

Forward and Ahead



Contents

Forward and Ahead **1** Message from the Managing Director **2** Corporate Information **11**

Financial Highlights **12** Key Financial Indicators **13** Profile of Directors **14** Directors' Report to Members **16**

Management Discussion and Analysis **22** Report on Corporate Governance **28**

General Shareholder Information **36** Financial Section **40** Consolidated Financial Section **77**



Forward and Ahead



2010-2011- was a year of consolidation and comeback for Chola. The company re-branded its logo and reinvented itself. The new Chola logo with the red denoting dynamism and solidity and the blue indicating scale and stability, combined to provide Chola its first purple patch. An exceptional year marked by consolidation and unprecedented growth, market expansions and strategic forays into new business segments. A year, that demonstrated that bouncing back from the brink to the boundary is possible. A year, that made excelling a work ethic at Chola.

With multiple players and intense competition, Chola de-risked lending by operating on core competencies and consolidated its market with judicious expansion.

Riding on the buoyancy of the market, Vehicle Finance posted a 147 % increase in growth, disbursements of Home Equity loans doubled and the Corporate Mortgage Float also posted an upward growth graph despite volatile markets.

At Chola, the future is chalked out and ready - to grow aggressively through market expansions and explore new business segments with innovative strategies. To be amongst the industry leaders in the chosen segments, to move forward and ahead.



MD's Message

At Chola the year has provided us with a great learning. When you try to surmount challenges that most believe is impossible, you go beyond what you had hitherto believed is possible. And therein lies the ability to move forward and ahead.



Dear Shareholders,

The year 2010 - 11 has been a turnaround year for Chola. The company emerged from a challenging environment to once again claim its place as a strong player in the NBFC space, with solid and sustainable growth. The three Asset Management businesses-Vehicle Finance, Home Equity and Corporate Mortgage Finance made a significant contribution to the company's bottom line. Capitalizing on the buoyancy in the market, the company increased its volume in Vehicle Finance and Home Equity, with aggregate disbursements of Rs.5731 crores, the highest ever by both these verticals. More importantly, portfolio performance from these two verticals continue to be very strong. Vehicle Finance has had Net Credit Losses(NCL) of Rs.21.80 crores, and Home Equity has had NCL of Rs.3.80 crores. Vehicle Finance NCL numbers are the lowest ever achieved to date.

Chola continues to compete as a multi-line lender in the industry. We have, however, made conscious choices in terms of the segments in which we compete. We have significantly reduced our exposure to unsecured lending and it is our intent to stay away from this business until environmental and legal conditions in the unsecured lending business significantly change. For the most part, it is also our intent to restrict our lending to the productive end of the segment versus the consumptive end.

This year has also been a year focused on strengthening our core. We do believe that the process of strengthening our core will continue well in to the 2011-12 financial year, and perhaps the year after as well. The focus of this initiative is to improve customer service whilst also improving portfolio quality. We are

doing this by improving our internal processes, strengthening our technology platform, and investing significantly in terms of training our people. Over the last twelve months, all of our teams have delivered extremely robust business results.

Kaushik Banerjee and his team at Vehicle Finance were on the right track with their strategies for growth. Vehicle Finance increased its market share by expanding its presence in Tier III and Tier IV towns and rural areas. The business posted a 57% increase in disbursements over the past year, The collections team also produced strong results with a closing NCL of 0.36%.

Kaushik also led the Corporate Mortgage division to establish its mark in the HNI and promoter funding space, despite intense competition and volatile stock market fluctuations.

Chola has emerged a key player among NBFCs in the Home Equity business in the short span of four years. During the year Rohit Phadke and his team redefined the business with personalized customer service and faster turnaround on loan disbursements. Reducing operating cost to income ratio and enhancing team productivity, the division increased its asset book by 49% over the previous year, meeting ambitious stretch targets.

The subsidiaries too, turned in reasonably good performances, considering the volatile market conditions. I am sure Jaikumar and team from Cholamandalam Distribution Services and Mariam and her colleagues from Cholamandalam Securities will seize opportunities for greater growth this year.

Good treasury management is crucial to all businesses, to finance institutions - it is critical. The continued efforts of Arulselvan and his team towards strengthening the treasury, focusing on credit ratings and bringing in business intelligence and good asset liability management, all contributed to increase in profit margins.

Regulatory Compliance and Stakeholder management is vital. At a time when the company has gone through a difficult phase, Sujatha and her team from Secretarial rose to the occasion with true professionalism and dedication. The team ably supported the company in its transition and its fund raising activities of equity as well as debt capital, ensuring compliance in a dynamic regulatory environment.

Our new venture into the Gold Loan business is part of our strategy for expansion and future growth. I am sure Pravin Salian and his team will capitalize on the strength of the Chola brand and the captive customer base to script another success chapter in the company's history.

At Chola this turnaround year has provided us with a great learning. When you try to surmount challenges that most believe is impossible, you go beyond what you had hitherto believed is possible. And therein lies the truth of a turnaround.

Best Wishes,

Vellayan Subbiah



Forward on a Fast Track



Vehicle Finance

As a result of strategic market expansions and a revved up internal growth engine – Chola's Vehicle Finance division was on an accelerated growth track capitalizing on a robust market. The vertical rode the surge in sales in the auto sector with a 46% increase in number of commercial vehicles financed as against the industry rate of 31% during the same period. Cohesive teams with a bottoms-up target setting scripted a 153% growth in profits.

The Vehicle Finance division's preferred financier status with leading automobile manufacturers and dealers, earned from more than 18 years of trust, consistency and transparency, contributed to the strong growth in disbursements.

During the year, 65 new branches were opened across the country, while a further strategic foray into Tier 3 and Tier 4 towns and rural areas helped market penetration and expanded market space. While the "Prime" business line addressed the new commercial vehicle segment, the 'Shubh' model of the business addresses the requirements of the used vehicle buyers. The division has commenced financing of tractors and farm equipment, as an extension of its presence in the rural and agricultural space.

Sign posts of the road ahead are clearly marked -to continue to expand the branch network, to navigate new markets and business segments, and enhance the division's reputation as one of the largest financiers in the commercial vehicle industry.

On a Strong Foundation



Home Equity

A strong foundation of solidity and stability-Chola's Home Equity business, has in the short span of four years redefined the business and emerged among the leading NBFC players in the loan- against- property space. During the year, the vertical consolidated its industry position, registering a 49% increase in asset size and a 50% upward rise in PBT.

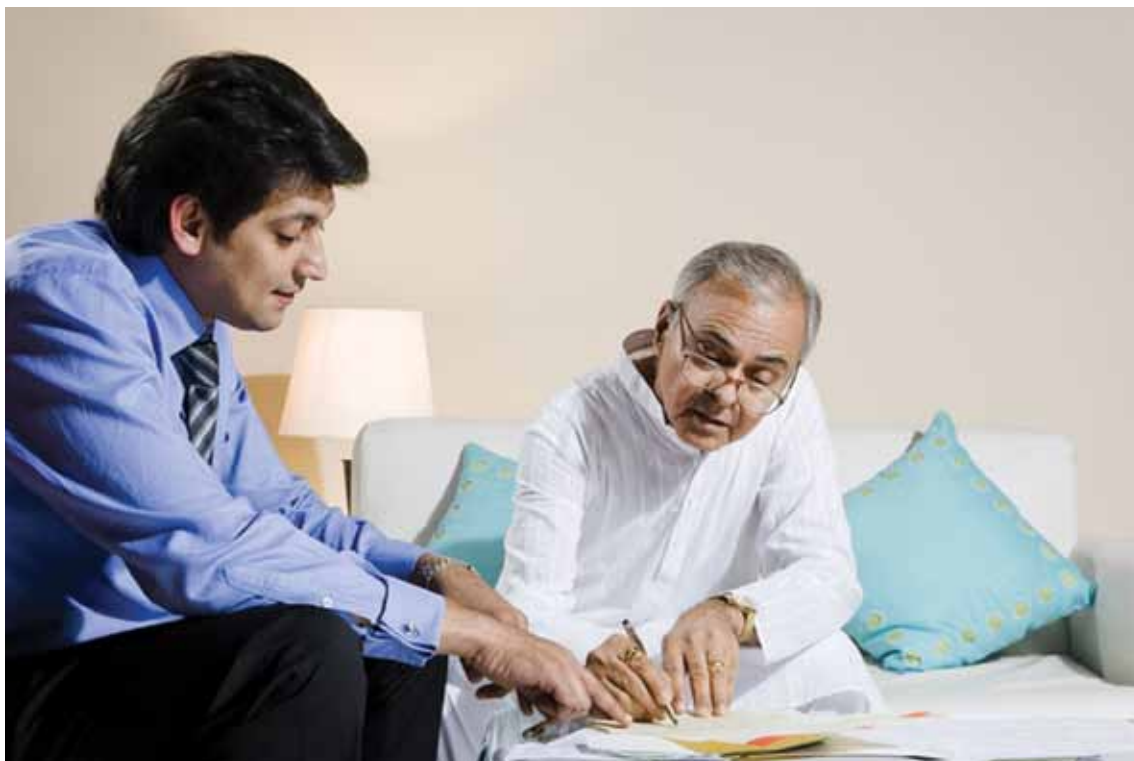
The growth in the realty sector and the parallel rise in asset value reduced funding risk, while an efficient cost to income ratio, contributed to the division's significant performance. Personalised client interface and a strict credit monitoring system also reduced the risk on large exposures and enabled better recoupment.

To meet customer needs in the shortest time possible, the company created a network of local domain specialists at each of its branches, ensuring faster credit appraisals and asset assessment. This focused customer service and faster turnaround time in loan disbursements provided the division with an edge in a competition cluttered market.

With focused, segment specific debt servicing and technology driven, virtual branches for seamless transactions – the Home Equity division at Chola has mapped out aggressive strategies to grow into the big league.



Relationship Building



Corporate Mortgage

Trust and confidentiality, are integral values of Chola's Corporate Mortgage business. During the year, the division increased its asset float to Rs.779 crores, with promoter financing emerging as the key profit driver. Focused and dedicated relationship building with promoters, high networth individuals and corporate houses contributed to the growth.

In spite of volatile stock market fluctuations and intense competition, the vertical posted nil delinquency by adopting stringent evaluation on asset covers and online control

systems. Personalized customer interface and a process of closely monitoring client exposures allowed the division to maintain a robust portfolio quality.

Upbeat and forward looking, the Corporate Mortgage division is all geared to expand its asset book and its customer base.

Financial Inclusiveness



Gold Loan

At more than 18,000 tonnes, India holds the largest stock of gold in the world, of which rural India holds 65% and South India contributes the maximum. It is also remarkable that India accounts for 22% of global jewellery demand. As per recent reports 15 million weddings are expected to take place in the next 10 years fuelling an additional demand for 500 tonne of gold every year which will increase gold consumption by 30%. Gold purchasing will continue, reinforced by India's long standing and deep cultural affinity for gold; a love affair which transcends generations and makes India unlike any other gold market.

Gold Loan Market is estimated at Rs.1,00,000 crore with annual growth at the rate of 38% and NBFC's account for about 40% of the organized market. Unorganized Gold loan market is estimated to be Rs.4,00,000 crore. Recent statistics infer that Gold Loan Market translates to a meagre 1.2% of the total stock

available in India , allowing enough space for organised NBFC's to enter this segment.

Driven by the healthy statistics, passion and proficiency of providing differentiation through enhanced convenience, transparency and service attributes, Chola has drawn up ambitious plans of foraying into the gold loan segment. Besides de-risking the business portfolio through secured lending, Chola also intends to be part of the financial inclusion strategy by serving customers who are bereft of banking services in most of the semi-urban and rural areas. Chola is also working on product innovations to suit different classes of customers and will venture into the business of 'Loan to Buy Gold' in the near future.

Chola has lined up innovative strategies to mine the potential of the gold loan sector and emerge as a key industry player in the shortest possible time.



Creating Wealth



Securities

Security and trust has been the business definition at Cholamandalam Securities, a registered Member of NSE and BSE since 1995 and a depository participant in NSDL and CDSL. The company offers its clients a complete package in both broking and DP services, with an on-line and off line trading platform, enabling prompt customer service.

The company provides advisory services to its select client base, through responsive research and scientific market

analysis. As part of its value addition initiatives, the company created a Mutual Fund Service System(MFSS), enabling Mutual Fund and Equity transactions through a single window.

During the year, Chola Securities increased its client base, despite volatile markets and regulatory challenges. A reputation for transparency and ethical business practices has always been the company's core strength.

Spreading Prosperity



Distribution Services

Cholamandalam Distribution Services continued to provide wealth management services to its 2,000 plus client base. As part of its growth initiatives, the division has created sectoral, client servicing groups, to handle Portfolio spreads in Mutual Funds, Corporate Deposits, Infrastructure Bonds, Share Trading and other fee based financial products. Educational loans and facilitation of real estate transactions are the other financial services newly included during the year.

To enlarge the scope of its operations, the company entered into cross sell tie-ups with the Group companies, accessing a large and captive client base. With an ambitious growth target, offering Total Financial Solutions including distribution of educational loans and facilitation of Real Estate transactions.

The company's future plans for growth are clear and unidirectional - to become a key player in Total Financial Services.



Values and beliefs

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

INTEGRITY

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

PASSION

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

QUALITY

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

RESPECT

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

RESPONSIBILITY

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

Corporate Information

Board of Directors

M.B.N. Rao

Chairman

Indresh Narain

V.P. Mahendra

R.V. Kanoria

N. Srinivasan

L. Ramkumar

Vellayan Subbiah

Managing Director

Secretary

P. Sujatha

Auditors

M/s. Deloitte Haskins & Sells, Chennai

Registered Office

Dare House,

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

Chennai - 600 001



Financial Highlights

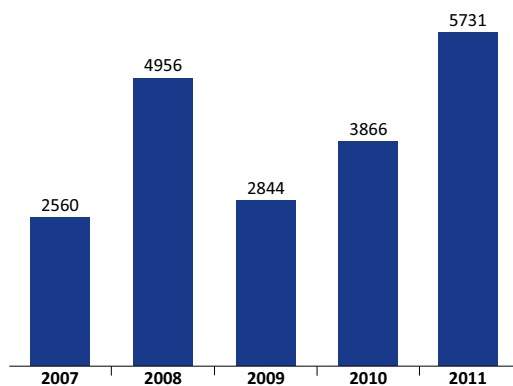
Rs. in lakhs

Financial Year ended	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Results										
Total income	20689	23565	22763	21498	22146	40913	89173	112063	92950	120183
Profit before tax	2723	4554	# 4606	5156	4604	4727	9094	1708	3133	10011
Profit after tax	1878	2814	3210	3407	3521	3102	5937	4275	1542	6218
Assets										
Fixed assets (including assets leased out)	8850	4384	2571	1604	2214	3364	4897	3384	1378	3501
Statutory & other investments	7658	9727	7743	12876	6861	7876	17394	40520	21933	6828
Hypothecation/ hire purchase of automobile Assets	70308	98580	113245	118960	148020	157926	194808	195610	307616	567041
Loan against securities	19331	14527	22319	16107	16600	26982	54192	21114	40888	68629
Other loans, assets (net)	8954	7668	7492	14950	27501	178554	364087	433055	319262	322223
Total Assets	115101	134886	153370	164497	201196	374702	635378	693683	691077	968222
Liabilities										
Shareholders' funds										
- Equity	15950	17821	22256	30275	31572	32635	55863	48101	48500	107202
- Preference	-	3300	2300	1000	-	-	-	30000	30000	-
Banks, Institutions & Others	99151	113765	128814	133222	169624	342067	579515	615582	612577	861020
Total liabilities	115101	134886	153370	164497	201196	374702	635378	693683	691077	968222
Key Indicators										
Earnings per equity share (Rs.)- basic	11.13	16.09	# 10.91	9.04	9.12	7.63	12.88	7.05	1.79	5.67
Earnings per equity share (Rs.)- diluted	11.13	16.09	# 10.91	9.04	9.12	7.63	12.23	6.83	1.79	5.67
Dividend per equity share (Rs.)	5.00	5.00	5.00	5.00	5.00	4.00	4.00	0.00	1.00	1.50
Book value per equity share (Rs.)	94.56	105.65	87.97	79.78	83.20	86.00	107.07	72.43	73.04	89.87

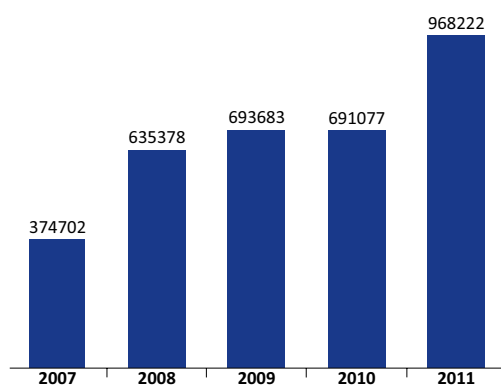
Before extraordinary items

Key Financial Indicators

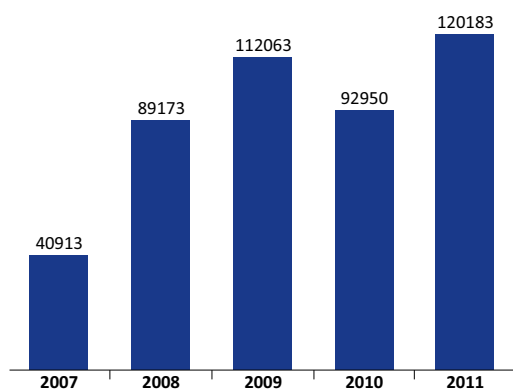
Annual disbursements (Rs.in crores)



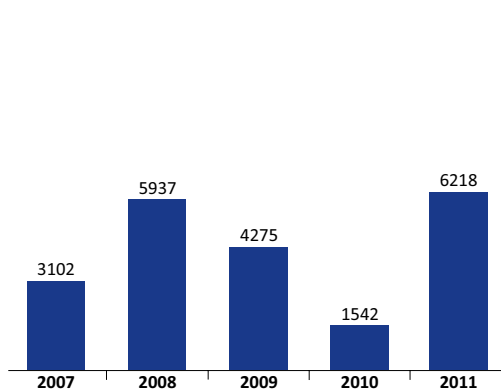
Total assets (Rs.in lakhs)



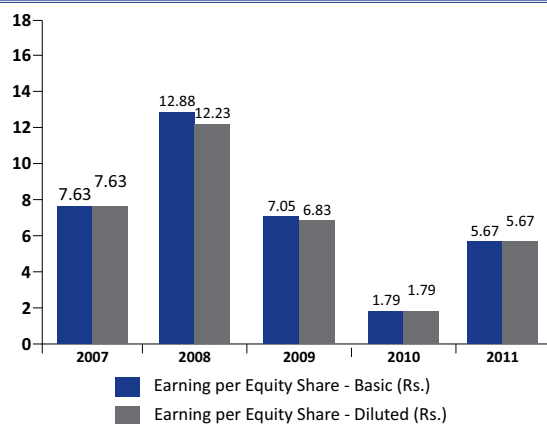
Total Income (Rs.in lakhs)



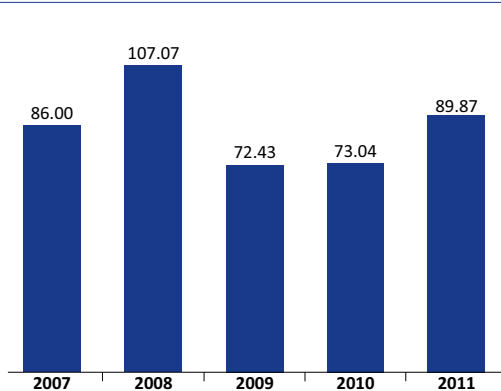
Profit after tax (Rs.in lakhs)



Earnings per Equity Share-Basic & Diluted (Rs.)



Book value per equity share (Rs.)





Profile of Directors



Mr. M. B. N. Rao

Chairman

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

Is a former chairman and managing director of Canara Bank and Indian Bank. Has over 38 years of varied experience in fields of banking, finance, economics, IT, HR, marketing, treasury and administration. Has over 9 years of international banking experience in Singapore and Indonesia.

Is a member of the Singapore Institute of Management. Was also the chairman of Indian Banks Association and a member of various committees constituted by RBI, MOF, SEBI and National Institute of Bank Management.

Is on the Board of various reputed companies including B.E.M.L. Ltd. and E.I.D. Parry (India) Ltd.

Mr. Vellayan Subbiah

Managing Director

Holds a degree of Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan.

Professional experience includes six years with McKinsey and Company, Chicago and associations with 24/7 Customer Inc and Sundram Fasteners.

Was the managing director of Laserwords, Chennai, India a leading provider of pre-press services to global publishers between January 2007 and August 2010.



Mr. Indresh Narain

Non-executive Director

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

Retired as Head of Compliance & Legal, HSBC India.

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

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



Mr. V. P. Mahendra

Non-executive Director

Is a graduate in Engineering from the University College of Engineering, Bangalore.

Is the managing director of VST Tillers Tractors Limited, Bangalore and is on the boards of several other companies.

Has participated in a number of management programmes in Japan.

Is a keen sportsman and is a member of several philanthropic institutions.

Mr. R. V. Kanoria

Non-executive Director

Is an MBA (Hons) from IMD, Switzerland.

Is the chairman and managing director of Kanoria Chemicals & Industries Ltd. and is on the boards of several other companies.

Is the Senior Vice President of Federation of Indian Chamber of Commerce (FICCI) and has headed several joint-business councils. Is the Chair of the commission on international trade and Investment Policy of the ICC, Paris

Is the managing committee member of PHD Chamber of Commerce & Industry.



Mr. N. Srinivasan

Non-executive Director

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

Has over 27 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.

Mr. L. Ramkumar

Non-executive Director

Is an MBA from IIM, Ahmedabad.

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

Is the managing director of Tube Investments of India Ltd.





Directors' Report

Your directors have pleasure in presenting the thirty third annual report together with the audited accounts of the company for the year ended 31 March, 2011.

FINANCIAL RESULTS

Rs. in crores

	2010 -11	2009-10
Gross income	1201.83	929.52
Profit before tax	100.11	31.33
Profit after tax	62.18	15.42
Add: Balance brought forward	56.46	55.55
Amount available for appropriation	118.64	70.97
Adjustments / Appropriation:		
Transfer to statutory and other reserves	15.55	3.09
Dividend		
- Equity	17.89	6.64
- Preference	0.39	3.15
Tax on dividend	2.97	1.63
Balance carried forward	81.84	56.46
Total	118.64	70.97

TERMINATION OF JOINT VENTURE

During the year under review, the joint venture with DBS Bank Ltd., Singapore (DBS) was terminated and the equity and preference shares held by DBS were bought by Tube Investments of India Ltd. (TII) and New Ambadi Estates Pvt. Ltd. (NAEPL), constituents of the Murugappa Group on 8 April, 2010. Further to this, the company changed its name to reflect the change in the joint venture status of the company.

SHARE CAPITAL

During the year under review, the company increased the authorised capital from Rs.400 crores to Rs.420 crores and further made the following issues with the approval of shareholders:

1. Issue of 1,08,93,852 equity shares of Rs.10/- each to International Finance Corporation (IFC), a qualified institutional buyer on a preferential basis at Rs.92/- per equity share aggregating to about Rs.100.22 crores.
2. Conversion of 3,00,00,000, 1% fully convertible cumulative preference shares (FCCPS) of Rs.100/- each held by the existing promoters at a conversion price of Rs.92/- per equity share and allotted 3,26,08,695 equity shares of Rs.10/- each on 17 May, 2010 in accordance with the SEBI (Issue of capital and disclosure requirements), Regulations 2009 ("SEBI ICDR Regulations").

3. On 6 October, 2010 the company made a further issue of 9,375,000 equity shares of Rs.10/- each at Rs.160/- per equity share aggregating to Rs.150 crores being the price determined in accordance with the SEBI ICDR Regulations to the following investors:

Name of the Investors	Amount of Investment (Rs. in crores)
Amansa Investments Limited	50.00
Aquarius Investments Limited	42.50
India Capital Fund Limited	18.00
India Capital Opportunities 1 Limited	4.50
International Finance Corporation	15.00
Reliance Capital Trustee Limited A/c Reliance Banking Fund	20.00
Total	150.00

In view of lack of appetite from the investors at competitive coupon rates for the instrument, the company did not place any preference shares during the year even though the shareholders had on 6 October, 2010 approved an issue of 100,00,000 cumulative redeemable preference shares of Rs.100/- each aggregating to Rs.100 crores by way of private placement.

