



# Chola

*Enter a better life*

Annual Report 2015-16



creating value



# Contents

<b>Corporate Overview</b>	<b>1</b>	<b>Management Reports</b>	
Corporate Information	2	Board's Report	28
The Chola Charter	3	Management Discussion and Analysis	52
The Chola Heritage	4	Report on Corporate Governance	62
From MD's Desk	6	General Shareholders Information	71
The Chola Culture	8		
Business Highlights	16	<b>Financial Statements</b>	
Business Review	18	Standalone Financial Statements	75
Board of Directors	24	Consolidated Financial Statements	133
Financial Highlights	26		

Balweer Singh finished his twelfth standard in Patiala. When 22, he migrated to Chandigarh with his parents and found a job as a truck cleaner and helper with a local consumer durables store that was sending products to several towns in Punjab. He was very hardworking. He first learnt to change tyres. He then learnt about different heavy vehicles and trucks by asking questions and observing those working around him. Being curious and full of spirit, he soon learnt to drive a truck and within 18 months of joining the company, became a driver there.

Balweer Singh was ecstatic. His salary had trebled but that was not enough. He wanted to become an entrepreneur and buy his own delivery truck. He saved every penny he could for years and supplementing his savings with some money he borrowed from family and friends, he bought a small second hand delivery truck. He started making deliveries for on-line retail stores. His business thrived.

Some may have rested there. But not Balweer Singh. After two years, he decided to build a fleet of delivery trucks. He turned to Chola for a loan to buy two more trucks. Chola reviewed his business and decided to support his aspiration. They sanctioned him the loan and put him on his way to acquiring two spanking new trucks for his business.

Balweer Singh went from being a driver to owning a small fleet of delivery trucks, thanks to Chola.

In its mission to Create Value for its customers, Chola touches lives of people like Balweer Singh much in the same way and lends credibility to aspirations, turning dreams into reality. Chola transforms lives.

*The wrapper illustrates Balweer Singh's success story.*

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

## Forward-looking statement

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

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

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

**Creating Value** is the essence of any business. A business that adds distinctive value differentiates itself from competition. The value that it generates engages the consumer and builds trust and confidence. This has a direct and profound effect on the company's performance.

Value represents the worth of goods or services as determined by market forces. However, value is created any time there is a tangible positive change as a result of some action. This value is subjective and not fixed. It changes according to circumstance and resides in the mind of the beholder. But in principle, value or value addition has the capacity to transform.

This has been Chola's resolve. To create value that is transformational for its stakeholders—external and internal. Historically, fortunes have been made by being in the right place at the right time and being able to take advantage of economic opportunities. But the average person in the middle of the pyramid in India's smaller towns, cannot put himself in that spot and leverage an opportunity because he does not have adequate financial strength. Chola gives him that break. With support from us, he can invest in resources when industry or social circumstances presents him an opportunity for doing business. He can invest in a home or send his children to school. He can create a meaningful future for himself and his family and he can play a significant role in India's growth story. This value is immeasurable. For him personally, the prospect is transformational.

90% of our footprint is in Tier II, III and IV towns across 25 states. Our 534 branches are engaged in creating life changing value for the customer. We touch the newspaper vendor, the tea stall owner, the rental car operator, the farmer and many others like them and trigger a meaningful transformation in their lives.

At Chola, we focus on continuous improvement in process and practice. And we foster innovation to generate long lasting value. Value that is economic and then some. One that includes customer goodwill, employee satisfaction, capability building and ethical and community value. That includes attracting, retaining good employees and making sure customers are satisfied. That we have in place procedures that ensure high performance; those that encourage collaboration and cooperation across business functions. That we develop leaders who can support and motivate other employees. That we support our employees to develop the skills and knowledge they need to innovate solutions.



# Corporate Information

## BOARD OF DIRECTORS

M.B.N. Rao, Chairman  
N. Srinivasan, Vice Chairman  
V. Srinivasa Rangan  
Nalin Mansukhlal Shah  
Bharati Rao  
M.M. Murugappan  
Vellayan Subbiah, Managing Director

## SECRETARY

P. Sujatha  
Phone: 044 30007172(bd.) 30007055 (d)  
Fax: 044 25346464  
E-mail: sujathap@chola.murugappa.com

## AUDITORS

M/s. Deloitte Haskins & Sells, Chennai

## REGISTERED OFFICE

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

## CORPORATE IDENTITY NUMBER

L65993TN1978PLC007576

## REGISTRAR & SHARE TRANSFER AGENT

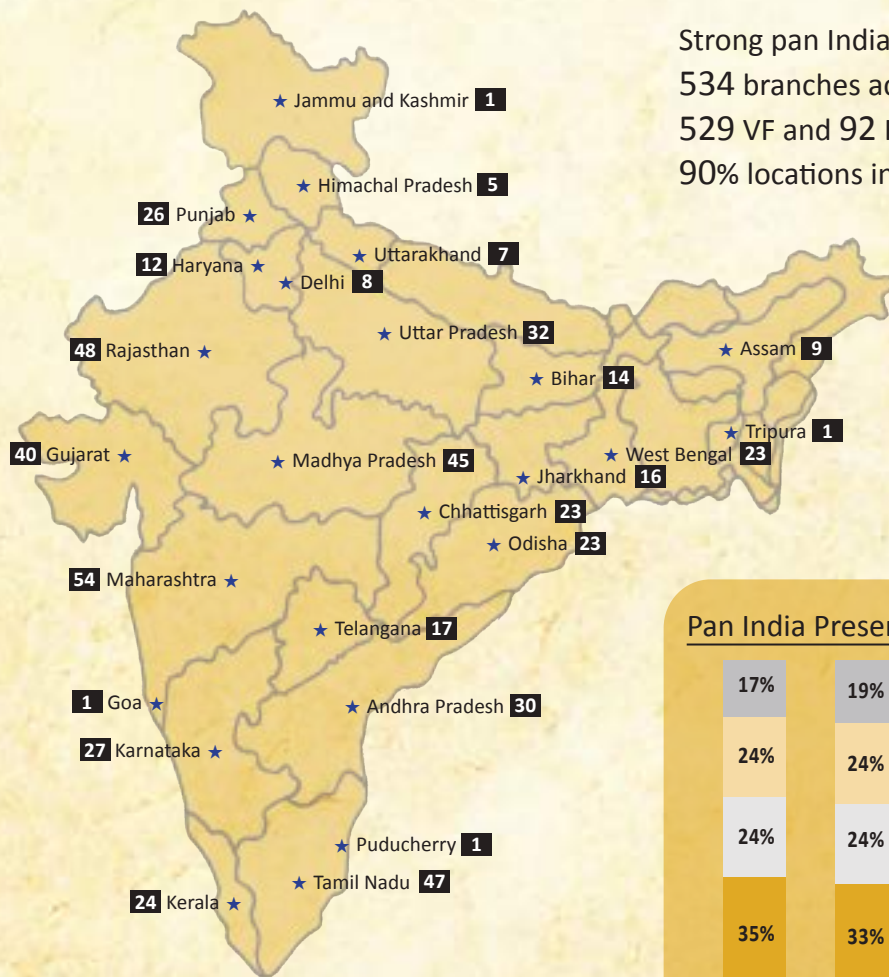
M/s. Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32  
Gachibowli, Financial District  
Nanakramguda, Hyderabad – 500 032  
Phone: 040 67161514  
Fax: 040 23420814  
Toll-free No. 1800-345-4001  
E-mail: einward.ris@karvy.com



# The Chola Charter

Incorporated in 1978 as the financial services arm of the Murugappa Group, Cholamandalam Investment and Finance Company Ltd. has grown into a comprehensive and full fledged financial services provider. It started business as an equipment financing company and forayed into vehicle finance, home loans, home equity loans, SME loans, investment advisory services, stock broking and other financial services. Its subsidiaries include Cholamandalam Securities Limited (CSEC), Cholamandalam Distribution Services Limited (CDSL) and White Data Systems India Private Limited (WDSI).

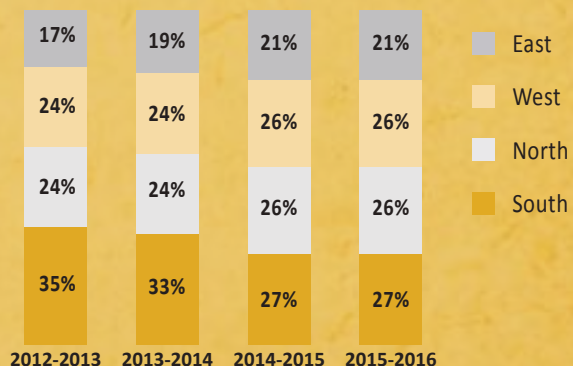
Chola's business is indisputably founded on its core values. It owns responsibility for all its stakeholders alike—customers, shareholders, employees and the community—it aspires to create long term sustainable value for their betterment. The company's footprint maps 25 states across India. Chola's customers step in with the assurance they will 'enter a better life'.



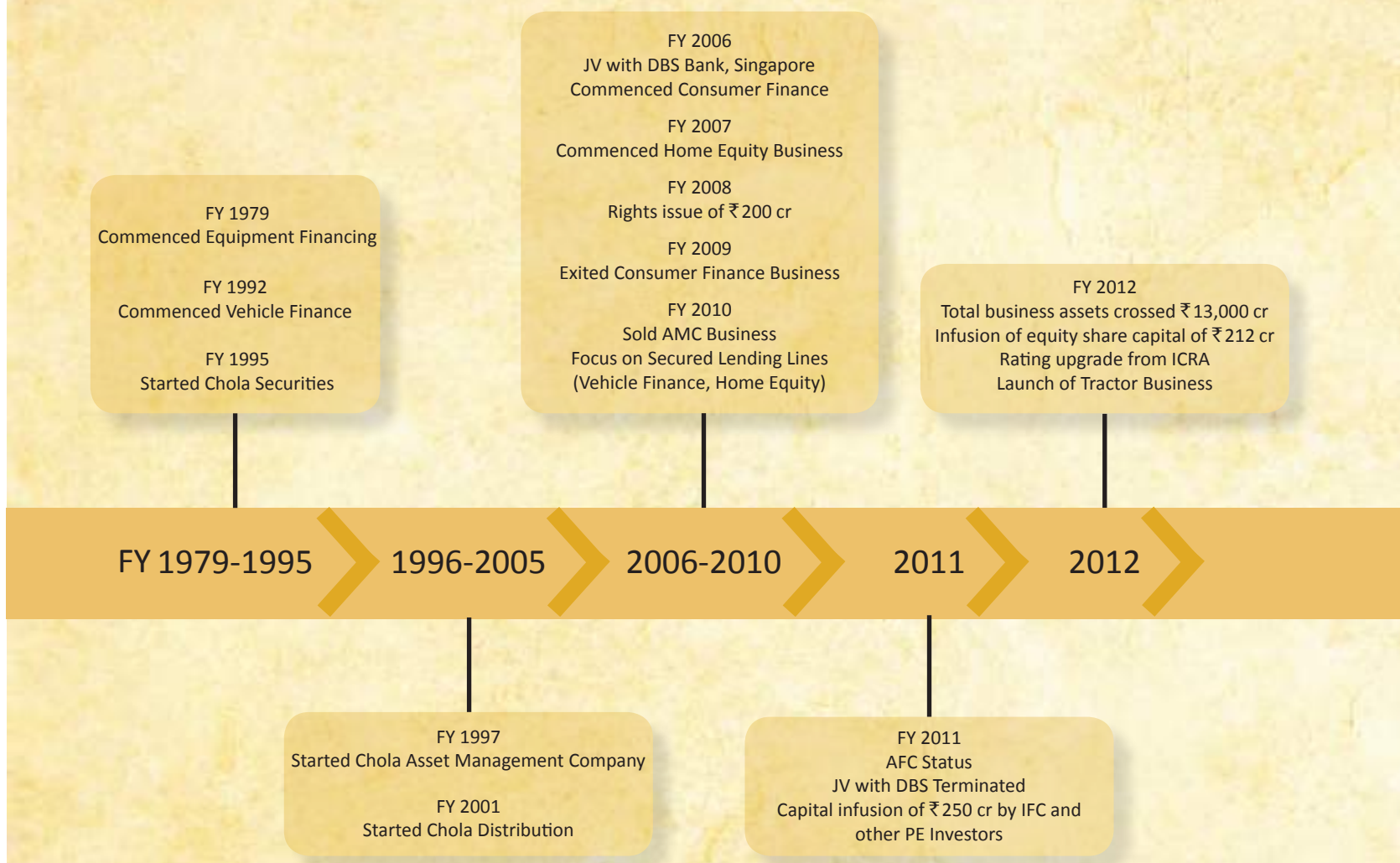
### Strong pan India presence

534 branches across 25 States/Union Territories  
 529 VF and 92 HE (87 co-located with VF & HE)  
 90% locations in Tier II, Tier III & Tier IV towns

### Pan India Presence



# The Chola Heritage



	2012-2013
<b>Disbursement</b> (₹ in crores)	<b>12,118</b>
<b>Total AUM</b> (₹ in crores)	<b>20,714</b>

Established in 1978, one of India's leading NBFCs, focused in the rural and semi-urban sector with a market capitalisation of ₹10,000 cr†

A part of the ₹29,500 cr Murugappa Group – founded in 1900, one of India's leading business conglomerates with 28 businesses including 9 listed companies and workforce of 32,000 employees

Presence across vehicle finance, corporate finance, home equity loans, stock broking and distribution of financial products



## 2016

Total AUM of ₹32,000 cr as of March 2016 with Net NPA of 2.1% and (PAT) ROA of 2.3%

Operating income CAGR of 18% over FY 13 to FY 16

CRISIL upgraded from AA-/Positive to AA/Stable

Conversion of CCPS to equity shares

Introduced GNPA recognition at 4 months overdue

Investment of ₹8 cr for a 63% stake in White Data Systems, a freight aggregator whose services bring together truck operators, booking agents, brokers and load providers.

FY 2014  
Total AUM crossed ₹25,000 cr  
CARE Rating upgraded Sub-Debt & PDI by one notch  
Commencement of Construction Equipment Financing Business

2013

2014

2015

FY 2013  
Total AUM crossed ₹20,000 cr  
Disbursements crossed ₹12,000 cr  
Infused equity share capital of ₹300 cr  
Commencement of Home Loan Business

FY 2015  
Infusion of CCPS of ₹500 cr  
India Ratings upgraded Sub-Debt from AA- to AA  
Introduced GNPA recognition at 5 months overdue

2013-2014

13,414

25,634

2014-2015

12,807

27,422

2015-2016

16,380

32,056

## From MD's Desk



**Creating Value** for shareholders—investors, customers, employees and the community—is the fulcrum of our business. We focus on creating long lasting and transformational value for each of them.

### Dear Shareholders,

Analysts agree that despite the volatility in global markets, the economy is well poised for growth. Emerging economies are expected to lead that growth and India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund. Strong government reforms and RBI's sustained focus on reducing inflation combined with benign global commodity prices, provided the impetus needed to improve India's economic fundamentals in 2016.

Against this backdrop, Chola stayed focused on creating value for its stakeholders. Value that is transformational and long lasting for investors, customers, employees and the community at large.

I am pleased to tell you that we had a good finish to FY 16. The PAT for the year is ₹ 568 crores, a growth of 31%. Our assets grew by 17% and disbursements grew by 28%. Our Total AUM for the year are ₹ 32,056 crores with a net NPA of 2.1% and (PAT) ROTA of 2.3%. Net Income Margin (NIM) is at 8.7% for the year driven by an



increase in interest income, a reduction in cost of funds and a substantial increase in fee and other income. Our operating income has grown at a CAGR of 18% over FY 13 to FY 16.

We have accelerated our provisioning to 4 months overdue and standard assets provisioning to 0.40% which is ahead of the RBI mandate. We have also created a one-time provision of ₹ 54 crores as a standard assets provision as a prudent move to cover the revised provisioning norms that should be complied by March 2018.

The vehicle finance business disbursed ₹ 12,383 crores during the year registering a growth of 32% on the back of a revival in the commercial vehicle market coupled with our focused approach on strengthening dealership networks. The PBT grew by 60% to ₹ 555 crores. Our disbursements in heavy commercial vehicles were in line with market. We continued to focus on improving our book quality and our Gross Non Performing Assets (GNPA) came down considerably. We will stay resolute on maintaining best in class asset quality, lower net credit losses and aim for consistent reduction in GNPA.

Home Equity disbursement for the year was ₹ 3,476 crores registering a growth of 14% and Business assets under management was at ₹ 8,851 crores. We continued to expand branches and added 14 more for a total of 92. It has allowed us to understand our customers better and give value through informed personalised service.

Our Home Loans business has been growing steadily and operates from 45 branches currently. The Corporate Finance division continued its focus on MSME loans and ended the year with AUM of ₹ 423 crores.

The Rural Financing product was launched during FY 15 at 40 Mana Gromor Centres operated by

Coromandel International Limited, to finance the procurement needs of the farming community. This division catered to the needs of about 4,800 customers during FY 16.

Our subsidiaries put together made a PBT of ₹ 8.23 crores. Our consolidated PAT for FY 16 is ₹ 575 crores, contributing to an overall growth of 29%.

During the course of the year, we made an investment of ₹ 8 crores for a majority stake in White Data Systems India Pvt. Ltd. (WDSI), a freight aggregator, in order to supplement the truck lending business and create value for the institution. WDSI offers a holistic range of services with tangible benefits to truck operators, booking agents, brokers and load providers through its i-Load platform. The platform will provide truck operators new and scalable business opportunities that will lead to increased truck asset utilisation, sustained growth and better economic opportunities.

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

I would like to thank all our stakeholders for their faith in Chola and for their constant support. We will continue to stay focused on creating value for both external and internal stakeholders.

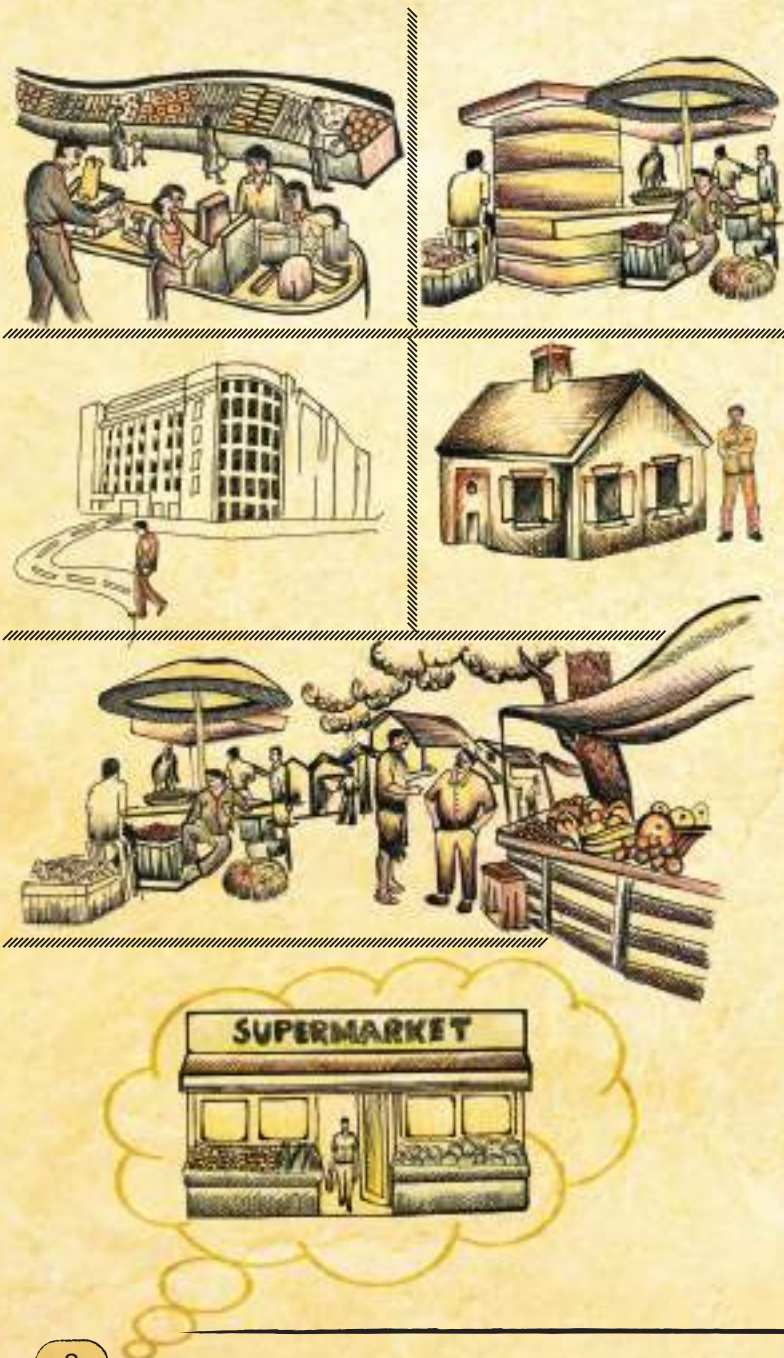
Do share your ideas and feedback with me—[vellayan@chola.murugappa.com](mailto:vellayan@chola.murugappa.com)—to help us in our mission of creating value for our stakeholders.

