

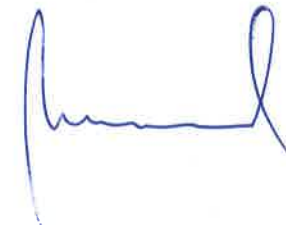
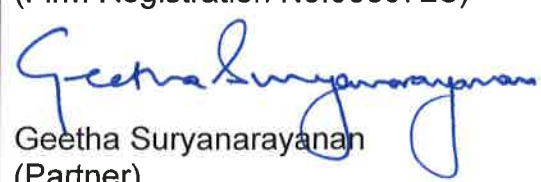
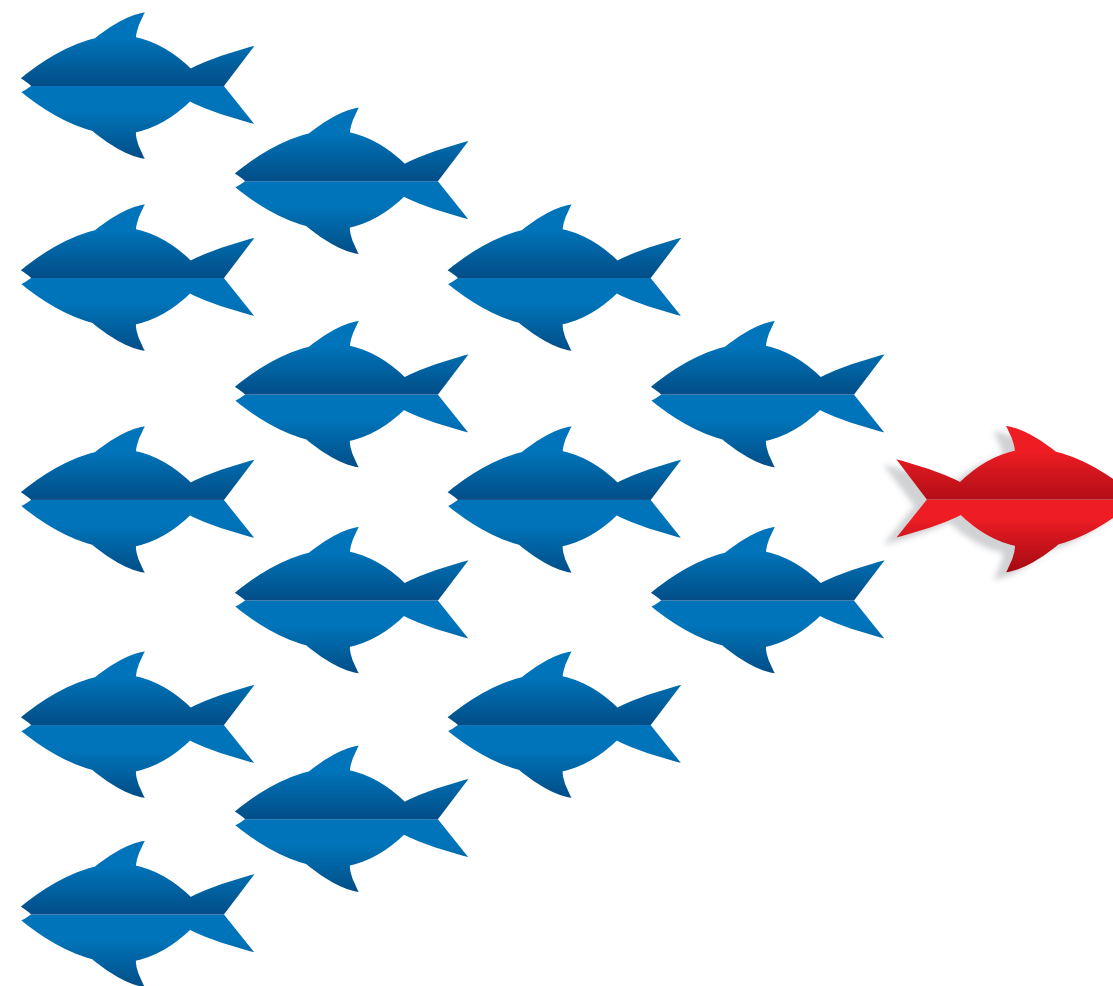
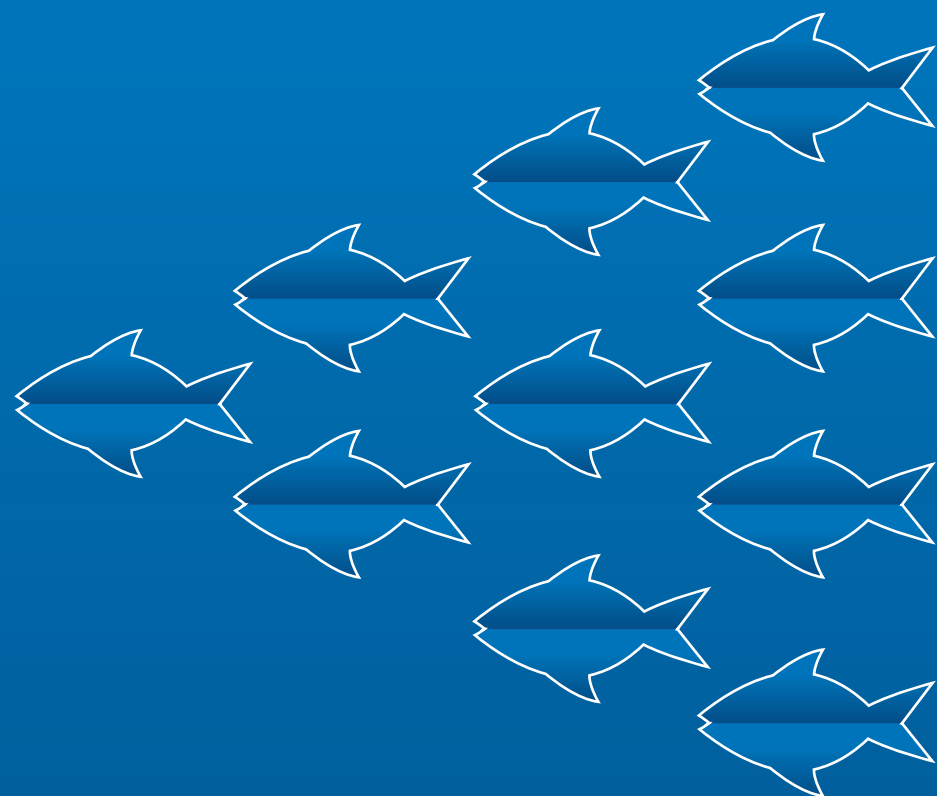


**FORM A****Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Cholamandalam Investment and Finance Company Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2015 (Standalone and Consolidated)
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by-	
	<ul style="list-style-type: none"><li>• GEO/Managing Director</li></ul>	Vellayan Subbiah * 
	<ul style="list-style-type: none"><li>• CFO</li></ul>	D Arul Selvan * 
	<ul style="list-style-type: none"><li>• Audit Committee Chairman</li></ul>	Indresh Narain 
	Place : Chennai Date : 24 April, 2015	
	Refer our Audit Report dated 24 <sup>th</sup> April, 2015 on the financial statements of the company	
	For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No.008072S)	
	 Geetha Suryanarayanan (Partner) (Membership No.29519)	
	Place : Chennai Date : ... 1 <sup>st</sup> July, 2015	





## Alternative Thinking

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Note: Across this report, the word 'Chola' refers to 'Cholamandalam Investment and Finance Company Limited.'

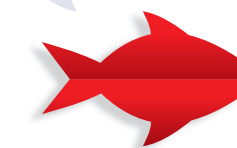
### Forward-looking statement

In this Annual Report we 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.

# 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 straight forward with all our stakeholders. We earn trust with every action, every minute of every day.

### Passion

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

### Quality

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

### Respect

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

### Responsibility

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



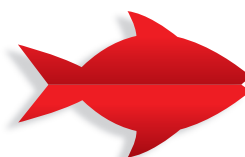
# Alternative Thinking

The financial year 2014 -15 was a year of contrasts for our economy. The year started on a subdued note and ended with the forecast of India becoming the fastest growing major economy by 2017. We saw a lower demand for commercial vehicles, lower credit off-take and worsening collections environment. These were contrasted by lower crude prices, contained inflation, lowering of interest rates, government resolve to push through key reforms and interest of global investors; all point towards a steady revival of growth over the coming quarters.

Slowdowns are considered times to downscale or defer discretionary expenditure. We had a choice of waiting it out, letting the macro-economic environment improve or treating this as an opportunity to focus on our strengths, hone our skills and use the time to re-affirm our beliefs. We chose the latter. Our view on continuing to invest in capability building measures was a little different as we approached it from a strategic standpoint. We also viewed the relative slowdown of recent times as an opportunity to regroup, review and reskill ourselves.

In the year gone by, we, at Chola, stayed focused on strengthening our core. We continued to invest in training and development of our people, increased adoption and absorption of technology and analytics, made our risk management framework more robust and simplified our operational processes.

What we can make out of any situation largely depends on how we view it. At Chola, we approach it with ingenuity, call it ALTERNATIVE THINKING and live by it everyday.





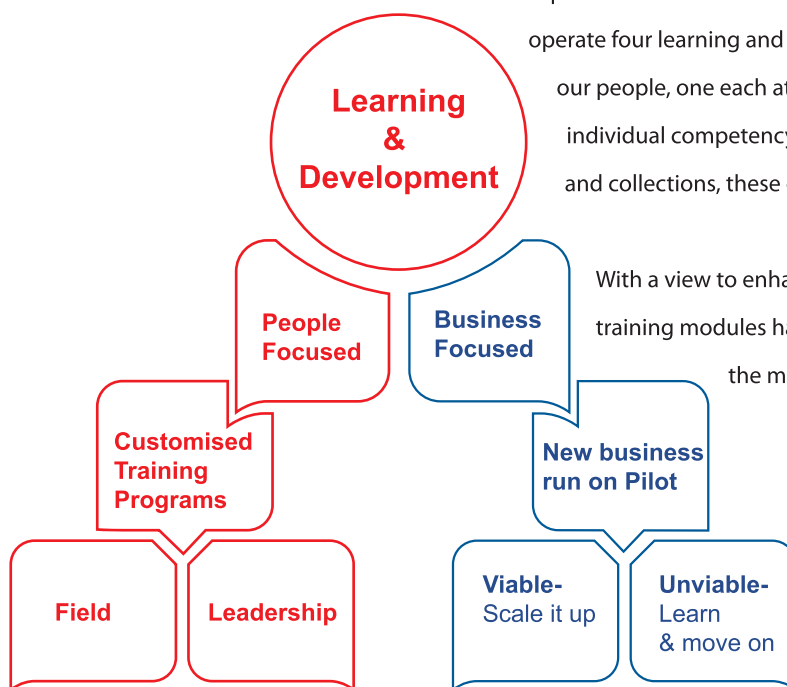
# Earning Days.

To stay competitive, businesses need to stay agile, learn and innovate.

Our business landscape continues to evolve at a rapid pace. The smartphone revolution coupled with advancements in information technology is opening new vistas of customer engagement and experience. To stay competitive, businesses need to stay agile, learn and innovate.

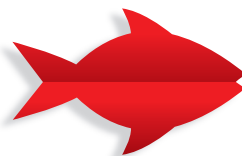
At Chola, we view change as a uniform constant. We treat continuous learning as an effective countermeasure to the evolving competitive landscape and deploy a two-pronged strategy towards it; one focused at people and the other aimed at business segments.

The objective of our training and development programs is to develop in-house talent for leadership roles and also maintain a healthy talent pipeline for frontline positions. We operate four learning and development centers to cater to the learning needs of our people, one each at Chennai, Pune, Delhi and Kolkata. Having identified the individual competency requirements of employees in transition roles in sales and collections, these centers conduct customised training programs for them.



With a view to enhance anytime anywhere accessibility, a vast number of training modules have been digitised. To foster interactive learning, some of the modules have also been converted into videos.

# Learning Days.



At Chola, we foster collaborative development of new product ideas. We pursue some of the generated ideas (pilot projects) through viability checks. Development of a robust sales framework for viable ideas leads to a product. The new product then undergoes a pilot launch in select regions. Post-launch learning and course corrections are incorporated in the final product before it gets integrated in the portfolio and launched in a phased manner. The initiative has a healthy bouquet of products. Two of our recently launched products, MSME and Rural Finance, were the fruits of this initiative.



Training session in progress at Cholamandalam Learning Academy, Chennai.

## Learning & Development Highlights

- **Utkarsh:** A process designed to help identify potential branch managers from among the field level executives
- **Unnati:** A project that helps low-performing branches improve their performance levels
- **Campus Connect:** A campus hiring program that identifies raw talent from tier III and tier IV cities, trains the shortlisted candidates and subsequently inducts them at one of their home or near to home locations

Having identified the individual competency requirements of employees in transition roles in sales and collections, these centers conduct customised training programs for them.

## Our Branch.



Once deployed, tablets would empower our customer facing executives in collecting required documents, performing final negotiations and closing the deal instantly.

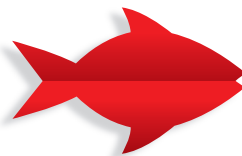
We leverage information technology (IT) towards bettering the way we work. Treating IT as a strategic enabler, we optimise its role in enhancing customer experience and internal productivity. Already equipped with advanced systems and processes, we keep updating ourselves with the evolving technology framework. We moved our Loan Management System (LMS) to a complete online platform in 2008. Our Core Lending Solution is now being redeveloped, to make it on par with the latest of mobility solutions. Our pioneering efforts in integrating mobility solutions in the Indian financial services industry

has enabled our Sales & Collection executives to engage with customers in a speedy manner and reduce our turn-around-time (TAT) for loan disbursals.

With our tablet project, we are geared up now to move to the latest mobile platforms. The project would equip our entire sales force with a high speed connectivity enabled tablet, making significant impact on our reach and TAT. The work on automated credit scoring and inbuilt pricing models are at advanced levels of development. Once deployed, these new tools would empower our customer facing executives in collecting required documents, performing final negotiations and closing the deal instantly. The documents would get digitised and uploaded. One last step of adding the digital signature of the customer and the loan would be ready for disbursement.

The tablet project also equips our collections team with many inbuilt features such as comprehensive view of their customer's loan repayment history, reminders for their due dates, etc. This will enhance their efficiency as they can take required decisions on the move.

# Their Doorstep.



All this could happen fast, at the customer's doorstep itself. The result of Chola's ALTERNATIVE THINKING, this project would virtually convert the living area of our customers as our fully equipped and empowered branch. The project would accrue transformational productivity enhancement of the SFEs (Sales Field Executives) and would also give us an edge in the ever-competitive marketplace. To top it all, the inbuilt GPS system would help us manage the large countrywide sales and collections force better.

To further enhance our decision-making, analytical applications have been developed that enable a zoomed-in view. The financial MIS now enables managers to access and analyse portfolio performance up to the branch levels. This would further be extended up to every single field executive level. Another significant IT initiative is our new hyperion-based budgeting and planning tool which will further enable scenario based planning and help us adopt both top-down and bottom-up planning approaches.

Chola Direct, another technology initiative, enables customers to interact with CHOLA online and also provides them the ability to check their loan eligibility online. These technological advancements would enhance customer convenience and sales force productivity and thereby augment our business growth.



## Cost Center.



Terming it 'Lean Thinking', we treat it as a powerful tool to transform ourselves from good to great.

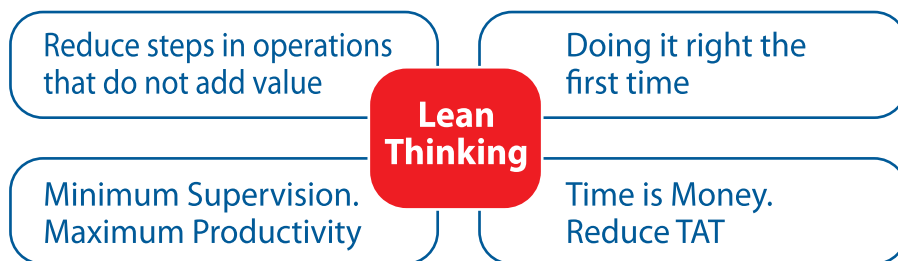
In the business of financial services, customers can be won or lost owing to the TAT. Our efficiency improvement program focuses on expanding customer delight and contracting procedural delays simultaneously. Terming it 'Lean Thinking', we treat it as a powerful tool to transform ourselves from good to great.

Lean triggers our ALTERNATIVE THINKING by converting the olden-day cost centers (non-sales functions including production and support) into modern-day profit centers.

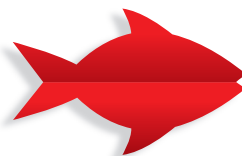
It combines the essence of two phrases – "Money saved is money earned" and "Time is money".

Essentially a proven efficiency-enhancement tool in the manufacturing sector, our LEAN's success would hinge on effecting an organisation-wide mindset change and replacing the maker-checker (doer-supervisor) concept with 'doing it right the first time'. This would accrue dual benefits namely enhanced productivity of the doer and saving on cost of supervisor. Simply put, the idea is to remove or reduce those steps or processes that do not add value commensurately.

Services of leading global luminaries in Lean Management and Total Quality Management (TQM), have been sought. Under the intervention and handholding of our senior management teams, we are currently internalising the potential benefit of Lean Management towards efficiency enhancement.



# Profit Center.



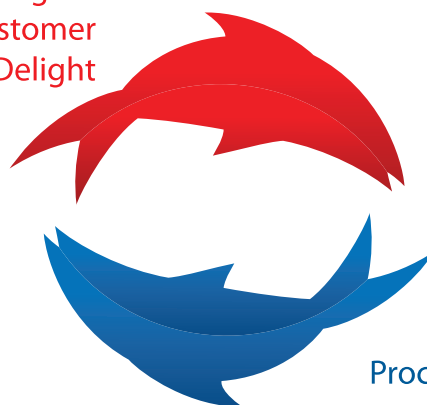
We aim to transit from 'Think Lean' to 'Act Lean' over the coming 3-5 years. Early indication is on the processing TAT for Vehicle finance disbursements which has reduced by 50% from 55 minutes to an average of 26 minutes per file. 5s, which is one of the lean principles was implemented at central processing unit, Guindy for better workplace management. The concept of breakthrough management helped the organisation in introducing a new repayment option for enhancing customer experience.

We, at Chola, continue to remain customer centric in our policies and practices. We provide our customers multichannel options across call centre, online portal, branch and mobile applications. We follow a life cycle based approach to ensure higher customer engagement through SMS, E-mails & Mailers. We also annually benchmark our customer service practices by seeking feedback through an independent customer service survey. We have seen continuous and significant improvement on our customer satisfaction score over the last three years.

Chola follows a life cycle based approach to ensure higher customer engagement through SMS, E-mails & Mailers.

Higher  
Customer  
Delight

Lower  
Procedural  
Delays





## Convergent Looks.

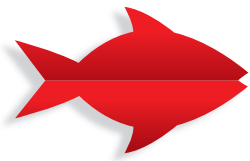


We mapped the area, loan to value, product and cultural profiles of the customers with the loan segments to assess the associated risk variance.

In the business of lending, every single transaction comes with associated risks. We, at Chola, believe that a robust risk management framework that monitors and contains risks at two levels – enterprise as well as customers – is imperative for a sound and sustainable business. We clubbed the core of two phrases – “No risks, no gains” and “All that glitters is not gold” – in devising our unique risk-based pricing mechanism.

The fact remains that no two identical loan accounts exhibit identical customer behaviors, post-disbursement. With this insight, we probed ourselves “why then shall they be transacted at universal pricing”. With the help of advanced analytics, we analysed volumes of borrower data from our own records spanning several years, multiple cities and diverse business segments. The gathered insight helped us classify customer profiles in terms of geography (location), products and customer segments with over 1,300 micro markets. We mapped the area, loan-to-value, product and cultural profiles of the customers with the loan segments to assess the associated risk variance.

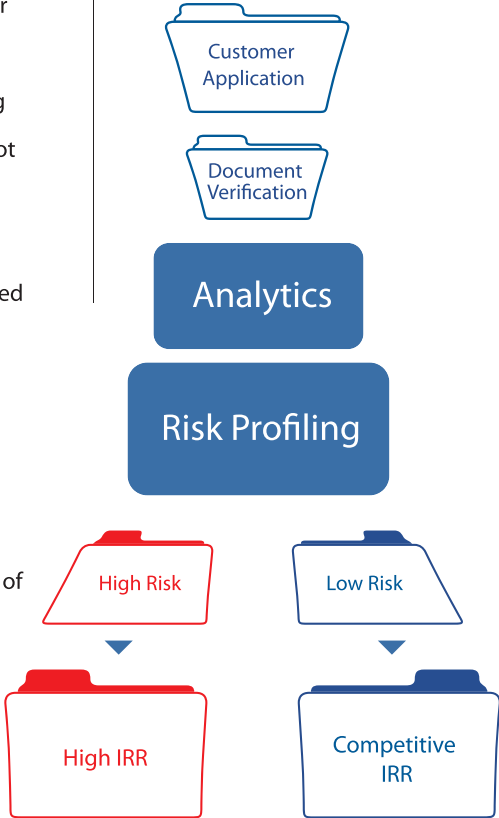
# Divergent Traits.



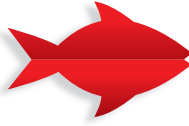
Our new risk based pricing mechanism also covers for the variables while taking cognizance of fixed traits of a customer’s post-disbursement behavior. Going a step further on tightening credit, we have developed a credit-scoring model which will act as a base level filter on acceptance of proposals from branches.

Our philosophy of enterprise risk management is aimed at protecting stakeholder value from apparent as well as future risk factors. Risk management remains intrinsic to our future growth and sustainability. We keep a close eye on emerging external trends and also keep analysing real time business data with a view to spot and address business risks in a dynamic environment. This holistic approach has helped in strengthening our risk management framework, one that goes deeper into understanding, evaluating, monitoring and creating controls wherever needed to reduce the impact of the probable risk factors.

Taking enterprise risk management to the level of Business Continuity, we have evaluated critical risk factors against any unknown potential disasters. We have built in processes and structures that would enable us to operate in a people or place agnostic manner. We keep checking the efficacy of this framework in terms of readiness through periodic mock drills.



# This is Chola



Cholamandalam Investment and Finance Company Limited (Chola) is a non banking finance company and is a part of the diversified, ₹ 269 billion Murugappa Group. Headquartered at Chennai, we have a pan India presence with zonal offices in Mumbai, Delhi and Kolkata. Revered for the Murugappa way of ethical conduct and transparent engagement with all stakeholders, we practice highest

standards of corporate governance in all our dealings. With a clear geographical focus on rural and semi-urban areas and target segments of self-employed individuals and small and medium enterprises, we proudly bear the flag of financial inclusion and rural empowerment.

## Business segments:



Vehicle Finance



Home Equity



Home Loans



Corporate Finance



Rural Finance



Wealth Management

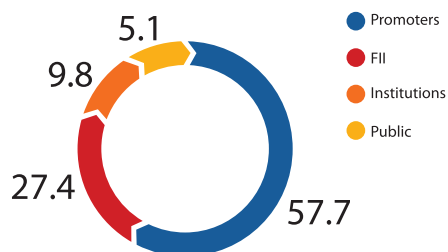
## Geographical Mix: Branch Network

Rural	Semi - Urban	Urban
71	19	10

## Total Assets Under Management, ₹ 25,452 crores

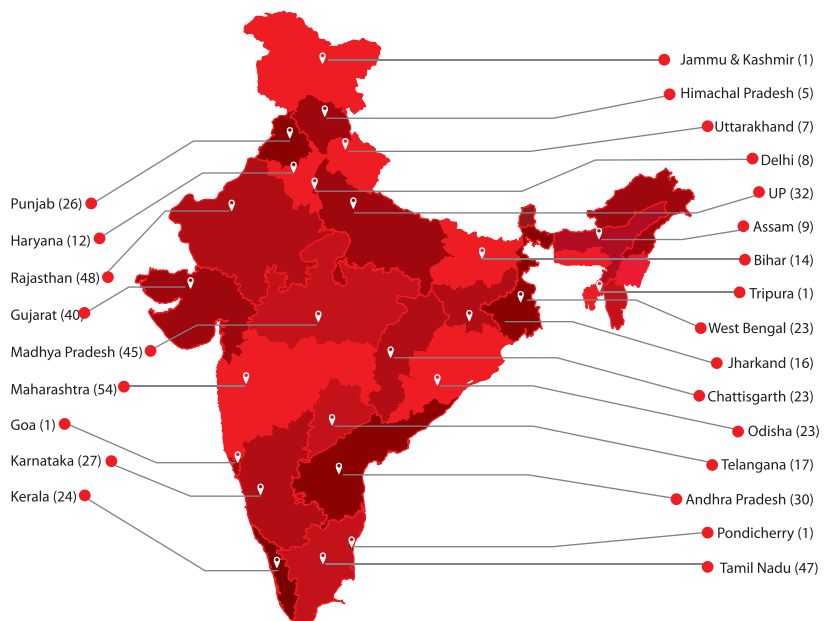
Vehicle Finance	Home Equity	Others
17,639	7,280	533

## Shareholding Pattern



## Nationwide Distribution Network:

# 534 branches



## Key Differentiators

### Present across the financial services spectrum

Having started with equipment leasing in 1979, we entered Vehicle Finance in 1992. Since then, we have consistently spread our business presence across the spectrum of financial services products.

With seven distinct business verticals, we have fast established ourselves as a one-stop shop for the varied financial services needs of our retail and enterprise customers.



### Customer centricity

At Chola, we adopt a consultative approach to the customers' financial needs, map their needs with loan eligibility and respond with speed and clarity through the entire lending lifecycle. We have pro-actively reversed the business flow by taking the documentation and decision-making process to the customer's doorstep. Ensuing modernisation of our processes and systems through deeper intervention of technology is adding to our customer friendliness.



### Nationwide presence, deeper entrenchment

With a nationwide network of 534 branches, Chola reaches millions of current and potential customers across 25 states of India. Our established presence in rural, semi-urban and urban geographies lends an advantage at a time when economic growth is fast trickling down to the last mile.



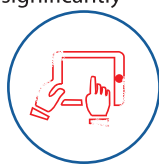
### Trust and brand equity

Our brand Chola stands synonymous to trust and fair business conduct. Undiluted focus on value-based approach to business at all times keeps enhancing our goodwill quotient, which often gets reflected in sizeable repeat and referral business opportunities from our existing and past customers.



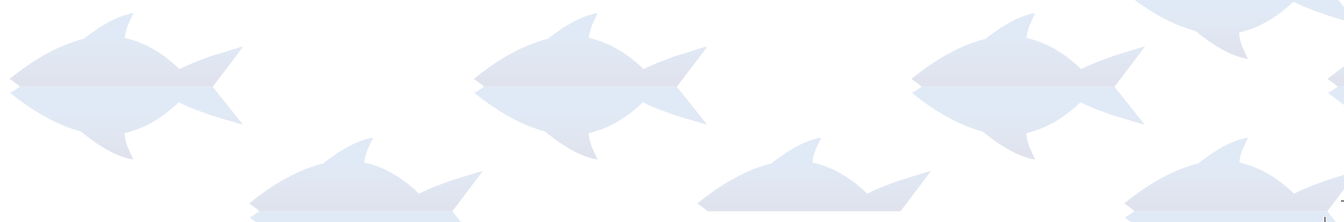
### Leveraging technology

At Chola, we are cognizant of the fact that technology today is a strategic enabler and are thus significantly leveraging IT to cut down on cost, enhance efficiency and reduce TAT.



### Strong risk management

At Chola, risk management is an integral way of life and we have built an effective Risk Management Framework including measuring and monitoring processes and risk governance.





# Business Highlights

## Financial Highlights

₹ in crores

Particulars	FY2015	FY2014	FY2013	FY2012	FY2011
Branch Network (in nos.)*	534	574	518	375	236
Disbursements	12,808	13,114	12,118	8,889	5,731
Assets Under Management (AUM)	25,452	23,253	18,998	13,470	9,124
Net Income Margin (NIM)	1,731	1,492	1,145	800	634
Operating Profit	982	834	575	363	370
Profit After Tax (PAT)	435	364	307	173	62
<b>Key Ratios (in %)</b>					
NIM	7.9	7.7	7.6	7.4	8.8
Expense Ratio	3.4	3.4	3.8	4.1	4.6
Gross Non-Performing Assets (6 months overdue)	2.4	1.9	1.0	0.9	2.6
Net Non-Performing Assets (6 months overdue)	1.3	0.7	0.2	0.3	0.3
Gross Non-Performing Assets (5 months overdue)	3.1				
Net Non-Performing Assets (5 months overdue)	2.0				
Capital Adequacy Ratio	21.2	17.2	19.0	18.1	16.7
Return on Total Assets - (PBT - ROTA)	3.0	2.8	3.0	2.7	1.4
Return on Equity	15.8	17.1	18.1	13.8	6.7
<b>Growth Ratios (in %)</b>					
AUM Growth	9.5	22.4	41.0	47.6	33.2
Disbursement Growth	-2.3	8.2	36.3	55.1	48.2
NIM Growth	16.0	30.3	43.1	26.3	45.8
Earnings per Share Growth	18.3	10.9	59.0	152.6	216.7
Book Value per Share Growth	27.0	16.8	28.4	19.0	23.0
<b>Branch Efficiency Ratios (₹ in crores)</b>					
Disbursements per branch	24.0	22.8	23.4	23.7	24.3
NIM per branch	3.2	2.6	2.2	2.1	2.7
PAT per branch	0.8	0.6	0.6	0.5	0.3






\*Note : Reduction in no. of branches on account of closure of Gold Loan branches.

## Operational Highlights:

- Issued 50 million Compulsorily Convertible Preference Shares (CCPS) of ₹100 each on a preferential basis to Dynasty Acquisition (FDI) Ltd. The CCPS shall be converted into equity shares at ₹ 407 at the expiry of 12 months from the date of allotment (September 2014)
- Upgrading our core lending platform (FinnOne Suite) to a higher version
- Engaged with a leading technology partner for developing multi-channel applications across mobile, tablets and web
- Establishing a learning & development center for re-skilling the field workforce at Kolkata
- India Ratings has upgraded rating of Sub-Debt from AA- to AA
- Accelerated provisioning to 5 months overdue and accelerated standard asset provisioning @ 0.30%, one year ahead of RBI's mandate

## Key Performance Indicators

### Disbursements 12,808 (₹. in crores)

FY 2015		12,808
FY 2014		13,114
FY 2013		12,118
FY 2012		8,889
FY 2011		5,731

**Its significance**  
Disbursement is a key indicator of future earnings growth.

**How we performed?**  
Due to prevailing slowdown in demand for CVs and further tightening of the loan eligibility criteria, the loan disbursements witnessed a fall of 2.3%.






### Net Income Margin 7.9 (%)



**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 NIMs by 20 basis points.

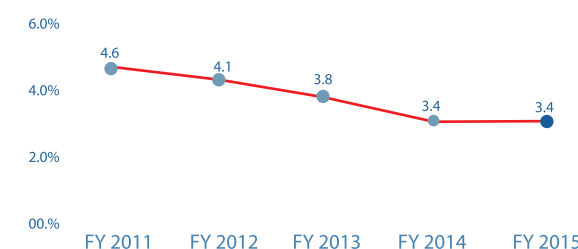
### Assets Under Management 25,452 (₹. in crores)

FY 2015		25,452
FY 2014		23,253
FY 2013		18,998
FY 2012		13,470
FY 2011		9,214

**Its significance**  
Asset Under Management depicts revenue visibility for the coming years.

**How we performed?**  
Aided by a steady disbursement growth in our Home Equity business, AUM has increased by 9.5% in FY15.






### Expense Ratio 3.4 (%)



**Its significance**  
Expense Ratio is an indicator of operating efficiency of a company.

**How we performed?**  
Despite fall in disbursement growth and increased activities in collection, we were able to maintain our expense ratio at the same level as the previous year by leveraging technology to reduce redundancies across processes and practices.

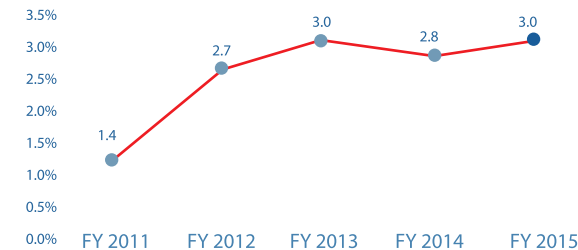
### Book Value per Equity Share 204 (₹)

FY 2015		204
FY 2014		160
FY 2013		137
FY 2012		107
FY 2011		90

**Its significance**  
Book Value Per Share is a real time measure of Shareholders' value.

**How we performed?**  
Due to a steady growth in profitability, BVPS in the year FY15 has increased by 27%.

### Return on Total Assets (PBT - ROTA) 3.0 (%)

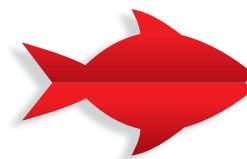


**Its significance**  
Return on Total Assets is an indicator of capital efficiency of a company.

**How we performed?**  
Despite tough market conditions, we have enhanced the return on our employed capital by 20 basis points.



# Managing Director's Message



## Dear Shareholders,

The year FY15 has been a tough year. It started on a very subdued note with a tough environment for collections and low credit off-take. Demand started to pick up marginally during the last quarter of the year. Amid the prevailing difficult macro-economic scenario, we continued to strengthen our core by investing in technology, training & development and fortification of our risk management framework. Also, we continue on our journey towards lean operations.

With the gradual revival in the economy and our continual operations improvement efforts, we have started to witness moderate growth. Of the four regions in India, we faced major pressure from the Western and Southern zones, but they are reviving fast. There has been an improvement in GNPA's towards the end of the year. During the year we also intensified our collections process with the top management team directly involved in bettering the collections cycle. This exercise has led to reducing delinquency. Complying with the guidelines of RBI in both letter and spirit, we have accelerated provisioning to 5 months overdue and adopted standard asset provisioning of 0.3%, a year ahead of RBI's requirement. We issued Compulsorily Convertible Preference Shares of ₹ 500 crores on a preferential basis to a global private equity player. With this our Capital Adequacy Ratio (CAR) stands at 21.24% as on 31 March 2015 as against the regulatory requirement of 15%. One of the major policy level decisions of covering NBFCs under the SARFAESI Act significantly adds to our ability to repossess property, further minimising our risks.

Due to the challenging business environment, we were cautious on disbursements during the year. Disbursements saw a drop of 2.3%. The total Assets Under Management (AUM) grew by 9%. The Net Income Margin for the year grew at 16% in number terms and as a percentage of total assets it

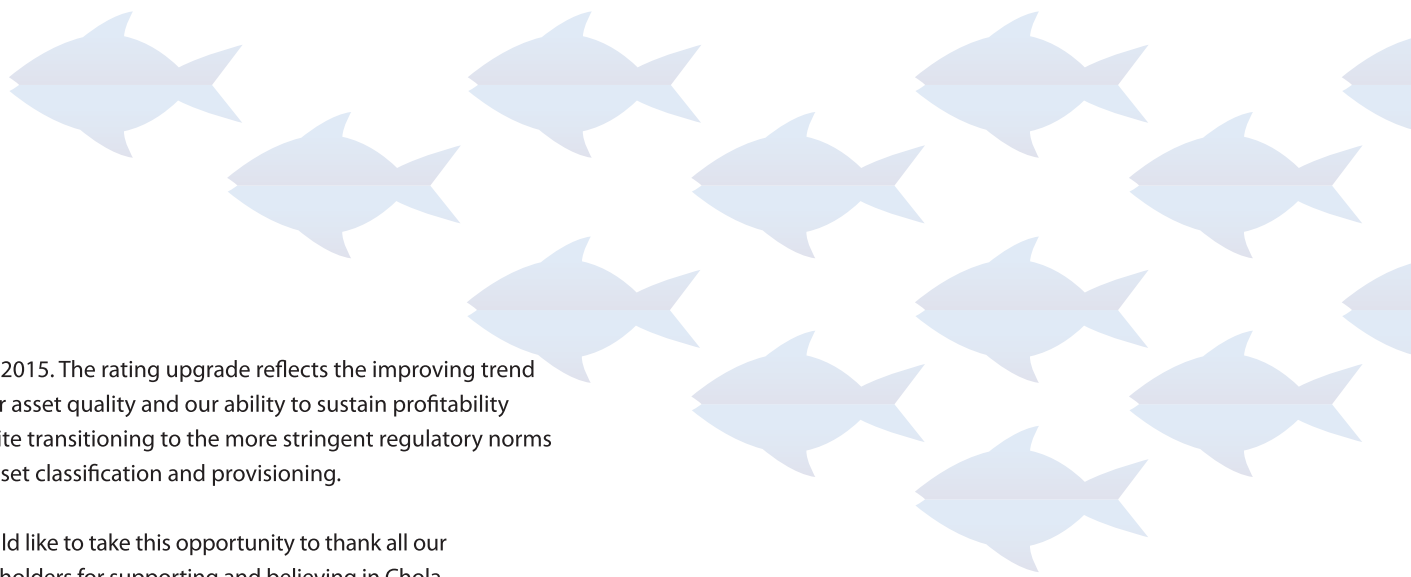
grew by 20 basis points to 7.9%. Despite an increased drive on collections leading to higher collections expenses, we were able to hold our expense ratio at 3.4%, same as previous year. The PBT - ROTA for the year also improved by 20 basis points and stood at 3% for FY15.

The Vehicle Finance (VF) business is our largest business and currently constitutes 69% of our AUM. Commercial Vehicles posted a negative sales growth during the year. However, the heavy commercial vehicle segment has started to recover. The NIMs in this business have improved by 40 basis points over FY14 and stood at 7.5% in FY15. During the year, we have witnessed an increase in discipline for loan-to-value in the industry which is a good sign for the VF business. We also continued to broad base our product offerings and added the two wheeler segment to our portfolio.