Issue of perpetual debt & subordinated debt

During the year, the company mobilized funds in the form of Perpetual Debt Instrument (PDI) aggregating to Rs.150 crores which qualifies partly as Tier I capital and partly as Tier II capital and subordinated debt to the tune of Rs.161.50 crores which forms part of Tier II capital as per RBI Guidelines.

OPERATIONS

During the year ended 31 March, 2011, the company recorded,

- 48% growth in disbursements – (vehicle finance and home equity)
- 33% growth in Net Managed Assets (including assigned assets)

Disbursements in commercial vehicle finance for the year were at Rs.4496 crores as against Rs.2861 crores in the previous year. The division achieved a growth of 57% over previous year.

For the year, home equity business recorded a disbursement of Rs.1235 crores as against Rs.1004 crores in the previous year. The division achieved a growth of 23% over the previous year.

The total business assets under management (net of provisions) of the company as at 31 March, 2011 increased to Rs.9133 crores from Rs.6850 crores in the previous year. The company has seen a growth of 33% over the previous year.

The profit before tax for the year was at Rs.100.11 crores as against Rs.31.33 crores in the previous year. Profit after tax was at Rs.62.18 crores for the year as compared to Rs.15.42 crores in the previous year.

DIVIDEND

Your directors are pleased to recommend a dividend of Rs.1.50 per equity share of Rs.10 each.

Your directors also recommend approval for the payment of the cumulative dividend on 3,00,00,000 fully convertible cumulative preference shares (FCCPS) of Rs.100/- each from 1 April, 2010 till 17 May, 2010 being the date of conversion @ 1% coupon rate being Re.1 per preference share of Rs.100/- each.

TRANSFER TO RESERVES

Your company has transferred a sum of Rs.12.44 crores to statutory reserve as required by the Reserve Bank of India Act, 1934 and Rs.3.11 crores to general reserves.

OUTLOOK

With the rebound of the economy and the spectacular growth witnessed in the automobile sector – specifically in the commercial vehicles industry, the outlook for the year ahead is promising. If the inflationary pressures are contained without any significant monetary compression, the year ahead will see the growth momentum sustained.

FIXED DEPOSITS

The company is classified as a systemically important non-deposit accepting non banking finance company (SI-ND-NBFC). It ceased taking deposits from public effective 1 November, 2006. At the time of conversion, the outstanding unmatured deposits were transferred to an escrow account together with the future interest payable thereon till the date of maturity and these are being repaid on maturity. Accordingly, there have been no fresh deposits accepted during the financial year 2010 - 11. Net of repayments, the matured and unclaimed deposits (including interest accrued) as at 31 March, 2011 were Rs.0.67 crores.

As at 31 March, 2011 and as on the date of this report, there were 267 depositors whose deposits had matured but had not claimed the maturity amount aggregating to Rs.0.67 crores (along with interest accrued). As a process, the company sends periodical reminders to these depositors before transferring the sums due to the Investor Education and Protection Fund (IEPF) under Section 205C of the Companies Act, 1956. During the year, the company remitted a sum of Rs.0.08 crores to

IEPF under this head representing unclaimed public deposits and interests thereon beyond seven years. In respect of outstanding fixed deposit of Rs.0.02 crores, the repayment to the depositors has been stayed by courts / instruction from CBI and not remitted to IEPF.

CREDIT RATING

Short Term:

The company's short term debt of Rs.2000 crores is rated as A1+ by ICRA. During the year, CRISIL upgraded the company's short term debt rating from P1 to P1+ for Rs.250 crores.

Long Term – Secured:

ICRA re-affirmed its existing rating of LAA- to the various non convertible debentures and lines of credit from banks. During the year, ICRA revised the outlook on the above ratings to 'positive' from 'under watch with developing implications'.

During the year, CARE affirmed the rating of CARE AA to the non convertible debenture programme of the company.

Long Term - Unsecured:

ICRA re-affirmed its existing rating of LAA - on the subordinated debt programme of the company. During the year, ICRA revised the outlook on the above ratings to 'positive' from 'under watch with developing implications'.

Fitch re-affirmed its existing rating of AA - (ind) with Stable outlook on the subordinated debt programme of the company. During the year, Fitch revised the outlook on the above ratings to 'Stable' from 'Negative'.

The company's Perpetual Debt Instrument (PDI) aggregating to Rs.150 crores are dual rated as LA+ (Positive) by ICRA and CARE A+ by CARE.

RBI GUIDELINES

The company has complied with all the applicable regulations of the Reserve Bank of India as on 31 March, 2011.

CAPITAL ADEQUACY

The company's capital adequacy ratio was at 16.67% as on 31 March, 2011 as against 14.80% as on 31 March, 2010. The minimum capital adequacy prescribed by RBI at 12% was revised to 15% effective 31 March, 2011.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the approval accorded by the shareholders at the twenty ninth annual general meeting of the company held in July 2007, the compensation & nomination committee had formulated the Employee Stock Option Scheme 2007. During the year under review, 5,04,300 options were granted to the



employees of the company and its subsidiaries under the said scheme. As required under the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines), the following details of this scheme as on 31 March, 2011 are being provided:

Nature of Disclosure	Particulars	
a. Options granted	21,02,243 options in 7 tranches since 30 July, 2007. Each option gives the grantee a right to subscribe to one equity share of Rs.10/- each in the company.	
b. The pricing formula	The options were granted at an exercise price equal to the latest available closing price of the equity shares on the Stock Exchange in which there was highest trading volume, prior to the date of grant of the options.	
c. Options vested	2,44,298	
d. Options exercised	3,652	
e. The total no. of shares arising as a result of exercise of option	3,652 (Pending allotment as on 31 March, 2011)	
f. Options lapsed/surrendered	11,17,310	
g. Variation of terms of Option	The compensation & nomination committee at its meeting held on 30 July, 2008 revised the performance parameters of the employees for vesting. No terms were varied during the 2010-11.	
h. Money realised by exercise of options	Rs.2,73,088/-	
i. Total no of Options in force	9,81,281	
j. (i) Details of Options granted to Senior Management Personnel	Options granted till date to senior management personnel are as follows:	
	Name & Designation of the Employee	No. of Options granted
	Kaushik Banerjee, President – Asset Finance	69,995
	D.Arulselvan, Sr. Vice President & CFO	43,773
	Rohit Phadke, Sr. Vice President & Business Head - Home Equity	43,773
(ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	None	
(iii) Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.	None	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	Rs.5.67/-	

Nature of Disclosure	Particulars							
l. (i) Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognized in the accounts if the fair value of Options had been used as the method of accounting.	The employee compensation cost for the year would have been higher by Rs.57.60 lakhs had the company used the fair value of options as the method of accounting instead of intrinsic value.							
(ii) Impact of the difference mentioned in (i) above on the profits of the company	The stock-based compensation cost calculated as per the intrinsic value method upto 31 March, 2011 is Nil. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognized in the financial statements for the period ended 31 March, 2011 would be Rs.57,59,567/-							
(iii) Impact of the difference mentioned in (i) above on the EPS of the company	Had the company accounted the Options as per fair value the diluted EPS would have been Rs.5.62 instead of Rs.5.67							
m. (i) Weighted Average exercise price of Options	Rs.187.60							
(ii) Weighted average fair value of Options	Rs.93.07							
n. (i) Method used to estimate the fair value of Options	The fair value has been calculated using the Black Scholes Options Pricing model.							
(ii) Significant assumptions used (weighted average information relating)								
	30-Jul-07	24-Oct-07	25-Jan-08	25-Apr-08	30-Jul-08	24-Oct-08	27-Jan-11 Tranche I	27-Jan-11 Tranche II
(a) Risk –free interest rate	7.10%- 7.56%	7.87%- 7.98%	6.14% - 7.10%	7.79%- 8.00%	9.14%- 9.27%	7.54%- 7.68%	8%	8%
(b) Expected life of the Option	3-6 years	3-6 years	3-6 years	2.50 – 5.50 years	2.50- 5.50 years	2.50 -5.50 years	4 years	3.40 Years
(c) Expected volatility	40.64%- 43.16%	41.24%- 43.84%	44.58% - 47.63%	45.78%- 53.39%	46.52%- 53.14%	48.20%- 55.48%	59.50%	61.63%
(d) Expected dividend yields	5.65%	5.65%	5.65%	3.97%	3.97%	3.97%	10%	10%
(e) Price of the underlying share in the market at the time of Option grant (in Rs.)	193.40	149.90	262.20	191.80	105.00	37.70	187.60	187.60

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

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under

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

CORPORATE GOVERNANCE REPORT

A report on corporate governance, including the status of implementation of mandatory and non-mandatory norms as per clause 49 of the listing agreement and the corporate



governance voluntary guidelines, 2009 issued by Ministry of Corporate Affairs, is attached and forms part of the directors' report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS

Mr. V.P.Mahendra is liable to retire by rotation and expressed his desire not to seek re-appointment at the ensuing annual general meeting. Your board considered recommending the appointment of Mr.V.Srinivasa Rangan, Executive Director of HDFC Ltd. in the place of Mr.V.P.Mahendra at the ensuing annual general meeting to the shareholders.

Mr. R.V.Kanoria retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

On 28 July, 2010 Mr.M.B.N.Rao and Mr.L.Ramkumar were appointed as additional directors. Further, the board, subject to the approval of the shareholders, appointed Mr.Vellayan Subbiah as managing director of the company on 28 July, 2010 for a period of five years with effect from 19 August, 2010. All the additional directors hold office till the ensuing annual general meeting.

The company has received notices from members under the provisions of Section 257 of the Companies Act, 1956 proposing the appointment of the additional directors as directors of the company and proposing the candidature of Mr.Srinivasa Rangan as a director.

AUDITORS

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

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

The company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to Rs.4.63 crores (including interest accrued but not due) was incurred during the year under review. The company does not have any foreign exchange earnings.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the name and other

particulars of employees are set out in the annexure to the directors' report. However, having regard to provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the annual report is being sent to all members of the company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the company secretary at the registered office of the company.

SUBSIDIARY COMPANIES

Consequent to the termination of joint venture with DBS, the names of the subsidiary companies also were changed.

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

Cholamandalam Securities Limited (CSEC)

CSEC recorded a gross income of Rs.10.14 crores for the year ended 31 March, 2011. CSEC made a profit before tax of Rs.0.49 crores as against a profit of Rs.3.48 crores in the previous year.

Cholamandalam Distribution Services Limited (CDSL)

CDSL recorded a gross income of Rs.11.51 crores for the year ended 31 March, 2011. CDSL made a profit before tax of Rs.6.90 crores as against a profit of Rs.6.89 crores in the previous year.

Cholamandalam Factoring Limited (CFACT)

During the year, the company infused equity share capital aggregating to Rs.20 crores to strengthen its capital base. CFACT recorded a gross income of Rs.0.02 crores for the year ended 31 March, 2011. CFACT made a loss before tax of Rs.8.16 crores as against a loss of Rs.8.62 crores in the previous year.

ACKNOWLEDGEMENT

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

On behalf of the board

30 April, 2011
Chennai

M.B.N.Rao
Chairman

Directors' Responsibility Statement

The directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended 31 March, 2011 and the Balance Sheet as at that date ("financial statements") and confirm that:

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

On behalf of the board

30 April, 2011
Chennai

M.B.N. Rao
Chairman



Management Discussion and Analysis

Your company is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home equity loans and corporate mortgage loans. The company has robust sourcing, underwriting, receivables, collection and operations models commensurate with the size and risks of the respective underlying asset class. Through its subsidiaries, the company is also engaged in the business of broking and distribution of financial products.

During the year, the company concentrated on increasing its share of business in asset backed financing such as vehicle finance and home equity. The exposure to the unsecured business was reduced drastically by effective collection management, selling of assets on assignment basis and increased provisioning on all doubtful cases. Emerging from a challenging environment created due to its exposure to the personal loan business, your company undertook a comprehensive review of its business positioning to once again become a leading industry player with solid and sustainable growth by focusing on the following initiatives:

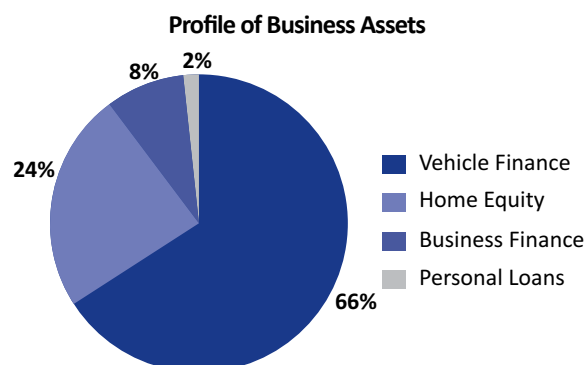
- Increased its presence in Tier III and Tier IV towns towards growing its vehicle finance business.
- Reduced its operating cost to income ratio and improved productivity of its team.
- Improved portfolio quality by focused collection across product lines and conscious reduction of exposure to unsecured portfolio by creating additional provisions wherever required.
- Raised equity share capital and Perpetual Debt Instrument (PDI) to enhance its capital adequacy ratio.
- Reduced cost of funds and substantially strengthened its asset liability management, inspite of the volatile interest rate scenario.
- Shared information with its stakeholders by periodic updates in the website on the performance of the company.
- Participated actively in investor meetings and presentations to improve the visibility of the company to the investor community both in India and overseas.
- Strengthened the technology platform to ensure faster turn around time, improved controls and better MIS.

These initiatives resulted in impressive growth during the year under review.

OVERALL PERFORMANCE

The company disbursed aggregate loans of Rs.5731 crores in vehicle finance and home equity segments as against Rs.3866 crores disbursed in the previous year. The aggregate disbursement of Rs.5731 crores was the highest ever in vehicle finance and home equity verticals by the company since inception. The net managed assets as on 31 March, 2011 increased to Rs.9133 crores (Rs.6850 crores as on 31 March, 2010) and total assets (including managed assets) grew to Rs.10445 crores (Rs.8632 crores as on 31 March, 2010) inspite of a rundown in the personal loans book and is the highest managed book crossing the Rs.10000 crores mark in the history of your company.

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



- Vehicle finance, which mainly constitutes funding against commercial vehicles, continued to account for the largest share of the company's asset portfolio with an asset deployment of Rs.6026 crores, constituting 66% of net managed assets.
- Home equity loans, enjoyed a successful ramp-up and closed the year with an asset portfolio of Rs.2171 crores, constituting 24% of net managed assets.
- The corporate & mortgage finance division, which caters to the working capital needs of promoters, high net worth individuals and corporate houses, ended the year with an asset base of Rs.779 crores constituting 8% of net business assets.
- The discontinued consumer finance division, constituting unsecured personal loans aggregating to Rs.157 crores, which is adequately provided for comprised 2% of net managed assets.

The performance of the company can be considered significant as its growth level across the business verticals has been significantly higher than the industry growth levels and has also cleaned up the consumer loan book.

Divisional Analysis

BUSINESS: VEHICLE FINANCE

Sales of commercial vehicles witnessed significant growth during 2010-11, driven primarily by a strong revival in the manufacturing sector. With freight availability improving and much of the excess capacity in the industry being absorbed, freight rates have also moved up to reasonable levels, thereby rendering trucking operations more viable.

The overall Commercial Vehicles (CV) segment registered a growth of 31% during April-March 2011 as compared to the same period last year.

Medium & Heavy commercial vehicles registered a growth of 32%, while Light commercial vehicles grew at 23%.

The year 2010-11 has been a robust year for the vehicle finance division.

- The division's disbursements grew by 57% over the previous year to Rs.4496 crores. New CV volumes recorded a 46% growth, in unit terms, against the industry growth of 31%, resulting in an increase in market share during the year.
- Fee income increased 81% over the previous year and revenues from insurance cross-sell & other income increased 39% during the same period.
- The division's focus on continuously improving the asset quality through robust sourcing, credit appraisal process and a strong collections platform have resulted in the following portfolio highlights:
 1. Gross NPAs at 31 March, 2011 stood at 0.79% as compared to 1.50% in the previous year;
 2. Net NPAs at 0.32% as compared to 0.59% in the previous year;
 3. Stock levels of repossessed vehicles – 0.23% of overall assets in units.

The key strategies adopted by the business during 2010-11 comprised:

- Addition of new branches to increase pan India footprint particularly in the Tier III & IV towns;
- Enhancing manufacturer relationships and established preferred financier tie-ups;
- Focus on portfolio quality and spread for each product line;
- Increasing productivity at all levels;
- Maintain a tight control over costs, and improve cost to income ratios;
- Focus on ensuring individual branch profitability.

The general tone for the industry is one of optimism and most indicators appear positive, though volumes are expected to moderate to a growth rate of between 12 - 15%, albeit on a higher base of 2010-11 volumes.

BUSINESS: HOME EQUITY

The home equity business completed its fourth operational year in 2010-11, now contributing significantly to company's profits and asset base growth.

In 2010-11, the disbursements grew by Rs.231 crores, closing the year at Rs.1235 crores of disbursements as compared to Rs.1004 crores in the previous year. The managed asset book grew 49% and stood at Rs.2171 crores as on 31 March, 2011. The business opened eight new locations in 2010-11 and consolidated its position in the locations it already operates in. The home equity business was present in 34 pan-India locations at the close of 2010-11.

The environment for the home equity business became intensely competitive in 2010-11 with more NBFCs entering the space and existing players strengthening their presence. However, the company established itself in a crowded market and emerged among the country's leading NBFCs operating in the loan-against-property space. We foresee robust growth in this segment in 2011-12 driven by healthy credit off take and economic growth.

The business focused on self-occupied residential property as an asset class, generally considered safest asset to lend against. The business also focused on self-employed non-professionals as preferred customers, building a significant expertise in underwriting this customer profile. The business built a clean and stable managed asset book of Rs.2171 crores and also invested in building its collections vertical.

BUSINESS: CORPORATE & MORTGAGE FINANCE

In this business, the loans are given to promoters of corporates against their shareholdings, high net worth individuals (HNI) and corporate houses for tenure of one to two years. These loans are secured by way of collaterals such as shares, current assets and property. The division closed the year with an asset float of Rs.779 crores, which constituted 8% of the net managed assets of the company. These loans are collateralized and the company possesses stringent evaluation and online control mechanism which ensured that the division experienced nil losses in spite of volatile stock market fluctuations during the course of the year. The business is managed by an eleven member team operating out of four branches.



The past year witnessed volatile capital markets with sensex fluctuating between 17,500 to 20,000 levels. With improved market conditions, the demand for finance against shares (FAS) has been growing and the company faces stiff competition from other NBFCs.

The book is secured 88% by way of equity shares and 12% by way of combination of property and shares. Almost 48% of the book is from south based clients while 31% of float is from Mumbai and 21% from Delhi. The business has remained focused on the promoter financing book as key profit driver. The south markets offer opportunities to grow the HNI space and these were exploited for additional growth.

BUSINESS: PERSONAL LOANS

The environment in the consumer loans industry continued to be challenging. Through a combination of asset sell-down and aggressive collection, loan receivables outstanding on books was brought down from Rs.234 crores (net of provisions) at the beginning of the financial year to Rs. 47 crores (net of provisions) as on 31 March, 2011. The entire NPA has been fully provided and no further losses are envisaged. The Company incurred a net loss of Rs.226 crores during 2010 – 11 on account of bad debts / provisions and expenses in this segment. With complete rundown of the portfolio, it is expected that there will be no further losses against these assets and the business will be able to recover some of the fully provided loans.

INVESTMENTS

Total investments of Rs.68 crores included investments in subsidiaries of Rs.62.90 crores (net of provisions) and investments of Rs.4.08 crores (net of provisions) in government securities. The investment of Rs.20.95 crores in Cholamandalam Factoring Limited is provided for as the capital is almost fully eroded on account of the losses incurred in the subsidiary.

RESOURCES AND TREASURY

During the year under review, the company focused on mobilizing long-term loans to strengthen its asset liability management. The lender profile was changed to avail a higher proportion of bank-based borrowing while availing market borrowing like CP's and NCD's to keep its cost down.

Bank Borrowing:

Medium-term loans of Rs.3415 crores were mobilized from banks during the year. Leveraging the strength of the distribution in Tier III & Tier IV cities, the company was able to procure priority sector loans assets, at competitive borrowing rates.

Market Borrowing:

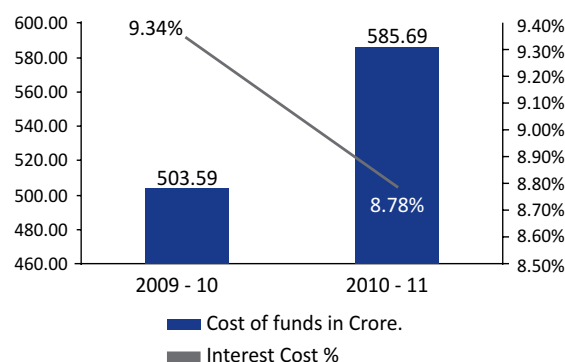
During the year, the company raised commercial papers (CPs)

to the tune of Rs.1725 crores and repaid Rs.2135 crores of CPs raised during the previous year. CPs outstanding as at the end of the year were at Rs.576 crores. The CP availments were made at significantly lower rates during the early part of 2010-11, resulting in savings in cost of funds as compared to other sources of borrowings.

During the year, the company also mobilised secured medium / long-term non convertible debentures to the tune of Rs.720 crores at competitive rates to address its medium-to-long term funding requirements. As at the end of 2010-11, NCDs outstanding were Rs.1000 crores.

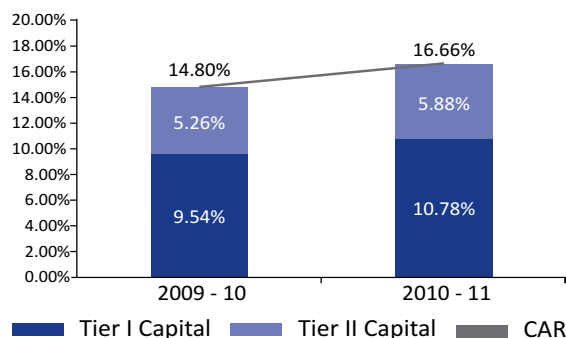
Movement in Interest Cost:

The company reduced its interest cost as a percentage of average borrowing from 9.34% to 8.78% through various measures such as accessing the market when the rates were low and constantly negotiating loans with bankers at lower rates.

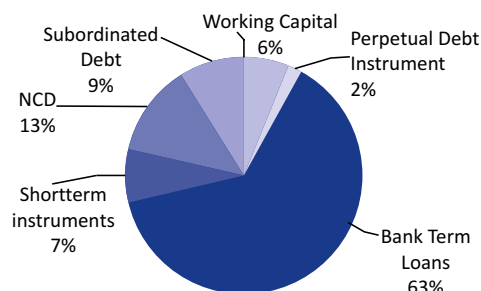


Tier I and Tier II capital:

During the year, the company raised equity share capital of Rs.250 crores, Perpetual Debt Instrument (PDI) aggregating to Rs.150 crores which qualifies partly as Tier I capital and partly as Tier II capital and Subordinated debt of Rs.161.50 crores which qualifies as Tier II capital. This helped the company to maintain a healthy Capital Adequacy Ratio (CAR) of 16.67% during the year under review.



The borrowing profile of the company as on 31 March, 2011 is given below:



ASSET LIABILITY MANAGEMENT

During the year, the company strengthened its asset liability management by availing more of bank term loans ranging from 3 to 5 years.

RATING

The Company enjoys an A1+ rating from ICRA and P1+ from CRISIL for the short term loans. During the year, CARE has issued a rating of CARE AA to the non convertible debenture programme of the company and ICRA has revised the outlook to 'positive' from 'under watch with developing implications' for the long term loans.

During the year, Fitch has revised the outlook to 'Stable' from 'Negative'.