Best Wishes,  
**Vellayan Subbiah**

# The Chola Culture

## Empowering Customers. Creating Value.

At Chola, we balance the pursuit of commercial advantage with emphasis on helping India's vast semi-urban and rural population to 'enter a better life.' We empower customers through a bouquet of products to help them take advantage of economic opportunities in the marketplace. By deploying this power and realising their potential, they are able to create tangible socio-economic benefits for themselves and their families.

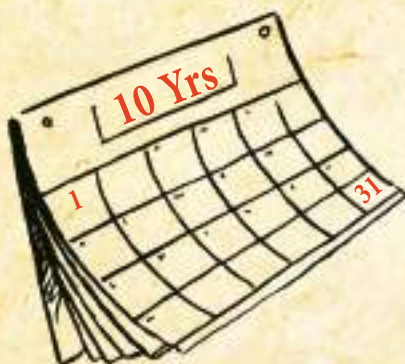
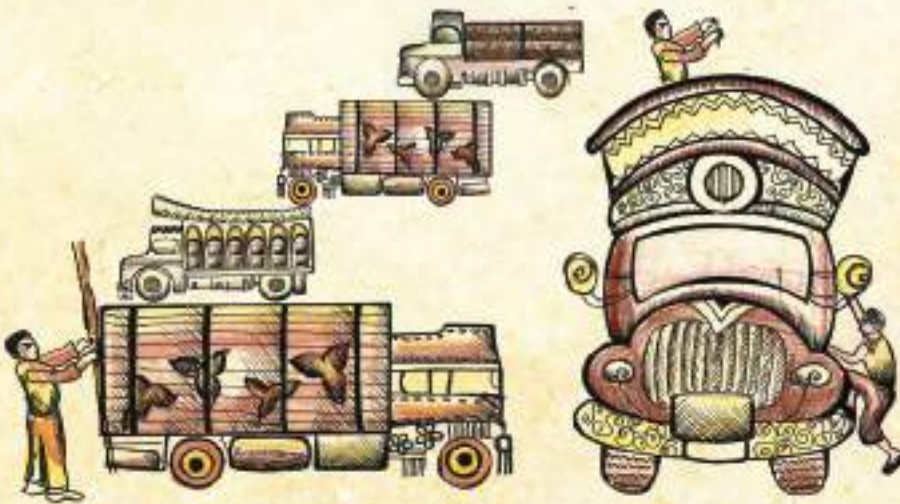


Subramani finished his schooling and started work as a helper in the local vegetable shop. He was earnest and hard-working and soon learnt the intricacies of the business. He learnt where to source the goods, mark a fair selling price, how to store the unsold stock and importantly, how to treat his customers well. Armed with this experience and a burning fire in his belly, Subramani ventured to set up his own vegetable and fruit stall. His business flourished. And he soon became ready to take the next step towards securing his future. Keeping in mind his wife and two children, Subramani decided that it was time to invest in a home. He had heard about Chola from friends. He knew the company would evaluate the potential of his business and perhaps give him a loan for buying a house. When he approached Chola, he found the company supportive of his aspiration. The paperwork proved simple and he quickly secured a loan to buy his dream home.

That was about three years ago. Today, he has another dream. He wants to expand his vegetable shop into a mini supermarket by acquiring space adjacent to his shop. He turned to Chola again; and we did not let him down. Based on his excellent track record in making the monthly payments, Chola has topped up his existing home loan to enable the expansion. Subramani is well on his way to realising his dream of owning a mini supermarket.

Chola has been associated with Uttam Transport Company for the last ten years. The first meeting resulted in Proprietor Jaswant Singh getting a loan sanctioned. His transport company now has 27 vehicles and Chola has been an integral part of Uttam Transport's journey.

Jaswant Singh first started out as a driver. In 2004, he launched Uttam Transport Company, a goods carrier company, with 3 vehicles. He heard about Chola in 2005 and first approached us for financing one truck. That was the turning point in Jaswant Singh's life. That particular heavy vehicle proved so lucky for him that he says he has not looked back since. This vehicle brought prosperity to his business and he has been expanding his fleet. According to him, Chola understood his requirements and stood by him through this journey to help him with the most relevant scheme. Nine of his vehicles are currently financed with Chola. "Chola is like a light house for small ships like me in the ocean of business of finance", says Jaswant Singh. From being a driver, he has become an owner with several drivers working for him now. Uttam Transport Company and Jaswant Singh provide an example of how Chola transforms lives.





### Supporting Vendors. Creating Value.

At Chola, we cherish and foster our relationship with vendors and work together to drive superior customer service. We launched the Dealer Portal to add value to the vendors. This is a mutually beneficial platform that provides direct interaction for trade advance dealers. It reduces delivery order dependency and facilitates balance enquiries and post disbursement document updation.

Smart Act was also integrated for all business payouts, resulting in the elimination of manual workings and reduced time for payouts.

### Leveraging technology. Creating Value.

Innovation is the fulcrum which shapes how new strategies are conceived, processes evolved, problems solved and opportunities created. We are committed to creating business value by purposefully supporting innovation through technology. Planning and development has been the focus to enhance customers convenience, experience and meet our business goals. We leverage information services provided by government agencies like Vahan to update post disbursement document records and ensure security of assets. Investing in systems that improve transaction speed and allows easier and faster information sharing by being adaptable to changing business needs and supporting better productivity and performance.



### Managing Risks. Creating Value.

A well established risk culture helps keep the balance between the strategy for creating enterprise value and the management of risks for protecting enterprise value. Successful risk management requires employees at all levels to understand the core values of the institution and its approach to risks. They have to be capable of performing their prescribed roles while being aware that they are accountable for their actions in relation to the institution's risk-taking behavior. At Chola, our risk culture is driven from the top. We have a clear and well communicated risk strategy that reaches employees at all levels.

A well laid out risk appetite statement supported by a scientifically measured risk MIS tool, an established risk control and self assessment framework with regular ongoing training and communication on risk concepts, have created value and helped in managing risks better.

The Business Decision Making Model in the hands of the business takes into account input parameters such as cost of funds, operational expenses, expected loss and expected ROTA to arrive at a minimum yield at the portfolio level. This facilitates differentiated pricing at the portfolio level based on the risk characteristics of the micro-markets, i.e., region, product, customer category and Loan to Value (LTV). Additionally, it allows the business team to project the expected loss from the micro-markets using probability to default and loss given default of the portfolio and expeditiously plan market share and volume mix for achieving the expected ROTA.

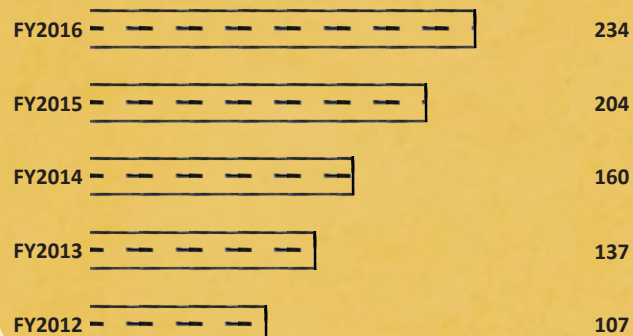
The company has taken a structured approach in preparing for Business Continuity and has been diligently testing its preparedness on a periodic basis, rectifying gaps where necessary. Staff training on BCP awareness and procedures has also been systematically rolled out. The benefits of this rigour came to the fore during the Chennai floods in December 2015. Incessant rain inundated our office at Guindy, throwing the Central Processing Unit out of gear. BCP was invoked for the first time and critical staff were moved to alternate locations to tide over the crisis.

**Committed to Investors. Creating Value.**

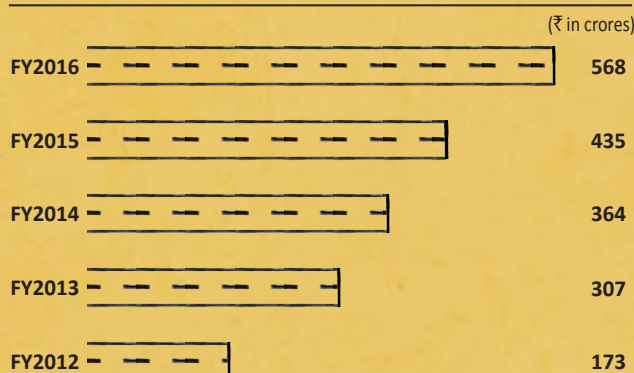
Consistent performance, asset quality and strong fundamentals have helped Chola add value to investors over the years. This is reflected in the 21% YoY growth of the share price in FY 16. Chola continues to invest in opportunities that we believe will aggregate benefits to investors.

We closed FY 15-16 with PBT of ₹ 870.8 crores and a PAT of ₹ 568.5 crores.

**Book Value per Equity Share (₹) CAGR – 22%**

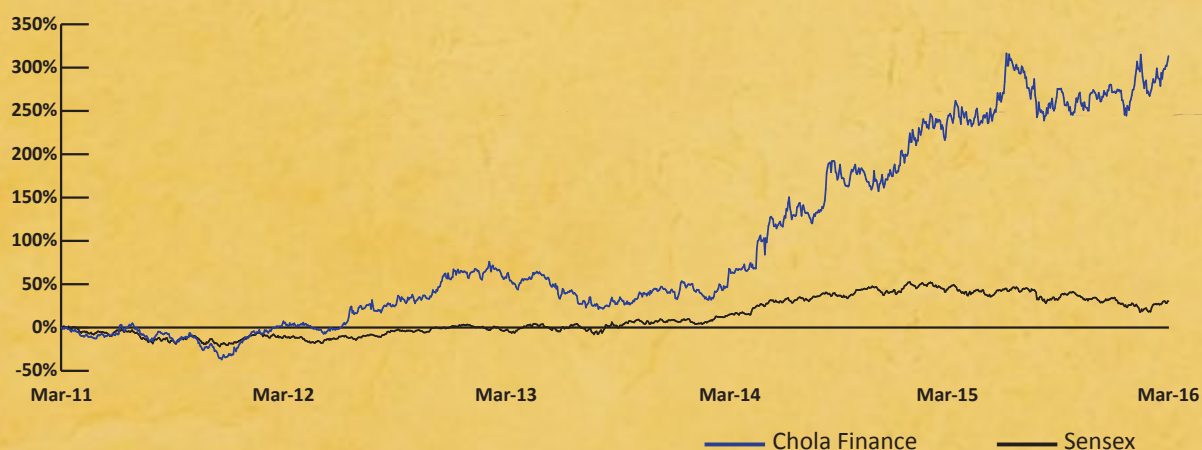


**Profit After Tax CAGR – 35%**



**Share Price Growth**

	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
Chola Finance (₹/share)	173	185	271	288	588	713
BSE Sensex	19,445	17,404	18,865	22,386	27,957	25,342
YoY Growth (Chola)		7%	47%	6%	104%	21%
YoY Growth (Sensex)		-10%	8%	19%	25%	-9%
Growth over base year (Chola)		7%	57%	66%	240%	312%
Growth over base year (Sensex)		-10%	-3%	15%	44%	30%





### Embracing our Corporate Beliefs. Creating Value.

We are committed to creating value for our institution. Firstly, we focus on attracting and retaining superior talent. We seek to know our customers and to understand their individual needs. We then work hard to ensure that they are satisfied with our service. In building this capability within the business, we support our employees in developing the skills and knowledge they need to innovate solutions as we believe that innovation is fundamental to the development of our organisation. Also, grooming leaders from within has been a hallmark of Chola. We focus on nurturing leaders who can support and motivate employees in embracing the Chola culture at all levels of the organisation.

In an effort to create value by increasing process efficiency, we diligently followed through with the implementation of LEAN methodology across operations and business verticals. To help our employees internalise the concepts of LEAN and empower them to innovate solutions in their own specific area, we brought in Mahindra Institute of Quality to impart training on 'The Seven Quality Control Tools'. Post the training, 35 projects have been successfully signed off.

To keep the momentum going, a LEAN Newsletter and an e-module about LEAN have been launched for employees.

Finally, good reputation is a non-negotiable asset for us. We pay close attention to safeguarding our reputation and have put in place procedures that not only ensure high performance but also encourage collaboration and cooperation across the businesses. A good reputation in the marketplace enables an organisation to differentiate its product in highly competitive markets. It can be a leading factor in influencing customer preference about which company to patronise among the many that offer the same products or services at different prices.

All of the above, we believe, increase our ability to compete effectively, adding intangible value to the business.

### Nurturing Employees. Creating Value.

Research indicates that intrinsic factors related to meaningful work, its enjoyment, how much people feel valued and appreciated and how well they get along with their colleagues, drives motivation and performance. At Chola, we believe that it is important to create a culture that rewards meritocracy and performance. One that recognises desirable behaviors and inspires a shared sense of purpose and vision across the organisation. We encourage to acquire skills and knowledge that will enable personal development and remove obstacles to professional fulfillment. They become confident, inspired and give their best to the organisation.

We achieve this through leadership training programs, delegation of responsibility, encouraging and supporting employees to take more day-to-day control of their own projects. Leadership is not necessarily the domain of senior management teams. All employees need to be equipped to relate, connect and respond to challenges and opportunities. This approach gives our people the experience and confidence they need to step into higher roles. We believe this adds value to our employees and presents them real opportunities for career advancement.

### Innovating Solutions. Creating Value.

Chola's investment in WDSI is an innovative step in bringing together brokers, truck operators, booking agents and load providers on to a single platform helping improve efficiencies and service levels in the industry.

In thrusting ahead with the Tablet solution we are facilitating reduction in time taken for loan approvals, credit checks and therefore disbursements. This process efficiency which leverages latest trends in technology aims to increase customer delight through a one-off experience.





### Being a Responsible Corporate Citizen. Creating Value.

At Chola, we put community development values into action in the communities we operate in towards empowering its citizens. Our thrust is on sustainable programs in the areas of health, hygiene and sanitation.



#### Health and Hygiene

Renovation and Expansion of Sir Ivan Stedeford Hospital, Chennai, in partnership with A.M.M. Foundation, where ₹ 355 lakhs was spent towards renovation of the Obstetrics and Gynaecology wing.

#### Research and Development of Nutritional Foods / Supplements

Chola contributed ₹ 102 lakhs to Shri AMM Murugappa Chettiar Research Centre towards projects on research in the area of sustainable agricultural practices and nutritional food and supplements for rural communities in Tamil Nadu.

#### Water and Sanitation

**Swaccha Karimnagar**—In partnership with Bala Vikasa, the Water and Sanitation project with an outlay of over ₹ 97 lakhs benefitting 5,000 persons every day by providing e-toilet facilities and cool purified drinking water. A total of 243 brick and mortar toilets were completed and handed over to three villages.

**Swaccha Raipur**—In partnership with Sulabh International to provide two toilet complexes in Chhattisgarh for truck drivers in the transport nagars.

#### Education

**Isha Vidhya Project**—₹ 33 lakhs towards one 50 seater school bus and sports facilities at Isha Vidhya Schools in 2 districts in Tamil Nadu.

**Skill Development to enhance employability and self-employment**—A grant of ₹ 50 lakhs in partnership with National Skill Development Corporation (NSDC) to provide training and employment opportunities in the Automotive and BFSI industries to 410 youth in Madhya Pradesh, Maharashtra and Tamil Nadu.

**TI School**—A grant of ₹ 95 lakhs was given towards renovation, repairs, maintenance and the purchase of sports equipment and teaching aids.

**Learning through Arts Program for rural children with Madras Craft Foundation**—A budget of ₹ 25 lakhs for a program that develops self-confidence and self-awareness using the arts, theatre, craft, music, rhythm and drawing as techniques for self expression.

**Educational Grants**—₹ 2 lakhs has been granted to Christel House India and ₹ 3 lakhs to AID India for sponsorship of education to under privileged children.

#### Technology Incubation

**'Support to Incubators' of Indian Institute of Madras (IIT-M)**—₹ 100 lakhs towards creating a vibrant and expansive innovation and entrepreneurial eco-system at IIT-M for the incubators housed at its premises.

#### Others

**Chief Minister's Public Relief Fund**—A contribution of ₹ 200 lakhs to the Chief Minister's Public Relief Fund towards flood relief activities in Tamil Nadu.

# Business Highlights

## Financial Highlights

(₹ in crores)

Particulars	FY 16	FY 15	FY 14	FY 13	FY 12
Branch Network (in nos.)*	534	534*	574	518	375
Disbursements	16,380	12,808	13,114	12,118	8,889
Assets Under Management (AUM)	29,650	25,452	23,253	18,998	13,470
Net Income Margin (NIM)	2,143	1,731	1,492	1,145	800
Operating Profit	1,298	982	834	575	363
Profit After Tax (PAT)	568	435	364	307	173
<b>Key Ratios (in %)</b>					
NIM	8.7	7.9	7.7	7.6	7.4
Expense Ratio	3.4	3.4	3.4	3.8	4.1
Gross Non-Performing Assets **	3.5	2.4	1.9	1.0	0.9
Net Non-Performing Assets	2.1	1.3	0.7	0.2	0.3
Capital Adequacy Ratio	19.7	21.2	17.2	19.0	18.1
Return on Total Assets (PBT – ROTA)	3.6	3.0	2.8	3.0	2.7
Return on Equity	16.6	15.8	17.1	18.1	13.8
<b>Growth Ratios (in %)</b>					
AUM Growth	16.0	9.5	22.4	41.0	47.6
Disbursement Growth	28.0	-2.3	8.2	36.3	55.1
NIM Growth	23.8	16.0	30.3	43.1	26.3
PAT Growth	31.0	20.0	19.0	77.0	179.0
Earnings per Share Growth	25.0	18.3	10.9	59.0	152.6
Book Value per Share Growth	16.0	27.0	16.8	28.4	19.0
<b>Branch Efficiency Ratios (₹ in crores)</b>					
Disbursements per branch	30.7	24.0	22.8	23.4	23.7
NIM per branch	4.0	3.2	2.6	2.2	2.1
PAT per branch	1.1	0.8	0.6	0.6	0.5

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

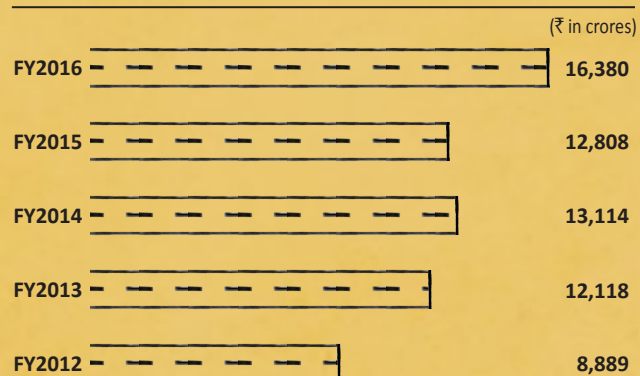
\*\* GNPA is calculated at provisioning norms of 120 days in FY 16 and 150 days in FY 15 and 180 days for all other years.

