Chola Insurance services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up		1.91	-
Investment in other shares - Unquoted			
Abhishek Co-operative Housing Society 5 shares of ₹ 50 each : Cost ₹ 250 only		0	0
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only		0	0
Investment in Pass Through Certificates - Unquoted	2,774.45		3,073.26
Amount disclosed under Current Investments	(1,630.26)		(1,511.90)
		1,144.19	1,561.36
Total (b)		1,275.49	1,690.75
Total Non current Investments (a + b)		6,612.49	7,439.07
Aggregate Value of Unquoted Investments - At Cost		7,565.49	16,077.43
Aggregate provision for diminution in the value of investments		953.00	8,638.36

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs		
Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 11 DEFERRED TAX ASSET (net)		
Deferred Tax Asset		
Provision for Standard Assets	1,636.99	1,412.75
Provision for Non-Performing Assets	8,907.60	5,319.00
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	256.10	281.49
Provision for Repossessed Stock	842.88	407.29
Provision for Contingent Service Tax	269.33	269.33
Income Derecognised on Non Performing Assets	2,119.00	750.63
Provision for compensated absences	308.68	356.12
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	200.68	200.33
Others	576.80	69.96
(A)	15,118.06	9,066.90
Deferred Tax Liability		
Unamortised Prepaid Finance Charges	2,153.19	2,180.85
(B)	2,153.19	2,180.85
Net Deferred Tax Asset (A) - (B)	12,964.87	6,886.05
Movement in Net Deferred Tax Asset during the year	6,078.82	1,773.08
Add / (Less):		
Movement in Deferred Tax during the year includes deferred tax relating to provision for non-performing assets transferred from CFACT consequent to Scheme of Amalgamation (Refer Note 4)		
- Adjusted in General Reserve	[2,345.47]	-
- Adjusted in Surplus in the Statement of Profit and Loss	40.08	-
Deferred Tax expense in the Statement of Profit and Loss	3,773.43	1,773.08

₹ in lakhs				
Particulars	Non - Current		Current	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
Secured (Refer Note 12.1)				
Automobile Financing	851,926.96	741,411.85	532,111.75	435,785.94
Loans against Immovable Property	453,605.79	399,178.16	37,498.51	34,283.78
Loans against Securities	1,902.09	5,424.99	8,470.17	10,046.50
Loans against Gold (Refer Note 12.6)	-	-	-	1,533.92
Other Loans	467.06	1,313.74	1,225.31	-
Instalments and Other Dues from Borrowers (Refer Note 12.3 & 12.4)	-	-	47,523.58	23,660.82
Total (a)	1,307,901.90	1,147,328.74	626,829.32	505,310.96
Unsecured				
Consumer Loans	2.50	34.53	23.46	105.32
Bills Discounted	-	-	163.74	-
Other Loans	-	-	7,761.16	8,506.44
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.5)	-	-	130.60	1,308.08
	2.50	34.53	8,078.96	9,919.84
Total receivables under financing activity (a) + (b)	1,307,904.40	1,147,363.27	634,908.28	515,230.80

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	Non - Current		Current	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Contd.)				
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, corporate 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/ Securitisation of Receivables.			4,316.20	2,560.54
12.4 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.			15,843.96	5,642.85
12.5 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.			48.86	1,107.98
Of the above:				
Considered Good	1,292,011.27	1,140,246.23	607,215.06	502,386.20
Others - Non - Performing Assets	15,893.13	7,117.04	27,693.22	12,844.60
	1,307,904.40	1,147,363.27	634,908.28	515,230.80
Refer Note 7 for Provision for Non - Performing assets				
12.6 Percentage of Loans against Gold to Total Assets	-	-	0.00%	0.08%

₹ in lakhs

Particulars	Long term		Short term	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE :13 LOANS AND ADVANCES				
Unsecured - considered good (unless otherwise stated)				
Capital Advances	173.46	137.03	-	-
Security Deposits	854.88	755.04	568.23	530.68
Inter corporate Deposit placed with subsidiary	800.00	-	-	-
Prepaid expenses	20.79	16.35	343.15	277.42
Service tax input credit	-	-	159.57	252.24
Advance tax (net of provision for tax ₹ 50,038.11 lakhs; 31 March, 2013- ₹ 27,645.42 lakhs)	5,318.47	4,516.93	-	-
Other advances	-	-	360.93	181.71
	7,167.60	5,425.35	1,431.88	1,242.05

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	Non - Current		Current	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
NOTE : 14 OTHER ASSETS				
Unsecured - considered good (unless otherwise stated)				
Deposits as collateral towards assets derecognised (Refer Note 16)	51,999.91	35,071.59	-	-
Excess Interest spread - Derecognised assets	4,328.04	5,113.28	519.95	675.99
Prepaid Finance Charges	4,889.98	4,948.84	1,444.79	1,467.30
Prepaid Discount on Commercial Papers	-	-	1,693.22	2,648.05
Reposessed Automobile assets	-	-	1,105.02	627.65
Interest and Other Income Accrued but Not Due				
- on Loans to Borrowers	-	-	23,818.81	19,009.45
- on Deposits and Investments	-	-	573.75	519.45
Financial assets on derivative transactions	-	598.56	939.89	1,756.00
Other Accruals and receivables*	-	-	3,373.92	1,482.97
	61,217.93	45,732.27	33,469.35	28,186.86

* includes ₹2,852.74 lakhs (31 March, 2013 - ₹1,007.87 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognized assets referred in Note 8

₹ in lakhs

Particulars	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
	No. of units	No. of units		
Note : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value, unless stated otherwise - Non - Trade)				
Investments in Mutual Funds - Unquoted				
Kotak Floater ST Growth	-	182,293	-	3,500.00
Birla Sunlife Cash Plus Growth	-	2,663,835	-	5,000.00
IDFC Cash Fund Regular Growth	-	350,958	-	5,000.00
Current Portion of Long term Investment in Pass Through Certificates - Unquoted			1,630.26	1,511.90
			1,630.26	15,011.90
Aggregate value of unquoted investments				
- At Cost			1,630.26	15,011.90
- At Market Value			1,630.26	15,019.82
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds				

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 16 CASH AND CASH EQUIVALENTS		
Cash on hand	4,999.21	3,247.58
Cheques, drafts on hand	2,079.82	2,027.17
Balances with banks		
- In Current Accounts (Refer Note 16.1)	43,827.71	16,788.21
- In Deposit Accounts - Original maturity 3 months or less	16,591.27	10,000.00
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 16.2)	1,013.62	68.96
- In earmarked accounts		
- In Unpaid Dividend Accounts	34.78	33.35
- Deposits as collateral towards assets derecognised	63,501.79	41,754.95
- Amount disclosed under Non current bank balances (Refer Note 14)	(51,999.91)	(35,071.59)
	11,501.88	6,683.36
- Public deposit Escrow Account (Refer Note 8.3)	26.91	48.06
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8.39	-
	80,083.59	38,896.69

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 67,498.01 lakhs (31 March, 2013 - ₹ 32,062.96 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 ₹ 1,013.62 lakhs (31 March, 2013 - ₹ 43.42 lakhs) which have an original maturity of more than 12 months

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 17 REVENUE FROM OPERATIONS		
Income from Operations		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	209,032.20	163,393.17
- Loans against Immovable Property	66,002.81	49,260.46
- Loans against Securities	1,153.79	2,978.12
- Loans against Gold	170.60	806.05
- Other Loans	1,450.59	1,199.10
- Bills Discounting	12.84	-
- Interest spread on assignment/securitisation	12,148.06	5,655.26
ii) Other Operating Revenue		
- Automobile Financing	21,674.60	21,707.02
- Loans against Immovable Property	6,216.87	3,620.07
- Loans against Securities	47.54	65.84
- Loans against Gold	0.33	4.62
- Consumer Loans	59.45	121.00
- Other Loans	11.55	4.27
(b) Interest Income		
- Deposits placed as collateral towards assets derecognised	4,142.43	2,958.72
- Other Deposits	714.46	27.86
- Pass Through Certificates	137.01	24.20
(c) Gain on prepayment of Commercial Paper and Debentures (net) (Refer Note below)	187.95	11.96
Total (A)	323,163.08	251,837.72
Other Operating Income		
(d) Profit on sale of current investments	2,548.10	2,011.18
(e) Income from Non Financing activity	466.75	1,528.00
Total (B)	3,014.85	3,539.18
Total (A+B)	326,177.93	255,376.90

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 17 REVENUE FROM OPERATIONS (Contd.)		
Note:		
Gain on Prepayment of Commercial Paper and Debentures		
Book Value (including interest accrued) on the date of prepayment	64,582.63	19,591.00
Consideration paid for prepayment	64,394.68	19,579.04
Net Gain	187.95	11.96

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 18 OTHER INCOME		
Interest Income		
on Investments - Non current , Non Trade & Quoted	-	2.63
on Income tax refund	-	41.34
Dividend Income from long term investments	0.01	1.50
Other Non-operating Income		
Rent	29.16	27.31
Profit on sale of Fixed Assets (net)	5.58	0.63
Miscellaneous Income (Refer 18.1)	71.63	117.83
	106.38	191.24
18.1 Miscellaneous Income represents		
Reversal of provision for diminution in the value of investment in subsidiaries (net)	-	107.00
Liability no longer required written back	71.63	-

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 19 FINANCE COSTS		
Interest Expense		
- Debentures	62,579.23	51,332.09
- Bank Loans	99,007.97	71,352.40
- Inter - corporate Deposit	180.76	116.02
Discount on Commercial Papers	11,658.34	14,868.79
Others		
- Amortisation of ancillary borrowing costs	2,678.75	2,638.20
- Amortisation of premium on Forward contracts	221.67	221.67
- Bank charges	781.79	572.03
	177,108.51	141,101.20

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 20 EMPLOYEE BENEFIT EXPENSE		
Salaries, Bonus and Commission	17,016.48	13,657.64
Contribution to Provident and Other Funds		
Employees' Provident Fund	610.96	444.33
Superannuation Fund	120.69	95.06
Gratuity Expense (Refer Note 29 A)	225.21	141.34
Staff Welfare Expenses	776.56	970.25
	18,749.90	15,308.62

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 21 OTHER OPERATING EXPENSES		
Rent (Refer Note 21.1)	2,718.85	2,539.71
Electricity Charges	521.55	623.98
Rates and Taxes (Refer Note 21.2)	2,860.02	2,069.51
Communication Cost	1,093.86	1,076.34
Travelling and Conveyance	2,790.66	2,347.17
Advertisement Expenses	126.79	251.21
Insurance	602.33	496.81
Repairs and Maintenance		
- Buildings	6.39	3.24
- Others	49.16	24.58
Printing and Stationery	726.55	738.63
Information Technology Expenses	829.53	954.64
Auditors' Remuneration (Refer Note 26)	42.69	42.23
Professional Charges	2,537.01	2,836.92
Lease Rental Expense	559.21	601.44
Commission to Directors	27.68	32.27
Sitting Fees to Directors	9.00	8.20
Foreign Exchange Loss (net)	343.56	627.10
Recovery Charges (Refer Note 21.4)	8,277.49	6,497.21
Miscellaneous Expenses (Refer Note 21.3)	862.58	423.63
	24,984.91	22,194.82
Less : Expenses Recovered (Refer Note 36)	[7.63]	[13.90]
	24,977.28	22,180.92
21.1 Lease equalisation charge included in Rent	99.80	25.61
21.2 Service Tax charge included in Rates and Taxes	2,760.61	1,793.47
21.3 Donations included in Miscellaneous Expenses	275.40	218.88
21.4 Net of reversal of provision for servicing costs on assets derecognised	-	39.74