Our Home Equity business continues its steady growth. Our disbursements grew by 8.3% and the AUM witnessed a growth of 24.2%. We see a strong opportunity for growth and going forward the Home Equity and Home Loans businesses will see an increased share in our portfolio.

With the overall gradual macro-economic revival and improved collections performance, we have seen roll forward rates in all NPA buckets dropping consistently and an improved GNPA position. We will continue our focused efforts on cost optimisation, lean management and technology upgradation in FY16.

CRISIL has upgraded its rating on our long-term debt instruments to 'CRISIL AA/Stable' from 'CRISIL AA-/Positive' in



June 2015. The rating upgrade reflects the improving trend in our asset quality and our ability to sustain profitability despite transitioning to the more stringent regulatory norms on asset classification and provisioning.

I would like to take this opportunity to thank all our stakeholders for supporting and believing in Chola.

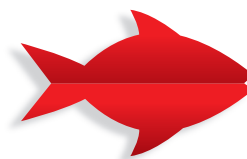
As always do share your ideas and feedback with me on [vellayan@chola.murugappa.com](mailto:vellayan@chola.murugappa.com) as they help us in continuing our efforts of strengthening our core.

Best Wishes,  
**Vellayan Subbiah**

Amid the prevailing difficult macroeconomic scenario, we continued to strengthen our core by investing in technology, training & development and fortification of our risk management framework. Also, we continue on our journey towards lean operations.



# Business Review:



## Vehicle Finance



Started in the year 1992, Vehicle Finance (VF) is the largest contributor to our revenue and disbursements. At the end of FY15, VF contributed 73.1% to total disbursements, 69.3% to total AUM and 92.7% to Chola's customer base.

### Key Differentiators

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

### Operational Review

- Pan India network of 529 branches
- Added a new product line: two-wheeler financing
- Developing a centralised credit scoring system for automation of assessment
- Enhanced impetus on leveraging technology leading to increase in operating efficiency

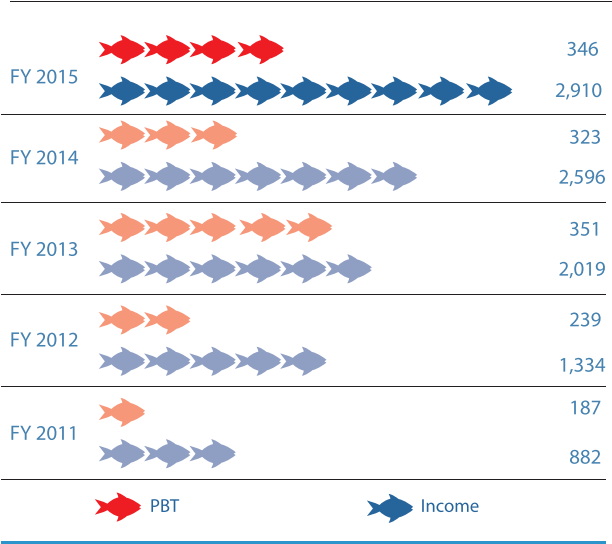
Disbursements and AUM

(₹. in crores)



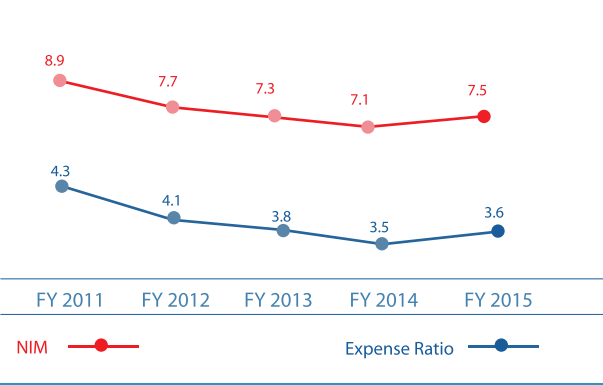
PBT and Income

(₹. in crores)



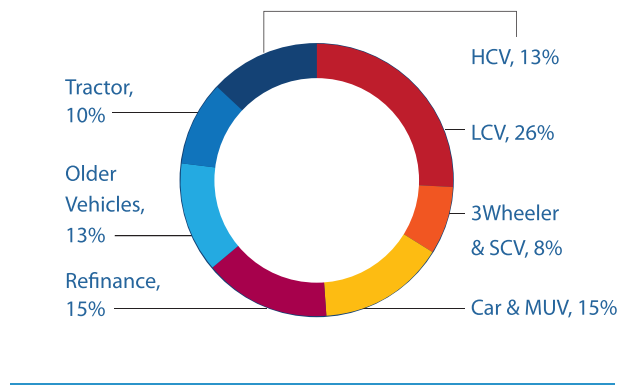
NIM and Expense Ratio

(%)

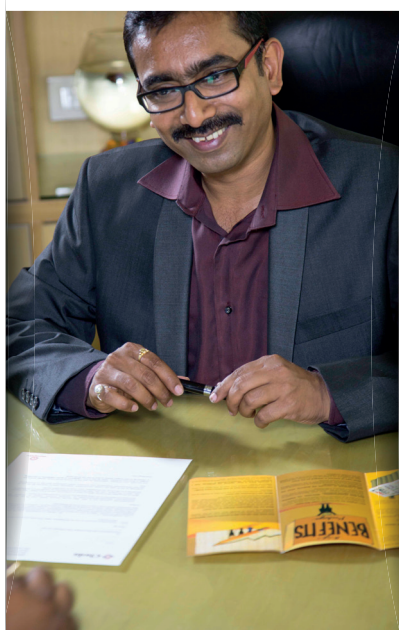
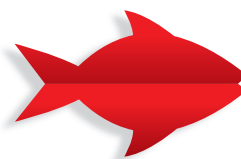


Diversified Asset Portfolio

(%)



# Home Equity



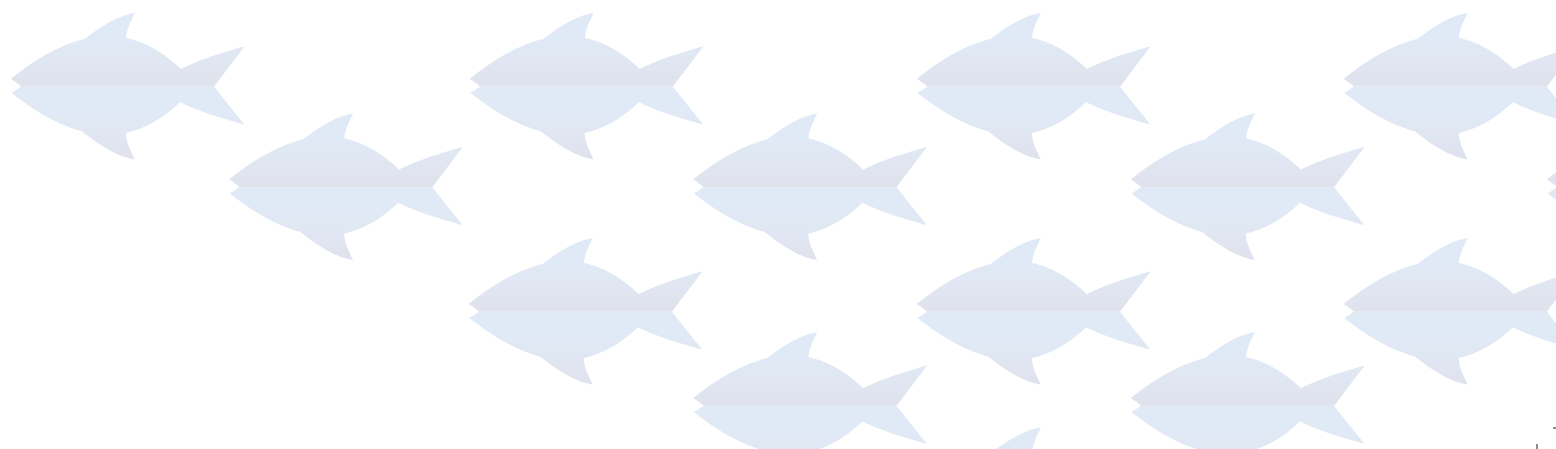
Started in the year 2006-07, the Home Equity business is the second biggest contributor to our profitability. We are focused towards self-employed individuals and target the middle income group. The business continues to show consistent growth.

## Key Differentiators

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

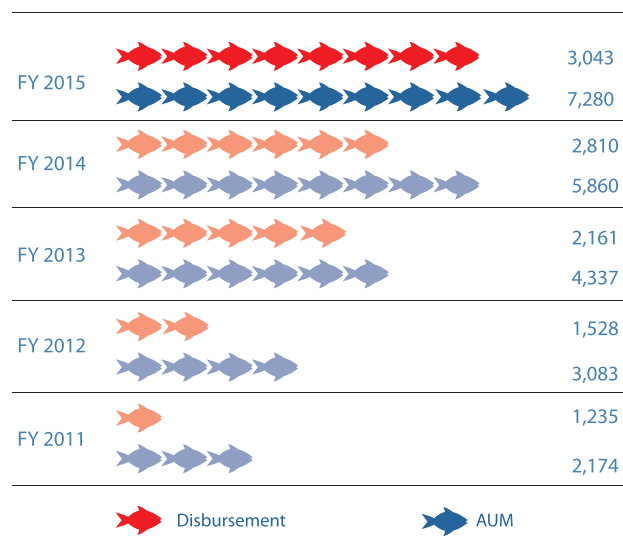
## Operational review

- Continued focus on building and maintaining a clean portfolio
- Increased automation of branches and cost rationalisation
- Increased branch network from 68 in FY14 to 78 in FY15
- Average loan ticket size at ₹ 52.64 lakhs and average tenure at 11 years



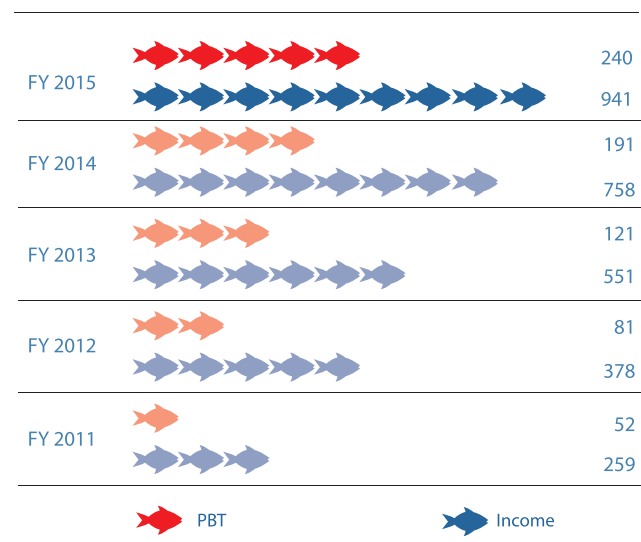
## Disbursements and AUM

(₹. in crores)



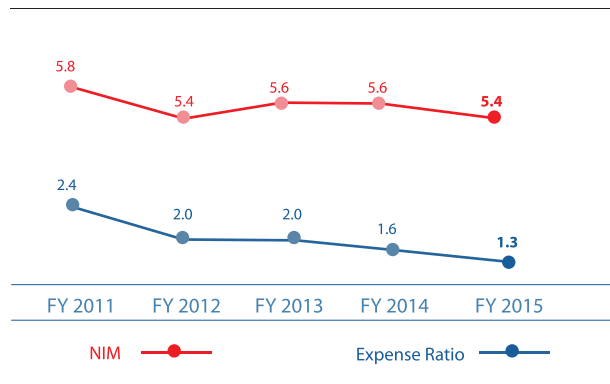
## PBT and Income

(₹. in crores)



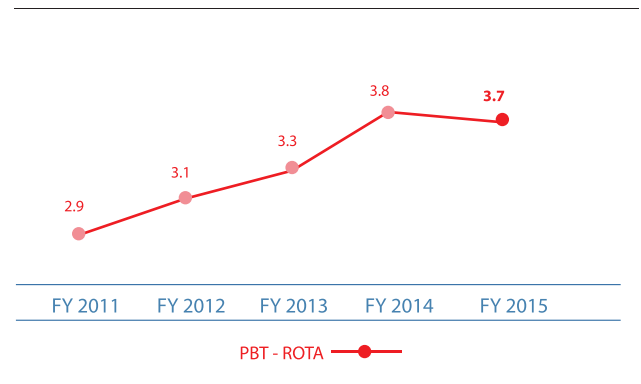
## NIM and Expense Ratio

(%)



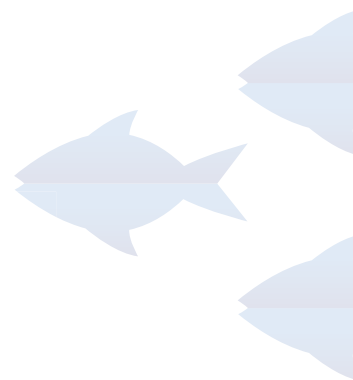
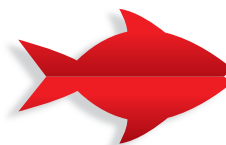
## Return on Total Assets (PBT - ROTA)

(%)





## Other Businesses



### Home Loans



We commenced the Home Loans business in 2012, focused primarily towards the 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 2015, the business has ₹ 121.30 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 78 branches that the Home Equity business operates in.



### 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 our group companies Coromandel International Limited and EID Parry (India) Limited for future growth of this segment and have started direct lending in FY15.

## Wealth Management

### • Cholamandalam Securities Ltd. (CSEC)



A wholly owned subsidiary of Chola, CSEC is in the business of stock broking and distribution services. Our HNI and retail clients get personalised services and advice. Our SEBI certified research team offers in depth company analysis that helps our clients make informed investment decisions. Our clients have access to multiple platforms like internet, mobile app, pan India branch network and authorised persons. The business operates out of 17 branches with a higher penetration in the Southern zone.



### • Cholamandalam Distribution Services Ltd. (CDSL)



Chola Distribution, a wholly owned subsidiary of Chola, offers full scale wealth management services to mass affluent and affluent customer segments and is a national distributor of retail financial products such as Mutual Funds, General Insurance, Life Insurance, Bonds and Fixed Deposits. The total wealth management AUM currently stands at ₹ 700 crores.



# Profile of Directors



**Mr. M. B. N. Rao** (66 years) DIN : 00287260

Chairman & Independent Director

- 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 42 years of varied experience in the fields of banking, finance, economics, technology, human resource, marketing, treasury and administration.
- Has over nine 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., Ramco Cements Limited, Taj GVK Hotels and Resorts Ltd., and is an expert member of National Stock Exchange of India Limited.
- Joined the Board of Chola in July, 2010.



**Mr. N. Srinivasan** (57 years) DIN : 00123338

Vice Chairman & Non-Executive Director

- 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 31 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** (70 years) DIN : 00501297

Independent Director

- Is a graduate in Arts, a Banker with wide experience for over 48 years 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 Governors of the Indian Public Schools Society.
- Joined the Board of Chola in July, 2006.



**Mr. V. Srinivasa Rangan** (55 years) DIN : 00030248

Independent Director

- Is a graduate in Commerce, Associate Member of Cost and Works Accountants of India and 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 Atul Limited and several other companies in HDFC Group.
- Has over 33 years of experience in corporate finance and banking.
- 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. Nalin Mansukhlal Shah** (68 years) DIN : 00882723

Independent Director

- Is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales.
- Has over 32 years of experience in banking and financial services industries.
- 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 various companies including Eimco-Elecon (India) Ltd., Tata Capital Ltd., DCB Bank Ltd., Kotak Mahindra Asset Management Co. Ltd. and the RBI's representative on the Governing Council of the Banking Codes and Standards Board of India.
- Joined the Board of Chola in July, 2013.



**Ms. Bharati Rao** (66 years) DIN : 01892516

Independent Director

- Is a post graduate in Economics and a Certified Associate of the Indian Institute of Banking & Finance.
- Has over 43 years of varied experience in the fields of project finance, foreign offices, credit and risk management.
- Retired as the Deputy Managing Director and Chief Development Officer of SBI, holding concurrent charge of SBI's Associate Banks and Non-Banking subsidiaries and an advisor for mergers and acquisitions.
- Is on the Boards of various companies including Vijaya Bank, Carborundum Universal Ltd., SBI Capital Markets Ltd., SBI Caps (UK), SBICAP Securities Ltd., SBI Global Factors Limited and Tata Tele Services Ltd.
- Joined the Board of Chola in July, 2014.



**Mr. M. M. Murugappan** (59 years) DIN : 00170478

Non-Executive Director

- Holds a Bachelor of Technology in Chemical Engineering from University of Madras and a Master of Science in Chemical Engineering from University of Michigan, USA.
- Has over 37 years of experience in the diverse areas of abrasives, manufacturing, electronics, strategy & business development, technology, R&D and human resources.
- Serves as a member of American Institute of Chemical Engineers, Indian Institute of Chemical Engineers, Plastics & Rubber Institute and Indian Ceramics Society.
- Is on the Boards of various companies including Carborundum Universal Limited, Tube Investments of India Limited, Mahindra & Mahindra Limited, Cyient Limited, IIT Madras Research Park and certain other Murugappa Group companies.
- Joined the Board of Chola in January 2015.

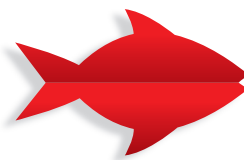


**Mr. Vellayan Subbiah** (45 years) DIN : 01138759

Managing Director

- Holds a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan, USA.
- Has over 21 years of experience in the varied fields of technology, projects and financial services.
- Has worked with McKinsey and Company, Chicago, 24/7 Customer Inc. and Sundram Fasteners.
- Is a recipient of the Extraordinary Entrepreneur of the Year - TIECON 2014 Award.
- Was the Managing Director of Laserwords 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.

# CSR Initiatives



The Company has a strong legacy of being a responsible corporate citizen. We believe that social responsibility is not just a corporate obligation that has to be carried out, but an intrinsic part of our ethos. In FY15, Chola undertook Water, Sanitation, Health & Hygiene and Education projects as part of our ongoing CSR initiatives. A snapshot of our projects is given below.

## Health and Hygiene

### Renovation and Expansion of Sir Ivan Stedeford Hospital (SISH), Chennai in partnership with A. M. M. Foundation

An amount of ₹ 3.32 crores has been allocated for renovating the Obstetrics and Gynaecology building, construction of an additional out patient (OP) Block in phase- II and renovating and expanding the existing OP Block by increasing the capacity to 250 beds.

### 'Research and Development of Nutritional Foods / Supplements for Rural Communities' through Shri AMM Murugappa Chettiar Research Centre (MCRC) in Tamil Nadu

MCRC is a registered society conducting Research and Development in science and technology for rural development mainly in the areas of Food, Energy and Environment for improved Livelihoods (FEEL) providing farmers nutrients and water quality analysis through the year.

The project budget of ₹ 45 lakhs is to be used by MCRC towards various forms of research in its three facilities located at Taramani, Vadakadambadi and Perungudi.



## Water and Sanitation

### 'Swaccha Karimnagar Project' at various places in Karimnagar district, Telangana State in partnership with Bala Vikasa Social Service Society

The project, with a budget of ₹ 100 lakhs, envisages the provision of water and sanitation supporting a better life for poor women and children in the states of Andhra Pradesh, Karnataka, Maharashtra and Telangana. The project would provide ultra-modern mobile toilet facilities and purified drinking water in public places of villages such as Papaiahpalli, Bejjanki Cross Roads (29 toilets), Guggilla (67 toilets) and Vinjapalli (147 toilets).

### 'Swacch Raipur Project' in partnership with Sulabh International

We partnered with Sulabh International (Social Service Organisation) to provide three 30-seater toilet complexes located at Bhanpuri, Hathkhoj-Bhilai and New Transport Nagar all around Raipur, Chhattisgarh State. The budget outlay is ₹ 1.25 crores.



## Education

### 'The CIFCL-IFMR Project' with Institute for Financial Management and Research (IFMR)

The 'CIFCL-IFMR Project' at a budget of ₹ 78 lakhs is for increasing the residential hostel rooms for the students at the IFMR's newly established campus at Sri City near Tada, Andhra Pradesh state.

### ISHA Vidhya Project' with Isha Education

Isha Vidhya aims to provide high quality English-medium schools for rural children. The holistic activity-based approach of Isha Vidhya's educational system nurtures children's development beyond academics.

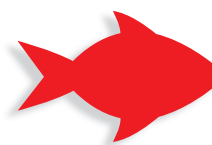
The project proposal with a budget of ₹ 48.43 lakhs is for building the infrastructure facilities such as Science laboratories, two 50 seater school buses and sports facilities at Isha Vidhya schools in Erode and Salem Districts in Tamil Nadu.

### 'Skill Development to Enhance Employability and Self-employment' Project by partnering with National Skill Development Corporation (NSDC)

A budget of ₹ 50 lakhs has been earmarked for developing the skills of 410 eligible youth in the spheres of Automobile and BFSI, in the states of Madhya Pradesh, Maharashtra (Vidarbha) and Tamil Nadu through the prescribed curriculum of National Skill Development Corporation, a not-for-profit company.



# Corporate Information

**BOARD OF DIRECTORS**

M.B.N. Rao, Chairman

N. Srinivasan, Vice Chairman

Indresh Narain

V. Srinivasa Rangan

Nalin Mansukhlal Shah

Bharati Rao

M.M. Murugappan

Vellayan Subbiah, Managing Director

**SECRETARY**

P. Sujatha

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

Fax: 044 25346464

E-mail: sujathap@chola.murugappa.com

**AUDITORS**

M/s. Deloitte Haskins & Sells, Chennai

**REGISTERED OFFICE**

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

**CORPORATE IDENTITY NUMBER**

L65993TN1978PLC007576

**REGISTRAR & SHARE TRANSFER AGENT**

M/s. Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32

Gachibowli, Financial District

Nanakramguda, Hyderabad – 500 032

Phone: 040 67162222

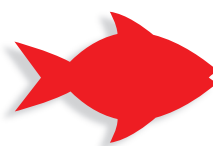
Fax: 040 23001153

Toll-free No. 1800-345-4001

E-mail: einward.ris@karvy.com



# Financial Highlights



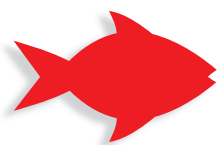
Financial Year ended	2015	2014	2013	2012
<b>Operating Results</b>				
Total Income	369,119	326,284	255,568	178,821
Profit before tax	65,722	55,021	45,080	29,011
Profit after tax	43,516	36,401	30,655	17,254
<b>Assets</b>				
Fixed Assets (including assets leased out)	6,833	7,290	7,065	5,316
Statutory & Other Investments	6,748	8,243	22,451	6,170
Receivables Under Financing Activity				
- Automobile Financing	1,494,847	1,429,606	1,198,841	882,201
- Loans against Immovable Property	697,429	493,046	434,722	299,966
- Other Loans	26,078	20,161	29,031	50,823
Other Assets (net)	155,388	196,334	126,370	98,550
<b>Total Assets</b>	<b>2,387,323</b>	<b>2,154,680</b>	<b>1,818,480</b>	<b>1,343,026</b>
<b>Liabilities</b>				
Shareholders' Funds				
- Equity	267,333	229,471	196,477	141,728
- Preference	50,000	-	-	-
Loan Funds	1,947,524	1,809,319	1,528,901	1,144,411
Other Liabilities and Provisions	122,466	115,890	93,102	56,887
<b>Total Liabilities</b>	<b>2,387,323</b>	<b>2,154,680</b>	<b>1,818,480</b>	<b>1,343,026</b>
<b>Key Indicators</b>				
Earnings per Equity Share - Basic (₹)	30.09	25.43	22.89	14.39
Earnings per Equity Share - Diluted (₹)	29.97	25.38	22.83	14.39
Dividend per Equity Share (₹)	3.50	3.50	3.50	2.50
Book Value per Equity Share (₹)	203.48*	160.25	137.29	106.92

\*Book value has been computed considering notional number of equity shares post the proposed conversion of CCPs.

₹ in lakhs

2011	2010	2009	2008	2007	2006
120,183	92,950	112,063	89,173	40,913	22,146
10,011	3,133	1,708	9,094	4,727	4,604
6,218	1,542	4,275	5,937	3,102	3,521
3,318	1,375	3,384	4,759	3,294	2,097
6,828	21,933	40,520	17,394	7,876	6,861
573,146	307,616	195,610	194,808	157,926	148,020
188,648	135,857	63,097	43,838	12,325	1,626
98,232	105,485	196,768	301,395	156,677	39,908
97,654	123,977	197,908	75,174	36,052	11,767
<b>967,826</b>	<b>696,243</b>	<b>697,287</b>	<b>637,368</b>	<b>374,150</b>	<b>210,279</b>
107,202	48,500	48,101	55,863	32,635	31,572
-	30,000	30,000	-	-	-
794,891	541,480	542,703	541,748	321,928	169,985
65,733	76,263	76,483	39,757	19,587	8,722
<b>967,826</b>	<b>696,243</b>	<b>697,287</b>	<b>637,368</b>	<b>374,150</b>	<b>210,279</b>
5.67	1.79	7.05	12.88	7.63	9.12
5.67	1.79	6.83	12.23	7.63	9.12
1.50	1.00	-	4.00	4.00	5.00
89.87	73.04	72.43	107.07	86.00	83.20

# Board's Report



## BOARD'S REPORT

Your directors have pleasure in presenting the thirty seventh annual report together with the audited accounts of the company for the year ended 31 March, 2015.

## FINANCIAL RESULTS

Particulars	₹ in crores	
	2014 - 15	2013 - 14
<b>Gross Income</b>	3691.19	3,262.84
Profit Before Tax	657.22	550.21
Profit After Tax	435.16	364.01
Add: Balance brought forward	305.32	123.64
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
<b>Amount available for appropriation</b>	<b>740.48</b>	<b>486.76</b>
<b>Adjustments / Appropriation:</b>		
Transfer to statutory and other reserves	490.00	122.81
Dividend - Preference	2.88	-
Dividend - Equity	50.30	50.11
Tax on dividend	10.68	8.52
Balance carried forward	186.62	305.32
<b>TOTAL</b>	<b>740.48</b>	<b>486.76</b>

## SHARE CAPITAL

During the year, the company increased the authorised share capital from ₹ 540 crores to ₹ 740 crores by increasing the authorised preference capital from ₹ 300 crores to ₹ 500 crores. The company issued and allotted 1% compulsorily convertible preference shares (CCPS) aggregating to ₹ 500 crores on a preferential basis to M/s. Dynasty Acquisition (FDI) Ltd., a foreign corporate.

## OPERATIONS

In a challenging year, your company achieved a 19% growth in profit before tax. Closing managed assets grew by 9%. Given the muted economy and pressure on portfolio quality, your company adopted a cautious approach to disbursements, resulting in a slight dip of 2% in disbursements as compared to the prior year.

At a division level, the continuing slowdown in the commercial vehicles (CV) market reflected in a drop in disbursements in the vehicle finance (VF) business to the tune of 8%. However, the division recorded a growth of 3% in closing managed assets and a PBT growth of 7%. The home equity (HE) business recorded healthy growth rates across all parameters: PBT growth of 26%, closing managed assets growth of 24% and disbursement growth of 8%.

Both divisions faced pressure on their portfolio quality, resulting in higher gross non-performing assets (GNPA) percentages than the prior year. However, collections performance was better in the last quarter of the year and the deteriorating trend has been arrested. The GNPA levels remained lower than the industry.

Disbursements in vehicle finance for the year were at ₹ 9,363 crores as against ₹ 10,128 crores in the previous year. The home equity business recorded a disbursement of ₹ 3,043 crores as against ₹ 2,810 crores in the previous year. Disbursements in home loans were at ₹ 89 crores as against ₹ 39 crores in the previous year and micro, small and medium enterprise (MSME) were at ₹ 249 crores as against ₹ 137 crores in the previous year. The gold loan vertical disbursed ₹ 62 crores during the year, but given the external environment, volatile gold prices and susceptibility to losses, your company stopped disbursements in this product in the second quarter of the year.

The business assets under management (net of provisions) of the company as at 31 March, 2015 increased to ₹ 25,452 crores from ₹ 23,253 crores in the previous year, recording a growth of 9%.

During the year, the RBI issued revised regulatory framework for NBFCs, progressively reducing the number of months overdue considered for recognition of NPAs and increasing the standard asset provisioning requirements starting FY16. A year ahead of the RBI mandatory requirement, as a prudent and conservative measure, your company decided to move to the next level of NPA recognition from the existing 6 months to 5 months overdue and increased its standard assets provisioning from 0.25% to 0.30% in FY15.

The profit before tax for the year was at ₹ 657.22 crores as against ₹ 550.21 crores in the previous year.

Profit after tax grew by 20% and was at ₹ 435.16 crores for the year as compared to ₹ 364.01 crores in the previous year.

## DIVIDEND

The company paid an interim dividend on the equity shares at the rate of 25% (₹ 2.50 per equity share) and a pro rata preferential dividend on 5,00,00,000 CCPS of ₹ 100 each at the rate of 1% per annum as approved by the board on 27 January, 2015 for the year ended 31 March, 2015.

Your directors are pleased to recommend a final dividend of 10% (₹ 1 per equity share) on the equity shares of the company. With this, the total dividend will be 35% (₹ 3.50 per equity share) for the year ended 31 March, 2015.

## TRANSFER TO RESERVES

Your company has transferred a sum of ₹ 90 crores to statutory reserve as required under the Reserve Bank of India Act, 1934 and ₹ 400 crores to general reserves.

## OUTLOOK

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

## Vehicle finance:

India's commercial vehicle industry faced significant challenges in FY15, with sales dropping by 2.8% over the previous year. LCV sales dropped by 11.6% in the same period. However, the sector showed signs of revival in the second half of FY15. While the revival is currently limited to the strategic segment, it is widely expected that the uptick will be felt in the other segments as well. Many factors influence this belief – expected improvement in industrial activity, enhanced agricultural output, faster execution of infrastructure projects, improvement in consumption expenditure etc. A growth rate of 7-9% is projected for the CV industry in FY16 and the industry is expected to grow at a compounded annual growth rate (CAGR) of 10-13% till FY20 (source: CRISIL Research). Therefore, the outlook for the vehicle finance business is positive both in the short and medium term. The recent line extensions in the division such as two wheelers and construction equipment are also expected to grow rapidly and supplement the growth in the traditional product lines.

## Home equity:

Competition has been rapidly increasing in this product 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 offering. An aggressive pricing strategy 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 customers seeking a LAP loan with a quick turnaround time and customer friendly service. Building on this momentum, your company expects to grow this product line at a healthy pace in FY16.

## 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 FY15.

As at 31 March, 2015 there were 30 depositors whose deposits had matured but had not claimed the maturity amount aggregating to ₹ 8.44 lakhs (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 ₹ 5.54 lakhs to IEPF under this head representing unclaimed public deposits and interests thereon beyond seven years.

## CREDIT RATING

The credit rating details of the company as on 31 March, 2015 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 with Stable Outlook <sup>@</sup>

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 FY15.

@ 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) under the RBI Regulations.

## CAPITAL ADEQUACY

The company's capital adequacy ratio was at 21.24% as on 31 March, 2015 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 on 30 July, 2007, the nomination and remuneration committee had formulated the Employee Stock Option Scheme 2007. During the year under review, the employees exercised 6,41,513 options and there were no fresh options granted. As required under the Securities and Exchange Board of India Regulations (SEBI Regulations) and the Companies Act, 2013, the following details of this scheme as on 31 March, 2015 are being provided:

Sr. No.	Nature of disclosure	Particulars
1	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
2	The Pricing Formula	The options were granted at an exercise price equal to the latest available closing price of the equity share on the Stock Exchange in which there was highest trading volume, prior to the date of grant of options
3	Options Vested and Exercisable	303,466
4	Options Exercised*	641,513
5	Options Cancelled	1,357,160
6	Options Lapsed	86,801
7	Total Number of Options in force	387,649
8	Variation in terms of ESOP	No variation in terms of ESOP in FY15
9	Total number of shares arising as a result of exercise of options*	603,553

Sr. No.	Nature of disclosure	Particulars
10	Money realised by exercise of options during FY15*	₹ 938.24 lakhs
11	(i) Details of options granted to Senior managerial personnel	Mr. Kaushik Banerjee (69,995 nos.); Mr. Rohit Gangadhar Phadke (43,773 nos.); Mr. D. Arul Selvan (43,773 nos.); Ms. P. Sujatha (27,373 nos.); Mr. Ravindra Kundu (36,167 nos.); Mr. V. Venkatesan (30,600 nos.); Mr. R. Chandrasekar (34,867 nos.) and Mr. Mahesh Madhukar Waikar (35,400 nos.)
	(ii) Any other employee who received a grant, in any one year of option amounting to 5% or more of the options granted during the year	None
	(iii) Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20	₹ 29.97
13	(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	₹ (5.93) lakhs
	(ii) Impact of the difference mentioned in (i) above on the profits of the company	Profits higher by ₹ 5.93 lakhs
	(iii) Impact of the difference mentioned in (i) above on the EPS of the company	No impact
14	(i) Weighted average exercise price of Options	The company has not granted options during FY15
	(ii) Weighted average fair value of Options	The company has not granted options during FY15
15	(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

\* 37,960 Options were exercised before 31 March, 2015 but allotment has been made on 8 April, 2015

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

## DIRECTORS

Mr. L. Ramkumar stepped down from the board of the company with effect from 27 January, 2015. The board places on record its deep appreciation for the contributions made by Mr. Ramkumar as a member of the Board and its sub-committee during his tenure in office.



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

Ms. Bharati Rao and Mr. M.M. Murugappan were appointed as additional directors of the company during the year and they hold office up to the ensuing annual general meeting of the company.

Your company has received required notices under the provisions of section 160 of the Companies Act, 2013 ("the Act") proposing the candidature of Ms. Bharati Rao and Mr. Murugappan as directors and your board recommends the appointment of Mr. Murugappan as a non-executive director of the company liable to retire by rotation and Ms. Rao as an independent director for a term as proposed in the notice of the ensuing annual general meeting.

### **DECLARATION FROM INDEPENDENT DIRECTORS**

The independent directors (IDs) have submitted a declaration of independence, as required pursuant to section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149(6). In the opinion of the board, these IDs fulfil the conditions specified in the Act and the rules made thereunder for appointment as IDs and confirm that they are independent of the management.

### **KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of section 203 of the Act read with the rules made thereunder, the following employees are the whole-time key managerial personnel of the company:

1. Mr. Vellayan Subbiah, Managing Director
2. Mr. D. Arul Selvan, Chief Financial Officer and
3. Ms. P. Sujatha, Company Secretary

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors' responsibility statement as required under section 134(3)(c) of the Act, reporting the compliance with accounting standards, is attached and forms part of the board's report.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant material orders passed by the regulators or courts or tribunals which would impact the going concern status of the company and its future operations.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The management discussion and analysis report, highlighting the business-wise details is attached and forms part of this report. The report also contains the details of the risk management framework of the company including the development and implementation of risk management policy and the key risks faced by the company.

### **CORPORATE GOVERNANCE REPORT**

A report on corporate governance as per clause 49 of the listing agreement is attached and forms part of this report. The report also contains the details as required to be provided on the number of meetings of the board, composition of the various committees including the audit committee and corporate social responsibility committee, annual board evaluation, remuneration policy, criteria for board nomination and senior management appointment, whistle blower policy / vigil mechanism, etc.

The managing director and the chief financial officer have submitted a certificate to the board regarding the financial statements and other matters as required under clause 49 of the listing agreement.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements prepared in accordance with the Act and the relevant accounting standards form part of this annual report.

### **AUDITORS**

Pursuant to the provisions of section 139 of the Act and the rules framed thereunder, M/s. Deloitte Haskins & Sells, chartered accountants, were appointed as statutory auditors of the company in the last annual general meeting held on 31 July, 2014 for a period of 3 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 by members at every AGM. Accordingly, your directors recommend the ratification of the appointment of M/s. Deloitte Haskins & Sells, as statutory auditors of the company from the conclusion of the thirty seventh annual general meeting till the conclusion of the thirty eighth annual general meeting of the company. The statutory auditors have confirmed their eligibility for appointment.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of the Act and the rules framed thereunder, the company appointed M/s. R. Sridharan & Associates, company secretaries to undertake the secretarial audit of the company for FY15. The audit report is attached and forms part of this report and does not contain any qualification.

### **EXTRACT OF ANNUAL RETURN**

In accordance with section 134(3)(a) of the Act, the extract of the annual return in form MGT-9 is attached and forms part of this report.

### **CORPORATE SOCIAL RESPONSIBILITY**

The murugappa group is known for its tradition of philanthropy and community service. The group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas. The company upholds the group's tradition

by earmarking a part of its income for carrying out its social responsibilities.

The company has been carrying out corporate social responsibility (CSR) activities for many years now and has been earmarking 0.5% of its net profits to CSR activities till last year. With the enactment of the CSR provisions in the Act, the company has put in place a CSR policy incorporating the requirements therein which is also available on the company's website, [www.cholamandalam.com](http://www.cholamandalam.com).

As per the provisions of the Act, the company is required to spend atleast 2% of the average net profits of the company made during the three immediately preceding financial years. This amount aggregates to ₹ 860.74 lakhs and the company has entered into commitments with various NGOs to spend the entire amount. This being the first year of implementation of CSR activity, there was lead time involved in setting up the internal team and identification of implementing agencies and beneficiaries. Hence, out of the committed amount, the company spent ₹ 573.94 lakhs towards CSR activities during FY15, the details of which are annexed to and form part of this report. The company will continue with the remaining commitments in FY16.

### INTERNAL FINANCIAL CONTROLS

Internal control framework including clear delegation of authority and standard operating procedures are available across all businesses and functions. These are reviewed periodically at all levels. The company adopts a co-sourced model of internal audit. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company.

### RELATED PARTY TRANSACTIONS

The company has in place a policy on related party transactions as approved by the board and the same is available on the website of the company.

All related party transactions other than exempted transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large.