## Operational Highlights

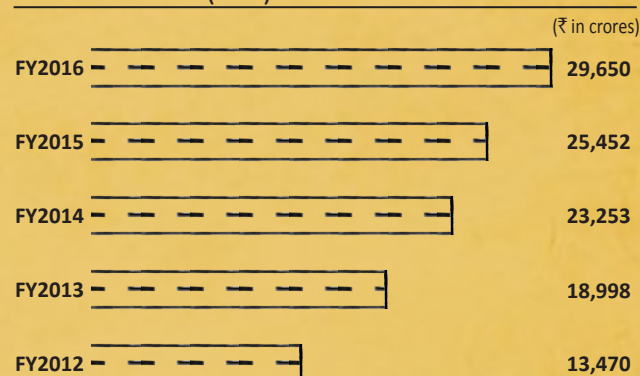
- Clocked disbursement growth (in unit terms) in Vehicle Finance of 25% against industry growth of 6% and gained market share.
- Accelerated provision for 3 months overdue as against the RBI requirement to provide by FY 18.
- Pilot launch of Customer Facing App (CFA) to provide multiple facilities to customers on their move.
- Executed securitisation / bilateral assignment of assets worth ₹ 3,200 crores.

### Key Performance Indicators

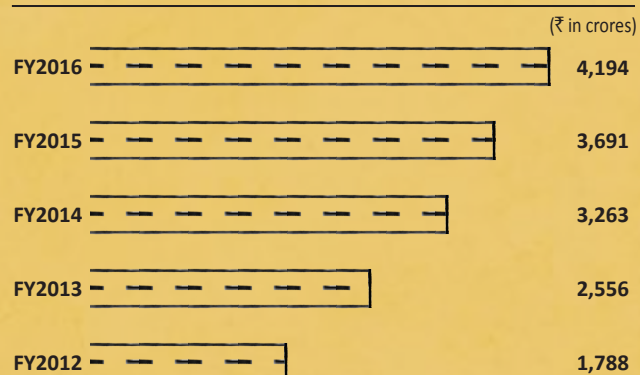
#### Disbursements CAGR – 14%



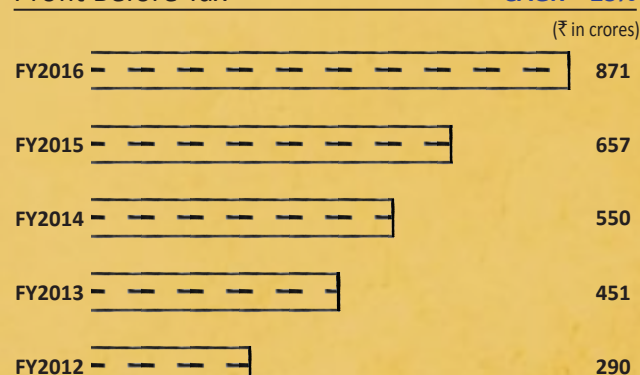
#### Business AUM (Net) CAGR – 20%



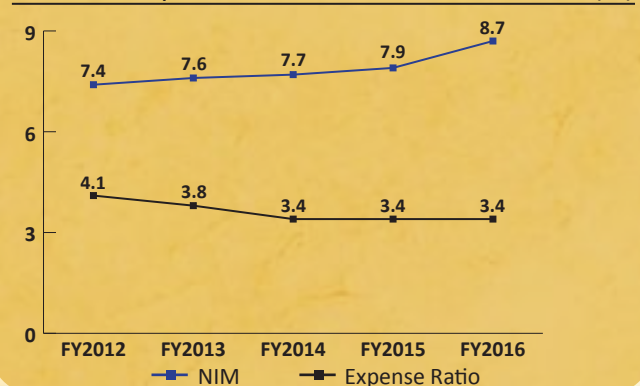
#### Income CAGR – 24%



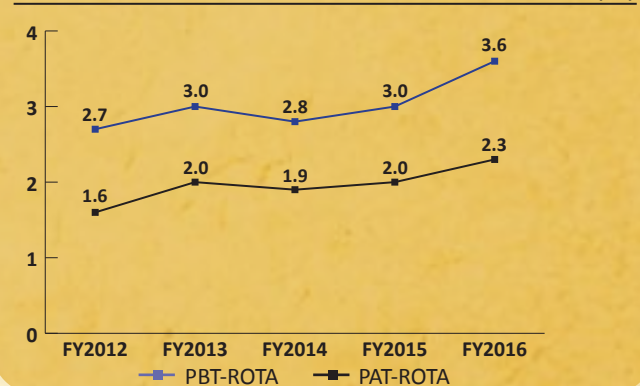
#### Profit Before Tax CAGR – 23%



#### NIM and Expense Ratio (%)



#### PBT – ROTA and PAT – ROTA (%)



# Business Review

## Vehicle Finance

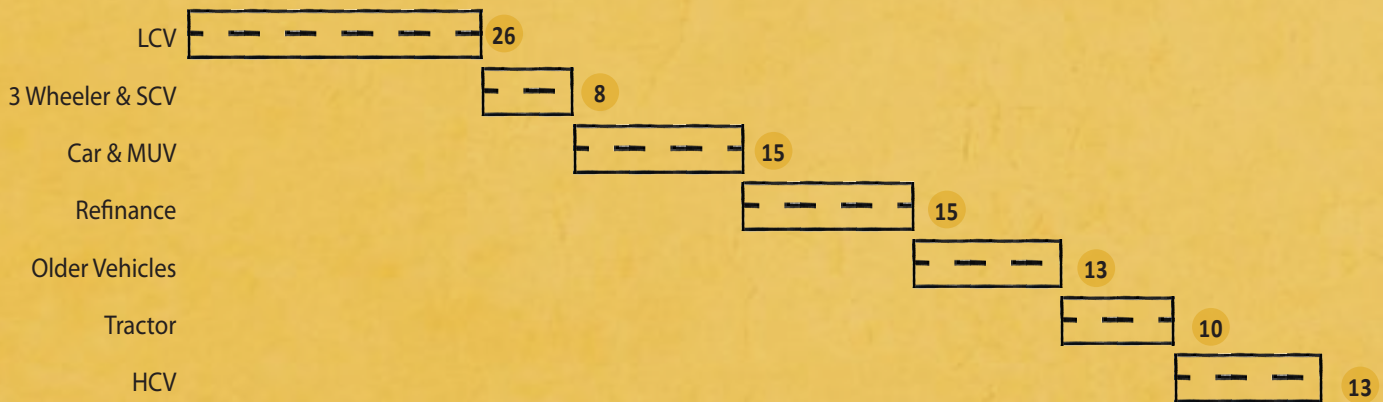
### Key Differentiators

- Quicker Turn Around Time (TAT)
- Reputation as a long term and stable player in the market
- Strong dealer and manufacturer relationship
- Pan India presence with 90% locations in Tier II, Tier III & Tier IV towns
- In-house sales and collection team which is highly experienced and stable
- Low employee turnover
- Good internal control processes
- Customised products offered for our target customers
- Strong collections management



### Diversified Asset Portfolio

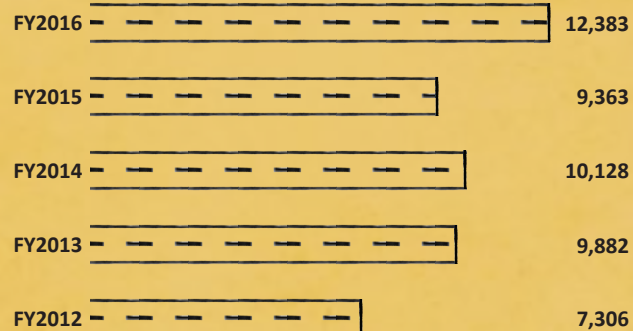
(%)



Disbursements

CAGR – 17%

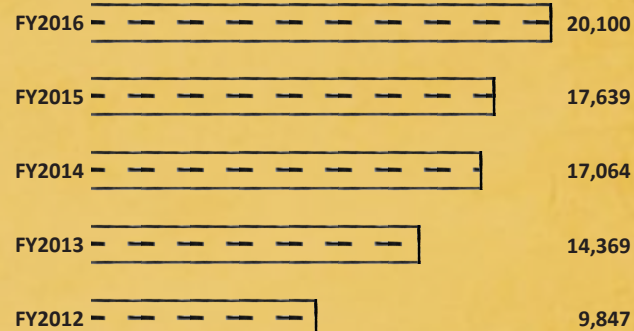
(₹ in crores)



Business AUM (Net)

CAGR – 22%

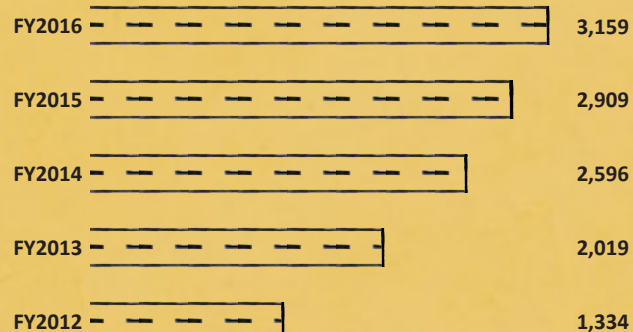
(₹ in crores)



Income

CAGR – 24%

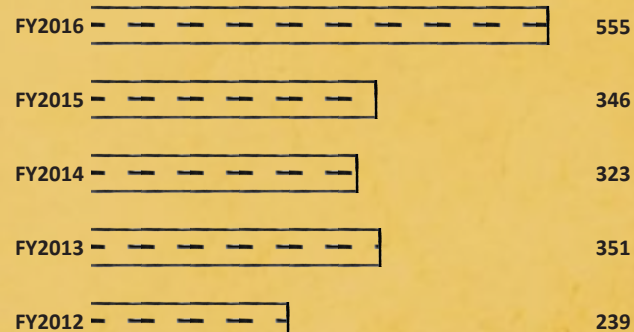
(₹ in crores)



Profit Before Tax

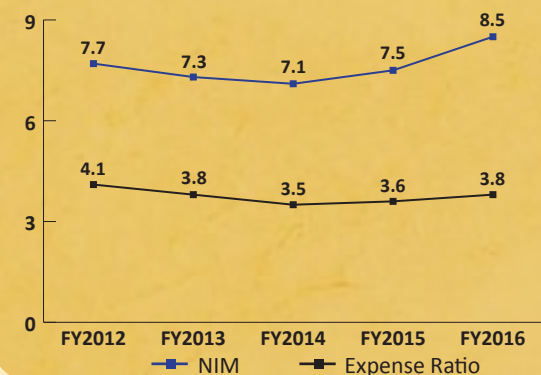
CAGR – 32%

(₹ in crores)



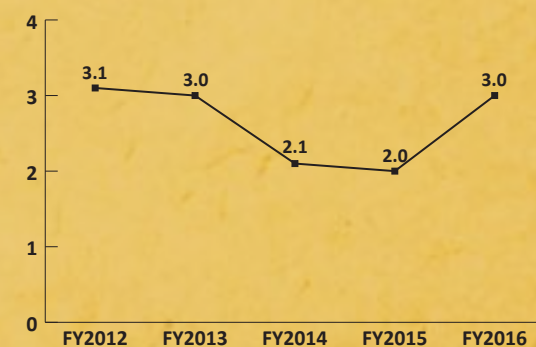
NIM and Expense Ratio

(%)



PBT – ROTA

(%)



## Home Equity

### Asset Class

- Self occupied residential property
- Long tenor loans serviced across 83 locations PAN India

### Customer Segment

- Focus on the middle socio economic class
- Focus on self employed non-professionals

### Key Differentiators

#### Process

- One of the best turnaround times in the industry
- Personalised service through direct interaction with each customer

#### Pricing

- Pricing in line with industry
- Fee income adequate to cover origination and credit cost
- Leverage cross sell opportunities for additional income
- Effective cost management

#### Underwriting Strategy

- Mandatory personal visit by credit manager for every case
- Assessment of both collateral and repayment capacity to ensure high credit quality

#### Structure

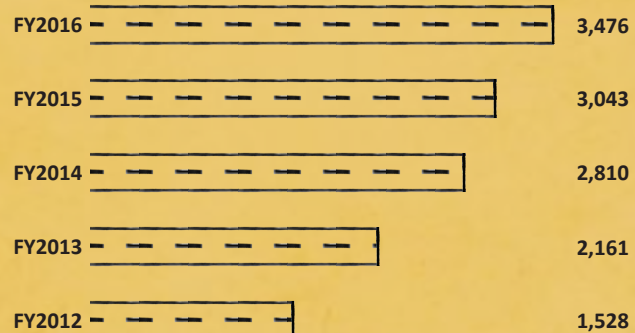
- Separate verticals for sales, credit and collections to drive focus
- Convergence of verticals at senior levels to share a common strategy
- Independent targets vis-à-vis their functions for each vertical



Disbursements

CAGR – 23%

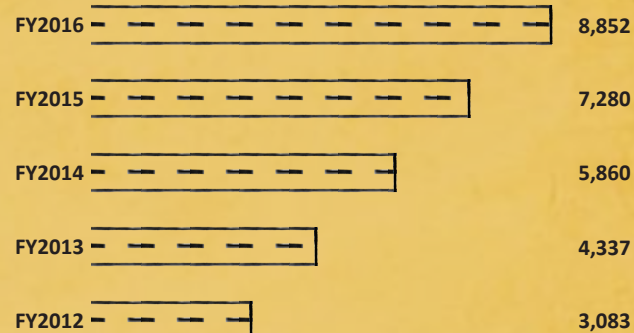
(₹ in crores)



Business AUM (Net)

CAGR – 23%

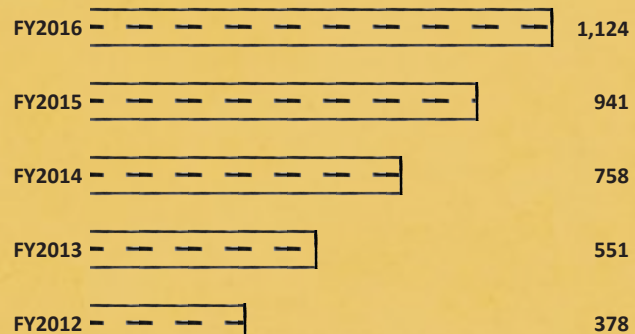
(₹ in crores)



Income

CAGR – 31%

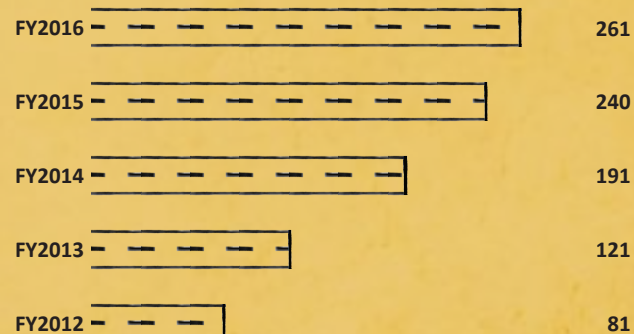
(₹ in crores)



Profit Before Tax

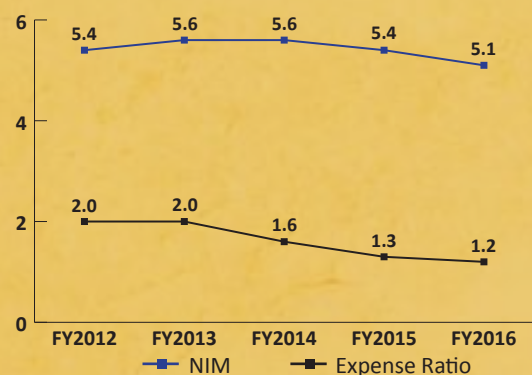
CAGR – 34%

(₹ in crores)



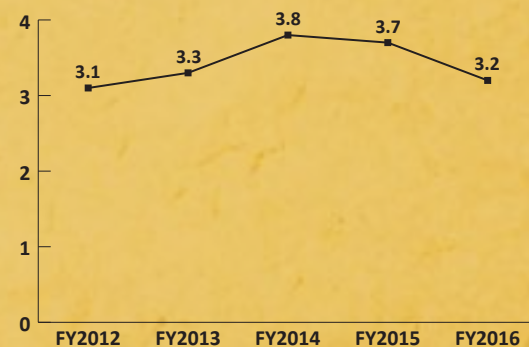
NIM and Expense Ratio

(%)



PBT – ROTA

(%)

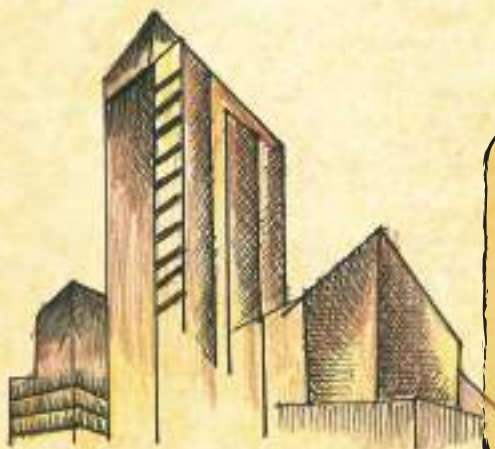


## Other Businesses



### Home Loans

Commenced the Home Loans business in 2012, focused primarily towards the self-employed non-professionals segment. The business started its operations from the State of Tamil Nadu. The business has expanded its operations recently to four more states: Andhra Pradesh, Karnataka, Gujarat and Maharashtra. As of March 2016, the business has ₹ 264 crores of Assets Under Management.



### Corporate Finance

This business is focused towards the MSME sector in India, one of the largest and most underserved business segments in India. The business offers term loans, bill discounting and working capital loans. The business operates through the existing Home Equity branch network.



### Rural Finance

Focused on the farming community, the Rural Finance vertical offers syndicated loans for agricultural and allied activities. We will continue to leverage the vast rural network of our group company, Coromandel International Limited for future growth of this segment.



## Subsidiaries

### Wealth Management

#### **Cholamandalam Securities Ltd. (CSEC)**

A wholly owned subsidiary of Chola, CSEC is in the business of stock broking and depository participant services. Our HNI and retail clients get personalised services and advice with regard to investment in equity and debt. Our SEBI certified research team offers in-depth company analysis that helps our clients make informed investment decisions.

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

A wholly owned subsidiary of Chola, CDSL offers full scale wealth management services to mass affluent and affluent customer segments and is a national distributor of retail financial products such as Mutual Funds, General Insurance, Life Insurance, Bonds and Fixed Deposits.

#### **White Data Systems India Pvt. Ltd. (WDSI)**

WDSI was founded in April 2015 with a mission to improve reliability and quality of service through innovative and integrated solutions for the Road Freight and Transport Sector through its i-Loads platform.

WDSI is located in Chennai with operational facilities in Bangalore and Coimbatore. The company offers a holistic range of services, providing tangible benefits to truck operators, booking agents, brokers and load providers at an optimal price. The focus is on improving efficiencies and service levels of the sector in an inclusive manner.

The i-Loads platform will provide transport service providers new and scalable business opportunities that will lead to increased truck asset utilisation, sustained growth and better economic opportunities.



# Board of Directors



V. Srinivasa Rangan   Nalin Mansukhlal Shah   M.M. Murugappan   M.B.N. Rao   Vellayan Subbiah   Bharati Rao   N. Srinivasan

## **Mr. M.B.N. Rao (67 years) DIN : 00287260 (Chairman & Independent Director)**

- ♦ Is a Bachelor of Science in agriculture, an Associate of the Chartered Institute of Bankers, London, a Certified Associate of the Indian Institute of Bankers and a Fellow of the Indian Institute of Banking & Finance. Holds a Diploma in Computer Studies from the University of Cambridge and the National Centre for Information Technology, United Kingdom. Was a member of the Singapore Institute of Management.
- ♦ Is the former Chairman and Managing Director of Canara Bank and Indian Bank. Chairman of Canara Bank subsidiaries in Insurance, Mutual Fund, Venture Capital, Factoring, Computer Services, Online Trading & Broking; Indian Bank subsidiaries in Merchant Banking, Housing and Mutual Fund. Vice Chairman of Commercial Bank of India, Moscow (a joint venture of State Bank of India and Canara Bank).
- ♦ Has over 46 years of varied experience in fields of banking, finance, economics, technology, human resource, marketing, treasury and administration.
- ♦ Has over nine years of international banking experience in Singapore and Indonesia.
- ♦ Was also the Chairman of Indian Banks Association and a member of various committees constituted by RBI, MOF, SEBI and National Institute of Bank Management.
- ♦ Is on the Boards of various reputed companies including E.I.D. Parry (India) Ltd., Ramco Cements Ltd., Taj GVK Hotels and Resorts Ltd. and is an expert member of National Stock Exchange of India Limited and NABARD.
- ♦ Has received various awards including Best Bank in Public Sector, Corporate Governance, Corporate Social Responsibility and Best performance awards for Financing to SMEs, Agriculture, Exports during the tenure with Indian Bank and Canara Bank from His Excellency President of India, Hon'ble Prime Minister, Finance Minister, Minister of Commerce and RBI Governor.
- ♦ Joined the Board of Chola in July 2010.