The company's PDI aggregating to Rs.150 crores are dual rated as LA+ (Positive) by ICRA and CARE A+ by CARE.

HUMAN RESOURCES

The company had 1077 employees as on 31 March, 2011. Identification of key talent in the core businesses and creating avenues for role expansion and growth for them was focused. The organization structure was realigned to suit the business needs for growth and expansion. New role designations were formed and communicated in the core businesses. The avenues for employee communication was strengthened through employee blogs, feedback through the employee survey, town hall meetings etc. Talent development through structured e-learning programs, sponsored training programs and workshops on customer centricity were designed and rolled out.

TECHNOLOGY

During the year, several technology initiatives were implemented to improve the productivity and turn-around time. Automating cheque printing at bank branches on customer payments have helped to reduce the TAT considerably. New initiatives such as image based workflow and customer relationship

management have been taken up. Comprehensive process / system improvements were incorporated for better governance.

RISK MANAGEMENT

Risks to a varying degree, is inevitable in all business transactions in an organization which is in financial services industry. Hence strong risk management capabilities are critical for a growing company operating in a rapidly changing environment.

In a challenging financing business, effective risk management enhances earnings quality and consistency through an embedded structure where the risk is identified and controlled closest to the point of origination. In this sense, there is no difference between the way business is conducted and risk is managed.

Risk and reward are clearly recognized as being two sides of the same coin. Equal and sufficient weightage is given to other possible sources like operations, reputation, regulatory issues, funding, liquidity and interest rates. The residual risks detected are sought to be controlled in a time-bound and least invasive manner.

The risk management framework of the company is driven by the following fundamentals:

- Identification of key risks faced by the company
- Evaluating the probability of their occurrences and their impact
- Set an appropriate balance between risk and reward in order to maximize share holder return
- Set tolerance limits and establish adequate review mechanisms to monitor and control the risks
- Incorporate robust reporting mechanism and adoption of appropriate mitigation processes

The two pillars of risk management in the financing business lie in the adoption of Standardized Operating Procedures (SOP) and audits and reviews to evaluate the extent of SOP compliance with the objective of locating gaps.

The risk management framework of the company includes key components such as strong corporate oversight, an independent risk management and audit function and comprehensive processes to identify, measure, monitor and report treasury and operational risks.

The company is primarily exposed to credit risk, enterprise risk, operational risk, market risk, interest rate risk, liquidity risk and leverage risk.

The board has constituted a Risk Management Committee (RMC), which meets at periodic intervals to review the company's risk management processes. The RMC reviews the implementation



of various risk management techniques, analytics, systems, policies and procedures. It evaluates and advises changes required in relation to the business environment.

The board reviews the overall risk management system in the company periodically.

INTERNAL CONTROL SYSTEMS

The company has put in place extensive internal controls to mitigate risks. The company has established procedures including a clear delegation of authority and standard operating procedures for all business parts. The in-house internal audit department as well as M/s. KPMG, internal auditors of the company review on an ongoing basis the adequacy and effectiveness of controls.

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

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

RESULT OF OPERATIONS

Balance Sheet:

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

Rs. in crores

Particulars	Mar-11	Mar-10	Growth %
Source of funds			
Business Assets	8,609.23	5,489.58	57%
Other Assets	408.08	688.99	-41%
Total Assets	9,017.31	6,178.57	46%
Application of funds			
Networth	1,072.02	785.01	37%
Borrowings	7,945.29	5,393.56	47%
Total Liabilities	9,017.31	6,178.57	46%

Profit & Loss account:

The profit before exceptional items for the company has significantly increased from Rs.34.23 crores to Rs.124.10 crores during the year. While net margin has grown by 45% the relative expenses has grown by 23% which has resulted in substantial growth in Profit before exceptional items. The summarized version is given below:

Rs. in crores

Particulars	Mar-11	Mar-10	Growth %
Disbursements	5,730.74	3,865.62	48%
Income	1,201.83	929.52	29%
Cost of Funds	(585.69)	(503.59)	16%
Net Margin	616.15	425.93	45%
Operating Expenses	(246.58)	(200.34)	23%
Provisions & Losses	(245.46)	(191.37)	28%
Profit before exceptional items	124.10	34.23	263%

Key Ratios

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

Particulars	Mar-11	Mar-10	Growth %
Return on Avg. Networth	6.70%	1.97%	240%
Return on Avg. Total Assets	0.65%	0.18%	263%
EPS - Basic in Rs.	5.67	1.79	217%
Market Price - Closing in Rs.	172.60	93.75	84%
Market Capitalisation (Rs. in crores)	2,058.84	622.56	231%
CAR	16.67%	14.80%	13%
GNPA* % to Total Assets	2.61%	5.53%	
NNPA** % to Total Assets	0.33%	1.70%	
Operating Expenses to Income	20.52%	21.55%	5%
Profit before exceptional items to Income	10.33%	3.68%	180%

* GNPA-Gross Non-Performing Assets

** NNPA-Net Non-Performing Assets

GNPA / NNPA

% on total Assets

Particulars	Mar-11	Mar-10
GNPA - Company	2.61%	5.53%
GNPA - Personal Loans	1.93%	4.67%
GNPA - Other Businesses	0.69%	0.86%
NNPA - Company	0.33%	1.70%
NNPA - Personal Loans	0.00%	1.31%
NNPA - Other Businesses	0.33%	0.39%

Provision for Standard Assets:

During the year, the company has made a standard assets provision at 0.25% aggregating to Rs.20.97 crores (previous year – Rs.nil) on its standard assets in accordance with the guidelines issued by RBI in this regard.

Branch Operations:

The company has increased its presence to 236 branches as on 31 March, 2011 compared to 171 branches as on 31 March, 2010. Most of these branches are in Tier II, Tier III and Tier IV locations across India.

Key Partnerships and Preferred Financiers:

Particulars	Institution
Life Insurance Business	Tata AIG Life Insurance company Limited
General Insurance Business	Cholamandalam MS General Insurance company Limited
Preferred Financiers for	Tata Motors Limited
	Mahindra & Mahindra Limited
	Force Motors Limited
	VE Commercial Vehicles Limited (Formerly Eicher Motors Limited)

SUBSIDIARIES PERFORMANCE

The securities business posted a profit before tax of Rs.0.49 crores as against a profit of Rs.3.48 crores in the previous year, while the distribution / wealth management business posted a profit before tax of Rs.6.90 crores as against a profit of Rs.6.89 crores in the previous year. Cholamandalam Factoring Limited, made a loss before tax of Rs.8.16 crores as against a loss of Rs.8.62 crores in the previous year.

CONSOLIDATED RESULTS

The consolidated profit after tax for the year was Rs.84.58 crores as against a profit of Rs.52.76 crores in the previous year.

On behalf of the board

M.B.N. Rao
Chairman

30 April, 2011
Chennai



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 structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the company, its performance and ownership forms part of the corporate governance.

CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

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

BOARD OF DIRECTORS

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

The board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters

concerning the company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

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

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

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

Composition

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

Mr.M.A.Alagappan and Mr.R.Krishnamurthy retired at the 32nd AGM held on 28 July, 2010. Mr.M.B.N.Rao and Mr.L.Ramkumar were appointed as additional directors on 28 July, 2010. Mr.M.B.N.Rao was also elected as the chairman of the board of the company. Mr.Vellayan Subbiah was appointed as managing director on the same day effective 19 August, 2010. Consequent to the above appointment of directors, the committees of the

board were reconstituted with all other terms of reference remaining unaltered.

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

The details of directors as at 31 March, 2011 including the details of their other board directorship and committee membership reckoned in line with clause 49 of the listing agreement as well as their shareholdings are given below:

Name of the directors	Executive/ Non executive/ Independent/Promoter	No. of directorship* (chairman)	No. of shares held in the company	**No. of board committee membership (chairman)
Mr. M.B.N.Rao	Non executive / Independent director	11 (1)	NIL	9(4)
Mr. Indresh Narain	Non executive / Independent director	3	NIL	4(1)
Mr. V.P.Mahendra	Non executive / Independent director	5	26000	1
Mr. R.V.Kanoria	Non executive / Independent director	7(1)	NIL	2(1)
Mr. N.Srinivasan	Non executive director	6(1)	19802	3
Mr. L.Ramkumar	Non executive director	2(1)	154	1
Mr. Vellayan Subbiah	Managing Director / Promoter director	3	218793	2

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

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

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

Board Meetings

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

The dates of the board meetings are fixed in advance for the full calendar year to enable maximum attendance from directors. During the year ended 31 March, 2011, seven meetings of the board of directors were held i.e. 3 April, 2010, 26 April, 2010, 28 July, 2010 (two meetings), 27 October, 2010, 27 January, 2011 and 25 March, 2011.

COMMITTEES OF THE BOARD

Various committees of the board have been constituted to support the board in discharging its responsibilities.

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

The board at the time of constitution of each committee fixes the terms of reference for each committee 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. Besides the members of the committees, senior management team also attends the meetings of the committees as and when necessary.

AUDIT COMMITTEE

Terms of Reference

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



and fixing their remuneration. The committee holds discussions with the statutory auditors and internal auditors periodically.

Composition & Meetings

The committee comprises four non-executive directors with three fourth (majority) of them being independent directors. As at 31 March, 2011, the committee comprised Mr.Indresh Narain, independent director as the chairman, Mr.M.B.N.Rao, Mr.V.P.Mahendra and Mr.N.Srinivasan as its members and Mr.Vellayan Subbiah, managing director as an invitee. All members of audit committee have knowledge of financial management, audit and accounts. The statutory auditors, internal auditors and senior management are invited to attend all the meetings of the committee. Further, as a good corporate governance practice, effective 2010-11, the company has put in place a system for a separate discussion of the Audit committee with the statutory and internal auditors without the presence of the management team. The committee had four scheduled meetings during the year ended 31 March, 2011, for reviewing the financial statements and considering internal audit reports.

SHAREHOLDERS GRIEVANCE COMMITTEE

Terms of Reference

The role of the committee includes formulation of shareholders servicing plans and policies, consideration / approval 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., monitoring and reviewing the mechanism of share transfers and dematerialisation of shares, payment of dividends etc. and looking into the redressing of shareholders grievances and determining, monitoring and reviewing the standards for resolution of shareholder's grievances.

Composition & Meetings

As at 31 March, 2011, the committee comprised Mr.V.P.Mahendra as the chairman and Mr.N.Srinivasan as member and Mr.Vellayan Subbiah, managing director as an invitee. Ms.P.Sujatha, company secretary is the compliance officer. During the year ended 31 March, 2011, the committee held two meetings.

During the year ended 31 March, 2011, the company has not received any complaints. There were no share transfer requests pending as at 31 March, 2011.

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 of credit and investment policies, approve borrowings within the limits prescribed by

the board, approve assignment of receivables and oversee the asset liability management system of the company. Besides, the committee also considers and recommends to the board the issue of non convertible debentures and other operations related matters from time to time.

Composition & Meetings

As at 31 March, 2011, the business committee comprised Mr.M.B.N.Rao as the chairman and Mr.N.Srinivasan and Mr.Vellayan Subbiah as members. The senior management is invited to attend the meetings of the committee. The committee held seven meetings during the year ended 31 March, 2011.

COMPENSATION & NOMINATION COMMITTEE

Terms of Reference

The role of the committee includes, determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and the remuneration package, including the periodic increments in salary of the executive directors. 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, administering and monitoring the employee stock option plan/ schemes of the company.

The committee further considers and recommends nominees for board positions. Decisions for selecting a director nominee 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, 2011, the committee comprised Mr.R.V.Kanoria as the chairman and Mr.V.P.Mahendra and Mr.N.Srinivasan as members. Majority of the members of this committee comprises independent directors including its chairman. The committee had three meetings during the year ended 31 March, 2011.

REMUNERATION OF DIRECTORS

Remuneration Policy

Managing director is the only executive director in the company. The compensation of the managing director comprises a fixed component and a performance incentive by way of commission. The compensation is determined based on levels of responsibility and scales prevailing in the industry. The commission is determined based on certain pre-agreed performance parameters. The managing director is not paid sitting fees for any board / committee meetings attended by him.

All other directors are non-executive. The compensation of the non-executive directors takes the form of commission on profits. Though the shareholders have approved payment of commission upto 1% of net profits of the company for each year calculated as per the provisions of the Companies Act, 1956, the actual commission paid to the directors is restricted to a fixed sum which is currently at Rs.5,00,000/- per annum to each director paid proportionate to the period each director has served on the board and Rs.10,00,000/- to the chairman of the board. This sum is reviewed periodically taking into consideration various factors such as performance of the

company, time spent by the directors for attending to the affairs and business of the company and extent of responsibilities cast on directors under general law and other relevant factors and is payable subject to the availability of the sufficient profits. The non-executive directors are also paid sitting fees as permitted by government regulations for every board / committee meeting attended by them.

Remuneration for the year:

Details of the remuneration of directors for the year ended 31 March, 2011 are as follows:

Remuneration of Managing Director

The details of remuneration paid / provided to the managing director are as follows:

Amount in Rs.

Name of the Managing Director	Salary	Allowance	Incentive (a)	Perquisites & Contributions (b)	Total
Mr. Vellayan Subbiah	2,145,084	2,776,896	2,145,270	1,714,493	8,781,743

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

(b) Managing director's remuneration excludes provision for gratuity since the amount cannot be ascertained individually.

Remuneration of Non-executive directors

The details of commission provided / sitting fees paid to non-executive directors for the year ended 31 March, 2011 are as follows:

Rs. in lakhs

Name	Commission #	Sitting Fees paid	Total
Mr.M.B.N.Rao	6.77	1.40	8.17
Mr.Indresh Narain	5.00	1.50	6.50
Mr.V.P.Mahendra	5.00	1.55	6.55
Mr.R.V.Kanoria	5.00	0.65	5.65
Mr.N.Srinivasan	5.00	2.20	7.20
Mr.M.A.Alagappan \$	1.63	1.15	2.78
Mr.R. Krishnamurthy \$	1.63	0.85	2.48
Mr.Pranam Wahi \$	0.12	0.15	0.27
Mr.Wong Ann Chai \$	0.12	-	0.12
Total	30.27	9.45	39.72

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

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

\$ Resigned / retired during the year 2010 - 2011.



ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Names	Number of meetings attended					Attendance at last AGM
	Board	Audit committee	Shareholders grievance committee	Compensation & nomination committee	Business committee	
Mr.M.B.N.Rao	4	2	NA	NA	5	NA
Mr.Indresh Narain	6	4	NA	NA	NA	Yes
Mr.V.P.Mahendra	4	3	2	3	NA	Yes
Mr.R.V.Kanoria	3	NA	NA	2	NA	Yes
Mr.N.Srinivasan	6	2	2	1	7	Yes
Mr.L.Ramkumar	4	NA	NA	NA	NA	NA
Mr.Vellayan Subbiah	3	NA	NA	NA	5	NA
Mr.M.A.Alagappan #	3	2	NA	2	2	Yes
Mr.R.Krishnamurthy #	3	2	1	NA	NA	Yes
Mr.Pranam Wahi #	1	NA	NA	NA	NA	No
Mr.Wong Ann Chai #	-	NA	NA	NA	NA	No

Resigned / Retired during the year 2010-2011

EMPLOYEE STOCK OPTION PLAN

During the financial year 2010-11, the compensation & nomination committee approved 5,04,300 grants on 27 January, 2011 and allotted 3,652 equity shares to grantees who exercised their options vested from earlier grants.

GENERAL BODY MEETINGS

Particulars of venue, date and time of the previous three annual general meetings and the details of special resolutions passed in the meetings are given below:

Year	Date and Time	Venue	Special Resolutions passed
2008	30 July, 2008 4.00 p.m.	TheMusicAcademy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai – 600 014	1. Amendment to clause V of the Memorandum of Association of the company consequent to increase in authorised share capital from Rs.160 crores to Rs.200 crores. 2. Amendment to clause 5(a) of the Articles of Association of the company consequent to increase in authorised share capital from Rs.160 crores to Rs.200 crores. 3. Issue of cumulative redeemable preference shares of Rs.100/- each aggregating to Rs.100 crores for cash at par on private placement basis.
2009	28 July, 2009 4.00 p.m.	-do-	Remuneration by way of commission to non whole-time directors at 1% of the net profits of the company as computed under sections 349 and 350 of the Companies Act, 1956 for a period of five financial years effective 1 April, 2009.
2010	28 July, 2010 4.00 p.m.	-do-	1. Amendment to clause 70A of the Articles of Association of the company regarding the affirmative covenants with International Finance Corporation. 2. Amendment to clause 127A of the Articles of Association of the company regarding the board composition.

COMPLIANCE REPORT

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

SECRETARIAL AUDIT

The company is in the practice of conducting periodical secretarial audit by an independent practicing company secretary. In respect of the year ended 31 March, 2011, M/s. R. Sridharan & Associates, practicing company secretary has conducted the secretarial audit and the report has been reviewed by the board.

CODE OF CONDUCT

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

RISK MANAGEMENT

The Company has laid down procedures to inform board members about the risk assessment and minimization procedures. The board annually discusses the significant business and operations risks identified by the management and the mitigation process being taken up. Further, the risk management committee comprising senior management under the chairmanship of the managing director for review of risk management was reconstituted on 30 April, 2011 by inducting Mr.M.B.N.Rao, chairman and Mr.N.Srinivasan, director as its members in addition to the existing members. A detailed note on the risk identification and mitigation is included in management discussion & analysis, annexed to the director’s report.

CEO/CFO CERTIFICATION

Mr. Vellayan Subbiah, managing director and Mr. D. Arulselvan, CFO have given a certificate to the board as contemplated under clause 49 of the Listing Agreement.

DISCLOSURES

Transactions with related parties are disclosed in note 14 of schedule 17 to the accounts in the annual report. There were no materially significant related party transactions i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

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

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

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

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

1. As detailed in the earlier paragraphs, a compensation & nomination committee has been constituted by the company.
2. A newsletter from the managing director highlighting

the significant achievements during the half-year ended 30 September, 2010 and enclosing the financial results was sent to all the shareholders of the company.

3. The company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimisation of employees who avail of the mechanism and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the chairperson of the audit committee. We further affirm that during the year, no employee has been denied access to the audit committee.

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

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

MEANS OF COMMUNICATION

The audited financial results, quarterly results and other major announcements like notices of board meetings, book closures were published in business standard and dhinamani and are also available in the company’s website www.cholafinance.com. Press releases are given in the leading newspapers and also posted on company’s website. The company has posted a shareholder’s satisfaction survey in its website to ascertain the level of shareholders satisfaction. Further, the Code of Conduct of the company applicable to the board and senior management, shareholding pattern and presentations made to analysts and investors from time to time are also displayed on the website of the company.

MANAGEMENT DISCUSSION & ANALYSIS

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

GENERAL SHAREHOLDER INFORMATION

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

On behalf of the board

30 April, 2011
Chennai

M.B.N. Rao
Chairman



Declaration on Code of Conduct

This is to confirm that the board has laid down a Code of Conduct for all board members and senior management of the company. The Code of Conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the Code of Conduct of the company for the year ended 31 March, 2011, as envisaged in clause 49 of the Listing Agreement with stock exchanges.

30 April, 2011
Chennai

Vellayan Subbiah
Managing Director

Auditors' Certificate on Corporate Governance

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

To the Members of **Cholamandalam Investment and Finance Company Limited**

We have examined the compliance of conditions of corporate governance by **Cholamandalam Investment and Finance Company Limited** (formerly known as Cholamandalam DBS Finance Limited), for the year ended 31 March, 2011 as stipulated in clause 49 of the Listing Agreement of the company with the stock exchanges.

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

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

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

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

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

Chennai
30 April, 2011



General Shareholder Information

Annual General Meeting

Date	Time	Venue
28 July, 2011	4 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai – 600 014.

Financial Year

April 1st to March 31st

Dates of Book Closure

25 July, 2011 to 28 July, 2011 (both days inclusive)

Dividend Payment Date

Dividend for the year ended 31 March, 2011 will be paid within 7 days from the date of declaration by the shareholders.

Listing on Stock Exchanges

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

Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400 001. Stock Code: 511243	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No.C/1, G Block, Bandra Kurla Complex Bandra (E), Mumbai – 400 051. Stock Code: CHOLAFIN EQ
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The listing fees for the financial year 2010-2011 were paid to the above stock exchanges.

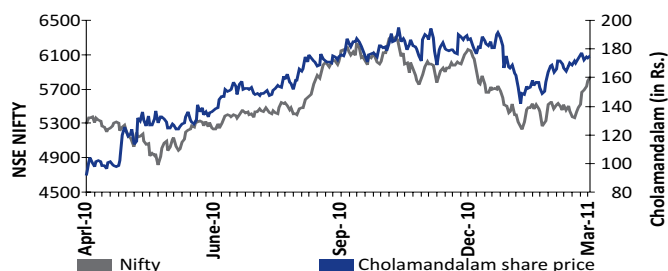
The company completed all the formalities for delisting of its Equity Shares with Madras Stock Exchange Limited (MSE) under SEBI (Delisting of Equity Shares) Regulations, 2009 and had filed an application for delisting with MSE on 5 April, 2010. The company still awaits delisting confirmation from MSE.

Market Price Data

Price in Rupees

Period	BSE			NSE		
	High	Low	Vol.	High	Low	Vol.
Apr 2010	133.40	90.65	5699807	133.60	90.75	10603618
May 2010	139.90	112.10	6132219	139.95	112.20	11915113
Jun 2010	143.60	122.00	2245456	143.00	122.10	5004367
Jul 2010	164.50	133.50	3907168	164.50	133.20	8379668
Aug 2010	165.90	146.55	2939411	166.20	145.30	5392136
Sep 2010	181.70	155.60	2409308	181.40	158.05	5040358
Oct 2010	191.00	165.35	1287003	190.75	166.55	3338115
Nov 2010	212.30	168.00	1676260	212.50	165.00	6021326
Dec 2010	199.25	166.75	815448	199.00	165.10	3412783
Jan 2011	193.85	156.00	606862	194.95	155.05	1313904
Feb 2011	173.50	138.00	388428	178.30	135.05	885696
Mar 2011	183.05	154.00	207419	183.30	162.00	893164

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)
Plot No.17-24, Vittal Rao Nagar, Madhapur
Hyderabad 500 081.
Tel. No. : 040-44655000
Fax No. : 040-23420814
E-mail ID: einward.ris@karvy.com
Contact person: Mr. V K Jayaraman, General Manager

SHARE TRANSFER SYSTEM

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

DEMATERIALISATION OF SHARES AND LIQUIDITY

The company has signed agreements with both the 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 at 31 March, 2011 shares constituting about 99.41% of the total paid up capital of the company have been dematerialised.

NOMINATION FACILITY

The company is accepting nomination forms from shareholders in the prescribed Form 2B. All those who are desirous of making a nomination are requested to contact the RTA. The shareholders

holding shares in dematerialised form are requested to forward their nomination instructions to the concerned depository participants. Nomination is only optional and can be cancelled or varied by a shareholder at any time.

NATIONAL ELECTRONIC CLEARING SYSTEM (NECS)

Electronic Clearing Service (ECS) facility has been used by the company for payment of dividends directly to the bank accounts of shareholders. In addition to this, a new electronic fund transfer platform called the National Electronic Clearing System (NECS) is available for disbursement of dividends. The company intends to additionally offer this facility to disburse dividends as this facility may be faster than the regular ECS facility.

We request all the shareholders to use this facility by providing the company with the new (NECS compliant) account number to the Depository Participant / Registrar & Transfer Agent, as may be relevant, to enable the company to effect the dividend payment through the NECS mode.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

As per the recent circulars from the Ministry of Corporate Affairs (MCA), the company may send the documents like annual report through email if a member has registered his email address with the company. If the member has not registered his email, the service of documents will be effected by other modes of service as provided under the section 53 of the Companies Act, 1956. We would request the shareholders to participate and support the company and MCA in this green initiative by registering your e-mail ids with the company.

PAYMENT OF UNCLAIMED/UNPAID DIVIDEND

The company has remitted all unclaimed / unpaid dividends pertaining to the earlier financial years up to the financial year 1993-1994 to the central government. The dividends relating to the subsequent years that are lying unclaimed/unpaid for a period of seven years are transferred from time to time to the



Investor Education and Protection Fund (IEPF) created by the central government under the Investor Education and Protection Fund (Awareness and Protection of investors) Rules, 2001.