All proposed related party transactions are placed before the audit committee and also the board for approval at the beginning of the financial year. The transactions entered into pursuant to the approval so granted are placed before the audit committee for its review and ratification for modifications, if any, on a quarterly

basis. None of the directors has any pecuniary relationship or transaction vis-à-vis the company.

### INFORMATION AS PER SECTION 134(3)(m) OF THE ACT

The company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to ₹ 5.17 crores was incurred during the year under review. Foreign currency remittances during the year was ₹ 2.88 crores towards preference dividend and ₹ 2.01 crores towards purchase of fixed assets. The company does not have any foreign exchange earnings.

### PARTICULARS OF EMPLOYEES

In accordance with the provisions of section 197 of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the information in respect of the employees of the company will be provided upon request. In terms of section 136 of the Act, the report and accounts are being sent to the members and others entitled thereto, excluding the aforesaid information which is available for inspection by the members at the registered office of the company during business hours on working days of the company. If any member is interested in obtaining a copy, such member may write to the company secretary in this regard.

### DISCLOSURE OF REMUNERATION

The disclosure with respect to remuneration as required under section 197 of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this report.

### CHOLAMANDALAM SECURITIES LIMITED (CSEC)

CSEC recorded a gross income of ₹ 14.44 crores for the year ended 31 March, 2015 and made a profit before tax of ₹ 3.42 crores as against a loss before tax of ₹ 0.40 crores in the previous year.

### CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED (CDSL)

CDSL recorded a gross income of ₹ 13.13 crores for the year ended 31 March, 2015 and made a profit before tax of ₹ 5.58 crores as against a profit before tax of ₹ 4.68 crores in the previous year.

### ACKNOWLEDGEMENT

The directors wish to thank the company's customers, vehicle manufacturers, vehicle dealers, channel partners, 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

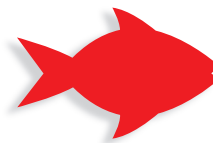
Place: Chennai

Date : 24 April, 2015

**M.B.N. Rao**

Chairman

# Directors' Responsibility Statement



The directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss and the Cash Flow Statement for the year ended 31 March, 2015 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 have been followed and no material departures have been made from the same;
- ▶ 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 profits and the cash flows of the company for the year;
- ▶ proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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;
- ▶ adequate internal financial controls have been laid down to be followed by the company and such internal financial controls are operating effectively;
- ▶ proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

On behalf of the board

Place: Chennai

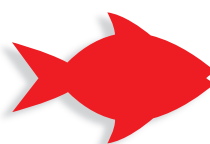
Date : 24 April, 2015

**M.B.N. Rao**

*Chairman*

# Annexure-I

## Secretarial Audit Report



For the financial year ended 31 March, 2015

[Pursuant to section 204 (1) of the Companies Act 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

To

The Members,

**CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED**  
Dare House, No. 2 N.S.C. Bose Road, Parrys, Chennai – 600001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (Corporate Identity Number: L65993TN1978PLC007576) (hereinafter called “the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March, 2015 complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to the extent applicable;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The company has not delisted its Securities from any of the Stock Exchanges in which it is listed during the period under review, hence the requirement of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise and
- h) The company has not bought back any Securities during the period under review, hence the requirement of complying with the provision of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise.

(vi) Other Applicable Laws –

- a) Reserve Bank of India Act, 1934, Rules, Regulations, guidelines, circulars, directions and notifications made there under

- b) The Payment of Gratuity Act, 1972
- c) The Maternity Benefit Act, 1961
- d) The Minimum Wages Act, 1948
- e) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- f) Payment of Bonus Act, 1968
- g) Industrial Employment (Standing Orders) Act, 1946
- h) Employees Provident Fund and Miscellaneous Provisions Act, 1952 and such other labour laws applicable to the company.

With respect to Fiscal laws such as Income Tax, Wealth Tax, Professional Tax, Central Sales Tax and Local Sales Tax, based on the information and explanation provided to us by the management and officers of the company and also on verification of reports of professionals including reports of Internal Audit, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards on General and Board Meetings issued by the Institute of Company Secretaries of India as recommendatory in nature have been complied with.
- (ii) The Listing Agreements entered into by the company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**We further report that:**

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before schedule of the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. There are certain businesses which can be transacted through Video Conferencing / Audio Visual means as provided

under the Companies Act, 2013 and the relevant rules made there under. Such meetings of board through video conferencing were properly convened and recorded in compliance with the provisions of section 173(2) of the Companies Act, 2013 read with rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 businesses that have been transacted through Video Conferencing / Audio Visual means.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors / Committee Members and there were no dissenting members views recorded in the minutes. Further, in the minutes of the General Meeting, the members who voted against resolutions have been properly recorded.

**We further report that** there are adequate systems and processes in the company commensurate with the size and nature of operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the company has:

- a) Obtained approval of the shareholders through postal ballot to offer, issue and allot 1% compulsorily convertible preference shares (CCPS), in compliance with Chapter VII of SEBI (ICDR) Regulations, 2009 aggregating to ₹ 500 crores on a preferential basis and allotted the CCPS to M/s. Dynasty Acquisition (FDI) Ltd., a Foreign Corporate by way of a preferential issue on 3 September, 2014 in compliance with FEMA Regulations.
- b) Issued secured redeemable non-convertible debentures for ₹ 2,084.80 crores, unsecured debentures in the nature of perpetual debt instruments for ₹ 67.40 crores and unsecured debentures in the nature of subordinated debt for ₹ 560 crores.
- c) Redeemed secured redeemable non-convertible debentures for ₹ 1,681.50 crores, unsecured debentures in the nature of subordinated debt for ₹ 200 crores.

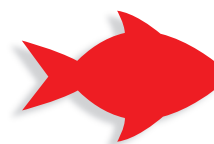
For **R. Sridharan & Associates**  
Company Secretaries

**CS R. Sridharan**  
CP No. 3239  
FCS No. 4775

Place: Chennai  
Date : 24 April, 2015

# Annexure-II

## Form No. MGT-9-Extract of Annual Return



For the financial year ended on 31 March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

<b>Corporate Identification Number (CIN)</b>	L65993TN1978PLC007576
<b>Registration Date</b>	17 August, 1978
<b>Name of the Company</b>	Cholamandalam Investment and Finance Company Limited
<b>Category / Sub-Category of the Company</b>	Public Company / Limited by shares
<b>Address of the Registered office and contact details</b>	"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
<b>Listed company (Yes / No)</b>	Yes
<b>Name, address and contact details of Registrar and transfer agent, if any</b>	Karvy Computershare Pvt. Ltd.* (Unit: Cholamandalam Investment and Finance Company Limited) Plot No. 17-24, Vittal Rao Nagar, Madhapur Hyderabad - 500 081, A.P. Phone: 040-23420818 Fax: 040- 23420814 E-mail: einward.ris@karvy.com Contact person: Mrs. Varalakshmi P, Senior Manager

\* Since April, 2015, shifted to the new address as disclosed in page no. 71 of this annual report.

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:-

S. No.	Name and description of main products / services	NIC Code of the product/ service*	% to total turnover of the company
1	Financial services – Lending	Section K – Group 649 – Other Financial Service activities, except insurance and pension funding activities	100.00

\*As per National Industrial Classification, Ministry of Statistics and Programme Implementation

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Tube Investments of India Limited Dare House, No. 234, N.S.C. Bose Road, Parrys, Chennai 600 001	L35921TN1949PLC002905	Holding Company	50.28%	Section 2(46)
2	Cholamandalam Securities Limited Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001	U65993TN1994PLC028674	Subsidiary Company	100.00%	Section 2(87)
3	Cholamandalam Distribution Services Limited Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001	U67190TN2000PLC045617	Subsidiary Company	100.00%	Section 2(87)





S. No.	Category of Shareholders	No. of Shares held at the beginning of the year (01-APR-2014)				No. of Shares held at the end of the year (31-MAR-2015)				% Change during the year
		Demat	Physical	Total No. of Shares	% to Total No. of Shares	Demat	Physical	Total No. of Shares	% to Total No. of Shares	
(b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,198,016	517,502	4,715,518	3.29	4,163,155	492,080	4,655,235	3.24	- 0.05
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,724,922	-	3,724,922	2.60	2,654,212	-	2,654,212	1.85	- 0.75
(c)	Any Other:									
	Non Resident Indians	410,298	13,506	423,804	0.30	430,674	13,306	443,980	0.31	0.01
	Trust	26,653	-	26,653	0.02	200,980	-	200,980	0.14	0.12
	Clearing Members	134,705	-	134,705	0.09	9,933	-	9,933	0.01	-0.08
	<b>Sub-Total B(2):</b>	<b>12,259,657</b>	<b>536,269</b>	<b>12,795,926</b>	<b>8.94</b>	<b>9,703,291</b>	<b>510,647</b>	<b>10,213,938</b>	<b>7.11</b>	<b>-1.83</b>
	<b>Total Public Shareholding B=B(1)+B(2):</b>	<b>59,847,447</b>	<b>536,519</b>	<b>60,383,966</b>	<b>42.17</b>	<b>60,193,102</b>	<b>510,897</b>	<b>60,703,999</b>	<b>42.25</b>	<b>0.08</b>
	<b>Total (A+B):</b>	<b>42,654,515</b>	<b>536,519</b>	<b>143,191,034</b>	<b>100.00</b>	<b>143,158,306</b>	<b>510,897</b>	<b>143,669,203</b>	<b>100.00</b>	<b>-</b>
(C)	Shares held by custodians, for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (C):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL (A+B+C):</b>	<b>142,654,515</b>	<b>536,519</b>	<b>143,191,034</b>	<b>100.00</b>	<b>143,158,306</b>	<b>510,897</b>	<b>143,669,203</b>	<b>100.00</b>	<b>-</b>

**(ii) Shareholding of promoter and promoter group**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
	<b>PROMOTERS</b>							
1.	M.V. Murugappan	236,250	0.16	-	236,250	0.16	-	-
2.	M.V. Subbiah	152,578	0.11	-	152,578	0.11	-	-
3.	S. Vellayan	245,493	0.17	-	245,493	0.17	-	-
4.	A. Vellayan	27,157	0.02	-	27,157	0.02	-	-
5.	V. Narayanan	50,800	0.04	-	50,800	0.04	-	-
6.	V. Arunachalam	48,503	0.03	-	48,503	0.03	-	-
7.	A. Venkatachalam	41,921	0.03	-	41,921	0.03	-	-
8.	Arun Venkatachalam	80,750	0.06	-	80,750	0.06	-	-
9.	M.M. Murugappan	8,748	0.01	-	8,748	0.01	-	-
10.	M.M. Veerappan	9,211	0.01	-	9,211	0.01	-	-
11.	M.M. Muthiah	9,211	0.01	-	9,211	0.01	-	-
12.	M.M. Venkatachalam	65,525	0.05	-	65,525	0.05	-	-
13.	M.V. Muthiah	29,301	0.02	-	29,301	0.02	-	-
14.	M.V. Subramanian	7,153	0.00	-	7,153	0.00	-	-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
15.	M.A. Alagappan	563,546	0.39	-	563,546	0.39	-	-
16.	Arun Alagappan	190,000	0.13	-	190,000	0.13	-	-
17.	M.A.M. Arunachalam	39,376	0.03	-	39,376	0.03	-	-
18.	E.I.D. Parry (India) Ltd.	393	0.00	-	393	0.00	-	-
19.	Coromandel International Ltd. (Earlier known as Coromandel Fertilisers Ltd.)	-	-	-	-	-	-	-
20.	New Ambadi Estates Pvt. Ltd.	-	-	-	-	-	-	-
21.	Murugappa Holdings Ltd. (Formerly Parry Agro Industries Ltd.)	176	0.00	-	176	0.00	-	-
22.	Ambadi Enterprises Ltd.	58,276	0.04	-	58,276	0.04	-	-
23.	Ambadi Investments Pvt Ltd.	7,218,410	5.04	-	-	-	-	-
24.	Tube Investments of India Ltd.	72,233,019	50.45	-	72,233,019	50.28	-	-
25.	Carborundum Universal Ltd.	100	0.00	-	100	0.00	-	-
26.	Murugappa & Sons (M.V. Murugappan, M.A. Alagappan and M.M. Murugappan hold shares on behalf of the Firm)	-	-	-	-	-	-	-
	<b>PROMOTER (A)</b>	<b>81,315,897</b>	<b>56.79</b>	-	<b>74,097,487</b>	<b>51.58</b>	-	-
	<b>PROMOTER GROUP (B)</b>	<b>1,491,171</b>	<b>1.04</b>	-	<b>8,867,717</b>	<b>6.17</b>	-	-
	<b>TOTAL (A)+(B)</b>	<b>82,807,068</b>	<b>57.83</b>	-	<b>82,965,204</b>	<b>57.75</b>	-	-

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year - promoter and promoter group			82,807,068	57.83
2.	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease				
3.	At the end of the year - promoter and promoter group			82,965,204	57.75

**Notes:**

- There is no change in the total shareholding of promoter / promoter group between 01-04-2014 and 31-03-2015. However, there has been a re-classification of promoter / promoter group and inter-se transfer of 7,218,410 equity shares amongst promoter / promoter group during FY15.
- The decrease in % of total holdings from 57.83% to 57.75% is consequent to ESOP allotment of 478,169 shares during the year.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015)	% of total shares of the company				No. of Shares	% of total shares of the company
1	International Finance Corporation	8,873,514	6.20	01-04-2014				
				29-08-2014	(2,957,838)	Sale	5,915,676	4.12
		5,915,676	4.12	31-03-2015			5,915,676	4.12
2	Norwest Venture Partners X FII - Mauritius	7,082,726	4.95	01-04-2014	-	Nil movement during the year		
		7,082,726	4.95	31-03-2015			7,082,726	4.93
3	Creador I, LLC	6,627,727	4.63	01-04-2014	-	Nil movement during the year		
		6,627,727	4.63	31-03-2015			6,627,727	4.61
4	Amansa Capital Pte Limited A/C Amansa Holdings PRI	6,152,595	4.30	01-04-2014				
				06-06-2014	1,741	Market purchase	6,154,336	4.30
				19-12-2014	(6,154,336)	Sale	-	-
		-	-	31-03-2015		-	-	-
5	Multiples Private Equity FII I – FDI	4,813,718	3.36	01-04-2014				
				19-09-2014	(36,315)	Sale	4,777,403	3.33
				02-01-2015	(73,540)	Sale	4,703,863	3.28
				09-01-2015	(1,647,219)	Sale	3,056,644	2.13
				16-01-2015	(3,056,644)	Sale	-	-
		-	-	31-03-2015	-	-	-	-
6	Aquarius Investments Ltd.	2,656,250	1.86	01-04-2014				
				16-01-2015	(42,500)	Sale	2,613,750	1.82
				30-01-2015	(527,114)	Sale	2,086,636	1.45
		2,086,636	1.45	31-03-2015			2,086,636	1.45
7	Multiples Private Equity Fund	1,943,633	1.36	01-04-2014				
				19-09-2014	(13,685)	Sale	1,929,948	1.34
				09-01-2015	(648,145)	Sale	1,281,803	0.43
				16-01-2015	(1,281,803)	Sale	-	-
		-	-	31-03-2015	-	-	-	-
8	APAX Partners Europe Managers Limited A/C PCV LUXSCA	1,311,905	0.92	01-04-2014		Nil movement during the year		
		1,311,905	0.92	31-03-2015			1,311,905	0.92

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015)	% of total shares of the company				No. of Shares	% of total shares of the company
9	National Westminster Bank Plc as Depository of First State Indian Subcontinent Fund A Sub Fund of First State Investments ICVC	1,123,769	0.78	01-04-2014				
				18-07-2014	(2,78,190)	Sale	845,579	0.59
				30-09-2014	(5,761)	Sale	839,818	0.59
				03-10-2014	(21,209)	Sale	818,609	0.57
				10-10-2014	(6,460)	Sale	812,149	0.57
				31-10-2014	(7,858)	Sale	804,291	0.56
				07-11-2014	(2,664)	Sale	801,627	0.56
				14-11-2014	(16,559)	Sale	785,068	0.55
				21-11-2014	(11,475)	Sale	773,593	0.54
				05-12-2014	(34,237)	Sale	739,356	0.51
				12-12-2014	(733)	Sale	738,623	0.51
				19-12-2014	(5,569)	Sale	733,054	0.51
				31-12-2014	(1,912)	Sale	731,142	0.51
				09-01-2015	(42,273)	Sale	688,869	0.48
		688,869	0.48	31-03-2015			688,869	0.48
10	National Westminster Bank Plc as Depository of First State Asia Pacific Fund A Sub Fund of First State Investments ICVC	1,013,417	0.71	01-04-2014				
				18-07-2014	(66,864)	Sale	946,553	0.66
				23-01-2015	(201,583)	Sale	744,970	0.52
		744,970	0.52	31-03-2015			744,970	0.52
11	Amansa Holdings Private Limited	-	-	01-04-2014	-	-	-	-
				19-12-2014	6,154,336	Market purchase	6,154,336	4.29
				16-01-2015	(10,000)	Sale	6,144,336	4.28
		6,144,336	4.28	31-03-2015			6,144,336	4.28
12	HSBC Bank (Mauritius) Limited A/c Jwalamukhi Investment Holdings	-	-	01-04-2014				
				04-04-2014	3,000,000	Market purchase	3,000,000	2.17
				18-04-2014	5,122		3,005,122	2.10
				25-04-2014	82,871		3,087,993	2.16
				09-05-2014	34,835		3,122,828	2.18
		3,122,828	2.18	31-03-2015			3,122,828	2.18
13	APAX VIII GP Co. Limited A/c Cornalina Acquisition (FII) Limited	-	-	01-04-2014				
				05-09-2014	2,957,838	Market purchase	2,957,838	2.06
		2,957,838	2.06	31-03-2015			2,957,838	2.06

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015)	% of total shares of the company				No. of Shares	% of total shares of the company
14	HDFC Trustee Company Ltd - A/c HDFC MID – Cap Opportunities Fund	-	-	01-04-2014				
				16-01-2015	1,974,423	Market purchase	1,974,423	1.37
				23-01-2015	31,500		2,005,923	1.37
				30-01-2015	500,000		2,505,923	1.74
				06-02-2015	18,100		2,524,023	1.76
				20-02-2015	9,977		2,534,000	1.76
				27-02-2015	20,868		2,554,868	1.78
				06-03-2015	1,150		2,556,018	1.78
				20-03-2015	103,982		2,660,000	1.78
		2,660,000	1.78	31-03-2015			2,660,000	1.78

**Note:**

- The shares of the company are traded on a daily basis and hence the dates above refer to the benpos date.
- The above list comprises Top 10 shareholders as on 01-04-2014 and as on 31-03-2015.

**(v) Shareholding of Directors and Key Managerial Personnel**

S. No.	Name of the Director / KMP	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		End of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Directors:</b>							
1.	Mr. M.B.N. Rao	At the beginning – 01.04.2014 & end of the year – 31.03.2015  (No change in the shareholding position during the year)	NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
2.	Mr. N. Srinivasan		25,000	0.02	25,000	0.02	25,000	0.02
3.	Mr. Indresh Narain		NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
4.	Mr. V. Srinivasa Rangan		4,000	0.003	4,000	0.003	4,000	0.003
5.	Mr. Nalin Mansukhlal Shah		NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
6.	Ms. Bharati Rao		Not applicable		NIL	Not applicable	NIL	Not applicable
7.	Mr. M.M. Murugappan*		Not applicable		8,748	0.006	8,748	0.006
8.	Mr. Vellayan Subbiah		245,493	0.17	245,493	0.17	245,493	0.17
9.	Mr. L . Ramkumar®		154	0.00	-	-	Not applicable	

<sup>#</sup> Appointed as an additional director at the board meeting held on 27 January, 2015.

<sup>@</sup> Resigned from the board as a director effective 27 January, 2015.



S. No.	Name of the Director / KMP	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		End of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>KMP:</b>							
10. a)	Mr. D. Arul Selvan	At the beginning – 01.04.2014	3,000	0.002				
b)		19.06.2014			1,000 - Allotment			
c)		01.08.2014			2,000 - Allotment			
d)		26.08.2014			1,000 - Allotment			
e)		12.09.2014			1,000 – Market Sale			
f)		10.10.2014			2,000 - Allotment			
g)		06.11.2014			2,000 - Allotment			
h)		03.12.2014			12,000 - Allotment		22,000	0.015
i)		As at the end of the year – 31.03.2015					22,000	0.015
11. a)	Ms. P. Sujatha	At the beginning – 01.04.2014	4,000	0.003				
b)		26.08.2014			3,000 - Allotment			
c)		13.03.2015			2,000 - Allotment		9,000	0.006
		As at the end of the year – 31.03.2015					9,000	0.006

#### V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	1,534,719.29	274,600.00	19.66	1,809,338.95
ii. Interest due but not paid	-	-	1.63	1.63
iii. Interest accrued but not due	29,864.23	11,134.14	-	40,998.37
<b>Total (i+ii+iii)</b>	<b>1,564,583.52</b>	<b>285,734.14</b>	<b>21.29</b>	<b>1,850,338.95</b>
Change in indebtedness during the financial year				
• Addition	849,808.73	753,215.00	-	1,603,023.73
• Reduction	747,624.00	717,195.00	12.85	1,464,831.85
Net Change	<b>102,184.73</b>	<b>36,020.00</b>	<b>(12.85)</b>	<b>138,191.88</b>
Indebtedness at the end of the financial year				
i. Principal Amount	1,636,904.02	310,620.00	7.48	1,947,531.50
ii. Interest due but not paid	-	-	0.96	0.96
iii. Interest accrued but not due	26,604.21	14,662.64	-	41,266.85
<b>Total (i+ii+iii)</b>	<b>1,663,508.23</b>	<b>325,282.64</b>	<b>8.44</b>	<b>1,988,799.31</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director**

S. No.	Particulars of Remuneration	Vellayan Subbiah, Managing Director (₹ in lakhs)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	241.65
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	30.68
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	26.31
	<b>Total (A)</b>	<b>298.65</b>
	Ceiling as per the Act	3,286.10

**B. Remuneration to other directors**

S. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹ in lakhs)
1.	Independent Directors	M.B.N. Rao	Indresh Narain	V. Srinivasa Rangan	Nalin Mansukhlal Shah	Bharati Rao	
	• Fee for attending board / committee meetings	4.25	2.95	3.30	3.25	0.75	14.50
	Commission	15.00	7.50	7.50	7.50	5.01	42.51
	• Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>19.25</b>	<b>10.45</b>	<b>10.80</b>	<b>10.75</b>	<b>5.76</b>	<b>57.01</b>
2.	Other Non-Executive Directors	N. Srinivasan	M.M. Murugappan				Total Amount (₹ in lakhs)
	• Fee for attending board committee meetings	3.85	0.25				4.10
	• Commission	7.50	1.32				8.82
	• Others, please specify	-	-				-
	<b>Total (2)</b>	<b>11.35</b>	<b>1.57</b>				<b>12.92</b>
	<b>Total (B)=(1+2)</b>						<b>69.93</b>
	<b>Total Managerial Remuneration</b>						<b>69.93</b>
	Overall Ceiling as per the Act						657.22

**Note:**

The above indicates the commission payable for FY15 and will be paid after the adoption of accounts by the shareholders at the annual general meeting.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64.02	69.81	133.83
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5.82	3.04	8.86
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
2.	Stock Option*			
	a. Allotment of Shares (including premium)	8.94	35.95	44.89
	b. Share application money pending allotment	-	9.38	9.38
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	8.91	9.11	18.02
	<b>Total</b>	<b>87.69</b>	<b>127.29</b>	<b>214.98</b>

\* There is no cost to the company

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties, punishment or compounding of offences during the year ended 31 March, 2015.

# Annexure-III



## CSR Report

### Annual Report on Corporate Social Responsibility (CSR) Activities

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:**

The company has a strong legacy of being a responsible corporate citizen. The company believes that social responsibility is not just a corporate obligation that has to be carried out but an intrinsic part of its ethos and hence the company has been engaged in CSR activities for several years in the past too.

The company endeavours to positively impact the lives of disadvantaged sections of society by supporting and engaging in activities that aim at improving their well-being. The company is dedicated to the cause of empowering people, educating them improving their quality of life thereby helping them enter a better life.

The company endeavours to protect the interest of its stakeholders and contribute to the society by making a measureable and positive difference, through the four causes it supports viz.:

- Livelihood and Employability;
- Healthcare;
- Education;
- Drinking water and Sanitation

All projects are identified in a participatory manner, in consultation with the community, by engaging with them and gauging their specific needs. Subsequently, based on consensus and in discussion with the beneficiaries and influencers, the identified projects are prioritised.

The company collaborates with likeminded bodies like governments, voluntary organisations and other academic institutes in pursuit of its goals and interacts regularly with its stakeholders, to review its CSR Initiatives.

**Web link to the CSR policy:**

<http://www.cholamandalam.com/company-policies.aspx>

**2. The Composition of the CSR committee:**

Mr. Indresh Narain, Chairman (Independent Director)  
Mr. N. Srinivasan (Non-executive Director)  
Mr. Vellayan Subbiah (Managing Director)

**3. Average net profit of the company for last three financial years:**

₹ 43,037.09 lakhs

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

₹ 860.74 lakhs

**5. Details of CSR spend during the financial year:**

Nature of Activity	Partner Entity	Amount (₹ in lakhs)
Health Care - Renovation and Expansion of Hospital - Chennai	AMM Foundation (AMM)	332.00
Research on agricultural practices for small land holding farmers	Shri AMM Murugappa Chettiar Research Centre (MCRC)	55.00
Research on nutritional foods for rural communities	Shri AMM Murugappa Chettiar Research Centre (MCRC)	45.00
Infrastructure - Hostel for students pursuing management course	Institute for Financial Management and Research (IFMR)	78.00

Nature of Activity	Partner Entity	Amount (₹ in lakhs)
Education – School Bus and Lab	Isha Education (Isha)	48.43
Sanitation facility for farming community	Bala Vikasa Social Service Society (Bala Vikasa)	10.00
Student Scholarships	The Little Theatre	3.00
Consultancy Charges	Hemantha Kumar Pamarthy	2.51
<b>Total</b>		<b>573.94</b>

a. Total amount to be spent for the financial year: ₹ 860.74 lakhs

b. Amount unspent, if any: ₹ 286.80 lakhs

c. Manner in which the amount spent during the financial year is detailed below:

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) projects or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lakhs)	(7) Cumul- ative expendi- ture up to the reporting period	(8) Amount spent: Direct or through implementing agency*
1	Renovation and Expansion of Sir Ivan Stedeford Hospital	Health Care	Ambattur, Chennai	332.00	332.00	332.00	AMM
2	Research and Development on Sustainable Agricultural practices for small land holding farmers	Rural Development	Tamilnadu (Kancheepuram, Villupuram, Cuddalore, Sivaganga, Pudukkottai, Perambalur, Karur, Dindigul, Coimbatore districts) and Pondicherry	55.00	55.00	55.00	MCRC
3	Research and Development on nutritional foods / supplements for rural communities	Rural Development	Tamilnadu (Kancheepuram, Villupuram, Cuddalore, Sivaganga, Pudukkottai, Perambalur, Karur, Dindigul, Coimbatore districts) and Pondicherry	45.00	45.00	45.00	MCRC
4	Infrastructure facilities for skill building institution	Education	Andhra Pradesh	78.00	78.00	78.00	IFMR
5	School education to rural children	Education	Tamilnadu	48.43	48.43	48.43	Isha
6	Skill development of underprivileged youth	Skill Development	Madhya Pradesh, Maharashtra (Vidarbha) and Tamilnadu	50.00	-	-	National Skills Development Corporation
7	Water and Sanitation facilities	Healthcare	Telangana state (Karimnagar District)	100.00	10.00	10.00	Bala Vikasa
8	Sanitation facilities	Healthcare	Chhattisgarh (Raipur and Bhilai)	125.00	-	-	Sulabh International
9	Student Scholarships	Education	Chennai	3.00	3.00	3.00	The Little Theatre
10	Consultancy Charges / Administration overheads			24.31	2.51	2.51	Hemantha Kumar Pamarthy
	<b>TOTAL</b>			<b>860.74</b>	<b>573.94</b>	<b>573.94</b>	

\* Represents the name of the implementing agency

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report:**

This being the first year of implementation of CSR activity, there was lead time involved in setting up the internal team and identification of implementing agencies and beneficiaries. Hence, part of the committed amount will be spent in the next financial year in line with the progress of the relevant projects.

**7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

The CSR committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the company.

On behalf of the board

Place: Chennai

Date : 24 April, 2015

**Vellayan Subbiah**

*Managing Director*

**Indresh Narain**

*Chairman - CSR Committee*



# Annexure-IV

Disclosure of remuneration under section 197 (12) of the companies act, 2013 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Nature of Disclosure	Particulars		
a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; Percentage increase in remuneration of each Director, in the financial year	<b>Name of the Director / Designation</b>	<b>Ratio of Remuneration to Median Remuneration of employees (Refer Note 1)</b>	<b>% increase in remuneration in the financial year 2014-15 (Refer Note 1 &amp; 2)</b>
	Mr. M.B.N. Rao, Non-executive / Independent director / Chairman	2.74 : 1	50%
	Mr. Indresh Narain, Non-executive / Independent director	1.49 : 1	50%
	Mr. N. Srinivasan, Non-executive / Vice chairman	1.62 : 1	50%
	Mr. V. Srinivasa Rangan, Non-executive / Independent director	1.54 : 1	50%
	Mr. Nalin Mansukhlal Shah, Non-executive / Independent director	1.53 : 1	50%
	Ms. Bharati Rao, Non-executive / Independent director (Appointed on 31 July, 2014 and hence comparison not possible)	0.82 : 1	NA
	Mr.M.M. Murugappan, Non-executive director (Appointed on 27 January, 2015 and hence comparison not possible)	0.22 : 1	NA
	Mr. Vellayan Subbiah, Managing director	42.57 : 1	17%
b) Percentage increase in remuneration of CFO, CS in the financial year	<b>Name of the KMP / Designation</b>	<b>% increase in remuneration in 2015 as compared to 2014</b>	
	Mr. D. Arul Selvan, Chief Financial Officer	10%	
	Ms. P. Sujatha, Company Secretary (There was a change in the grade during FY15)	19%	
c) Percentage increase in median remuneration of employees in the financial year	9.06% increase in remuneration considering employees who were in employment for the whole of FY14 and FY15.		
d) Number of permanent employees on the rolls of company (as of 31 March, 2015)	2,674		
e) Explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration is 6.81% for employees who were in the employment for whole of FY14 and FY15. The improvement in company's performance on key parameters (as compared to previous year) was as follows: Operating Income : 13.14% PBT : 19.45% Net Margin : 16.02% PAT : 19.55%		
f) Comparison of the remuneration of the KMP against performance of the company	Aggregate KMP remuneration as a % of PBT for FY15 was 0.69%.		

Nature of Disclosure	Particulars		
g) Variations in the market capitalisation of the company, price earning ratio as at the closing date of the current financial year and previous financial year & percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies	Market capitalisation increased from ₹ 4,125.3 crores as of FY14 to ₹ 8,442 crores as of FY15. Over the same period, the price earnings ratio moved up from 11.3 to 19.5. The stock price of the company as of FY15 has increased by 488% to ₹ 587.6 over the last public offering in 1995 at a price of ₹ 100 per share.		
h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than managerial personnel who were in employment for the whole of FY14 and FY15, the average increase is 6.55%. The average increase for managerial personnel (MD) is 17.46%. Percentile increase for employees is the average of high-average-low performers and is therefore not comparable with the increase provided to MD. Increase for high performers is in line with that of MD.		
i) Comparison of each remuneration of the KMP against the performance of the company	<b>Key Managerial Personnel</b>	<b>Remuneration as a % of PBT (2014-15)</b>	<b>Remuneration as a % of PBT (2013-14)</b>
	Mr. D. Arul Selvan, Chief Financial Officer	0.12%	0.14%
	Ms. P. Sujatha, Company Secretary	0.12%	0.12%
	Mr. Vellayan Subbiah, Managing Director	0.45%	0.46%
j) The key parameters for any variable component of remuneration availed by the directors	<p><b>Managing Director:</b> The remuneration payable to MD includes annual incentive which is subject to achievement of the balanced score card parameters set at the beginning of the financial year. The parameters span four perspectives, viz., a. Financial; b. Customer; c. Internal business; d. Learning and Growth. Individual metrics are defined and measured against each of these perspectives and the annual incentive is paid basis the scores achieved at the year end as determined by the Nomination and remuneration committee.</p> <p><b>Other Directors:</b> The sitting fee is a fixed fee paid basis the directors attendance at a meeting of the board / committee. Further, a variable commission is paid to non-executive directors subject to a maximum of 1% of net profits of the company 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.</p>		
k) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not applicable		
l) Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is in line with the remuneration policy of the company.		

**Notes:**

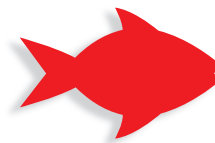
1. The commission payable to non-executive directors was enhanced in FY15 after the last revision in FY11 and hence the sharp increase.
2. The percentage increase in remuneration excludes sitting fees.

On behalf of the board

Place: Chennai  
Date: 24 April, 2015

**M.B.N. Rao**  
Chairman

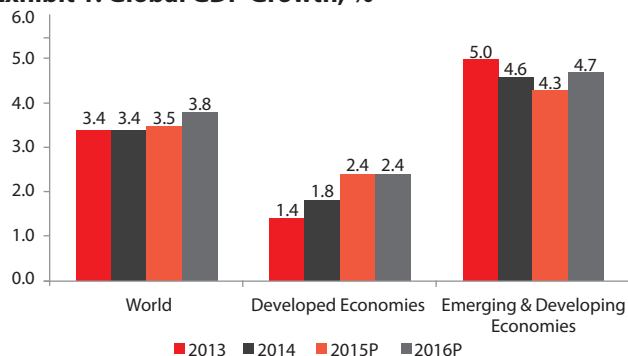
# Management Discussion and Analysis



## ECONOMIC REVIEW

Global economic growth in the year 2014 was modest with gross domestic product (GDP) growth of 3.4% as per IMF's world economic update, April 2015. The growth had been supported by pickup in the developed economies where the GDP growth was 1.8% in 2014, up from 1.4% in 2013. The significant fall in the crude prices would further act as a support for a steady global economic growth. However, investment weakness, slowdown in China and stagnation in the Euro region are the key downside risks for growth. IMF has projected global economic growth to improve and has estimated world GDP growth of 3.5% in 2015, which will further inch up to 3.8% in 2016 (Exhibit 1).

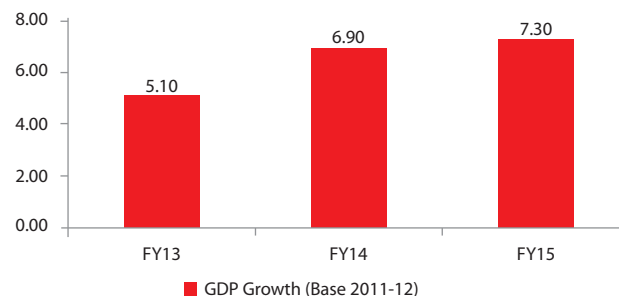
**Exhibit 1: Global GDP Growth, %**



Source: IMF's World Economic Outlook, April 2015

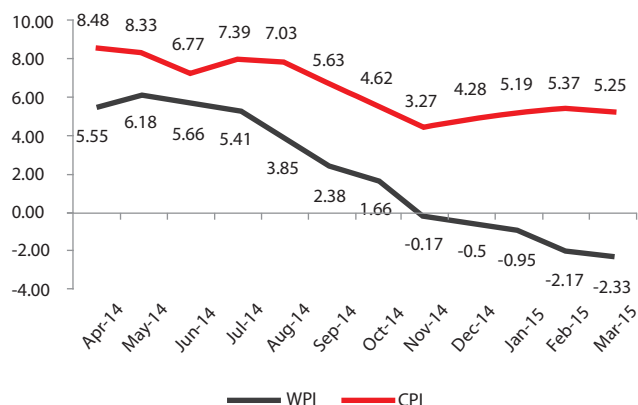
India backed by strong policy reforms and reviving global demand, is steadily moving upwards on its recovery trajectory. The GDP growth based on the revised 2011-12 base is 7.3% in FY15, up from 6.9% in FY14. With significant fall in global crude prices, the wholesale price index (WPI) inflation has entered negative territory from the highs of close to 6% at the start of the year (Exhibit 3). Also the current account deficit for the year FY15 is expected to further contract to 1.5% of GDP as against 1.7% in FY14. This enhances expectation of a stable INR even after continuous monetary tightening measures by the US. With inflation well under control, RBI has reduced the repo rate by 50 basis points from 8% in December 2014 to 7.5% in March 2015 (Exhibit 5) which would act as a booster in India's GDP growth. With strong forex reserves (USD 341.4 billion as on 27 March, 2015) and improving macroeconomic factors, India is more resilient today to face global hiccups.