**Mr. N. Srinivasan (58 years) DIN : 00123338 (Vice Chairman & Non-Executive Director)**

- ♦ Is a graduate in Commerce, an Associate member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.
- ♦ Has over 32 years of experience in the areas of corporate finance, legal, projects and general management.
- ♦ Is a Director-Finance of the Murugappa Group, member of Murugappa Corporate Board and director on the Boards of Tube Investments of India Limited, Cholamandalam MS General Insurance Company Ltd. and certain other Murugappa Group companies.
- ♦ Joined the Board of Chola in December 2006.

**Mr. V. Srinivasa Rangan (56 years) DIN : 00030248 (Independent Director)**

- ♦ Is a graduate in Commerce, Associate member of Cost and Works Accountants of India and the Institute of Chartered Accountants of India.
- ♦ Has over 33 years of experience in corporate finance and banking.
- ♦ Is an Executive Director at Housing Development Finance Corporation Limited (HDFC Ltd.) and has been associated with the company since 1986.
- ♦ Is a Director on the Boards of Atul Limited and several other companies in the HDFC group.
- ♦ Was conferred the “Best CFO in the Financial Sector for 2010” by the Institute of Chartered Accountants of India.
- ♦ Joined the Board of Chola in July 2011.

**Mr. Nalin Mansukhlal Shah (69 years) DIN : 00882723 (Independent Director)**

- ♦ Is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales.
- ♦ Has over 33 years of experience in banking and financial services industries.
- ♦ Was a member of the Governing Board of Deloitte India for several years.
- ♦ Was a member of the Accounting Standards Board of the Institute of Chartered Accountants of India and a member of the Institute’s Expert Advisory Committee, Technical Reviewer for the Financial Reporting Board of the Institute.
- ♦ Is a Director on the Boards of various companies including Eimco-Elecon (India) Ltd., Tata Capital Ltd., DCB Bank Ltd., Kotak Mahindra Asset Management Co. Ltd. and the RBI’s representative on the Governing Council of the Banking Codes and Standards Board of India.
- ♦ Joined the Board of Chola in July 2013.

**Ms. Bharati Rao (67 years) DIN : 01892516 (Independent Director)**

- ♦ Is a post graduate in Economics and a Certified Associate of the Indian Institute of Banking & Finance.
- ♦ Has over 44 years of varied experience in the fields of Project Finance, International Banking, Credit and Risk Management.
- ♦ Retired as the Deputy Managing Director and Chief Development Officer of SBI holding concurrent charge of SBI’s Associate Banks and Non-Banking subsidiaries and an Advisor for Mergers and Acquisitions.
- ♦ Is on the Boards of various companies including Vijaya Bank, Carborundum Universal Limited, SBI Capital Markets Ltd., SBI Caps (UK), SBICAP Securities Ltd., SBI Global Factors Ltd., Tata Tele Services Ltd., Neuland Laboratories Ltd., Wheels India Ltd. and Delphi-TVS Diesel Systems Ltd.
- ♦ Joined the Board of Chola in July 2014.

**Mr. M.M. Murugappan (60 years) DIN : 00170478 (Non-Executive Director)**

- ♦ Holds a Bachelor of Technology in Chemical Engineering from University of Madras and a Master of Science in Chemical Engineering from University of Michigan, USA.
- ♦ Has over 38 years of experience in diverse areas of abrasives, manufacturing, electronics, strategy & business development, technology, R&D and human resources.
- ♦ Serves as a member of American Institute of Chemical Engineers, Indian Institute of Chemical Engineers, Plastics & Rubber Institute and Indian Ceramics Society.
- ♦ Is on the Boards of various companies including Carborundum Universal Limited, Tube Investments of India Limited, Mahindra & Mahindra Limited, Cyient Limited, IIT Madras Research Park and certain other Murugappa Group companies.
- ♦ Joined the Board of Chola in January 2015.

**Mr. Vellayan Subbiah (46 years) DIN : 01138759 (Managing Director)**

- ♦ Holds a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan.
- ♦ Has over 22 years of work experience in consulting, technology and financial services.
- ♦ Has worked with McKinsey and Company, Chicago, 24/7 Customer Inc. and Sundram Fasteners.
- ♦ Is a recipient of the Extraordinary Entrepreneur of the Year – TIECON 2014 Award.
- ♦ Was the Managing Director of Laserwords between January 2007 and August 2010.
- ♦ Is a Director on the Boards of SRF Limited, White Data Systems India Pvt. Ltd. and certain other Murugappa Group companies.
- ♦ Joined the Board of Chola in August 2010.

# Financial Highlights

Financial Year ended	2016	2015	2014	2013
<b>Operating Results</b>				
Total Income	419,371	369,119	326,284	255,568
Profit before tax	87,077	65,722	55,021	45,080
Profit after tax	56,845	43,516	36,401	30,655
<b>Liabilities</b>				
Shareholders' Funds				
- Equity	365,741	267,333	229,471	196,477
- Preference	-	50,000	-	-
Loan Funds	2,257,622	1,947,524	1,809,319	1,528,901
Other Liabilities and Provisions	165,468	122,466	115,890	93,102
<b>Total Liabilities</b>	<b>2,788,831</b>	<b>2,387,323</b>	<b>2,154,680</b>	<b>1,818,480</b>
<b>Assets</b>				
Fixed Assets (including assets leased out)	11,132	6,833	7,290	7,065
Statutory & Other Investments	6,657	6,748	8,243	22,451
Receivables Under Financing Activity				
- Automobile Financing	1,725,773	1,494,847	1,429,606	1,198,841
- Loans against Immovable Property	730,131	697,429	493,046	434,722
- Other Loans	135,109	26,078	20,161	29,031
Other Assets (net)	180,029	155,388	196,334	126,370
<b>Total Assets</b>	<b>2,788,831</b>	<b>2,387,323</b>	<b>2,154,680</b>	<b>1,818,480</b>
De-recognised Assets	416,433	354,824	408,736	252,868
<b>Total Assets Under Management</b>	<b>3,205,264</b>	<b>2,742,147</b>	<b>2,563,416</b>	<b>2,071,348</b>
<b>Key Indicators</b>				
Earnings per Equity Share - Basic (₹)	37.50	30.09	25.43	22.89
Earnings per Equity Share - Diluted (₹)	37.46	29.97	25.38	22.83
Dividend per Equity Share (₹)	4.50	3.50	3.50	3.50
Book Value per Equity Share (₹)	234.20	203.48	160.25	137.29

₹ in lakhs

	2012	2011	2010	2009	2008	2007
	178,821	120,183	92,950	112,063	89,173	40,913
	29,011	10,011	3,133	1,708	9,094	4,727
	17,254	6,218	1,542	4,275	5,937	3,102
	141,728	107,202	48,500	48,101	55,863	32,635
	-	-	30,000	30,000	-	-
	1,144,411	794,891	541,480	542,703	541,748	321,928
	56,887	65,733	76,263	76,483	39,757	19,587
	<b>1,343,026</b>	<b>967,826</b>	<b>696,243</b>	<b>697,287</b>	<b>637,368</b>	<b>374,150</b>
	5,316	3,318	1,375	3,384	4,759	3,294
	6,170	6,828	21,933	40,520	17,394	7,876
	882,201	573,146	307,616	195,610	194,808	157,926
	299,966	188,648	135,857	63,097	43,838	12,325
	50,823	98,232	105,485	196,768	301,395	156,677
	98,550	97,654	123,977	197,908	75,174	36,052
	<b>1,343,026</b>	<b>967,826</b>	<b>696,243</b>	<b>697,287</b>	<b>637,368</b>	<b>374,150</b>
	122,076	90,199	169,083	167,600	171,280	74,173
	<b>1,465,102</b>	<b>1,058,025</b>	<b>865,326</b>	<b>864,887</b>	<b>808,648</b>	<b>448,323</b>
	14.39	5.67	1.79	7.05	12.88	7.63
	14.39	5.67	1.79	6.83	12.23	7.63
	2.50	1.50	1.00		4.00	4.00
	106.92	89.87	73.04	72.43	107.07	86.00

# Board's Report

## BOARD'S REPORT

Your directors have pleasure in presenting the thirty eighth annual report together with the audited accounts of the company for the year ended 31 March, 2016.

## FINANCIAL RESULTS

₹ in crores

Particulars	2015 - 16	2014 - 15
<b>Gross Income</b>	4193.70	3691.19
Profit Before Tax (PBT)	870.77	657.22
Profit After Tax (PAT)	568.45	435.16
Add: Balance brought forward	186.62	305.32
<b>Amount available for appropriation</b>	<b>755.07</b>	<b>740.48</b>
<b>Adjustments / Appropriation:</b>		
Transfer to statutory and other reserves	420.00	490.00
Dividend - Preference	2.12	2.88
Dividend - Equity	70.26	50.30
Tax on dividend	14.74	10.68
Balance carried forward	247.95	186.62
<b>TOTAL</b>	<b>755.07</b>	<b>740.48</b>

## SHARE CAPITAL

During the year, as per the terms of issue, the company converted the compulsorily convertible preference shares (CCPS) held by M/s. Dynasty Acquisition (FDI) Ltd and allotted 12,285,012 equity shares of ₹ 10/- each at a conversion price of ₹ 407/- (including a premium of ₹ 397/-) per equity share on 2 September, 2015.

## OPERATIONS

During the year, your company achieved a 32% growth in PBT and 17% growth in total AUM. Taking advantage of the pick-up in heavy commercial vehicles (HCV) and used vehicles demand, a growth of 28% in disbursements was achieved as compared to the previous year.

At a division level, the recovery signals in the commercial vehicles (CV) market reflected in an increase in disbursements in the vehicle finance (VF) business to the tune of 32%. The division recorded a growth of 14% in closing managed assets and a PBT growth of

60%. The home equity (HE) business recorded healthy growth rates across all parameters: Closing managed assets growth of 22%, disbursement growth of 14% and PBT growth of 9%.

VF division was able to improve portfolio quality during the year while HE division faced pressure on account of macroeconomic factors adversely affecting the small and medium enterprises (SME) segment. The company has started reckoning assets 4 months overdue as gross non-performing assets (GNPA). Hence, the overall GNPA level seems to be higher than the previous year. However, it is lower when both the years are compared at 5 months overdue.

Disbursements in VF for the year were at ₹ 12,383 crores as against ₹ 9,363 crores in the previous year. The HE business recorded a disbursement of ₹ 3,476 crores as against ₹ 3,043 crores in the previous year. Disbursements in home loans (HL) were at ₹ 175 crores as against ₹ 89 crores in the previous year and

micro, small and medium enterprise (MSME) were at ₹ 325 crores as against ₹ 249 crores in the previous year. The rural financing vertical disbursed ₹ 21 crores during the year.

The business assets under management (net of provisions) of the company as at 31 March, 2016 increased to ₹ 29,650 crores from ₹ 25,452 crores in the previous year, recording a growth of 16%.

As in the previous year, your company has early adopted the revised asset classification norms by recognising NPAs at 4 months overdue, one year ahead of the mandatory requirement. Also, standard assets provision has been made at 0.40% during the year which is mandatory only in March 2018. In the current year, your company has created an additional provision on standard assets on a prudent basis to cover the revised asset classification norms (3 months overdue), to the extent, to be complied by March 2018.

The PBT for the year was at ₹ 870.77 crores as against ₹ 657.22 crores in the previous year, recording a growth of 32%.

PAT grew by 31% and was at ₹ 568.45 crores for the year as compared to ₹ 435.16 crores in the previous year.

### DIVIDEND

The company paid a pro rata preferential dividend on 50,000,000, 1% CCPS of ₹ 100 each till the date of conversion of CCPS into equity shares as approved by the board on 2 September, 2015 and an interim dividend on the equity shares at the rate of 25% (₹ 2.50 per equity share) as approved by the board on 29 January, 2016 for the year ended 31 March, 2016.

Your directors are pleased to recommend a final dividend of 20% (₹ 2 per equity share) on the equity shares of the company. With this,

### CREDIT RATING

The credit rating details of the company as at 31 March, 2016 are as follows:

Rating Agency	Term	Type	Rating
ICRA	LT	NCD / SD / CC / TL	[ICRA]AA with Stable Outlook
	LT	PD	[ICRA]AA- with Stable Outlook
	ST	CP / WC DL	[ICRA]A1+
CRISIL	ST	CP	[CRISIL]A1+
	LT	SD	[CRISIL]AA / Stable®
CARE	LT	NCD / SD	CARE AA
	LT	PD	CARE AA-
INDIA Ratings	LT	SD	IND AA with Stable Outlook

NCD - Non Convertible Debentures

CC - Cash Credit

TL - Term Loan

CP - Commercial Paper

SD - Subordinated Debt

WC DL - Working Capital Demand Loan

PD - Perpetual Debt

LT - Long Term

ST - Short Term

The ratings as mentioned above were re-affirmed by the rating agency during FY 16.

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

the total dividend will be 45% (₹ 4.50 per equity share) for the year ended 31 March, 2016.

### TRANSFER TO RESERVES

Your company has transferred a sum of ₹ 120 crores to statutory reserve as required under the Reserve Bank of India Act, 1934 and ₹ 300 crores to general reserves.

### OUTLOOK

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

### FIXED DEPOSITS

The company is a Systemically Important Non-Deposit Accepting Non-Banking Finance Company (SI - ND - NBFC). It ceased taking deposits from the public effective 1 November, 2006. At the time of conversion, the outstanding unmatured deposits were transferred to an escrow account together with the future interest payable thereon till the date of maturity and were repaid on maturity. Accordingly, there have been no fresh deposits accepted during FY 16.

As at 31 March, 2016, there were 6 depositors whose deposits had matured but had not claimed the maturity amount aggregating to ₹ 1.08 lakhs (along with interest accrued). As a process, the company sends periodical reminders to these depositors before transferring the sums due to the investor education and protection fund (IEPF) under section 125 of the Companies Act, 2013 (the Act). During the year, the company remitted a sum of ₹ 7.12 lakhs to IEPF under this head representing unclaimed public deposits and interest thereon beyond seven years.

### ASSET FINANCE COMPANY

During the year, the company retained its categorisation as an Asset Finance Company (AFC) under the RBI Regulations.

### CAPITAL ADEQUACY

The company's capital adequacy ratio was at 19.68% as on 31 March, 2016 as against the statutory minimum capital adequacy of 15% prescribed by RBI.

### EMPLOYEE STOCK OPTION SCHEME

Pursuant to the approval accorded by the shareholders at the twenty ninth annual general meeting of the company held on 30 July, 2007, the nomination and remuneration committee had formulated the employee stock option scheme 2007 (ESOP 2007). During the year under review, there has been no changes in the scheme and the scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations) and the Act. The details of the scheme as on 31 March, 2016 are provided and disclosed on the website of the company (web link: <http://www.cholamandalam/esop.aspx>).

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

### DIRECTORS

The term of office of Mr. Indresh Narain, independent director of the company expired at the 37<sup>th</sup> AGM held on 31 July, 2015 and accordingly ceased to be a director. The board places on record its deep appreciation for the contributions made by Mr. Narain as a chairman of the audit committee and member of the Board and various committees during his tenure in office. Mr. M.M. Murugappan, director, retires by rotation at the ensuing annual general meeting and being eligible, has offered himself for re-appointment.

The term of office of Mr. Vellayan Subbiah, managing director of the company expired on 18 August, 2015 and being eligible, the board at its meeting held on 31 July, 2015 re-appointed Mr. Subbiah as the managing director of the company for a further period of 2 years with effect from 19 August, 2015 subject to the approval of the members at the ensuing general meeting of the company.

### DECLARATION FROM INDEPENDENT DIRECTORS

The independent directors (IDs) have submitted a declaration of independence, as required pursuant to section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149(6) of the Act. In the opinion of the board, these

IDs fulfill the conditions specified in the Act and the rules made thereunder for appointment as IDs and confirm that they are independent of the management.

### KEY MANAGERIAL PERSONNEL

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under section 134(5) of the Act, reporting the compliance with accounting standards, is attached and forms part of the board's report.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### CORPORATE GOVERNANCE REPORT

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

The managing director and the chief financial officer have submitted a certificate to the board regarding the financial statements and other matters as required under regulation 17(8) of the Listing Regulations.

### CONSOLIDATED FINANCIAL STATEMENTS

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



### AUDITORS

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

### SECRETARIAL AUDIT

Pursuant to the provisions of the Act and the rules framed thereunder, the company appointed M/s. R. Sridharan & Associates, company secretaries to undertake the secretarial audit of the company for FY 16. The audit report is attached and forms part of this report and does not contain any qualification.

### EXTRACT OF ANNUAL RETURN

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

### CORPORATE SOCIAL RESPONSIBILITY

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

The company has been carrying out corporate social responsibility (CSR) activities for many years now even before it was mandated under the Act. With the enactment of the CSR provisions in the Act, the company has put in place a CSR policy incorporating the requirements therein which is available on the company's website, [www.cholamandalam.com](http://www.cholamandalam.com).

As per the provisions of the Act, the company is required to spend at least 2% of the average net profits of the company made during the three immediately preceding financial years. This amount aggregated to ₹ 1,105 lakhs and the company entered into commitments with various NGOs to spend the entire amount. Out of the committed amount, the company spent ₹ 930 lakhs towards CSR activities during FY 16, the details of which are annexed to and form part of this report. In addition to this CSR spend, the company contributed ₹ 200 lakhs to Chief Minister's Public Relief Fund towards flood relief activity in Tamil Nadu

which does not qualify as a CSR spend under schedule VII of the Act. The company would be meeting its CSR obligations for FY 16 including the said sum.

### INTERNAL FINANCIAL CONTROLS

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

### RELATED PARTY TRANSACTIONS

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

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

All proposed related party transactions were placed before the audit committee for approval at the beginning of the financial year. The transactions entered into pursuant to the approval so granted were placed before the audit committee for its review and ratification for modifications, if any, on a quarterly basis. None of the directors has any pecuniary relationship or transaction vis-à-vis the company.

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

The company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to ₹ 1.15 crores was incurred during the year under review. Foreign currency remittances during the year was ₹ 5.19 crores towards preference and equity dividend and ₹ 2.24 crores towards purchase of fixed assets. The company does not have any foreign exchange earnings.

### PARTICULARS OF EMPLOYEES

In accordance with section 136 of the Act, the report and accounts is being sent to the members and others entitled thereto, excluding the statement prescribed under rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The aforesaid information is available for information at the registered office of the company during the

business hours on working days of the company. If any member is interested in obtaining a copy, such member may write to the company secretary in this regard.

#### **DISCLOSURE OF REMUNERATION**

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

#### **SUBSIDIARIES**

##### **CHOLAMANDALAM SECURITIES LIMITED (CSEC)**

CSEC recorded a gross income of ₹ 12.83 crores for the year ended 31 March, 2016 and made a PBT of ₹ 1.74 crores as against a PBT of ₹ 3.42 crores in the previous year.

##### **CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED (CDSL)**

CDSL recorded a gross income of ₹ 12.62 crores for the year ended 31 March, 2016 and made a PBT of ₹ 7.01 crores as against a PBT of ₹ 5.58 crores in the previous year.