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 22 PROVISIONS AND LOAN LOSSES		
Loss Assets Written Off	8,642.54	1,153.37
Loss on Repossessed Assets(Net)	15,330.43	2,995.36
Provision for Non -Performing Assets	15,359.63	10,757.05
Provision Released for Non- Performing Assets on recovery/write off (Refer Note 22.1)	(11,659.04)	(3,246.02)
	27,673.56	11,659.76
Provision for Standard Assets (net)	659.75	768.92
Loss on redemption of Government securities	-	60.36
Less: Reversal of provision	-	(59.69)
	-	0.67
Investment Written Off	1.10	-
Less: Reversal of provision	(1.10)	-
	-	-
	28,333.31	12,429.35
22.1 Includes reversal of provision for credit enhancements on assets derecognised	74.70	70.99

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 23 EARNINGS PER SHARE		
Profit After Tax Attributable to Equity Shareholders	36,401.30	30,654.54
Weighted Average Number of Equity Shares (Basic)	143,151,375	133,919,347
Add: Dilutive effect relating to ESOP	254,348	345,778
Weighted Average Number of Equity Shares (Diluted)	143,405,723	134,265,125
Earnings per Share - Basic (₹)	25.43	22.89
Earnings per Share - Diluted (₹)	25.38	22.83
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".

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 24 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	19	8
Outstanding securitised Assets in books of SPV	410,298.10	221,819.82
Less: Collections not yet due to be remitted to SPV*	19,000.60	11,938.60
Outstanding securitised Assets as per books	391,297.50	209,881.22
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	50,806.86	20,342.63
• Others		
i) Second Loss – Cash Collateral	-	2,225.00
ii) Investment in PTC	2,774.45	3,073.26
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	556,853.48	259,229.50

* excludes interest collected from customers on securitised assets.

b) On Bilateral assignment		
Number of Assignment Transactions	6	7
Outstanding Assignment Assets as per books	17,438.11	42,996.20
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral	12,694.93	19,187.32
• Others	-	-
Book value of Assets sold	107,224.85	137,286.40

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 25 DETAILS OF OUTSTANDING DERIVATIVES		
(i) Outstanding Derivatives:		
(a) Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	4,460.00	13,560.00
(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

₹ in lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 26 AUDITORS' REMUNERATION (Net of Service Tax Input Credit)		
Statutory Audit	21.60	21.60
Tax Audit	2.40	2.40
Other Services	18.15	16.25
Reimbursement of Expenses	0.54	1.98
Total	42.69	42.23*

(*) Excludes ₹.23.00 lakhs paid for Preferential Issue related certification services, debited to Securities Premium account.

NOTE : 27 MICRO, SMALL & MEDIUM ENTERPRISES

Based on and to the extent of the 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:

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Principal amount due to suppliers under MSMED Act, as at the year end	1.54	0.06
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	-	-

₹ in lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 28 EXPENDITURE IN FOREIGN CURRENCIES		
Travel	0.87	2.09
Interest on External Commercial Borrowing (including amount accrued and not due)	-	18.55
Membership fees	1.74	2.19
Rating fees	28.53	-
Training expenses	25.95	-
Professional charges	1.70	5.55
Purchase of fixed assets	53.88	-

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 29 A) GRATUITY		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the beginning of the year	538.57	357.50
Current Service Cost	93.80	80.65
Interest Cost	42.45	28.60
Actuarial Losses / (Gains)	148.11	81.76
Benefits Paid	(16.00)	(9.94)
Projected Benefit Obligation at the end of the year	806.93	538.57
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	549.90	360.17
Expected Returns on Plan Assets	53.72	34.66
Employer's Contribution	200.00	150.00
Inward transfer of Equitable interest	-	15.01
Benefits Paid	(16.00)	(9.94)
Actuarial Gains / (Losses)	5.43	-
Fair Value of Plan Assets at the end of the year	793.05	549.90
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	793.05	549.90
Liability at the End of the Year	806.93	538.57
Amount Recognised in the Balance Sheet under Note 8- Other liabilities and (Note 13 - Other Loans and advances- Current)	(13.88)	11.33
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	93.80	80.65
Interest on Obligation	42.45	28.60
Expected Return on Plan Assets	(53.72)	(34.66)
Inward transfer of Equitable interest	-	(15.01)
Net Actuarial Losses/(Gains) Recognised in the Year	142.68	81.76
Net cost recognised in the Statement of Profit and Loss	225.21	141.34
Assumptions		
Discount Rate	8.00% p.a.	8.00% p.a.
Future salary increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
-Senior management	1% p.a.	1% p.a.
-Middle management	2% p.a.	2% p.a.
-Others	3% p.a.	3% p.a.
Expected rate of return on Plan Assets	8.00% p.a.	9.40% p.a.

OTHER DISCLOSURES:

Benefit	₹ in lakhs				
	2013-14	2012-13	2011-12	2010-11	2009-10
Projected Benefit Obligation	806.93	538.57	357.50	237.45	145.88
Fair Value of Plan Assets	793.05	549.90	360.17	251.48	157.37
Surplus/(Deficit)	(13.88)	11.33	2.67	14.03	11.49

Notes:

1. The expected return on plan assets for the year ended 31 March, 2014 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. Estimated amount of contribution to the funds during the year ended 31 March, 2015 as estimated by the management is ₹ 225 lakhs (31 March, 2014 ₹ 200 lakhs)
5. 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 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 29 B) COMPENSATED ABSENCES		
Details of Actuarial Valuation		
Projected Benefit Obligation at the beginning of the year		
Balance as at the beginning of the year	259.26	197.02
Compensated absences reassessed on actuarial basis at the beginning of the year (Refer Note 4 below)	364.51	-
Current Service Cost	102.57	43.57
Interest Cost	49.56	15.48
Actuarial Losses / (Gains)	140.89	10.26
Benefits Paid	(8.65)	(7.07)
Projected Benefit Obligation at the end of the year	908.14	259.26
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	102.57	279.43
Past Service Cost reversed (Refer Note 4 below)	(423.95)	-
Interest on Obligation	49.56	15.48
Net Actuarial Losses/(Gains) Recognised in the year	140.89	10.26
Benefits paid	(8.65)	(7.07)
Net cost recognised in the Statement of Profit and Loss	(139.58)	298.10
Assumptions		
Discount Rate	8.00% p.a.	8.00% p.a.
Future salary increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
-Senior management	1% p.a.	1% p.a.
-Middle management	2% p.a.	2% p.a.
-Others	3% p.a.	3% p.a.

Notes:

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31 March, 2014.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. 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.
4. Reconciliation of Compensated Absences:

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
Amount as per Actuarial Valuation	908.14	259.26
Provision considered at full cost basis *	-	788.46
Amount Recognised in the Balance Sheet under Note 7- Provisions	908.14	1,047.72

*Provision for certain category of Compensated absences which was considered on full cost basis in previous year was reassessed on actuarial basis at the beginning of the year based on analysis of the trend of actual availment of leave.

NOTE : 30 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 "Segmental Reporting".

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 31 RELATED PARTY DISCLOSURES (AS PER AS-18 "RELATED PARTY DISCLOSURES")

List of Related Parties:

Holding Company	Tube Investments of India Limited
Associate of Holding Company	Murugappa Holdings Limited
Joint venture of Holding Company	Cholamandalam MS Risk Services Limited
Subsidiaries	Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited, Cholamandalam Factoring Limited (upto 31 March, 2013)
Fellow Subsidiary	Cholamandalam MS General Insurance Company Limited
Key Management Person	Mr. Vellayan Subbiah, Managing Director

Note:

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

Nature of Transactions	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
a) Tube Investments of India Limited		
Dividend Payments		
- Equity shares	2,528.15	2,528.15
Rent (including hiring) receipts	16.16	13.55
Expenses – Reimbursed	0.38	0.05
Purchase of Fixed Assets	-	3.00
Deposit received	-	0.90
Net Amount Receivable/(Due) as at year end	1.32	-
	(0.90)	(0.90)
b) Murugappa Holdings Limited		
Dividend payments – Equity shares – ₹ 616 .00 (31 March, 2013 -₹ 616.00)	0.00	0.00
c) Cholamandalam MS Risk Services Limited		
Interest Receipts	17.63	-
Rent (including hiring) Receipts	1.79	3.90
Expenses – Reimbursed	5.84	12.31
Amount received towards reimbursement of Expenses	1.00	0.85
Loan given	500.00	-
Loan recovered	500.00	-
Net Amount Receivable/(Due) as at year end	-	(0.11)
d) Cholamandalam Securities Limited		
Interest Receipts	34.89	5.17
Rent payments	8.81	-
Rent (including hiring) receipts	34.15	27.08
Payments for services availed	41.60	63.35
Expenses – Reimbursed	16.29	22.74
Amount received towards reimbursement of Expenses	11.63	15.59
Purchase of Fixed Assets	0.82	1.22
Advances/Deposits given	12,430.00	3,650.00
Advances/Deposits recovered	11,630.00	3,650.00
Net Amount Receivable/(Due) as at year end	800.00	-
	(6.84)	(7.35)
e) Cholamandalam Distribution Services Limited		
Interest Payments	180.76	97.12
Rent payments	7.42	14.07
Rent (including hiring) receipts	50.90	53.48

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 31 RELATED PARTY DISCLOSURES (AS PER AS-18 "RELATED PARTY DISCLOSURES") (Contd.)

		₹ in lakhs
Nature of Transactions	Year ended 31.03.2014	Year ended 31.03.2013
e) Cholamandalam Distribution Services Limited (Contd.)		
Expenses – Reimbursed	2.55	2.97
Amount received towards reimbursement of Expenses	22.86	24.08
Purchase of Fixed Assets	2.63	22.75
Advances/Deposits availed	2,300.00	2,620.00
Advances/Deposits repaid	2,150.00	974.86
Net Amount Receivable/(Due) as at year end	(1,800.00)	(1,650.99)
f) Cholamandalam Factoring Limited (upto 31 March, 2013)		
Interest Payments		18.89
Advances/Deposits availed		391.00
Remittance of amounts collected in respect of assets derecognised on account of Assignment of Receivables		117.94
Investment in Equity shares		1.32
Net Amount Receivable/(Due) as at year end		(394.30)
g) Cholamandalam MS General Insurance Company Limited		
Interest payments	648.65	428.51
Rent payments	19.95	29.73
Rent (including hiring) receipts	71.74	73.29
Payments for services availed	553.75	450.61
Receipts for services rendered	2,096.72	1,622.95
Receipts on settlement of insurance claim	129.31	95.06
Expenses – Reimbursed	6.55	16.31
Rental Deposit Received	21.14	-
Amount received towards reimbursement of Expenses	27.14	45.53
Issue of Un-Secured Non-Convertible Debentures	2,000.00	-
Issue of Commercial paper	-	902.93
Redemption of Commercial paper	-	995.89
Net Amount Receivable/(Due) as at year end	215.70	243.99
	(21.14)	-
	(6,337.54)	(4,169.11)
h) Key Management Person		
Remuneration - Mr. Vellayan Subbiah	254.27	193.21

NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

		₹ in lakhs
Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Income tax and Interest Tax issues where the Company is in appeal	3,442.76	3,444.93
Decided in the Company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	98.36	98.36
Sales Tax issues pending before Appellate Authorities in respect of which the Company is in appeal	1,187.66	65.28
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	1,676.69	1,477.52

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

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)
- ₹985.57 lakhs (31 March, 2013 – ₹528.64 lakhs)

NOTE : 33 CHANGES IN PROVISIONS

₹ in lakhs				
Particulars	As at 31.03.2013	Additional Provision	Utilisation/ Reversal	As at 31.03.2014
Provision for Standard Assets	4,156.35	659.75	-	4,816.10
Provision for Non-Performing Assets**	15,648.72	22,142.16	(11,584.34)*	26,206.54
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	828.14	-	(74.70)*	753.44
Contingent Service Tax claims	792.37	-	-	792.37

* Refer Note 22.1

** Additional provision and Reversal includes ₹6,782.54 on account of merger of Cholamandalam Factoring Limited (Also Refer Note 2)

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.