**Exhibit 2: India GDP Growth, %**

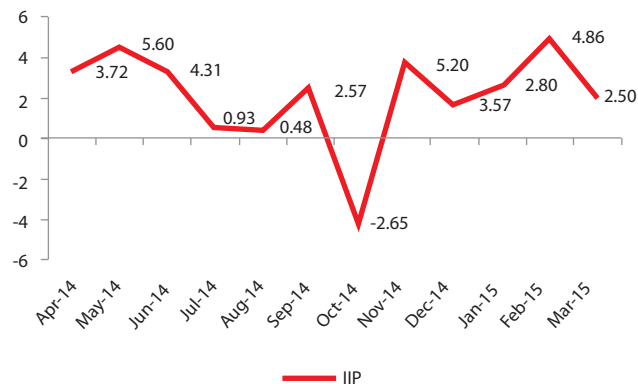


Source: Ministry of Statistics and Programme Implementation

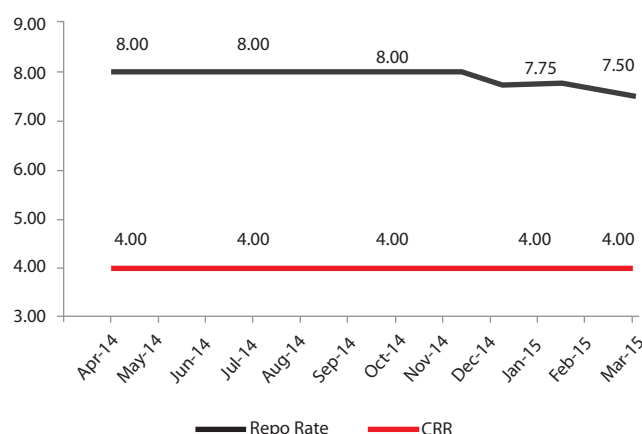
**Exhibit 3: Wholesale Price Index & Consumer Price Index, %**



**Exhibit 4: Index of Industrial Production, %**



Source: Ministry of Statistics and Programme Implementation

**Exhibit 5: Repo Rate & CRR, %**

Source: Reserve Bank of India

**GROWTH PROSPECTS****VEHICLE FINANCE**

Automobile sales growth in India continues to remain in single digits but the growth has doubled from 3.5% in FY14 to 7.2% in FY15. Within automobile sales, the commercial vehicle (CV) segment is the only segment that continues to shrink with a third consecutive year of negative growth. The overall CV sales during the year FY15 has posted a de-growth of 2.8%. However, medium and heavy commercial vehicles (MHCVs) sales, which nearly halved over the previous two years (fall of 23.1% in FY13 and 25.4% in FY14) started to recuperate and grew by 16% during FY15. The light commercial vehicle (LCV) segment continued to de-grow with a sales volume decline of 11.6% in FY15. The revival in MHCV segment has been due to increased activities in the manufacturing and mining sectors. The index for industrial production (IIP) for manufacturing activities during FY15 has registered a growth of 2.3% (-0.8% in FY14) while mining activities has registered a growth of 1.4% in FY15 (as against -0.6% in FY14). The continuous decline in CV sales had an adverse impact on the growth of disbursements in the sector. The lower utilisation levels of commercial vehicles increased the pressure on their book quality.

**Industry Outlook**

CRISIL Research expects sales in the MHCV segment to grow at 12-15% Year on Year (YoY) in FY16 with improvement in freight availability due to further pick-up in industrial activity, higher infrastructure project execution / awarding and expectations of better agricultural output assuming normal monsoons. Uptick in the traffic of exports and imports, replacement demand from large fleet operators and stricter ban on overloading implemented in several states are expected to aid sales of heavy commercial vehicles in FY16. CRISIL expects LCV sales to grow at 2 – 4 % YoY. The share of pick-ups in sales of small commercial vehicles is expected to continue to grow by 2 – 3 % in FY16.

After a year of strong growth of 20.2% in FY14, domestic tractor sales volumes fell by 13% in FY15 owing to below normal monsoons, which impacted the kharif and rabi crops. After remaining close to flat in the first half of FY15, tractor sales skid sharply by 22% in the third quarter of FY15 on weak kharif crops output as well as delayed rabi sowing. Sales skid further in the fourth quarter of FY15 by 30% based on lower rabi crop sowing, damages owing to unseasonal rains in March, lower kharif crop realisations (owing to low hike in minimum support price and low government procurement), lower mandi prices (YoY) and weak commercial demand (ban on mining and brick kiln operations), which will continue to exert pressure on sales over the next few quarters.

The domestic tractor sales volume is projected to recover and grow by 5-8% in FY16 assuming the monsoons are normal. Tractor sales will continue to decline sharply in H1 FY16 owing to damage to rabi crops from unseasonal rains.

In FY16, CRISIL projects sales of cars and utility vehicles to witness a faster growth of 9-11%. Demand will be driven by a further revival in economic growth and low inflation levels, leading to a steady growth in disposable incomes. Players have also lined up a number of models across segments which will increase consumer interest.

After a continued slowdown over the last three years, demand for earthmoving equipment is expected to improve marginally in 2015 before completely recovering in 2016 and 2017. Improvement in infrastructure investments like roads, irrigation and urban infrastructure along with increasing mechanisation will propel demand.

**HOME EQUITY**

The home equity (loan against property) market in India has witnessed a strong growth over the last 5 years. As per CRISIL Research, the home equity market is expected to have reached an asset size of ₹ 64,000 crores by March 2015, growing at a CAGR of more than 30% in the last 3 years. Being a secured lending instrument and given the potential of this business, there is an increased focus by many NBFCs and banks towards this business leading to rising competition. However, the overall pie would continue to grow at a steady rate and CRISIL has estimated the market to grow at 20-25% over the medium-term.

The key growth drivers for the home equity market are:

- Increased requirement of funds by self-employed non-professionals to support their business growth and tap bigger opportunities
- Promotion and increased awareness of the product
- More preferred product as compared to personal loans as home equity attracts lower interest rates
- Low levels of mortgage penetration in India

## HOME LOANS

As per ICRA's India mortgage finance update, the AUM of housing finance industry in India stood at ₹ 10.1 lakh crores as of December 2014 and the top 5 players hold more than 60% share. The market has been steadily growing. While the market grew at a CAGR of 18.6% over FY11 to FY14, in the first 9 months of last fiscal year (April - December 2014), the market grew at an annualised rate of 17.2%. Amid the challenging economic environment the book quality for many financiers has been stable. As per ICRA, the asset quality of the housing finance companies continues to remain strong with gross non-performing assets (GNPA) of 0.74% as of December 2014. This makes housing finance one of the most secured lending products in India leading to increased competition.

India's housing finance industry holds great potential in terms of untapped low-to-mid income segment with no clear or formal income proof. If tapped, this segment would add to new growth avenues. Certain new players have sensed this opportunity and have started to enter niche segments like affordable housing and self employed borrowers, given the high growth potential in these segments.

## DIVISIONAL ANALYSIS

### VEHICLE FINANCE (VF)

During FY15, the overall economic environment continued to remain challenging. The company continued its focus on strengthening its business operations and improving its book quality. The company has been vigilant in lending during the year and has taken a conscious decision to move with great caution. This has led to a decline in disbursements by 8% in FY15. The disbursements during the year were ₹ 9,363 crores and the overall book stood at ₹ 17,639 crores. During the year, the company continued its diversification drive by adding the two wheeler business and increased its focus on new lines like construction equipment business.

The pressure on collections continued with the GNPA for vehicle finance division moving up to 2.7% in FY15 from 2% last year. However, the enhanced focus on collections led by a joint drive with sales, credit and collection teams resulted in significant improvement in collections during the year. GNPA has been contained and has started trending downwards. The company early adopted provisioning for 5 months overdue from this year onwards which resulted in a GNPA of 3.7%.

In Q4, things started to turnaround. MHCV sales growth has rebounded and LCV sales contraction intensity is coming down. The long-term outlook for the vehicle finance sector remains strong with the overall economic environment turning more positive. The company would continue to remain cautiously optimistic and remain focused on maintaining a balance between growth and book quality.

## KEY STRATEGIC INITIATIVES TAKEN DURING THE YEAR

- ▶ Entered into various strategic tie-ups with original equipment manufacturers to drive disbursement and reduce future losses through subvention / del-fund programs.
- ▶ Focused on cost rationalisation by eliminating non-value adding activities.
- ▶ Streamlined sales, collections and credit processes to ensure optimal productivity under lean initiatives through new value stream mapping for various product lines.
- ▶ Enhanced focus on collections through joint collection drive by sales, credit and collections teams.
- ▶ Focused on cross sell, charges collection and bad debt recovery.
- ▶ Focused on capability enhancement of sales, credit and collection employees with the help of learning and development (L&D) team.

### HOME EQUITY (HE)

Despite the prevailing slowdown in the overall economic environment, home equity business continued to maintain a healthy growth trajectory. The overall disbursement during the year FY15 stood at ₹ 3,043 crores registering a growth of 8% and the assets under management (AUM) was at ₹ 7,280 crores as against ₹ 5,860 crores as of March 2014, a 24% YoY growth. HE business as a percentage of the overall loan book stands at 29%. The company continued to expand its reach in the HE business and added 10 branches during the year, taking the total branch count to 78. Cost rationalisation continues to be a focus area in this business and operating cost as a percentage of average asset stands at 1.3%, one of the lowest in the industry.

Amidst a depressed macroeconomic scenario in FY15, the business contained GNPA to 1.7%. The recent announcement in the union budget of extending the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) to NBFCs will enable the company to have better and quicker enforceability of dues against delinquent customers. The company early adopted provisioning for 5 months overdue from this financial year which resulted in a GNPA of 1.9%.

Competition continues to intensify with more and more NBFCs and PSU banks moving towards this lucrative and fast growing business as they are facing growth constraints in credit offtake across product lines. This has led to an aggressive pricing scenario amongst industry players in this segment. To stand out in the competitive environment, the company remains highly focused on building and maintaining a stable and long-term relationship with its customers and channel partners. The company has always

been focusing on a faster turnaround time (TAT) leading to better customer service. With this focus, the business is confident of continued progress on its growth trajectory.

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 deep expertise in understanding and assessing this customer segment.

### HOME LOANS

The affordable home loans business was launched in FY13 and has been growing at a steady rate. The business is currently present in the states of Tamil Nadu, Karnataka, Andhra Pradesh, Gujarat and Maharashtra. The company has also planned to enter newer markets such as Rajasthan and Chhattisgarh in the coming year. The current customer base for this business is over 800 and the total AUM stands at ₹ 121 crores. The prime focus of the business is the self-employed non-professional customers seeking to buy / construct a new home.

### CORPORATE FINANCE

Under corporate finance, the business offers long-term corporate loans against commercial / industrial property as primary collateral. The business also offers short-term financing products such as bill discounting and working capital loans. AUM in this business stood at ₹ 411 crores as of March 2015 as against ₹ 287 crores as of March 2014. The business will continue with its strategy of increased focus on MSME loans in FY16.

### GOLD LOANS

During the year, the company carried out this business out of 45 gold loan branches and disbursed ₹ 62 crores. However, given factors such as the external environment, volatile gold prices and susceptibility to losses, the company stopped disbursements in the business and closed the loan book in the fourth quarter of the year.

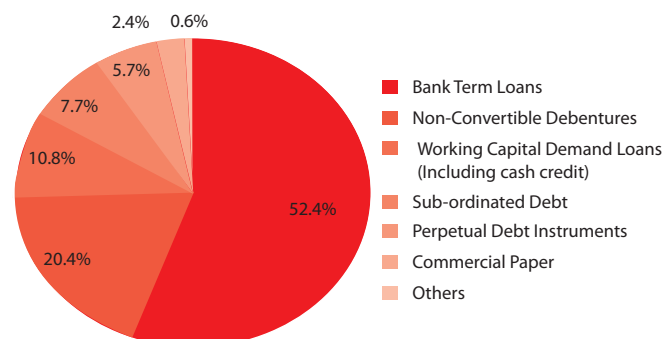
### ASSET LIABILITY MANAGEMENT (ALM)

During FY15, 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. Borrowings by way of securitisation, though being lower in volume as compared to last year, helped in matching of inflows and outflows.

### RESOURCES & TREASURY

During the year, the company shifted the mix of borrowings towards market borrowings from bank funding to support the growth of its businesses at lower interest rates. However, this was done without compromising the right mix of long and short-term borrowings and thereby maintaining a healthy asset

liability position throughout the year. The borrowing profile as on 31 March, 2015, is given below:



### BANK BORROWING

In FY15, the company mobilised ₹ 4,500 crores of medium-term loans and ₹ 1,435 crores (net) of working capital and cash credit facilities from banks.

### MARKET BORROWING

During FY15, the company raised ₹ 3,823 crores and repaid ₹ 3,987 crores of commercial papers (CP). CP outstanding, as at the end of the year was ₹ 473 crores. Medium and long-term secured non-convertible debentures (NCD) to the tune of ₹ 2,085 crores (previous year ₹ 1,566 crores) were mobilised at competitive rates. At the end of FY15, outstanding NCD stood at ₹ 3,969 crores (previous year ₹ 3,565 crores). New investor profiles were added to ensure no undue concentration in any single / group of investors.

### MOVEMENT IN INTEREST COST

The company's interest cost, as a percentage of average borrowings, marginally decreased from 10.2% in FY14 to 10.1% in FY15 despite a challenging environment. This was done by judiciously selecting the mix of borrowings.

Though the availability of bank loans to NBFCs remained robust, lending rates remained high due to stagnant base rate regime, inspite of repo rate reduction by RBI. The expectation is that the banks may reduce their base rates in FY16.

The money market rates were significantly lower and liquidity was abundant inspite of changes made in certain tax regulations governing debt-oriented schemes of mutual funds. The strategy adopted by the company was to conduct pro-active interactions with the debt investors and capitalise on market opportunities. By this, the company was able to cash in on the differential between bank and market borrowing rates and manage higher volumes of money market borrowings as compared to FY14.



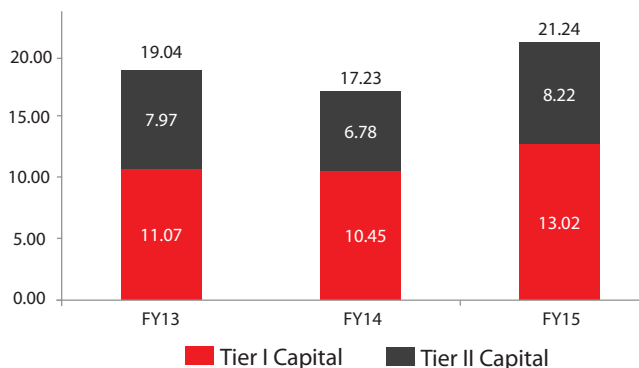
To further rationalise the cost of borrowings, the company adopted the following measures:

- ▶ Renegotiated the interest rates with various lenders on borrowings to the tune of ₹ 3,650 crores which resulted in reduction in interest cost of ₹ 4.3 crores in FY15. The benefit of interest cost reduction will continue to accrue to the company in FY16 and FY17.
- ▶ Securitisation of priority sector assets to the tune of ₹ 1,757 crores at fine rates, which resulted in good savings in interest costs. The benefits of the low interest cost on these deals will continue to accrue to the company in FY16 and FY17.

### CAPITAL ADEQUACY RATIO (CAR)

During the year, the company raised tier I capital in the form of compulsorily convertible preference shares aggregating to ₹ 500 crores on a preferential basis. Tier II capital of ₹ 67 crores of perpetual debt instruments and ₹ 560 crores of subordinated debt, were also raised at competitive rates, to strengthen the CAR. As at the end of FY15, perpetual debt instrument outstanding was ₹ 1,101 crores and subordinated debt was ₹ 1,508 crores.

#### Exhibit: Capital Adequacy, %



### INVESTMENTS

The company's investments of ₹ 67.48 crores include investments in subsidiaries of ₹ 55.37 crores (net of provisions), investments in pass through certificates of ₹ 10.80 crores and investments in equity shares of ₹ 1.31 crores.

### FINANCIAL REVIEW

The company's aggregate loan disbursements dipped by 2% from ₹ 13,114 crores in FY14 to ₹ 12,808 crores in FY15. This was primarily on account of a 8% drop in vehicle finance disbursements. Home equity disbursements grew by 8% over prior year. The AUM for the company as a whole grew by 9% (YoY) and the growth of on-balance sheet assets was 14%. The total AUM (including on book & assigned) in FY15 stood at ₹ 25,452 crores as against ₹ 23,253 crores recorded in FY14.

Though the company witnessed rise in GNPA's during the year, it was well under control as compared to peers.

GNPA, as a percentage of AUM, increased from 1.9% in FY14 to 2.4% in FY15. 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 1.4% of AUM in FY15 as compared to 0.7% in FY14. Considering the improved collections performance in the latter half of the year and as a matter of prudence, the company has decided to advance its adoption of the RBI regulations relating to recognition of NPAs at 5 months overdue and increased its standard asset provisions from 0.25% to 0.30% (this was mandatory only from FY16). The early adoption resulted in a GNPA of 3.1% and NNPA of 2%.

A balanced disbursement mix with a focus on higher yield products, effective collection of overdues and a reduction in interest costs due to favourable money market conditions, resulted in improved net income margin (NIM) of 7.9% in FY15 as against 7.7% in FY14. The company during the year continued to remain focused towards cost rationalisation and maintained the operating cost to asset ratio at 3.4%.

The net profit after tax for the year rose by 20% from ₹ 364 crores in the previous year to ₹ 435 crores.

Earnings per share for the year stood at ₹ 30.09 and the book value per share stood at ₹ 204 as against ₹ 25.43 and ₹ 160 in the previous year respectively.

### HUMAN RESOURCES (HR)

The company has always considered human resources as its biggest asset and has built a culture of sustainability and growth for all its employees. This approach has been the fulcrum of engaging and retaining the best talent. The company has 2,674 dedicated employees as on 31 March 2015. In FY15, HR engagements were focused on building internal capability to manage future growth to address the group theme of skill up, scale up and speed up in all areas of operations.

The company has identified the key drivers for engagement as "valuing people", "recognition", "innovation" and "delivery on promise".

The development centre approach to learning was institutionalised and action plans crafted with definitive time lines for every participant such as:

- ▶ Utkarsh, a process designed to identify potential branch manager candidates for future training and development and
- ▶ Unnati, a project to help low performing branches to move to higher levels of performance.

During the year, we opened two new L&D centres at New Delhi and Pune and completed 21,300 man-days of learning.

The company took a step towards providing localised employment opportunities for youth of "C&D" class cities/towns through its campus connect initiative. The focus of this initiative was to identify fresh and young talent from colleges and recruit them and train them in the company's business.

The company has in place a prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the calendar year ended 31 December 2014, there were no referrals received by ICC.

### TECHNOLOGY INITIATIVES

Technology continues to be a strategic enabler for the company. It is at the centre of our plans for future business growth and cost optimisation.

The company is ready to take its mobility solution to the next level. The success of its mobile-based solutions has given the company the confidence to target the achievement of better productivity and operational excellence through tab-based solutions. This is expected to eliminate non-value adding activities for improved productivity and reduced TAT with optimum utilisation of resources. This in turn is expected to lead to customer delight and further strengthening of their bond with the company.

During the year, the business planning and budgeting model development was taken up on the hyperion platform. This will allow the company to dive deeper and perform more comprehensive planning both from top-down and bottom-up perspectives.

The team has also been working on further streamlining and integrating processes by building a holistic business MIS interactive application. This will enable managers to have a comprehensive report of the various businesses both at a macro and micro level.

### RISK MANAGEMENT

Being in the financial services industry and with a variety of product offerings, risk management becomes the most important factor for business sustainability. Hence, understanding as well as effective management of risks becomes very critical. Being cognizant of this fact, the company has robust risk governance and has built an effective risk management framework. The company strongly believes that effective risk management can be a strategic differentiator and hence will remain focused on continuously strengthening its risk management processes.

**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 of each risk (c) measurement and monitoring risks by establishing key risk indicators with thresholds for all critical risks and (d) adequate review mechanism to monitor and control risks.

The company has institutionalised a formal risk reporting framework through a Chola composite risk index at the organisational level to highlight the movement of top critical risks. The company has also developed a similar risk reporting and monitoring mechanism for the risks at business / vertical level. The risk index provides the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified key risk indicators and are aligned to the overall company's risk appetite framework approved by the board. This is, today, an important tool in the hands of the management to understand the level of risks and act upon them suitably. The company identifies and monitors risks periodically. This process enables the company to reassess the top critical risks in a changing environment that need to be focused on.

**Risk Governance Structure:** The company's risk governance structure facilitates and strengthens risk evaluation and management. Robust risk governance and accountability are embedded, fostering a continuous monitoring of the risk environment. The board oversees the risk management process and monitors the risk profile of the company directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, reviews the risk management policy, implementation of the risk management framework, monitoring of critical risks and reviews various other initiatives with a structured annual plan. The risk management division has established a comprehensive risk management framework across the business 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 MIS 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:

**Risk:** Credit risk arises when a borrower is unable to meet financial obligations to the lender. This could be either by wrong assessment of the borrower's payment capabilities or due to uncertainties in the future.

**Mitigation:** The company has a comprehensive and well-defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and

field visits. The company has a robust post-sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset finance, the company's lending is covered by adequate collaterals from the borrowers.

#### MARKET RISK:

**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.

**Mitigation:** The company continuously monitors these risks and manages them through appropriate risk limits. Asset liability management committee (ALCO) reviews market-related trends and risks and helps adopt various strategies related to assets and liabilities, in line with the company's risk management framework.

#### OPERATIONAL RISK:

**Risk:** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

**Mitigation:** The operational risks of the company are managed through comprehensive internal control systems & procedures and key back up processes. In order to further strengthen the control framework and its effectiveness, the company has initiated a risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the company to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes risk-based audits on a regular basis across all business units / functions. While examining the effectiveness of the control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal control adherence, thereby reducing enterprise exposure. The company has also put in place a robust IT disaster recovery plan (DR), which is periodically tested. Business continuity plan (BCP) is further implemented 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. Periodic testing is carried out to address the gaps in the framework, if any. DR & BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of our readiness.

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

#### INTERNAL CONTROL SYSTEMS

An internal control framework including clear delegation of authority and standard operating procedures are available across all businesses and functions. Clear segregation of duties exists between various functions. Key operational processes (finance and operations) are centralised at head office for better control. The company has instituted a strong IT security system to ensure information security. All policies are reviewed and approved by the board on a periodic basis.

The company adopts a co-sourced model of internal audit. Both the in-house internal audit department and M/s. Ernst & Young LLP, the company's external internal auditors, executed a rigorous audit calendar spanning multiple business processes. 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. A robust mechanism exists 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 internal financial control systems are constantly monitored both by an in-house team as well as external auditors. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls in line with the scale of operations.

#### 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 2015	March 2014	Growth %
<b>Assets</b>			
Business Assets	22,183	19,428	14%
Other Assets	1,690	2,119	-20%
<b>TOTAL</b>	<b>23,873</b>	<b>21,547</b>	<b>11%</b>
<b>Liabilities</b>			
Networth	3,173	2,295	38%
Borrowings	19,475	18,093	8%
Other Liabilities	1,225	1,159	6%
<b>TOTAL</b>	<b>23,873</b>	<b>21,547</b>	<b>11%</b>
Off-Balance Sheet Assets	3,548	4,087	-13%
<b>Total Assets</b>	<b>27,421</b>	<b>25,634</b>	<b>7%</b>

**STATEMENT OF PROFIT & LOSS**

The company's profit before tax increased from ₹ 550.21 crores in 2013-14 to ₹ 657.22 crores in 2014-15.

The summarised version is given below: ₹ in crores

Particulars	March 2015	March 2014	Growth %
<b>Disbursements</b>	<b>12,807.64</b>	<b>13,114.22</b>	<b>-2</b>
Income	3,691.19	3,262.84	13
Cost of Funds	-1,960.39	-1,771.09	11
<b>Net Margin</b>	<b>1,730.80</b>	<b>1,491.75</b>	<b>16</b>
Operating Expenses	-748.86	-658.21	14
Provisions and Losses	-324.72	-283.33	15
<b>Profit Before Tax (PBT)</b>	<b>657.22</b>	<b>550.21</b>	<b>19</b>
Current and Deferred Tax	-222.06	-186.19	19
<b>Profit After Tax (PAT)</b>	<b>435.16</b>	<b>364.01</b>	<b>20</b>

**Key Ratios** in %

Particulars	March 2015	March 2014	Growth %
Net Income Margin	7.9	7.7	3
Return on Equity - PAT	15.8	17.1	-8
Return on Total Assets - PAT	1.9	1.8	5
Total Assets under Management (₹ in crores)	27,421	25,634	7
Earnings Per Share - Basic in ₹	30.09	25.43	18
Market Price - Closing in ₹	587.6	288.1	104
Market Capitalisation (₹ in crore)	8,442.00	4,125.33	105
CAR	21.24	17.23	23
Operating Expenses to Assets	3.4	3.4	-
Profit Before Tax to Income	17.8	16.9	6

Particulars	March 2015	March 2014
Gross Non-Performing Assets (GNPA)*	3.12	1.86
Provisions	1.09	1.12
Net Non-Performing Assets (NNPA)*	2.03	0.74
Provision Coverage on GNPA	34.79	60.13

**Note:**

\*Includes 5 months overdue for March 2015. On 6 months overdue basis, GNPA was 2.38% and NNPA was 1.37%.

**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
	Sonalika International Tractors Limited

**SUBSIDIARIES PERFORMANCE**

The securities business earned a profit before tax of ₹ 3.42 crores in FY15 as against a loss of ₹ 0.40 crores in the previous year. The distribution business made a profit before tax of ₹ 5.58 crores in FY15 as against ₹ 4.68 crores in the previous year.

**CONSOLIDATED RESULTS**

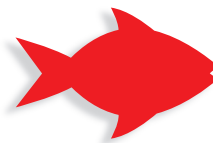
The consolidated profit after tax for the year under review was ₹ 444.14 crores, as against ₹ 368.28 crores in the previous year.

On behalf of the board

Place: Chennai  
Date: 24 April, 2015

**M.B.N. Rao**  
Chairman

# Report on Corporate Governance



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

## CORPORATE GOVERNANCE PHILOSOPHY

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

The company has always believed in and 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 the 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') is 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 as per clause 49 of the listing agreement and the Companies Act, 2013 (the Act). The board has an appropriate mix of executive / non-executive and independent directors, including a woman director 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.

### Familiarisation programme for directors

The company has a familiarisation programme for independent directors with regard to their roles, rights, responsibilities in the company, nature of the industry in which the company operates, the business model of the company, etc. and the same is available on the website of the company (web link: <http://www.cholamandalam.com/company-policies.aspx>).

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 along with a brief introduction about the company. A copy of the company's latest annual report and the schedule of the upcoming board / committee meetings for the calendar year is forwarded to

the director. The director is explained in detail the compliances required of him / her under the Act, clause 49 of the listing agreement and other relevant regulations and his / her affirmation is taken with respect to the same. By way of an introduction to the company, a directors' handbook comprising a compendium of the role, powers and duties to be performed by a director as well as the internal guidelines is given to every new director. The handbook is updated periodically for regulatory and other policy changes and updated copies of the handbooks are provided to all the directors. Additionally, the company's code of conduct which *inter alia* explains the values and beliefs of the company, functions, duties and responsibilities as a director of the company including the duties of independent directors in terms of the Act is given to the director at the time of joining and on an annual basis. Further, there is a detailed quarterly presentation on review of operations of the company and the regulatory updates impacting the business which helps the director familiarise him / herself with the company, its business and the regulatory framework in which the company operates.

The details of directors as at 31 March, 2015 including the details of their other board directorship and committee membership reckoned in line with clause 49 of the listing agreement and the Act 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 director / Chairman	12 (2)	NIL	7 (3)
Mr. N. Srinivasan	Non-executive / Vice chairman	5	25,000	6
Mr. Indresh Narain	Non-executive / Independent director	4	NIL	3 (3)
Mr. V. Srinivasa Rangan	Non-executive / Independent director	13	4,000	8
Mr. Nalin Mansukhlal Shah	Non-executive / Independent director	9	NIL	10 (5)
Ms. Bharati Rao	Non-executive / Independent director	9	NIL	8
Mr. M.M. Murugappan	Non-executive / Promoter director	14 (5)	8,748	8 (4)
Mr. Vellayan Subbiah	Managing director / Promoter director	6	245,493	4

\* for the purpose of directorship / committee membership, all private companies and section 8 companies have been considered.

\*\* only chairmanship / membership of audit committee and stakeholders relationship committee 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 the Act 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.

### Separate meeting of independent directors

During the year under review, in line with clause 49 of the listing agreement and the Act, the independent directors had a separate meeting on 27 January, 2015 without the presence of the management team and the non-independent directors of the company.



## 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 the 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, the board met 6 times on 28 April, 2014, 26 July, 2014, 31 July, 2014, 30 October, 2014, 27 January, 2015 and 20 March, 2015. The Act read with the relevant rules made there under, facilitates the participation of a director in board / committee meetings through video conferencing or other audio visual means. Accordingly, the company also provides the option to participate in the meeting through video conferencing to enable the directors' participation at the meetings.

The board periodically reviews the matters required to be placed before it and *inter alia* reviews and approves the quarterly financial statements, corporate strategies, business plan, annual budgets and capital expenditures. It monitors the overall performance and reviews other matters which require board's attention.

The board also takes on record the declarations and confirmations made by the company secretary, chairman, managing director and the chief financial officer regarding compliances of all laws on a quarterly basis.

## 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 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 committee acts as a link between the board, the statutory auditors and the internal auditors. The role of the audit committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements, 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, to grant approvals for related party transactions which are in the ordinary course of business and on an arm's length basis, scrutiny of inter-corporate loans and investments, besides recommending the appointment / removal of the statutory auditors, the internal auditors and fixing their remuneration and review of the effectiveness of audit process.

### Composition & Meetings

The committee comprises five non-executive directors with four of them being independent directors. As at 31 March, 2015, the committee comprised Mr. Indresh Narain, independent director as the chairman, Mr. M.B.N. Rao, Mr. N. Srinivasan, Mr. V. Srinivasa Rangan and Mr. Nalin Mansukhlal Shah as its members and Mr. Vellayan Subbiah, managing director as an invitee. The company secretary acts as the secretary to the committee. During the year, the committee met 7 times. All members of audit committee have knowledge of financial management, audit and accounts. The statutory auditors, the internal auditors and senior management are invited to attend all the meetings of the committee. The company has in place a system for an independent meeting of the committee with the statutory and internal auditors without the presence of the management team on a half-yearly basis.

## NOMINATION AND REMUNERATION COMMITTEE

### Terms of Reference

The role of the committee is to determine the company's policy on specific remuneration packages for executive directors including 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 prior to recommendation for re-appointments, persons who are qualified to be in 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 director is based on the merit, qualification, competency and the company's business needs. Such candidates shall be free of conflict of interest that would interfere with their ability to discharge their duties. The recommendations of the committee are placed before the board for its approval.

### Composition & Meetings

As at 31 March, 2015, the committee comprised Mr. Indresh Narain, independent director as the chairman, Mr. V. Srinivasa Rangan and Mr. M.M. Murugappan as its members. Majority of the members of this committee comprise independent directors. The committee had three meetings during the year ended 31 March, 2015.

## REMUNERATION OF DIRECTORS

### Remuneration Policy

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

The company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Act.

The managing director is the only executive director on the board. The compensation to the managing director is within the scale approved by the shareholders. The elements of compensation comprise 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 section 198 of the Act, the actual commission paid to the directors is restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year. 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.

### Remuneration of managing director:

Details of the remuneration of the managing director for the year ended 31 March, 2015 are as follows:

₹ in lakhs

Name of the Managing Director	Salary	Allowance	Incentive*	Perquisites & Contributions	Total
Mr. Vellayan Subbiah	74.49	113.29	66.98	43.89	298.65

\* Provisional and subject to determination by the nomination and remuneration committee and the same will be paid after adoption of accounts by the shareholders at the annual general meeting.

The non-executive directors are also paid sitting fees subject to the statutory ceiling for all board and committee meetings attended by them.

### Criteria for Board Nomination

The nomination and remuneration committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee has formulated a charter in terms of the provisions of the Act and clause 49 of the listing agreement, which *inter alia*, deals with the personal traits, competencies, experience, background and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions / re-appointment of directors.

### Criteria for appointment in senior management

The nomination and remuneration committee is responsible for identifying persons who are qualified to be appointed in senior management. The committee has formulated the charter in terms of the provisions of the Act and clause 49 of the listing agreement, which *inter alia*, deals with the criteria for identifying persons who are qualified to be appointed in senior management. These attributes shall be considered for nominating candidates for senior management position.

### Performance Evaluation

In terms of the provisions of the Act and clause 49 of the listing agreement, the board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the committees. The performance evaluation of the independent directors was carried out by the entire board. The performance of the chairman and the non-independent directors was carried out by the independent directors. Chairman anchored the sessions on self, peer, committee and board effectiveness evaluations. Chairman of the nomination and remuneration committee anchored the session on chairman evaluation.

### Policy on Board diversity

The nomination and remuneration committee has devised a policy on board diversity which sets out the approach to diversity on the board of the company. The policy provides for having a truly diverse board comprising of appropriately qualified people with a broad range of experience relevant to the business of the company.

### Remuneration of Non-executive directors

The details of commission provided / sitting fees paid to non-executive directors for the year ended 31 March, 2015 are as follows:

₹ in lakhs

Name of the directors	Commission	Sitting Fees paid	Total
Mr. M.B.N. Rao	15.00	4.25	19.25
Mr. Indresh Narain	7.50	2.95	10.45
Mr. N. Srinivasan	7.50	3.85	11.35
Mr. V. Srinivasa Rangan	7.50	3.30	10.80
Mr. Nalin Mansukhlal Shah	7.50	3.25	10.75
Ms. Bharati Rao	5.01	0.75	5.76
Mr. M.M. Murugappan	1.32	0.25	1.57
<b>TOTAL</b>	<b>51.33</b>	<b>18.60</b>	<b>69.93</b>

#### Notes:

- Commission will be paid subject to deduction of tax as applicable, after the adoption of accounts by the shareholders at the annual general meeting.
- Mr. L. Ramkumar who resigned from the board as a director effective 27 January, 2015 was not paid any sitting fees / commission in view of him being the managing director of the holding company, M/s. Tube Investments of India Limited.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Terms of Reference

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

During the year, the company had received two complaints from the shareholders which have been resolved to their satisfaction. There were no investor complaints pending as at 31 March, 2015.

#### Composition & Meetings

As at 31 March, 2015, the committee comprised Mr. N. Srinivasan and Mr. Vellayan Subbiah as its members. Ms. P. Sujatha, company secretary is the compliance officer. During the year, the committee held two meetings.

### RISK MANAGEMENT COMMITTEE

#### Terms of Reference

The role of the committee includes review of the risk management policy developed by the management, review of the annual risk management framework document and implementation of the actions planned in and periodical review of 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, 2015, the committee comprised Mr. V. Srinivasa Rangan as the chairman, Mr. M.B.N. Rao, Mr. Nalin Mansukhlal Shah, Mr. Vellayan Subbiah as its members and Mr. N. Srinivasan and the various business and functional heads of the company as invitees. The committee held four meetings during the year ended 31 March, 2015.

### 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, 2015, the business committee comprised Mr. M.B.N. Rao as the chairman and Mr. N. Srinivasan, Mr. M.M. Murugappan and Mr. Vellayan Subbiah as its members. The senior management is invited to attend the meetings of the committee. The committee held three 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, 2015, the committee comprised Mr. Indresh Narain, Mr. N. Srinivasan and Mr. Vellayan Subbiah as its members. The committee held two meetings during the year ended 31 March, 2015.

**ATTENDANCE AT BOARD, COMMITTEE AND GENERAL MEETINGS**

Name of the directors	Board	Audit committee	Stakeholders Relationship committee	Nomination & Remuneration committee	Business committee	Risk management committee	Corporate Social Responsibility committee	Attendance at last AGM
Mr. M.B.N. Rao	6	7	NA	1	3	4	NA	Yes
Mr. Indresh Narain	5	6	NA	2	NA	NA	1	No
Mr. N. Srinivasan	6	7	1	3	3	4	2	Yes
Mr. V. Srinivasa Rangan	5	6	NA	2	NA	3	NA	Yes
Mr. L. Ramkumar	3	NA	1	NA	NA	NA	NA	Yes
Mr. Nalin Mansukhlal Shah	5	6	NA	NA	NA	4	NA	Yes
Ms. Bharati Rao	3	NA	NA	NA	NA	NA	NA	NA
Mr. M.M. Murugappan	1	NA	NA	NA	No	NA	NA	NA
Mr. Vellayan Subbiah	6	NA	2	NA	3	4	2	Yes

**Note:**

The above reflects the attendance of directors at the meetings held during their term as a director / committee member.

**GENERAL BODY MEETINGS**

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

Year	Date and Time	Venue
2014	31 July, 2014 at 4.00 p.m.	-do-
2013	31 July, 2013 at 4.00 p.m.	-do-
2012	30 July, 2012 at 4.00 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai - 600 014

**DETAILS OF SPECIAL RESOLUTIONS PASSED**

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

Date of AGM	Details
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
31 July, 2014	1. Borrowing money up to ₹ 40,000 Crores under section 180(1)(c) of the Act 2. Issue of securities on private placement basis under section 42 of the Act 3. Payment of remuneration to non-executive directors under section 197 of the Act 4. To sell, mortgage and / or create charge under section 180(1)(a) of the Act

## POSTAL BALLOT

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

- Amendment to clause V of the Memorandum of Association of the company relating to increase in the authorised share capital of the company.
- Amendment to article 5(a) of the Articles of Association of the company relating to increase in the authorised share capital of the company.

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

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	455	101,984,471	99.999%
Dissent	17	696	0.001%
<b>Total</b>	<b>472</b>	<b>101,985,167</b>	<b>100.00%</b>

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

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	453	101,984,279	99.999
Dissent	19	888	0.001
<b>Total</b>	<b>472</b>	<b>101,985,167</b>	<b>100.00</b>

3. Special resolution pertaining to issue and allotment of 1% compulsorily convertible preference shares aggregating to about ₹ 500 crores on a preferential basis:

Particulars	No. of Ballots	No. of shares (Votes)	% on Total Shares (Votes) Received
Assent	446	101,983,286	99.998
Dissent	27	1,891	0.002
<b>Total</b>	<b>473</b>	<b>101,985,177</b>	<b>100.00</b>

### Proposed resolutions through postal ballot :

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

## COMPLIANCE REPORT

A detailed compliance report is placed before the board every quarter and highlights of the report is circulated to the board along with the agenda every quarter. The company secretary submits a compliance certificate to the board on a quarterly basis. 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, 2015, M/s. R. Sridharan & Associates, company secretaries have conducted the secretarial audit and the certificate was placed before the board and attached to this report.