During the year, CDSL was given an “in principle” approval by RBI to convert the company into a payments bank under the Guidelines for Licensing of Payments Bank. However, considering the challenges in the project and the changing landscape, leading to substantially higher investment over and above the regulatory capital requirement of ₹ 100 crores, longer gestation period to reach

profitable operations, the board decided not to proceed with the payments bank proposal. Accordingly, the “in principle” approval was surrendered to RBI in March 2016.

##### **WHITE DATA SYSTEMS INDIA PRIVATE LIMITED (WDSI)**

During the year, your company invested a sum of ₹ 8 crores in 1,275,917 equity shares of WDSI. Further to this, WDSI became a subsidiary of the company with effect from 16 March, 2016 with the aggregate equity holding of the company in WDSI constituting 63%.

WDSI had commenced operations in April 2015 and recorded a gross income of ₹ 0.04 crores for the period ended 31 March, 2016 with a loss before tax of ₹ 0.52 crores.

#### **ACKNOWLEDGEMENT**

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

On behalf of the board

Place : Chennai

Date : 29 April, 2016

**M.B.N. Rao**

*Chairman*

# Directors' Responsibility Statement

The board of directors have instituted / put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the internal, statutory and secretarial auditors.

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
- (ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2016 and of the profit of the company for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended 31 March, 2016; and
- (vi) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31 March, 2016.

On behalf of the board

Place : Chennai

Date : 29 April, 2016

**M.B.N. Rao**

*Chairman*

# Annexure-I

## Secretarial Audit Report

For the financial year ended 31 March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

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

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

Based on our verification of the company’s books, papers, minute books, forms and returns filed and other records maintained and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March, 2016 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31 March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable with effect from 15 May, 2015);
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The company has not delisted its securities from any of the Stock Exchanges in which it is listed during the period under review, hence the requirement of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise; and
- h) The company has not bought back any securities during the period under review, hence the requirement of complying with the provision of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise.
- (vi) Other Applicable Laws –
  - a) Reserve Bank of India Act, 1934, Rules, Regulations, guidelines, circulars, directions, notifications made thereunder.

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

With respect to Fiscal laws such as Income Tax, Professional Tax, Central Sales Tax, Local Sales Tax, etc., based on the information and explanation provided to us by the management and officers of the company and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India applicable with effect from 1 July, 2015.
- (ii) The Listing Agreements entered into by the company with BSE Limited and the National Stock Exchange of India Limited and the Uniform Listing Agreement entered with the said stock exchanges pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 1 December, 2015).

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

**We further report that:**

The board of directors of the company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. The changes in the composition of the board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before schedule of the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. For agenda / notes on agenda which are circulated less than the specified period, the necessary compliances under the Act and Secretarial Standards on Board Meeting are complied with. There are certain businesses which can be transacted through video conferencing / audio visual means as provided under

the Act and the relevant Rules made there under. Such meetings of board through video conferencing were properly convened and recorded in compliance with the provisions of section 173 (2) of the Act read with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the board of directors / committee members and no director / member dissented on the decisions taken at such board / committee meeting. Further, in the minutes of the general meeting, the number of votes cast against the resolutions has been recorded.

**We further report that** based on review of compliance mechanism established by the company and on basis of our review and audit of the records and books we are of the opinion that the company has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws including labour laws, rules, regulations and guidelines.

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

- a) Converted its 1% compulsorily convertible preference shares (CCPS) held by M/s. Dynasty Acquisition (FDI) Ltd. into 12,285,012 equity shares of ₹ 10/- each at a conversion price of ₹ 407/- (including a premium of ₹ 397/-) per equity share on 2 September, 2015.
- b) Received an "In Principle" approval for setting up a Payments Bank from RBI vide letter dated 19 August, 2015 through its wholly owned subsidiary, M/s. Cholamandalam Distribution Services Limited and the same was surrendered to RBI during March 2016 consequent to the decision of the board not to pursue the opportunity.
- c) Further to the approval of the board at its meeting held on 23 December, 2015 invested a sum of ₹ 8 crores in 1,275,917 equity shares of M/s. White Data Systems India Private Limited (WDSI). Further to this, WDSI has become a subsidiary of the company with effect from 16 March, 2016 with the aggregate holding of the company in WDSI constituting 63%.
- d) Issued secured redeemable non-convertible debentures for ₹ 2,630.80 crores.
- e) Redeemed secured redeemable non-convertible debentures for ₹ 1,752.90 crores.

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

**CS R. Sridharan**

CP No. 3239

FCS No. 4775

Place: Chennai

Date : 29 April, 2016

# Annexure-II

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

As on the financial year ended 31 March, 2016

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

### I. REGISTRATION AND OTHER DETAILS

<b>Corporate Identification Number (CIN)</b>	L65993TN1978PLC007576
<b>Registration Date</b>	17 August, 1978
<b>Name of the Company</b>	Cholamandalam Investment and Finance Company Limited
<b>Category / Sub-Category of the Company</b>	Public Company / Limited by shares
<b>Address of the Registered office and contact details</b>	"Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai 600 001 Phone: 044 30007172 (bd.) 30007055 (d); Fax: 044 25346464 E-mail: sujathap@chola.murugappa.com investors@chola.murugappa.com
<b>Listed company (Yes / No)</b>	Yes
<b>Name, address and contact details of Registrar and transfer agent, if any</b>	Karvy Computershare Pvt. Ltd. (Unit: Cholamandalam Investment and Finance Company Limited) Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad - 500 032, A.P. Phone: 040-67161514; Fax: 040-23420814 E-mail: einward.ris@karvy.com Contact person: Mrs. Varalakshmi P - Asst. General Manager - RIS

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and description of main products / services	NIC code of the product / service*	% to total turnover of the company
1	Financial services – Lending	Section K – Group 649 – Other Financial Service activities, except insurance and pension funding activities	100

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

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

S. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Tube Investments of India Limited (TII) Dare House, No. 234, N.S.C. Bose Road, Parrys, Chennai 600 001	L35921TN1949PLC002905	Holding company – From 1 April to 1 September, 2015	50.24%	Section 2(46)
	Tube Investments of India Limited (TII) Dare House, No. 234, N.S.C. Bose Road, Parrys, Chennai 600 001	L35921TN1949PLC002905	Entity having significant influence over the company – Effective 2 September, 2015*	46.26%*	Section 2(6)
2	Cholamandalam Securities Limited Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001	U65993TN1994PLC028674	Subsidiary company	100.00%	Section 2(87)

S. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
3	Cholamandalam Distribution Services Limited Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001	U67190TN2000PLC045617	Subsidiary company	100.00%	Section 2(87)
4	White Data Systems India Private Limited (WDSI) Old No.24, New No.39, Periaswamy Road, (East), R S Puram, Coimbatore 641 002	U72200TZ2015PTC021273	Subsidiary company**	63.00%	Section 2(87)

\* Consequent to the conversion of compulsorily convertible preference shares into equity shares, % of shares held by TII reduced from 50.24% to 46.26% and accordingly the company ceased to be a subsidiary of TII w.e.f. 2 September, 2015.

\*\* WDSI has become a subsidiary of the company w.e.f. 16 March, 2016.

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding

S. No.	Category of Shareholders	No. of Shares held at the beginning of the year (01-APR-2015)				No. of Shares held at the end of the year (31-MAR-2016)				% Change during the year
		Demat	Physical	Total No. of Shares	% to Total No. of Shares	Demat	Physical	Total No. of Shares	% to Total No. of Shares	
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
<b>(1)</b>	<b>INDIAN</b>									
(a)	Individuals / HUF	3,277,900	-	3,277,900	2.28	3,009,375	-	3,009,375	1.93	-0.35
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	79,687,304	-	79,687,304	55.47	79,971,509	-	79,971,509	51.22	-4.25
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other:	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1):</b>	<b>82,965,204</b>	<b>-</b>	<b>82,965,204</b>	<b>57.75</b>	<b>82,980,884</b>	<b>-</b>	<b>82,980,884</b>	<b>53.14</b>	<b>-4.61</b>
<b>(2)</b>	<b>FOREIGN</b>									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other:	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group A = A(1)+A(2)</b>	<b>82,965,204</b>	<b>-</b>	<b>82,965,204</b>	<b>57.75</b>	<b>82,980,884</b>	<b>-</b>	<b>82,980,884</b>	<b>53.14</b>	<b>-4.61</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>(1)</b>	<b>INSTITUTIONS</b>									
(a)	Mutual Funds / UTI	11,581,624	100	11,581,724	8.06	15,357,923	100	15,358,023	9.84	1.77
(b)	Banks / Financial Institutions	9,726	50	9,776	0.01	18,257	50	18,307	0.01	-
(c)	Central Government	-	-	-	-	-	-	-	-	-

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

S. No.	Category of Shareholders	No. of Shares held at the beginning of the year (01-APR-2015)				No. of Shares held at the end of the year (31-MAR-2016)				% Change during the year
		Demat	Physical	Total No. of Shares	% to Total No. of Shares	Demat	Physical	Total No. of Shares	% to Total No. of Shares	
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors	24,268,422	100	24,268,522	16.89	23,849,622	100	23,849,722	15.27	-1.62
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other:									
	- Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
	- Multilateral Financial Institution	5,915,676	-	5,915,676	4.12	5,915,676	-	5,915,676	3.79	-0.33
	- Foreign Corporate Bodies	8,714,363	-	8,714,363	6.07	4,458,189	-	4,458,189	2.86	-3.21
	- Foreign Nationals	-	-	-	-	10,912	-	10,912	0.01	0.01
	<b>Sub-Total B(1):</b>	<b>50,489,811</b>	<b>250</b>	<b>50,490,061</b>	<b>35.14</b>	<b>49,610,579</b>	<b>250</b>	<b>49,610,829</b>	<b>31.78</b>	<b>-3.36</b>
<b>(2)</b>	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate									
	(i) Indian	2,244,337	5,261	2,249,598	1.57	2,417,262	5,261	24,22,523	1.55	-0.02
	(ii) Overseas	-	-	-	-	12,285,012	-	12,285,012	7.87	7.87
(b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,163,155	492,080	4,655,235	3.24	4,310,302	471,146	4,781,448	3.06	-0.18
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,654,212	-	2,654,212	1.85	2,577,165	-	2,577,165	1.65	-0.20
(c)	Any Other:									
	Non Resident Indians	430,674	13,306	443,980	0.31	490,690	13,206	503,896	0.32	0.01
	Trust	200,980	-	200,980	0.14	324,201	-	324,201	0.21	0.07
	Clearing Members	9,933	-	9,933	0.01	659,686	-	659,686	0.42	0.41
	<b>Sub-Total B(2):</b>	<b>9,703,291</b>	<b>510,647</b>	<b>10,213,938</b>	<b>7.11</b>	<b>23,064,318</b>	<b>489,613</b>	<b>23,553,931</b>	<b>15.08</b>	<b>7.98</b>
	<b>Total Public Shareholding B=B(1)+B(2):</b>	<b>60,193,102</b>	<b>510,897</b>	<b>60,703,999</b>	<b>42.25</b>	<b>72,674,897</b>	<b>489,863</b>	<b>73,164,760</b>	<b>46.86</b>	<b>4.61</b>
	<b>Total (A+B):</b>	<b>143,158,306</b>	<b>510,897</b>	<b>143,669,203</b>	<b>100.00</b>	<b>155,655,781</b>	<b>489,863</b>	<b>156,145,644</b>	<b>100.00</b>	<b>-</b>
(C)	Shares held by custodians, for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (C):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL (A+B+C):</b>	<b>143,158,306</b>	<b>510,897</b>	<b>143,669,203</b>	<b>100.00</b>	<b>155,655,781</b>	<b>489,863</b>	<b>156,145,644</b>	<b>100.00</b>	<b>-</b>



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

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
	<b>PROMOTERS</b>							
1.	M.V. Murugappan	236,250	0.16	-	236,250	0.15	-	-
2.	M.V. Subbiah	152,578	0.11	-	152,578	0.10	-	-
3.	S. Vellayan	245,493	0.17	-	245,493	0.16	-	-
4.	A. Vellayan	27,157	0.02	-	27,157	0.02	-	-
5.	V. Narayanan	50,800	0.04	-	50,800	0.03	-	-
6.	V. Arunachalam	48,503	0.03	-	48,503	0.03	-	-
7.	A. Venkatachalam	41,921	0.03	-	41,921	0.03	-	-
8.	Arun Venkatachalam	80,750	0.06	-	80,750	0.05	-	-
9.	M.M. Murugappan	8,748	0.01	-	8,748	0.01	-	-
10.	M.M. Veerappan	9,211	0.01	-	9,211	0.01	-	-
11.	M.M. Muthiah	9,211	0.01	-	9,211	0.01	-	-
12.	M.M. Venkatachalam	65,525	0.05	-	65,525	0.04	-	-
13.	M.V. Muthiah	29,301	0.02	-	29,301	0.02	-	-
14.	M.V. Subramanian	7,153	0.00	-	7,153	0.00	-	-
15.	M.A. Alagappan	563,546	0.39	-	563,546	0.36	-	-
16.	Arun Alagappan	190,000	0.13	-	190,000	0.12	-	-
17.	M.A.M. Arunachalam	39,376	0.03	-	39,376	0.03	0.02	-
18.	E.I.D. Parry (India) Ltd.	393	0.00	-	393	0.00	-	-
19.	Coromandel International Ltd. (Earlier known as Coromandel Fertilisers Ltd.)	-	-	-	-	-	-	-
20.	New Ambadi Estates Pvt. Ltd.	-	-	-	-	-	-	-
21.	Murugappa Holdings Ltd. (Formerly Parry Agro Industries Ltd.)	176	0.00	-	176	0.00	-	-
22.	Ambadi Enterprises Ltd.	58,276	0.04	-	58,276	0.04	-	-
23.	Ambadi Investments Pvt Ltd.	-	-	-	-	-	-	-
24.	Tube Investments of India Ltd.	72,233,019	50.28	-	72,233,019	46.26	-	-
25.	Carborundum Universal Ltd.	100	0.00	-	100	0.00	-	-
26.	Murugappa & Sons (M.V. Murugappan, M.A. Alagappan and M.M. Murugappan hold shares on behalf of the Firm)	-	-	-	-	-	-	-
	<b>PROMOTER (A)</b>	<b>74,097,487</b>	<b>51.58</b>	<b>-</b>	<b>74,097,487</b>	<b>47.45</b>	<b>0.02</b>	
	<b>PROMOTER GROUP (B)</b>	<b>8,867,717</b>	<b>6.17</b>	<b>-</b>	<b>8,883,397</b>	<b>5.69</b>	<b>0.02</b>	
	<b>TOTAL (A)+(B)</b>	<b>82,965,204</b>	<b>57.75</b>	<b>-</b>	<b>829,80,884</b>	<b>53.14</b>	<b>0.02</b>	

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

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year - promoter and promoter group	82,965,204	57.75	82,965,204	57.75
2.	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease				
	2-Sep-2015 – (Refer Note 1)	-	-	82,965,204	53.16
	3-Sep-2015 – Market purchase	-	-	82,966,169	53.16
	23-Dec-2015 – Acquisition by way of gift (Refer Note 2)	-	-	82,980,884	53.16
3.	At the end of the year - promoter and promoter group			82,980,884	53.14

**Notes:**

- Consequent to the conversion of compulsorily convertible preference shares (CCPS) into 12,285,012 equity shares issued to Dynasty Acquisition (FDI) Ltd., % of promoter / promoter group holdings decreased to 53.16% effective 2 September, 2015.
- Ms. Valli Murugappan, part of the promoter group acquired 14,713 equity shares by way of gift from an immediate relative.
- Ms. Keertika Unnamalai sold 1,500 equity shares and M.A. Alagappan Grand Children Trust bought 1,500 equity shares on 28 March, 2016. Since the transaction was within the promoter group and there was no change in the promoters' shareholding, the same is not specified above.
- During FY 16, in addition to the aforesaid changes, the decrease in % of total holdings from 57.75% to 53.14% includes a drop consequent to the ESOP allotment of 191,429 shares.

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

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Norwest Venture Partners X FII - Mauritius	7,082,726	4.93	01-04-2015		No movement during the year		
		7,082,726	4.54	31-03-2016			7,082,726	4.54
2	Creador I, LLC	6,627,727	4.61	01-04-2015				
				23-10-2015	(2,400,000)	Sale	4,227,727	2.71
		4,227,727	2.71	31-03-2016			4,227,727	2.71
3	Amansa Holdings Private Limited	6,144,336	4.28	01-04-2015				
				22-01-2016	(200,000)	Sale	5,944,336	3.81
				12-02-2016	(144,336)	Sale	5,800,000	3.72
		5,800,000	3.72	31-03-2016			5,800,000	3.72
4	International Finance Corporation	5,915,676	4.12	01-04-2015		No movement during the year		
		5,915,676	3.79	31-03-2016	-		5,915,676	3.79

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
5	HSBC Bank (Mauritius) Limited A/C Jwalamukhi Investment Holdings	3,122,828	2.17	01-04-2015				
				07-08-2015	(238,201)	Sale	2,884,627	2.01
				14-08-2015	(13,789)	Sale	2,870,838	2.00
				21-08-2015	(14,620)	Sale	2,856,218	1.99
				31-12-2015	(300,000)	Sale	2,556,218	1.63
				08-01-2016	(315,562)	Sale	2,240,656	1.44
				12-02-2016	(1,300,000)	Sale	940,656	0.60
				31-03-2016	(225,000)	Sale	715,656	0.46
		715,656	0.46	31-03-2016			715,656	0.46
6	Cornalina Acquisition (FII) Limited [Formerly APAX VIII GP Co. Limited A/C Cornalina Acquisition (FII) Limited]	2,957,838	2.06	01-04-2015		No movement during the year		
		2,957,838	1.89	31-03-2016	-		2,957,838	1.89
7	HDFC Small & Midcap Fund	2,960,000	2.06	01-04-2015				
				10-04-2015	60,000	Purchase	2,720,000	1.89
				01-05-2015	80,000	Purchase	2,800,000	1.95
				08-05-2015	50,000	Purchase	2,850,000	1.98
				15-05-2015	50,000	Purchase	2,900,000	2.02
				04-09-2015	50,000	Purchase	2,950,000	1.89
				15-01-2016	700	Purchase	2,950,700	1.89
				12-02-2016	807,000	Purchase	4,057,700	2.60
				19-02-2016	96,000	Purchase	4,153,700	2.66
				26-02-2016	4,100	Purchase	4,157,800	2.66
		04-03-2016	35,000	Purchase	4,192,800	2.69		
		4,192,800	2.69	31-03-2016			4,192,800	2.69
8	Aquarius Investments Ltd.	2,086,636	1.45	01-04-2015				
				06-11-2015	(417,712)	Sale	1,668,924	1.07
				27-11-2015	(576,623)	Sale	1,092,301	0.70
				04-12-2015	(40,250)	Sale	1,052,051	0.67
				25-12-2015	(20,585)	Sale	1,031,466	0.66
				31-12-2015	(15,375)	Sale	1,016,091	0.65
				08-01-2016	(1,656)	Sale	1,014,435	0.65
				15-01-2016	(14,435)	Sale	1,000,000	0.64
				12-02-2016	(150,000)	Sale	850,000	0.54
				19-02-2016	(12,501)	Sale	837,499	0.54
				31-03-2016	(607,037)	Sale	230,462	0.15
		230,462	0.15	31-03-2016			230,462	0.15
9	APAX Global Alpha Limited	-	-	01-04-2015				
				18-09-2015	1,311,905	Purchase	1,311,905	0.91
		1,311,905	0.91	31-03-2016			1,311,905	0.91