UNCLAIMED SHARES

In terms of clause 5A of the amended Listing Agreement with the stock exchanges, for shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed a process has been prescribed to transfer the said shares to an unclaimed suspense account. In respect of all such unclaimed shares, the Registrar shall send at least three reminders to the shareholders at the address given in the application form as

well as captured in Depository's database asking for the correct particulars. If no response is received, the company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account" with any of the Depository Participants in order to comply with the prescribed procedures under clause 5A. Accordingly, the company has initiated this process in respect of all the unclaimed shares and the 1st reminder has been sent by the Registrar to the respective shareholders. All such shareholders who are in receipt of the letters may write to the RTA and provide the correct details to enable the company to re-send the share certificates.

DISTRIBUTION OF SHAREHOLDING AS ON 31 MARCH, 2011

No. of shares held	No. of shareholders	No. of Shares	(%) of Shareholding
1-5000	16054	1691274	1.42
5001 – 10000	1187	910044	0.76
10001 – 20000	623	910839	0.76
20001 – 30000	259	655959	0.55
30001 – 40000	118	422330	0.35
40001 – 50000	83	383963	0.32
50001 – 100000	175	1268057	1.06
100001 & Above	209	113041415	94.77
Total	18708	119283881	100.00

SHAREHOLDING PATTERN:

Category	As on 31 March, 2011	
	No. of Shares	% of shareholding
Promoters	82385651	69.07
Multilateral Financial Institution	11831352	9.92
Foreign Institutional Investors	6987516	5.86
Private Corporate Bodies	4035463	3.38
Foreign Bodies Corporates	2656250	2.23
Mutual Funds and Others	1480866	1.24
Public	9906783	8.30
Total	119283881	100.00

DEBENTURE TRUSTEES

IDBI TRUSTEESHIP SERVICES LIMITED (Non convertible debentures)

Asian Building, Ground Floor, 17, R.Kamani Marg,
Ballard Estate, Mumbai - 400 001.

Tel. No. : 022 4080 7000

Fax No. : 022 6631 1776

E-mail ID : itsl@idbitrustee.co.in

Contact person : Ms. Brinda V, Vice President

TSR DARASHAW LIMITED (Perpetual debt)

6-10 Haji Moosa Patrawal Industrial Estate

20 Dr. E. Moses Road,

Near Famous Studio,

Mahalaxmi, Mumbai 400 001

Tel No. 022 – 66568484

E-mail ID: nnair@tsrdarashaw.com

Contact person: Ms. Nandini Nair, Chief Manager

OUTSTANDING GDRs/ADRs ETC.

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

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

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

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

ONLINE INFORMATION

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

LOCATION

The company operates out of more than 236 branches across the country.

CONTACT PERSON

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

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

On behalf of the board

30 April, 2011
Chennai

M.B.N. Rao
Chairman

List of Promoters

List of promoters of the company constituting "Group" pursuant to Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Sl.No.	Names	Sl.No.	Names
1	EID Parry (India) Limited & Subsidiaries	18	Kadamane Estates Company
2	Silk Road Sugar Private Limited	19	MM Muthiah Research Foundation
3	New Ambadi Estates Private Limited & Subsidiaries	20	A R Lakshmi Achi Trust
4	Parry Estates Limited	21	AMM Foundation
5	Ambadi Enterprises Limited & Subsidiaries	22	M V Murugappan & family
6	Tube Investment of India Limited & Subsidiaries	23	M V Subbiah & family
7	Cholamandalam MS Risk Services Limited	24	S Vellayan & family
8	Presmet Private Limited	25	M A Alagappan & family
9	Carborundum Universal Limited & Subsidiaries	26	Arun Alagappan & family
10	Laserwords Private Limited & Subsidiaries	27	A Vellayan & family
11	Coromandel Engineering Company Limited	28	V Arunachalam & family
12	Murugappa Educational & Medical Foundation	29	A Venkatachalam & family
13	AMM Arunachalam & Sons Private Limited	30	M M Murugappan & family
14	AMM Vellayan Sons Private Limited	31	M M Muthiah & family
15	M M Muthiah Sons Private Limited	32	M M Venkatachalam & family
16	Murugappa & Sons	33	M A M Arunachalam & family
17	Yelnoorkhan Group Estates	34	Any company/entity promoted or controlled by any of the above

Family for this purpose include spouse, dependent children and parents.



Financial Section

Auditors' Report

To
The Members of
Cholamandalam Investment and Finance Company Limited

1. We have audited the attached Balance Sheet of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (formerly known as Cholamandalam DBS Finance Limited) ("the Company") as at 31 March, 2011, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31 March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31 March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Chennai
30 April, 2011

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

Annexure to the Auditors' Report

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

- (i) Having regard to the nature of the company's business/ activities/result, clauses 4(ii), 4(viii), 4(x), 4(xiii), 4(xiv) and 4(xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has granted loans to two subsidiaries aggregating to Rs.4188.00 lakhs. At the year-end, the balance due from one company amounted to Rs.304 lakhs while the dues from another company was fully received before the year end. The maximum amount involved during the year was Rs.2282.60 lakhs (number of parties - two).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the company.
 - (c) While one subsidiary has settled its dues during the year, the dues from the other company has become doubtful and has been fully provided for.
 - (d) There were no overdue amounts remaining outstanding as at the year end except the loan referred in (c) above.

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

 - (a) The Company has taken loans aggregating Rs.3270 lakhs from one party during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs. NIL and the maximum amount involved during the year was Rs.1940 lakhs (number of parties - One).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and the sale of repossessed automobile assets and services. During the course of our audit, we have not observed any major weakness in such internal control system. The Company does not purchase inventory nor does it sell any goods (other than repossessed automobile assets) in the ordinary course of its business.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, as applicable to the

Annexure to the Auditors' Report (Contd.)

company, with regard to the deposits accepted from the public prior to November 1, 2006. However, in respect of overdue amounts totalling to Rs.1.86 lakhs, payments have not made since the repayment of the same to the depositors has been stayed by the Madras High Court. Further, in respect of overdue amounts totalling to Rs.0.11 lakhs, payments have not been made as per instructions received from the Central Bureau of Investigation. Other than the above, according to the information and explanations given to us, no order has been passed by the company Law Board or the National company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the internal audit functions carried out during the year by the company's internal audit department as well as an external firm of Chartered Accountants appointed by the Management, have been commensurate with the size of the company and the nature of its business.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Cess and other material statutory dues in arrears as at 31 March, 2011 for a period of more than six months from the date they became payable except for fixed deposit amounts totalling to Rs.1.97 lakhs which have not been credited to Investor Education and Protection Fund since the repayment to the depositors has been stayed by the Madras High Court for an amount of Rs. 1.86 lakhs, payments have not been made pursuant to instructions received from Central Bureau of Investigation for an amount of Rs.0.11 lakhs.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax and Cess which have not been deposited as on 31 March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates (Financial Year)	Amount involved (Rs. in lakhs)
Income Tax Act, 1961	Tax and Interest	Commissioner of Income Tax (Appeals)	2000-01, 2005-06 and 2006-07	432.54
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	Sales Tax Appellate Tribunal	1994-95	228.59
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1994-95	59.77
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1992-93 and 1993-94	2.19
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Tribunal	1996-97 and 1997-98	2.03
Karnataka Sales Tax Act, 1957	Sales Tax	Sales Tax Appellate Tribunal	1992-93 to 1994-95, 1996-97 and 1999-00	19.79
Delhi Sales Tax Act, 1975	Sales Tax	Sales Tax Appellate Tribunal	1990-91	7.58
U.P Trade Tax Act, 1948	Sales Tax	Deputy Commissioner of Trade Tax	1991-92 to 1998-99	9.11
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax	Madras High Court	2001-02 and 2002-03	69.33

Annexure to the Auditors' Report (Contd.)

- | | |
|--|--|
| <p>(ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks and debenture holders.</p> <p>(x) In our opinion, the company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company for loans taken by others from banks and financial institutions are not <i>prima facie</i> prejudicial to the interests of the company.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.</p> <p>(xiii) On the basis of review of Asset / Liability Gap Analysis report, giving utilisation of funds on overall basis and the related information made available to us and as per the explanation given to us, we report that funds raised on short term basis have, <i>prima facie</i>, not been used during the year for long term investment.</p> | <p>(xiv) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.</p> <p>(xv) According to the information and explanations given to us, during the period covered by our audit report, the company had issued 7200 debentures of Rs.10 lakh each. The Company has created security in respect of the debentures issued.</p> <p>(xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no material fraud on the company has been noticed or reported during the year.</p> |
| | <p>For Deloitte Haskins & Sells
<i>Chartered Accountants</i>
(Registration No.008072S)</p>
<p>M.K.Ananthanarayanan
<i>Partner</i>
(Membership No.19521)</p> |
| | <p>Chennai
30 April, 2011</p> |

Balance Sheet as at March 31, 2011

Rupees in lakhs

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	11,934.93	36,647.17
Share Application money - Pending allotment (Note 20 (b) of Schedule 17)		2.73	-
Reserves and Surplus	2	95,264.14	41,853.38
		107,201.80	78,500.55
Loan Funds			
Secured Loans	3	651,590.74	385,830.35
Unsecured Loans	4	142,938.00	153,525.89
		794,528.74	539,356.24
Total		901,730.54	617,856.79
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	7,016.17	6,410.17
Less : Depreciation		3,698.76	5,034.71
Net Block		3,317.41	1,375.46
Capital Work in Progress (including Capital Advances)		183.18	2.79
		3,500.59	1,378.25
Investments	6	6,827.53	21,932.64
Deferred Tax Asset (Net) (Note 16 of Schedule 17)		13,059.89	15,492.59
Current Assets, Loans and Advances			
Receivables under Financing Activity	7	860,922.54	548,957.84
Cash and Bank Balances	8	44,624.21	74,513.17
Other Current Assets	9	15,536.36	13,109.35
Other Loans and Advances	10	23,750.50	18,735.08
		944,833.61	655,315.44
Less: Current Liabilities and Provisions			
Current Liabilities	11	31,204.22	33,901.80
Provisions	12	35,286.86	42,360.33
		66,491.08	76,262.13
Net Current Assets		878,342.53	579,053.31
Total		901,730.54	617,856.79
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

For and on behalf of the **Board**

M. B. N. Rao
Chairman

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Profit and Loss Account for the Year Ended March 31, 2011

Rupees in lakhs

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME	13	120,183.13	92,951.97
EXPENDITURE			
Financing Charges	14	58,568.56	50,358.75
Business Origination Outsourcing		8,677.20	5,746.91
Operating and Other Expenses	15	15,129.71	12,758.42
Depreciation and Amortisation	5	851.44	1,528.41
Provisions, Loan Losses and Other Charges	16	24,546.22	19,136.65
		107,773.13	89,529.14
PROFIT BEFORE EXCEPTIONAL ITEMS		12,410.00	3,422.83
Exceptional items (Net) (Note 3 of Schedule 17)		(2,399.36)	(289.41)
PROFIT BEFORE TAXATION		10,010.64	3,133.42
Provision for Taxation:			
- Current (net of provision relating to earlier years no longer required written back- Rs.561.90 lakhs (2010 - NIL)		1,360.05	2,069.91
- Deferred (Net) (Note 16 of Schedule 17)		2,432.70	(478.33)
		3,792.75	1,591.58
PROFIT AFTER TAXATION		6,217.89	1,541.84
Balance brought forward from previous year		5,645.84	5,555.40
PROFIT AVAILABLE FOR APPROPRIATION		11,863.73	7,097.24
APPROPRIATIONS :			
Dividend			
- Equity (Proposed)		1,789.26	664.06
- Preference		38.63	315.62
- Distribution Tax		296.72	162.72
		2,124.61	1,142.40
Statutory Reserve		1,244.00	309.00
General Reserve		311.00	-
Balance Carried to Balance Sheet		8,184.12	5,645.84
		11,863.73	7,097.24
Earnings per Share, of par value Rs.10 each			
- Basic		5.67	1.79
- Diluted		5.67	1.79
(Note 15 of Schedule 17)			
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account.
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the **Board**

M. K. Ananthanarayanan
Partner

M. B. N. Rao
Chairman

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Cash Flow Statement for the Year Ended March 31, 2011

Rupees in lakhs

	Year ended 31.03.2011		Year ended 31.03.2010	
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		10,010.64		3,133.42
Adjustments for :-				
Depreciation	851.44		1,528.41	
Provision for Standard Assets	2,097.03		(17,000.00)	
(Reversal of Provision)/Provision for Non Performing Assets under Financing Activity (Net)	(9,095.86)		13,191.78	
(Reversal of Provision)/Provision for Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	(1,182.98)		1,330.31	
Provision / (Reversal of Provision) for Diminution in Value of Investments	2,095.36		(2,353.00)	
Provision for Inter Corporate Deposit	304.00		-	
Liability no longer required written back	(70.36)		-	
Financing Charges	58,568.56		50,358.76	
Provision for Compensated Absences (Net)	171.17		73.89	
Profit on Sale of Fixed Assets (Net)	(1,127.27)		(2,054.78)	
Loss on Repossessed Assets (Net)	1,360.35		3,120.24	
Loss assets written off	22,322.39		3,895.41	
Loss on Assignment of Receivables (Net)	163.24		4.74	
Profit on Sale of Current Investments (Net)	(706.20)		(1,746.47)	
Loss on Sale of Investment in Subsidiary Companies	-		4,721.63	
Amortisation of Premium on Acquisition of Government Securities	7.44		7.44	
Interest on Bank Deposits	(3,550.18)		(5,015.11)	
Interest on Investments	(67.11)		(29.60)	
Dividend on Investments	(1.52)		(4.73)	
		72,139.50		50,028.92
Operating Profit Before Working Capital Changes		82,150.14		53,162.34
Adjustments for :-				
Increase in Receivables under Financing Activity (including Repossessed Assets)	(375,321.01)		(229,392.73)	
(Increase) / Decrease in Other Current Assets	(3,789.60)		110.26	
Increase in Other Loans and Advances	(1,787.21)		(4,188.04)	
(Decrease) / Increase in Current Liabilities and Provisions	(5,903.06)		1,883.73	
Bilateral Assignment of Receivables	39,839.65		130,785.06	
		(346,961.23)		(100,801.72)
Cash From / (Used in) Operations		(264,811.09)		(47,639.38)
Financing Charges	(56,515.06)		(56,545.14)	
Direct Taxes Paid	(3,576.69)		(2,950.39)	
		(60,091.75)		(59,495.53)
Net Cash From / (Used in) Operating Activities (A)		(324,902.84)		(107,134.91)
CASH FLOW FROM INVESTING ACTIVITIES				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	23,328.08		25,718.67	
Purchase of Fixed Assets	(3,535.61)		(463.28)	
Sale of Fixed Assets	1,689.10		2,995.55	
Investment in Subsidiary Companies	(2,000.00)		(2,395.36)	
Purchase of Other Investments	(1,026,722.28)		(905,264.68)	

Cash Flow Statement (Contd.) for the Year Ended March 31, 2011

Rupees in lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
Sale of Investment in Subsidiary Companies	-	4,343.55
Sale/ Redemption of Other Investments	1,027,428.48	922,523.69
Interest Received on Bank Deposits	4,494.69	4,350.44
Interest Received on Investments	67.41	47.56
Dividend Received on Investments	1.52	4.73
Net Cash Used in Investing Activities (B)	24,751.39	51,860.87
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term & Medium Term		
- Increase in Equity Share Capital and Securities Premium (including conversion of Preference shares into Equity and net of Issue Expenses)	24,605.24	-
- Share Application money pending allotment	2.73	
- Increase / (Decrease) in Debentures	83,150.00	(105,000.00)
- Increase in Term Loans from Banks and Others	241,643.93	161,705.70
Short Term		
- Increase in Bank Borrowings	(30,383.54)	(18,708.95)
- Increase in Other Borrowings	(39,237.89)	(37,011.46)
Dividends Paid (Including Distribution Tax)	(1,192.22)	(12.04)
Net Cash From Financing Activities (C)	278,588.25	973.25
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(21,563.20)	(54,300.79)
Cash and Cash Equivalents at the Beginning of the Year	30,711.46	85,012.25
Cash and Cash Equivalents at the End of the Year	9,148.26	30,711.46
Note:		
Cash and Cash Equivalents at the End of the Year as per Balance Sheet	44,624.21	74,513.17
Add: Current Investments (Excluding Investments under Lien)	-	15,002.32
Less: Balance in Current Accounts held for Unpaid Dividends	33.32	38.10
Less: Bank Deposits held for More than Three Months	3,827.72	43.19
Less: Bank Deposits under Lien	31,614.91	58,722.74
	9,148.26	30,711.46

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

For and on behalf of the **Board**

M. B. N. Rao
Chairman

Vellayan Subbiah
Managing Director

Schedules forming part of the Balance Sheet as at March 31, 2011*Rupees in lakhs*

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
Equity Shares		
120,000,000 (2010 - 100,000,000) Equity Shares of Rs.10 each	12,000.00	10,000.00
Preference Shares		
30,000,000 (2010 - 30,000,000) Redeemable Preference Shares of Rs.100 each	30,000.00	30,000.00
	42,000.00	40,000.00
ISSUED		
Equity Shares		
1,19,420,635 (2010 - 66,543,088) Equity Shares of Rs.10 each	11,942.06	6,654.31
Preference Shares		
30,000,000 (2010 - 30,000,000) 1% Fully Convertible Cumulative Preference Shares of Rs.100 each	30,000.00	30,000.00
	41,942.06	36,654.31
SUBSCRIBED AND FULLY PAID UP		
Equity Shares		
1,19,283,881 (2010 - 66,406,334) Equity Shares of Rs.10 each	11,928.39	6,640.63
Add : Forfeited Shares	6.54	6.54
	11,934.93	6,647.17
Preference Shares		
NIL (2010 - 30,000,000) 1% Fully Convertible Cumulative Preference Shares of Rs.100 each fully paid-up	-	30,000.00
	11,934.93	36,647.17

Notes:

- 800,000 Equity Shares were allotted as fully paid up by way of Bonus Shares by Capitalisation of General Reserve in May 1990.
- The Company issued and allotted 30,000,000 1% Fully Convertible Cumulative Preference Shares (FCCPS) of Rs.100 each at Par aggregating to Rs.30,000 lakhs on March 13, 2009 to the promoters of the company on a preferential basis. These FCCPS were converted into 32,608,695 Equity Shares of Rs.10 each at a premium of Rs.82 per share aggregating to Rs.30,000 lakhs on May 17, 2010.
- The Company issued and allotted on preferential basis:
 - 10,893,852 Equity Shares of Rs.10 each at a premium of Rs.82 per share aggregating to Rs.10,022.34 lakhs on May 17, 2010 to International Finance Corporation (IFC).
 - 9,375,000 Equity Shares of Rs.10 each at a premium of Rs.150 per share aggregating to Rs.15,000.00 lakhs on October 12, 2010 to 6 investors [including International Finance Corporation (IFC)].
- Refer Note 20 of Schedule 17 for details of outstanding Employee Stock Options as at March 31, 2011.

	As at 31.03.2010	Additions	Deductions	As at 31.03.2011
SCHEDULE 2 : RESERVE AND SURPLUS				
Capital Reserve	0.03	-	-	0.03
Capital Redemption Reserve (Note 1 below)	3,300.00	-	-	3,300.00
Securities Premium (Note 2 & 3 below)	18,893.56	49,734.59	417.11	68,211.04
Statutory Reserve (Note 4 below)	7,898.82	1,244.00	-	9,142.82
General Reserve	6,115.13	311.00	-	6,426.13
	36,207.54	51,289.59	417.11	87,080.02
Balance in Profit and Loss Account	5,645.84			8,184.12
Total	41,853.38			95,264.14

Schedules forming part of the Balance Sheet as at March 31, 2011

Notes:

- Represents the amount transferred for a sum equal to the nominal value of the Shares redeemed during the prior years.
- Additions to Securities Premium represents
 - Allotment of 10,893,852 Equity Shares of Rs.10 each on May 17, 2010 at premium of Rs.82 per share to International Finance Corporation (IFC) on Preferential Basis.
 - Conversion of 30,000,000 1% Fully Convertible Cumulative Preference Shares (FCCPS) of Rs.100 each into 32,608,695 Equity Shares of Rs.10 each on May 17, 2010 at a premium of Rs.82 per share to the promoters.
 - Allotment of 9,375,000 Equity Shares of Rs.10 each on October 12, 2010 at a premium of Rs.150 per share to 6 investors [including International Finance Corporation (IFC)].
- Deductions to Securities Premium represents Share issue expenses incurred during the year adjusted in accordance with Section 78 of the Companies Act, 1956.
- Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 3 : SECURED LOANS		
Redeemable Non-Convertible Debentures (Note 4 (A) of Schedule 17)	100,000.00	48,000.00
(Secured on a pari passu basis by way of specific charge on assets under hypothecation and certain immovable property)		
Working Capital Demand Loans and Cash Credit from Banks	48,666.11	76,549.65
(including Foreign Currency Loans)		
(Secured by floating charge on assets under hypothecation and Other Current Assets)		
Term Loans from Banks (including External Commercial Borrowing and Other Foreign Currency Loans)	502,924.63	261,280.70
(Secured by way of specific charge on assets under hypothecation)		
	651,590.74	385,830.35
Note: Amounts Repayable within one year	175,339.11	157,049.65

SCHEDULE 4 : UNSECURED LOANS

Long Term		
Redeemable Non-Convertible Debentures - Perpetual Debt (Note 4 (C) of Schedule 17)	15,000.00	-
Medium Term		
Redeemable Non-Convertible Debentures - Subordinated Debt (Note 4 (B) of Schedule 17)	70,300.00	54,150.00
Short Term		
- Commercial Paper (Note 2 below)	57,638.00	96,875.89
[Net of Unamortised Discount of Rs.362.00 lakhs (2010 - Rs.2,124.11 lakhs)]		
- Other Loans from Banks (including Foreign Currency Loans)	-	2,500.00
	142,938.00	153,525.89
Notes :		
1. Amounts Repayable within one year	57,638.00	99,468.66
2. Maximum amount of Commercial Paper outstanding at any time during the year	187,922.29	149,825.17

SCHEDULE 5: FIXED ASSETS

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

Schedules forming part of the Balance Sheet as at March 31, 2011

Rupees in lakhs

SCHEDULE 6 : INVESTMENTS	As at 31.03.2011		As at 31.03.2010	
	Nos.	Amount	Nos.	Amount
A) CURRENT - NON TRADE - UNQUOTED (Note 3 below)				
Investment in Mutual Fund Units of Rs.10 each in:				
L & T Freedom Income - STP - Inst- Cum- Original @	-	-	67,444,807	10,001.66
Baroda Pioneer Treasury Advantage Fund @	-	-	24,105,152	2,500.40
LIC Mutual Fund Savings Plus Fund @	-	-	17,081,608	2,500.26
TOTAL (A)		-		15,002.32
B) LONG TERM - NON TRADE - QUOTED				
In Government Securities				
Government of India Stock :				
7.40% - 2012 (Face Value Rs.400 lakhs)		460.36		460.36
TOTAL (B)		460.36		460.36
C) LONG TERM - SUBSIDIARIES - UNQUOTED				
Equity Shares of Rs.10 each fully paid up in :				
Cholamandalam Factoring Limited	20,362,779	2,095.36	362,779.00	95.36
[Shares acquired during the year - 20,000,000 (2010 - 362,779)]				
Cholamandalam Securities Limited	20,500,014	2,050.00	20,500,014	2,050.00
Cholamandalam Distribution Services Limited	42,400,000	4,240.00	42,400,000	4,240.00
[Shares acquired during the year - NIL (2010 - 10,000,000)]				
TOTAL (C)		8,385.36		6,385.36
D) LONG TERM - NONTRADE- UNQUOTED				
Equity Shares of Rs.10 each fully paid up in :				
Amaravathi Sri Venkatesa Paper Mills Ltd.	293,272	129.04	293,272	129.04
Saraswat Co-operative Bank Ltd.	1,000	0.10	1,000	0.10
Equity Shares of Rs.25 each fully paid up in :				
The Shamrao Vithal Co-operative Bank Ltd.	1,000	0.25	1,000	0.25
Others				
Abhishek Co-operative Housing Society	5	-	5	-
Shares of Rs.50 each (Cost Rs.250 only)				
Chennai Willingdon Corporate Foundation	5	-	5	-
Shares of Rs.10 each (Cost Rs.50 only)				
TOTAL (D)		129.39		129.39
TOTAL (A+B+C+D)		8,975.11		21,977.43
Less :				
Amortisation of Premium on Acquisition of Government Securities		52.22		44.79
Provision for Diminution in Value of Investments (Note 3 of Schedule 17)		2,095.36		-
		6,827.53		21,932.64
@ Investments Sold / Redeemed during the year				
Notes:				
1. Aggregate Value of Quoted Investments - At Cost		460.36		460.36
- At Market Value		399.50		409.63
2. Aggregate Value of Unquoted Investments - At Cost		8,514.75		21,517.07
3. During the year, the company deployed and redeemed temporary treasury surpluses in units of various schemes of mutual funds of purchase value Rs.10,26,722 lakhs (2010 - Rs.905,265 lakhs).				