## RECONCILIATION OF SHARE CAPITAL AUDIT

As required by the Securities and Exchange Board of India, quarterly audit of the company's share capital is being carried out

- Issue and allotment of 1% compulsorily convertible preference shares aggregating to about ₹ 500 crores on a preferential basis.

The postal ballot was conducted in accordance with the procedure laid down under section 110 of the Act read with rules made there under, by Mr. R. Sridharan of M/s. R. Sridharan & Associates, company secretaries. All the above resolutions were passed with requisite majority by the shareholders on 28 August, 2014. The results of the postal ballot are as follows:

by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The certificate issued by an independent practicing company secretary is submitted to the stock exchanges and is also placed before the board of directors.

## 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.



### PREVENTION OF INSIDER TRADING CODE

The board has adopted a code for the prevention of insider trading in the shares of the company. The code *inter alia* requires pre-clearance for dealing in the securities of the company and prohibits the purchase or sale of securities of the company while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed.

### 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, executive 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.

### Subsidiary companies

A policy on material subsidiaries has been formulated and the same is posted on the company's website (web link: <http://www.cholamandalam.com/company-policies.aspx>). The financial statements of subsidiary companies are tabled at the audit committee and board meetings every quarter. The company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company during the previous financial year or has generated 20% of the consolidated income of the holding company during the previous financial year.

### DISCLOSURES

#### Related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. 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.

Suitable disclosures as required in compliance with accounting standards with related parties are disclosed in note 31 of the financial statements in the annual report.

The board has put in place a policy on related party transactions and the same has been uploaded on the company's website (web link: <http://www.cholamandalam.com/company-policies.aspx>).

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

### Whistle blower mechanism

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.

### 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.

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

1. During the year, internal auditors have had separate discussions with the audit committee without the presence of the management team.
2. There are no audit qualifications in the company's financial statements or qualification or adverse remark by the company secretary in practice in his secretarial audit report for the FY15.

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

### 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 on the company's website [www.cholamandalam.com](http://www.cholamandalam.com). Press releases are given in the leading newspapers and also posted on the 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 the 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 : 24 April, 2015

**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, 2015, as envisaged in clause 49 of the listing agreement with stock exchanges.

Place: Chennai

Date: 24 April, 2015

**Vellayan Subbiah**

*Managing Director*

# Independent Auditors' Certificate on Corporate Governance

1. We, Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No.: 008072S), as Statutory Auditors of Cholamandalam Investment and Finance Company Limited ("the Company"), having its Registered Office at Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai – 600001, have examined the compliance of conditions of corporate governance by the Company, for the year ended on 31 March, 2015 as stipulated in Clause 49 of the Listing Agreement, as amended from time to time, of the Company with the stock exchanges.
2. We have been requested by the Management of the Company to provide a certificate on compliance of corporate governance under Clause 49 of the Listing Agreement, as amended from time to time.
3. The Management is responsible for the compliance of conditions of corporate governance. 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.
4. 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, as amended from time to time.
5. 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.

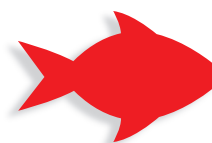
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.: 008072S)

**Geetha Suryanarayanan**  
Partner  
(Membership No.: 29519)

Place: Chennai

Date: 24 April, 2015

# General Shareholders Information



## REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER (CIN): L65993TN1978PLC007576

## ANNUAL GENERAL MEETING

Date	Time	Venue
31 July, 2015	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

Monday, the 27 July, 2015 to Friday, the 31 July, 2015 (both days inclusive)

## DIVIDEND PAYMENT DATE

The board at its meeting held on 27 January, 2015 had approved payment of an interim dividend for the year ending 31 March, 2015 on the equity shares at the rate of 25% (₹ 2.50 per equity share of ₹ 10/- each) and on 5,00,00,000 compulsorily convertible preference shares (CCPS) of ₹ 100 each carrying a preferential dividend of 1% per annum and fixed a record date of 6 February, 2015. The dividend was paid to all the equity shareholders by 14 February, 2015 and to the CCPS holder by 16 February, 2015.

The board at its meeting held on 24 April, 2015 has further recommended a final dividend of 10% (₹ 1 per equity share of ₹ 10/- each), for the year ended 31 March, 2015. The same will be paid within 7 days upon declaration by the shareholders at the ensuing annual general meeting.

## LISTING ON STOCK EXCHANGES

### Equity Shares:

<b>BSE Limited</b> Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400 001. Stock Code: 511243	<b>National Stock Exchange of India Limited</b> 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:

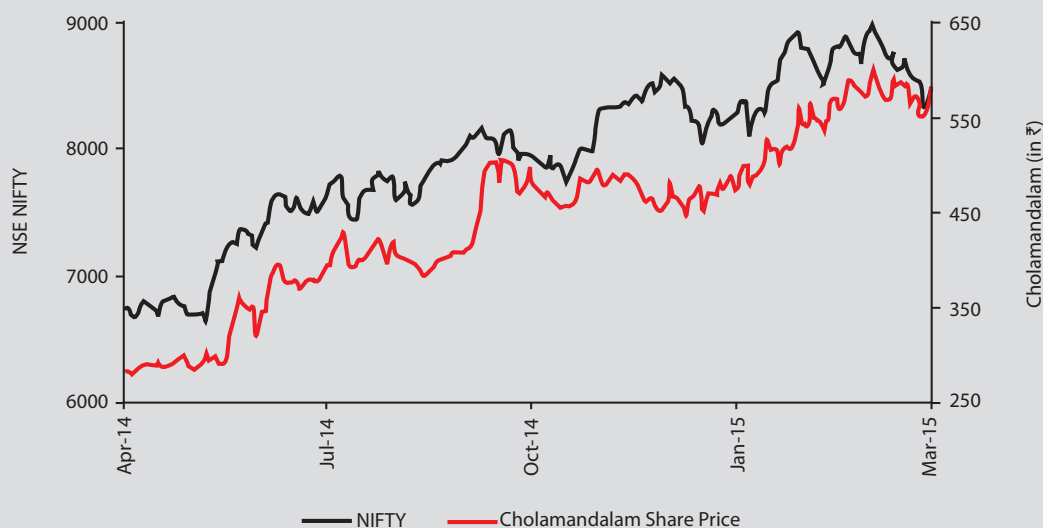
The Wholesale Debt Market (WDM) Segment of NSE and F – Class Segment of BSE.

The listing fees for FY15 were paid to the above stock exchanges.

**SHARE PRICE DATA**

(In ₹)

Month	BSE			NSE		
	High	Low	Vol.	High	Low	Vol.
April, 2014	304.75	278.40	83,018	305.00	273.50	570,649
May, 2014	379.95	278.00	205,200	308.45	278.15	1,090,795
June, 2014	398.80	333.00	131,426	400.00	327.00	1,039,672
July, 2014	459.75	351.00	174,330	460.00	380.30	1,046,916
August, 2014	417.50	376.50	151,212	418.00	380.00	241,639
September, 2014	525.00	401.30	315,523	518.00	400.10	876,120
October, 2014	516.00	450.05	41,581	505.00	450.05	270,748
November, 2014	500.80	443.90	41,081	504.50	443.00	302,248
December, 2014	493.40	433.70	104,019	494.75	432.60	576,463
January, 2015	570.00	470.00	7,607,064	569.70	469.00	4,756,989
February, 2015	598.80	530.10	223,113	597.70	531.00	838,704
March, 2015	617.45	542.00	102,318	618.00	542.00	882,291

**Cholamandalam 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)

Karvy Selenium Tower B

Plot 31-32, Gachibowli, Financial District

Nanakramguda, Hyderabad – 500 032, A.P.

Phone: 040-67162222

Fax: 040-23001153

E-mail : einward.ris@karvy.com

Contact person: Mrs. Varalakshmi P - Sr. Manager

**Share Transfer System**

For speedy processing of share transfers, the board has delegated powers to approve share transfers to the managing director up to certain limits and beyond that to the stakeholders' relationship committee. 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, 2015, 99.64% 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.

However, there are still 4,743 shareholders holding 0.36% of the company's shares in physical form. Those shareholders whose shares are held in physical mode may consider moving to dematerialised mode as it is a safer and easier way to hold and to transact in shares.

**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. The shareholders may 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 permit 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 register the e-mail ID with the Depository Participant, if the holding is in electronic mode. If shares are held in physical mode, the shareholders may give a positive consent in writing to RTA for receiving by electronic mode.

**Details of complaints received and redressed**

During the year, two investor service complaints relating to non-issuance of duplicate share certificate and non-payment of allotment money against shares which were forfeited were received. Both complaints were resolved to the satisfaction of the shareholders. There were no investor service complaints pending as on 31 March, 2015.

**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](mailto:investors@chola.murugappa.com).

**Payment of unclaimed / unpaid dividend**

In respect of unclaimed dividends, the company sends periodical reminders to the shareholders before transferring the matured but unclaimed dividends to the Investor Education and Protection Fund (IEPF) established by the central government. The dividends that are lying unclaimed / unpaid for a period of seven years are transferred from time to time to IEPF. The company has remitted ₹ 3.78 lakhs to IEPF during the year. In respect of such monies transferred to IEPF, the shareholders shall be entitled to get refund from IEPF in such manner as may be prescribed by the Ministry of Corporate Affairs.

**Year wise details of the dividends to be transferred to IEPF are given below:**

<b>FY to which the dividend relates</b>	<b>Date of declaration</b>	<b>Due date for transfer to IEPF</b>
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
- Final	31 July, 2014	04 September, 2021
2015		
- Interim	27 January, 2015	03 March, 2022

### Unclaimed Suspense Account

In terms of clause 5A of the listing agreement, all the shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed have been transferred into one folio in the name of Unclaimed Suspense Account and dematerialised. 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:

S. 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	1	1
3	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the year	1	1
4	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the end of the year	11	761

### Distribution of Shareholding as on 31 March, 2015

No. of shares held	No. of shareholders	No. of Shares	(%) of Shareholding
1 - 5000	15,954	1,490,370	1.04
5001 - 10000	969	736,074	0.51
10001 - 20000	524	771,907	0.54
20001 - 30000	217	555,571	0.39
30001 - 40000	94	336,063	0.23
40001 - 50000	77	351,009	0.24
50001 - 100000	147	1,061,213	0.74
100001 & Above	224	138,366,996	96.31
<b>TOTAL</b>	<b>18,206</b>	<b>143,669,203</b>	<b>100.00</b>

### SHAREHOLDING PATTERN:

Category	As on 31 March, 2015	
	No. of shares	% of shareholding
Promoter and promoter group	82,965,204	57.75
Public		
Multilateral Financial Institution	5,915,676	4.12
Foreign Institutional / Portfolio Investors	24,268,522	16.89
Foreign Corporate Bodies	8,714,363	6.07
Private Corporate Bodies	2,249,598	1.57
Mutual Funds and Trust	11,782,704	8.20
Resident Individuals and others	7,773,136	5.40
<b>TOTAL</b>	<b>143,669,203</b>	<b>100.00</b>

### 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.

### LOCATION

The company operates out of 534 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](mailto:sujathap@chola.murugappa.com)  
[investors@chola.murugappa.com](mailto:investors@chola.murugappa.com)

On behalf of the board

**M.B.N. Rao**  
Chairman

Place: Chennai  
Date : 24 April, 2015

# Independent Auditors' Report

TO  
THE MEMBERS OF

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

## Independent Auditors' Report (Contd.)

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditors' Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.: 008072S)

**Geetha Suryanarayanan**  
Partner  
(Membership No.: 29519)

Chennai, April 24, 2015



## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses 3(ii) and 3(vi) 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.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans, to a company covered in the Register maintained under Section 189 of the Companies Act 2013, in respect of such loans:
  - (a) The receipts of principal amounts and interest have been regular / as per stipulations.
  - (b) There were no overdue amounts remaining outstanding as at the year-end.
- (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. During the course of our audit we have not observed any 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) 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 73 to Section 76 and any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 as amended, 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 ₹ 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.
- (vi) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

## Annexure to the Independent Auditors' Report (Contd.)

- (c) Details of dues of Income-tax, Sales Tax and Value Added Tax which have not been deposited as on March 31, 2015 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, 2008-09 and 2011-12	1,926.26
Income Tax Act, 1961	Tax and Interest	Appellate Tribunal (ITAT)	1990-91, 1991-92, 2000-01 and 2006-07 to 2008-09	534.58
Income Tax Act, 1961	Tax and Interest	Madras High Court	2000-01, 2001-02 and 2002-03	30.02
Tamil Nadu General Sales Tax Act, 1959	TNGST	Sales Tax Appellate Tribunal	1995-96	986.98
Tamil Nadu VAT Act, 2006	Sales Tax	Appellate Assistant Commissioner Commercial Tax	2006-07 to 2014-15	1,817.76
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1995-96	11.83
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1993-94 and 1994-95	2.19
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	May 1997 to September 1997	2.03
Delhi Sales Tax Act, 1975	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	1991-92	7.58
Rajasthan VAT Act, 2003	Sales Tax	Deputy Commissioner (Admn)	April 2006 to June 2014	44.55
OVAT Act, 2004	Sales Tax	Joint Commissioner of Sales Tax (Appeals)	July 2007 to January 2013	42.00
OVAT Act, 2004	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	February 2012 to March 2014	298.56
Karnataka Sales Tax Act, 1957	Sales Tax	Joint Commissioner of Sales tax (Appeals)	2007-08 to 2013-14	357.46

- (d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (vii) 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.
- (viii) 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.

## Annexure to the Independent Auditors' Report (Contd.)

- (ix) 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.
- (x) 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.
- (xi) 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 ₹ 182.13 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.: 0080725)

**Geetha Suryanarayanan**

Partner

(Membership No.: 29519)

Chennai, April 24, 2015

# Balance Sheet

As at March 31, 2015

	Note No.	As at 31.03.2015	As at 31.03.2014
<b>₹ in lakhs</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	64,373.46	14,325.64
Reserves and surplus	4	252,892.04	215,144.48
		<b>317,265.50</b>	<b>229,470.12</b>
<b>Share Application Money pending Allotment</b>	3.3	67.86	0.94
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,244,750.00	983,300.00
Other long-term liabilities	6	4,258.82	3,260.18
Long-term provisions	7	32,055.66	30,226.49
		<b>1,281,064.48</b>	<b>1,016,786.67</b>
<b>Current liabilities</b>			
Short-term borrowings	5	267,834.02	316,525.29
Trade payables	8	15,071.48	12,456.28
Current maturities of long-term borrowings	5	434,940.00	509,494.00
Other current liabilities	8	64,553.47	65,021.50
Short-term provisions	7	6,525.81	4,925.43
		<b>788,924.78</b>	<b>908,422.50</b>
<b>TOTAL</b>		<b>2,387,322.62</b>	<b>2,154,680.23</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
(i) Tangible assets		6,472.13	6,791.64
(ii) Intangible assets		361.09	497.94
		<b>6,833.22</b>	<b>7,289.58</b>
Non-current investments	10	6,017.82	6,612.49
Deferred tax assets (Net)	11	18,362.13	12,964.87
Receivables under financing activity	12	1,546,796.92	1,335,100.91
Long-term loans and advances	13	6,275.46	7,167.60
Other non-current assets	14	60,508.64	61,217.93
		<b>1,644,794.19</b>	<b>1,430,353.38</b>
<b>Current assets</b>			
Current investments	15	730.20	1,630.26
Cash and cash equivalents	16	34,065.58	80,083.59
Receivables under financing activity	12	671,556.72	607,711.77
Short-term loans and advances	13	1,958.50	1,431.88
Other current assets	14	34,217.43	33,469.35
		<b>742,528.43</b>	<b>724,326.85</b>
<b>TOTAL</b>		<b>2,387,322.62</b>	<b>2,154,680.23</b>

See accompanying Notes forming part of the financial statements

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

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

**Geetha Suryanarayanan**  
Partner

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

# Statement of Profit and Loss

For the year ended March 31, 2015

		₹ in lakhs	
	Note No.	Year ended 31.03.2015	Year ended 31.03.2014
<b>Revenue</b>			
- Revenue from operations	17	369,045.82	326,177.93
- Other income	18	73.33	106.38
<b>Total Revenue</b>		<b>369,119.15</b>	<b>326,284.31</b>
<b>Expenses</b>			
- Finance costs	19	196,039.31	177,108.51
- Business origination outsourcing		18,695.62	19,731.62
- Employee benefits expense	20	22,173.78	18,749.90
- Other operating expenses	21	31,098.32	24,977.28
- Depreciation and amortisation expense	9	2,918.26	2,363.13
- Provisions and loan losses	22	32,471.81	28,333.31
<b>Total Expenses</b>		<b>303,397.10</b>	<b>271,263.75</b>
<b>Profit before tax</b>		<b>65,722.05</b>	<b>55,020.56</b>
<b>Tax expense / (benefit):</b>			
- Current tax			
- Current year - Expense		27,603.13	22,392.69
- Deferred tax	11	(5,397.26)	(3,773.43)
		<b>22,205.87</b>	<b>18,619.26</b>
<b>Profit after tax for the year</b>		<b>43,516.18</b>	<b>36,401.30</b>
Earnings per equity share of ₹ 10 each	23		
- Basic		30.09	25.43
- Diluted		29.97	25.38

See accompanying Notes forming part of the financial statements

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

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

**Geetha Suryanarayanan**  
Partner

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

# Cash Flow Statement

For the year ended March 31, 2015

₹ in lakhs

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>65,722.05</b>	<b>55,020.56</b>
Adjustments for :-		
Depreciation and amortisation expense	2,918.26	2,363.13
Provisions/(reversal of provisions) - Long Term		
- Standard Assets (Net)	295.17	415.89
- Non Performing Assets under Financing Activity (Net)	1,721.56	1,813.35
- Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(187.56)	-
- Diminution in Value of Investments	-	(1.10)
Provisions / (reversal of provisions) - Short Term		
- Standard Assets (Net)	1,411.08	243.86
- Non Performing Assets under Financing Activity (Net)	-	1,961.93
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	-	(74.70)
- Compensated Absences (Net)	135.00	(139.58)
Loss on Repossessed Assets (Net)	17,902.92	15,330.43
Loss assets written off	11,286.56	8,642.54
Investment Written Off	-	1.10
Finance Costs	196,039.31	177,108.51
Loss / (Gain) on Sale of Fixed Assets (Net)	58.86	(5.58)
Liability no longer required written back	(37.94)	(71.63)
Profit on Sale of Current Investments (Net)	(2,161.12)	(2,548.10)
Gain on prepayment of Commercial paper and Debentures (Net)	(25.97)	(187.95)
Interest Income on deposits	(5,953.81)	(4,856.89)
Interest on Investments	(98.97)	(137.01)
Dividend on Investments	-	(0.01)
	223,303.35	199,858.19
<b>Operating Profit Before Working Capital Changes</b>	<b>289,025.40</b>	<b>254,878.75</b>
Adjustments for :-		
(Increase)/Decrease in operating Assets - Current / short term		
- Receivables under Financing Activity (including Repossessed Assets)	(269,587.10)	(448,226.77)
- Other Current Assets	(1,454.66)	(5,728.16)
- Loans and advances	(526.62)	(189.83)
	(271,568.38)	(454,144.76)
(Increase)/Decrease in operating Assets - Non Current / Long term		
- Receivables under Financing Activity	(211,696.01)	(187,737.64)
- Other Non Current Assets	640.07	(15,544.53)
- Loans and advances	763.53	(904.28)
	(210,292.41)	(204,186.45)
Securitisation of Receivables	175,695.37	338,078.00
Increase/(Decrease) in operating liabilities		
- Current & Short term liabilities	2,920.18	2,906.99
- Long term liabilities	9.83	0.28
<b>Cash Used in Operations</b>	<b>(14,210.01)</b>	<b>(62,467.19)</b>
Finance Costs paid	(194,410.90)	(166,926.28)
Interest Received on Bank Deposits and Other Investments	6,351.92	4,939.60
Profit on Sale of Current Investments (Net)	2,161.12	2,548.10
Direct Taxes Paid	(26,984.36)	(23,190.50)
<b>Net Cash Used in Operating Activities (A)</b>	<b>(227,092.23)</b>	<b>(245,096.27)</b>



# Cash Flow Statement (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>Cash Flow from Investing Activities</b>		
Bank Deposits and Unpaid Dividend Accounts (See Note below)	(2,482.43)	(5,743.41)
Purchase of Fixed Assets	(3,089.70)	(2,653.41)
Proceeds from Sale of Fixed Assets	78.78	35.17
Investment in Subsidiary Company	(200.00)	-
Purchase of Other Investments	(2,623,500.00)	(2,571,328.04)
Sale / Redemption of Other Investments	2,625,194.73	2,571,626.84
Dividend Received on Investments	-	0.01
<b>Net Cash Used in Investing Activities (B)</b>	<b>(3,998.62)</b>	<b>(8,062.84)</b>
<b>Cash Flow from Financing Activities</b>		
Net Proceeds from issue of Share Capital (Including Securities Premium)	50,731.91	150.79
Proceeds from issue of long-term debentures	271,220.00	189,360.00
Redemption of long-term debentures	(188,150.00)	(135,820.00)
Borrowing - Term Loan from Banks	450,000.00	478,000.00
Repayment - Term Loans from Banks	(348,474.00)	(269,494.00)
Proceeds from Inter - Corporate Deposits - Subsidiary	2,300.00	-
Repayment of Inter - Corporate Deposits - Subsidiary	(1,800.00)	-
Increase / Decrease in short term borrowings	(46,891.27)	138,204.73
Decrease in Fixed Deposits	(12.85)	18.24
Dividends Paid (Including Distribution Tax)	(6,333.38)	(5,860.92)
<b>Net Cash From Financing Activities (C)</b>	<b>182,590.41</b>	<b>275,080.91</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(48,500.44)</b>	<b>21,921.80</b>
Cash and Cash Equivalents at the Beginning of the Year	67,498.01	45,562.96
Add: Cash and cash equivalents received pursuant to the merger	-	13.25
Cash and Cash Equivalents at the End of the Year	18,997.57	67,498.01
<b>Note:</b>		
Cash and Cash Equivalents at the End of the Year as per Balance Sheet	34,065.58	80,083.59
Less: Balance in Current Accounts held for Unpaid Dividends	32.89	34.78
Less: Bank Deposits held for More than Three Months	1,117.96	1,013.62
Less: Bank Deposits under Lien	13,917.16	11,537.18
	18,997.57	67,498.01

See accompanying Notes forming part of the financial statements

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

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

**Geetha Suryanarayanan**  
Partner

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Notes forming part of the Financial statements

For the year ended March 31, 2015

**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 and corporate mortgage 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 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 the 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 the 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.

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

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

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.

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.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### 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 tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Useful life of assets as per Schedule II

Asset Description	Estimated Useful Life
Buildings	60 years
Plant and Machinery - Computer Equipment	3 years
Office Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on Management's estimation

Asset Description	Estimated Useful Life
Plant and Machinery - Others*	5 years
Furniture and Fixtures*	5 years
Vehicles*	5 years

\*Estimated useful life of these assets are based on usage and replacement policy of such assets.

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

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License Period or 3 years, whichever is lower

The estimated useful life 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 the lower of cost and fair value.

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

### g) Receivables under Financing Activity, Provisioning and De-recognition

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

- (i) Unearned income
- (ii) Installments 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 the minimum provisioning requirements specified by the 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 the RBI.

The Company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### h) Repossessed Assets

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

### i) Retirement and Other Benefits

#### (i) Defined Contribution Plans:

**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.

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

#### (iii) Long-term compensated absences

The Company treats 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.

While the long-term compensated absences is treated as long-term employee benefit for measurement purpose, it is presented as current provision in the Balance Sheet since, the Company does not have an unconditional right to defer its settlement for 12 months after its reporting date.

#### (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 :

- 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.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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) Business Origination and Outsourcing

Business Origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period incurred.

### n) 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.

### o) Taxation

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

**Deferred Tax:** Deferred tax is recognised, on timing differences, being the difference between the taxable income and the 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 liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the 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.

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

### p) Employee share based payments

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

### q) 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

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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 neither recognised nor disclosed in the financial statements.

### r) Segment Reporting

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

### s) Finance Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Discount on Commercial papers and Zero Coupon bonds is amortised over the tenor of the underlying instrument. Premium payable on redemption of debentures is accrued over the tenor of the debentures.

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is 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.

### t) Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. The balance of Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

### u) 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.

### v) 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. All Non performing assets are classified as Non-Current.

## 2. a) 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



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

date of April 1, 2012 and was effective from May 24, 2013, being date of filing the order with the Registrar of Companies. In accordance with the said Scheme, the Company accounted for this amalgamation in the nature of merger under the pooling-of-interest method, during the previous year ended March 31, 2014 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 April 1, 2013.
- ii. The net asset value of CFACT of ₹ 411.61 lakhs as on April 1, 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 April 1, 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 April 1, 2012 and April 1, 2013 aggregating to ₹ 49.23 lakhs has been debited to opening balance in "Surplus in the Statement of Profit and Loss" of the Company.

### b) Early adoption of Provision for Non-performing assets and Standard assets

The Reserve bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016. During the year, the Company has early

adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2016.

### c) Expenditure towards Corporate Social Responsibility (CSR) activities

Nature of Activity	Partner Entity	Amount (₹ lakhs)
Health Care - Renovation and Expansion of Hospital – Chennai	AMM Foundation	332.00
Research on sustainable agricultural practices	Shri AMM Murugappa Chettiar Research Centre	55.00
Research on Nutritional supplements for rural communities	Shri AMM Murugappa Chettiar Research Centre	45.00
Infrastructure - Hostel for students pursuing management course	Institute for Financial Management and Research	78.00
Education – School Bus and Lab	Isha Leadership Academy	48.43
Sanitation facility for farming community	Bala Vikasa Social Service Society	10.00
Student Scholarships	The Little Theatre	3.00
Consultancy Charges	Hemantha Kumar Pamarthy	2.51
	<b>Total</b>	<b>573.94</b>
Amount required to be spent u/s 135 of the Companies Act, 2013		860.74
Shortfall in spend		286.80

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

₹ in lakhs

Particulars	As at 31.03.2015		As at 31.03.2014	
	Nos.	Amount	Nos.	Amount
<b>NOTE : 3 SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of ₹ 10 each	240,000,000	24,000.00	240,000,000	24,000.00
Preference Shares of ₹ 100 each	50,000,000	50,000.00	30,000,000	30,000.00
		<b>74,000.00</b>		<b>54,000.00</b>
<b>ISSUED</b>				
Equity Shares of ₹ 10 each	143,805,957	14,380.60	143,327,788	14,332.78
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
1% Compulsorily Convertible Preference Shares (CCPS) of ₹ 100 each	50,000,000	50,000.00		-
		<b>64,380.60</b>		<b>44,332.78</b>
<b>SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of ₹ 10 each	143,669,203	14,366.92	143,191,034	14,319.10
Add : Forfeited Shares	130,900	6.54	130,900	6.54
		14,373.46		14,325.64
1% Compulsorily Convertible Preference Shares of ₹ 100 each	50,000,000	50,000.00		-
		50,000.00		-
		<b>64,373.46</b>		<b>14,325.64</b>

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

₹ in lakhs

Particulars	As at 31.03.2015		As at 31.03.2014	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
At the beginning of the year	143,191,034	14,319.10	143,107,741	14,310.77
Issued during the year - Employees Stock Option Scheme	478,169	47.82	83,293	8.33
Outstanding at the end of the year	<b>143,669,203</b>	<b>14,366.92</b>	<b>143,191,034</b>	<b>14,319.10</b>
<b>Forfeited shares</b>				
Equity Shares - Amount originally paid up	<b>130,900</b>	<b>6.54</b>	<b>130,900</b>	<b>6.54</b>
<b>1% Compulsory Convertible Preference Shares</b>				
At the beginning of the year	-	-	-	-
Issued during the year on preferential basis	50,000,000	50,000.00	-	-
<b>Outstanding at the end of the year</b>	<b>50,000,000</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>

**b) (i) 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.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### b) (ii) Terms/rights attached to Preference shares:

The CCPS shall be converted into equity shares at the expiry of 12 months from the date of allotment or earlier at the discretion of the Board at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share) and has been subscribed by Dynasty Acquisition (FDI) Ltd. The preferential dividend is cumulative and shall be paid in full on or prior to the Conversion Date.

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

Particulars	As at 31.03.2015	As at 31.03.2014
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:

#### i) Equity Shares

Particulars	As at 31.03.2015		As at 31.03.2014	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	72,233,019	50.28	72,233,019	50.45
Ambadi Investments Private Limited	-	-	7,218,410	5.04
Ambadi Holdings Private Limited	7,218,410	5.02	-	-
International Finance Corporation	5,915,676	4.12	11,831,352	8.26

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.

#### ii) CCPS - Refer Note 3(b)(ii)

### e) Shares reserved for issue under options:

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

- 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 was increased to ₹ 54,000 lakhs, which comprised of 240,000,000 equity shares of ₹ 10 each amounting to ₹ 24,000 lakhs and 30,000,000 preference shares of ₹ 100 each amounting to ₹ 30,000 lakhs. (Refer Note 2a).
- 3.2 The shareholders of the Company approved the increase in Authorised Share Capital from ₹ 54,000 lakhs to ₹ 74,000 lakhs by way of postal ballot on August 28, 2014. This comprises of 240,000,000 equity shares of ₹ 10 each amounting to ₹ 24,000 lakhs and 50,000,000 preference shares of ₹ 100 each amounting to ₹ 50,000 lakhs.
- 3.3 As at March 31 2015, the Company has received an amount of ₹ 67.86 lakhs (As at March 31, 2014 – ₹ 0.94 lakh) towards share application money for 37,960 equity shares of the Company pursuant to Employee Stock Option plan. These shares have been subsequently allotted on April 8, 2015.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 4 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance at the beginning of the year	3.97	0.03
Add: Adjustment pursuant to Scheme of Amalgamation (Refer Note 2a)	-	3.94
<b>Closing balance</b>	<b>3.97</b>	<b>3.97</b>
<b>Capital Redemption Reserve (Refer Note 4.1)</b>	<b>3,300.00</b>	<b>3,300.00</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	116,485.97	116,344.45
Add: Premium on ESOPs exercised	822.56	141.52
Less: Share issue expenses	(205.39)	-
<b>Closing balance</b>	<b>117,103.14</b>	<b>116,485.97</b>
<b>Statutory Reserve (Refer Note 4.2)</b>		
Balance at the beginning of the year	26,046.48	18,724.82
Add: Amount transferred from surplus in the Statement of Profit and Loss	9,000.00	7,281.00
Adjustment pursuant to Scheme of Amalgamation (Refer Note 2a)	-	40.66
<b>Closing balance</b>	<b>35,046.48</b>	<b>26,046.48</b>
<b>General Reserve</b>		
Balance at the beginning of the year	38,776.51	31,426.13
Add: Amount transferred from surplus in the Statement of Profit and Loss	40,000.00	5,000.00
Adjustment pursuant to Scheme of Amalgamation	-	4.91
Deferred tax adjustment consequent to the Scheme of Amalgamation (Refer Note 2a)	-	2,345.47
<b>Closing balance</b>	<b>78,776.51</b>	<b>38,776.51</b>
<b>Surplus in the Statement of Profit and loss</b>		
Balance at the beginning of the year	30,531.55	12,363.95
Profit for the year	43,516.18	36,401.30
Adjustment for the year 2012-13 pursuant to Scheme of Amalgamation (Refer Note 2a)	-	(49.23)
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)	(2.31)	(0.43)
Equity Interim - Paid (₹ 2.50 per share)	(3,590.40)	(3,579.26)
Equity - Proposed (₹ 1.00 per share)	(1,437.07)	(1,431.97)
Preference	(287.67)	-
Distribution tax on Equity Dividend	(1,010.82)	(851.73)
Distribution tax on Preference Dividend	(57.52)	-
Transfer to Statutory Reserve	(9,000.00)	(7,281.00)
Transfer to General Reserve	(40,000.00)	(5,000.00)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>18,661.94</b>	<b>30,531.55</b>
<b>Total Reserves and Surplus</b>	<b>252,892.04</b>	<b>215,144.48</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

- 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 231,596 shares (March 31 2014 - 42,828) shares which were allotted to the employees under the Employee Stock Option Scheme, 2007 after March 31, 2014 but before July 31, 2014 (book closure date).

	₹ in lakhs			
	Non-Current		Current	
Particulars	As at 31.03.2015		As at 31.03.2014	
<b>NOTE : 5 BORROWINGS</b>				
<b>LONG - TERM</b>				
Redeemable Non-Convertible Debentures				
Medium Term - Secured	263,080.00	215,520.00	133,790.00	141,020.00
- Refer Note 5.1 (i) & 5.2 (i) to (iv)				
Subordinated Debt - Unsecured	150,800.00	94,800.00	-	20,000.00
- Refer Note 5.2 (v)				
Perpetual Debt - Unsecured	110,070.00	103,330.00	-	-
- Refer Note 5.2 (vi)				
Term Loan				
Rupee Loans from Banks - Secured	718,500.00	569,650.00	301,150.00	342,483.00
- Refer Note 5.1 (ii) & 5.2 (vii)				
Foreign currency Loans from Banks - Secured	-	-	-	5,991.00
- Refer Note 5.1(ii) & 5.2 (vii)				
Inter-corporate Deposit - Unsecured from subsidiaries (Refer Note 31)	2,300.00	-	-	-
	<b>1,244,750.00</b>	<b>983,300.00</b>	<b>434,940.00</b>	<b>509,494.00</b>
The above amount includes				
Secured borrowings	981,580.00	785,170.00	434,940.00	489,494.00
Unsecured borrowings	263,170.00	198,130.00	-	20,000.00
Amount disclosed under the head "Current Maturities of Long term borrowings"	-	-	(434,940.00)	(509,494.00)
	<b>1,244,750.00</b>	<b>983,300.00</b>	-	-
<b>SHORT - TERM</b>				
Working Capital Demand loans and Cash Credit from Banks - Secured - (Refer Note 5.1(iii))	-	-	220,384.02	260,055.29
Commercial Paper - Unsecured	-	-	47,250.00	54,670.00
Inter-corporate Deposit - Unsecured from subsidiaries (Refer Note 31)	-	-	200.00	1,800.00
	-	-	<b>267,834.02</b>	<b>316,525.29</b>
The above amount includes				
Secured borrowings	-	-	220,384.02	260,055.29
Unsecured borrowings	-	-	47,450.00	56,470.00
	-	-	<b>267,834.02</b>	<b>316,525.29</b>

### 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.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

- (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) Working Capital Demand loans and Cash Credit from banks are secured by way of 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 %
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
750	1,000,000	7,500	-	Aug-19	9.90
300	1,000,000	3,000	-	Jul-19	9.90
100	1,000,000	1,000	-	Jun-19	9.90
2000	1,000,000	20,000	20,000	Sep-18	11.00
1400	1,000,000	14,000	14,000	May-18	9.60 to 9.65
1000	1,000,000	10,000	-	Mar-18	9.35
2500	1,000,000	25,000	25,000	Dec-17	10.50
1300	1,000,000	13,000	-	Nov-17	9.55
650	1,000,000	6,500	-	Jul-17	9.90
505	1,000,000	5,050	-	Jun-17	9.90
500	1,000,000	5,000	-	Mar-17	9.52
250	1,000,000	2,500	2,500	Jan-17	10.25
2000	1,000,000	20,000	20,000	Sep-16	11.00
550	1,000,000	5,500	-	Aug-16	8.91 to 9.81
450	1,000,000	4,500	-	Jul-16	9.90
5300	1,000,000	53,000	-	Jun-16	9.65 to 9.90
2550	1,000,000	25,500	25,500	May-16	9.40 to 9.60
2000	1,000,000	20,000	-	Mar-16	9.63 to 9.64
5900	1,000,000	59,000	25,000	Dec-15	9.77 to 10.50
250	1,000,000	2,500	2,500	Jun-15	10.67
3100	1,000,000	31,000	41,000	May-15	9.50 to 9.60
250	1,000,000	2,500	2,500	Apr-15	10.20
1350	1,000,000	-	13,500	Mar-15	9.50 to 10.07
600	1,000,000	-	6,000	Nov-14	10.05 to 10.90
400	1,000,000	-	4,000	Oct-14	10.08
2600	1,000,000	-	26,000	Sep-14	10.30 to 10.90
500	1,000,000	-	5,000	Aug-14	10.55
250	1,000,000	-	2,500	Jul-14	10.55
2850	1,000,000	-	28,500	Jun-14	10.77 to 10.95
805	1,000,000	-	8,050	Apr-14	9.70 to 9.82
		<b>336,050</b>	<b>271,550</b>		



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### (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 ₹
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
250	1,000,000	2,500	-	Mar-19	1,623,240
100	1,000,000	1,000	-	Mar-19	1,619,345
160	1,000,000	1,600	1,600	Feb-19	1,635,566
100	1,000,000	1,000	1,000	May-18	1,580,260
110	1,000,000	1,100	-	Dec-17	1,360,923
110	1,000,000	1,100	-	Oct-17	1,317,130
100	1,000,000	1,000	-	Aug-17	1,320,598
75	1,000,000	750	-	Jul-17	1,323,949
170	1,000,000	1,700	-	Jun-17	1,311,675
267	1,000,000	2,670	-	Jun-17	1,314,349
600	1,000,000	6,000	-	Dec-16	1,207,943
250	1,000,000	2,500	-	Nov-16	1,198,622
80	1,000,000	800	-	Nov-16	1,196,826
210	1,000,000	2,100	-	Sep-16	1,204,369
145	1,000,000	1,450	-	Aug-16	1,206,965
190	1,000,000	1,900	-	Aug-16	1,202,972
80	1,000,000	800	-	Aug-16	1,205,120
40	1,000,000	400	-	Aug-16	1,204,987
100	1,000,000	1,000	-	Aug-16	1,207,458
100	1,000,000	1,000	-	Jul-16	1,212,495
236	1,000,000	2,360	-	Jun-16	1,201,019
250	1,000,000	2,500	2,500	May-16	1,317,510
50	1,000,000	500	500	May-16	1,330,118
250	1,000,000	2,500	2,500	May-16	1,314,733
180	1,000,000	1,800	-	Apr-16	1,209,052
300	1,000,000	3,000	-	Mar-16	1,136,366
100	1,000,000	1,000	1,000	Mar-16	1,310,710
250	1,000,000	2,500	2,500	Jan-16	1,275,288
250	1,000,000	2,500	-	Dec-15	1,144,977
100	1,000,000	1,000	-	Dec-15	1,145,121
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	13,63,970
225	1,000,000	2,250	2,250	May-15	1,348,378
100	1,000,000	1,000	1,000	Apr-15	1,200,660
97	1,000,000	970	970	Apr-15	13,36,573
113	1,000,000	-	1,130	Apr-15	1,331,826
137	1,000,000	-	1,370	Mar-15	1,320,885
300	1,000,000	-	3,000	Feb-15	1,332,073
50	1,000,000	-	500	Jan-15	1,332,420

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

(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 ₹
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
150	1,000,000	-	1,500	Dec-14	1,335,731
600	1,000,000	-	6,000	Nov-14	1,354,707
600	1,000,000	-	6,000	Nov-14	1,349,068
250	1,000,000	-	2,500	Jun-14	1,227,000
330	1,000,000	-	3,300	May-14	1,220,232
180	1,000,000	-	1,800	Apr-14	1,218,469
150	1,000,000	-	1,500	Apr-14	1,211,490
500	1,000,000	-	5,000	Apr-14	1,102,376
		<b>60,820</b>	<b>53,990</b>		

(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 %
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
500	1,000,000	-	5,000	Aug-14	10.15
		-	<b>5,000</b>		

(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 %
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
1,600	1,000,000	-	16,000	May-15	9.5*
1,000	1,000,000	-	10,000	Sep-14	10.45
		-	<b>26,000</b>		

\* Call option exercised by the Company on Jun 20, 2014 for ₹ 16,000 lakhs

	Non - Current		Current		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Redeemable at par - No put call option	221,050	178,000	115,000	93,550	336,050	271,550
Redeemable at premium - No put call option	42,030	21,520	18,790	32,470	60,820	53,990
Redeemable at par - with put option	-	-	-	5,000	-	5,000
Redeemable at par - with call option	-	16,000	-	10,000	-	26,000
	<b>263,080</b>	<b>215,520</b>	<b>133,790</b>	<b>141,020</b>	<b>396,870</b>	<b>356,540</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

(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 %
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
150	1,000,000	1,500	-	Jun-24	11.00
50	1,000,000	500	-	May-24	11.00
250	1,000,000	2,500	-	Apr-24	11.00
250	1,000,000	2,500	2,500	Mar-24	11.00
200	1,000,000	2,000	2,000	Feb-24	11.00
250	1,000,000	2,500	2,500	Jan-24	11.00
150	1,000,000	1,500	1,500	Sep-23	11.00
600	1,000,000	6,000	6,000	Dec-22	11.05 to 11.25
3150	1,000,000	31,500	-	Nov-21	10.02
1000	1,000,000	10,000	-	Jun-21	11.30
1000	1,000,000	10,000	-	May-21	11.30
100	1,000,000	1,000	1,000	Mar-21	11.00
100	1,000,000	1,000	1,000	Feb-21	11.00
150	1,000,000	1,500	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	Feb-15	11.25
1000	1,000,000	-	10,000	Dec-14	12.65
		<b>150,800</b>	<b>114,800</b>		

(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)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
500	500,000	2,500	-	Aug-24	12.80
174	1,000,000	1,740	-	Jul-24	12.90
500	500,000	2,500	-	Jun-24	12.90
500	500,000	2,500	2,500	Feb-24	12.90
50	1,000,000	500	500	Jan-24	12.60

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### (vi) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt (Contd.)