₹ in lakhs		
Period	As at 31.03.2014	As at 31.03.2013
Not later than one year	134.70	540.13
Later than one year and not later than five years	-	135.03
Later than five years	-	-
Total	134.70	675.16

NOTE : 35 EMPLOYEE STOCK OPTION PLAN

The Board at its meeting held on 22 June, 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 1,904,162 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 30 July, 2007 approved the aforesaid issue of 1,904,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and 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	765,900	25,538	635,732	104,630	-
	CAA *	25-01-08	178.70	-	54,433	2,442	44,337	7,654	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	-	133,638	29,162	-
4	Original	25-04-08	191.80	25-04-09	468,740	22,119	310,955	135,666	-
5	Original	30-07-08	105.00	30-07-09	10,070	3,445	1,491	5,134	-
6	Original	24-10-08	37.70	24-10-09	65,600	19,352	38,786	7,462	-

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 35 EMPLOYEE STOCK OPTION PLAN (Contd.)

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
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	19,942	46,685	147,813	80,160
Tr II	Original	27-01-11	187.60	27-01-12	209,700	22,941	40,569	146,190	-
8	Original	30-04-11	162.55	30-04-12	113,400	-	38,828	26,932	47,640
9	Original	28-07-11	175.35	28-07-12	61,800	-	4,680	20,040	37,080
10	Original	27-10-11	154.55	27-10-12	195,680	8,605	21,720	55,387	109,968

* 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:

Variables						
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
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

The shareholders of the Company, at the 34th Annual General Meeting held on 30 July, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended 31 March, 2014 is ₹ 13.00 lakhs (31 March, 2013 ₹ 189.52 lakhs).

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92% - 8.12%
Expected Life	0.12 years - 6.25 years
Expected Volatility	28.28% - 63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.	₹ 212.05

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 35 EMPLOYEE STOCK OPTION PLAN (Contd.)

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	
	Year ended 31.03.2014	Year ended 31.03.2013
Net Profit attributable to Equity Share Holders (as reported)	36,401.30	30,654.54
Add: Stock based employee compensation expense included in net profit	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma)	76.87	323.33
Net Profit (Proforma)	36,324.43	30,331.21
Basic Earnings per Share of ₹ 10 each (as reported) (₹)	25.43	22.89
Basic Earnings per Share of ₹ 10 each (proforma) (₹)	25.37	22.65
Diluted Earnings per Share of ₹ 10 each (as reported) (₹)	25.38	22.83
Diluted Earnings per Share of ₹ 10 each (proforma) (₹)	25.33	22.59

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 between them, which has been relied upon by the Auditors.

NOTE : 37 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED 22 FEBRUARY, 2007:

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding	Amount Overdue
		as at 31 March, 2014	
	Liabilities:		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	386,206.03	-
	- Unsecured	121,459.15	-
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	107,805.00	-
	(b) Deferred Credits	-	-
	(c) Term Loans	918,317.37	-
	(d) Inter-Corporate Loans and Borrowings	1,800.00	-
	(e) Commercial Paper	52,976.78	-
	(f) Other Loans	260,055.29	-
	(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 forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 37 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED 22 FEBRUARY, 2007: (Contd.)

		₹ in lakhs	
Sl. No.	Particulars	Amount Outstanding	Amount Overdue
		as at 31 March, 2013	
	Liabilities:		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	343,998.80	-
	- Unsecured (other than falling within the meaning of public deposits)	122,718.25	-
	- Perpetual Debt Instrument	86,262.57	-
	(b) Deferred Credits	-	-
	(c) Term Loans	709,776.79	-
	(d) Inter-Corporate Loans and Borrowings	2,041.00	-
	(e) Commercial Paper	82,356.95	-
	(f) Other Loans	211,180.81	-
	(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 1 November, 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 ₹21.29 lakhs as at 31 March, 2014 (31 March, 2013 - ₹39.53 lakhs)

		₹ in lakhs	
Sl. No.	Particulars	Amount Outstanding as at 31 March, 2014	Amount Outstanding as at 31 March, 2013
(2)	Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]:(including interest accrued)		
	(a) Secured	509,962.96	457,818.83
	(b) Unsecured	8,081.78	9,854.83
(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	-	-
	(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	1,105.02	627.65
	(b) Loans other than (a) above	1,448,586.75	1,213,929.86

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 37 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED 22 FEBRUARY, 2007: (Contd.)

		₹ in lakhs	
Sl. No.	Particulars	Amount Outstanding as at 31 March, 2014	Amount Outstanding as at 31 March, 2013
(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)	-	-
(v)	Others	-	-
II	Unquoted:		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	13,500
(iv)	Government Securities	-	-
	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)	5,468.30	5,877.71
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others- Investment in Pass Through Certificates	2,774.45	3,073.26

		₹ in lakhs		
Sl. No.	Category	Amount (Net of Provisioning)		
		Secured	Unsecured	Total
(5)	Borrower Group-wise Classification of Assets Financed as in (2) and (3) above			
	As at 31 March, 2014			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	-	-
2.	Other than Related Parties	1,908,648.57	7,957.57	1,916,606.14
	Total	1,908,648.57	7,957.57	1,916,606.14
	As at 31 March, 2013			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	-	-
2.	Other than Related Parties	1,658,114.35	8,468.09	1,666,582.44
	Total	1,658,114.35	8,468.09	1,666,582.44

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 37 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED 22 FEBRUARY, 2007: (Contd.)

₹ in lakhs			
Sl. No.	Category	Market value / Break - up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)
(6)	Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :		
	As at 31 March, 2014		
1.	Related Parties *		
	(a) Subsidiaries	4,562.90	5,337.00
	(b) Companies in the same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	2,904.65	2,905.75
	Total	7,467.55	8,242.75
	As at 31 March, 2013		
1.	Related Parties *		
	(a) Subsidiaries	4,527.76	5,748.32
	(b) Companies in the same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	16,710.57	16,702.65
	Total	21,238.33	22,450.97

₹ in lakhs			
Sl. No.	Particulars	Amount Outstanding as at 31 March, 2014	Amount Outstanding as at 31 March, 2013
(7)	Other Information		
	(i) Gross Non-Performing Assets		
	a) With Related Parties *	-	-
	b) With Others	43,586.35	19,961.64
	(ii) Net Non-Performing Assets		
	a) With Related Parties *	-	-
	b) With Others	17,379.80	4,312.92
	(iii) Assets Acquired in Satisfaction of Debt		
	a) With Related Parties *	-	-
	b) With Others	-	-

* Related Parties are as identified in Note 31 above.

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

i. Capital Adequacy Ratio

₹ in lakhs		
Particulars	As at 31.03.2014	As at 31.03.2013
Tier I Capital	207,932	192,766
Tier II Capital	134,746	138,820
Total Capital	342,678	331,586
Total Risk Weighted Assets	1,988,521	1,741,148
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	10.45%	11.07%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	6.78%	7.97%
Total (%)	17.23%	19.04%

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 37 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED 22 FEBRUARY, 2007: (Contd.)

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

		₹ in lakhs	
Category		As at 31.03.2014	As at 31.03.2013
(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		18,998.70	16,129.79
- individual housing loans more than ₹15 lakhs		445,163.70	382,259.82
(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		26,941.90	35,072.33
- Non Fund based		-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized 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).		-	-
Total Exposure		491,104.30	433,461.94

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 31 March, 2014

₹ in lakhs									
	Upto 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	134,066	5,000	98,833	1,28,991	241,638	569,650	-	-	1,178,178
Market Borrowings	28,850	7,270	33,500	85,300	62,570	158,920	87,750	166,980	631,140
Assets									
Advances (Net of Provision for Non Performing Assets)	35,870	35,883	39,601	135,856	359,766	801,123	175,507	333,000	1,916,606
Investment (Net of Provision for Diminution in Value of Investments)	147	145	142	408	788	1,181	41	5,391	8,243

Notes forming part of the Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 37 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED 22 FEBRUARY, 2007: (Contd.)

As at 31 March, 2013

	₹ in lakhs								
	Upto 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	37,400	55,000	22,500	96,500	269,764	439,561	-	-	920,725
Market Borrowings	20,500	15,775	45,641	93,180	42,770	199,940	37,500	152,870	608,176
Assets									
Advances (Net of Provision for Non Performing Assets)	31,340	32,479	34,580	117,210	284,500	704,360	146,258	296,219	1,646,946
Investment (Net of Provision for Diminution in Value of Investments)	13,635	134	133	389	721	1,532	29	5,878	22,451

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

	₹ in lakhs	
Perpetual Debt Instrument (PDI)	As at 31.03.2014	As at 31.03.2013
(i) Amount raised through PDI		
- during the year	20,760.00	31,800.00
- outstanding as at year end	103,330.00	82,570.00
(ii) PDI as a percentage of Tier I Capital	49.69%	42.84%

NOTE : 38 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED 31 MARCH, 2014 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED 02 MARCH, 2012:

	Less than ₹ 1 Lakh		₹ 1 to ₹ 5 Lakhs		Greater than ₹ 5 Lakhs		Total	
	No. of accounts	Value (₹ in lakhs)	No. of accounts	Value (₹ in lakhs)	No. of accounts	Value (₹ in lakhs)	No. of accounts	Value (₹ in lakhs)
A) Person Involved								
Staff	26	1.96	8	25.79	6	50.09	40	77.84
Customers	-	-	1	1.37	5	32.82	6	34.19
Staff and customers	1	-	-	-	-	-	1	-
Total	27	1.96	9	27.16	11	82.91	47	112.03
Fraudulent encashment / manipulation of books of accounts	26	1.96	1	1.04	-	-	27	3.00
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and Forgery	1	-	8	26.12	11	82.91	20	109.03
Total	27	1.96	9	27.16	11	82.91	47	112.03

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 31 March, 2014 (Contd.)