Schedules forming part of the Balance Sheet as at March 31, 2011

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 7 : RECEIVABLES UNDER FINANCING ACTIVITY		
(A) SECURED (Notes 1 & 2 below)		
Automobile Financing	567,041.37	307,615.57
Loans against Securities	68,629.38	40,888.00
Loans against Immovable Property	187,689.87	135,295.13
Other Loans	200.00	450.00
Instalments and Other Dues from Borrowers (Notes 3 & 4 below)	9,247.35	11,347.31
Total (A)	832,807.97	495,596.01
(B) UNSECURED (Note 2 below)		
Consumer Loans	6,803.77	26,794.33
Other Loans	3,721.09	1,591.53
Instalments and Other Dues from Borrowers (Notes 3 & 5 below)	17,589.71	24,975.97
Total (B)	28,114.57	53,361.83
Total (A+B)	860,922.54	548,957.84
Notes :		
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.		
2. Refer Schedule 12 for Provision for Non Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.		
3. Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets de-recognised on account of Assignment of Receivables.	3,097.63	11,826.06
4. Secured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	2,599.19	3,319.78
5. Unsecured Instalments and Other Dues to Borrowers include amounts outstanding for more than 6 months.	16,645.34	19,088.10
6. Of the above:		
- Considered Good	833,649.04	503,967.06
- Others - Non Performing Assets	27,273.50	44,990.78

SCHEDULE 8 : CASH AND BANK BALANCES

Cash and Cheques on Hand	2,164.55	2,027.34
Balances with Scheduled Banks		
- On Current Accounts	3,007.31	13,681.80
- On Unpaid Dividend Accounts	33.32	38.10
- On Deposit Accounts:		
- Free of Lien	7,804.12	43.19
- Under Lien (Note below)	31,614.91	58,722.74
	44,624.21	74,513.17

Notes :

- Deposit Accounts Under Lien includes:
 - A total amount of Rs.97.29 lakhs (2010 - Rs.134.03 lakhs) kept in an Escrow Account with respect to public deposits (Note 5 of Schedule 11).
 - A total amount of Rs.31,517.62 lakhs (2010 - Rs.58,588.71 lakhs) as collateral towards assets de-recognised (Note 6 of Schedule 17).
- Balances with Scheduled Banks on Current Account include amounts collected in respect of assets de-recognised on account of Assignment of Receivables pending remittance to the assignees. (Refer Note 6 of Schedule 11).

Schedules forming part of the Balance Sheet as at March 31, 2011

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 9 : OTHER CURRENT ASSETS		
Reposessed Automobile Assets (at lower of cost and estimated net realisable value)	435.10	764.42
Interest and Other Income Accrued but Not Due		
- on Loans to Borrowers	8,661.27	5,600.16
- on Deposits and Investments	5,224.79	6,258.06
Other Accruals and Receivables	1,215.20	486.71
	15,536.36	13,109.35

SCHEDULE 10 : OTHER LOANS AND ADVANCES

Unsecured - Considered Good (Unless otherwise stated)		
Inter Corporate Deposits - Considered doubtful (Note below)	304.00	377.00
Less: Provisions	304.00	-
	-	377.00
Advances Recoverable in Cash or in Kind or for Value to be Received (Note below)	20,518.66	17,431.33
Advance Payment of Tax and Tax Deducted at Source [Net of Provision for Taxation - Rs.7,808.86 lakhs (2010 - Rs.23,381.62 lakhs)]	3,231.84	926.75
	23,750.50	18,735.08
Notes :		
Inter Corporate Deposit placed with Subsidiary-Cholamandalam Factoring Limited	304.00	377.00
Advances Recoverable in Cash or in Kind or for Value to be Received includes:		
- Dues from Subsidiary Companies		
- Cholamandalam Securities Limited	1.78	-
- Cholamandalam Factoring Limited	-	22.08
- Excess Interest Spread Receivable with respect to Assets de-recognised on account of Bilateral Assignment of Receivables	8,126.64	3,107.84
- Deposit placed towards cash collateral for assets de-recognised (Note 6 of Schedule 17)	3,765.58	6,893.60
- Service Tax Input Credit	2,919.74	2,764.17
- Prepaid Finance Charges	4,263.00	3,035.89

Schedules forming part of the Balance Sheet as at March 31, 2011

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry Creditors		
- Outstanding Dues to Micro Enterprises & Small Enterprises (Note 10 of Schedule 17)	6.40	7.73
- Outstanding Dues to Creditors other than Micro Enterprises & Small Enterprises (Note 1 below)	10,396.91	8,242.39
Advances from Customers / Others (Note 2 below)	3,263.35	5,631.44
Unclaimed Dividend (Note 3 below)	33.32	38.10
Interest Accrued but Not Due on Loans / Other Deposits	11,736.55	8,455.93
Fixed Deposits - Matured / Unclaimed (Notes 4 & 5 below)	61.54	84.24
Interest Accrued and Due on Matured / Unclaimed Fixed Deposits	5.81	8.53
Other Liabilities (Note 6 below)	5,700.34	11,433.44
	31,204.22	33,901.80
Notes :		
1. Sundry Creditors include		
- Security deposits from channel partners and dealers.	43.70	52.90
- Dues to Subsidiary - Cholamandalam Distribution Services Ltd.	3.11	-
2. Advances from Customers / Others include adjustable security deposits	96.59	590.38
3. There are no amounts of Unclaimed Dividend due and outstanding to be credited to Investor Education and Protection Fund (IEPF).		
4. As at March 31, 2011, there are no amounts due and outstanding to be credited to Investor Education and Protection Fund (IEPF) in respect of Fixed Deposits except for Rs.1.86 lakhs (2010 - Rs.1.86 lakhs), the repayment of which to the depositors has been stayed by the Madras High Court. Further, in respect of overdue amounts totaling to Rs.0.11 lakhs (2010 - Rs.0.11 lakhs), payments have not been made as per instructions received from Central Bureau of Investigation.		
5. 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 Rs.97.29 lakhs as at March 31, 2011 (2010 - Rs.134.03 lakhs) in an Escrow Account, as directed by the RBI.		
6. Other Liabilities include amounts collected in respect of assets de-recognised on account of Assignment of Receivables pending remittance to the assignees.	5,498.44	11,198.95

SCHEDULE 12 : PROVISIONS (Note 18 of Schedule 17)

Provision for Standard Assets	5,097.03	3,000.00
Provision for Non Performing Assets	23,887.68	32,983.54
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	3,526.91	4,709.89
Provision for Compensated Absences	626.34	455.17
Provision for Contested Service Tax	69.33	69.33
Proposed Dividend - Preference	-	315.62
Proposed Dividend - Equity	1,789.26	664.06
Distribution Tax on Proposed Dividend	290.31	162.72
	35,286.86	42,360.33

Schedules forming part of the Profit & Loss Account for the Year Ended March 31, 2011

Rupees in lakhs

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE 13 : INCOME		
(A) INCOME FROM OPERATIONS		
Income from Financing Activity		
-Automobile Financing (Note 7(c) of Schedule 17)	79,750.95	51,819.68
-Consumer Loans (Note 7(d) of Schedule 17)	-	13,568.09
-Loans against Securities	6,164.78	3,698.94
-Loans against Immovable Property (Note 7(e) of Schedule 17)	27,408.09	15,871.46
-Other Loans	451.49	916.85
Interest on		
-Bank and Other Deposits	3,550.18	5,015.11
-Investments (Note 7(f) of Schedule 17)	67.11	29.60
Dividend - Long Term - Non Trade	1.52	4.73
Income from Non-Financing Activity	692.86	281.04
Profit on Sale of Investments - Current	706.20	1,741.51
- Long Term	-	4.96
Total (A)	118,793.18	92,951.97
(B) OTHER INCOME		
Profit on Sale of Fixed Assets (Net)	1,127.27	-
Miscellaneous Income	262.68	-
Total (B)	1,389.95	-
Total (A+B)	120,183.13	92,951.97
Notes:		
Tax Deducted at Source on Interest Income included above	388.15	88.81
Gain on Premature Redemption of Commercial Paper included in Miscellaneous Income (Note 5 of Schedule 17)	190.41	-

SCHEDULE 14 : FINANCING CHARGES

Interest on Debentures	17,210.56	15,186.23
Interest on Fixed Loans		
- Fixed Deposits	-	11.68
- Others	77.85	-
Interest on Other Loans	27,904.09	19,314.67
Discount on Commercial Papers	8,150.92	10,150.00
Debenture Issue Expenses	759.80	506.30
Other Financing Expenses (Note 7(g) of Schedule 17)	4,465.34	5,189.87
	58,568.56	50,358.75
Note :		
Loss on Premature Redemption of Commercial Paper included in Other Financing Expenses.	-	22.73

Schedules forming part of the Profit & Loss Account for the Year Ended March 31, 2011

Rupees in lakhs

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE 15 : OPERATING AND OTHER EXPENSES		
Salaries, Bonus and Commission	8,277.14	7,070.89
Contribution to Provident and Other Funds	373.61	274.21
Staff Welfare Expenses	318.40	308.08
Rent (Note 7(i) of Schedule 17)	1,530.13	1,460.26
Electricity Charges	220.72	266.89
Rates and Taxes	82.73	45.85
Communication Cost	607.00	599.05
Travelling and Conveyance	615.69	751.37
Advertisement Expenses	355.35	22.81
Insurance	263.11	177.57
Repairs and Maintenance		
- Buildings	3.25	0.59
- Others	12.01	13.24
Printing and Stationery	329.00	295.87
Information Technology Expenses (Note 7(i) of Schedule 17)	552.92	564.29
Auditors' Remuneration (Note 9 of Schedule 17)	29.96	32.03
Professional Charges	803.48	910.67
Lease Rental Expense	475.80	-
Loss on Sale of Fixed Assets (Net)	-	24.44
Miscellaneous Expenses (Note 7(j) of Schedule 17)	311.80	128.38
	15,162.10	12,946.49
Less : Expenses Recovered	32.39	188.07
	15,129.71	12,758.42

SCHEDULE 16 : PROVISIONS, LOAN LOSSES AND OTHER CHARGES

Loss Assets Written Off	22,322.39	3,895.41
Provision for Non Performing Assets (Note 18 of Schedule 17)	12,194.65	24,996.40
Provision Released for Non Performing Assets on recovery/write off	(21,505.27)	(2,844.21)
Total (A)	13,011.77	26,047.60
Loss on Assignment of Receivables	1,065.63	9,473.15
Less: Provision Released	(902.39)	(9,468.41)
Total (B)	163.24	4.74
Loss on Repossessed Assets (Net)	1,360.35	3,120.24
Income reversal for Non Performing Consumer Loans (Net)	912.32	-
Provision / (Provision Released) for Standard Assets	2,097.03	(17,000.00)
Recovery Charges	6,994.07	6,956.63
Amortisation of Premium on Acquisition of Government Securities	7.44	7.44
Total (C)	11,371.21	(6,915.69)
Total (A+B+C)	24,546.22	19,136.65

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS

1. Significant Accounting Policies:

1.1 Accounting Convention

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

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

1.2 Use of Estimates

The preparation of financial statements 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 reporting period like provision for employee benefits, provisioning for receivables, provision for credit enhancement for assets de-recognised, net realizable value of repossessed assets, useful lives of fixed assets, provision for diminution in value of investments, provisioning for taxation etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

1.3 Revenue Recognition

Loan Interest Charges are 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 respect of bilateral assignment of receivables, the difference between the book value of the assets assigned and the sale consideration is taken to revenue after netting off incidental expenses to be incurred, provision for contingent losses arising from credit enhancements (if cash collateral is provided) and costs to be incurred in servicing the contracts.

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 (AFC) are recognized on accrual basis as per contractual terms and when there is no uncertainty in receiving the same.

1.4 Fixed Assets and Depreciation

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

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

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

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

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

1.5 Investments

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

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

1.6 Receivables under Financing Activity

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

(a) Unearned income

(b) Installments appropriated up to the year-end.

1.7 Retirement and Other Benefits

(a) Defined Contribution Plan

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

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

(b) Defined Benefit Plan & Long Term Compensated Absences

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

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

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

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

(c) Other Employee Benefits

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

1.8 Foreign Currency Transactions

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

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

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

1.9 Derivative Transactions

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

1.10 Lease Accounting

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

1.11 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 / utilizing the same.

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

1.13 Deferred Compensation Costs

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

1.14 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

1.15 Prepaid Finance Charges

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

2. Termination of Shareholders Agreement

- a) The Shareholders' agreement dated June 16, 2005 entered into between the Company, Tube Investments of India Limited (TII) and DBS Bank Limited, Singapore (DBS) was terminated on April 08, 2010 pursuant to the purchase of the entire shareholding of DBS in the Company by Tube Investments of India Ltd., & New Ambadi Estates Private Ltd., (constituents of the Murugappa Group). Consequently, the Company ceased to be a Joint Venture between Murugappa Group and DBS, with effect from April 08, 2010 and has become a subsidiary of Tube Investments of India Limited effective from that date.

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

- b) Consequent to the above, the name of the company and its subsidiaries have been changed as follows:
- i) Cholamandalam DBS Finance Limited changed to **Cholamandalam Investment and Finance Company Limited**
 - ii) DBS Cholamandalam Securities Limited changed to **Cholamandalam Securities Limited**
 - iii) DBS Cholamandalam Distribution Limited changed to **Cholamandalam Distribution Services Limited**

3. Exceptional Items

Rupees in lakhs

Particulars	2010-11 Gain / (Loss)	2009-10 Gain / (Loss)
Provision/Reversal of Provision made for diminution in value of investment and Inter corporate deposit placed with Subsidiaries		
- Cholamandalam Factoring Limited (investment and deposit)	(2,399.36)	-
- Cholamandalam Distribution Services Limited (investment)	-	2,353.00
Loss on Sale of Investment in Subsidiary companies	-	(4,721.63)
- DBS Cholamandalam Asset Management Limited and DBS Cholamandalam Trustees Limited		
Profit on sale of land and building	-	2,079.22
Exceptional Items (Net)	(2,399.36)	(289.41)

4. Loans - Particulars of Privately Placed Redeemable Non-Convertible Debentures

(A) Secured Redeemable Non-Convertible Debentures

Number of Debentures	Face Value (Rs.)	Balance as at		Terms of Redemption (Redeemable at par in) (No put call option)	
		31-03-2011	31-03-2010		
		(Rupees in lakhs)			
1250	1,000,000	-	12,500.00	Apr-2010	Redeemed
500	1,000,000	-	5,000.00	Sep-2010	Redeemed
250	1,000,000	-	2,500.00	Dec-2010	Redeemed
500	1,000,000	5,000.00	-	Aug-2011	
500	1,000,000	5,000.00	-	Sep-2011	
1000	1,000,000	10,000.00	-	Nov-2011	
1000	1,000,000	10,000.00	-	Dec-2011	
1500	1,000,000	15,000.00	-	May-2012	
500	1,000,000	5,000.00	-	Jun-2012	
2000	1,000,000	20,000.00	-	Aug-2012	
1100	1,000,000	11,000.00	11,000.00	Sep-2012	
200	1,000,000	2,000.00	-	May-2013	
1350	1,000,000	13,500.00	13,500.00	Sep-2014	
350	1,000,000	3,500.00	3,500.00	Nov-2014	
		100,000.00	48,000.00		

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

(B) Unsecured – Redeemable Non-Convertible Debentures - Subordinated Debt

Number of Debentures	Face Value (Rs.)	Balance as at		Terms of Redemption (Redeemable at par in) (No put call option)
		31-03-2011	31-03-2010	
		(Rupees in lakhs)		
450	1,000,000	4,500.00	4,500.00	Jun-2012
100	1,000,000	1,000.00	1,000.00	Jul-2012
550	1,000,000	5,500.00	5,500.00	Aug-2012
300	1,000,000	3,000.00	3,000.00	Apr-2013
1000	1,000,000	10,000.00	10,000.00	Jun-2013
1000	1,000,000	10,000.00	10,000.00	Dec-2014
1000	1,000,000	10,000.00	10,000.00	Feb-2015
250	1,000,000	2,500.00	2,500.00	Jan-2017
100	1,000,000	1,000.00	1,000.00	Feb-2017
150	1,000,000	1,500.00	1,500.00	Mar-2017
15	1,000,000	150.00	150.00	Jun-2018
100	1,000,000	1,000.00	1,000.00	Nov-2018
1000	1,000,000	10,000.00	-	Apr-2020
115	1,000,000	1,150.00	-	May-2020
500	1,000,000	5,000.00	-	Jul-2020
		70,300.00	54,150.00	

(C) Unsecured – Redeemable Non-Convertible Debentures - Perpetual Debt

Number of Debentures	Face Value (Rs.)	Balance as at		Terms of Redemption
		31-03-2011	31-03-2010	
		(Rupees in lakhs)		
3,000	500,000	15,000.00	-	Perpetual – Call Option after 4th Oct 2020 with prior approval of RBI

5. Premature Redemption of Commercial Paper

Gain / (Loss) on premature redemption of commercial papers is recognised in the Profit and Loss Account and included under Miscellaneous Income (2010-11) (Schedule 13(B)) and Other Financing Expenses (2009-10) (Schedule 14).

	Rupees in lakhs	
	2010-11	2009-10
Book Value (including interest accrued) on the date of redemption of commercial papers	32,232.44	87,105.34
Consideration paid for premature redemption of commercial papers	32,042.03	87,128.07
Gain / (Loss)	190.41	(22.73)

6. Assets De-recognised

	Rupees in lakhs	
Particulars	As at 31.03.2011	As at 31.03.2010
Assets De-recognised on Bilateral Assignment of Receivables	90,199.04	169,083.06
Deposits provided as Collateral (Note 2 of Schedule 8 and Note in Schedule 10)		
For Credit Enhancements	35,283.20	58,189.44
For Liquidity Support	-	5,897.95
For Interest Rate Changes from Specified Rate	-	1,394.92

Schedules forming part of the Accounts for the Year Ended March 31, 2011**SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)****7. Other Financial Information***Rupees in lakhs*

S.No	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)	98.58	1.46
b)	(i) Outstanding Derivatives:		
	(a) Contracted Value		
	- Interest rate derivatives	-	-
	- Currency derivatives	53,586.00	33,660.30
	(b) Mark to Market Provision (included in Sundry Creditors – Schedule 11)	1,159.69	898.70
	(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-
c)	Income from Automobile Financing (Schedule 13) comprises:		
	- Interest on Loans	67,051.67	39,850.50
	- Upfront Income on Bilateral Assignment of Receivables (Notes 1 to 3 below)	-	3,992.57
	- Other Operating Income	12,699.28	7,976.61
		79,750.95	51,819.68
d)	Income from Consumer Loans (Schedule 13) comprises:		
	- Interest on Loans	-	11,327.62
	- Upfront Income on Bilateral Assignment of Receivables (Notes 1 to 3 below)	-	1,368.23
	- Other Operating Income	-	872.24
	Income Reversal for Non performing Consumer Loans (Rs.912.32 lakhs) for the year 2010-11 is grouped under Provisions, Loan Losses and other Charges (Schedule 16)		
		-	13,568.09
e)	Income from Loans against Immovable Property (Schedule 13) comprises:		
	- Interest on Loans	19,261.61	12,532.67
	- Upfront Income on Bilateral Assignment of Receivables (Notes 1 to 3 below)	5,351.16	1,265.37
	- Other Operating Income	2,795.32	2,073.42
		27,408.09	15,871.46
f)	Interest on Investments (Schedule 13) includes		
	- Long Term – Non Trade – Quoted (Government of India Stock)	30.26	29.60
g)	Financing Charges (Schedule 14) includes amortization of prepaid finance charges	2,056.71	2,698.80
h)	Net exchange difference [(loss) / gain] on foreign currency monetary items dealt with in the Profit and Loss Account (included in Other Financing Expenses – Schedule 14)	-	(691.91)
i)	Lease Equalisation charge included in Operating Expenses (Schedule 15):		
	- Rent and Electricity Charges	37.68	40.73
	- Information Technology Expenses	(29.68)	(17.91)
		8.00	22.82
j)	Miscellaneous Expenses (Schedule 15) comprises:		
	- Donations	42.50	5.00
	- Other Expenses	269.30	123.38
		311.80	128.38

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

Notes :

1. In recognising the Upfront Income on Bilateral Assignment of Receivables, the Company has obtained professional opinion confirming that bilateral assignment of receivables is outside the purview of the RBI Guidelines on Securitisation of Standard Assets introduced with effect from February 1, 2006.
2. Upfront income on Bilateral Assignment of Receivables is net of Provision for Credit Enhancements and Servicing Cost on assets derecognized Rs.519.32 lakhs (2010 - Rs.2,411.46 lakhs).
3. During the year, the company assigned Consumer Loan Receivables aggregating to Rs.2,515.34 lakhs (2010 - Rs.23,419.67 lakhs) having a net book value of Rs.1,243.50 lakhs (2010 - Rs.8,573.95 lakhs) to Cholamandalam Factoring Limited (subsidiary) on non recourse basis for Rs.1,095.05 lakhs (2010 - Rs.8,569.22 lakhs), as determined by an independent agency.

8. Managerial Remuneration

		<i>Rupees in lakhs</i>	
Particulars	2010 - 11	2009 - 10	
a) Manager (upto August 18, 2010)			
Salaries and Allowances	28.35	29.38	
Contribution to Provident and Other Funds	0.72	1.90	
Other Benefits	2.47	1.03	
	31.54	32.31	
Managing Director (from August 19, 2010)			
Salaries and Allowances	73.72	-	
Contribution to Provident and Other Funds	5.79	-	
Other Benefits	8.31	-	
	87.82	-	
b) Non-Wholetime Directors			
Sitting Fees	9.45	12.65	
Commission	30.27	-	
	39.72	12.65	

Notes:

- i) The appointment and remuneration of the Managing Director is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.
- ii) In computing the Managing Director's Remuneration, perquisites have been valued in terms of actual expenditure incurred by the company in providing the benefits except that in case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, notional amount as per Income Tax Rules has been considered.
- iii) The Managing Director's Remuneration includes an amount of Rs.21.45 lakhs being the maximum incentive payable for the year.
- iv) Actuarial valuation based contribution / provision with respect to gratuity and provision for compensated absences have not been included as these are for the Company as a whole.

Schedules forming part of the Accounts for the Year Ended March 31, 2011**SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)****(c) Computation of Net Profits under Section 198/349 of the Companies Act, 1956***Rupees in lakhs*

Particulars		2010-11
Profit before Tax as per Profit and Loss Account		10,010.65
Add :	Depreciation as per Books	851.44
	Directors' Sitting Fees	9.45
	Non-Wholetime Directors' Commission	30.27
	Manager and Managing Director's Remuneration	119.35
	Provision for Standard Assets	2,097.03
	Provision for Diminution in value of investment in and Deposit placed with subsidiary company	2,406.80
	Mark to Market provision for derivatives	260.99
		15,785.98
Less :	Depreciation as per Sec 350 of the Companies Act, 1956	851.44
	Gain on premature redemption of commercial paper	190.41
	Profit on Sale of Fixed Assets (Net)	1,127.27
	Profit on Sale of Investments (Net)	706.20
	Reversal of Provision for Non Performing Assets	9,866.79
	Adjusted Profit	3,043.87
	Commission payable to:	
	Non-Wholetime Directors @ 1% restricted to	30.27

No commission was paid to Non-Wholetime Directors for the year 2009-10.