No. of Debentures	Face Value ₹	Balance as at		Maturity Date (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2015 ₹ in lakhs	31.03.2014 ₹ in lakhs		
1031	1,000,000	10,310	10,310	Dec-23	12.50 to 12.60
245	1,000,000	2,450	2,450	Oct-23	12.60
1000	500,000	5,000	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
		<b>110,070</b>	<b>103,330</b>		

### (vii) Details of term loans

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2015	31.03.2014	31.03.2015	31.03.2014
Base Rate	< 1 year	1	-	-	150,000	-
		2	-	-	4,150	-
		4	-	-	35,000	-
	1 - 2 years	1	257,500	20,000	-	7,500
		4	42,500	-	15,000	-
	2 - 3 years	1	67,500	212,500	-	72,500
		2	-	4,150	-	24,150
		3	10,000	-	5,000	-
		4	30,000	65,000	-	12,500
		5	78,000	-	7,000	-
Base Rate + spread (0.05% to 0.40%)	< 1 year	1	-	-	-	40,500
		4	-	-	7,500	-
		6	-	-	7,500	-
	1 - 2 years	1	115,000	-	-	53,333
		2	10,000	-	10,000	-
		4	15,000	-	5,000	-
		6	-	7,500	-	7,500
	2 - 3 years	1	-	205,000	-	30,000
		3	-	-	-	37,500

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

(vii) Details of term loans (Contd.)

						₹ in lakhs
Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2015	31.03.2014	31.03.2015	31.03.2014
		4	25,000	7,500	5,000	22,500
		5	42,000	-	28,000	-
		8	-	20,000	-	-
		10	-	18,000	-	12,000
Fixed Rate	< 1 year	1	-	-	10,000	-
	1 - 2 years	1	-	-	-	7,500
		3	-	-	-	15,000
		10	6,000	-	12,000	-
	2 - 3 years	1	20,000	10,000	-	-
<b>Total</b>			<b>718,500</b>	<b>569,650</b>	<b>301,150</b>	<b>342,483</b>
USD 12M LIBOR	< 1 year	1	-	-	-	5,991
+ Spread						
<b>Total</b>				-	-	<b>5,991</b>

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

			₹ in lakhs
Particulars			
	As at	As at	
	31.03.2015	31.03.2014	
<b>NOTE : 6 OTHER LONG - TERM LIABILITIES</b>			
Advances from Customers	105.30	80.00	
Interest Accrued but not due on borrowings	3,927.03	2,938.22	
Deferred Rent	226.49	241.96	
	<b>4,258.82</b>	<b>3,260.18</b>	

					₹ in lakhs
Particulars	Long-term		Short-term		
	As at	As at	As at	As at	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
<b>NOTE : 7 PROVISIONS</b>					
Provision for Employee Benefits					
- Compensated Absences (Refer Note 29 B)	-	-	1,043.14	908.14	
	-	-	<b>1,043.14</b>	<b>908.14</b>	
Other Provisions					
Provision for Standard Assets (Refer Note 33 and Note 2b)	3,561.68	3,266.51	2,960.67	1,549.59	
Provision for Non performing Assets (Refer Note 33 and Note 2b)	27,928.10	26,206.54	-	-	
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 33)	565.88	753.44	-	-	
Provision for Contingent Service Tax claims (Refer Note 33)	-	-	792.37	792.37	
Proposed Dividend - Equity	-	-	1,437.07	1,431.97	
Provision for Distribution tax on proposed Dividend - Equity	-	-	292.56	243.36	
	<b>32,055.66</b>	<b>30,226.49</b>	<b>5,482.67</b>	<b>4,017.29</b>	
	<b>32,055.66</b>	<b>30,226.49</b>	<b>6,525.81</b>	<b>4,925.43</b>	

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 8 OTHER CURRENT LIABILITIES</b>		
<b>Trade payables</b>		
- Outstanding dues to Micro, Small and Medium Enterprises (Refer Note 27)	-	1.54
- Others	15,071.48	12,454.74
	<b>15,071.48</b>	<b>12,456.28</b>
<b>Other current liabilities</b>		
Interest Accrued but Not Due on Borrowings / Other Deposits	37,342.21	38,062.54
Income received in advance	21.47	1.52
Unpaid Dividend (Refer Note 8.1)	32.89	34.78
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 & 8.3)	8.44	21.29
Advances from customers	1,940.42	1,852.40
Security Deposits received	431.28	473.74
Remittances payable - Derecognised assets (Refer Note 16.1)	22,974.64	22,857.90
Insurance premium collected from customers	801.64	1,001.35
Statutory dues	484.66	344.59
Other liabilities*	515.82	371.39
	<b>64,553.47</b>	<b>65,021.50</b>
<b>* Other liabilities include</b>		
Dues to subsidiaries - Cholamandalam Securities Limited	0.34	6.84
Provision for Gratuity (Refer Note 29A)	201.61	13.88

- 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 March 31, 2015, in respect of overdue amounts totalling to ₹ 0.11 lakh (March 31, 2014 - ₹ 0.11 lakh), 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 December 11, 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 November 01, 2006, the Company has a total deposit of ₹ 14.94 lakhs as at March 31, 2015 (March 31, 2014 - ₹ 26.91 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 16.



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 9 FIXED ASSETS

As at March 31, 2015

Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block as at	
	Cost as at 31.03.2014	Additions	Deletions	Cost as at 31.03.2015	Upto 31.03.2014	Provided for the year during the year	Withdrawn during the year	Upto 31.03.2015
<b>Tangible Asset (owned)</b>								
Freehold Land	464.19	-	-	464.19	-	-	-	464.19
Buildings (Refer Note 9.1)	3,463.77	-	-	3,463.77	727.78	79.45	-	2,656.54
Plant and Machinery	3,101.75	765.62	324.30	3,543.07	2,156.80	820.08	324.29	890.48
Office Equipment	1,475.89	337.89	57.18	1,756.60	871.46	349.32	43.06	578.88
Furniture and Fixtures	1,629.33	405.98	71.62	1,963.69	1,025.86	368.03	60.92	630.72
Leasehold Improvements	2,183.03	424.28	196.45	2,410.86	1,185.34	709.20	156.94	673.26
Vehicles	699.79	369.62	182.93	886.48	258.87	159.18	109.63	578.06
<b>Total</b>	<b>13,017.75</b>	<b>2,303.39</b>	<b>832.48</b>	<b>14,488.66</b>	<b>6,226.11</b>	<b>2,485.26</b>	<b>694.84</b>	<b>8,016.53</b>
<b>Intangible Asset (acquired)</b>								
- Computer Software	2,935.62	296.15	-	3,231.77	2,437.68	433.00	-	361.09
<b>Total</b>	<b>2,935.62</b>	<b>296.15</b>	<b>-</b>	<b>3,231.77</b>	<b>2,437.68</b>	<b>433.00</b>	<b>-</b>	<b>2,870.68</b>
								<b>497.94</b>
								<b>361.09</b>
								<b>497.94</b>

₹ in lakhs

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 9 FIXED ASSETS

As at March 31, 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 for the year	Provided during the year	Upto 31.03.2014	31.03.2013 31.03.2014
<b>Tangible Asset (owned)</b>								
Freehold Land	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
Plant and Machinery	2,387.24	758.32	43.81	3,101.75	1,591.07	609.42	2,156.80	944.95
Office Equipment	1,136.72	368.02	28.85	1,475.89	647.88	242.17	871.46	604.43
Furniture and Fixtures	1,308.03	321.42	0.12	1,629.33	709.99	315.99	1,025.86	603.47
Leasehold Improvements	1,525.29	674.15	16.41	2,183.03	657.97	543.32	1,185.34	997.69
Vehicles	564.20	192.94	57.35	699.79	168.55	129.45	258.87	440.92
<b>Total</b>	<b>10,849.44</b>	<b>2,314.85</b>	<b>146.54</b>	<b>13,017.75</b>	<b>4,331.22</b>	<b>2,012.37</b>	<b>6,226.11</b>	<b>6,791.64</b>
<b>Intangible Asset (acquired)</b>								
- Computer Software	2,698.84	302.13	65.35	2,935.62	2,151.74	350.76	2,437.68	497.94
<b>Total</b>	<b>2,698.84</b>	<b>302.13</b>	<b>65.35</b>	<b>2,935.62</b>	<b>2,151.74</b>	<b>350.76</b>	<b>2,437.68</b>	<b>497.94</b>
								<b>547.10</b>
								<b>547.10</b>

Note:

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

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 10 NON - CURRENT INVESTMENTS</b> (Valued at cost unless stated otherwise)		
<b>Trade Investments - Unquoted</b>		
Investment in Equity shares of subsidiaries		
Cholamandalam Distribution Services Limited 42,400,000 Equity shares (As at March 31, 2014 - 42,400,000 Equity Shares) of ₹ 10 each fully paid up	4,240.00	4,240.00
Cholamandalam Securities Limited 22,500,014 Equity shares of (As at March 31, 2014 - 20,500,014 Equity Shares) of ₹ 10 each fully paid up	2,250.00	2,050.00
	6,490.00	6,290.00
Less: Provision for diminution in the value of investment	(953.00)	(953.00)
<b>Total (a)</b>	<b>5,537.00</b>	<b>5,337.00</b>
<b>Non Trade Investments</b>		
Investment in Equity shares - <b>Unquoted</b>		
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
<b>Add: Pursuant to merger of Cholamandalam Factoring Limited</b>		
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	1.91 0	1.91 0
Investment in other shares - <b>Unquoted</b>		
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only	0	0
Investment in Pass Through Certificates - <b>Unquoted</b>	1,079.72	2,774.45
Amount disclosed under Current Investments	(730.20)	(1,630.26)
	<b>349.52</b>	<b>1,144.19</b>
<b>Total (b)</b>	<b>480.82</b>	<b>1,275.49</b>
<b>Total Non-current Investments (a + b)</b>	<b>6,017.82</b>	<b>6,612.49</b>
Aggregate Value of Unquoted Investments - At Cost	6,970.82	7,565.49
Aggregate provision for diminution in the value of investments	953.00	953.00

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE 11 DEFERRED TAX ASSETS (Net)</b>		
<b>Deferred Tax Assets</b>		
Provision for Standard Assets	2,257.25	1,636.99
Provision for Non-Performing Assets	9,665.36	8,907.60
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	195.84	256.10
Provision for Repossessed Stock	912.52	842.88
Provision for Contingent Service Tax	274.22	269.33
Interest Income Derecognised on Non- Performing Assets	3,639.56	2,119.00
Unrealised Excess Interest Spread on Assignment/Securitisation	2,527.98	494.55
Provision for compensated absences	361.01	308.68
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	458.27	200.68
Others	148.14	82.25
(A)	<b>20,440.15</b>	<b>15,118.06</b>
<b>Deferred Tax Liability</b>		
Unamortised Prepaid Finance Charges	2,078.02	2,153.19
(B)	<b>2,078.02</b>	<b>2,153.19</b>
<b>Net Deferred Tax Assets (A) - (B)</b>	<b>18,362.13</b>	<b>12,964.87</b>
<b>Movement in Net Deferred Tax Asset during the year</b>	<b>5,397.26</b>	<b>6,078.82</b>
<b>Add / (Less):</b>		
Movement in Deferred Tax during the previous year ended March 31, 2014 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
<b>Deferred Tax benefit in the Statement of Profit and Loss</b>	<b>5,397.26</b>	<b>3,773.43</b>

Particulars	₹ in lakhs			
	Non - Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY</b>				
<b>Secured (Refer Note 12.1)</b>				
Automobile Financing	865,877.82	862,104.00	575,992.60	521,934.71
Loans against Immovable Property	644,072.31	454,009.37	49,920.80	37,094.93
Loans against Securities	2,749.65	5,597.38	824.64	4,774.87
Other Loans	9,484.64	467.06	3,589.67	1,225.31
Instalments and Other Dues from Borrowers(Refer Note 12.2 & 12.3)	24,206.48	12,669.43	32,216.36	34,854.16
<b>Total (a)</b>	<b>1,546,390.90</b>	<b>1,334,847.24</b>	<b>662,544.07</b>	<b>599,883.98</b>
<b>Unsecured</b>				
Consumer Loans	2.45	25.96	-	-
Bills Discounted	-	-	1,989.92	163.74

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	Non - Current		Current	
	As at	As at	As at	As at
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY</b> (Contd.)				
Other Loans	349.71	182.50	6,938.72	7,578.66
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	53.86	45.21	84.01	85.39
<b>Total (b)</b>	<b>406.02</b>	<b>253.67</b>	<b>9,012.65</b>	<b>7,827.79</b>
<b>Total receivables under financing activity (a + b)</b>	<b>1,546,796.92</b>	<b>1,335,100.91</b>	<b>671,556.72</b>	<b>607,711.77</b>
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 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	19,183.55	12,107.65		
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	53.72	43.16		
Of the above:				
Considered Good	1,466,520.66	1,291,514.56	671,556.72	607,711.77
Others - Non - Performing Assets	80,276.26	43,586.35		
	1,546,796.92	1,335,100.91	671,556.72	607,711.77
Refer Note 7 for Provision for Non - Performing assets				

Particulars	Long-term		Short-term	
	As at	As at	As at	As at
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>NOTE :13 LOANS AND ADVANCES</b>				
<b>Unsecured - considered good</b> (unless otherwise stated)				
Capital Advances	663.62	173.46	-	-
Security Deposits	881.74	854.88	576.27	568.23
Inter corporate Deposit placed with subsidiary	-	800.00	-	-
Prepaid expenses	30.40	20.79	319.83	343.15
Service tax input credit	-	-	73.49	159.57
Advance tax (net of provision for tax ₹ 77,641.24 lakhs; 31 March 2014 - ₹ 50,038.11 lakhs)	4,699.70	5,318.47	-	-
Other advances *	-	-	988.91	360.93
	<b>6,275.46</b>	<b>7,167.60</b>	<b>1,958.50</b>	<b>1,431.88</b>
* Other advances includes:-				
Dues from subsidiary company - Cholamandalam Distribution Services Limited	-	-	23.37	-

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

₹ in lakhs

Particulars	Non-current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 14 OTHER ASSETS</b>				
<b>Unsecured - considered good</b> (unless otherwise stated)				
Deposits with Banks as collateral towards assets Derecognised (Refer Note 16)	52,030.98	51,999.91	-	-
Excess Interest spread - Derecognised assets	3,656.90	4,328.04	261.37	519.95
Prepaid Finance Charges	4,820.76	4,889.98	1,183.69	1,444.79
Prepaid Discount on Commercial Papers	-	-	689.58	1,693.22
Repossessed Automobile assets	-	-	1,962.32	1,105.02
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	26,236.99	23,818.81
- on Deposits and Investments	-	-	274.61	573.75
Financial assets on derivative transactions	-	-	-	939.89
Other Accruals and receivables*	-	-	3,608.87	3,373.92
	<b>60,508.64</b>	<b>61,217.93</b>	<b>34,217.43</b>	<b>33,469.35</b>

\* Includes - ₹ 2,831.64 lakhs (March 31, 2014 - ₹ 2,852.74 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognised assets referred in Note 8

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 15 CURRENT INVESTMENTS</b> (valued at lower of cost and fair value, unless stated otherwise - Non - Trade)		
Current Portion of Long-term Investment in Pass Through Certificates - <b>Unquoted</b>	730.20	1,630.26
	<b>730.20</b>	<b>1,630.26</b>
<b>NOTE : 16 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	4,408.17	4,999.21
Cheques, drafts on hand	2,652.24	2,079.82
Balances with banks		
- In Current Accounts (Refer Note 16.1)	11,923.51	43,827.71
- In Deposit Accounts - Original maturity 3 months or less	13.65	16,591.27
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 16.2)	1,117.96	1,013.62
- In earmarked accounts		
- In Unpaid Dividend Accounts	32.89	34.78
- Deposits with Banks as collateral towards assets derecognised	65,925.61	63,501.79
- Amount disclosed under Non-current bank balances (Refer Note 14)	(52,030.98)	(51,999.91)
	13,894.63	11,501.88
- Public deposit Escrow Account (Refer Note 8.3)	14.94	26.91
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	7.59	8.39
	<b>34,065.58</b>	<b>80,083.59</b>

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 18,997.57 lakhs (March 31, 2014 - ₹ 67,498.01 lakhs).



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 16 CASH AND CASH EQUIVALENTS (Contd.)

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

16.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹266.19 lakhs (March 31, 2014 - ₹ 1,013.62 lakhs) which have an original maturity of more than 12 months.

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 17 REVENUE FROM OPERATIONS</b>		
<b>Income from Operations</b>		
(a) Income from Financing Activities		
i) Interest (Refer Note 2b)		
- Automobile Financing	238,247.67	209,032.20
- Loans against Immovable Property	78,249.02	66,002.81
- Loans against Securities	603.00	1,153.79
- Loans against Gold	426.55	170.60
- Consumer Loans	14.45	51.16
- Other Loans	1,696.77	1,450.59
- Bills Discounting	85.79	12.84
- Interest spread on assignment/securitisation	14,346.28	12,148.06
ii) Other Operating Revenue		
- Automobile Financing	19,552.89	21,674.60
- Loans against Immovable Property	6,926.08	6,216.87
- Loans against Securities	22.74	47.54
- Loans against Gold	6.97	0.33
- Consumer Loans	5.33	8.29
- Other Loans	166.82	11.54
(b) Interest Income		
- Deposits placed as collateral towards assets derecognised	5,931.95	4,142.44
- Other Deposits	21.86	714.46
- Long Term Investment - Pass Through Certificates	98.97	137.01
(c) Gain on prepayment of Commercial Paper and Debentures (Net) (Refer Note 17.1)	25.97	187.95
<b>Total (A)</b>	<b>366,429.11</b>	<b>323,163.08</b>
<b>Other Operating Income</b>		
(d) Profit on sale of current investments	2,161.12	2,548.10
(e) Income from Non-Financing activity	455.59	466.75
<b>Total (B)</b>	<b>2,616.71</b>	<b>3,014.85</b>
<b>Total (A+B)</b>	<b>369,045.82</b>	<b>326,177.93</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 17 REVENUE FROM OPERATIONS (Contd.)</b>		
<b>17.1 Gain on Prepayment of Commercial Paper and Debentures</b>		
Book Value (including interest accrued) on the date of prepayment	10,000.00	64,582.63
Consideration paid for prepayment	9,974.03	64,394.68
<b>Net Gain</b>	<b>25.97</b>	<b>187.95</b>

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 18 OTHER INCOME</b>		
Dividend Income from long-term investments	-	0.01
Other Non-operating Income		
Rent	35.39	29.16
Profit on sale of Fixed Assets (Net)	-	5.58
Miscellaneous Income (Refer Note 18.1)	37.94	71.63
	<b>73.33</b>	<b>106.38</b>
18.1 Miscellaneous Income represents		
Liability no longer required written back	37.94	71.63

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 19 FINANCE COSTS</b>		
Interest Expense		
- Debentures	68,518.55	62,579.23
- Bank Loans	104,717.32	99,007.97
- Inter - corporate Deposit	232.64	180.76
Discount on Commercial Papers	18,664.58	11,658.34
Others		
- Amortisation of ancillary borrowing costs	2,814.67	2,678.75
- Amortisation of premium on Forward contracts	73.89	221.67
- Bank charges	1,017.66	781.79
	<b>196,039.31</b>	<b>177,108.51</b>

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 20 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Bonus and Commission	20,075.08	17,016.48
Contribution to Provident and Other Funds		
Employees' Provident Fund	749.22	610.96
Superannuation Fund	141.79	120.69
Gratuity Fund (Refer Note 29 A)	231.89	225.21
Staff Welfare Expenses	975.80	776.56
	<b>22,173.78</b>	<b>18,749.90</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 21 OTHER OPERATING EXPENSES</b>		
Rent (Refer Note 21.1)	2,911.62	2,718.85
Electricity Charges	738.23	521.55
Rates and Taxes (Refer Note 21.2)	2,397.04	2,860.02
Communication Cost	1,535.87	1,093.86
Travelling and Conveyance	2,515.49	2,790.66
Advertisement Expenses	33.25	126.79
Insurance	534.87	602.33
Repairs and Maintenance		
- Buildings	8.97	6.39
- Others	49.99	49.16
Printing and Stationery	814.67	726.55
Information Technology Expenses	1,412.00	1,063.63
Auditors' Remuneration (Refer Note 26)	57.73	42.69
Professional Charges	2,453.60	2,302.91
Operating Lease Rental Expense	147.35	559.21
Loss on Sale of Fixed Assets (Net)	58.86	-
Commission to Directors	51.33	27.68
Sitting Fees to Directors	18.60	9.00
Foreign Exchange Loss (Net)	-	343.56
Recovery Charges (Refer Note 21.4)	14,304.51	8,277.49
Corporate Social Responsibility Expenditure (Refer Note 2c)	573.94	-
Miscellaneous Expenses (Refer Note 21.3)	509.82	862.58
	31,127.74	24,984.91
Less : Expenses Recovered	(29.42)	(7.63)
	<b>31,098.32</b>	<b>24,977.28</b>
21.1 (Reversal) /Lease equalisation charge included in Rent	(43.86)	99.80
21.2 Service Tax charge included in Rates and Taxes	2,342.70	2,760.61
21.3 Miscellaneous Expenses includes		
Donation To Electoral Trust	50.00	-
Other Donations	1.21	275.40
21.4 Net of reversal of provision for servicing costs on assets derecognised	42.08	-

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 22 PROVISIONS AND LOAN LOSSES</b>		
Loss Assets Written Off (Net)	11,286.56	8,642.54
Loss on Repossessed Assets (Net)	17,902.92	15,330.43
Provision for Non -Performing Assets (Refer Note 2b and 22.1)	20,031.79	15,359.63
Provision Released for Non-Performing Assets on recovery/write off	(18,455.71)	(11,659.04)
	30,765.56	27,673.56
Provision for Standard Assets (Net) (Refer Note 2b)	1,706.25	659.75
	<b>32,471.81</b>	<b>28,333.31</b>
22.1 Includes reversal of provision for credit enhancements on assets de-recognised	145.48	74.70

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 23 EARNINGS PER SHARE</b>		
<b>Profit After Tax (₹ in lakhs)</b>	<b>43,516.18</b>	<b>36,401.30</b>
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	345.19	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	43,170.99	36,401.30
Weighted Average Number of Equity Shares (Basic)	143,486,422	143,151,375
Add: Dilutive effect relating to ESOP	253,531	254,348
Add: Dilutive effect relating to CCPS	1,452,362	-
Weighted Average Number of Equity Shares (Diluted)	145,192,315	143,405,723
<b>Earnings per Share - Basic (₹)</b>	<b>30.09</b>	<b>25.43</b>
<b>Earnings per Share - Diluted (₹)</b>	<b>29.97</b>	<b>25.38</b>
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	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 24 ASSETS DE-RECOGNISED</b>		
<b>a) On Securitisation</b>		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	24	19
Outstanding securitised Assets in books of SPV	368,880.53	410,298.10
Less: Collections not yet due to be remitted to SPV*	19,753.10	19,000.60
Outstanding securitised Assets as per books	349,127.43	391,297.50
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	6,170.36	-
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	61,779.21	50,806.86
• Others	-	-
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	1079.72	2,774.45
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	693,847.00	556,853.48

\* excludes interest collected from customers on securitised assets.

**b) On Bilateral assignment**

Particulars	As at 31.03.2015	As at 31.03.2014
Number of Assignment Transactions	3	6
Outstanding Assignment Assets as per books	5,694.72	17,438.11
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 24 ASSETS DE-RECOGNISED (Contd.)</b>		
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral	4,146.40	12,694.93
• Others	-	-
Book value of Assets sold	49,804.00	107,224.85

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 25 DETAILS OF OUTSTANDING DERIVATIVES</b>		
(i) Outstanding Derivatives:		
(a) Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	-	4,460.00
		(USD 10 million)
(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 26 AUDITORS' REMUNERATION (Net of Service Tax Input Credit)</b>		
Statutory Audit	28.00	21.60
Interim Audit & Limited Review	16.00	12.20
Tax Audit	3.00	2.40
Other Services	9.75	5.95
Reimbursement of Expenses	0.98	0.54
<b>Total</b>	<b>57.73</b>	<b>42.69</b>

### 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:

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Principal amount due to suppliers under MSMED Act, as at the year end	-	1.54
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	-	-

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 28 A) EXPENDITURE IN FOREIGN CURRENCIES</b>		
Travel	0.71	0.87
Interest and processing charges for subordinated debt	439.14	-
Membership fees	5.55	1.74
Rating fees	31.44	28.53
Training expenses	15.16	25.95
Professional charges	24.51	1.70
<b>B) REMITTANCES IN FOREIGN CURRENCIES</b>		
Purchase of fixed assets	110.63	53.88
Purchase of Software Licenses	90.00	-
Preference Dividend paid	287.67	-

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE: 29 A) GRATUITY</b>		
<b>Details of Actuarial Valuation:</b>		
<b>Projected Benefit Obligation at the beginning of the year</b>	<b>806.93</b>	<b>538.57</b>
Current Service Cost	10.91	93.80
Interest Cost	61.72	42.45
Actuarial Losses	211.39	148.11
Benefits Paid	(70.78)	(16.00)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1,020.17</b>	<b>806.93</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the Beginning of the Year	793.05	549.90
Expected Returns on Plan Assets	64.46	53.72
Employer's Contribution	44.16	200.00
Benefits Paid	(70.78)	(16.00)
Actuarial Gains / (Losses)	(12.33)	5.43
<b>Fair Value of Plan Assets at the end of the year</b>	<b>818.56</b>	<b>793.05</b>
<b>Amount Recognised in the Balance Sheet</b>		
Fair Value of Plan Assets as at the End of the Year	818.56	793.05
Liability at the End of the Year	1,020.17	806.93
<b>Amount Recognised in the Balance Sheet under Note 8- Other liabilities</b>	<b>(201.61)</b>	<b>(13.88)</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	10.91	93.80
Interest on Obligation	61.72	42.45
Expected Return on Plan Assets	(64.46)	(53.72)
Net Actuarial Losses recognised in the Year	223.72	142.68
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>231.89</b>	<b>225.21</b>
<b>Experience Adjustments</b>		
Actuarial Loss/(Gain) on Obligations	211.39	148.11
Actuarial Loss/(Gain) on Plan Assets	12.33	(5.43)



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE: 29 A) GRATUITY (Contd.)</b>		
<b>Assumptions</b>		
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.	8.00% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

### Other Disclosures:

Benefit	₹ in lakhs				
	2014-15	2013-14	2012-13	2011-12	2010-11
Projected Benefit Obligation	1,020.17	806.93	538.57	357.50	237.45
Fair Value of Plan Assets	818.56	793.05	549.90	360.17	251.48
<b>Surplus/(Deficit)</b>	<b>(201.61)</b>	<b>(13.88)</b>	<b>11.33</b>	<b>2.67</b>	<b>14.03</b>

### Notes:

1. The expected return on plan assets for the year ended March 31, 2015 is as furnished by LIC.
2. The entire plan assets are managed by LIC. The data on plan assets has not been furnished by LIC and hence there are no disclosures in this regard. The details of Experience adjustments relating to the prior years have not been disclosed in the absence of required information.
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, 2016 as estimated by the Management is ₹ 250 lakhs (March 31, 2015 - ₹ 225 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.

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE: 29 B) COMPENSATED ABSENCES</b>		
<b>Details of Actuarial Valuation</b>		
<b>Projected Benefit Obligation at the beginning of the year</b>		
Balance as at the beginning of the year	<b>908.14</b>	<b>259.26</b>
Compensated absences reassessed on actuarial basis at the beginning of the year	-	364.51
Current Service Cost	102.44	102.57
Interest Cost	70.40	49.56
Actuarial Losses	18.43	140.89
Benefits Paid	(56.27)	(8.65)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1,043.14</b>	<b>908.14</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE: 29 B) COMPENSATED ABSENCES</b> (Contd.)		
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	102.44	102.57
Past Service Cost reversed	-	(432.60)
Interest on Obligation	70.40	49.56
Net Actuarial Losses recognised in the year	18.43	140.89
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>191.27</b>	<b>(139.58)</b>
<b>Experience Adjustments</b>		
Actuarial Loss/(Gain) on Obligations	18.43	140.89
<b>Assumptions</b>		
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.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

**Notes:**

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2015.
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.

**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".

**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
- **Fellow Subsidiary:** Cholamandalam MS General Insurance Company Limited
- **Key Managerial Personnel:** Mr. S. Vellayan, Managing Director.

**Note:**

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

# Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Nature of Transactions	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 31 RELATED PARTY DISCLOSURES</b> (As per AS-18 "Related Party Disclosures") (Contd.)		
<b>a) Tube Investments of India Limited</b>		
Dividend Payments		
- Equity shares	2,528.15	2,528.15
Rent (including hiring) receipts	16.87	16.16
Expenses – Reimbursed	0.15	0.38
Net Amount Receivable/(Due) as at year end		
Rental Deposit	(0.90)	(0.90)
Others	0.52	1.32
<b>b) Murugappa Holdings Limited</b>		
Dividend payments – Equity shares - ₹616.00 (March 31, 2014 - ₹ 616.00)	0.00	0.00
<b>c) Cholamandalam MS Risk Services Limited</b>		
Interest Receipts	-	17.63
Rent (including hiring) Receipts	-	1.79
Expenses – Reimbursed	-	5.84
Amount received towards reimbursement of Expenses	0.15	1.00
Loan given	-	500.00
Loan recovered	-	500.00
Net Amount Receivable/(Due) as at year end	-	-
<b>d) Cholamandalam Securities Limited</b>		
Interest Receipts	22.69	34.89
Rent payments	-	8.81
Rent (including hiring) receipts	49.36	34.15
Payments for services availed	59.73	41.60
Expenses – Reimbursed	8.48	16.29
Amount received towards reimbursement of Expenses	39.21	11.63
Purchase of Fixed Assets	-	0.82
Sale of Fixed Assets	1.95	-
Subscription to Equity Share Capital	200.00	-
Advances/Deposits given	15,450.00	12,430.00
Advances/Deposits recovered	16,250.00	11,630.00
Net Amount Receivable/(Due) as at year end		
Advances Receivable	-	800.00
Others	(0.34)	(6.84)
<b>e) Cholamandalam Distribution Services Limited</b>		
Interest Payments	232.64	180.76
Rent payments	7.42	7.42
Rent (including hiring) receipts	55.37	50.90
Expenses – Reimbursed	1.93	2.55
Amount received towards reimbursement of Expenses	79.01	22.86
Purchase of Fixed Assets	-	2.63
Advances/Deposits availed	2,500.00	2,300.00
Advances/Deposits repaid	1,800.00	2,150.00

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

Nature of Transactions	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 31 RELATED PARTY DISCLOSURES</b> (As per AS-18 "Related Party Disclosures") (Contd.)		
Net Amount Receivable/(Due) as at year end		
Advances Payable	(2,500.00)	(1,800.00)
Others	23.37	-
<b>f) Cholamandalam MS General Insurance Company Limited</b>		
Interest payments	782.60	648.65
Rent payments	15.16	19.95
Rent (including hiring) receipts	66.44	71.74
Payments for services availed	229.64	553.75
Receipts for services rendered	2,605.06	2,096.72
Receipts on settlement of insurance claim	17.43	2.01
Expenses – Reimbursed	3.59	6.55
Rental Deposit Received	-	21.14
Amount received towards reimbursement of Expenses	19.74	27.14
Issue of Un-Secured Non-Convertible Debentures	-	2,000.00
Net Amount Receivable/(Due) as at year end		
Debentures along with accrued interest	(6,470.50)	(6,337.54)
Rental Deposit	(21.14)	(21.14)
Others	423.94	215.70
<b>g) Key Managerial Personnel</b>		
Vellayan Subbiah – Managing Director		
Remuneration	298.65	254.27
Dividend Payments	8.59	8.59

### NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Income tax and Interest on Tax issues where the Company is in appeal	5,280.52	3,442.76
Decided in the Company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	564.60	98.36
Sales Tax issues pending before Appellate Authorities in respect of which the Company is in appeal. (The Company has paid ₹ 649.15 lakhs (March 31, 2014 – ₹ 75.66 lakhs) under protest, which is included under loans and advances – Note 13)	4,220.09	1,187.66
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	3,376.36	1,676.69

- The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
- It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

- iii) The Company does not expects any reimbursement in respect of the above contingent liabilities.
- iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.
- (b) Commitments
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 981.51 lakhs (March 31, 2014 – ₹ 985.57 lakhs)

### NOTE : 33 CHANGES IN PROVISIONS

Particulars	As at 31.03.2014	Additional Provision	Utilisation/ Reversal	₹ in lakhs
				As at 31.03.2015
Provision for Standard Assets (Refer Note 2b)	4,816.10	1,706.25	-	6,522.35
Provision for Non-Performing Assets (Refer Note 2b)	26,206.54	20,031.79	(18,310.23)	27,928.10
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	753.44	-	(187.56)*	565.88
Provision for Contingent Service Tax claims	792.37	-	-	792.37

\*Refer Notes 21.4 & 22.1

### 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:

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Not later than one year	Nil	134.70
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>Nil</b>	<b>134.70</b>

Refer note 21 for rental expenses relating to cancellable operating lease agreements entered into for office premises.