NOTE : 39 DISCLOSURE PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

		₹ in lakhs	
Sl. No.	Loans and Advances in the nature of Loans	Amount Outstanding as at 31 March, 2014	Maximum Amount Outstanding during the year
(A)	To Subsidiaries		
	- Cholamandalam Securities Limited	800.00	1,700.00
	- Cholamandalam Factoring Limited	-	-
	- Cholamandalam Distribution Services Limited	-	-
(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 : 40 PREVIOUS YEARS' FIGURES

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.

For and on behalf of the **Board of Directors**

M B N Rao
Chairman

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

INDEPENDENT AUDITORS' REPORT

TO

THE BOARD OF DIRECTORS OF

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries in the Other Matter paragraph (Paragraph 6), the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2014;
 - (b) 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
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

6. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (net) of ₹ 4,045 lakhs as at 31 March, 2014, total revenues of ₹ 793 lakhs and net cash flows amounting to ₹ 34 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No.: 008072S)

Geetha Suryanarayanan

Partner

(Membership No.: 29519)

Date : 28 April, 2014

Place: Chennai

Consolidated Balance Sheet as at 31 March, 2014

		₹ in lakhs	
	Note	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,325.64	14,317.31
Reserves and surplus	4	214,350.49	180,938.80
		228,676.13	195,256.11
Share Application Money pending Allotment		0.94	-
Non-current liabilities			
Long-term borrowings	5	983,300.00	829,871.00
Other long-term liabilities	6	3,260.18	4,845.63
Long-term provisions	7	11,049.09	8,820.90
		997,609.27	843,537.53
Current liabilities			
Short-term borrowings	5	314,725.29	296,112.01
Trade payables	8	14,667.05	15,111.46
Current maturities of long-term borrowings	5	509,494.00	400,877.00
Other current liabilities	8	65,095.01	49,782.41
Short-term provisions	7	24,147.65	22,171.21
		928,129.00	784,054.09
TOTAL		2,154,415.34	1,822,847.73
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		6,862.71	6,629.27
(ii) Intangible assets		563.30	646.50
		7,426.01	7,275.77
Non-current investments	10	2,198.20	2,862.50
Deferred tax asset (net)	11	12,964.87	6,886.05
Receivable under financing activity	12	1,307,904.40	1,147,364.31
Long-term loans and advances	13	6,987.78	5,969.87
Trade receivables	16	0.77	0.36
Other non-current assets	14	61,217.92	45,757.26
		1,398,699.95	1,216,116.12
Current assets			
Current investments	15	1,700.26	14,332.50
Trade receivables	16	1,660.51	486.16
Cash and Cash Equivalents	17	81,284.37	40,367.90
Receivable under financing activity	12	634,908.28	522,012.29
Short-term loans and advances	13	2,675.59	1,319.32
Other current assets	14	33,486.38	28,213.44
		755,715.39	606,731.61
TOTAL		2,154,415.34	1,822,847.73

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Geetha Suryanarayanan

Partner

Date : 28 April, 2014

Place : Chennai

P Sujatha

Secretary

D Arul Selvan

Chief Financial Officer

For and on behalf of the **Board of Directors**

M B N Rao

Chairman

Vellayan Subbiah

Managing Director

Consolidated Statement of Profit and Loss for the year ended 31 March, 2014

		₹ in lakhs	
	Note	Year ended 31.03.2014	Year ended 31.03.2013
Revenue			
- Revenue from operations	18	327,931.10	257,014.95
- Other income	19	104.12	165.87
Total Revenue		328,035.22	257,180.82
Expenses			
- Finance costs	20	176,936.86	140,999.92
- Business origination outsourcing		20,063.45	17,847.82
- Employee benefits expense	21	19,411.52	16,080.78
- Other operating expenses	22	25,372.98	22,541.51
- Depreciation and amortisation expense	9	2,464.11	2,157.24
- Provisions and loan losses	23	28,338.48	12,333.69
Total Expenses		272,587.40	211,960.96
Profit before tax		55,447.82	45,219.86
Tax expense:			
- Current tax			
- Current year - Expense		22,486.27	17,366.57
- Prior years' - Expense/(Reversal of provision)		0.98	(1,124.32)
- MAT Credit Entitlement			
- Current year		(93.58)	(40.33)
- Prior years		(0.59)	-
- Deferred tax	11	(3,773.43)	(1,773.08)
		18,619.65	14,428.84
Profit after tax for the year		36,828.17	30,791.02
Earnings per equity share of ₹ 10 each	24		
- Basic		25.73	22.99
- Diluted		25.68	22.93

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

For and on behalf of the **Board of Directors**

M B N Rao
Chairman

Vellayan Subbiah
Managing Director

Consolidated Cash Flow Statement for the year ended 31 March, 2014

₹ in lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Cash Flow from Operating Activities		
Profit Before Tax	55,447.82	45,219.86
Adjustments for :-		
Depreciation and amortisation expense	2,464.11	2,157.24
Provisions/(reversal of provisions) - Long Term		
- Standard Assets (Net)	415.89	775.08
- Non-Performing Assets under Financing Activity (Net)	1,812.30	2,679.28
- Provision for doubtful debts	20.90	-
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	-	65.79
- Diminution in Value of Investments	(1.10)	1.10
Provisions/(reversal of provisions) - Short Term		
- Standard Assets (Net)	243.86	(6.16)
- Non-Performing Assets under Financing Activity (Net)	1,962.97	4,784.81
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	(74.70)	(176.52)
- Provision for Clawback	5.21	2.58
- Compensated Absences(Net)	(161.94)	289.52
- Contingent Service Tax claims	-	56.76
Loss on Repossessed Assets (Net)	15,330.43	2,995.36
Loss assets written off	8,642.54	1,153.37
Investment Written Off	1.10	-
Provision for doubtful debts	(17.74)	-
Finance Costs	176,936.86	140,999.92
Profit on Sale of Fixed Assets (Net)	(4.62)	(1.38)
Liability no longer required written back	(71.63)	-
Profit on Sale of Current Investments (Net)	(2,565.04)	(2,026.09)
Gain on prepayment of Commercial paper and Debentures (Net)	(187.95)	(11.96)
Loss on redemption of Government Securities	-	0.67
Interest Income	(4,781.02)	(3,194.57)
Interest on Investments	(137.01)	-
Dividend on Investments	(5.22)	(18.59)
	199,828.20	150,526.21
Operating Profit Before Working Capital Changes	255,276.02	195,746.07
Adjustments for :-		
(Increase)/Decrease in operating Assets - Current/short term		
- Receivables under Financing Activity (including Repossessed Assets)	(475,424.33)	(339,774.10)
- Other Current Assets and Trade receivables	(6,876.99)	(4,833.18)
- Loans and advances	(1,356.27)	1,797.45
	(483,657.59)	(342,809.83)
(Increase)/Decrease in operating Assets - Non Current/ Long term		
- Receivables under Financing Activity (including Repossessed Assets)	(160,540.09)	(313,068.66)
- Other Non Current Assets and Trade receivables	(15,540.83)	(9,167.12)
- Loans and advances	(84.49)	72.21
	(176,165.41)	(322,163.57)
Securitisation / Bilateral Assignment of Receivables	338,078.00	218,775.00
Increase/(Decrease) in operating liabilities		
- Other Current & Short term liabilities	4,412.81	17,114.49
- Other Long term liabilities	0.28	64.25
Cash Used in Operations	(62,055.89)	(233,273.59)

Consolidated Cash Flow Statement for the year ended 31 March, 2014

₹ in lakhs

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Finance Costs paid	(166,754.63]		(133,208.55]	
Interest Received on Bank Deposits and other investments	4,865.50		6,364.85	
Profit on Sale of Current Investments (Net]	2,565.04		2,026.09	
Direct Taxes Paid	(23,287.92]	(182,612.01]	(17,305.12]	(142,122.73]
Net Cash Used in Operating Activities (A)		(244,667.90]		(375,396.32]
Cash Flow from Investing Activities				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	(5,472.08]		6,913.33	
Purchase of Fixed Assets	(2,688.00]		(3,598.28]	
Sale of Fixed Assets	39.69		36.85	
Purchase of Other Investments	(2,573,420.30]		(2,029,377.22]	
Sale/ Redemption of Other Investments	2,573,216.85		2,026,469.28	
Dividend Received on Investments	5.22		18.59	
Net Cash (Used in)/from Investing Activities (B)		(8,318.62]		462.55
Cash Flow from Financing Activities				
Increase in Equity Share Capital and Securities Premium (net of expenses)		150.79		29,620.22
Increase/(Decrease) in borrowings - Non current/Long term				
- Debentures	23,340.00		100,950.00	
- Banks and Others	130,089.00	153,429.00	13,466.00	114,416.00
Increase/(Decrease) in borrowings - Current/Short term				
- Debentures	30,200.00		22,320.00	
- Banks and Others	97,030.28	127,230.28	245,712.72	268,032.72
Decrease in Fixed Deposits		(18.24]		(14.21]
Dividends Paid (Including Distribution Tax)		(5,860.92]		(5,393.30]
Net Cash Flow From Financing Activities (C)		274,930.91		406,661.43
Net Increase in Cash and Cash Equivalents (A+B+C)		21,944.39		31,727.66
Cash and Cash Equivalents at the Beginning of the Year		45,614.53		13,886.87
Cash and Cash Equivalents at the End of the Year		67,558.92		45,614.53
Note:				
Cash and Cash Equivalents at the End of the Year as per Balance Sheet		81,284.37		40,367.90
Add: Current Investments (Excluding Investments under Lien)		-		13,500.00
Less: Balance in Current Accounts held for Unpaid Dividends		34.78		33.35
Less: Bank Deposits held for More than Three Months		1,438.62		743.96
Less: Bank Deposits under Lien		12,252.05		7,476.06
		67,558.92		45,614.53

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

For and on behalf of the **Board of Directors**

M B N Rao
Chairman

Vellayan Subbiah
Managing Director

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014

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 and resulting in unrealised profits or losses, unless cost cannot be recovered.
- (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 i.e. 31 March, 2014.
- (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	
	31 March, 2014	31 March, 2013
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Distribution Services Limited (CDSL)	100.00%	100.00%
Cholamandalam Factoring Limited (CFACT) (Refer Note 2)	-	100.00%

c) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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).

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

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 from these estimates 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 Group are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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.

Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

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 over the tenor of the underlying assets as per RBI guidelines.

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.

Brokerage Income on stock broking and other charges are recognised on the trade date of transaction upon confirmation of the transaction by the exchanges.

Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.

Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.

Commission is recognised on an accrual basis based on contractual obligations and when there is no uncertainty in receiving the same. Commission income is net of service tax.

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.

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

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. Subsequent expenditure on fixed assets after their purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

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
Leasehold improvements	Lease Period or 5 years, whichever is lower except that in respect of CSEC it is over 5 years
Furniture and Fixture	5 years
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	10 years

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

The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The carrying amount of assets is 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.

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

Costs of investments include acquisition charges such as brokerage, fees and duties.

Long Term Investments are stated at cost other than the investment in the shares of Bombay Stock Exchange Limited, which is accounted at fair value based on the Expert Advisory Committee opinion on 'Accounting for conversion of membership rights of erstwhile BSE (AOP) into trading rights of BSEL and shares'. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

(i) Unearned income

(ii) Instalments appropriated up to the Balance Sheet date.