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
10	Dynasty Acquisition (FDI) Ltd	-	-	01-04-2015				
				02-09-2015	12,285,012	Conversion of CCPS into equity shares	12,285,012	7.87
		12,285,012	7.87	31-03-2016			12,285,012	7.87
11	SBI Magnum Global Fund	3,881,948	2.70	01-04-2015				
				17-04-2015	16,500	Purchase	3,898,448	2.71
				24-04-2015	31,500	Purchase	3,929,948	2.73
				01-05-2015	(440,000)	Sale	3,489,948	2.43
				08-05-2015	390,000	Purchase	3,879,948	2.70
				15-05-2015	(60,000)	Sale	3,819,948	2.66
				29-05-2015	3,100	Purchase	3,823,048	2.66
				05-06-2015	6,400	Purchase	3,829,448	2.66
				17-07-2015	(23,147)	Sale	3,806,301	2.65
				14-08-2015	(3,422)	Sale	3,802,879	2.65
				21-08-2015	2,800	Purchase	3,805,679	2.65
				28-08-2015	16,352	Purchase	3,822,031	2.66
				28-08-2015	(16,578)	Sale	3,805,453	2.65
				04-09-2015	3,748	Purchase	3,809,201	2.44
				04-09-2015	(770,000)	Sale	3,039,201	1.95
				16-10-2015	300,000	Purchase	3,339,201	2.14
				23-10-2015	1,032,000	Purchase	4,371,201	2.80
				30-10-2015	(80,000)	Sale	4,291,201	2.75
				13-11-2015	2,344	Purchase	4,293,545	2.75
				20-11-2015	17,656	Purchase	4,311,201	2.76
				27-11-2015	(100,000)	Sale	4,211,201	2.70
				04-12-2015	(26,566)	Sale	4,184,635	2.68
				25-12-2015	25,300	Purchase	4,209,935	2.70
				25-12-2015	(143,434)	Sale	4,066,501	2.60
				29-01-2016	(2,053)	Sale	4,064,448	2.60
				05-02-2016	2,800	Purchase	4,067,248	2.61
				05-02-2016	(27,947)	Sale	4,039,301	2.59
		12-02-2016	70,700	Purchase	4,110,001	2.63		
		19-02-2016	(190,000)	Sale	3,920,001	2.51		
		26-02-2016	(36,561)	Sale	3,883,440	2.49		
		04-03-2016	(24,300)	Sale	3,859,140	2.47		
		11-03-2016	10,000	Purchase	3,869,140	2.48		
		11-03-2016	(7,500)	Sale	3,861,640	2.47		
		18-03-2016	(3,800)	Sale	3,857,840	2.47		
		31-03-2016	200,000	Purchase	4,057,840	2.60		
		4,057,840	2.60	31-03-2016			4,057,840	2.60

S. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
12	UTI-Equity Tax Savings Plan	1,308,443	0.91	01-04-2015				
				08-05-2015	(159)	Sale	1,308,284	0.91
				15-05-2015	(26,566)	Sale	1,281,718	0.89
				22-05-2015	(331)	Sale	1,281,387	0.89
				29-05-2015	(46,711)	Sale	1,234,676	0.86
				05-06-2015	(5,651)	Sale	1,229,025	0.86
				12-06-2015	(56,350)	Sale	1,172,675	0.82
				11-09-2015	697,541	Purchase	1,870,216	1.30
				23-10-2015	(15,496)	Sale	1,854,720	1.19
				04-12-2015	(183)	Sale	1,854,537	1.19
				11-12-2015	(305)	Sale	1,854,232	1.19
				31-12-2015	(25,000)	Sale	1,829,232	1.17
				01-01-2016	(904)	Sale	1,828,328	1.17
				08-01-2016	14,358	Purchase	1,842,686	1.18
				15-01-2016	3,914	Purchase	1,846,600	1.18
				22-01-2016	46,000	Purchase	1,892,600	1.21
				29-01-2016	30,000	Purchase	1,922,600	1.23
				29-01-2016	(34,510)	Sale	1,888,090	1.21
				05-02-2016	(1,559)	Sale	1,886,531	1.21
				19-02-2016	100,000	Purchase	1,986,531	1.27
		04-03-2016	(692)	Sale	1,985,839	1.27		
		18-03-2016	50,926	Purchase	2,036,765	1.30		
		2,036,765	1.30	31-03-2016			2,036,765	1.30

**Notes:**

- The shares of the company are traded on a daily basis and hence the dates above refer to the benpos date.
- The above list comprises Top 10 shareholders as on 01-04-2015 and as on 31-03-2016.

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

S. No.	Name of the Director / KMP	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		End of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Directors:</b>								
1.	Mr. M.B.N. Rao	At the beginning – 01.04.2015 & end of the year – 31.03.2016  (No change in the shareholding position during the year)	NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
2.	Mr. N. Srinivasan		25,000	0.02	25,000	0.02	25,000	0.02
3.	Mr. Indresh Narain®		NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
4.	Mr. V. Srinivasa Rangan		4,000	0.003	4,000	0.003	4,000	0.003
5.	Mr. Nalin Mansukhlal Shah		NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
6.	Ms. Bharati Rao		NIL	Not applicable	NIL	Not applicable	NIL	Not applicable
7.	Mr. M.M. Murugappan		8,748	0.006	8,748	0.006	8,748	0.006
8.	Mr. Vellayan Subbiah		245,493	0.17	245,493	0.17	245,493	0.16

@ Retired as a director effective 31 July, 2015.

S. No.	Name of the Director / KMP	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		End of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>KMP:</b>							
9. a)	Mr. D. Arul Selvan	At the beginning - 01.04.2015	22,000	0.015				
b)		08.04.2015			5,000 – ESOP Allotment			
c)		20.08.2015			4,496 – ESOP Allotment			
d)		19.12.2015			(1,345) – Market Sale			
e)		15.02.2016			(5,000) – Market Sale			
f)		31.03.2016			(3,000) – Market Sale		22,151	0.01
		As at the end of the year – 31.03.2016					22,151	0.01
10. a)		Ms. P. Sujatha	At the beginning – 01.04.2015	9,000	0.006			
b)	29.04.2015				10,000 – ESOP Allotment			
c)	20.08.2015				1,527 – ESOP Allotment		20,527	0.01
	As at the end of the year – 31.03.2016						20,527	0.01

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	1,636,904.02	310,620.00	7.48	1,947,531.50
ii. Interest due but not paid	-	-	0.96	0.96
iii. Interest accrued but not due	26,604.21	14,662.64	-	41,266.85
<b>Total (i+ii+iii)</b>	<b>1,663,508.23</b>	<b>325,282.64</b>	<b>8.44</b>	<b>1,988,799.31</b>
Change in indebtedness during the financial year				
• Addition	845,080.00	926,600.00	-	1,771,680.00
• Reduction	770,832.38	690,750.00	7.21	1,461,589.59
Net Change	<b>74,247.62</b>	<b>235,850.00</b>	<b>(7.21)</b>	<b>310,090.41</b>
Indebtedness at the end of the financial year				
i. Principal Amount	1,711,151.64	546,470.00	1.19	2,257,622.83
ii. Interest due but not paid	-	-	0.04	0.04
iii. Interest accrued but not due	22,620.42	28,220.68	-	50,841.10
<b>Total (i+ii+iii)</b>	<b>1,733,772.06</b>	<b>574,690.68</b>	<b>1.23</b>	<b>2,308,463.97</b>

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

S. No.	Particulars of Remuneration	Vellayan Subbiah, Managing Director (₹ in lakhs)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	278.38
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	24.06
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	23.06
	<b>Total (A)</b>	<b>325.50</b>
	Ceiling as per the Act	4,353.84

**B. Remuneration to other directors**

S. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹ in lakhs)
1.	<b>Independent Directors</b>	<b>M.B.N. Rao</b>	<b>Indresh Narain*</b>	<b>V. Srinivasa Rangan</b>	<b>Nalin Mansukhlal Shah</b>	<b>Bharati Rao</b>	
	- Fee for attending board / committee meetings	3.05	1.70	3.50	3.60	2.40	14.25
	- Commission	15.00	2.51	7.50	7.50	7.50	40.01
	- Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>18.05</b>	<b>4.21</b>	<b>11.00</b>	<b>11.10</b>	<b>9.90</b>	<b>54.26</b>
2.	<b>Other Non-Executive Directors</b>	<b>N. Srinivasan</b>	<b>M.M. Murugappan</b>				<b>Total Amount (₹ in lakhs)</b>
	- Fee for attending board committee meetings	3.45	2.70				6.15
	- Commission	7.50	7.50				15.00
	- Others, please specify	-	-				-
	<b>Total (2)</b>	<b>10.95</b>	<b>10.20</b>				<b>21.15</b>
	<b>Total (B)=(1+2)</b>						<b>75.41</b>
	<b>Total Managerial Remuneration</b>						<b>75.41</b>
	Overall Ceiling as per the Act						870.77

\* Retired as a director effective 31 July, 2015.

**Note:**

The above indicates the commission payable for FY 16 and will be paid after adoption of accounts by the shareholders at the annual general meeting.

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

(₹ in lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	73.68	80.22	153.90
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961			
	i) ESOP perquisite*	48.95	21.35	70.30
	ii) Other perquisite	2.91	3.92	6.83
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option®			
	a. Allotment of Shares (including premium)	20.59	17.81	38.40
	b. Share application money pending allotment	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	– as % of profit	-	-	-
	– others, specify	-	-	-
5.	Others, please specify	7.20	9.20	16.40
	<b>Total</b>	<b>132.74</b>	<b>114.69</b>	<b>247.43</b>

\* There is no cost to the company.

® Total does not include the value of stock option.

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

There were no penalties, punishment or compounding of offences during the year ended 31 March, 2016.



# Annexure-III

## CSR Report

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

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

The company was always contributing to CSR activities much before it was even mandated under the Companies Act, 2013. Continuing its legacy of being a responsible corporate citizen, after the Act came into force, the company took forward the tradition of positively impacting lives, by its endeavours in the areas of:

- Education
- Employability and Livelihoods
- Healthcare
- Water and Sanitation

With its strong belief that social responsibility should be carried out as a blended activity along with business and not just as a mere obligation, the company tries its best to involve itself in nation building through dedicated efforts of educating and empowering people, especially the disadvantaged.

The projects are identified carefully in the business operational geographies, in a participatory mode, protecting and taking the interests of all the stakeholders concerned.

The company partners with similar thinking, well-meaning

and reputed agencies like academic institutions, community based organisations and government agencies. Through these agencies, the company assesses the needs of the community, engages the community in a participatory manner, especially the influencers and the beneficiaries and ensures that the right intervention is extended. Projects thus identified through such a consensus process are designed, developed, prioritised and implemented in a focused manner.

The company supports the society, in making a measurable and positive difference, to improve the living quality and thus enabling the people enter a better life.

**Web link to the company's CSR policy is as follows:**

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

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

Mr. M M Murugappan, Chairman (Non-executive Director)  
 Ms. Bharati Rao (Independent Director)  
 Mr. Vellayan Subbiah (Managing Director)

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

₹ 55,274.22 lakhs

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

₹ 1,105 lakhs

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

Nature of Activity	Partner Entity	Amount (₹ in lakhs)
Health Care - Renovation and Expansion of Hospital - Chennai	A.M.M. Foundation (AMM)	450
Research on agricultural practices for small land holding farmers	Shri AMM Murugappa Chettiar Research Centre (MCRC)	103
Technology Incubators	Indian Institute of Technology, Madras (IIT-Madras)	100

## 5. Details of CSR spend during the financial year: (Contd.)

Nature of Activity	Partner Entity	Amount (₹ in lakhs)
Sanitation facility for farming community	Bala Vikasa Social Service Society (Bala Vikasa)	87
Skill Development	National Skill Development Corporation (NSDC)	50
Sanitation facilities for truck drivers	Sulabh International Social Service Organisation (Sulabh International)	50
Education for Rural Children	Isha Education	33
Protecting Heritage, Art and Culture	Madras Craft Foundation	25
Student Scholarships	The Little Theatre	3
Student Scholarships	AID India	3
Student Scholarships	Christel House India	2
Consultancy Charges	Mr. Hemantha Pamarthy	14
Salary, travel & other charges	Mr. Mohamed Muavia, CSR Staff	10
<b>TOTAL</b> (Eligible projects as per Companies Act, 2013)		<b>930</b>
Tamil Nadu floods relief activities*	Chief Minister's Public Relief Fund*	200
<b>Grand Total</b>		<b>1,130</b>

\* Consequent to the unprecedented rains and subsequent floods in Chennai and parts of Tamil Nadu causing serious disruptions, the company contributed ₹ 200 lakhs to Chief Minister's Public Relief Fund towards flood relief activity in Tamil Nadu.

a. Total amount to be spent for the financial year: ₹ 1,105 lakhs

b. Amount unspent, if any: Nil

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

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) projects or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct (D) or through implementing agency (IA)
				(₹ in lakhs)			
1	Renovation and Expansion of Sir Ivan Stedeford Hospital	Health Care	Ambattur, Chennai	450	450	450	IA
2	Research and Development on Sustainable Agricultural practices for small land holding farmers	Rural Development	Tamil Nadu (Kancheepuram, Villupuram, Cuddalore, Sivaganga, Pudukkottai, Perambalur, Karur, Dindigul, Coimbatore districts) and Pondicherry	103	103	103	IA
3	Technology Incubation Projects	Education	Chennai	100	100	100	IA
4	Sanitation facility for farming community (Swaccha Karimnagar)	Healthcare	Telangana state (Karimnagar District)	87	87	87	IA
5	Skill development of underprivileged youth	Skill Development	Madhya Pradesh, Maharashtra (Vidarbha) and Tamil Nadu	50	50	50	IA
6	Sanitation facilities	Healthcare	Chhattisgarh (Raipur and Bhilai)	50	50	50	IA

**c. Manner in which the amount spent during the financial year is detailed below: (Contd.)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct (D) or through implementing agency (IA)
(₹ in lakhs)							
7	Education for Rural Children	Education	Salem	33	33	33	IA
8	Protecting Heritage, Art and Culture	Education	Chennai	25	25	25	IA
9	Student Scholarships	Education	Chennai	3	3	3	IA
10	Student Scholarships	Education	Chennai	3	3	3	IA
11	Student Scholarships	Education	Chennai	2	2	2	IA
12	Chennai floods relief activities	Healthcare	Chennai	200	200	200	-
13	Consultancy charges		Chennai	14	14	14	D
14	Salary, travel & other administration overheads		Chennai	10	10	10	D
	<b>TOTAL</b>			<b>1,130</b>	<b>1,130</b>	<b>1,130</b>	

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

For the FY 16, the company has spent an aggregate sum of ₹ 1,130 lakhs as against the required sum of ₹ 1,105 lakhs. However, the contribution to Chief Minister's Public Relief Fund of ₹ 200 lakhs does not qualify as a CSR spend under schedule VII of the Companies Act, 2013. The company would be meeting its CSR obligations for the FY 16 including the said sum.

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

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

On behalf of the board

Place : Chennai  
Date : 29 April, 2016

**Vellayan Subbiah**  
Managing Director

**M. M. Murugappan**  
Chairman – CSR Committee

## Annexure-IV

Information under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the board's report for the year ended March 31, 2016

Nature of Disclosure	Particulars		
a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<b>Name of the Director / Designation</b>	<b>% increase of remuneration in 2016 as compared to 2015</b>	<b>Ratio of Remuneration to Median Remuneration of employees</b>
	Mr. M.B.N. Rao, Non-executive / Independent Chairman	-6.65%	2.93:1
	Mr. Indresh Narain, Non-executive / Independent Director (Refer Note 1)	-148.40%	0.68:1
	Mr. N. Srinivasan, Non-executive / Vice Chairman	-3.65%	1.78:1
	Mr. V. Srinivasa Rangan, Non-executive / Independent Director	1.82%	1.79:1
	Mr. Nalin Mansukhlal Shah, Non-executive / Independent Director	3.15%	1.80:1
	Ms. Bharati Rao, Non-executive / Independent Director (Refer Note 2)	41.78%	1.61:1
	Mr. M.M. Murugappan, Non-executive Director (Refer Note 3)	84.66%	1.66:1
	Mr. Vellayan Subbiah, Managing Director	8.25%	52.90:1
b) Percentage increase in remuneration of CFO, CS in the financial year	<b>Name of the KMP / Designation</b>	<b>% increase in remuneration in 2016 as compared to 2015 (Refer Note 4)</b>	
	Mr. D. Arul Selvan, Chief Financial Officer	12.19%	
	Ms. P. Sujatha, Company Secretary	6.00%	
c) Percentage increase in median remuneration of employees in the financial year	12.30% decrease in median remuneration considering employees who were in employment for the whole of FY 15 and FY 16. The company increased the strength of its entry level field staff significantly as compared to supervisory / managerial personnel resulting in drop in median salary over the previous year.		
d) Number of permanent employees on the rolls of company (as of 31 March, 2016)	2,789		
e) Explanation on the relationship between average increase in remuneration and company performance	The average increase in remuneration is 14% for employees who were in the employment for whole of FY 16 and FY 15. The improvement in company's performance on key parameters (as compared to previous year) was as follows: Operating Income : 13.60%      PBT : 32.49% Net Margin : 23.79%      PAT: 30.63%		
f) Comparison of the remuneration of the KMP against performance of the company	Aggregate KMP remuneration as a % of PBT for FY 16 was 0.58%		

g) Variations in the market capitalisation of the company, price earning ratio as at the closing date of the current financial year and previous financial year & percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies	Market capitalisation increased from ₹ 8,442 crores as of FY 15 to ₹ 11,140 crores as of FY 16. The stock price of the company as of FY 16 has increased by 613% to ₹ 713.45 over the last public offering in 1995 at a price of ₹ 100 per share.		
h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than managerial personnel who were in employment for the whole of FY 15 and FY 16, the average increase is 14%. The average increase for managerial personnel (MD) is 8.25%.		
i) Comparison of each remuneration of the KMP against the performance of the company	<b>Key Managerial Personnel</b>	<b>Remuneration as a % of PBT (2015-16)</b>	<b>Remuneration as a % of PBT (2014-15)</b>
	Mr. D. Arul Selvan, Chief Financial Officer	0.11%	0.12%
	Ms. P. Sujatha, Company Secretary	0.10%	0.12%
	Mr. Vellayan Subbiah, Managing Director	0.37%	0.45%
j) The key parameters for any variable component of remuneration availed by the directors	<p><b>Managing Director:</b> The Remuneration payable to MD includes annual incentive which is subject to achievement of the balanced score card parameters set at the beginning of the financial year. The parameters span four perspectives, viz., a. Financial; b. Customer; c. Internal business; d. Learning and Growth. Individual parameters are defined and measured against each of these perspectives and the annual incentive is paid basis the scores achieved at the year end as determined by the nomination and remuneration committee.</p> <p><b>Other Directors:</b> The sitting fee is a fixed fee paid basis the Directors attendance at a meeting of the Board/committee. Further, a variable commission is paid to non-executive directors subject to a maximum of 1% taking into consideration various factors such as performance of the company, time devoted by the directors in attending to the affairs and business of the company.</p>		
k) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not applicable		
l) Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is in line with the remuneration policy of the company.		

**Notes:**

1. Mr. Indresh Narain's term of office expired at the 37<sup>th</sup> AGM held on 31 July, 2015 and accordingly ceased to be a director. Hence, the decrease in the percentage disclosed.
2. Ms. Bharati Rao was appointed as an additional director at the adjourned board meeting held on 31 July, 2014. Further, Ms. Rao was appointed as a member of Corporate Social Responsibility (CSR), Nomination and Remuneration Committee (NRC) & Audit Committee (AC) at the Board meeting held on 31 July, 2015 and hence the increase in the % of remuneration in FY 16 as compared to FY 15.
3. Mr. M.M. Murugappan was appointed as an additional director at the board meeting held on 27 January, 2015. Further, Mr. Murugappan is also a member of Business Committee, NRC and CSR and hence the increase in the % of remuneration in FY 16 as compared to FY 15.
4. Remuneration to KMP excludes perquisite arising out of exercise of Stock Options as there is no cost to the company.