### NOTE : 35 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 July 30, 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:

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### 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
1	Original*	30-07-07	193.40	30-07-08	765,900	79,820	635,732	50,348	-
	CAA *	25-01-08	178.70	-	54,433	6,932	44,337	3,164	-
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	12,144	133,638	17,018	-
4	Original	25-04-08	191.80	25-04-09	468,740	128,654	310,955	29,131	-
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	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	131,408	63,438	99,754	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	144,733	40,569	24,398	-
8	Original	30-04-11	162.55	30-04-12	113,400	19,965	41,687	27,928	23,820
9	Original	28-07-11	175.35	28-07-12	61,800	18,928	27,504	7,448	7,920
10	Original	27-10-11	154.55	27-10-12	195,680	68,670	35,424	39,143	52,443

\* 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:

Date of Grant	Risk Free Interest Rate	Expected Life	Variables		Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
			Expected Volatility				
<b>30-Jul-07</b>	7.10% - 7.56%	3-6 years	40.64% -43.16%		5.65%	193.40	61.42
<b>24-Oct-07</b>	7.87% -7.98%	3-6 years	41.24% -43.84%		5.65%	149.90	44.25
<b>25-Jan-08</b>	6.14% -7.10%	3-6 years	44.58% -47.63%		5.65%	262.20	78.15
<b>25-Apr-08</b>	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%		3.97%	191.80	76.74
<b>30-Jul-08</b>	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%		3.97%	105.00	39.22
<b>24-Oct-08</b>	7.54% - 7.68%	2.5-5.5 years	48.20% - 55.48%		3.97%	37.70	14.01
<b>27-Jan-11</b>							
<b>- Tranche I</b>	8%	4 years	59.50%		10%	187.60	94.82
<b>- Tranche II</b>	8%	3.4 years	61.63%		10%	187.60	90.62
<b>30-Apr-11</b>	8%	4 years	59.40%		25%	162.55	73.07
<b>28-Jul-11</b>	8%	4 years	58.64%		25%	175.35	79.17
<b>27-Oct-11</b>	8%	4 years	57.52%		25%	154.55	67.26



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 35 EMPLOYEE STOCK OPTION PLAN (Contd.)

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 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 (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2015 is (₹ 0.97) lakh (March 31, 2014 ₹ 13.00 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

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	Year ended 31.03.2015	Year ended 31.03.2014
Net Profit attributable to Equity Shareholders (as reported)	43,170.99	36,401.30
Add: Stock based employee compensation expense included in net profit	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma)	(5.93)	76.87
Net Profit (Proforma)	43,176.92	36,324.43
Basic Earnings per Share of ₹ 10 each (as reported) (₹)	30.09	25.43
Basic Earnings per Share of ₹ 10 each (pro forma) (₹)	30.09	25.37
Diluted Earnings per Share of ₹ 10 each (as reported) (₹)	29.97	25.38
Diluted Earnings per Share of ₹ 10 each (pro forma) (₹)	29.97	25.33

### 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.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007:

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding	Amount Overdue
		As at March 31, 2015	
	<b>Liabilities:</b>		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a)	Debentures		
	- Secured	423,235.89	-
	- Unsecured	160,412.24	-
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	115,120.36	-
(b)	Deferred Credits	-	-
(c)	Term Loans	1,019,888.35	-
(d)	Inter-Corporate Loans and Borrowings	2,500.00	-
(e)	Commercial Paper	46,560.42	-
(f)	Other Loans	220,384.02	-
	(Represents Working Capital Demand Loans, Cash Credit from Banks & Fixed Deposits along with Interest Accrued but Not Due on above) [Refer Notes 1 and 2 below]		

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding	Amount Overdue
		As at March 31, 2014	
	<b>Liabilities:</b>		
(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 (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007: (Contd.)

#### Notes:

- Though the Company has become a Non-deposit taking Non-Banking Finance Company, since the Company still has fixed deposits from the public accepted prior to November 1, 2006 which have not yet been liquidated (Refer Note 8), the details of the same have been disclosed above.
- Fixed Deposits include Matured / Unclaimed Deposits (together with Interest on Matured / Unclaimed Deposits) amounting to ₹ 8.44 lakhs as at March 31, 2015 (March 31, 2014 - ₹ 21.29 lakhs)

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding as at March 31, 2015	Amount Outstanding as at March 31, 2014
(2)	<b>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)</b>		
(a)	Secured	720,796.31	509,962.96
(b)	Unsecured	9,418.79	8,081.78
(3)	<b>Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</b>		
(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 (Net)	1,962.32	1,105.02
(b)	Loans other than (a) above	1,514,375.49	1,448,586.75
(4)	<b>Break-up of Investments (net of provision for diminution in value):</b>		
	<b>Current Investments:</b>		
I	<b>Quoted:</b>		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities (Net of amortisation)	-	-
(v)	Others	-	-

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007: (Contd.)

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding as at March 31, 2015	Amount Outstanding as at March 31, 2014
<b>II</b>	<b>Unquoted:</b>	-	-
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
	<b>Long term Investments:</b>		
<b>I</b>	<b>Quoted:</b>		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities (Net of amortisation)	-	-
(v)	Others	-	-
<b>II</b>	<b>Unquoted:</b>		
(i)	Shares:		
	(a) Equity (Net of Provision for Diminution in Value of Investment)	5,668.30	5,468.30
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others- Investment in Pass Through Certificates	1,079.72	2,774.45

Category	₹ in lakhs		
	Amount (Net of provision for Non-performing assets)		
	Secured	Unsecured	Total
<b>(5) Borrower Group-wise Classification of Assets Financed as in (2) and (3) above</b>			
<b>As at March 31, 2015</b>			
1. Related Parties *			
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	-	-	-
(c) Other Related Parties	-	-	-
2. Other than Related Parties	2,181,318.13	9,107.37	2,190,425.50
<b>Total</b>	<b>2,181,318.13</b>	<b>9,107.37</b>	<b>2,190,425.50</b>
<b>As at March 31, 2014</b>			
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
<b>Total</b>	<b>1,908,648.57</b>	<b>7,957.57</b>	<b>1,916,606.14</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

Category	₹ in lakhs	
	Market value / Break - up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)
<b>(6) Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :</b>		
<b>As at March 31, 2015</b>		
1. Related Parties *		
(a) Subsidiaries	5,632.77	5,537.00
(b) Companies in the Same Group	-	-
(c) Other Related Parties	-	-
2. Other than Related Parties	1,211.03	1,211.03
<b>Total</b>	<b>6,843.08</b>	<b>6,748.03</b>
<b>As at March 31, 2014</b>		
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
<b>Total</b>	<b>7,467.55</b>	<b>8,242.75</b>

Other Information	₹ in lakhs	
	Amount Outstanding as at	
	March 31, 2015	March 31, 2014
<b>(7)</b>		
(i) Gross Non-Performing Assets		
a) With Related Parties *	-	-
b) With Others	80,276.26	43,586.35
(ii) Net Non-Performing Assets		
a) With Related Parties *	-	-
b) With Others	52,348.16	17,379.80
(iii) Assets Acquired in Satisfaction of Debt		
a) With Related Parties *	-	-
b) With Others	-	-

\* Related Parties are as identified in Note 31 above.

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007: (Contd.)

#### A. Disclosure Pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC. No. 002/03.10.001/2014-15 dated November 10, 2014:

##### i. Capital Adequacy Ratio

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Tier I Capital	297,116	207,932
Tier II Capital	187,730	134,746
Total Capital	484,846	342,678
Total Risk Weighted Assets	2,282,217	1,988,521
<b>Capital Ratios</b>		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.02%	10.45%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	8.22%	6.78%
<b>Total (%)</b>	<b>21.24%</b>	<b>17.23%</b>
<b>Amount of Subordinated Debt raised as Tier – II capital</b>	<b>56,000</b>	<b>12,000</b>
<b>Amount raised by issue of Perpetual Debt instruments</b>	<b>6,740</b>	<b>20,760</b>

##### ii) Investments

Particulars	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
<b>(1) Value of Investments</b>		
(i) Gross Value of Investments		
(a) In India	7,701.03	9,195.75
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	953.00	953.00
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	6,748.03	8,242.75
(b) Outside India	-	-
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	953.00	8,638.36
(ii) Add: Provisions made during the year	-	-
(iii) Less: Reversal of provision on account of merger	-	7,685.36
(iv) Closing balance	953.00	953.00

# Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007: (Contd.)

### iii. Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities – As at March 31, 2015

	Upto1 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
<b>Liabilities</b>									
Borrowing from Banks	84,384	19,000	41,750	79,250	297,150	718,500	-	-	1,240,034
Market Borrowings	11,320	51,450	17,500	11,770	89,200	226,280	99,750	200,220	707,490
<b>Assets</b>									
Advances (Net of Provision for Non Performing Assets)	60,132	38,421	41,981	169,676	361,347	836,673	218,347	463,849	2,190,426
Investment (Net of Provision for Diminution in Value of Investments)	80	77	74	202	297	246	104	5,668	6,748

#### As at March 31, 2014

	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
<b>Liabilities</b>									
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
<b>Assets</b>									
Advances (Net of Provision for Non Performing Assets)	35,818	35,882	39,601	136,693	359,717	800,251	175,644	333,000	1,916,606
Investment (Net of Provision for Diminution in Value of Investments)	147	145	142	408	788	181	41	5,391	8,243



## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007: (Contd.)

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

Category	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
(a) <b>Direct Exposure</b> (Net of Advances from Customers)		
<b>(i) Residential Mortgages -</b>		
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	29,497.16	18,998.70
- individual housing loans more than ₹ 15 lakhs	612,289.89	445,163.70
<b>(ii) Commercial Real Estate -</b>		
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	52,206.05	26,941.90
- Non Fund based	-	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -</b>		
a. Residential	-	-
b. Commercial Real Estate	-	-
(b) <b>Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>Total Exposure</b>	<b>693,993.10</b>	<b>491,104.30</b>

#### Note:

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

#### v. Exposure to the Capital Market

Particulars	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares/bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	3,574.29	10,372.25

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

Particulars	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
(iv) advances for any to the purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds primary security other than shares/convertible bonds /convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows/issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure</b>	<b>3,574.29</b>	<b>10,372.25</b>

### vi. Other Regulator Registration

S. No	Regulator	Registration no
1	Ministry of Company Affairs	CIN: L65993TN1978PLC007576
2	Reserve Bank of India	Certificate of Registration dt. 09/06/2011, No. 07-00306

### vii. Penalties levied by the above Regulator - Nil

### viii. Ratings assigned by Credit Rating Agencies

	As at March 31, 2015	As at March 31, 2014
Commercial paper & Non- convertible Debentures – Short Term	ICRA A1+, CRISIL A1+	ICRA A1+, CRISIL A1+
Working Capital Demand Loans	ICRA A1+	ICRA A1+
Cash Credit	ICRA AA	ICRA AA
Bank Term Loans	ICRA AA	ICRA AA
Non-Convertible Debentures – Long term	ICRA AA, CARE AA	ICRA AA, CARE AA
Subordinated Debt	ICRA AA, CARE AA, CRISIL AA-, IND AA(ind)	ICRA AA, CARE AA, CRISIL AA-, IND AA(ind)
Perpetual Debt	ICRA AA-, CARE AA-	ICRA AA-, CARE AA-

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

DATED FEBRUARY 22, 2007: (Contd.)

#### ix. Concentration of Advances

	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
Total Advances to twenty largest borrowers	22,700.21	24,780.75
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.02%	1.28%

#### x. Concentration of NPAs

	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
Total Exposure to twenty largest borrowers/customers	22,700.21	24,780.75
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposure of the NBFC on borrowers/customers.	1.02%	1.28%

#### xi. Concentration of Exposures

	₹ in lakhs	
	As at March 31, 2015	As at March 31, 2014
Total Exposure to top four NPA accounts	1,855.16	4,253.07

#### xii. Sector-wise NPAs

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2015	Percentage of NPAs to Total Advances in that sector as on March 31, 2014
1.	Agriculture & allied activities	-	-
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans (commercial vehicles)	4.38%	2.38%
7.	Other loans	2.04%	1.85%

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

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

### xiii. Movement of NPAs (Also Refer Note 2b)

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
(i) Net NPAs to Net Advances (%)	2.39%	0.91%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	43,586.35	19,961.64
(b) Additions during the year	64,355.48	37,013.56
(c) Reductions during the year	(27,665.57)	(13,388.85)
(d) Closing balance	80,276.26	43,586.35
(iii) Movement of Net NPAs		
(a) Opening balance	17,379.80	4,312.92
(b) Additions during the year	44,323.69	14,871.40
(c) Reductions during the year	(9,355.33)	(1,804.51)
(d) Closing balance	52,348.16	17,379.80
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	26,206.54	15,648.72
(b) Provisions made during the year	20,031.79	22,142.16
(c) Write-off / write-back of excess provisions	(18,310.23)	(11,584.34)
(d) Closing balance	27,928.10	26,206.54

### xiv. Customer Complaints

(a) No. of complaints pending as on April 01, 2014	Nil
(b) No. of complaints received during the year	2099
(c) No. of complaints redressed during the year	2091
(d) No. of complaints pending as on March 31, 2015	8

**Note:**

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

**NOTE: 38 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2015 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012**

	Less than ₹ 1 Lakh		₹ 1 lakh 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)
Person Involved								
Staff	-	-	6	17.30	2	87.28	8	104.58
Customers	-	-	1	3.67	5	33.18	6	36.85
Staff and customers	-	-	7	15.23	3	25.47	10	40.70
<b>Total</b>	-	-	<b>14</b>	<b>36.20</b>	<b>10</b>	<b>145.93</b>	<b>24</b>	<b>182.13</b>

## Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2015

**NOTE: 38 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2015 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2102 (Contd.)**

	Less than ₹ 1 Lakh		₹ 1 lakh to ₹ 5 lakhs		Greater than ₹ 5 lakhs		Total	
	No. of accounts	Value (₹ lakhs)	No. of accounts	Value (₹ lakhs)	No. of accounts	Value (₹ lakhs)	No. of accounts	Value (₹ lakhs)
Misappropriation or criminal breach of trust	-	-	2	6.57	1	6.85	3	13.42
Cheating and Forgery	-	-	12	29.63	9	139.08	21	168.71
<b>Total</b>	-	-	<b>14</b>	<b>36.20</b>	<b>10</b>	<b>145.93</b>	<b>24</b>	<b>182.13</b>

**Note:**

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

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

SI No	Loans and Advances in the nature of Loans	₹ in lakhs	
		Amount Outstanding as at 31.03.2015	Maximum Amount Outstanding during the year
(A)	To Subsidiaries		
	- Cholamandalam Securities Limited	-	1,400.00
	- 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, 1956/section 186 of the Companies Act, 2013	-	-
(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 : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

# Independent Auditors' Report

## TO THE MEMBERS OF **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED**

### Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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, including the Accounting standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

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 judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at March 31, 2015, and its consolidated profit and its consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹5,034.45 lakhs as at March 31, 2015, total revenue of ₹2,471.65 lakhs and net cash flows amounting to (₹4.82 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 on the consolidated financial statements, in so far as it relates to the amount and disclosures included in respect of the subsidiaries, and our report in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) order, 2015 ("the order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, based on the comments in the auditor's reports of the Holding Company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account, as required by the law relating to preparation of the aforesaid consolidated financial statements, have been kept so far as it appears from our examination of those books and reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account, maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representation received from the directors of the Holding Company as on March 31, 2015, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Holding Company is disqualified as on March 31, 2015 from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i) The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
    - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Holding Company. There were no amounts which were required to be transferred to the investor education and protection fund by the Subsidiary companies.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm's Registration No: 008072S

**Geetha Suryanarayanan**

Partner

Membership No. 29519

Chennai, April 24, 2015



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes two subsidiary companies incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) Having regard to the nature of the business / activities / results of the Holding Company and subsidiary companies during the year, clauses 3(ii) and 3(vi) of the Order are not applicable to the aforesaid entities.
- (ii) In respect of the fixed assets of the Holding Company and subsidiary companies:
  - (a) The respective entities have 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 of the respective entities in accordance with a programme of verification, which in our opinion and the opinion of the other auditors provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditors no material discrepancies were noticed on such verification.
- (iii) The Holding Company and subsidiary companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- (iv) In our opinion and the opinion of the auditors and according to the information and explanations given to us and other auditors, there is an adequate internal control system in the Holding Company and subsidiary companies, commensurate with the size of the respective entities and the nature of their business for the purchase of fixed assets and for the sale of services. During the course of our and the other auditor's audit no major weaknesses in such internal control system has been observed. The aforesaid entities do not purchase inventory nor do they sell any goods (other than repossessed automobile assets) in the ordinary course of their business.
- (v) According to the information and explanations given to us, the Holding Company and subsidiary companies have not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Holding Company has complied with the provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 as amended, as applicable to the aforesaid entities, with regard to the deposits accepted from the public prior to 1 November 2006. However, 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 in respect of the Holding Company.
- (vi) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary companies:
  - (a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax and Value Added Tax which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities 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, 2006-07, 2008-09 and 2011-12	1,926.26
Income Tax Act, 1961	Tax and Interest	Appellate Tribunal (ITAT)	1990-91, 1991-92, 2000-01 and 2006-07 to 2008-09	534.58
Income Tax Act, 1961	Tax and Interest	Madras High Court	2000-01, 2001-02 and 2002-03	30.02
Tamil Nadu General Sales Tax Act, 1959	TNGST	Sales Tax Appellate Tribunal	1995-96	986.98
Tamil Nadu VAT Act, 2006	Sales Tax	Appellate Assistant Commissioner Commercial Tax	2006-07 to 2014-15	1,817.76
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1995-96	11.83
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1993-94 and 1994-95	2.19
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	May 1997 to September 1997	2.03
Delhi Sales Tax Act, 1975	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	1991-92	7.58
Rajasthan VAT Act, 2003	Sales Tax	Deputy Commissioner (Admn)	April 2006 to June 2014	44.55
OVAT Act, 2004	Sales Tax	Joint Commissioner of Sales Tax (Appeals)	July 2007 to January 2013	42.00
OVAT Act, 2004	Sales Tax	Additional Commissioner of Sales Tax (Appeals)	February 2012 to March 2014	298.56
Karnataka Sales Tax Act, 1957	Sales Tax	Joint Commissioner of Sales tax (Appeals)	2007-08 to 2013-14	357.46
Finance Act , 1994	Service Tax, Penalty and Interest	CESTAT	April 2004 to December 2008	47.90
Finance Act , 1994	Service Tax, Penalty and Interest	Commissioner of Central Excise (Appeals)	2006-07 and 2007-08	20.56

- (d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. There were no amounts which were required to be transferred to the investor education and protection fund by the Subsidiary companies.
- (vii) The Group does not have consolidated accumulated losses at the end of the financial year and the Group has not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and the opinion of the other auditors and according to the information and explanations given to us, the Holding Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders. Subsidiary Companies have neither borrowed from financial institutions and banks nor issued debentures during the year.
- (ix) According to the information and explanations given to us, the Holding Company and subsidiary companies have not given guarantees for loans taken by others from banks and financial institutions.

- (x) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained, other than temporary deployment pending application and subsidiary companies did not have term loan availed/outstanding during the year.
- (xi) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company and its subsidiary companies and no material fraud on the Holding Company and its subsidiary companies have been noticed or reported during the year though there have been a few cases of irregularities amounting to ₹182.13 lakhs 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)

Chennai, April 24, 2015

# Consolidated Balance Sheet

As at 31 March, 2015

	Note No.	As at 31.03.2015	As at 31.03.2014
<b>₹ in lakhs</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	64,373.46	14,325.64
Reserves and surplus	4	252,995.49	214,350.49
		<b>317,368.95</b>	<b>228,676.13</b>
<b>Share Application Money pending Allotment</b>	3.3	<b>67.86</b>	<b>0.94</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,242,450.00	983,300.00
Other long-term liabilities	6	4,258.82	3,260.18
Long-term provisions	7	32,055.66	30,226.49
		<b>1,278,764.48</b>	<b>1,016,786.67</b>
<b>Current liabilities</b>			
Short-term borrowings	5	267,634.02	314,725.29
Trade payables	8	16,738.33	14,667.05
Current maturities of long-term borrowings	5	434,940.00	509,494.00
Other current liabilities	8	64,687.42	65,095.01
Short-term provisions	7	6,595.59	4,970.25
		<b>790,595.36</b>	<b>908,951.60</b>
<b>TOTAL</b>		<b>2,386,796.65</b>	<b>2,154,415.34</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
(i) Tangible assets		6,509.53	6,862.71
(ii) Intangible assets		377.95	563.30
		<b>6,887.48</b>	<b>7,426.01</b>
Non-current investments	10	1,587.58	2,198.20
Deferred tax assets (Net)	11	18,462.11	12,964.87
Receivables under financing activity	12	1,546,796.92	1,335,100.91
Long-term loans and advances	13	6,956.43	6,987.78
Other non-current assets	16	0.71	0.77
	14	60,508.64	61,217.92
		<b>1,641,199.87</b>	<b>1,425,896.46</b>
<b>Current assets</b>			
Current investments	15	870.20	1,700.26
Trade receivables	16	1,183.11	1,660.51
Cash and Cash Equivalents	17	35,219.87	81,284.37
Receivables under financing activity	12	671,556.72	607,711.77
Short-term loans and advances	13	2,523.54	2,675.59
Other current assets	14	34,243.34	33,486.38
		<b>745,596.78</b>	<b>728,518.88</b>
<b>TOTAL</b>		<b>2,386,796.65</b>	<b>2,154,415.34</b>

See accompanying Notes forming part of the consolidated financial statements

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

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

**Geetha Suryanarayanan**  
Partner

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

# Consolidated Statement of Profit and Loss

For the year ended 31 March, 2015

		₹ in lakhs	
	Note No.	Year ended 31.03.2015	Year ended 31.03.2014
<b>Revenue</b>			
- Revenue from operations	18	371,481.37	327,931.10
- Other income	19	65.66	104.12
<b>Total Revenue</b>		<b>371,547.03</b>	<b>328,035.22</b>
<b>Expenses</b>			
- Finance costs	20	195,781.52	176,936.86
- Business origination outsourcing		19,085.81	20,063.45
- Employee benefits expenses	21	23,022.52	19,411.52
- Other operating expenses	22	31,534.12	25,372.98
- Depreciation and amortisation expense	9	3,010.22	2,464.11
- Provisions and loan losses	23	32,490.37	28,338.48
<b>Total Expenses</b>		<b>304,924.56</b>	<b>272,587.40</b>
<b>Profit before tax</b>		<b>66,622.47</b>	<b>55,447.82</b>
<b>Tax expense / (benefit):</b>			
- Current tax			
- Current year - Expense		27,733.51	22,486.27
- Prior years - Expense/(Reversal of provision)		-	0.98
- MAT Credit Entitlement			
- Current year		(27.42)	(93.58)
- Prior years		-	(0.59)
- Deferred tax	11	(5,497.24)	(3,773.43)
		22,208.85	18,619.65
<b>Profit after tax for the year</b>		<b>44,413.62</b>	<b>36,828.17</b>
Earnings per equity share of ₹ 10 each	24		
- Basic		30.71	25.73
- Diluted		30.59	25.68

See accompanying Notes forming part of the consolidated financial statements

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

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

**Geetha Suryanarayanan**  
Partner

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

# Consolidated Cash Flow Statement

For the year ended March 31, 2015

₹ in lakhs

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>66,622.47</b>	<b>55,447.82</b>
<b>Adjustments for :-</b>		
Depreciation and amortisation expense	3,010.22	2,464.11
Provisions/(reversal of provisions) - Long Term		
- Standard Assets (Net)	295.17	415.89
- Non-Performing Assets under Financing Activity (Net)	1,721.56	1,812.30
- Provision for doubtful debts	0.05	20.90
- Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(187.56)	-
- Diminution in Value of Investments	-	(1.10)
Provisions/(reversal of provisions) - Short Term		
- Standard Assets (Net)	1,411.08	243.86
- Non-Performing Assets under Financing Activity (Net)	-	1,962.97
- Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	-	(74.70)
- Contingencies	12.00	-
- Provision for Clawback	6.73	5.21
- Compensated Absences (Net)	141.23	(161.94)
Loss on Repossessed Assets (Net)	17,902.92	15,330.43
Loss assets written off	11,286.56	8,642.54
Investment Written Off	-	1.10
Reversal of Provision for doubtful debts	(5.12)	(17.74)
Finance Costs	195,781.52	176,936.86
Loss/(Profit) on Sale of Fixed Assets (Net)	58.73	(4.62)
Liability no longer required written back	(39.79)	(71.63)
Profit on Sale of Current Investments (Net)	(2,174.93)	(2,565.04)
Gain on prepayment of Commercial paper and Debentures (Net)	(25.97)	(187.95)
Interest Income	(6,012.66)	(4,781.02)
Interest on Investments	(98.97)	(137.01)
Dividend on Investments	(5.21)	(5.22)
	223,077.56	199,828.20
<b>Operating Profit Before Working Capital Changes</b>	<b>289,700.03</b>	<b>255,276.02</b>
<b>Adjustments for :-</b>		
(Increase)/Decrease in operating Assets - Current/Short term		
- Receivables under Financing Activity (including Repossessed Assets)	(269,587.10)	(448,226.77)
- Other Current Assets and Trade receivables	(991.51)	(6,876.99)
- Loans and advances	152.05	(1,356.27)
	(270,426.56)	(456,460.03)
(Increase)/Decrease in operating Assets - Non Current/Long term		
- Receivables under Financing Activity (including Repossessed Assets)	(211,696.01)	(187,737.64)
- Other Non Current Assets and Trade receivables	640.07	(15,540.83)
- Loans and advances	(33.05)	(84.49)
	(211,088.99)	(203,362.96)
Securitisation of Receivables	175,695.37	338,078.00
Increase in operating liabilities		
- Current & Short term liabilities	2,438.55	4,412.81
- Other Long term liabilities	9.83	0.28
<b>Cash Used in Operations</b>	<b>(13,671.77)</b>	<b>(62,055.88)</b>

## Consolidated Cash Flow Statement (Contd.)

For the year ended March 31, 2015

Particulars			₹ in lakhs	
	Year ended 31.03.2015		Year ended 31.03.2014	
Finance Costs paid	(194,153.11)		(166,754.63)	
Interest Received on Bank Deposits and Other Investments	6,415.22		4,865.50	
Profit on Sale of Current Investments (Net)	2,174.93		2,565.04	
Direct Taxes Paid	(27,138.18)	(212,701.14)	(23,287.92)	(182,612.01)
<b>Net Cash Used in Operating Activities (A)</b>		<b>(226,372.91)</b>		<b>(244,667.89)</b>
<b>Cash Flow from Investing Activities</b>				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	(2,440.76)		(5,472.08)	
Purchase of Fixed Assets	(3,106.79)		(2,688.00)	
Proceeds from Sale of Fixed Assets	78.91		39.69	
Purchase of Other Investments	(2,625,779.05)		(2,573,420.30)	
Sale/ Redemption of Other Investments	2,627,219.72		2,573,216.85	
Dividend Received on Investments	5.21		5.22	
<b>Net Cash Used in Investing Activities (B)</b>		<b>(4,022.76)</b>		<b>(8,318.62)</b>
<b>Cash Flow from Financing Activities</b>				
Proceeds from issue of Share Capital and Securities Premium (Net of expenses)		50,731.91		150.79
Increase/(Decrease) in borrowings				
Proceeds from issue of long-term debentures	271,220.00		189,360.00	
Redemption of long-term debentures	(188,150.00)		(135,820.00)	
Borrowing - Term Loan from Banks	450,000.00		478,000.00	
Repayment - Bank term loans	(348,474.00)		(269,494.00)	
Increase / Decrease in short term borrowings	(47,091.27)	137,504.73	18,613.27	280,659.27
Decrease in Fixed Deposits		(12.85)		(18.24)
Dividends Paid (Including Distribution Tax)		(6,333.38)		(5,860.92)
<b>Net Cash Flow From Financing Activities (C)</b>		<b>181,890.41</b>		<b>274,930.90</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)</b>		<b>(48,505.26)</b>		<b>21,944.39</b>
Cash and Cash Equivalents at the Beginning of the period		67,558.92		45,614.53
Cash and Cash Equivalents at the End of the period		<b>19,053.66</b>		<b>67,558.92</b>
<b>Note:</b>				
Cash and Cash Equivalents at the End of the period as per Balance Sheet		35,219.87		81,284.37
Less: Balance in Current Accounts held for Unpaid Dividends		32.89		34.78
Less: Bank Deposits held for More than Three Months		1,117.96		1,438.62
Less: Bank Deposits under Lien		15,015.36		12,252.05
		<b>19,053.66</b>		<b>67,558.92</b>

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

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

**Geetha Suryanarayanan**  
Partner

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director



# Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2015

**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 and corporate mortgage 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. March 31, 2015.
- (iv) The excess of Cost to the Company of its Investment in the Subsidiaries over the Company's portion of Equity on the date of acquisition is recognised in the financial statements as Goodwill. The carrying value of goodwill is tested for impairment as at the end of each reporting period.
- (v) The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

### b) Particulars of consolidation

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

Name of the Company	Percentage of Voting Power as on	
	March 31, 2015	March 31 2014
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Distribution Services Limited (CDSL)	100.00%	100.00%

### c) Basis of accounting and preparation of the 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 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).

### 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

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Cash comprises of 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) and 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 the 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 the 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.

### 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 tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Useful life of assets as per Schedule II :

Asset Description	Estimated Useful Life
Buildings	60 years
Plant and Machinery	
- Computer Equipment	3 years
Office Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Useful life of assets based on Management's estimation:

Asset Description	Estimated Useful Life
Plant and Machinery	
- Others*	5 years
Furniture and Fixtures*	5 years
Vehicles*	5 years
Membership card of stock exchanges	10 years

\* Estimated useful life of these assets are based on usage and replacement policy of such assets.

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

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License Period or 3 years, whichever is lower

The estimated useful life 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 the 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, Provisioning and Derecognition

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 the 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 the RBI.

The Company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

### j) Repossessed Assets

Repossessed Assets are valued at the lower of cost and the 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

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

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.

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

### (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.

While the long-term compensated absences is treated as long-term employee benefit for measurement purpose, it is presented as current provision in the Balance Sheet since, the Company does not have an unconditional right to defer its settlement for 12 months after its reporting date.

### (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:

- (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 period.

## 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.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

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 term.

### o) Business Origination and Outsourcing

Business Origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period incurred.

### p) 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.

### q) 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 liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future

taxable income available to realise the 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.

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.

### r) 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.

### s) 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



## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

- (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 neither recognised nor disclosed in the financial statements.

### t) 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".

### u) Finance Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Discount on Commercial papers and Zero Coupon bonds is amortised over the tenor of the underlying instrument. Premium payable on redemption of debentures is accrued over the tenor of the debenture.

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is 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.

### v) Share issue expenses

Share issue expenses are adjusted against the Securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the Securities Premium Account. The balance of share issue expenses is debited to the Statement of Profit and Loss.

### w) 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.

### x) 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. All Non performing assets are classified as Non-Current.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### y) 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. a) 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 was effective from May 24, 2013, being date of filing the order with the Registrar of Companies. In accordance with the said Scheme, the Company accounted for this amalgamation in the nature of merger under the pooling-of-interest method, during the previous year ended March 31, 2014 with retrospective effect from the appointed date.

### b) Early adoption of Provision for Non-performing assets and Standard assets

Reserve bank of India has prescribed the revised asset classification norms and provisioning for standard assets which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016. During the year, the Company has early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2016.

### c) Expenditure towards Corporate Social Responsibility (CSR) activities

Nature of Activity	Partner Entity	Amount (₹ lakhs)
Health Care - Renovation and Expansion of Hospital – Chennai	AMM Foundation	332.00

Nature of Activity	Partner Entity	Amount (₹ lakhs)
Research on sustainable agricultural practices	Shri AMM Murugappa Chettiar Research Centre	55.00
Research on Nutritional supplements for rural communities	Shri AMM Murugappa Chettiar Research Centre	45.00
Infrastructure - Hostel for students pursuing management course	Institute for Financial Management and Research	78.00
Education – School Bus and Lab	Isha Leadership Academy	48.43
Sanitation facility for farming community	Bala Vikasa Social Service Society	10.00
Student Scholarships	The Little Theatre	3.00
Consultancy Charges	Hemantha Kumar Pamarthy	2.51
<b>Total</b>		<b>573.94</b>
Amount required to be spent u/s 135 of the Companies Act 2013		860.74
Shortfall in spend		286.80

### d) Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries.

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in ₹ Lakhs	As % of consolidated profit or loss	Amount in ₹ Lakhs
1	2	3	4	5
Cholamandalam Investment and Finance Company Limited	99.00%	314,205.08	97.98%	43,516.18
<b>Subsidiaries</b>				
Indian				
1. Cholamandalam Distribution Services Limited	0.51%	1,627.28	1.29%	573.90
2. Cholamandalam Securities Limited	0.49%	1,536.59	0.73%	323.54



## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars			₹ in lakhs	
	As at 31.03.2015		As at 31.03.2014	
	Nos.	Amount	Nos.	Amount
<b>NOTE : 3 SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of ₹ 10 each	240,000,000	24,000.00	240,000,000	24,000.00
Preference Shares of ₹ 100 each	50,000,000	50,000.00	30,000,000	30,000.00
		<b>74,000.00</b>		<b>54,000.00</b>
<b>ISSUED</b>				
Equity Shares of ₹ 10 each	143,805,957	14,380.60	143,327,788	14,332.78
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
1% Compulsorily Convertible Preference Shares of ₹ 100 each	50,000,000	50,000.00	-	-
		<b>64,380.60</b>		<b>44,332.78</b>
<b>SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of ₹ 10 each	143,669,203	14,366.92	143,191,034	14,319.10
Add : Forfeited Shares	130,900	6.54	130,900	6.54
		<b>14,373.46</b>		<b>14,325.64</b>
1% Compulsorily Convertible Preference Shares of ₹ 100 each	50,000,000	50,000.00		-
		<b>50,000.00</b>	-	-
		<b>64,373.46</b>		<b>14,325.64</b>

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

	₹ in lakhs			
Particulars	As at 31.03.2015		As at 31.03.2014	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
Outstanding at the beginning of the year	143,191,034	14,319.10	143,107,741	14,310.77
Issued during the year - Employees Stock Option Scheme	478,169	47.82	83,293	8.33
<b>Outstanding at the end of the year</b>	<b>143,669,203</b>	<b>14,366.92</b>	<b>143,191,034</b>	<b>14,319.10</b>
<b>Forfeited shares</b>				
Equity Shares - Amount originally paid up	<b>130,900</b>	<b>6.54</b>	<b>130,900</b>	<b>6.54</b>
<b>1 % Compulsory Convertible Preference Shares</b>				
At the beginning of the year	-	-	-	-
Issued during the year on preferential basis	50,000,000	50,000.00	-	-
<b>Outstanding at the end of the year</b>	<b>50,000,000</b>	<b>50,000.00</b>	-	-

### b) (i) 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.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### b) (ii) Terms/rights attached to Preference shares

The Compulsorily Convertible Preference Shares (CCPS) shall be converted into equity shares at the expiry of 12 months from the date of allotment or earlier at the discretion of the Board at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share) and has been subscribed by Dynasty Acquisition (FDI) Ltd. The Preferential Dividend is cumulative and shall be paid in full on or prior to the Conversion Date.

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

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
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:

#### i) Equity Shares

Particulars	₹ in lakhs			
	As at 31.03.2015		As at 31.03.2014	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	72,233,019	50.28	72,233,019	50.45
Ambadi Investments Private Limited	-	-	7,218,410	5.04
Ambadi Holdings Private Limited	7,218,410	5.02	-	-
International Finance Corporation	5,915,676	4.12	11,831,352	8.26

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.

#### ii) CCPS - Refer Note 3(b)(ii)

### e) Shares reserved for issue under options:

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

- 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 was increased to ₹ 54,000 lakhs which has been divided into 240,000,000 equity shares of ₹ 10 each amounting to ₹ 24,000 lakhs and 30,000,000 preference shares of ₹ 100 each amounting to ₹ 30,000 lakhs. (Refer Note 2 (a)).
- 3.2 The shareholders of the Company approved the increase in Authorised Share Capital from ₹ 54,000 lakhs to ₹ 74,000 lakhs by way of postal ballot on August 28, 2014. This comprises of 240,000,000 equity shares of ₹ 10 each amounting to ₹ 24,000 lakhs and 50,000,000 preference shares of ₹ 100 each amounting to ₹ 50,000 lakhs.
- 3.3 As at March 31, 2015, the Company has received an amount of ₹ 67.86 lakhs (As at March 31, 2014 – ₹ 0.94 lakh) towards share application money for 37,960 equity shares of the Company pursuant to Employee Stock Option plan. These shares have been subsequently allotted on April 08, 2015.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 4 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>3.97</b>	<b>3.97</b>
<b>Capital Redemption Reserve (Refer Note 4.1)</b>	<b>3,300.00</b>	<b>3,300.00</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	116,485.97	116,344.45
Add: Premium on ESOPs exercised	822.56	141.52
Less: Share issue expenses	(205.39)	-
<b>Closing balance</b>	<b>117,103.14</b>	<b>116,485.97</b>
<b>Statutory Reserve (Refer Note 4.2)</b>		
Balance at the beginning of the year	26,046.48	18,765.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	9,000.00	7,281.00
<b>Closing balance</b>	<b>35,046.48</b>	<b>26,046.48</b>
<b>General Reserve</b>		
Balance at the beginning of the year	40,967.33	33,621.86
Add: Amount transferred from surplus in the Statement of Profit and Loss	40,000.00	5,000.00
Deferred tax adjustment consequent to the Scheme of Amalgamation (Refer Note 2 (a))	-	2,345.47
<b>Closing balance</b>	<b>80,967.33</b>	<b>40,967.33</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	27,546.74	8,903.04
Profit for the year	44,413.62	36,828.17
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)	(2.31)	(0.43)
Equity Interim - Paid (₹ 2.50 per share)	(3,590.40)	(3,579.26)
Equity - Proposed (₹ 1 per share)	(1,437.07)	(1,431.97)
Preference	(287.67)	-
Distribution tax on Equity Dividend	(1,010.82)	(851.73)
Distribution tax on Preference Dividend	(57.52)	-
Transfer to Statutory Reserve	(9,000.00)	(7,281.00)
Transfer to General Reserve	(40,000.00)	(5,000.00)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>16,574.57</b>	<b>27,546.74</b>
<b>Total Reserves and Surplus</b>	<b>252,995.49</b>	<b>214,350.49</b>

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 231,596 (March 31, 2014 - 42,828) shares which were allotted to the employees under the Employee Stock Option Scheme, 2007 after March 31, 2014 but before July 31, 2014 (book closure date).