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 the 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 are based on the statutory provisions as per the Employee Provident Fund Scheme. The Group has no liability for the future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Superannuation: The Group 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 Group has no liability for future Superannuation Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(ii) Defined Benefit Plan

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 Group makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC / independent actuary using the Projected Unit Credit method.

(iii) Long-Term Compensated Absences

The Group accounts its liability for long term compensated absences based on actuarial valuation, as at the Balance Sheet date, determined by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

(iv) Other-Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

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 Statement of Profit and Loss.

The Group 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 period 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 Group enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

n) Lease Accounting

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease tenure.

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 substantively 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 31 March, 2014 (Contd.)

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Group reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent it does not have convincing evidence that it will pay normal tax during the specified period.

q) Employee share based payments

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 Group 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 Group 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) Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

t) Prepaid Finance Charges

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

u) Share issue expenses

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

v) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

w) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Operating Cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current.

x) Provision for Claw Back of Commission Income

The estimated liability for claw back of commission income is recorded in the period in which the underlying revenue is recognised. These estimates are established using historical information on the nature, frequency and expected average cost of claw back and management estimates regarding possible future incidence. The estimates used for accounting of claw back claims are reviewed periodically and revisions are made as required.

2. Approval of Scheme of Amalgamation

Cholamandalam Factoring Ltd (CFACT) was a Non-Banking Finance Company (NBFC) and a wholly-owned subsidiary of the Company. The Board of Directors at their meeting held on October 30, 2012 approved a Scheme of Amalgamation of CFACT with the Company subject to the approval of Hon'ble High Court of Judicature at Madras and other necessary approvals and sanctions. The Hon'ble High Court of Judicature at Madras sanctioned the Scheme with an Appointed date of April 1, 2012 and is effective from May 24, 2013, being date of filing the order with the Registrar of Companies. In accordance with the said Scheme, the Company has accounted for this amalgamation in the nature of merger under the pooling-of-interest method, during the current year with retrospective effect from the appointed date.

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	Amount	Nos.	Amount
NOTE : 3 SHARE CAPITAL				
AUTHORISED (Refer Note 3.1)				
Equity Shares of ₹ 10 each	240,000,000	24,000.00	150,000,000	15,000.00
Preference Shares of ₹ 100 each	30,000,000	30,000.00	30,000,000	30,000.00
		54,000.00		45,000.00
ISSUED				
Equity Shares of ₹ 10 each	143,327,788	14,332.78	143,244,495	14,324.45
1% Fully Convertible Cumulative Preference Shares of ₹ 100 each (Fully converted on May 17, 2010 into 32,608,695 equity shares)	30,000,000	30,000.00	30,000,000	30,000.00
		44,332.78		44,324.45
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 10 each	143,191,034	14,319.10	143,107,741	14,310.77
Add : Forfeited Shares	130,900	6.54	130,900	6.54
		14,325.64		14,317.31

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

₹ in lakhs

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	Amount	Nos.	Amount
Equity Shares				
Outstanding at the beginning of the year	143,107,741	14,310.77	132,554,549	13,255.45
Issued during the year on preferential basis	-	-	10,526,315	1,052.63
Issued during the year - Employees Stock Option Scheme	83,293	8.33	26,877	2.69
Outstanding at the end of the year	143,191,034	14,319.10	143,107,741	14,310.77
Forfeited shares				
Equity - Amount originally paid up	130,900	6.54	130,900	6.54

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 except for interim dividend.

Repayment of capital will be in proportion to the number of Equity shares held.

c) Equity Shares held by the Holding Company and its Associates:

Particulars	As at 31.03.2014	As at 31.03.2013
Tube Investments of India Limited - Holding Company	72,233,019	72,233,019
Murugappa Holdings Limited - Associate of Holding Company	176	176

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	72,233,019	50.46	72,233,019	50.47
International Finance Corporation	11,831,352	8.26	11,831,352	8.27
New Ambadi Estates Private Limited	7,218,410	5.04	7,218,410	5.04

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) Shares reserved for issue under options:

Refer Note 34 for details of shares reserved for issue under options.

f) Issue of shares on Preferential basis:

On 13 February, 2013 the Company allotted 10,526,315 equity shares of ₹ 10 each at a premium of ₹ 275 per share aggregating to ₹ 30,000 lakhs to eligible investors who are Qualified Institutional Buyers.

3.1 As per the Scheme of Amalgamation approved by Hon'ble High Court of Judicature at Madras, the Authorised Share Capital of the Company is increased to ₹54,000 lakhs which has been divided into 240,000,000 equity shares of ₹10 each amounting to ₹24,000 lakhs and 3,000,000 preference shares of ₹100 each amounting to ₹30,000 lakhs. (Refer Note 2)

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
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	116,344.45	87,779.55
Add: Premium on issue of shares on Preferential basis (Note 3 (f))	-	28,947.37
Premium on ESOPs exercised	141.52	39.31
Less: Share issue expenses	-	[421.78]
Closing balance	116,485.97	116,344.45
Statutory Reserve (Note 4.2)		
Balance at the beginning of the year	18,765.48	12,606.45
Add: Amount transferred from surplus in the Statement of Profit and Loss	7,281.00	6,159.03
Closing balance	26,046.48	18,765.48
General Reserve		
Balance at the beginning of the year	33,621.86	18,623.19
Add: Amount transferred from surplus in the Statement of Profit and Loss	5,000.00	15,000.00
Transfer from Adjustments on consolidation	-	[1.33]
Deferred tax adjustment consequent to the Scheme of Amalgamation (Refer Note 11)	2,345.47	-
Closing balance	40,967.33	33,621.86
Surplus in the Statement of Profit and loss		
Balance at the beginning of the year	8,903.04	4,797.61
Profit for the year	36,828.17	30,791.02
Deferred Tax adjustment for the year 2012-13 consequent to the Scheme of Amalgamation (Refer Note 11)	[40.08]	-
Less:		
Dividend		
Equity for previous year (Refer Note 4.3)	[0.43]	[0.03]
Equity Interim - Paid (₹ 2.50 per share)	[3,579.26]	[3,314.54]
Equity - Proposed (₹ 1.00 per share)	[1,431.97]	[1,431.08]
Distribution tax on Equity Dividend	[851.73]	[780.91]
Transfer to Statutory Reserve	[7,281.00]	[6,159.03]
Transfer to General Reserve	[5,000.00]	[15,000.00]
Net surplus in the Statement of Profit and Loss	27,546.74	8,903.04
Total Reserves and Surplus	214,350.49	180,938.80

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

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

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

4.3 Represents dividend payment relating to previous year in respect of 42,828 (31 March, 2013 - 3,433) shares which were allotted to the employees under the Employee Stock Option Scheme, 2007 after 31 March, 2013 but before 26 July, 2013 (book closure date).

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 5 BORROWINGS (Refer Note 5.2)				
LONG TERM				
Redeemable Non-Convertible Debentures				
Medium Term - Secured - (Refer Note 5.1 (i))	215,520.00	204,940.00	141,020.00	117,820.00
Subordinated debt - Unsecured	94,800.00	102,800.00	20,000.00	13,000.00
Perpetual debt - Unsecured	103,330.00	82,570.00	-	-
Term Loans				
Rupee Loans from Banks - Secured (Refer Note 5.1 (ii))	569,650.00	434,133.00	342,483.00	259,201.00
Foreign currency loans from banks - Secured (Refer Note 5.1 (ii))	-	5,428.00	5,991.00	10,856.00
	983,300.00	829,871.00	509,494.00	400,877.00
The above amount includes				
Secured borrowings	785,170.00	644,501.00	489,494.00	387,877.00
Unsecured borrowings	198,130.00	185,370.00	20,000.00	13,000.00
Amount disclosed under the head "Current Maturities of Long term borrowings"	-	-	(509,494.00)	(400,877.00)
	983,300.00	829,871.00	-	-
SHORT TERM				
Working capital Demand loans and cash credit from Banks				
-Secured (Refer Note 5.1 (iii))	-	-	260,055.29	211,107.01
Commercial paper - Unsecured	-	-	54,670.00	85,005.00
	-	-	314,725.29	296,112.01
The above amount includes				
Secured borrowings	-	-	260,055.29	211,107.01
Unsecured borrowings	-	-	54,670.00	85,005.00
	-	-	314,725.29	296,112.01

5.1 Security

- (i) 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 passu charge on immovable property situated at Ahmedabad.
- (ii) Term loans from banks is secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (iii) Cash credit from banks and working capital demand loans are secured by floating charge on assets under hypothecation and other current assets.

5.2 The Group has not defaulted in the repayment of dues to its lenders.

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 6 OTHER LONG - TERM LIABILITIES		
Advances from customers	80.00	115.85
Interest Accrued but not due on borrowings	2,938.22	4,523.95
Deferred Rent	241.96	205.83
	3,260.18	4,845.63

₹ in lakhs

Particulars	Long term		Short term	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 7 PROVISIONS				
Provisions for Employee Benefits				
- Compensated Absences (Refer Note 28B)	-	-	945.17	1,107.11
	-	-	945.17	1,107.11
Other provisions				
Provision for Standard Assets (Refer Note 32)	3,266.51	2,850.62	1,549.59	1,305.73
Provision for Non performing Assets (Refer Note 32)	7,029.14	5,216.84	19,177.40	17,214.43
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 32)	753.44	753.44	-	74.70
Contingent Service Tax Claims	-	-	792.37	792.37
Provision for Clawback	-	-	7.79	2.58
Proposed Dividend - Equity	-	-	1,431.97	1,431.08
Provision for Distribution tax on proposed Dividend - Equity	-	-	243.36	243.21
	11,049.09	8,820.90	23,202.48	21,064.10
	11,049.09	8,820.90	24,147.65	22,171.21

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade Payables		
Dues to clients and Stock Exchanges	2,045.92	604.70
Others	12,621.13	14,506.76
	14,667.05	15,111.46
Other current liabilities		
Interest Accrued but Not Due on Borrowings / Other Deposits	38,062.54	27,518.73
Income received in advance	3.99	3.24
Unpaid Dividend (Refer Note 8.1)	34.78	33.35
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 & 8.3)	21.29	39.53
Advances from customers/others	1,859.81	1,459.15
Security Deposit received	520.77	367.43
Remittance payables - Derecognised assets (Refer Note 17.1)	22,857.90	18,486.80
Insurance premium collected from customers	1,001.35	1,219.69
Statutory dues	361.19	428.42
Other liabilities	371.39	226.07
	65,095.01	49,782.41

- 8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF).
- 8.2 As at 31 March, 2014, there are no amounts due and outstanding to be credited to the Investor Education and Protection Fund (IEPF) in respect of Fixed Deposits except for ₹1.86 lakhs (31 March, 2013 - ₹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 lakh (31 March 2013 - ₹ 0.11 lakh), 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 11 December, 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 01 November, 2006, the Company has a total deposit of ₹26.91 lakhs as at 31 March, 2014 (31 March, 2013 - ₹48.06 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 31 March, 2014 (Contd.)