(d) Based on the above, the total remuneration as stated in 8 (a) and (b) above are within the maximum permissible limits under the Companies Act, 1956.

9. Auditors' Remuneration (Net of Service Tax Input Credit)*Rupees in lakhs*

	2010 - 11	2009 - 10
Statutory Audit	18.00	15.00
Tax Audit	2.00	1.50
Other Services	8.40	14.85
Reimbursement of Expenses	1.56	0.68
Total	29.96*	32.03

(*) Excludes Rs.3.50 lakhs paid for Preferential Issue related certification services.

10. Micro, Small & Medium Enterprises

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at the year end are furnished below:

Rupees in lakhs

Particulars	2010 - 11	2009 - 10
Principal amount due to suppliers under MSMED Act, as at the year end	6.40	7.73
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	-	-

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

11. Expenditure in Foreign Currency

Travel	2.03	4.82
Interest on External Commercial Borrowing (including amount accrued and not due)	461.44	725.58
Others	-	0.26

12. Gratuity

Details of Actuarial Valuation:

Projected Benefit Obligation at the Beginning of the Year	145.88	120.04
Current Service Cost	43.21	41.28
Interest Cost	11.67	9.60
Actuarial Losses / (Gains)	53.10	(17.72)
Benefits Paid	(16.41)	(7.32)
Projected Benefit Obligation at the End of the Year	237.45	145.88
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	157.37	76.81
Expected Returns on Plan Assets	14.03	11.49
Employer's Contribution	96.49	76.40
Benefits Paid	(16.41)	(7.33)
Actuarial Gains / (Losses)	-	-
Fair Value of Plan Assets at the End of the Year	251.48	157.37
Amount Recognised in the Balance Sheet		
Liability at the End of the Year	237.45	145.88
Fair Value of Plan Assets as at the End of the Year	251.48	157.37
Amount Recognised in the Balance Sheet under Schedule 8 (Advances recoverable in cash or in kind)	(14.03)	(11.49)
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	43.21	41.28
Interest on Obligation	11.67	9.60
Expected Return on Plan Assets	(14.03)	(11.49)
Net Actuarial Losses/(Gains) Recognized in the Year	53.10	(17.72)
Net Cost Recognized in the Profit and Loss Account	93.95	21.67
Assumptions		
Discount Rate	8.00% p.a.	8.00% p.a.
Future Salary Increase	5.00% p.a.	5.00% p.a.
Attrition Rate	1-3% p.a.	1-3% p.a.
Expected Rate of Return on Plan Assets	9.25% p.a.	9.50% p.a.

Other Disclosures:

Benefit	2010-11	2009-10	2008-09	2007-08	2006-07
Projected Benefit Obligation	237.45	145.88	120.04	94.93	58.66
Fair Value of Plan Assets	251.48	157.37	76.81	53.25	56.64
Surplus/(Deficit)	14.03	11.49	(43.23)	(41.68)	2.02

Notes:

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

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

13. 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".

14. Related Party Disclosures (As per AS-18 "Related Party Disclosures")

List of Related Parties:

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

Note:

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

		<i>Rupees in lakhs</i>	
Transaction	Related Party	2010 - 11	2009 - 10
Dividend Payments -			
- Equity Shares	Tube Investments of India Limited	381.24	-
- Preference Shares	Tube Investments of India Limited	196.44	-
Interest Payments	DBS Bank Limited	0.06	324.00
	Cholamandalam Distribution Services Limited	77.85	-
	Cholamandalam MS General Insurance Company Limited	193.39	-
Interest Receipts	Cholamandalam Securities Limited	0.42	-
	Cholamandalam Distribution Services Limited	-	1.72
Rent Payments	Cholamandalam Securities Limited	-	0.47
	Cholamandalam Distribution Services Limited	78.92	88.36
	Cholamandalam MS General Insurance Company Limited	20.84	-
Rent (including hiring) Receipts	Tube Investments of India Limited	37.43	72.39
	Cholamandalam Securities Limited	17.15	44.80
	Cholamandalam Distribution Services Limited	15.28	13.15
	Cholamandalam MS General Insurance Company Limited	66.51	-
	Cholamandalam MS Risk Services Limited	2.22	-
Payments for Services Availed	Cholamandalam Securities Limited	48.49	92.96
	Cholamandalam MS General Insurance Company Limited	259.18	-
Advance Premium Deposit Given	Cholamandalam MS General Insurance Company Limited	1,554.96	-
Receipts for Services Rendered	Cholamandalam MS General Insurance Company Limited	282.03	-
Receipts on settlement of insurance claim	Cholamandalam MS General Insurance Company Limited	70.05	-
Expenses – Reimbursed	Tube Investments of India Limited	0.52	0.46
	DBS Bank Limited	-	4.82
	Cholamandalam Securities Limited	0.59	5.22
	Cholamandalam Distribution Services Limited	17.94	15.33

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

Rupees in lakhs

Transaction	Related Party	2010 - 11	2009 - 10
	Cholamandalam MS General Insurance Company Limited	10.90	-
Amounts Received towards Reimbursements of Expenses	Tube Investments of India Limited	1.61	4.78
	Cholamandalam Securities Limited	11.17	14.62
	Cholamandalam Distribution Services Limited	10.11	11.14
	Cholamandalam Factoring Limited	-	0.01
	Cholamandalam MS General Insurance Company Limited	23.27	-
	Cholamandalam MS Risk Services Limited	0.37	-
Purchase of Fixed Assets	Cholamandalam Securities Limited	6.64	-
	Cholamandalam Distribution Services Limited	8.89	7.51
Sale of Fixed Assets	Tube Investments of India Limited	-	9.31
	Cholamandalam Securities Limited	-	1.35
	Cholamandalam MS General Insurance Company Limited	5.60	-
Advances/Deposits Given	Tube Investments of India Limited	-	1.76
	Cholamandalam Securities Limited	1,750.00	800.00
	Cholamandalam Distribution Services Limited	-	55.40
	Cholamandalam Factoring Limited	2,438.00	9,170.00
Advances/Deposits Recovered	Tube Investments of India Limited	0.60	-
	Cholamandalam Securities Limited	1,750.00	800.00
	Cholamandalam Distribution Services Limited	-	55.40
	Cholamandalam Factoring Limited	2,511.00	8,793.00
Advances/Deposits Availed	Cholamandalam Distribution Services Limited	3,270.00	-
Advances/Deposits Repaid	Cholamandalam Distribution Services Limited	3,270.00	-
Bilateral Assignment of Receivables	Cholamandalam Factoring Limited	1,243.50	8,573.95
Remittance of amounts collected in respect of assets derecognized on account of Assignment of Receivables	Cholamandalam Factoring Limited	1,353.59	687.83
Conversion of Fully Convertible Cumulative Preference Shares into Equity shares	Tube Investments of India Limited	30,000.00	-
Investment in Equity Shares	Cholamandalam Distribution Services Limited	-	1,000.00
	Cholamandalam Factoring Limited	2,000.00	-
Remuneration	Key Management Person (Mr. S Vellayan)	87.82	-
Directors Sitting Fees and Commission	DBS Bank Limited	0.40	2.10
	Key Management Person (Mr. N Srinivasan)	0.75	1.80
Net Amounts Receivable/ (Due) as at Year end	Tube Investments of India Limited	4.60	27.03
	Cholamandalam Securities Limited	1.78	-
	Cholamandalam Distribution Services Limited	(3.11)	-
	Cholamandalam Factoring Limited	194.73	399.08
	Cholamandalam MS General Insurance Company Limited	9.76	-
	Cholamandalam MS General Insurance Company Limited	(1,504.16)	-
	Cholamandalam MS Risk Services Limited	1.20	-

Note:

The company has provided shortfall undertaking to the lender of Cholamandalam Factoring Limited (Subsidiary) in respect of its outstanding term loan of Rs.6,000 lakhs (2010 - Rs.7,500 lakhs).

Schedules forming part of the Accounts for the Year Ended March 31, 2011**SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)****15. Earnings Per Share**

Rupees in lakhs

Particulars	2010 - 11	2009 - 10
Profit After Tax	6,217.90	1,541.84
Less: Preference Dividend Payable (Including Distribution Tax Thereon)	(45.05)	(349.83)
Profit Attributable to Equity Shareholders	6,172.85	1,192.01
Weighted Average Number of Equity Shares (Basic)	108,818,492	66,406,334
Earnings per Share - Basic (Rs.)	5.67	1.79
Weighted Average Number of Equity Shares (Diluted)	108,844,714	66,420,433
Earnings per Share - Diluted (Rs.)	5.67	1.79
Face Value Per Share (Rs.)	10.00	10.00

Note:

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

16. Deferred Tax Asset

The net deferred tax asset of Rs.13,059.89 lakhs as at March 31, 2011 (Rs.15,492.59 lakhs as at March 31, 2010) has arisen on account of the following:

Rupees in lakhs

Particulars	As at 31.03.2011	As at 31.03.2010
Deferred Tax Asset		
a) Provision for Standard Assets	1,653.73	996.52
b) Provision for Non-Performing Assets	7,750.36	10,956.31
c) Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	1,144.31	1,564.50
d) Provision for Repossessed Stock	331.22	275.85
e) Provision for Doubtful Advances	98.63	-
f) Provision for Diminution in the value of Investment	2.41	-
g) Income Derecognised on Non-Performing Assets	2,790.78	2,005.31
h) Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	46.59	194.80
i) Others	624.99	507.74
(A)	14,443.02	16,501.03
Deferred Tax Liability		
a) Unamortised Prepaid Finance Charges	1,383.13	1,008.44
(B)	1,383.13	1,008.44
Net Deferred Tax Asset (A) – (B)	13,059.89	15,492.59
Movement in Net Deferred Tax Asset during the year	(2,432.70)	478.33

17. Contingent Liabilities

- (a) Counter Guarantees provided to Banks – Rs.78.02 lakhs (2010- Rs.108 lakhs) and Shortfall Undertaking provided to the lender of Cholamandalam Factoring Limited (Subsidiary) – Rs.6,000 lakhs (2010- Rs.7,500 lakhs)

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

(b) Contested Claims Not Provided for:

Particulars	Rupees in lakhs	
	As at 31.03.2011	As at 31.03.2010
Income tax and Interest Tax issues where the company is in appeal	2,128.67	612.89
Decided in the company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	105.19	39.64
Sales Tax issues pending before Appellate Authorities in respect of which the company is in appeal	425.95	450.02
Disputed claims against the company lodged by various parties under litigation (to the extent quantifiable)	912.47	895.36

Note:

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

18. Changes in Provisions

Particulars	Rupees in lakhs			
	As at 31.03.2010	Additional Provision	Utilisation/ Reversal	As at 31.03.2011
Provision for Standard Assets	3,000.00	2,097.03	-	5,097.03
Provision for Non-Performing Assets	32,983.54	13,311.80	22,407.66	23,887.68
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	4,709.89	525.88	1,708.86	3,526.91
Provision for Contested Service Tax	69.33	-	-	69.33
Provision for Doubtful Advances	-	304.00	-	304.00

19. 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	Rupees in lakhs	
	31.03.2011	31.03.2010
Not later than one year	568.49	-
Later than one year and not later than five years	1,279.10	-
Later than five years	-	-
Total	1,847.59	-

20. Employee Stock Option Plan

a) 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

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

grants to a list of senior level executives of the company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007:

Particulars		Date of Grant	Exercise Price (Rs)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
								Vested	Yet to vest
Grant 1	Original	30 th Jul 07	193.40	30 th Jul 08	765,900	-	631,077	127,315	61,941
	Corporate Action Adjustment	25 th Jan 08	178.70	-	54,433	-	-	-	-
Grant 2	Original	24 th Oct 07	149.90	24 th Oct 08	70,400	-	70,400	-	-
Grant 3	Original	25 th Jan 08	262.20	25 th Jan 09	162,800	-	124,354	25,546	12,900
Grant 4	Original	25 th Apr 08	191.80	25 th Apr 09	468,740	-	256,128	80,492	132,120
Grant 5	Original	30 th Jul 08	105.00	30 th Jul 09	10,070	2,012	583	1,433	6,042
Grant 6	Original	24 th Oct 08	37.70	24 th Oct 09	65,600	1,640	34,768	9,512	19,680
Grant 7									
Tranche I	Original	27 th Jan 11	187.60	27 th Jan 12	294,600	-	-	-	294,600
Tranche II	Original	27 th Jan 11	187.60	27 th Jan 12	209,700	-	-	-	209,700

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

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

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

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	Rupees in lakhs	
	2010 - 11	2009 - 10
Net Profit attributable to Equity Share Holders (as reported)	6,172.84	1,192.01
Add: Stock based employee compensation expense included in net profit	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma)	57.60	(31.59)
Net Profit (Proforma)	6,115.24	1,223.60
Basic Earnings per Share of Rs. 10 each (as reported) (Rs.)	5.67	1.79
Basic Earnings per Share of Rs. 10 each (pro forma) (Rs.)	5.62	1.84
Diluted Earnings per Share of Rs. 10 each (as reported) (Rs.)	5.67	1.79
Diluted Earnings per Share of Rs. 10 each (pro forma) (Rs.)	5.62	1.84

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

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

21. Sharing of Costs

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

22. Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated February 22, 2007:

Rupees in lakhs

Sl.No	Particulars	Amount Outstanding	Amount Overdue
		As at March 31, 2011	
	Liabilities:		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
a)	Debentures		
	- Secured	106,109.78	-
	- Unsecured	73,120.63	-
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	15,851.75	-
b)	Deferred Credits	-	-
c)	Term Loans	504,853.47	-
d)	Inter-Corporate Loans and Borrowings	-	-
e)	Commercial Paper	57,638.00	-
f)	Other Loans (Represents Working Capital Demand Loans, Cash Credit from Banks including Foreign Currency Loans & Fixed Deposits along with Interest Accrued but Not Due on above) [Refer Notes 1 and 2 below]	48,759.02	-

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 Schedule 4), the details of the same have been disclosed above.
- Fixed Deposits include Matured / Unclaimed Deposits (together with Interest on Matured / Unclaimed Deposits) amounting to Rs.67.35 lakhs as at March 31, 2011.

Sl.No	Particulars	Amount Outstanding as at March 31, 2011
(2)	Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]:	
(a)	Secured	259,562.84
(b)	Unsecured	24,739.27
(3)	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities	
(i)	Lease Assets including Lease Rentals Accrued and Due:	
	(a) Financial Lease	-
	(b) Operating Lease	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:	
	(a) Assets on Hire	-
	(b) Repossessed Assets	-
(iii)	Other Loans counting towards AFC Activities	
	(a) Loans where Assets have been Repossessed	435.10
	(b) Loans other than (a) above	585,281.69

Schedules forming part of the Accounts for the Year Ended March 31, 2011**SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)***Rupees in lakhs*

Sl.No	Particulars	Amount Outstanding as at March 31, 2011
(4)	Break-up of Investments (net of provision for diminution in value):	
	Current Investments:	
I	Quoted:	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities (Net of Amortisation)	-
(v)	Others	-
II	Unquoted:	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-
	Long term Investments:	
I	Quoted:	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities (Net of Amortisation)	408.13
(v)	Others	-
II	Unquoted:	
(i)	Shares:	
	(a) Equity (Net of Provision for Diminution in Value of Investment)	6,419.39
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-

Rupees in lakhs

Sl. No	Category	Amount (Net of Provisioning) As at March 31, 2011		
		Secured	Unsecured	Total
(5)	Borrower Group-wise Classification of Assets Financed as in (2) and (3) above			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	-	-
2.	Other than Related Parties	841,114.73	5,016.49	846,131.21
	Total	841,114.73	5,016.49	846,131.21

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

(6)	Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :		
S.No	Category	MV / Break up Value or Fair Value or NAV	Book Value (Net of Provisioning)
1.	Related Parties *		
(a)	Subsidiaries	4,985.49	6,290.00
(b)	Companies in the Same Group	-	-
(c)	Other Related Parties	-	-
2.	Other than Related Parties	476.63	537.52
	Total	5,452.12	6,827.52

(7)	Other Information	Amount Outstanding As at March 31, 2011
(i)	Gross Non-Performing Assets	
	a) With Related Parties *	-
	b) With Others	27,273.50
(ii)	Net Non-Performing Assets	
	a) With Related Parties *	-
	b) With Others	3,385.82
(iii)	Assets Acquired in Satisfaction of Debt	
	a) With Related Parties *	-
	b) With Others	-

* Related Parties are as identified in Note 15 above

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

i. Capital Adequacy Ratio

Particulars	Rupees in lakhs	
	As at March 31, 2011	As at March 31, 2010
Tier I Capital	98,512	58,898
Tier II Capital	53,762	32,449
Total Capital	152,274	91,347
Total Risk Weighted Assets	913,653	617,291
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	10.78%	9.54%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	5.88%	5.26%
Total (%)	16.67%	14.80%

Schedules forming part of the Accounts for the Year Ended March 31, 2011**SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)****ii. Exposure to Real Estate Sector, both Direct and Indirect***Rupees in lakhs*

Category	As at March 31, 2011	As at March 31, 2010
a. Direct Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
- individual housing loans upto Rs 15 lakhs	9,363.27	11,107.86
- individual housing loans more than Rs 15 lakhs	154,706.41	97,685.76
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).		
- Fund Based	24,229.20	26,501.51
- Non Fund based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
- Residential	-	-
- Commercial Real Estate	-	-
b. Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

Note:

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

iii. Asset Liability Management**Maturity Pattern of Certain Items of Assets and Liabilities as at March 31, 2011***Rupees in crores*

	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	414.63	115.00	32.50	569.50	321.76	3,937.51	125.00	-	5,515.90
Market Borrowings	230.19	322.45	-	124.42	200.00	810.00	370.00	373.00	2,430.06
Assets									
Advances (Net of Provision for Non Performing Assets)	851.11	177.25	175.36	681.65	1,392.87	3,325.50	683.42	1,083.18	8,370.34
Investment (Net of Provision for Diminution in Value of Investments)	-	-	-	-	-	4.08	-	64.19	68.27

Schedules forming part of the Accounts for the Year Ended March 31, 2011

SCHEDULE 17 : NOTES ON ACCOUNTS (Contd.)

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

a. Number of accounts sold	3,396
b. Aggregate outstanding	Rs.2,515.34 lakhs
c. Aggregate Sale Consideration received	Rs.1,095.05 lakhs

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

Perpetual Debt Instrument (PDI)

(i) Amount raised through PDI	
- during the year	Rs.150 Crores
- outstanding as at March 31, 2011	Rs.150 Crores
(ii) PDI as a percentage of Tier I Capital	15.23%

23. Disclosure pursuant to clause 32 of the Listing Agreement

Rupees in lakhs

S.No	Loans and Advances in the nature of Loans	Amount Outstanding as at 31-03-2011	Maximum Amount Outstanding during the year
(A)	To Subsidiaries		
	- Cholamandalam Securities Limited	1.78	800.00
	- Cholamandalam Factoring Limited	304.00	1,482.60
(B)	To Fellow Subsidiaries		
	- Cholamandalam MS General Insurance Company Limited	9.76	40.31
	- Cholamandalam MS Risk Services Limited	1.20	1.78
(C)	To Associate/Joint Venture		
	- No Associate / Joint Venture during the Current Year	-	-
(D)	To Firms / Companies in which Directors are Interested (other than (A) and (B) above)	-	-
(E)	Where there is		
	(i) No repayment schedule	-	-
	(ii) Repayment beyond seven years	-	-
	(iii) No interest	304.00	1,482.60
	(iv) Interest below the rate as specified in section 372 A of the Companies Act	-	-

Note:

Investments by the loanee in the shares of Parent company and Subsidiary company - Nil.

24. Previous Year Figures

Previous year's figures have been regrouped /rearranged, where necessary to conform to current year's presentation.

Signatures to Schedules 1 to 17

For and on behalf of the **Board**

M. B. N. Rao
Chairman

30 April, 2011
 Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Balance Sheet Abstract and Company's Business Profile

Balance Sheet Abstract and Company's Business Profile as Per Part IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.

				7	5	7	6
3	1	0	3		1	1	

Balance Sheet Date

State Code

						1	8
--	--	--	--	--	--	---	---

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue

				N	I	L
				N	I	L

Rights Issue

					N	I	L
		5	2	8	7	7	5

Bonus Issue

Private Placement

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

9	6	8	2	2	1	6	2
---	---	---	---	---	---	---	---

Total Assets

9	6	8	2	2	1	6	2
---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	1	1	9	3	4	9	3
--	---	---	---	---	---	---	---

Reserves & Surplus

	9	5	2	6	4	1	4
--	---	---	---	---	---	---	---

Share Application money -
Pending allotment

					2	7	3
--	--	--	--	--	---	---	---

Secured Loans

6	5	1	5	9	0	7	4
---	---	---	---	---	---	---	---

Unsecured Loans

1	4	2	9	3	8	0	0
---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		3	5	0	0	5	9
--	--	---	---	---	---	---	---

Investments

		6	8	2	7	5	3
--	--	---	---	---	---	---	---

Deferred Tax Asset (net)

	1	3	0	5	9	8	9
--	---	---	---	---	---	---	---

Net Current Assets

8	7	8	3	4	2	5	3
---	---	---	---	---	---	---	---

Misc. Expenditure

					N	I	L
--	--	--	--	--	---	---	---

IV Performance of the Company (Amount in Rs. Thousands)

Turnover

+ / -

1	2	0	1	8	3	1	3
---	---	---	---	---	---	---	---

Total Expenditure

+ / -

1	1	0	1	7	2	4	9
---	---	---	---	---	---	---	---

Profit / Loss before tax

+ □

	1	0	0	1	0	6	4
--	---	---	---	---	---	---	---

Profit / Loss after tax

+ □

		6	2	1	7	8	9
--	--	---	---	---	---	---	---

Earning per share - (Rs)

				5	.	6	7
--	--	--	--	---	---	---	---

Dividend Rate %

						1	5
--	--	--	--	--	--	---	---

V Generic Names of Principal Products / Services of company (as per monetary terms)

Item Code No. (ITC Code)

					N	A
--	--	--	--	--	---	---

Product Description

Financial Services

For and on behalf of the Board

M. B. N. Rao
Chairman



Consolidated Financial Section

Auditors' Report

To
The Board of Directors of
Cholamandalam Investment and Finance Company Limited

1. We have audited the attached Consolidated Balance Sheet of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (formerly known as Cholamandalam DBS Finance Limited) ("the company") and its subsidiaries (the company and its subsidiaries constitute "the Group") as at 31 March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.10,404.21 lakhs as at 31 March, 2011, total revenues of Rs. 967.45 lakhs and net cash outflows amounting to Rs. 86.02 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the company and its aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

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

Chennai
30 April, 2011

Consolidated Balance Sheet as at March 31, 2011*Rupees in lakhs*

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	11,934.93	36,647.17
Share Application money - Pending allotment (Note 15 (b) of Schedule 19)		2.73	-
Reserves and Surplus	2	94,263.65	38,612.33
		106,201.31	75,259.50
Minority Interest			
		-	-
Loan Funds			
Secured Loans	3	657,590.74	393,330.35
Unsecured Loans	4	142,938.00	153,525.89
		800,528.74	546,856.24
Total		906,730.05	622,115.74
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	8,230.22	8,077.45
Less : Depreciation		4,495.53	6,121.30
Net Block		3,734.69	1,956.15
Capital Work in Progress (including Capital Advances)		183.18	2.79
		3,917.87	1,958.94
Goodwill On Consolidation			
Subsidiaries		-	58.93
Investments	6	1,001.42	17,410.56
Deferred Tax Asset (Net) (Note 11 Of Schedule 19)		13,340.21	15,795.75
Current Assets, Loans And Advances			
Receivables under Financing Activity	7	868,437.01	556,859.34
Stock in Trade	8	-	-
Sundry Debtors	9	667.35	1,082.26
Cash and Bank Balances	10	47,489.09	75,468.14
Other Current Assets	11	15,610.81	13,162.44
Other Loans and Advances	12	24,870.62	16,285.70
		957,074.88	662,857.88
Less: Current Liabilities And Provisions			
Current Liabilities	13	32,289.45	32,691.21
Provisions	14	36,314.88	43,275.11
		68,604.33	75,966.32
Net Current Assets		888,470.55	586,891.56
Total		906,730.05	622,115.74
Notes on consolidated Accounts	19		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