On behalf of the board

Place : Chennai  
Date : 29 April, 2016

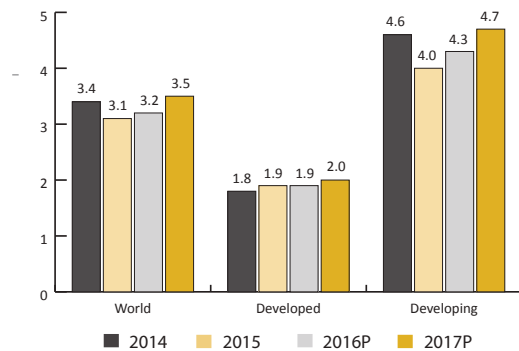
**M.B.N. Rao**  
Chairman

# Management Discussion and Analysis

## ECONOMIC REVIEW

From an economic perspective, FY 16 was one of the most volatile years in recent times. The international economic environment was shrouded in plunging oil prices, depreciating currencies because of a strengthening dollar, and diminishing GDPs. Global economic activity therefore remained subdued and grew at 3.1%. This is projected to increase to 3.4% in 2016 and 3.6% in 2017 (Exhibit 1). The pickup in global activity is expected to be strong especially in emerging markets and developing economies where the GDP growth is projected to be at 4.3% in 2016, up from 4.0% in 2015.

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

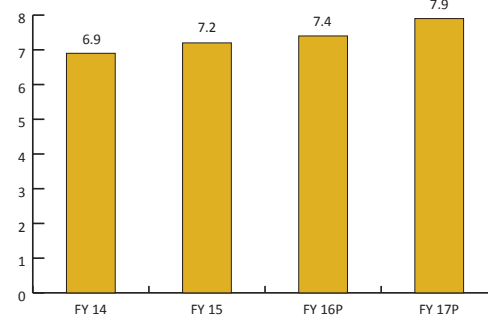


Source: IMF’s World Economic Outlook, January 2016

In advanced economies, a modest and uneven recovery is expected to continue, with further gradual narrowing of output gaps. The picture for emerging markets and developing economies is diverse and in many cases, challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh down growth prospects in 2016 and 2017. The projected pickup in growth over the next two years, despite the ongoing slowdown in China, primarily reflects forecasts of gradual improvement in growth rates in countries currently in economic distress; notably Brazil, Russia, and some countries in the Middle East, although this projected partial recovery could become diminished by new economic or political shocks.

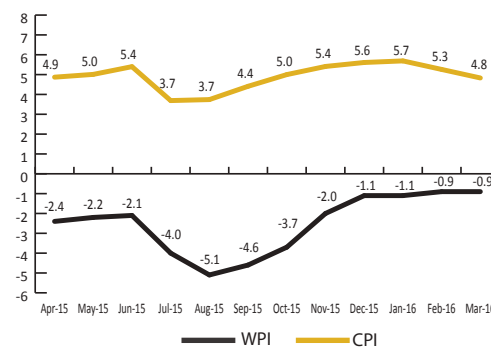
Overall, the global economy looks well poised for growth despite the volatility, and this will be led by productivity measures and policy reforms in the emerging economies.

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



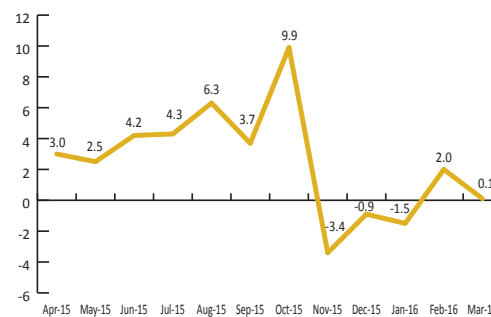
Source : India Ratings & Research - Macro Economic Outlook FY 17

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

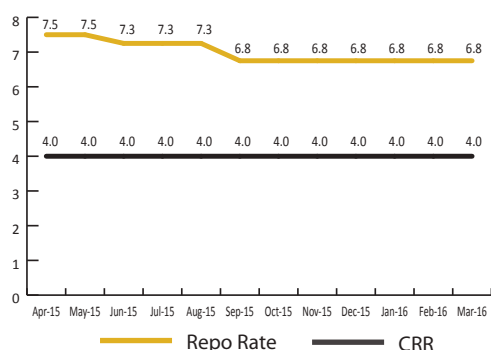


Source : Reserve Bank of India

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



Source : Reserve Bank of India

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

Source: Reserve Bank of India

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the IMF World Economic Outlook Update (April 2016), the Indian economy is expected to grow at 7.5% during FY 17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year in 2016-17 and may even reach eight per cent or more in next two years.

Improvement in India's economic fundamentals has accelerated in 2016 thanks to the combined impact of strong government reforms, RBI's focus on bringing down inflation and benign global commodity prices.

Furthermore, initiatives like Make in India and Digital India are expected to play a vital role in driving the Indian economy. Foreign Direct Investment (FDI) in India increased by 43% post the launch of Make in India campaign between October 2014–March 2016, compared to the 15-month period before the launch. According to a Goldman Sachs report released in September 2015, India could grow at a potential 8% average during fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanisation and other structural reforms.

The Government of India has embarked on a mission to create 100 smart cities as well as launched the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities with an outlay of ₹ 48,000 crores (US\$ 7.47 billion) and ₹ 50,000 crores (US\$ 7.34 billion) respectively. Smart cities are satellite towns of larger cities. They will have modern infrastructure and be digitally connected. The program was formally launched on June 25, 2015.

India, backed by strong policy reforms and reviving global demand, is steadily moving upwards on its recovery trajectory. The GDP growth based on the revised 2011-12 base is projected to be 7.4% in FY 16, up from 7.2% in FY 15 (Exhibit 2). The IMD

forecast of good and above average rainfall in 2016 will help to revive the rural economy, boosting output in agriculture. With significant fall in global crude prices, the wholesale price index (WPI) inflation has continued to remain in the negative territory for the whole of 2015-16 (Exhibit 3). Also the current account deficit for FY 16 is expected to further contract to 1.1% of GDP as against 1.5% in FY 15. This enhances expectation of a stable INR even after continuous monetary tightening measures by the US. With inflation well under control, RBI reduced the repo rate by 50 basis points from 7.25% in June 2015 to 6.75% in September 2015 and further reduced it to 6.50% in April 2016 (Exhibit 5), which will give a boost to India's GDP growth.

This year, the path for growth is dependant on fiscal consolidation and the introduction of various measures to spur the rural economy and improve business environment.

## GROWTH PROSPECTS

### VEHICLE FINANCE (VF)

VF business recorded very healthy growth in FY 16, and the company expects the momentum to pick up further in FY 17, both on the basis of strong macroeconomic fundamentals (CV sales growth, uptick in infrastructure spends, fuel price drop, strong retail demand and OEM focus on rural penetration), as well as internal business initiatives (continuous engagement with OEMs, improving market share, building strong relationships with dealers and brokers, field activities such as Uttam Mela, etc.). The business will continue to retain its sharp focus on maintaining best in class asset quality, lower net credit losses, and aim for consistent reduction in Gross Non Performing Assets (GNPA).

The comprehensive organisational restructuring initiative carried out within the business in FY 16, is now well embedded and the team is working cohesively to drive revenue generation, overall profitability and increased return on assets.

The TAB project, a breakthrough initiative for the business in FY 16, is a first-of-its-kind in the NBFC space, and is expected to give CIFCL a competitive advantage by enabling faster customer response time and improved sales force productivity.

The company plans to expand its branch network to capture untapped markets for deeper penetration, customer reach and the strengthening of the hub and spoke model for large area offices and branches.

### Industry Sales Trends

During FY 16, the domestic CV industry sales registered a growth of 11.5% in volumes in comparison to a decline of 2.8% in FY 15. The recovery was driven by continuing healthy replacement demand in the case of MHCV (Trucks), renewal as well as fleet expansion by various SRTUs and increasing pick-up in demand from the mining and construction sectors. In addition,

the industry also benefitted from the implementation of BS-IV emission norms, which became mandatory across North India and some nearby regions from October 2015. Accordingly, the MHCV (Truck) segment registered a growth of 31.9% during FY 16. The demand for LCV (Trucks) also started picking up from H2 FY 16 after showing a decline for the past two years. In terms of market share, Tata Motors continued to witness decline in market share from 47.2% (in FY 15) to 44.4% (in FY 16) as Original Equipment Manufacturers (OEMs) like Ashok Leyland expanded presence in non-south markets, while Mahindra & Mahindra benefitted from industry trends shifting in favour of Pick-up trucks and new model launches.

### Industry Outlook

**Commercial Vehicles:** Domestic CV industry to grow between 11-12% in FY 17.

The MHCV (Truck) segment is likely to register a growth of 13-15% in FY 17 driven by continuing replacement of ageing fleet, pre-buying before BS-IV is implemented across India and expectations of pick-up in demand from infrastructure and industrial sectors in view of reforms being initiated by the Government. In addition, the company expect that the demand is likely to pick-up for LCV (Goods) segment on the back of replacement-led demand (i.e. three years of declining sales) and gradual improvement in viability on the back of lower diesel prices and a pick-up in consumption-driven sectors. With overall recovery and new orders placed by SRTUs (under the JNNURM programme), the overall bus segment is expected to register a growth of 10- 12% during FY 17. Apart from existing orders, domestic bus sales is likely to benefit from a) Government's recent proposal of opening up the passenger transport sector to private players, b) higher allocation towards urban development projects and other initiatives such as "Smart Cities" etc.

A revival in industrial and infrastructural activity is expected in the forthcoming years. The favourable benign interest rate scenario coupled with fall in fuel prices will result in sustainable cash flows for the operators, thereby driving the growth of the industry.

### HOME EQUITY

The home equity (loan against property) market in India has witnessed strong growth over the last 5 years. As per CRISIL Research, the home equity market is expected to reach an assets under management (AUM) of ₹ 5 lakh crore by March 2019, up from ₹ 2.30 lakh crore as on 31 March, 2015.

The Home Equity market has been growing at a CAGR of more than 30% in the last 3 years, CRISIL expects the growth to slow down in the coming year and is estimating a CAGR growth rate of 20-22%. Being a secured lending product and given the potential of this business, there is increasing focus on this business by NBFCs and banks, potentially leading to increased competition. However, the overall pie will continue to grow at a steady rate over

the medium-term.

Key growth drivers for the home equity market:

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

### HOME LOANS

As per ICRA's India mortgage finance update, the total housing credit outstanding in India as of December 2015, stood at ₹ 11.9 trillion with an annualized growth of 18% with the top 5 players holding more than 60% share. The market has been steadily growing. Of this the banks hold 63% of the overall market while the NBFCs and HFCs hold 37% of the market. While the overall banking sector growth remained muted, housing credit grew at 18%.

As per a recent ICRA report, the growth for FY 16 will be around 16-18% (compared to a 5 year growth of 18% from FY 2010-15). This is primarily due to the overall slowdown in primary sales and new launches. As per the report, the long term outlook looks positive with the government's focus also on this sector. Amid the challenging economic environment the book quality for many financiers has been stable. As per ICRA, the asset quality of the housing finance companies continues to remain strong with gross non-performing assets (GNPA) of 0.71% as of December 2015. This makes housing finance one of the most secured lending products in India leading to increased competition. Reduction in base rate of lending institutions will further propel the growth engine of this industry.

India's housing finance industry holds great potential in terms of the untapped low-to-mid income segment with no clear or formal income proof. If tapped, this segment would add to new growth avenues. Certain new players have sensed this opportunity and its high growth potential, and have started to enter niche segments like affordable housing and self employed borrowers. Given the Government's impetus on Housing for All and the reduction in the risk weightages for small ticket home loans, the affordable housing segment is all set to see higher growth and entry of many more players.

### DIVISIONAL ANALYSIS VEHICLE FINANCE (VF)

The VF division posted a disbursement growth of 32% and PBT growth of 60% in FY 16. The disbursements during the year were ₹ 12,383 crores against ₹ 9,363 crores in the previous year. The PBT during the year was ₹ 555 crores against ₹ 346 crores in the



previous year. The division continued its focus on strengthening its business operations and improving its book quality which also helped in reduction of its GNPA from 4.8% to 3.7% (4 months overdue). The NCL to average assets has come down to 1.6 % from 1.9 % even after early adoption of the 4 month NPA provisioning norm. The VF division will continue to remain optimistic and remain focused on maintaining a balance between growth and book quality.

The VF division has won two major awards in FY 16:

1. Mahindra Transport Excellence Awards 2015 for "Commercial Vehicle Financier of the year" under the category Driving Positive Change
2. Daimler India Commercial Vehicles Award 2015 for "Best Financier in Lead Generation"

### KEY STRATEGIC INITIATIVES TAKEN DURING THE YEAR

- ▶ Focused on enhancement of branch profitability by increasing revenue through desired product mix and by providing value added services to customers
- ▶ Focused on improving portfolio quality by keeping track of infant delinquency through joint collection drive by sales, credit ops, collection and legal teams.
- ▶ Enhanced focus on cost optimisation by eliminating non-value adding activities.
- ▶ Increased repeat business through customer retention activities achieved by reducing customer response time by creating new value stream maps for various product lines.
- ▶ Increased revenue from insurance business and shortfall recovery through a structured approach.
- ▶ Entered into preferred financier tie-ups with manufacturers and increased engagement with the used vehicle dealers to drive disbursements.

### HOME EQUITY (HE)

Despite the prevailing slowdown in the overall economic environment, home equity business continued to maintain a healthy growth trajectory. The overall disbursements during the year FY 16 stood at ₹ 3,476 crores registering a growth of 14% and the AUM was at ₹ 8,852 crores as against ₹ 7,280 crores as of March 2015, a 22% YoY growth. HE business as a percentage of the overall loan book stands at 30%. The company continued to expand its reach in the HE business and added 14 branches during the year, taking the total branch count to 92. Cost rationalisation continues to be a focus area in this business and the operating cost as a percentage of average asset stands at 1.2%, one of the lowest in the industry.

Amidst a depressed macroeconomic scenario in FY 15, the business contained GNPA to 1.9%. The recent announcement in the Union Budget about extending the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) to NBFCs, will enable the company to have better and quicker enforceability of dues against delinquent customers. Having extended the applicability of SARFAESI Act to NBFCs, it is yet to be notified by the Government.

The company adopted early, the provisioning for 4 months overdue from this financial year which resulted in a GNPA of 3.4%. Competition continues to intensify with more and more NBFCs and PSU banks moving towards this lucrative and fast growing business as they are facing growth constraints in credit off take across product lines. This has led to an aggressive pricing scenario amongst industry players in this segment. To stand out in the competitive environment, the company remains highly focused on building and maintaining a stable and long-term relationship with its customers and channel partners. The company has always been focusing on a faster turnaround time (TAT) leading to better customer service. With this focus, the business is confident of continued progress on its growth trajectory.

RBI's circular on waiver of foreclosure charges for individual loans, has reduced the exit barriers further for the customer, giving way to higher foreclosures. The business is ensuring higher engagement with the customers for retention and arresting such foreclosures.

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

### HOME LOANS

The affordable home loans business was launched in FY 13 and has been growing at a steady rate. The business is at present operating from 45 branches in the states of Tamil Nadu, Karnataka, Andhra Pradesh, Gujarat, Rajasthan and Maharashtra. The company has also planned to enter new markets such as Chhattisgarh in the coming year.

The customer base for this business is over 1,700 and the total AUM stands at ₹ 264 crores. The prime focus of the business is the self-employed non-professional customers seeking to buy / construct a new home.

### CORPORATE FINANCE

Under corporate finance, the business offers short-term financing products such as bill discounting and working capital loans. AUM in this business stood at ₹ 423 crores as of March 2016. The business will continue its increased focus on MSME loans in FY 16.

## RURAL FINANCE

The Rural Financing product was launched during FY 15 at 40 Mana Gromor Centres operated by Coromandel International Ltd., to finance the agri input procurement needs of the farming community. The number of Mana Gromor Centres was increased to 50 during FY 16, all of them in the state of Telangana.

The company plans to increase the number of Mana Gromor Centres to 100 in the coming year, including the locations in the state of Andhra Pradesh. The division catered to the needs of about 4,800 customers during FY 16.

## ASSET LIABILITY MANAGEMENT (ALM)

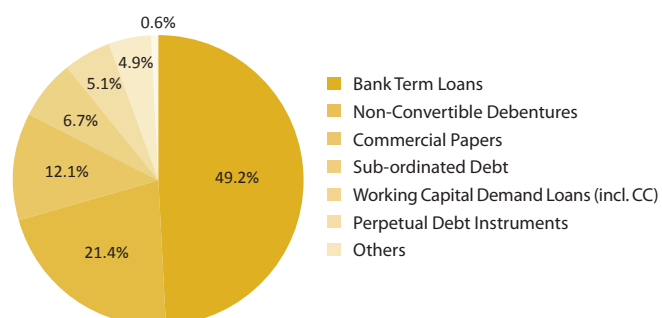
During FY 16, the company maintained its strong ALM position by optimizing the mix of borrowings between bank borrowings and market borrowings, while ensuring cost of funds is kept low. The company was successful in getting subscription for its Commercial Paper (CP) from banks apart from Mutual Fund (MF). The ALM position was also strengthened with long term borrowings in the form of medium-term loans and medium /long-term Non Convertible Debenture (NCD) which contributed ~60% of the incremental borrowings.

Sale of receivables by way of securitization / bilateral assignments amounting to ₹ 3,066 crores helped in the matching of inflows and outflows, over the tenure of the loan book.

The increase in working capital (consortium) limit from ₹ 3,485 crores to ₹ 4,000 crores also helped in providing adequate lines to support the ALM.

## RESOURCES & TREASURY

During the year, the company shifted the mix of borrowings towards market borrowings from bank funding to support the growth of its businesses at lower interest rates. This was done without compromising the right mix of long and short-term borrowings and thereby maintaining a healthy asset liability position. The borrowing profile as on 31 March 2016, is given below:



## BANK BORROWING

In FY 16, the company mobilised ₹ 3,935 crores of medium-term loans and ₹ 470 crores (net) of working capital and cash credit facilities from banks.

## MARKET BORROWING

During FY 16, the company raised ₹ 4,459 crores and repaid ₹ 2,205 crores of commercial papers (CP). CP outstanding as at the end of the year was ₹ 2,726 crores. Medium and long-term secured non-convertible debentures (NCD) to the tune of ₹ 2,216 crores (net) (previous year ₹ 2,085 crores) were mobilised at competitive rates. At the end of FY 16, outstanding NCD stood at ₹ 4,847 crores (previous year ₹ 3,969 crores). New investor profiles were added to ensure no undue concentration in any single / group of investors.

## MOVEMENT IN INTEREST COST

The company's interest cost, as a percentage of average borrowings, decreased from 10.1% in FY 15 to 9.7% in FY 16. Interest cost was monitored closely and by selecting the right mix of borrowings, kept under control.

Though the availability of bank loans to NBFCs remained robust, lending rates remained stagnant till Q2 of FY 16. Only after RBI's repo rate reduction by 50bps on 29 September 2015, there was tangible reduction of base rates in the following quarter by most of the banks.

In FY 17, the impact of Marginal Cost based Lending Rate (MCLR), in the form of lower pricing of long-term and short-term loans is expected to come in, albeit slowly. Currently there is no major difference between the MCLR based rates offered by banks (with spread) and their respective prevailing base rates.

The money market rates moved in tandem with reduction in Repo rates till Q2. From Q2 onwards, owing to fear of defaults in corporate bond markets, there were heavy outflows from debt schemes. This phenomenon reduced the appetite of traditional players like Mutual Funds to invest in NBFC papers. Further, in January 2016, SEBI imposed several regulatory caps (sectoral/group/single entity) with a view to safeguarding the debt investors. This too had a sobering effect on the ability of mutual funds to invest in NBFC's papers. The company had proactively adopted the strategy of leveraging its banking relationship by way of subscription to its money market instruments. The company thus obtained a more diversified investor base with effective cost management in comparison to FY 15.

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

- ▶ Renegotiated the interest rates with lenders on borrowings resulting in reduction in interest cost of ₹ 0.44 crores in

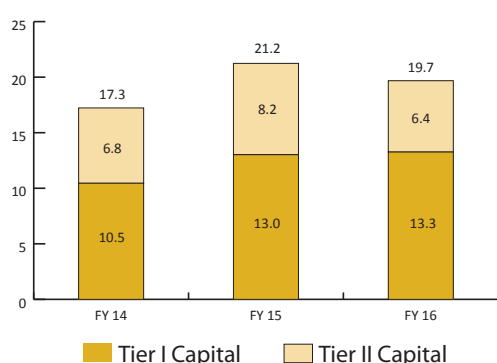
FY 16. The benefit of interest cost reduction will continue to accrue to the company in FY 17 and FY 18.