NOTE : 9 FIXED ASSETS

As at 31 March, 2014

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at 31.03.2013	Additions	Deletions	Cost as at 31.03.2014	Upto 31.03.2013	Provided	Withdrawn	Upto 31.03.2014	31.03.2014	31.03.2013
Tangible Asset										
Freehold Land	464.19	-	-	464.19	-	-	-	-	464.19	464.19
Buildings (Refer Note 9.1)	3,463.77	-	-	3,463.77	555.76	172.02	-	727.78	2,735.99	2,908.01
Plant and Machinery	2,765.39	761.50	123.74	3,403.15	1,913.54	644.82	118.81	2,439.55	963.60	851.85
Office Equipment	1,165.96	369.36	29.90	1,505.42	666.65	243.04	18.97	890.72	614.70	499.31
Furniture and Fixtures	1,341.87	321.42	0.35	1,662.94	720.82	317.90	0.27	1,038.45	624.49	621.05
Leasehold improvements	1,545.00	674.15	16.41	2,202.74	677.68	543.32	15.95	1,205.05	997.69	867.32
Vehicles	593.21	198.46	57.35	734.32	175.67	135.81	39.21	272.27	462.05	417.54
Total	11,339.39	2,324.89	227.75	13,436.53	4,710.12	2,056.91	193.21	6,573.82	6,862.71	6,629.27
Intangible Assets										
[Acquired]										
Computer Software	3,157.83	324.53	65.35	3,417.01	2,526.68	400.62	64.82	2,862.48	554.53	631.15
Stock Exchange Membership Card	170.75	-	-	170.75	155.40	6.58	-	161.98	8.77	15.35
Total	3,328.58	324.53	65.35	3,587.76	2,682.08	407.20	64.82	3,024.46	563.30	646.50

₹ in lakhs

NOTE: 9 FIXED ASSETS (Contd.)

₹ in lakhs

Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at 31.03.2012	Additions	Deletions	Cost as at 31.03.2013	Upto 31.03.2012	Provided	Withdrawn	Upto 31.03.2013	31.03.2013
Tangible Asset									
Freehold Land	464.19	-	-	464.19	-	-	-	-	464.19
Buildings (Refer Note 9.1)	3,424.91	38.86	-	3,463.77	384.99	170.77	-	555.76	2,908.01
Plant and Machinery	2,052.14	781.01	67.76	2,765.39	1,461.64	509.77	57.87	1,913.54	851.85
Office Equipment	589.00	597.45	20.49	1,165.96	332.92	347.08	13.35	666.65	499.31
Furniture and Fixtures	557.97	805.48	21.58	1,341.87	373.13	366.35	18.66	720.82	621.05
Leasehold improvements	675.08	934.18	64.26	1,545.00	411.21	329.67	63.20	677.68	867.32
Vehicles	429.38	208.75	44.92	593.21	102.08	104.05	30.46	175.67	417.54
Total	8,192.67	3,365.73	219.01	11,339.39	3,065.97	1,827.69	183.54	4,710.12	6,629.27
Intangible Assets									
(Acquired)									
Computer Software	2,704.40	453.43	-	3,157.83	2,203.70	322.98	-	2,526.68	631.15
Stock Exchange Membership Card	170.75	-	-	170.75	148.83	6.57	-	155.40	15.35
Total	2,875.15	453.43	-	3,328.58	2,352.53	329.55	-	2,682.08	646.50
									522.62

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

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

		₹ in lakhs		
Particulars		As at 31.03.2014		As at 31.03.2013
NOTE : 10 NON-CURRENT INVESTMENTS (valued at cost unless stated otherwise)				
Non Trade Investments				
Investment in Equity shares - Unquoted				
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up		129.04		129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up		0.10		0.10
The Shamrao Vithal Co-operative Bank Limited 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 2,85,000 Shares of ₹ 1 each fully paid up		0.15		0.15
Chola Insurance Services Private Limited 19,133 Shares of ₹ 10 each fully paid up		1.91		1.91
Samvit Educational Services Private Limited 36,000 Shares of ₹ 10 each fully paid up	-		1.10	
Less: Provision for Diminution in Value of Investment	-	-	(1.10)	-
Investment in other shares - Unquoted				
Abhishek Co-operative Housing Society 5 shares of ₹ 50 each : Cost ₹ 250 only		0		0
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only		0		0
Investment in other shares - Quoted				
Coromandel Engineering Company Limited 25,00,100 shares of ₹ 10 each fully paid		500.25		-
Investment in Mutual Fund Units - Unquoted Faering Capital India Evolving Fund		284.27		192.25
Investment in Pass Through Certificates - Unquoted	2,774.45		3,073.26	-
Amount disclosed under Current Investments (Refer Note 15)	(1,630.26)	1,144.19	(672.50)	2,400.76
		2,198.20		2,862.50
Aggregate Value of Unquoted Investments - At Cost		2,198.20		2,863.60
Aggregate provision for diminution in the value of investments		-		1.10

		₹ in lakhs	
Particulars		As at 31.03.2014	As at 31.03.2013
NOTE : 11 DEFERRED TAX ASSET (net)			
Deferred Tax Asset			
Provision for Standard Assets		1,636.99	1,412.75
Provision for Non-Performing Assets		8,907.60	5,319.00
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised		256.10	281.49
Provision for Repossessed Stock		842.88	407.29
Provision for Contingent Service Tax		269.33	269.33
Income Derecognised on Non-Performing Assets		2,119.00	750.63
Provision for compensated absences and gratuity		308.68	356.12
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961		200.68	200.33
Others		576.80	69.96
(A)		15,118.06	9,066.90

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 11 DEFERRED TAX ASSET (net) (Contd.)		
Deferred Tax Liability		
Unamortised Prepaid Finance Charges	2,153.19	2,180.85
(B)	2,153.19	2,180.85
Net Deferred Tax Asset (A) - (B)	12,964.87	6,886.05
Movement in Net Deferred Tax Asset during the year	6,078.82	1,773.08
Add/(Less):		
Movement in Deferred Tax during the year includes deferred tax relating to provision for non-performing assets transferred from CFACT consequent to Scheme of Amalgamation (Refer Note 4)		
- Adjusted in General Reserve	(2,345.47)	-
- Adjusted in Surplus in the Statement of Profit and Loss	40.08	-
Deferred Tax expense in the Statement of Profit and Loss	3,773.43	1,773.08

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Refer Note 12.5)				
Secured (Refer Note 12.1)				
Automobile Financing	851,926.96	741,411.85	532,111.75	435,785.94
Loans against Immovable Property	453,605.79	399,178.16	37,498.51	34,283.78
Loans against Securities	1,902.09	5,424.99	8,470.17	10,046.50
Loans against Gold	-	-	-	1,533.92
Other Loans	467.06	1,313.74	1,225.31	-
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.3)	-	-	47,523.58	23,660.82
Total (a)	1,307,901.90	1,147,328.74	626,829.32	505,310.96
Unsecured				
Consumer Loans	2.50	35.57	23.46	6,886.81
Bills Discounted	-	-	163.74	-
Other Loans	-	-	7,761.16	8,506.44
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	-	-	130.60	1,308.08
Total (b)	2.50	35.57	8,078.96	16,701.33
Total receivables under financing activity (a) + (b)	1,307,904.40	1,147,364.31	634,908.28	522,012.29
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 Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets de-recognised on account of Assignment/ Securitisation of Receivables.			4,316.20	2,560.54
12.3 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date			15,843.96	5,642.85

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Refer Note 12.5) (Contd.)				
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date			48.86	1,107.98
12.5 Of the above:				
Considered Good	1,292,011.27	1,140,247.27	607,215.06	509,088.85
Others - Non-Performing Assets	15,893.13	7,117.04	27,693.22	12,923.44
	1,307,904.40	1,147,364.31	634,908.28	522,012.29

Refer Note 7 for Provision for Non-performing assets

₹ in lakhs

Particulars	Long-Term		Short-Term	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 13 LOANS AND ADVANCES				
Unsecured - considered good (unless otherwise stated)				
Capital Advances	182.36	143.78	-	-
Security Deposits	856.07	774.54	568.23	530.68
Deposits with Stock Exchanges	139.10	142.30	1,206.48	32.00
Prepaid expenses	23.26	20.83	372.34	315.19
Service tax input credit	230.90	235.90	161.38	252.24
Less: Provision	(230.90)	(235.90)	-	-
	-	-	161.38	252.24
Advance tax (net of provision for tax)	5,487.99	4,689.46	-	3.73
MAT Credit entitlement (net)	299.00	198.96	-	-
Other advances	-	-	367.16	185.48
	6,987.78	5,969.87	2,675.59	1,319.32

₹ in lakhs

Particulars	Non-current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 14 OTHER ASSETS				
Unsecured - considered good (unless otherwise stated)				
Deposits as collateral towards assets derecognised (Refer Note 17)	51,999.91	35,096.58	-	-
Excess Interest spread - Derecognised assets	4,328.03	5,113.28	519.95	675.99
Prepaid Finance Charges	4,889.98	4,948.84	1,444.79	1,467.30
Prepaid Discount on Commercial Papers	-	-	1,693.22	2,648.05
Reposessed Automobile assets	-	-	1,105.02	627.65
Interest and Other Income Accrued but Not Due				
- on Loans to Borrowers	-	-	23,818.81	19,009.45
- on Deposits and Investments	-	-	582.11	529.58
Financial assets on derivative transactions	-	598.56	939.89	1,756.00
Unbilled revenue	-	-	8.66	16.45
Other Accruals and receivables *	-	-	3,373.93	1,482.97
	61,217.92	45,757.26	33,486.38	28,213.44

* Includes ₹ 2,852.74 lakhs (31 March, 2013 - ₹ 1,007.87 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognized assets referred in Note 8

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value, unless stated otherwise as - Non-Trade)		
Investments in Mutual Funds - Unquoted	70.00	13,660.00
Current Portion of Long term Investment in Pass Through Certificates - Unquoted	1,630.26	672.50
	1,700.26	14,332.50
Aggregate amount of unquoted investments		
- At Cost	1,700.26	14,332.50
- At Market Value	1,700.42	14,340.42
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds		

₹ in lakhs

Particulars	Long Term		Short Term	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
NOTE : 16 TRADE RECEIVABLES				
Secured - Considered Good	0.77	0.36	1,619.82	436.22
Unsecured - Considered Good	-	-	40.69	49.94
Unsecured - Considered Doubtful	166.70	145.80	33.28	51.02
Less: Provision for Doubtful Debts	[166.70]	[145.80]	[33.28]	[51.02]
	0.77	0.36	1,660.51	486.16
Trade Receivables outstanding for a period of more than 6 months from the due date				
Secured - Considered Good			18.96	12.88
Unsecured - Considered Doubtful			53.59	50.47

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE : 17 CASH AND CASH EQUIVALENTS		
Cash on hand (Refer Note 17.1)	4,999.66	3,248.03
Cheques, Drafts on hand (Refer Note 17.1)	2,079.82	2,027.17
Balances with banks		
- In Current Accounts (Refer Note 17.1)	43,888.17	16,839.33
- In Deposit Accounts - Original maturity 3 months or less	16,591.27	10,000.00
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 17.2)	1,438.62	743.96
- In earmarked accounts		
- In Unpaid Dividend Accounts	34.78	33.35
- In Client and Exchange related Accounts	187.37	283.71
- In Deposit Accounts (Under Lien) (Refer Note 17.3)	527.50	452.50
- Deposits as collateral towards assets derecognised	63,501.79	41,754.95
- Amount disclosed under Non current bank balances (Refer Note 14)	[51,999.91]	[35,071.59]
	11,501.88	6,683.36
- Public deposit Escrow Account (Refer Note 8.3)	26.91	56.49
- Other Deposit Account	8.39	-
	81,284.37	40,367.90

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 (Cash Flow Statements) is ₹ 67,558.92 lakhs (31 March, 2013- ₹ 32,114.53 lakhs)

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

- 17.1 Balances with Banks on Current Accounts and cash, cheques and drafts on hand include amounts collected in respect of assets de-recognised on account of Assignment /Securitisation of Receivables pending remittance to the assignees/ investors. Refer Note 8.
- 17.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 1,438.62 lakhs (31 March, 2013 - ₹ 743.96 lakhs) which have a residual maturity of more than 12 months.
- 17.3 Balances with banks in earmarked Deposits accounts includes Margin money deposits amounting to ₹ 477.50 lakhs (31 March, 2013 - ₹ 427.50 lakhs) held as lien for bank guarantees issued to stock exchanges.