For and on behalf of the **Board**

M. B. N. Rao
Chairman

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Consolidated Profit and Loss Account for the Year Ended March 31, 2011

Rupees in lakhs

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME	15	122,224.11	95,648.45
EXPENDITURE			
Financing Charges	16	59,215.11	50,384.97
Business Origination Outsourcing		8,821.53	5,933.47
Operating and Other Expenses	17	16,192.33	15,093.64
Depreciation and Amortisation	5	1,004.77	1,714.69
Provisions, Loan Losses and Other Charges	18	24,716.24	20,002.35
		109,949.98	93,129.12
PROFIT BEFORE EXCEPTIONAL ITEMS		12,274.13	2,519.33
Profit on disposal of subsidiaries (Net)		-	3,077.73
Other Exceptional items (Net) (Note 3 of Schedule 19)		-	1,384.98
PROFIT BEFORE TAXATION		12,274.13	6,982.04
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		12,274.13	5,678.38
Provision for Taxation:			
- Current		1,503.17	2,094.19
- MAT Credit Entitlement		(143.03)	(25.25)
- Deferred (Note 11 of Schedule 19)		2,455.54	(364.07)
		3,815.68	1,704.87
PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION (A)		8,458.45	3,973.51
PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAXATION		-	1,303.66
Provision for Taxation:			
- Current		-	0.45
PROFIT FROM DISCONTINUED OPERATIONS AFTER TAXATION (B)		-	1,303.21
PROFIT AFTER TAXATION (A + B)		8,458.45	5,276.72
Balance Brought Forward From Previous Year		191.16	(3,634.16)
BALANCE AVAILABLE FOR APPROPRIATION		8,649.61	1,642.56
APPROPRIATIONS :			
Dividend			
- Equity (Proposed)		1,789.26	664.06
- Preference		38.63	315.62
- Distribution Tax thereon		296.72	162.72
		2,124.61	1,142.40
Statutory Reserve		1,244.00	309.00
General Reserve		311.00	-
Balance Carried to Balance Sheet		4,970.00	191.16
		8,649.61	1,642.56
Earnings per Share, of par value Rs.10 each			
- Basic		7.73	7.42
- Diluted		7.73	7.42
(Note 10 of Schedule 19)			
Notes on consolidated Accounts	19		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the **Board**

M. K. Ananthanarayanan
Partner

M. B. N. Rao
Chairman

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Consolidated Cash Flow Statement for the Year Ended March 31, 2011

Rupees in lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
Cash Flow from Operating Activities		
Net Profit Before Tax	12,274.13	6,982.04
Adjustments for :-		
Depreciation	1,004.77	1,714.69
Provision / (Provision Released) for Standard Assets	2,097.03	(17,000.00)
(Reversal of Provision)/Provision for Non Performing Assets under Financing Activity (Net)	(8,986.35)	14,048.70
Provision for Other Doubtful Debts and Advances (Net)	-	8.39
(Reversal of Provision)/Provision for Credit Enhancement and Servicing Costs on Assets De-recognised (Net)	(1,182.98)	1,330.31
Financing Charges	59,215.11	50,384.97
Provision for Compensated Absences (Net)	174.90	4.67
Profit on Sale of Fixed Assets (Net)	(1,128.13)	(2,054.76)
Provision no longer required written back	(95.59)	(25.36)
Goodwill written off	58.93	-
Loss on Repossessed Assets (Net)	1,360.35	3,120.24
Loss Assets Written Off	23,388.02	13,368.56
Loss on Sale of Securities	-	694.24
Profit on Sale of Investments (Net)	(711.47)	(1,810.64)
Amortisation of Premium on Acquisition of Government Securities	7.44	7.44
Interest & Dividend Income	(3,788.66)	(5,172.43)
Profit on sale of subsidiaries in Mutual Fund Business	-	(3,077.73)
	71,413.37	55,541.29
Operating Profit Before Working Capital Changes	83,687.50	62,523.33
Adjustments for :-		
Increase in Receivables under Financing Activity (including Repossessed Assets)	(375,836.37)	(246,762.64)
Increase in Other Current Assets	(3,370.99)	(411.01)
Increase in Other Loans and Advances	(4,919.08)	(3,444.43)
(Decrease) / Increase in Current Liabilities and Provisions	(3,563.43)	1,753.35
Bilateral Assignment of Receivables	39,839.65	130,785.06
	(347,850.22)	(118,079.67)
Cash (Used in) Operating Activities	(264,162.72)	(55,556.34)
Financing Charges	(57,135.69)	(56,620.37)
Direct Taxes Paid	(3,820.10)	(2,978.72)
	(60,955.79)	(59,599.09)
Net Cash (Used in) Operating Activities (A)	(325,118.51)	(115,155.43)
Cash Flow from Investing Activities		
Bank Deposits and Unpaid Dividend Accounts (See Note below)	21,161.14	25,717.81
Purchase of Fixed Assets	(3,546.59)	(664.46)
Sale of Fixed Assets	1,711.02	3,146.57
Purchase of Investments	(1,033,022.72)	(137.94)
Sale / Redemption of Investments	1,033,734.19	17,600.21
Proceeds from sale of subsidiaries in Mutual fund Business (net of expenses of Rs.138.45 lakhs)	-	4,343.55
Interest & Dividend Received	4,796.87	4,535.61
Net Cash From Investing Activities (B)	24,833.91	54,541.35

Consolidated Cash Flow Statement (Contd.) for the Year Ended March 31, 2011

Rupees in lakhs

	Year ended 31.03.2011	Year ended 31.03.2010
Cash Flow from Financing Activities		
Long Term & Medium Term		
- Increase in Equity Share Capital and Securities Premium (including conversion of Preference shares into Equity and net of Issue Expenses)	24,605.24	-
- Share Application money pending allotment	2.73	-
- Increase / (Decrease) in Debentures	83,150.00	(105,000.00)
- Increase in Term Loans from Banks and Others	240,143.93	169,205.70
- Decrease in Fixed Deposits	(22.70)	(627.88)
Short Term		
- Decrease in Bank Borrowings	(30,383.54)	(18,708.95)
- Decrease in Other Borrowings	(39,237.89)	(37,011.47)
Dividends Paid (Including Distribution Tax)	(1,192.78)	(11.18)
Net Cash From Financing Activities (C)	277,064.99	7,846.22
Net Decrease in Cash and Cash Equivalents (A+B+C)	(23,219.61)	(52,767.86)
Cash and Cash Equivalents at the Beginning of the Year	32,963.16	85,731.02
Cash and Cash Equivalents at the End of the Year	9,743.55	32,963.16
Note:		
Cash and Cash Equivalents at the End of the Year as per Balance Sheet	47,489.09	75,468.14
Add: Current Investments (Net of Investments under Lien)	325.71	16,727.41
Less: Balance in Current Accounts held for Unpaid Dividends	33.62	38.96
Less: Bank Deposits held for More than Three Months	5,982.72	43.19
Less: Bank Deposits under Lien	32,054.91	59,150.24
	9,743.55	32,963.16

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

For and on behalf of the **Board**

M. B. N. Rao
Chairman

Vellayan Subbiah
Managing Director

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
Equity Shares		
120,000,000 (2010 - 100,000,000) Equity Shares of Rs.10 each	12,000.00	10,000.00
Preference Shares :		
30,000,000 (2010 - 30,000,000) Redeemable Preference Shares of Rs.100 each	30,000.00	30,000.00
	42,000.00	40,000.00
ISSUED		
Equity Shares		
1,19,420,635 (2010 - 66,543,088) Equity Shares of Rs.10 each	11,942.06	6,654.31
Preference Shares		
30,000,000 (2010 - 30,000,000) 1% Fully Convertible Cumulative Preference Shares of Rs.100 each	30,000.00	30,000.00
	41,942.06	36,654.31
SUBSCRIBED AND FULLY PAID UP		
Equity Shares		
1,19,283,881 (2010 - 66,406,334) Equity Shares of Rs.10 each	11,928.39	6,640.63
Add : Forfeited Shares	6.54	6.54
	11,934.93	6,647.17
Preference Shares		
NIL (2010 - 30,000,000) 1% Fully Convertible Cumulative Preference Shares of Rs.100 each fully paid-up	-	30,000.00
	11,934.93	36,647.17

Notes:

- The Company issued and allotted 30,000,000 1% Fully Convertible Cumulative Preference Shares (FCCPS) of Rs. 100 each at Par aggregating to Rs 30,000 lakhs on March 13, 2009 to the existing promoters of the company on a preferential basis. These FCCPS were converted into 32,608,695 Equity Shares of Rs. 10 each at a premium of Rs.82 per share aggregating to Rs.30,000 lakhs on May 17, 2010.
- The Company issued and allotted on preferential basis -
 - 10,893,852 Equity Shares of Rs.10 each at a premium of Rs.82 per share aggregating to Rs. 10,022.34 lakhs on May 17, 2010 to International Finance Corporation (IFC).
 - 9,375,000 Equity Shares of Rs.10 each at a premium of Rs.150 per share aggregating to Rs.15,000.00 lakhs on October 12, 2010 to 6 investors [including International Finance Corporation (IFC)].
- Refer Note 15 of Schedule 19 for details of outstanding Employee Stock Options as at March 31, 2011.

	As at 31.03.2010	Additions	Deductions	As at 31.03.2011
SCHEDULE 2 : RESERVE AND SURPLUS				
Capital Reserve	3.97	-	-	3.97
Capital Redemption Reserve	3,300.00	-	-	3,300.00
Securities Premium Account	18,893.56	49,734.59	417.11	68,211.04
Statutory Reserve	7,911.45	1,244.00	-	9,155.45
General Reserve	6,123.13	311.00	-	6,434.13
Adjustments on Consolidation	2,189.06	-	-	2,189.06
	38,421.17	51,289.59	417.11	89,293.65
Balance in Profit and Loss Account	191.16			4,970.00
	38,612.33			94,263.65

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

Notes:

1. Represents the amount transferred for a sum equal to the nominal value of the Shares redeemed during the prior years.
2. Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.
3. Additions to Securities Premium represents
 - a) Allotment of 10,893,852 Equity Shares of Rs.10 each on May 17, 2010 at premium of Rs.82 per share to International Finance Corporation (IFC) on Preferential Basis
 - b) Conversion of 30,000,000 1% Fully Convertible Cumulative Preference Shares (FCCPS) of Rs 100 each into 32,608,695 Equity Shares of Rs.10 each on May 17, 2010 at a premium of Rs.82 per share to the promoters
 - c) Allotment of 9,375,000 Equity Shares of Rs.10 each on October 12, 2010 at a premium of Rs.150 per share to 6 investors [(including International Finance Corporation (IFC)).
4. Deductions to Securities Premium represents Share issue expenses incurred during the year adjusted in accordance with Section 78 of the Companies Act, 1956.

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 3: SECURED LOANS		
Redeemable Non-Convertible Debentures	100,000.00	48,000.00
Working Capital Demand Loans and Cash Credit from Banks (including Foreign Currency Loans)	48,666.11	76,549.65
Term Loans		
- From Banks (including External Commercial Borrowing and Other Foreign Currency Loans)	502,924.63	261,280.70
- From Others	6,000.00	7,500.00
	657,590.74	393,330.35

SCHEDULE 4: UNSECURED LOANS

Long Term		
Redeemable Non-Convertible Debentures - Perpetual Debt	15,000.00	-
Medium Term		
Redeemable Non-Convertible Debentures - Subordinated Debt	70,300.00	54,150.00
Short Term		
- Commercial Paper	57,638.00	96,875.89
[Net of Unamortised Discount of Rs.362.00 lakhs (2010 - Rs.2,124.11)]		
- Other Loans from Banks (including Foreign Currency Loans)	-	2,500.00
	142,938.00	153,525.89

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

SCHEDULE 5 : FIXED ASSETS

Rupees in lakhs

Description	Gross Block			Depreciation and Amortisation			Net Block as at	
	Cost as at 31.03.2010	Additions	Deletions	Cost as at 31.03.2011	Upto 31.03.2010	Provided	Withdrawn	Upto 31.03.2011
Tangible Asset								
Freehold Land	9.80	-	-	9.80	-	-	-	9.80
Buildings	317.82	2,635.66	-	2,953.48	190.93	38.21	-	2,724.34
Plant and Machinery	3,173.63	91.55	1,759.95	1,505.23	2,627.50	230.17	1,563.00	210.56
Office Equipment	502.74	67.51	284.35	285.90	342.96	46.71	198.83	95.06
Furniture and Fixtures	1,723.22	25.34	1,048.15	700.41	1,256.63	128.04	780.87	96.61
Vehicles	204.53	144.87	72.99	276.41	77.12	51.64	39.85	187.50
Intangible Asset								
Computer Software	1,974.96	401.27	47.99	2,328.24	1,490.49	503.43	47.99	382.31
Stock Exchange Membership Card	170.75	-	-	170.75	135.67	6.57	-	28.51
Total	8,077.45	3,366.20	3,213.43	8,230.22	6,121.30	1,004.77	2,630.54	3,734.69
Previous Year	10,061.22	661.67	2,645.44	8,077.45	5,776.23	1,714.69	1,369.62	1,956.15
								4,284.99

Notes:

1. Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.
2. Computers held for sale included in Plant and Machinery is Rs.1.38 lakhs (2010 - Rs.11.26 lakhs)

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 6 : INVESTMENTS (At Cost)		
A) CURRENT - NON TRADE - UNQUOTED		
Units in Mutual Fund Schemes (Note 2 below)	325.71	16,727.41
TOTAL (A)	325.71	16,727.41
B) LONG TERM - TRADE - UNQUOTED		
In Equity Shares of Rs.10 each fully paid up in Bodies Corporate	138.19	138.19
TOTAL (B)	138.19	138.19
C) LONG TERM - NONTRADE- QUOTED		
In Government Securities	460.36	460.36
TOTAL (C)	460.36	460.36
D) LONG TERM - NONTRADE- UNQUOTED		
a) In Other Bodies Corporate		
Equity Shares of Rs.10 each fully paid up	129.14	129.14
Equity Shares of Rs.25 each fully paid up	0.25	0.25
b) Others		
Shares of Rs.50 each (Cost Rs.250 only)	-	-
Shares of Rs.25 each (Cost Rs.50 only)	-	-
TOTAL (D)	129.39	129.39
TOTAL (A+B+C+D)	1,053.65	17,455.35
Less : Amortisation of Premium on Acquisition of Government Securities	52.23	44.79
	1,001.42	17,410.56
Notes:		
1) Aggregate Value of Quoted Investments - At Cost	460.36	460.36
- At Market Value	399.50	409.63
2) Aggregate Value of Unquoted Investments - At Cost	593.29	16,994.99

SCHEDULE 7 : RECEIVABLES UNDER FINANCING ACTIVITY

(A) SECURED (Notes 1 & 2 below)		
Automobile Financing	567,041.37	307,615.57
Loans against Securities	68,629.38	40,888.00
Loans against Immovable Property	187,689.87	135,295.13
Other Loans	200.00	450.00
Instalments and Other Dues from Borrowers (Notes 3 & 4 below)	9,247.35	11,347.31
Total (A)	832,807.97	495,596.01
(B) UNSECURED (Note 2 below)		
Consumer Loans	14,318.24	34,695.83
Other Loans	3,721.09	1,591.53
Instalments and Other Dues from Borrowers (Notes 3 & 5 below)	17,589.71	24,975.97
Total (B)	35,629.04	61,263.33
Total (A+B) (Note 6 below)	868,437.01	556,859.34

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011*Rupees in lakhs*

	As at 31.03.2011	As at 31.03.2010
Notes :		
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.		
2. Refer Schedule 14 for Provision for Non Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.		
3. Installments and Other Dues from Borrowers include dues from borrowers in respect of assets de-recognised on account of Assignment of Receivables.	3,097.63	11,826.06
4. Secured Installments and Other Dues to Borrowers include amounts outstanding for more than 6 months	2,599.19	3,319.78
5. Unsecured Installments and Other Dues to Borrowers include amounts outstanding for more than 6 months	16,645.34	19,088.10
6. Of the above:		
Considered Good	833,539.77	503,967.06
Others - Non Performing Assets	34,897.24	52,892.28

SCHEDULE 8 : STOCK IN TRADE

Quoted		
NIL (2010 - 40) Shares of Geojit Securities Limited	-	-
NIL (2010 - 1) Share of Khandelwal Securities Limited (Cost Rs.20 Only)	-	-
	-	-

SCHEDULE 9 : SUNDRY DEBTORS

Unsecured unless otherwise stated		
Debts Outstanding For a Period Exceeding Six Months [(including secured debtors of Rs.5.86 lakhs (2010 - Rs.4.60 lakhs)]	195.20	184.54
Other Debts [(including secured debtors of Rs.602.63 lakhs (2010 - Rs.963.47 lakhs)]	665.04	1,085.07
	860.24	1,269.61
Less: Provision for Doubtful Debts	192.89	187.35
	667.35	1,082.26
Note :		
Of the above:		
- Considered Good	667.35	1,082.26
- Considered Doubtful	192.89	187.35
	860.24	1,269.61

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 10 : CASH AND BANK BALANCES		
Cash and Cheques on Hand	2,165.41	2,041.59
Balances with Scheduled Banks		
- On Current Accounts	3,276.03	14,194.16
- On Unpaid Dividend Accounts	33.62	38.96
- On Deposit Accounts:		
- Free of Lien	9,959.12	43.19
- Under Lien (Note below)	32,054.91	59,150.24
	47,489.09	75,468.14

Note :

Deposit Accounts Under Lien includes:

- A total amount of Rs.97.29 lakhs (2010 - Rs.134.03 lakhs) kept in an Escrow Account with respect to public deposits (Note 3 of Schedule 13)
- A total amount of Rs.31,517.62 lakhs (2010 - Rs.58,588.71 lakhs) as collateral towards assets de-recognised (Note 5 of Schedule 19)
- Other lien marked deposits- Rs.440.00 lakhs (2010- Rs.427.50 lakhs)

SCHEDULE 11 : OTHER CURRENT ASSETS

Reposessed Automobile Assets (at lower of cost and estimated net realisable value)	435.10	764.42
Interest and Other Income Accrued but Not Due		
- on Loans to Borrowers	8,661.27	5,600.16
- on Deposits and Investments	5,254.94	6,263.15
Other Accruals and Receivables	1,259.50	534.71
	15,610.81	13,162.44

SCHEDULE 12 : OTHER LOANS AND ADVANCES

Unsecured		
Advances Recoverable in Cash or in Kind or for Value to be Received	21,047.30	14,938.38
MAT Credit Entitlement	168.28	25.25
Advance Payment of Tax and Tax Deducted at Source [Net of Provision for Taxation - Rs. 8,392.02 lakhs (2010 - Rs.23,858.72 lakhs)]	3,818.94	1,502.01
	25,034.52	16,465.64
Less: Provision for Doubtful Advances	163.90	179.94
	24,870.62	16,285.70

Notes :

1. Of the above:		
Considered Good	24,870.62	16,285.70
Considered Doubtful	163.90	179.94
	25,034.52	16,465.64
2. Advances Recoverable in Cash or in Kind or for Value to be Received include		
- Excess Interest Spread Receivable with respect to Assets De-recognised on account of Bilateral Assignment of Receivables	8,126.64	3,107.84
- Deposit placed with Assignee towards Cash Collateral for Assignment of Receivables	3,765.58	6,893.60
- Deposits with Stock Exchanges	144.50	149.93
- Prepaid Finance Charges	4,283.94	3,078.06

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011*Rupees in lakhs*

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 13 : CURRENT LIABILITIES		
Sundry Creditors		
- Dues to Clients and Stock Exchanges	978.11	1,603.73
- Others (Note 1 below)	10,597.03	5,393.22
Advances from Customers / Others (Note 2 below)	3,263.35	5,631.44
Unclaimed Dividend	33.62	38.96
Interest Accrued but Not Due on Loans / Other Deposits	11,743.05	8,457.75
Fixed Deposits - Matured / Unclaimed (Note 3 below)	61.54	84.24
Interest Accrued and Due on Matured / Unclaimed Fixed Deposits (Note 3 below)	5.81	8.53
Other Liabilities (Note 4 below)	5,606.94	11,473.34
	32,289.45	32,691.21
Notes :		
1. Other Sundry Creditors include security deposits from channel partners	43.70	52.90
2. Advances from Customers / Others include adjustable security deposits	96.59	590.38
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 Rs.97.29 lakhs as at March 31, 2011 (2010 - Rs.134.03 lakhs) in an Escrow Account, as directed by the RBI (Note in Schedule 10).		
4. Other Liabilities include amounts collected in respect of assets de-recognised on account of Assignment of Receivables pending remittance to the assignees.	5,389.17	11,198.95

SCHEDULE 14 : PROVISIONS (Note 13 of Schedule 19)

Provision for Standard Assets	5,097.03	3,000.00
Provision for Non Performing Assets	24,854.11	33,840.46
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	3,526.91	4,709.89
Provision for Compensated Absences	687.93	513.03
Provision for Contested Service Tax	69.33	69.33
Proposed Dividend - Preference	-	315.62
Proposed Dividend - Equity	1,789.26	664.06
Distribution Tax on Proposed Dividend	290.31	162.72
	36,314.88	43,275.11

Schedules forming part of the Consolidated Profit & Loss Account for the Year Ended March 31, 2011

Rupees in lakhs

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE 15 : INCOME		
(A) INCOME FROM OPERATIONS		
Income from Financing Activity		
-Automobile Financing (Note 6(c) of Schedule 19)	79,750.95	51,819.67
-Consumer Loans (Note 6(d) of Schedule 19)	-	13,568.09
-Loans against Securities	6,164.78	3,698.94
-Loans against Immovable Property (Note 6(e) of Schedule 19)	27,408.09	15,871.46
-Other Loans	451.49	915.13
Stock Broking, Depository Operations and Allied Services	838.81	1,092.60
Retail Distribution Operations (Net of Service Tax)	994.70	1,090.37
Fund Management Operations	-	208.00
Dividend and Interest	3,788.66	5,172.43
Profit on Sale of Investments (Net)	711.47	1,810.64
Other Operating Income	692.86	281.04
(A)	120,801.81	95,528.37
(B) OTHER INCOME		
Profit on Sale of Fixed Assets (Net)	1,128.13	-
Miscellaneous Income (Note Below)	294.17	120.08
(B)	1,422.30	120.08
Total (A+B)	122,224.11	95,648.45
Note:		
Miscellaneous Income includes		
Gain on Premature Redemption of Commercial Paper (Note 4 of Schedule 19)	190.41	-
Provision / Liability No Longer Required Written Back	95.59	25.36

SCHEDULE 16 : FINANCING CHARGES

Interest on Debentures	17,210.56	15,186.23
Interest on Fixed Loans		
- Fixed Deposits	-	11.68
Interest on Other Loans	28,586.89	19,316.69
Discount on Debentures and Commercial Papers	8,150.92	10,150.00
Debenture Issue Expenses	759.80	506.30
Other Financing Expenses (Notes 6(f) & (g) of Schedule 19)	4,506.94	5,214.07
	59,215.11	50,384.97
Note :		
Loss on Premature Redemption of Commercial Paper included in Other Financing Expenses (Note 4 of Schedule 19)	-	22.73

Schedules forming part of the Consolidated Profit & Loss Account for the Year Ended March 31, 2011*Rupees in lakhs*

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE 17 : OPERATING AND OTHER EXPENSES		
Salaries, Bonus and Commission	8,890.44	8,595.38
Contribution to Provident and Other Funds	407.12	355.27
Staff Welfare Expenses	357.54	372.94
Rent (Note 6(h) of Schedule 19)	1,587.99	1,571.14
Electricity Charges	240.47	289.50
Rates and Taxes	121.18	79.27
Communication Cost	650.22	693.54
Travelling and Conveyance	641.82	800.78
Advertisement Expenses	355.35	22.81
Business Development Expenses	14.19	15.09
Mutual Fund Promotion Expenses	-	17.89
Information Technology Expenses (Note 6 (h) of Schedule 19)	663.93	671.30
Insurance	290.24	204.43
Repairs and Maintenance		
- Buildings	1.92	0.59
- Others	36.49	69.29
Printing and Stationery	340.78	319.33
Auditors' Remuneration (including for other auditors) (Note 6 (i) of Schedule 19)	41.97	49.75
Professional Charges	783.74	860.98
Lease Rental Expense	475.80	-
Loss on Sale of Fixed Assets (Net)	-	24.46
Miscellaneous Expenses (Note 6(j) of Schedule 19)	319.97	202.58
	16,221.16	15,216.32
Less : Expenses Recovered	28.83	122.68
	16,192.33	15,093.64

SCHEDULE 18 : PROVISIONS, LOAN LOSSES AND OTHER CHARGES

Loss Assets Written Off	23,388.02	3,900.15
Provision for Non Performing Assets	12,304.16	35,829.74
Less : Provision Released	(22,407.66)	(12,312.63)
Total (A)	13,284.52	27,417.26
Loss on Repossessed Assets (Net)	1,360.35	3,120.24
Income reversal for Non Performing Consumer Loans (Net)	912.32	-
Provision / (Provision Released) for Standard Assets	2,097.03	(17,000.00)
Recovery Charges (Net)	6,994.07	6,448.63
Loss on Sale of Shares Held as Stock-in-Trade (Net)	0.45	0.39
Amortisation of Premium on Acquisition of Government Securities	7.44	7.44
Goodwill written off	58.93	-
Provision for Other Doubtful Debts and Advances	1.13	8.39
Total (B)	11,431.72	(7,414.91)
Total (A+B)	24,716.24	20,002.35

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS

1. Significant Accounting Policies:

1.1 Principles of Consolidation

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

- (i) The Financial Statements of the company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses, as per Accounting Standard 21 – Consolidated Financial Statements.
- (ii) Investments in entities where the company holds interest on a temporary basis and where it does not exercise significant influence / control are not considered for consolidation purposes.
- (iii) The Financial Statements of the Subsidiaries in the Consolidation are drawn up to the same reporting date as that of the company. Also refer Note 1.2 below.
- (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.