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs			
	Non - Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 5 BORROWINGS (Refer Note 5.2)</b>				
<b>LONG - TERM</b>				
Redeemable Non-Convertible Debentures				
Medium Term - Secured (Refer Note 5.1 (i))	263,080.00	215,520.00	133,790.00	141,020.00
Subordinated debt - Unsecured	150,800.00	94,800.00	-	20,000.00
Perpetual debt - Unsecured	110,070.00	103,330.00	-	-
Term Loans				
Rupee Loans from Banks - Secured (Refer Note 5.1 (ii))	718,500.00	569,650.00	301,150.00	342,483.00
Foreign currency loans from banks - Secured (Refer Note 5.1 (ii))	-	-	-	5,991.00
	<b>1,242,450.00</b>	<b>983,300.00</b>	<b>434,940.00</b>	<b>509,494.00</b>
The above amount includes				
Secured borrowings	981,580.00	785,170.00	434,940.00	489,494.00
Unsecured borrowings	260,870.00	198,130.00	-	20,000.00
Amount disclosed under the head "Current Maturities of Long term borrowings"			(434,940.00)	(509,494.00)
	<b>1,242,450.00</b>	<b>983,300.00</b>	-	-
<b>SHORT - TERM</b>				
Working capital Demand loans and cash credit from Banks (Refer Note 5.1 (iii))				
- Secured	-	-	220,384.02	260,055.29
Commercial paper - Unsecured	-	-	47,250.00	54,670.00
	-	-	<b>267,634.02</b>	<b>314,725.29</b>
The above amount includes				
Secured borrowings	-	-	220,384.02	260,055.29
Unsecured borrowings	-	-	47,250.00	54,670.00
	-	-	<b>267,634.02</b>	<b>314,725.29</b>

### 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) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

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

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 6 OTHER LONG - TERM LIABILITIES</b>		
Advances from customers	105.30	80.00
Interest Accrued but not due on borrowings	3,927.03	2,938.22
Deferred Rent	226.49	241.96
	<b>4,258.82</b>	<b>3,260.18</b>

Particulars	₹ in lakhs			
	Long-term		Short-term	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 7 PROVISIONS</b>				
<b>Provisions for Employee Benefits</b>				
- Compensated Absences (Refer Note 28 (B))	-	-	1,086.40	945.17
	-	-	1,086.40	945.17
<b>Other provisions</b>				
Provision for Standard Assets (Refer Note 32 & 2(b))	3,561.68	3,266.51	2,960.67	1,549.59
Provision for Non performing Assets (Refer Note 32 & 2(b))	27,928.10	26,206.54	-	-
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 32)	565.88	753.44	-	-
Provision for Contingencies	-	-	12.00	-
Provision for Contingent Service Tax Claims (Refer Note 32)	-	-	792.37	792.37
Provision for Clawback	-	-	14.52	7.79
Proposed Dividend - Equity	-	-	1,437.07	1,431.97
Provision for Distribution tax on proposed Dividend - Equity	-	-	292.56	243.36
	<b>32,055.66</b>	<b>30,226.49</b>	<b>5,509.19</b>	<b>4,025.08</b>
	<b>32,055.66</b>	<b>30,226.49</b>	<b>6,595.59</b>	<b>4,970.25</b>

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>		
<b>Trade Payables</b>		
Dues to clients and Stock Exchanges	1,440.88	2,045.92
Others	15,297.45	12,621.13
	<b>16,738.33</b>	<b>14,667.05</b>
<b>Other current liabilities</b>		
Interest Accrued but Not Due on Borrowings / Other Deposits	37,342.21	38,062.54
Income received in advance	21.60	3.99
Unpaid Dividend (Refer Note 8.1)	32.89	34.78
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 & 8.3)	8.44	21.29
Advances from customers/others	1,948.55	1,859.81

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES (Contd.)</b>		
Security Deposit received	504.02	520.77
Remittance payables - Derecognised assets (Refer Note 17.1)	22,974.64	22,857.90
Insurance premium collected from customers	801.64	1,001.35
Statutory dues	518.89	361.19
Other liabilities	534.54	371.39
	<b>64,687.42</b>	<b>65,095.01</b>
* Other liabilities include Provision for Gratuity (Refer Note 28 (A))	204.16	8.35

- 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 March 31, 2015, in respect of overdue amounts totalling to ₹ 0.11 lakh (March 31, 2014 - ₹ 0.11 lakh), payment for which has 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 December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits, consequent to its decision to exit from deposit accepting activities effective November 01, 2006, the Company has a total deposit of ₹ 14.94 lakhs as at March 31, 2015 (March 31, 2014 - ₹ 26.91 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 17.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended March 31, 2015

### NOTE : 9 FIXED ASSETS

As at March 31, 2015

Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block as at	
	Cost as at	Additions	Deletions	Cost as at	Upto	Provided	Upto	31.03.2015
	31.03.2014			31.03.2015	31.03.2014	for the year	31.03.2015	31.03.2014
						during the year		
<b>Tangible Asset (owned)</b>								
Freehold Land	464.19	-	-	464.19	-	-	-	464.19
Buildings (Refer Note 9.1)	3,463.77	-	-	3,463.77	727.78	79.45	807.23	2,656.54
Plant and Machinery	3,403.15	772.83	339.48	3,836.50	2,439.55	837.52	2,937.60	898.90
Office Equipment	1,505.42	339.63	63.73	1,781.32	890.72	358.87	1,199.98	581.34
Furniture and Fixtures	1,662.94	406.82	75.43	1,994.33	1,038.45	377.67	1,351.39	642.94
Leasehold improvements	2,202.74	424.28	196.45	2,430.57	1,205.05	709.20	1,757.31	673.26
Vehicles	734.32	369.61	182.93	921.00	272.27	166.00	328.64	592.36
<b>Total</b>	<b>13,436.53</b>	<b>2,313.17</b>	<b>858.02</b>	<b>14,891.68</b>	<b>6,573.82</b>	<b>2,528.71</b>	<b>8,382.15</b>	<b>6,509.53</b>
<b>Intangible Asset (acquired)</b>								
Computer Software	3,417.01	296.16	-	3,713.17	2,862.48	474.93	3,337.41	375.76
Stock Exchange Membership Card	170.75	-	-	170.75	161.98	6.58	168.56	2.19
<b>Total</b>	<b>3,587.76</b>	<b>296.16</b>	<b>-</b>	<b>3,883.92</b>	<b>3,024.46</b>	<b>481.51</b>	<b>3,505.97</b>	<b>377.95</b>
								<b>563.30</b>

₹ in lakhs



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

For the year ended March 31, 2015

### NOTE : 9 FIXED ASSETS

As at March 31, 2014

Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block as at		₹ in lakhs
	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	Upto 31.03.2014	31.03.2014	
Tangible Asset (owned)										
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 Asset (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

### Note:

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

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 10 NON-CURRENT INVESTMENTS</b> (valued at cost unless stated otherwise)		
<b>Non-Trade Investments</b>		
<b>Investment in Equity shares - Unquoted</b>		
Amaravathi Sri Venkatesa Paper Mills Limited	129.04	129.04
293,272 Equity shares of ₹ 10 each fully paid up		
Saraswat Co-operative Bank Limited	0.10	0.10
1,000 Equity shares of ₹ 10 each fully paid up		
The Shamrao Vithal Co-operative Bank Limited	0.25	0.25
1,000 Equity shares of ₹ 25 each fully paid up		
Bombay Stock Exchange Limited	138.04	138.04
130,000 Shares of ₹ 1 each fully paid up		
Madras Stock Exchange Limited	0.15	0.15
285,000 Shares of ₹ 1 each fully paid up		
Chola Insurance Services Limited	1.91	1.91
19,133 Shares of ₹ 10 each fully paid up		
<b>Investment in other shares - Unquoted</b>		
Chennai Willingdon Corporate Foundation	0	0
5 shares of ₹ 10 each : Cost ₹ 50 only		
<b>Investment in other shares - Quoted</b>		
Coromandel Engineering Company Limited	500.25	500.25
2,500,100 shares of ₹ 10 each fully paid		
<b>Investment in Venture Capital Fund - Unquoted</b>		
Faering India Capital Evolving Fund		
Faering Capital India Evolving Fund	468.32	284.27
<b>Investment in Pass Through Certificates - Unquoted</b>		
	1,079.72	2,774.45
<b>Amount disclosed under Current Investments</b>		
	(730.20)	(1,630.26)
	349.52	1,144.19
	<b>1,587.58</b>	<b>2,198.20</b>
Aggregate Value of Unquoted Investments - At Cost	1,587.58	2,198.20

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE: 11 DEFERRED TAX ASSETS (Net)</b>		
<b>Deferred Tax Assets</b>		
Provision for Standard Assets	2,257.25	1,636.99
Provision for Non-Performing Assets	9,665.36	8,907.60
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	195.84	256.10
Provision for Repossessed Stock	912.52	842.88
Provision for Contingent Service Tax	274.22	269.33

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE: 11 DEFERRED TAX ASSETS (Net) (Contd.)</b>		
Income Derecognised on Non-Performing Assets	3,639.56	2,119.00
Unrealised Excess Interest Spread on Assignment/Securitisation	2,527.98	-
Provision for compensated absences and gratuity	365.43	308.68
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	470.65	200.68
Others	231.32	576.80
(A)	<b>20,540.13</b>	<b>15,118.06</b>
<b>Deferred Tax Liability</b>		
Unamortised Prepaid Finance Charges	2,078.02	2,153.19
Others	-	-
(B)	<b>2,078.02</b>	<b>2,153.19</b>
<b>Net Deferred Tax Assets (A) - (B)</b>	<b>18,462.11</b>	<b>12,964.87</b>
<b>Movement in Net Deferred Tax Assets during the year</b>	<b>5,497.24</b>	<b>6,078.82</b>
<b>Add / (Less):</b>		
Movement in Deferred Tax during the year ended March 31, 2014 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
<b>Deferred Tax benefit in the Statement of Profit and Loss</b>	<b>5,497.24</b>	<b>3,773.43</b>

Particulars	₹ in lakhs			
	Non - Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE: 12 RECEIVABLES UNDER FINANCING ACTIVITY</b>				
<b>Secured (Refer Note 12.1)</b>				
Automobile Financing	865,877.82	862,104.00	575,992.60	521,934.71
Loans against Immovable Property	644,072.31	454,009.37	49,920.80	37,094.93
Loans against Securities	2,749.65	5,597.38	824.64	4,774.87
Other Loans	9,484.64	467.06	3,589.67	1,225.31
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.3)	24,206.48	12,669.43	32,216.36	34,854.16
<b>Total (a)</b>	<b>1,546,390.90</b>	<b>1,334,847.24</b>	<b>662,544.07</b>	<b>599,883.98</b>
<b>Unsecured</b>				
Consumer Loans	2.45	25.96	-	-
Bills Discounted	-	-	1,989.92	163.74
Other Loans	349.71	182.50	6,938.72	7,578.66
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	53.86	45.21	84.01	85.39
<b>Total (b)</b>	<b>406.02</b>	<b>253.67</b>	<b>9,012.65</b>	<b>7,827.79</b>
<b>Total receivables under financing activity (a) + (b)</b>	<b>1,546,796.92</b>	<b>1,335,100.91</b>	<b>671,556.72</b>	<b>607,711.77</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs			
	Non - Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY</b> (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, company guarantees or personal guarantees and/ or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	19,183.55	12,107.65		
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	53.72	43.16		
Of the above:				
Considered Good	1,466,520.66	1,291,514.56	671,556.72	607,711.77
Others - Non-Performing Assets	80,276.26	43,586.35	-	-
	1,546,796.92	1,335,100.91	671,556.72	607,711.77
Refer Note 7 for Provision for Non-Performing Assets				

Particulars	₹ in lakhs			
	Long-term		Short-term	
	As At 31.03.2015	As at 31.03.2014	As At 31.03.2015	As at 31.03.2014
<b>NOTE :13 LOANS AND ADVANCES</b>				
<b>Unsecured - considered good</b> (unless otherwise stated)				
Capital Advances	679.82	182.36	-	-
Security Deposits	882.94	856.07	576.27	568.23
Deposits with Stock Exchanges	139.10	139.10	553.81	1,206.48
Prepaid expenses	31.30	23.26	351.03	372.34
Service tax input credit	4.19	-	-	-
Service tax input credit (considered doubtful)	224.85	230.90	73.49	161.38
Less: Provision	(224.85)	(230.90)	-	-
	-	-	73.49	161.38
Advance tax (net of provision for tax)	4,892.66	5,487.99	-	-
MAT Credit entitlement (net)	326.42	299.00	-	-
Other advances	-	-	968.94	367.16
	<b>6,956.43</b>	<b>6,987.78</b>	<b>2,523.54</b>	<b>2,675.59</b>

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

₹ in lakhs

Particulars	Non-current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 14 OTHER ASSETS</b>				
<b>Unsecured - considered good (unless otherwise stated)</b>				
Deposit with Banks as collateral towards assets derecognised (Refer Note 17)	52,030.98	51,999.91	-	-
Excess Interest spread - Derecognised assets	3,656.90	4,328.03	261.37	519.95
Prepaid Finance Charges	4,820.76	4,889.98	1,183.69	1,444.79
Prepaid Discount on Commercial Papers	-	-	689.58	1,693.22
Reposessed Automobile assets	-	-	1,962.32	1,105.02
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	26,236.99	23,818.81
- on Deposits and Investments	-	-	278.52	582.11
Financial assets on derivative transactions	-	-	-	939.89
Unbilled revenue	-	-	22.05	8.66
Other Accruals and receivables *	-	-	3,608.82	3,373.93
	<b>60,508.64</b>	<b>61,217.92</b>	<b>34,243.34</b>	<b>33,486.38</b>

\* Includes - ₹ 2,831.64 lakhs (March 31, 2014 - ₹ 2,852.74 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognized assets referred in Note 8.

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 15 CURRENT INVESTMENTS</b> (valued at lower of cost and fair value, unless stated otherwise - Non-Trade)		
Investments in Mutual Funds - <b>Unquoted</b>	140.00	70.00
Current Portion of Long term Investment in Pass Through Certificates - <b>Unquoted</b>	730.20	1,630.26
	<b>870.20</b>	<b>1,700.26</b>

₹ in lakhs

Particulars	Long Term		Short Term	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 16 TRADE RECEIVABLES</b>				
Secured - Considered Good	0.71	0.77	1,134.58	1,619.82
Unsecured - Considered Good	-	-	48.53	40.69
Unsecured - Considered Doubtful	166.75	166.70	34.21	33.28
Less: Provision for Doubtful Debts	(166.75)	(166.70)	(34.21)	(33.28)
	<b>0.71</b>	<b>0.77</b>	<b>1,183.11</b>	<b>1,660.51</b>
Trade Receivables outstanding for a period of more than 6 months from the due date				
Secured - Considered Good			21.13	18.96
Unsecured - Considered Doubtful			33.65	53.59

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As At 31.03.2015	As at 31.03.2014
<b>NOTE : 17 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	4,408.62	4,999.66
Cheques, Drafts on hand	2,652.24	2,079.82
Balances with banks		
- In Current Accounts (Refer Note 17.1)	11,979.15	43,888.17
- In Deposit Accounts - Original maturity 3 months or less	13.65	16,591.27
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 17.2)	1,117.96	1,438.62
- In earmarked accounts (Refer Note 17.3)		
- In Unclaimed Dividend Accounts	32.89	34.78
- In Client and Exchange related Accounts	410.70	187.37
- In Deposit Accounts (Under Lien)	687.50	527.50
- Deposit with Banks as collateral towards assets derecognised	65,925.61	63,501.79
- Amount disclosed under Non current bank balances (Refer Note 14)	(52,030.98)	(51,999.91)
	13,894.63	11,501.88
- Public deposit Escrow Account (Refer Note 8.3)	14.94	26.91
- Other Deposit Account	7.59	8.39
	<b>35,219.87</b>	<b>81,284.37</b>

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 (Cash Flow Statements) is ₹ 19,053.66 lakhs (March 31, 2014 - ₹ 67,558.92 lakhs).

- 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 ₹ 266.19 lakhs (March 31, 2014 - ₹ 1,438.62 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 ₹ 622.50 lakhs (March 31, 2014 - ₹ 477.50 lakhs) held as lien for bank guarantees issued to stock exchanges.

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 18 REVENUE FROM OPERATIONS</b>		
<b>Income from Operations</b>		
(a) Income from Financing Activities		
i) Interest (Refer Note 2(b))		
- Automobile Financing	238,247.67	209,032.20
- Loans against Immovable Property	78,249.02	66,002.81
- Loans against Securities	603.00	1,153.79
- Loans against Gold	426.55	170.60
- Consumer Loans	14.45	51.16
- Other Loans	1,674.07	1,596.45
- Bills Discounting	85.79	12.84
- Interest spread on assignment/securitisation	14,346.28	12,148.06

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 18 REVENUE FROM OPERATIONS</b> (Contd.)		
ii) Other Operating Revenue		
- Automobile Financing	19,552.89	21,674.60
- Loans against Immovable Property	6,926.08	6,216.87
- Loans against Securities	22.74	47.54
- Loans against Gold	6.97	0.33
- Consumer Loans	5.33	8.29
- Other Loans	166.82	11.55
(b) Stock broking, Depository Operations and Allied Services	1,327.48	737.89
(c) Retail Distribution Operations - Commission	1,058.11	928.35
(d) Interest Income		
- Deposits placed as collateral towards assets derecognised	5,931.95	4,142.43
- Other Deposits	80.71	638.59
- Long Term Investment - Pass Through Certificates	98.97	137.01
(e) Gain on prepayment of Commercial Paper and Debentures (Net) (Refer Note 18.1)	25.97	187.95
<b>Total (A)</b>	<b>368,850.85</b>	<b>324,899.31</b>
<b>Other Operating Income</b>		
(f) Profit on sale of current investments	2,174.93	2,565.04
(g) Income from Non Financing activity	455.59	466.75
<b>Total (B)</b>	<b>2,630.52</b>	<b>3,031.79</b>
<b>Total (A+B)</b>	<b>371,481.37</b>	<b>327,931.10</b>
<b>18.1 Gain on Prepayment of Commercial Paper and Debentures</b>		
Book Value (including interest accrued) on the date of prepayment	10,000.00	64,582.63
Consideration paid for prepayment	9,974.03	64,394.68
<b>Net Gain</b>	<b>25.97</b>	<b>187.95</b>

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 19 OTHER INCOME</b>		
Dividend Income from long term investments	5.21	5.22
Rent	20.49	21.47
Profit on sale of Fixed assets (net)	-	4.62
Miscellaneous Income (Refer Note 19.1)	39.96	72.81
	<b>65.66</b>	<b>104.12</b>
19.1) Miscellaneous Income includes		
Liability no longer required written back	39.79	71.63



## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 20 FINANCE COSTS</b>		
Interest Expense		
- Debentures	68,518.55	62,579.23
- Bank Loans	104,717.32	99,007.97
Discount on Commercial Papers	18,664.58	11,658.34
Others		
- Amortisation of ancillary borrowing costs	2,778.67	2,678.75
- Amortisation of premium on Forward contracts	73.89	221.67
- Bank charges	1,028.51	790.90
	<b>195,781.52</b>	<b>176,936.86</b>

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 21 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Bonus and Commission	20,846.16	17,614.35
Contribution to Provident and Other Funds		
Employees' Provident Fund	774.37	637.01
Superannuation Fund	149.73	125.32
Gratuity Fund (Refer Note 28 (A))	241.66	223.33
Staff Welfare Expenses	1,010.60	811.51
	<b>23,022.52</b>	<b>19,411.52</b>

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 22 OTHER OPERATING EXPENSES</b>		
Rent (Refer Note 22.1)	3,004.68	2,812.31
Electricity Charges	766.93	552.49
Rates and Taxes (Refer Note 22.2)	2,409.36	2,874.17
Communication Cost	1,572.12	1,128.98
Traveling and Conveyance	2,547.86	2,813.20
Advertisement Expenses	33.25	126.79
Business Development Expenses	18.87	25.06
Insurance	559.09	630.70
Repairs and Maintenance		
- Buildings	8.97	6.39
- Others	70.34	65.20
Printing and Stationery	826.48	735.20
Information Technology Expenses	1,490.82	926.47
Auditors' Remuneration (Refer Note 27)	69.93	54.79
Professional Charges	2,517.73	2,544.96
Operating Lease Rental Expense	147.35	559.21
Loss on Sale of Fixed Assets (Net)	58.73	-
Commission to Directors	51.33	27.68
Sitting Fees to Directors	18.60	9.00

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 22 OTHER OPERATING EXPENSES</b> (Contd.)		
Foreign Exchange Loss (net)	-	343.56
Recovery Charges (Refer Note 22.4)	14,304.51	8,277.49
Corporate Social Responsibility Expenditure (Refer Note 2(c))	573.94	-
Miscellaneous Expenses (Refer Note 22.3)	519.25	873.56
	31,570.14	25,387.21
Less : Expenses Recovered	(36.02)	(14.23)
	<b>31,534.12</b>	<b>25,372.98</b>
22.1 (Reversal)/Lease equalisation charge included in Rent	(43.86)	99.80
22.2 Service Tax charge included in Rates and Taxes	2,342.70	2,760.61
22.3 Miscellaneous Expenses includes		
Donation To Electoral Trust	50.00	-
Other Donations	1.21	275.40
22.4 Net of reversal of provision for servicing costs on assets derecognised	42.08	-

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 23 PROVISIONS AND LOAN LOSSES</b>		
Loss Assets Written Off (Net)	11,286.56	8,642.54
Provision/Loss on Repossessed Assets(Net)	17,902.92	15,330.43
Provision for Non-Performing Assets (Refer Note 2(b) & 23.1)	20,031.79	15,359.63
Provision Released for Non-Performing Assets on recovery/write off	(18,455.71)	(11,659.04)
Total	30,765.56	27,673.56
Provision for Standard Assets (Net) (Refer Note 2(b))	1,706.25	659.75
Provision for Contingencies	12.00	-
Provision for other doubtful debts and advances	1.68	3.36
Loss on sale of shares held as stock in trade (Net)	4.88	1.81
	<b>32,490.37</b>	<b>28,338.48</b>
23.1 Includes reversal of provision for credit enhancements on assets derecognised	145.48	74.70

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 24 EARNINGS PER SHARE</b>		
<b>Profit After Tax (₹ in lakhs)</b>	<b>44,413.62</b>	<b>36,828.17</b>
Less: Preference Dividend (including tax thereon) (₹ in lakhs)	345.19	-
<b>Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)</b>	<b>44,068.43</b>	<b>36,828.17</b>
Weighted Average Number of Equity Shares (Basic)	143,486,422	143,151,375
Add: Dilutive effect relating to ESOP	253,531	254,348
Add: Dilutive effect relating to CCPS	1,452,362	-
Weighted Average Number of Equity Shares (Diluted)	145,192,315	143,405,723
<b>Earnings per Share - Basic (₹)</b>	<b>30.71</b>	<b>25.73</b>
<b>Earnings per Share - Diluted (₹)</b>	<b>30.59</b>	<b>25.68</b>
Face Value Per Share (₹)	10.00	10.00

### Note:

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

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 25 ASSETS DE-RECOGNISED</b>		
<b>a) On Securitisation</b>		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	24	19
Outstanding securitised Assets in books of SPV	368,880.53	410,298.10
Less: Collections not yet due to be remitted to SPV *	19,753.10	19,000.60
Outstanding securitized Assets as per books	349,127.43	391,297.50
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	6,170.36	-
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	61,779.21	50,806.86
• Others		
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	1079.72	2,774.45
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	693,847.00	556,853.48

\* Excludes interest collected from customers on securitised assets.

### b) On Bilateral assignment

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Number of Assignment Transactions	3	6
Outstanding Assignment Assets as per books	5,694.72	17,438.11
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral	4,146.40	12,694.93
• Others	-	-
Book value of Assets sold	49,804.00	107,224.85

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE : 26 DETAILS OF OUTSTANDING DERIVATIVES</b>		
(i) Outstanding Derivatives:		
(a) Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	-	4,460.00
		(USD 10 million)
(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE : 27 AUDITORS' REMUNERATION</b> (Net of Service Tax Input Credit)		
Statutory Audit	35.00	28.60
Interim Audit & Limited Review	16.00	12.20
Tax Audit	4.00	3.40
Other Services	13.55	9.75
Reimbursement of Expenses	1.38	0.84
<b>Total</b>	<b>69.93</b>	<b>54.79</b>
Particulars	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE: 28 a) GRATUITY</b>		
<b>Details of Actuarial Valuation:</b>		
<b>Projected Benefit Obligation at the Beginning of the year</b>	840.08	571.09
Current Service Cost	18.59	97.08
Interest Cost	63.31	44.10
Actuarial Losses	215.25	147.87
Benefits Paid	(71.37)	(20.06)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1065.86</b>	<b>840.08</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the Beginning of the year	831.73	585.78
Expected Returns on Plan Assets	66.59	55.68
Actuarial (Losses)/Gain	(11.10)	6.66
Employer's Contribution	45.85	203.67
Benefits Paid	(71.37)	(20.06)
Adjustments	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>861.70</b>	<b>831.73</b>
<b>Amount Recognised in the Balance Sheet</b>		
Fair Value of Plan Assets at the End of the year	861.70	831.73
Liability at the End of the year	1065.86	840.08
<b>Amount Recognised in the Balance Sheet under Note 8 – Other liabilities</b>	<b>(204.16)</b>	<b>(8.35)</b>
<b>Cost of the Defined Benefit Plan for the year</b>		
Current Service Cost	18.59	97.08
Interest on Obligation	63.31	44.10
Expected Return on Plan Assets	(66.59)	(55.69)
Past Service Cost	-	(3.36)
Net Actuarial Losses Recognized in the year	226.35	141.21
<b>Net Cost recognised in the Statement of Profit and Loss</b>	<b>241.66</b>	<b>223.33</b>
<b>Experience Adjustments</b>		
Actuarial (Gain) or Loss on Obligation	215.25	147.87
Actuarial (Gain) or Loss on Plan Assets	11.10	(6.66)
<b>Assumptions</b>		
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.	8.00% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE: 28 a) GRATUITY (Contd.)

#### Other Disclosures:

	₹ in lakhs				
Benefit	2014-15	2013-14	2012-13	2011-12	2010-11
Projected Benefit Obligation	1065.86	840.08	571.09	390.78	264.49
Fair Value of Plan Assets	861.70	831.73	585.78	395.88	280.96
<b>Surplus/(Deficit)</b>	<b>(204.16)</b>	<b>(8.35)</b>	<b>14.69</b>	<b>5.10</b>	<b>16.47</b>

#### Notes:

- The expected return on plan assets for the year ended March 31, 2015 is as furnished by LIC.
- The entire plan assets are managed by LIC. The data on plan assets and has not been furnished by LIC and hence there are no disclosures in this regard.
- The data on experience adjustments is not furnished as the requisite information is not available.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Estimated amount of contribution to the funds during the year ended March 31, 2016 as estimated by the management is ₹ 250.00 lakhs (March 31, 2015 – ₹ 225.00 lakhs).
- 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.

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>NOTE: 28 b) COMPENSATED ABSENCES</b>		
<b>Details of Actuarial Valuation</b>		
<b>Projected Benefit Obligation at the beginning of the year</b>		
Balance as at the beginning of the year	945.17	274.55
Compensated absences reassessed on actuarial basis at the beginning of the year	-	383.73
Current Service Cost	106.96	105.78
Interest Cost	73.34	52.27
Actuarial Losses	17.71	138.59
Benefits Paid	(56.78)	(9.75)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1086.40</b>	<b>945.17</b>
<b>Cost of the Defined Benefit Plan for the year</b>		
Current Service Cost	106.96	105.78
Past Service Cost reversed	-	(458.58)
Interest on Obligation	73.34	52.27
Net Actuarial Losses Recognised in the year	17.71	138.59
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>198.01</b>	<b>(161.94)</b>
<b>Experience Adjustments</b>		
Actuarial Loss on Obligations	17.71	138.59
<b>Assumptions</b>		
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.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

#### Notes:

- The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2015.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 29 SEGMENTAL REPORTING

The Management has identified the following reportable segments:

	Financing		Distribution		Stock Broking		Eliminations		Consolidated Total	
	Year ended 31.03.2015	Year ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
₹ in lakhs										
<b>REVENUE</b>										
External Revenue	369,023.12	326,143.04	1,072.93	1,001.80	1,385.32	786.26	-	-	371,481.37	327,931.10
Inter-segment Revenue	22.69	34.89	232.64	180.76	53.16	11.26	(308.49)	(226.91)	-	-
<b>Total Revenue</b>	<b>369,045.81</b>	<b>326,177.93</b>	<b>1,305.57</b>	<b>1,182.56</b>	<b>1,438.48</b>	<b>797.52</b>	<b>(308.49)</b>	<b>(226.91)</b>	<b>371,481.37</b>	<b>327,931.10</b>
<b>RESULT</b>										
Segment Result	65,663.62	54,921.86	556.74	467.71	336.45	(45.98)	-	-	66,556.81	55,343.59
Other Income	-	-	-	-	-	-	-	-	65.66	104.23
Net Profit Before Tax	-	-	-	-	-	-	-	-	66,622.47	55,447.82
<b>Other Information</b>										
Segment Assets	2,358,569.06	2,130,128.55	307.49	653.33	3,000.84	3,827.58	-	-	2,361,877.39	2,134,609.46
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	24,919.26	19,805.88
<b>Total Assets</b>	<b>2,358,569.06</b>	<b>2,130,128.55</b>	<b>307.49</b>	<b>653.33</b>	<b>3,000.84</b>	<b>3,827.58</b>	<b>-</b>	<b>-</b>	<b>2,386,796.65</b>	<b>2,154,415.34</b>
Segment Liabilities	2,067,488.92	1,923,410.13	165.70	96.99	1,705.22	2,232.09	-	-	2,069,359.84	1,925,739.21
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,067,488.92</b>	<b>1,923,410.13</b>	<b>165.70</b>	<b>96.99</b>	<b>1,705.22</b>	<b>2,232.09</b>	<b>-</b>	<b>-</b>	<b>2,069,359.84</b>	<b>1,925,739.21</b>
Capital Expenditure	3,089.70	2,653.41	7.62	24.84	9.48	9.75	-	-	3,106.80	2,688.00
Depreciation and amortisation	2,918.26	2,363.13	39.78	27.63	52.18	73.35	-	-	3,010.22	2,464.11
Other Non Cash Expenditure	32,714.52	28,193.72	13.64	(8.60)	4.41	(9.48)	-	-	32,732.57	28,175.64

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### 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 Managerial Personnel:** 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 31.03.2015	Year ended 31.03.2014
<b>a) Tube Investments of India Limited</b>		
Dividend Payments		
- Equity shares	2,528.15	2,528.15
Rent (including hiring) receipts	16.87	16.16
Expenses – Reimbursed	0.15	0.38
Net Amount Receivable/(Due) as at year end		
Rental deposit	(0.90)	(0.90)
Others	0.52	1.32
<b>b) Murugappa Holdings Limited</b>		
Dividend payments – Equity shares ₹ 616.00 - (March 31, 2014 – ₹ 616.00)	0.00	0.00
<b>c) Cholamandalam MS Risk Services Limited</b>		
Interest Receipts	-	17.63
Rent (including hiring) Receipts	-	1.79
Expenses – Reimbursed	0.15	5.84
Amount received towards reimbursement of Expenses	-	1.00
Loan given	-	500.00
Loan recovered	-	500.00
Net Amount Receivable/(Due) as at year end	-	-
<b>d) Cholamandalam MS General Insurance Company Limited</b>		
Interest Payments	782.60	648.65
Rent payments	15.16	19.95
Rent (including hiring) receipts	66.44	71.74
Payments for services availed	238.10	574.41
Receipts for services rendered	3,044.27	2,593.92
Receipts on settlement of insurance claim	18.42	3.65



## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 30 RELATED PARTY DISCLOSURES (As per AS-18 "Related Party Disclosures") (Contd.)

Nature of Transactions	₹ in lakhs	
	Year ended 31.03.2015	Year ended 31.03.2014
Expenses – Reimbursed	3.59	6.55
Rental deposit received	-	21.14
Amount received towards reimbursement of Expenses	19.74	27.14
Issue of Un-Secured Non-Convertible Debentures	-	2,000.00
Net Amount Receivable/(Due) as at year end		
- Debenture and Commercial paper including accrued interest	(6,470.48)	(6,337.54)
- Rental deposit	(21.14)	(21.14)
- Others	448.50	215.70
<b>e) Key Managerial Personnel</b>		
Vellayan Subbiah – Managing Director		
Remuneration	298.65	254.27
Dividend payment	8.59	8.59

### NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

Particulars	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Income tax and Interest on Tax issues where the Group is in appeal	5,344.23	3,525.51
Decided in the Group favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	564.60	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 (The Group has paid ₹ 649.15 lakhs (March 31, 2014 – ₹ 75.66 lakhs) under protest, which is included under loans and advances – Refer Note 13)	4,220.09	1,187.66
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	3,399.36	1,711.69

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

- i) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
  - ii) It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.
  - iii) The Company does not expects any reimbursement in respect of the above contingent liabilities.
  - iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.
- (b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 1,019.61 lakhs (March 31, 2014 - ₹ 1,211.79 lakhs).

### NOTE : 32 CHANGES IN PROVISIONS

Particulars	₹ in lakhs			
	As at 31.03.2014	Additional Provision	Utilisation/ Reversal	As at 31.03.2015
Provision for Standard Assets	4,816.10	1,706.25	-	6,522.35
Provision for Non-Performing Assets	26,206.54	20,031.79	(18,310.23)	27,928.10
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	753.44	-	(187.56)*	565.88
Contingent Service Tax Claims	792.37	-	-	792.37
Provision for Claw back	7.79	14.52	(7.79)	14.52
Provision for Contingencies	-	12.00	-	12.00

\* Refer Note 23.1 & 22.4

### 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.

Period	₹ in lakhs	
	As at 31.03.2015	As at 31.03.2014
Not later than one year	Nil	134.70
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>Nil</b>	<b>134.70</b>

Refer Note 22 for rental expenses relating to cancellable operating lease agreements entered into for office premises.

### 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 July 30, 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.

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 34 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
1	Original*	30-07-07	193.40	30-07-08	765,900	79,820	635,732	50,348	-
	CAA *	25-01-08	178.70	-	54,433	6,932	44,337	3,164	-
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	12,144	133,638	17,018	-
4	Original	25-04-08	191.80	25-04-09	468,740	128,654	310,955	29,131	-
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	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	131,408	63,438	99,754	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	144,733	40,569	24,398	-
8	Original	30-04-11	162.55	30-04-12	113,400	19,965	41,687	27,928	23,820
9	Original	28-07-11	175.35	28-07-12	61,800	18,928	27,504	7,448	7,920
10	Original	27-10-11	154.55	27-10-12	195,680	68,670	35,424	39,143	52,443

\* 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:

Date of Grant	Risk Free Interest Rate	Expected Life	Variables		Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
			Expected Volatility	Dividend Yield		
<b>30-Jul-07</b>	7.10% - 7.56%	3-6 years	40.64% - 43.16%	5.65%	193.40	61.42
<b>24-Oct-07</b>	7.87% - 7.98%	3-6 years	41.24% - 43.84%	5.65%	149.90	44.25
<b>25-Jan-08</b>	6.14% - 7.10%	3-6 years	44.58% - 47.63%	5.65%	262.20	78.15
<b>25-Apr-08</b>	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
<b>30-Jul-08</b>	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
<b>24-Oct-08</b>	7.54% - 7.68%	2.5-5.5 years	48.20% - 55.48%	3.97%	37.70	14.01
<b>27-Jan-11</b>			48.20%			
<b>- Tranche I</b>	8%	4 years	59.50%	10%	187.60	94.82
<b>- Tranche II</b>	8%	3.4 years	61.63%	10%	187.60	90.62
<b>30-Apr-11</b>	8%	4 years	59.40%	25%	162.55	73.07
<b>28-Jul-11</b>	8%	4 years	58.64%	25%	175.35	79.17
<b>27-Oct-11</b>	8%	4 years	57.52%	25%	154.55	67.26

## Notes forming part of the Consolidated Financial Statements (Contd.)

For the year ended March 31, 2015

### NOTE : 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

The shareholders of the Company, at the 34<sup>th</sup> Annual General Meeting held on July 30, 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 (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2015 is ( ₹ 0.97) lakh (March 31, 2014 ₹ 13.00 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

### 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 ₹ 27.42 lakhs (March 31, 2014 ₹ 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 period classification / presentation, wherever applicable.

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

**M.B.N. Rao**  
Chairman

Date : April 24, 2015  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

**Form AOC-1**  
**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies**  
**(Accounts) Rules, 2014)**

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

**Part "A": Subsidiaries**

₹ in lakhs

Name of the subsidiary	Cholamandalam Distribution Services Limited	Cholamandalam Securities Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-15	31-Mar-15
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not applicable	Not applicable
Share capital	4,240.00	2,250.00
Reserves & surplus	(136.09)	(713.41)
Total assets	4,292.98	3,241.81
Total Liabilities	189.07	1,705.22
Investments	1,108.57	138.19
Turnover	1,058.11	1,380.64
Profit before taxation	558.17	342.24
Provision for taxation	(15.73)	18.71
Profit after taxation	573.90	323.53
Proposed Dividend	-	-
% of shareholding	-	-
Names of subsidiaries which are yet to commence operations	Not applicable	Not applicable
Names of subsidiaries which have been liquidated or sold during the year	Not applicable	Not applicable

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

₹ in lakhs

Name of Associates/Joint Ventures	Not applicable
Latest audited Balance Sheet Date	
Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding %	
Description of how there is significant influence	
Reason why the associate/joint venture is not consolidated	
Networth attributable to Shareholding as per latest audited Balance Sheet	
Profit / Loss for the year	
Considered in Consolidation	
Not Considered in Consolidation	
Names of associates or joint ventures which are yet to commence operations	
Names of associates or joint ventures which have been liquidated or sold during the year	

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

**M.B.N. Rao**  
Chairman

Chennai, April 24, 2015

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director



## NOTES