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 18 REVENUE FROM OPERATIONS		
Income from Operations		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	209,032.20	163,393.17
- Loans against Immovable Property	66,002.81	49,260.46
- Loans against Securities	1,153.79	2,978.12
- Loans against Gold	170.60	806.05
- Other Loans	1,596.45	1,193.93
- Bills Discounting	12.84	-
- Interest spread on assignment/securitisation	12,148.06	5,655.26
ii) Other Operating Revenue		
- Automobile Financing	21,674.60	21,707.02
- Loans against Immovable Property	6,216.87	3,620.08
- Loans against Securities	47.54	65.84
- Loans against Gold	0.33	4.62
- Consumer Loans	59.45	121.00
- Other Loans	11.55	4.27
(b) Stock broking, Depository Operations and Allied Services	737.89	580.87
(c) Retail Distribution Operations - Commission	928.35	863.63
(d) Interest Income		
- Deposits placed as collateral towards assets derecognised	4,142.43	2,958.72
- Other Deposits	638.59	211.65
- Pass Through Certificates	137.01	24.20
(e) Gain on prepayment of Commercial Paper and Debentures (net) (Refer Note below)	187.95	11.96
Total (A)	324,899.31	253,460.85
Other Operating Income		
(f) Profit on sale of current investments	2,565.04	2,026.09
(g) Income from Non Financing activity	466.75	1,528.01
Total (B)	3,031.79	3,554.10
Total (A+B)	327,931.10	257,014.95
Note:		
Gain on Prepayment of Commercial Paper and Debentures		
Book Value (including interest accrued) on the date of prepayment	64,582.63	19,591.00
Consideration paid for prepayment	64,394.68	19,579.04
Gain	187.95	11.96

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 19 OTHER INCOME		
Dividend	5.22	18.59
Rent	21.47	27.31
Profit on sale of Fixed assets (net)	4.62	1.38
Miscellaneous Income (Refer Note 19.1)	72.81	118.59
	104.12	165.87
19.1) Miscellaneous Income includes		
Liability no longer required written back	71.63	-

₹ in lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 20 FINANCE COSTS		
Interest Expense		
- Debentures	62,579.23	51,332.09
- Bank Loans	99,007.97	71,352.40
- Other Loans	-	14.74
Discount on Commercial Papers	11,658.34	14,868.79
Others		
- Amortisation of ancillary borrowing costs	2,678.75	2,638.20
- Amortisation of premium on Forward contracts	221.67	221.67
- Bank charges	790.90	572.03
	176,936.86	140,999.92

₹ in lakhs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 21 EMPLOYEE BENEFIT EXPENSE		
Salaries, Bonus and Commission	17,614.35	14,351.69
Contributions to :-		
Employees' Provident Fund	637.01	459.95
Superannuation Fund	125.32	99.41
Gratuity Expense (Refer Note 27)	223.33	143.00
Staff Welfare Expenses	811.51	1,026.73
	19,411.52	16,080.78

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 22 OTHER OPERATING EXPENSES		
Rent (Refer Note 22.1)	2,812.31	2,665.17
Electricity Charges	552.49	654.79
Rates and Taxes	2,874.17	2,082.05
Communication Cost	1,128.98	1,108.27
Traveling and Conveyance	2,813.20	2,370.61
Advertisement Expenses	126.79	251.21
Business Development Expenses	25.06	7.38
Insurance	630.70	534.54
Repairs and Maintenance		
- Buildings	6.39	3.24
- Others	65.20	46.37
Printing and Stationery	735.20	747.26
Information Technology Expenses	926.47	1,042.56
Auditors' Remuneration (Refer Note 27)	54.79	56.47
Professional Charges	2,544.96	2,794.02
Lease Rental Expense	559.21	601.44
Commission to Directors	27.68	32.27
Sitting Fees to Directors	9.00	8.22
Foreign Exchange Loss (net)	343.56	627.10
Recovery Charges	8,277.49	6,497.21
Miscellaneous Expenses	873.56	442.30
	25,387.21	22,572.48
Less : Expenses Recovered (Refer Note 35)	(14.23)	(30.97)
	25,372.98	22,541.51
22.1 Lease equalisation charge included in Rent	99.80	25.61
22.2 Service Tax charge included in Rates and Taxes	2,760.61	1,793.47
22.3 Donations included in Miscellaneous Expenses	275.40	218.88
22.4 Net of reversal of provision for servicing costs on assets derecognised	-	39.74

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 23 PROVISIONS, LOAN LOSSES AND OTHER CHARGES		
Loss Assets Written Off (Net)	8,642.54	1,153.37
Provision/Loss on Repossessed Assets(Net)	15,330.43	2,995.36
Provision for Non-Performing Assets	15,359.63	10,757.05
Provision Released for Non-Performing Assets on recovery/write off (Refer Note 23.1)	(11,659.04)	(3,363.96)
Total	27,673.56	11,541.82
Provision for Standard Assets (Net)	659.75	768.92
Provision for other doubtful debts and advances	3.36	20.97
Loss on sale of shares held as stock in trade (Net)	1.81	0.21
Loss on redemption of Government securities	-	60.36
Less: Reversal of provision	-	(59.69)
	-	0.67
Investment Written Off	1.10	-
Less: Reversal of provision	(1.10)	-
	-	-
Provision for Diminution in value of Investment	-	1.10
	28,338.48	12,333.69
23.1 Includes reversal of provision for credit enhancements on assets derecognised	74.70	70.99

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 24 Earnings per share		
Profit After Tax Attributable to Equity Shareholders	36,828.17	30,791.02
Weighted Average Number of Equity Shares (Basic)	143,151,375	133,919,347
Add: Dilutive effect relating to ESOP	254,348	345,778
Weighted Average Number of Equity Shares (Diluted)	143,405,723	134,265,125
Earnings per Share - Basic (₹)	25.73	22.99
Earnings per Share - Diluted (₹)	25.68	22.93
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".

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 25 Assets De-recognised		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	19	8
Outstanding securitised Assets in books of SPV	410,298.10	221,819.82
Less: Collections not yet due to be remitted to SPV *	19,000.60	11,938.60
Outstanding securitized Assets as per books	391,297.50	209,881.22
Total amount of exposure to comply with Minimum Retention Ratio		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	50,806.85	20,342.63
• Others		
i) Second Loss – Cash Collateral	-	2,225.00
ii) Investment in PTC	2,774.45	3,073.26
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	556,853.48	259,229.50

* Excludes interest collected from customers on securitised assets.

b) On Bilateral assignment		
Number of Assignment Transactions	6	7
Outstanding Assignment Assets as per books	17,438.11	42,996.20
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	12,694.93	19,187.32
• Others	-	-
Book value of Assets sold	107,224.85	137,286.40

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

Particulars	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
NOTE : 26 Details of Outstanding Derivatives		
i) Outstanding Derivatives:		
Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	4,460.00	13,650.00
ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 27 Auditors' Remuneration (Net of Service Tax Input Credit)		
Statutory Audit	28.60	29.35
Other Services	25.65	24.19
Reimbursement of Expenses	0.54	2.93
Total	54.79	56.47*

(*) Excludes ₹ NIL (31 March, 2013 – ₹ 23.00 lakhs) paid for Preferential Issue related certification services, debited to Securities Premium account.

Particulars	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 28 A) Gratuity		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the Beginning of the Year	571.09	390.78
Current Service Cost	97.08	85.61
Interest Cost	44.10	32.80
Actuarial Losses	147.87	77.25
Adjustments	-	(0.43)
Benefits Paid	(20.06)	(14.92)
Projected Benefit Obligation at the end of the year	840.08	571.09
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	585.78	395.88
Expected Returns on Plan Assets	55.69	37.65
Actuarial Losses	6.66	-
Employer's Contribution	203.67	155.61
Inward Transfer of Equitable Interest	-	15.01
Benefits Paid	(20.06)	(14.72)
Adjustments	-	(3.65)
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets at the End of the Year	831.73	585.78
Liability at the End of the Year	840.08	571.09
Amount Recognised in the Balance Sheet under Note 8 Trade Payable and Other Current Liabilities (Note 13 Other Loans and advances - Current)	(8.35)	14.69
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	97.08	85.61
Interest on Obligation	44.10	32.80
Expected Return on Plan Assets	(55.69)	(37.65)
Inward Transfer of Equitable Interest	-	(15.01)

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs		
Particulars	Year ended 31.03.2014	Year ended 31.03.2013
NOTE : 28 A) Gratuity (Contd.)		
Past Service Cost	(3.36)	-
Net Actuarial Losses Recognized in the Year	141.21	77.25
Net Cost Recognised in the Statement of Profit and Loss (Note 21)	223.33	143.00
Assumptions		
Discount Rate	8.00% p.a.	8.00% p.a.
Future Salary Increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
- Senior Management	1% p.a.	1% p.a.
- Middle Management	2% p.a.	2% p.a.
- Others	3% p.a.	3% p.a.
Expected Rate of Return on Plan Assets	8.00% p.a.	9.40% p.a.

Other Disclosures:

Benefit	2013-14	2012-13	2011-12	2010-11	2009-10
Projected Benefit Obligation	840.08	571.09	390.78	264.49	166.90
Fair Value of Plan Assets	831.73	585.78	395.88	280.96	180.48
Surplus/(Deficit)	(8.35)	14.69	5.10	16.47	13.58

Notes:

1. The expected return on plan assets for the year ended 31 March, 2014 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. Estimated amount of contribution to the funds during the year ended March 31, 2015 as estimated by the management is ₹ 228.67 lakhs (31 March, 2014 – ₹ 203.67 lakhs).
5. 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.