1.2 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, 2011	March 31, 2010
Cholamandalam Securities Limited (CSEC)	100.00	100.00
Cholamandalam Distribution Services Limited (CDSL)	100.00	100.00
Cholamandalam Factoring Limited (CFACT)	99.99	99.44

1.3 Accounting Convention

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

The Company and one of its subsidiary follow 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).

1.4 Use of Estimates

The preparation of financial statements 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 reporting period like provision for employee benefits, provisioning for receivables, provision for credit enhancement for assets de-recognised, net realizable value of repossessed assets, useful lives of fixed assets, provision for diminution in value of investments, provisioning for taxation etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

1.5 Revenue Recognition

Loan Interest Charges are 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 respect of bilateral assignment of receivables, the difference between the book value of the assets assigned and the sale consideration is taken to revenue after netting off incidental expenses to be incurred, provision for contingent losses arising from credit enhancements (if cash collateral is provided) and costs to be incurred in servicing the contracts.

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 (AFC) are recognized on accrual basis as per contractual terms and when there is no uncertainty in receiving the same.

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

Trusteeship fees are accounted on an accrual basis in accordance with the Trust Deed and are dependent on the net asset value as recorded by the schemes of DBS Chola Mutual Fund.

Dividend income from units of mutual fund is accounted when the right to receive the income is established.

1.6 Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation except Bombay Stock Exchange Membership Card (Intangible Asset) which is recorded at Fair Value. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset.

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

Asset Description	Estimated Useful Life
Buildings	20 years
Plant and Machinery	
-Computer Equipment	3 years
-Others	5 years
Office Equipment	5 years
Furniture and Fixtures	
-Improvement to Leasehold Premises	Lease Period or 5 years, whichever is lower except that in respect of CSEC it is over 5 years.
-Others	5 years
Vehicles	5 years
Intangible Assets – Computer Software	License Period or 3 years, whichever is lower except that in respect of CSEC it is over 6 years.
- Stock Exchange Membership Card	15 Years

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

Depreciation is accelerated on fixed assets, based on their condition, usability, etc as per the technical estimates of the Management, where necessary.

1.7 Investments

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

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

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

1.8 Stock in Trade

Closing stock of shares and securities is valued at lower of cost and market value.

1.9 Receivables under Financing Activity

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

(a) unearned income

(b) instalments appropriated up to the year-end.

1.10 Retirement and Other Benefits

(a) Defined Contribution Plan

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

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

(b) Defined Benefit Plan & Long Term Compensated Absences

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

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

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

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

(c) Other Employee Benefits

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

1.11 Foreign Currency Transactions

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

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

1.12 Derivative Transactions

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

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

1.13 Lease Accounting

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

1.14 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 / utilizing the same.

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

1.16 Deferred Compensation Costs

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

1.18 Prepaid Finance Charges

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

2. Termination of Shareholders Agreement

- a) The Shareholders' agreement dated June 16, 2005 entered into between the company, Tube Investments of India Limited (TII) and DBS Bank Limited, Singapore (DBS) was terminated on April 08, 2010 pursuant to the purchase of the entire shareholding of DBS in the company by Tube Investments of India Ltd., & New Ambadi Estates Private Ltd., (constituents of the Murugappa Group). Consequently, the company ceased to be a Joint Venture between Murugappa Group and DBS, with effect from April, 08, 2010 and has become a subsidiary of Tube Investment of India Limited effective from that date.
- b) Consequent to the above, the name of the company and its subsidiaries have been changed as follows:
 - i) Cholamandalam DBS Finance Limited changed to **Cholamandalam Investment and Finance Company Limited**
 - ii) DBS Cholamandalam Securities Limited changed to **Cholamandalam Securities Limited**
 - iii) DBS Cholamandalam Distribution Limited changed to **Cholamandalam Distribution Services Limited**

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

3. Exceptional Items for 2009-10

Rupees in lakhs

Particulars	Gain/ (Loss)
Profit on sale of land and building	2,079.22
Loss on sale of securities	(694.24)
Exceptional Items (Net)	1,384.98

4. Premature Redemption of Commercial Paper

Gain / (Loss) on premature redemption of commercial papers is recognised in the Profit and Loss Account and included under Miscellaneous Income (2010-11) (Schedule 15(B)) and Other Financing Expenses (2009-10) (Schedule 16).

Rupees in lakhs

	2010 - 11	2009 - 10
Book Value (including interest accrued) on the date of redemption of commercial papers	32,232.44	87,105.34
Consideration paid for premature redemption of commercial papers	32,042.03	87,128.07
Gain / (Loss)	190.41	(22.73)

5. Assets De-recognised

Rupees in lakhs

	As at 31.03.2011	As at 31.03.2010
Assets De-recognised on Bilateral Assignment of Receivables	90,199.04	169,083.06
Deposits provided as Collateral (Note of Schedule 10 and Note 2 of Schedule 12)		
For Credit Enhancements	35,283.20	58,189.44
For Liquidity Support	-	5,897.95
For Interest Rate Changes from Specified Rate	-	1,394.92

6. Other Financial Information

Rupees in lakhs

Sl.No	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)	98.58	1.46
b)	Outstanding Derivatives:		
	(i) Contracted Value		
	- Interest rate derivatives	-	-
	- Currency derivatives	53,586.00	33,660.30
	(ii) Mark to Market Provision (included in Sundry Creditors – Schedule 13)	1,159.69	898.70
c)	Income from Automobile Financing (Schedule 15) comprises:		
	- Interest on Loans	67,051.67	39,850.50
	- Upfront Income on Bilateral Assignment of Receivables (Notes 1 and 2 below)	-	3,992.57
	- Other Operating Income	12,699.28	7,976.61
		79,750.95	51,819.68
d)	Income from Consumer Loans (Schedule 15) comprises:		
	- (Reversal of Interest) / Interest on Loans	-	11,327.62
	- Upfront Income on Bilateral Assignment of Receivables (Notes 1 and 2 below)	-	1,368.23
	- Other Operating Income		
	Income Reversal for Non performing Consumer Loans (Rs. 912.32 lakhs) for the year 2010-11 is grouped under Provisions, Loan Losses and other Charges (Schedule 18)	-	872.24
		-	13,568.09

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011**SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)**

Sl.No	Particulars	As at 31.03.2011	As at 31.03.2010
e)	Income from Loans against Immovable Property (Schedule 15) comprises:		
	- Interest on Loans	19,261.61	12,532.67
	- Upfront Income on Bilateral Assignment of Receivables (Notes 1 and 2 below)	5,351.16	1,265.37
	- Other Operating Income	2,795.32	2,073.42
		27,408.09	15,871.46
f)	Financing Charges (Schedule 16) includes amortization of prepaid finance charges	2,077.94	2,698.80
g)	Net exchange difference [(loss) / gain] on foreign currency monetary items dealt with in the Profit and Loss Account (included in Other Financing Expenses - Schedule 16)	-	(691.91)
h)	Lease Rental Equalisation charge included in Operating Expenses (Schedule 17):		
	- Rent	37.68	44.25
	- Information Technology Expenses	(29.68)	(17.91)
		8.00	26.34
i)	Auditors Remuneration (including for other Auditors) comprises		
	- Audit Fees	25.66	24.64
	- Other Services	14.55	24.00
	- Reimbursement of Expenses	1.76	1.11
		41.97	49.75
j)	Miscellaneous Expenses (Schedule 17) comprises:		
	- Donations	42.50	5.00
	- Other Expenses	277.47	197.58
		319.97	205.58

Notes:

1. In recognising the Upfront Income on Bilateral Assignment of Receivables, the company has obtained professional opinion confirming that bilateral assignment of receivables is outside the purview of the RBI Guidelines on Securitisation of Standard Assets introduced with effect from February 1, 2006.

2. Upfront income on Bilateral Assignment of Receivables is net of Provision for Credit Enhancements and Servicing Cost on assets derecognized – Rs.519.32 lakhs (2010 - Rs.2,411.46 lakhs)

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

7. Gratuity

Details of Actuarial Valuation:

Rupees in lakhs

Particulars	2010 - 11	2009 - 10
Projected Benefit Obligation at the Beginning of the Year	166.91	141.95
Current Service Cost	47.19	46.79
Interest Cost	13.35	11.35
Actuarial Losses / (Gains)	55.59	(21.64)
Benefits Paid	(18.55)	(11.55)
Projected Benefit Obligation at the End of the Year	264.49	166.90
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	180.48	93.36
Expected Returns on Plan Assets	16.01	13.56
Employer's Contribution	103.02	85.11
Benefits Paid	(18.55)	(11.55)
Actuarial Gains / (Losses)	-	-
Fair Value of Plan Assets at the End of the Year	280.96	180.48
Amount Recognised in the Balance Sheet		
Liability at the End of the Year	264.49	166.90
Fair Value of Plan Assets as at the End of the Year	280.96	180.48
Amount Recognised in the Balance Sheet under Schedule 12 (Advances recoverable in cash or in kind)	(16.47)	(13.58)
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	47.19	46.79
Interest on Obligation	13.35	11.35
Expected Return on Plan Assets	(16.01)	(13.56)
Net Actuarial Losses/ (Gains) Recognised in the Year	55.59	(21.64)
Net Cost Recognised in the Profit and Loss Account	100.12	22.94
Assumptions		
Discount Rate	8.00% p.a.	8.00% p.a.
Future Salary Increase	5.00% p.a.	5.00% p.a.
Attrition Rate	1 – 3% p.a.	1 – 3% p.a.
Expected Rate of Return on Plan Assets	9.00 - 9.25% p.a.	9.50% p.a.

Other Disclosures:

Benefit	2010-11	2009-10	2008-09	2007-08	2006-07
Projected Benefit Obligation	264.49	166.90	153.47	135.37	89.50
Fair Value of Plan Assets	280.96	180.48	103.18	74.53	84.60
Surplus/(Deficit)	16.47	13.58	(50.29)	(60.84)	(4.90)

Notes:

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

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

8. Segment Reporting

The Management has identified the following reportable segments:

Rupees in lakhs

	Financing		Distribution		Stock Broking		Asset Management		Others		Eliminations		Consolidated Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE														
External Revenue	118,795.55	92,666.96	1,047.90	1,100.62	958.36	1,205.18	-	268.03	-	4.14	-	-	120,801.81	95,244.93
Inter-segment Revenue	-	1.73	77.85	-	48.49	92.97	-	-	-	-	(126.34)	(94.70)	-	-
Total Revenue	118,795.55	92,668.69	1,125.75	1,100.62	1,006.85	1,298.14	-	268.03	-	4.14	(126.34)	(94.70)	120,801.81	95,244.93
RESULT														
Segment Result	9,194.20	4,641.31	690.63	689.00	48.87	348.00	-	(1,774.00)	-	-	-	-	9,933.70	3,904.31
Other Income													2,340.43	3,077.73
Net Profit Before Tax													12,274.13	6,982.04
Other Information														
Segment Assets	952,675.67	676,234.18	2,407.71	1,861.24	2,390.91	2,981.70	-	-	-	-	(377.00)	(377.00)	957,474.29	680,700.12
Unallocated Corporate Assets													17,864.98	17,381.94
Total Assets	952,675.67	676,234.18	2,407.71	1,861.24	2,390.91	2,981.70	-	-	-	-	(377.00)	(377.00)	975,339.27	698,082.06
Segment Liabilities	867,893.96	621,326.52	104.54	119.36	1,139.46	1,753.69	-	-	-	-	(377.00)	(377.00)	869,137.96	622,822.57
Unallocated Corporate Liabilities														
Total Liabilities	867,893.96	621,326.52	104.54	119.36	1,139.46	1,753.69	-	-	-	-	(377.00)	(377.00)	869,137.96	622,822.57
Capital Expenditure	3535.61	463.28	8.48	0.13	2.50	141.86	-	59.20	-	-	-	-	3,546.59	664.47
Depreciation	851.44	1,528.41	40.04	48.31	113.29	107.22	-	30.74	-	-	-	-	1,004.77	1,714.68

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

9. Related Party Disclosures (As per AS-18 Related Party Disclosures)

List of Related Parties:

- **Companies holding Substantial Interest in Voting Power:** Tube Investments of India Limited
DBS Bank Limited, Singapore (upto April 8, 2010)
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Company Limited
Cholamandalam MS Risk Services Limited (w.e.f May 11, 2010)
- **Key Management Person:** Mr.N.Srinivasan, Director (upto August 18, 2010)
Mr.S.Vellayan, Managing Director (w.e.f. August 19, 2010)

Note:

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

Details of Related Party Transactions for the Year:

Rupees in lakhs

Transaction	Related Party	2010 - 11	2009 - 10
Dividend Payments			
- Equity Shares	Tube Investments of India Limited	381.24	-
- Preference Shares	Tube Investments of India Limited	196.44	-
Interest Payments	DBS Bank Limited	0.06	324.00
	Cholamandalam MS General Insurance Company Limited	193.39	
Rent Payments	Cholamandalam MS General Insurance Company Limited	32.55	-
Rent (including hiring) Receipts	Tube Investments of India Limited	37.43	72.39
	Cholamandalam MS General Insurance Company Limited	66.51	-
	Cholamandalam MS Risk Services Limited	2.22	-
Payments for Services Availed	Cholamandalam MS General Insurance Company Limited	285.08	-
Advance Premium Deposit Given	Cholamandalam MS General Insurance Company Limited	1,554.96	-
Receipts for Services Rendered	Tube Investments of India Limited	5.40	-
	Cholamandalam MS General Insurance Company Limited	423.31	-
Receipts on settlement of Insurance claim	Cholamandalam MS General Insurance Company Limited	74.09	-
Expenses – Reimbursed	Tube Investments of India Limited	0.52	0.46
	Cholamandalam MS General Insurance Company Limited	20.36	-
Amounts Received towards Reimbursements of Expenses	Tube Investments of India Limited	1.61	4.78
	Cholamandalam MS General Insurance Company Limited	51.12	-
	Cholamandalam MS Risk Services Limited	0.37	-
Sale of Fixed Assets	Cholamandalam MS General Insurance Company Limited	5.60	-
	Tube Investments of India Limited	-	9.31
Advances/ Deposits Given	Tube Investments of India Limited	-	1.76
Advances / Deposits Recovered	Tube Investments of India Limited	0.60	-
Conversion of Fully Convertible Cumulative Preference Shares into Equity shares	Tube Investments of India Limited	30,000.00	-

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011**SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)**

Transaction	Related Party	2010 - 11	2009 - 10
Remuneration	Key Management Person (Mr. S.Vellayan)	87.82	-
Directors Sitting Fees and Commission	Key Management Person (Mr. N.Srinivasan)	0.75	1.80
	DBS Bank Limited	0.40	2.10
Net Amounts Receivable/ (Due) as at Year end	Tube Investments of India Limited	4.60	27.03
	Cholamandalam MS General Insurance Company Limited	9.76	-
	Cholamandalam MS General Insurance Company Limited	(1,504.16)	-
	Cholamandalam MS Risk Services Limited	1.20	-

10. Earnings Per Share*Rupees in lakhs*

Particulars	2010 - 11	2009 - 10
Profit After Tax	8,458.45	5,276.72
Less: Preference Dividend Payable (Including Distribution Tax thereon)	(45.05)	(349.83)
Profit Attributable to Equity Shareholders	8,413.40	4,926.89
Weighted Average Number of Equity Shares (Basic)	108,818,492	66,406,334
Earnings per Share - Basic (Rs)	7.73	7.42
Weighted Average Number of Equity Shares (Diluted)	108,844,714	66,420,433
Earnings per Share - Diluted (Rs)	7.73	7.42
Face Value Per Share (Rs)	10.00	10.00

Note:

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

11. Deferred Tax Asset

The net deferred tax position as at March 31, 2011 has arisen on account of the following:

Rupees in lakhs

Particulars	As at 31.03.2011	As at 31.03.2010
Deferred Tax Asset		
a) Provision for Standard Assets	1,653.73	996.52
b) Provision for Non-Performing Assets	7,750.36	10,956.31
c) Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	1,144.31	1,564.50
d) Provision for Repossessed Stock	331.22	275.85
e) Provision for Doubtful Advances	98.63	-
f) Provision for Diminution in the value of Investment	2.41	-
g) Income Derecognised on Non-Performing Assets	2,790.78	2,005.31
h) Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	-	94.78
i) Others	977.98	923.95
(A)	14,749.42	16,817.22
Deferred Tax Liability		
a) Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	26.08	-
b) Unamortised Prepaid Finance Charges	1,383.13	1,021.47
(B)	1,409.21	1,021.47
Net Deferred Tax Asset (A) - (B)	13,340.21	15,795.75
Net Movement in Deferred Tax Asset - Charge to P&L A/c	(2,455.54)	364.07

Schedules forming part of the Consolidated Accounts for the Year Ended March 31, 2011

SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)

12. Contingent Liabilities

- (a) Counter Guarantees provided to Banks – Rs.933.02 Lakhs (2010- Rs.963.00 lakhs)
(b) Contested Claims Not Provided for:

Rupees in lakhs

Particulars	As at 31.03.2011	As at 31.03.2010
Income tax and Interest Tax issues where the company is in appeal	2,158.66	659.46
Decided in the company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax and Interest Tax	201.93	119.80
Service Tax issues pending in respect of which the company is under appeal	118.47	97.96
Sales Tax issues pending before Appellate Authorities in respect of which the company is in appeal	425.95	450.02
Disputed claims against the company lodged by various parties under litigation (to the extent quantifiable)	912.47	895.36

Note:

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

13. Changes in Provisions

Rupees in lakhs

Particulars	As at 31.03.2010	Additional Provision	Utilisation/ Reversal	As at 31.03.2011
Provision for Standard Assets	3,000.00	2,097.03	-	5,097.03
Provision for Non-Performing Assets	33,840.46	13,421.31	22,407.66	24,854.11
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	4,709.89	525.88	1,708.86	3,526.91
Provision for Contested Service Tax	69.33	-	-	69.33

14. 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.

Rupees in lakhs

Period	As at 31.03.2011	As at 31.03.2010
Not later than one year	568.49	-
Later than one year and not later than five years	1,279.10	-
Later than five years	-	-
Total	1,847.59	-

15. Employee Stock Option Plan

- a) 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

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011**SCHEDULE 19 : NOTES ON CONSOLIDATED ACCOUNTS (Contd.)**

Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007:

Particulars		Date of Grant	Exercise Price (Rs)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
								Vested	Yet to vest
Grant 1	Original	30 th Jul 07	193.40	30 th Jul 08	765,900	-	631,077	127,315	61,941
	Corporate Action Adjustment	25 th Jan 08	178.70		54,433				
Grant 2	Original	24 th Oct 07	149.90	24 th Oct 08	70,400	-	70,400	-	-
Grant 3	Original	25 th Jan 08	262.20	25 th Jan 09	162,800	-	124,354	25,546	12,900
Grant 4	Original	25 th Apr 08	191.80	25 th Apr 09	468,740	-	256,128	80,492	132,120
Grant 5	Original	30 th Jul 08	105.00	30 th Jul 09	10,070	2,012	583	1,433	6,042
Grant 6	Original	24 th Oct 08	37.70	24 th Oct 09	65,600	1,640	34,768	9,512	19,680
Grant 7									
Tranche I	Original	27 th Jan 11	187.60	27 th Jan 12	294,600	-	-	-	294,600
Tranche II	Original	27 th Jan 11	187.60	27 th Jan 12	209,700	-	-	-	209,700

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.

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

16. Sharing of Costs

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

17. Previous Year Figures

Previous year's figures have been regrouped /rearranged, where necessary to conform to current year's presentation.

Signatures to Schedules 1 to 19

For and on behalf of the Board

M. B. N. Rao
Chairman

30 April, 2011
Chennai

P. Sujatha
Secretary

D. Arulselvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES

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

Rupees in lakhs

Particulars	Cholamandalam Distribution Services Limited		Cholamandalam Factoring Limited		Cholamandalam Securities Limited	
	2010 - 11	2009 - 10	2010 - 11	2009 - 10	2010 - 11	2009 - 10
1. Share Capital						
- Equity	4,240.00	4,240.00	2,036.48	36.48	2,050.00	2,050.00
- Preference	-	-	-	-	-	-
2. Reserves and Surplus						
Total	(1,341.12)	(2,031.74)	(1,635.94)	(819.51)	(363.94)	(389.88)
3. Total Liabilities *	2,898.88	2,208.26	400.54	(783.03)	1,686.06	1,660.12
	104.54	119.36	7,287.41	8,771.73	1,139.46	1,753.69
4. Total Assets (Including investments)+	3,003.42	2,327.62	7,687.95	7,988.70	2,825.52	3,413.81
5. Investments:						
Current Investments	109.33	1,450.38	25.96	24.64	-	250.07
Long term investments						
- Quoted	-	-	-	-	-	-
- Unquoted	-	-	-	-	328.61	138.19
6. Gross Income	1,151.38	1,129.89	2.37	8.01	1,013.57	1,316.89
7. Profit/(Loss) before Tax	690.63	688.53	(816.43)	(862.22)	48.87	347.79
8. Provision for taxation						
Current	-	-	-	-	0.09	-
Deferred	-	-	-	-	22.84	114.26
9. Profit/(Loss) after Tax	690.63	688.53	(816.43)	(862.22)	25.94	233.53
10. Dividend / Proposed Dividend including dividend tax	-	-	-	-	-	-

* Total Liabilities include: Secured loans, Unsecured loans, Current Liabilities & Provisions and Deferred Tax Liability

+ Total Assets include: Net fixed Assets, Investments, Current Assets, Deferred Tax Asset and Miscellaneous Expenditure

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, 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.

Concept & Design

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