₹ in lakhs		
Particulars	Year ended 31.03.2014	Year ended 31.03.2013
B) Compensated Absences		
Details of Actuarial Valuation		
Projected Benefit Obligation at the beginning of the year		
Balance as at the beginning of the year	274.55	217.76
Compensated absences reassessed on actuarial basis at the beginning of the year (Refer Note 4 below)	383.73	-
Current Service Cost	105.78	45.46
Interest Cost	52.27	16.99
Actuarial Losses / (Gains)	138.59	4.94
Benefits Paid	(9.75)	(10.60)
Projected Benefit Obligation at the end of the year	945.17	274.55
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	105.78	281.32

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

₹ in lakhs		
Particulars	Year ended 31.03.2014	Year ended 31.03.2013
B) Compensated Absences (Contd.)		
Past Service Cost reversed (Refer Note 4 below)	(448.83)	-
Interest on Obligation	52.27	16.99
Net Actuarial Losses/(Gains) Recognised in the year	138.59	4.94
Benefits paid	(9.75)	(10.60)
Net cost recognised in the Statement of Profit and Loss	(161.94)	(292.65)
Assumptions		
Discount Rate	8.00% p.a.	8.00% p.a.
Future salary increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
- Senior management	1% p.a.	1% p.a.
- Middle management	2% p.a.	2% p.a.
- Others	3% p.a.	3% p.a.

Note:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31 March, 2014.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. 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.
4. Reconciliation of Compensated Absences:

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Amount as per Actuarial Valuation	945.17	274.55
Provision considered at full cost basis *	-	832.56
Amount Recognised in the Balance Sheet under Note 7- Provisions	945.17	1,107.11

* Provision for certain category of Compensated absences which was considered on full cost basis in previous year was reassessed on actuarial basis at the beginning of the year based on analysis of the trend of actual avilment of leave.

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 29 SEGMENTAL REPORTING

The Management has identified the following reportable segments:

Description	Financing		Distribution		Stock Broking		Eliminations		Consolidated Total	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
REVENUE										
External Revenue	326,143.04	255,393.24	1,001.80	988.48	786.26	633.23	-	-	327,931.10	257,014.95
Inter-segment Revenue	34.89	5.17	180.76	116.02	11.26	63.35	(226.91)	(184.54)	-	-
Total Revenue	326,177.93	255,398.41	1,182.56	1,104.50	797.52	696.58	(226.91)	(184.54)	327,931.10	257,014.95
RESULT										
Segment Result	55,020.56	45,223.50	467.71	199.81	(40.45)	(96.45)	-	-	55,447.82	45,326.86
Other Income	-	-	-	-	-	-	-	-	-	(107.00)
Net Profit Before Tax	-	-	-	-	-	-	-	-	55,447.82	45,219.86
Other Information										
Segment Assets	2,130,128.55	1,808,005.06	1,437.85	1,216.37	3,965.77	1,718.72	-	-	2,135,532.17	1,810,940.15
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	18,883.17	11,907.59
Total Assets	2,130,128.55	1,808,005.06	1,437.85	1,216.37	3,965.77	1,718.72	-	-	2,154,415.34	1,822,847.74
Segment Liabilities	1,923,410.13	1,626,742.84	96.99	93.70	2,232.09	755.06	-	-	1,925,739.21	1,627,591.60
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,923,410.13	1,626,742.84	96.99	93.70	2,232.09	755.06	-	-	1,925,739.21	1,627,591.60
Capital Expenditure	2,653.41	3,564.23	24.84	33.55	9.75	0.50	-	-	2,688.00	3,598.28
Depreciation and amortisation	2,363.13	2,031.22	27.63	31.88	73.35	94.14	-	-	2,464.11	2,157.24
Other Non Cash Expenditure	28,193.72	4,075.24	(8.60)	16.63	(9.48)	1.22	-	-	28,175.64	4,093.09

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 30. RELATED PARTY DISCLOSURES (AS PER AS-18 "RELATED PARTY DISCLOSURES")

List of Related Parties:

Holding Company	Tube Investments of India Limited
Associate of Holding Company	Murugappa Holdings Limited
Joint venture of Holding Company	Cholamandalam MS Risk Services Limited
Fellow Subsidiary	Cholamandalam MS General Insurance Company Limited
Key Management Person	Mr. Vellayan Subbiah, Managing Director

Note:

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

Nature of Transactions	₹ in lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
a) Tube Investments of India Limited		
Dividend Payments		
- Equity shares	2,528.15	2,528.15
Rent (including hiring) receipts	16.16	13.55
Expenses – Reimbursed	0.38	0.05
Purchase of Fixed Assets	-	3.00
Deposit received	-	0.90
Net Amount Receivable/(Due) as at year end	(0.90)	(0.90)
	1.32	-
b) Murugappa Holdings Limited		
Dividend payments – Equity shares – ₹ 616 .00 (31 March, 2013 – ₹ 616.00)	0.00	0.00
c) Cholamandalam MS Risk Services Limited		
Rent (including hiring) Receipts	1.79	3.90
Interest Receipts	17.63	-
Expenses – Reimbursed	5.84	12.06
Loan given	500.00	-
Loan recovered	500.00	-
Amount received towards reimbursement of Expenses	1.00	0.85
Net Amount Receivable/(Due) as at year end	-	0.14
d) Cholamandalam MS General Insurance Company Limited		
Interest Receipts	648.65	189.30
Interest Payments	-	428.51
Rent payments	19.95	29.73
Rent (including hiring) receipts	71.74	73.29
Payments for services availed	574.41	478.68
Receipts for services rendered	2,593.92	2,003.98
Receipts on settlement of insurance claim	130.95	102.28
Expenses – Reimbursed	6.55	16.03
Rental deposit received	21.14	-
Amount received towards reimbursement of Expenses	27.14	48.19
Advance Premium Deposit given	-	6,845.21
Net Amount Receivable/(Due) as at year end	(6,337.54)	(4,169.11)
	(21.14)	-
	215.70	244.00
e) Key Management Person		
Remuneration – Mr. Vellayan Subbiah	254.27	193.21

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims Not Provided for:

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Income tax and Interest Tax issues where the Group is in appeal	3,525.51	3,574.91
Decided in the Group favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	98.36	98.36
Service Tax issues pending in respect of which the Group is under appeal	68.46	68.46
Sales Tax issues pending before Appellate Authorities in respect of which the Group is in appeal	1,187.66	65.28
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	1,711.69	1,512.52

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

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 1,211.79 lakhs (31 March, 2013 - ₹ 839.65 lakhs)

NOTE : 32 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2013	Additional Provision	Utilisation/ Reversal	As at 31.03.2014
Provision for Standard Assets	4,156.35	659.75	-	4,816.10
Provision for Non-Performing Assets	22,431.27	15,359.63	(11,584.34)*	22,206.54
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	828.14	-	(74.70)*	753.44
Contested Service Tax Claims	792.37	-	-	792.37
Provision for Claw back	2.58	7.79	(2.58)	7.79

* Refer Note 23.1

NOTE : 33 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	As at 31.03.2014	As at 31.03.2013
Not later than one year	405.10	540.13
Later than one year and not later than five years	-	135.03
Later than five years	-	-
Total	405.10	675.16

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 34 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 1,904,162 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 30 July, 2007 approved the aforesaid issue of 1,904,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and 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* CAA *	30-07-07 25-01-08	193.40 178.70	30-07-08 -	765,900 54,433	25,538 2,442	635,732 44,337	104,630 7,654	- -
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	-	133,638	29,162	-
4	Original	25-04-08	191.80	25-04-09	468,740	22,119	310,955	135,666	-
5	Original	30-07-08	105.00	30-07-09	10,070	3,445	1,491	5,134	-
6	Original	24-10-08	37.70	24-10-09	65,600	19,352	38,786	7,462	-
7- Tr I	Original	27-01-11	187.60	27-01-12	294,600	19,942	46,685	147,813	80,160
Tr II	Original	27-01-11	187.60	27-01-12	209,700	22,941	40,569	146,190	-
8	Original	30-04-11	162.55	30-04-12	113,400	-	38,828	26,932	47,640
9	Original	28-07-11	175.35	28-07-12	61,800	-	4,680	20,040	37,080
10	Original	27-10-11	154.55	27-10-12	195,680	8,605	21,720	55,387	109,968

* 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:

Variables

Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
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	48.20% - 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

Notes forming part of the Consolidated Financial statements for the year ended 31 March, 2014 (Contd.)

NOTE : 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

The shareholders of the Company, at the 34th Annual General Meeting held on 30 July, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended 31 March, 2014 is ₹ 13.00 lakhs (31 March, 2013 is ₹ 189.52 lakhs)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92% - 8.12%
Expected Life	0.12 years - 6.25 years
Expected Volatility	28.28% -63%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.	₹ 212.05

NOTE : 35 SHARING OF COSTS

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

NOTE : 36 MAT CREDIT RECOGNITION

One Subsidiary Company (CDSL) has recognised MAT Credit considering the future profit projections. The Management believes that there is convincing evidence with regard to the earning of future taxable income and payment of tax under normal tax within the specified period. Accordingly, MAT Credit Entitlement of ₹ 94.17 lakhs has been recognised during the year.

NOTE : 37 PREVIOUS YEARS' FIGURES

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.

For and on behalf of the **Board of Directors**

Date : 28 April, 2014
Place : Chennai

P Sujatha
Secretary

D Arul Selvan
Chief Financial Officer

M B N Rao
Chairman
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

₹ in lakhs

Particulars	Cholamandalam Distribution Services Limited		Cholamandalam Securities Limited		Cholamandalam Factoring Limited	
	2013 - 14	2012 - 13	2013 - 14	2012 - 13	2013 - 14 [#]	2012 - 13
1. Share Capital						
- Equity	4,240.00	4,240.00	2,050.00	2,050.00	-	8,036.48
- Preference	-	-	-	-	-	-
2. Reserves and Surplus	(709.99)	(1,177.72)	(1,036.94)	(996.13)	-	(7,624.87)
Total	3,530.01	3,062.28	1,013.06	1,053.87	-	411.61
3. Total Liabilities *	96.99	93.70	3,032.09	755.06	-	6,792.75
4. Total Assets (Including investments) ⁺	3,627.00	3,155.98	4,045.15	1,808.93	-	7,204.36
5. Investments:						
Current Investments	70.00	160.00	-	-	-	-
Non Current investments						
- Quoted	-	-	-	-	-	-
- Unquoted	784.52	192.25	138.19	138.19	-	1.91
6. Gross Income	1,187.58	1,155.87	803.89	720.56	-	145.98
7. Profit/(Loss) before Tax	467.71	199.81	(40.45)	(96.45)	-	143.47
8. Provision for taxation						
Current	-	-	0.38	-	-	3.33
Deferred	-	-	-	-	-	-
9. Profit/(Loss) after Tax	467.71	199.81	(40.83)	(96.45)	-	140.14
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

Merged with the company effective 1 April, 2013

[illegible]

Values & Beliefs

Murugappa Group

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 unflinchingly 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.



BOARD OF DIRECTORS

M.B.N.Rao, Chairman

N.Srinivasan, Vice Chairman

Indresh Narain

V.Srinivasa Rangan

L.Ramkumar

Nalin Mansukhlal Shah

Vellayan Subbiah, Managing Director

SECRETARY

P. Sujatha

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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



CORPORATE IDENTITY NUMBER

L65993TN1978PLC007576



REGISTRAR & SHARE TRANSFER AGENT

M/s. Karvy Computershare Private Ltd.

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

Hyderabad-500 081

Phone No.: 040 23420818

E-mail: einward.ris@karvy.com



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Registered Office

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