- ▶ Securitisation / bilateral assignment of receivables to the tune of ₹ 3,066 crores at fine rates, has resulted in good savings of interest costs. The benefits of the low interest cost on these deals will continue to accrue to the company in subsequent financial years.

### CAPITAL ADEQUACY RATIO (CAR)

As at the end of FY 16, the capital adequacy ratio stood at 19.7% (Tier I : 13.3% and Tier II : 6.4%)

#### Exhibit: Capital Adequacy, %



### INVESTMENTS

During the year, the company acquired an equity stake of 63% in White Data Systems India Private Limited (WDSI) for an investment of ₹ 8 crores. WDSI provides integrated solutions for the Road Freight & Transport Sector through their i-Loads platform.

The company's investments of ₹ 66.57 crores include investments in subsidiaries of ₹ 63.37 crores (net of provisions), investments in pass through certificates of ₹ 1.89 crores and investments in equity shares of ₹ 1.31 crores.

### FINANCIAL REVIEW

The company's aggregate loan disbursements grew by 28% from ₹ 12,808 crores in FY 15 to ₹ 16,380 crores in FY 16. This was primarily on account of a 32% growth in vehicle finance disbursements. Home equity disbursements grew by 14% over previous year. The total AUM for the company as a whole grew by 16% (YoY) and the growth of on-balance sheet assets was 16%. The Business AUM (including on book & assigned and net of provisions) in FY 16 stood at ₹ 29,650 crores as against ₹ 25,452 crores recorded in FY 15.

The company follows a prudent and stringent provisioning policy, due to which, the company holds excess provision buffer over and above the prescribed norms. Considering the improved collections performance during the year and as a matter of prudence, the company decided to advance its adoption of the RBI regulations relating to recognition of NPAs at 4 months overdue and increased its standard asset provisions from 0.3%

to 0.35% (this is mandatory only from FY 17). Consequently, the early adoption resulted in a GNPA of 3.5% and NNPA of 2.1% in FY 16 as compared to a GNPA of 3.9% and NNPA of 2.7% in FY 15 at 4 months overdue basis.

Also, in the current year, the company adopted early, the provisioning for standard assets at 0.4% which is mandated by the RBI for compliance by FY 18. An additional provision on standard assets is also created on a prudent basis to cover the revised asset classification norms of 3 months overdue which should be complied by FY 18.

A balanced disbursement mix with a focus on higher yield products, effective collection of over-dues and a reduction in interest costs due to favourable money market conditions, resulted in improved net income margin (NIM) of 8.7% in FY 16 as against 7.9% in FY 15. During the year, the company continued to remain focused towards cost rationalisation and maintained the operating cost to asset ratio at 3.4%.

The net profit after tax for the year rose by 31% from ₹ 435 crores in the previous year to ₹ 568 crores.

Earnings per share for the year stood at ₹ 37.50 and the book value per share stood at ₹ 234 as against ₹ 30.09 and ₹ 204 in the previous year respectively.

### HUMAN RESOURCES (HR)

HR Interventions for FY 16 focused on assessing organisation structure and its effectiveness, guiding and facilitating change, improving managerial effectiveness, performance management and HR process re-engineering to align / calibrate with organisational goals and to ensure that the function adds value by fostering productivity and customer service and promoting individual responsibility and accountability.

#### Key Achievements for FY 16:

- ▶ VF organization restructuring followed by change management workshops: The restructuring process was carried out to bring in synergy and move away from the practice of working in silos. Zonal level change management workshops focused on the importance of the structural changes and also detailed changes in roles and responsibilities post the structure change.
- ▶ Appraisal action communication was moved online.
- ▶ As part of the HR lean management initiative, a value stream mapping was introduced for key HR processes. The team studied the current state and mapped the future state map (FSM) for the following process:
  - On-boarding
  - Confirmation
  - Employee separation

- ▶ We Believe & We Heal - Flood Relief - a program to support the flood impacted employees: 480 colleagues from Tamil Nadu reported damage. Relief support which included provision of supplies for the affected employees, financial grants to manage immediate family expenses, vehicle repair reimbursements & interest free loans to re-build their houses, was extended.
- ▶ Employee connect — a platform for employees to share their Believe stories was launched. This initiative gained a lot of attention and won a best practices award amongst Group companies. The initiative was presented in the 8<sup>th</sup> National Summit organized by CII in New Delhi. Employees shared their experiences, journey and success stories, leading to impressive feedback.
- ▶ Confirmation & attendance tracking for the employees was moved online
- ▶ Medical insurance claim process handling de-centralised at Regional Level: regional collection centres have been formed to manage this process
- ▶ Voices, a dip stick survey was rolled out for a pulse check on progress made in the last 18 months post the Voices survey action planning
- ▶ Digitization of employee personnel file was initiated

#### Learning & Development:

During the year, the company rolled out the following e-learning programmes for enhancing organizational capabilities:

- ▶ Shiksha: Supporting the team by implementing learning through WhatsAapp
- ▶ E-Test in People power: Vehicle Finance Credit employees have taken the online test on KYC, ED & PSA Policy
- ▶ Patashala: Rolled out learning tips on descriptive words and prepositions in English language
- ▶ BCP: through e learning

The company also facilitated a workshop on building a leadership pipeline to groom future leaders.

The company has in place a prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the calendar year 2015, the committee received two complaints which have been settled by terminating the employees from the services of the Company on reasons of misconduct. The company introduced

a series of initiatives to bring about awareness on 'Prevention of Sexual Harassment' at the workplace through an e-learning awareness course, mailers and presentations.

#### TECHNOLOGY INITIATIVES

Technology continues to be a strategic enabler for the company and is the fulcrum of its future business growth and cost optimisation plans.

The company has taken the mobility solution to the next level. The field forces at the company are being equipped with Tablet based solutions to spot service the customer. This solution endows the company with confidence for targeting better productivity, improved TAT and operational excellence, by utilizing the resources optimally and eliminating non-value adding activities. This is expected to increase customer delight and further strengthen their bond with the Company.

The company launched various mobility related initiatives to assist customers in their day-to-day matters. This year it rolled out 2 applications (Customer Facing App (CFA) and Drive 2 Decide) for both customers and the public. CFA is a self service application for all loan related services. This app increases the customer engagement thereby reducing customer support cost and generating significant customer revenue.

Drive 2 Decide simplifies the process of identifying dealer networks around the customer location for purchase of new vehicles, service centers and sale of cars.

During the year, development work on the business planning and budgeting model was undertaken on the Hyperion platform. This will allow the company to delve deeper and plan comprehensively both from a top-down and a bottom-up perspective.

The team has also been working on building a holistic business MIS which is an interactive application. This will enable managers to generate comprehensive reports of the various businesses both at a macro and micro level.

#### RISK MANAGEMENT

The company is committed to creating value for its stakeholders through sustainable business growth and with that intent has put in place a robust risk management framework to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. Given the nature of the business the company is engaged in, the risk framework recognizes that there is uncertainty in creating and sustaining such value as well as in identifying opportunities. Risk management is therefore made an integral part of the company's effective management practice.

**Risk Management Framework:** The company's risk management framework is based on (a) clear understanding and identification of various risks (b) disciplined risk assessment by evaluating

the probability and impact of each risk (c) Measurement and monitoring of risks by establishing Key Risk Indicators with thresholds for all critical risks and (d) adequate review mechanism to monitor and control risks.

The company has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights the movement of top critical risks. This provides the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified Key Risk Indicators and are aligned to the overall company's risk appetite framework approved by the board. The company also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The company identifies and monitors risks periodically. This process enables the company to reassess the top critical risks in a changing environment that need to be focused on.

**Risk Governance structure:** The company's risk governance structure operates with a robust Board and Risk Management Committee with a clearly laid down charter and senior management direction and oversight. The Board oversees the risk management process and monitors the risk profile of the Company directly as well as through a Board constituted Risk Management Committee. The Committee, which meets a minimum of four times a year, reviews the Risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the company about risk management. The company's risk management initiatives and risk MIS are reviewed monthly by the managing director and business heads. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk.

### CREDIT RISK

Credit risk arises when a borrower is unable to meet financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a

robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, most of the company's lending is covered by adequate collaterals from the borrowers. During the year under review, the company achieved major milestones in the area of credit risk management. The company developed a business decision model for one of its retail portfolios, Vehicle Finance, to help the segment plan the volume with adequate pricing of risk at regional level for the respective portfolio, reckoning the risk characteristics of the micro-markets. It also developed a credit scoring model to assess the credit worthiness of the individual retail borrowers for underwriting decisions and adequately pricing them with respect to the risks thus assessed.

### MARKET RISK

risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. The company is exposed to interest rate risk and liquidity risk.

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices.

The company's exposure to market risk is a function of asset liability management activities. The company is exposed to interest rate risk and liquidity risk. The company continuously monitors these risks and manages them through appropriate risk limits. Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework. ALCO activities are in turn monitored and reviewed by a Board sub-committee.

### OPERATIONAL RISK

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

The operational risks of the Company are managed through comprehensive internal control systems & procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Company has established Risk Control Self-Assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control

framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal control adherence, thereby, reducing enterprise exposure.

The company has put in place a robust Disaster Recovery Plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR & BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the company's readiness.

The effective BCP program helped the company in sailing through the real BCP situation in December 2015. BCP was invoked for the first time as the Central Processing Unit in Guindy was severely impacted by the unprecedented Chennai floods. Critical resources were moved to the alternate site to continue business operations. BCP was carried out successfully as per the established plan. In spite of poor telecom connectivity and commuter facilities, operations were carried out smoothly and the employees stood by the company, meeting month-end business operations requirements.

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

### INTERNAL CONTROL SYSTEMS

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

The company adopts a co-sourced model of internal audit. Both the in-house internal audit department and M/s. Price Waterhouse & Co. Bangalore LLP, the company's external internal auditors, executed a rigorous audit calendar spanning multiple business processes. Critical audit observations are shared with the audit committee on a quarterly basis to effectively monitor controls and implement recommendations.

On compliance matters, a methodical system of monthly self-assessment exists in all functions. A robust mechanism exists to control, detect and prevent fraud. The investigations are reviewed by a disciplinary committee comprising senior management members and chaired by the managing director.

The internal financial control systems are constantly monitored both by an in-house team as well as external auditors. The risk and

control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls in line with the scale of operations.

The statutory auditors of the company have also certified on the existence and operating effectiveness of the internal financial controls as of March 16.

## RESULT OF OPERATIONS

### Balance Sheet

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

₹ in crores			
Particulars	March 2016	March 2015	Growth %
<b>Assets</b>			
Business Assets	25,910	22,183	17%
Other Assets	1,978	1,690	17%
<b>TOTAL</b>	<b>27,888</b>	<b>23,873</b>	<b>17%</b>
<b>Liabilities</b>			
Networth	3,695	3,173	16%
Borrowings	22,576	19,475	16%
Other Liabilities	1,617	1,225	32%
<b>TOTAL</b>	<b>27,888</b>	<b>23,873</b>	<b>17%</b>
Off-Balance Sheet Assets	4,164	3,548	17%
<b>Total AUM</b>	<b>32,056</b>	<b>27,421</b>	<b>17%</b>

### STATEMENT OF PROFIT & LOSS

The company's PBT increased from ₹ 657.22 crores in 2014-15 to ₹ 870.77 crores in 2015-16.

The summarised version is given below: ₹ in crores

Particulars	March 2016	March 2015	Growth %
<b>Disbursements</b>	<b>16,380.28</b>	<b>12,807.64</b>	<b>28%</b>
Income	4,193.71	3,691.19	14%
Cost of Funds	-2,050.77	-1,960.39	5%
<b>Net Margin</b>	<b>2,142.94</b>	<b>1,730.80</b>	<b>24%</b>
Operating Expenses	-844.93	-748.86	13%
Provisions and Losses *	-427.24	-324.72	32%
<b>Profit Before Tax (PBT)</b>	<b>870.77</b>	<b>657.22</b>	<b>32%</b>
Current and Deferred Tax	-302.32	-222.06	36%
<b>Profit After Tax (PAT)</b>	<b>568.45</b>	<b>435.16</b>	<b>31%</b>

\* Includes a one-time charge of ₹ 54 crores as a standard assets provision to cover the revised asset provisioning norms to be complied by March 2018.

## Key Ratios

in %

Particulars	March 2016	March 2015	Growth %
Net Income Margin	8.7	7.9	11
Return on Equity - PAT	16.6	15.8	5
Return on Total Assets - PAT	2.2	1.9	15
Total Assets under Management (₹ in crores)	32,215	27,421	17
Earnings Per Share - Basic in ₹	37.50	30.09	25
Market Price - as of 31 <sup>st</sup> March (in ₹)	713.45	587.60	21
Market Capitalisation – as of 31 <sup>st</sup> March (₹ in crores)	11,140.21	8,442.00	32
CAR	19.7	21.2	-7
Operating Expenses to Assets	3.4	3.4	-
Profit Before Tax to Income	20.8	17.8	17

% of AUM

Particulars	March 2016	March 2016	March 2015
	4 months overdue	5 months overdue	5 months overdue
Gross Non-Performing Assets (GNPA)	3.5	3.0	3.1
Provisions	1.4	1.4	1.1
Net Non-Performing Assets (NNPA)	2.1	1.7	2.0
Provision Coverage on GNPA	39.7	44.7	34.8

## KEY PARTNERSHIPS AND PREFERRED FINANCIERS

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

## CONSOLIDATED RESULTS

The consolidated profit after tax for the year under review was ₹ 574.68 crores, as against ₹ 444.14 crores in the previous year.

On behalf of the board

Place : Chennai  
Date : 29 April, 2016

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

# Report on Corporate Governance

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

## CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

- Adhere to corporate governance standards beyond the letter of law;
- Maintain transparency and high degree of disclosure levels;
- Maintain a clear distinction between the personal interest and the corporate interest;

- Have a transparent corporate structure driven by business needs; and
- Ensure compliance with applicable laws.

## BOARD OF DIRECTORS

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

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

The board is committed to representing the long-term interests of the stakeholders and in providing effective governance over the company’s affairs and exercise reasonable business judgment on the affairs of the company.

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

The company’s commitment to ethical and lawful business conduct is a fundamental shared value of the board, the senior management and all employees of the company. Consistent with its values and beliefs, the company has formulated a Code of Conduct applicable to the board and senior management. Further, the company has also adopted a Code of Conduct to regulate, monitor and report trading by insiders in the securities of the company and a whistle blower policy for reporting any concerns or grievances by directors / employees / customers and vendors in their dealings with the company. In order to ensure that the mechanism is effective and as prescribed, direct access to the chairman of the audit committee is provided to the complainant.



### Composition

The board has been constituted in a manner as per regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the Listing Regulations) and the Companies Act, 2013 (the Act). The board has a mix of executive / non-executive and independent directors, including a woman director to ensure proper governance and management. The board members have collective experience in diverse fields like banking, audit, finance, compliance and technology. The directors are elected based on their qualification and experience in varied fields. None of the directors are inter-se related.

### Familiarisation programme for directors

The company's independent directors are eminent professionals with several decades of experience in banking and financial services industry and are fully conversant and familiar with the business of the company. The company has an ongoing familiarisation programme for all directors with regard to their roles, duties, rights, responsibilities in the company, nature of the industry in which the company operates, the business model of the company, etc. The programme is embedded in the regular meeting agenda where alongside the review of operations information on the industry, competition and company strategy are presented on a quarterly basis. The details of the familiarisation programme attended by directors are available on the website of the company. (web link: <http://www.cholamandalam.com/files/media/Familiarisation-programme-imparted-to-Independent-Directors.pdf>).

At the time of induction of a director on the board of the company, a formal invitation to join the board of the company is sent out along with a brief introduction about the company. A copy of the company's latest annual report and the schedule of the upcoming board / committee meetings for the calendar year is forwarded to the director. The director is explained in detail the compliances required of him / her under the Act, the Listing Regulations and other relevant regulations and his / her affirmation is taken with respect to the same. By way of an introduction to the company, a directors' handbook comprising a compendium of the role, powers and duties to be performed by a director as well as the internal guidelines is given to every new director. The handbook is updated periodically for regulatory and other policy changes and updated copies of the handbooks are provided to all the directors. Additionally, the company's Code of Conduct which *inter alia* explains the values and beliefs of the company, functions, duties and responsibilities as a director of the company, including the duties of independent directors in terms of the Act is given to the director at the time of joining and on an annual basis. Further, there is a detailed quarterly presentation on review of operations of the company and the regulatory updates impacting the business which helps the director familiarise himself / herself with the company, its business and the regulatory framework in which the company operates.

The details of directors as at 31 March, 2016, including the details of their other board directorship and committee membership reckoned in line with regulation 26 of the Listing Regulations and the Act as well as their shareholdings, are given below:

Name of the directors	Executive / Non-executive / Independent / Promoter	No. of directorship including CIFCL* (Out of which as chairman)	No. of shares held in the company	No. of board committee membership including CIFCL** (Out of which as chairman)
Mr. M.B.N. Rao	Non-executive / Independent director / Chairman	13 (2)	NIL	7 (3)
Mr. N. Srinivasan	Non-executive / Vice chairman	4	25,000	5 (1)
Mr. V. Srinivasa Rangan	Non-executive / Independent director	13	4,000	8
Mr. Nalin Mansukhlal Shah	Non-executive / Independent director	10	NIL	11 (6)
Ms. Bharati Rao	Non-executive / Independent director	10	NIL	9 (1)
Mr. M.M. Murugappan	Non-executive / Promoter director	13 (5)	8,748	9 (4)
Mr. Vellayan Subbiah	Managing director / Promoter director	5	245,493	3

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

\*\* only chairmanship / membership of audit committee and stakeholders' relationship committee have been considered.

The independent directors of the company provide an annual certificate of independence in accordance with section 149(7) of the Act, to the company which is taken on record

by the board. All the board members, including independent directors, have opportunity and access to interact with the management.

### Separate meeting of independent directors

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the independent directors had a separate meeting on 23 March, 2016 without the presence of the non-independent directors and management team.

### Board Meetings

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

The dates of the board meetings are fixed in advance for the full calendar year to enable maximum attendance from directors. During the year, the board met 6 times on 24 April, 2015, 31 July, 2015, 23 October, 2015, 23 December, 2015, 29 January, 2016 and 23 March, 2016. The Act, read with the relevant rules made there under, facilitates the participation of a director in board / committee meetings through video conferencing or other audio visual means. Accordingly, the company also provides the option to participate in the meeting through video conferencing to enable the directors' participation at the meetings.

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

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

### COMMITTEES OF THE BOARD

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

There are six committees constituted by the board - audit committee, stakeholders' relationship committee, corporate social responsibility committee, nomination and remuneration committee, risk management committee and business committee.

The board at the time of constitution of each committee fixes the terms of reference and also delegates powers from time to

time. Various recommendations of the committees are submitted to the board for approval. The minutes of the meetings of all the committees are circulated to the board for its information.

### AUDIT COMMITTEE

#### Terms of Reference

The committee acts as a link between the board, the statutory auditors and the internal auditors. The role of the audit committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements, adequacy of internal financial controls and risk management systems, findings of internal audits / investigations, whistle blower policy, monitoring the usage of funds from issue proceeds, to grant approvals for related party transactions which are in the ordinary course of business and on an arm's length basis, scrutiny of inter-corporate loans and investments, besides recommending the appointment / removal of the statutory auditors, the internal auditors and fixing their remuneration and review of the effectiveness of audit process.

#### Composition & Meetings

The committee comprises five non-executive directors with four of them being independent directors. As at 31 March, 2016, the committee comprised Mr. Nalin Mansukhlal Shah, independent director as the chairman, Mr. M.B.N. Rao, Mr. N. Srinivasan, Mr. V. Srinivasa Rangan and Ms. Bharati Rao as its members and Mr. Vellayan Subbiah, managing director as an invitee. The company secretary acts as the secretary to the committee. During the year, the committee met 6 times. All members of audit committee have knowledge of financial management, audit and accounts. The statutory auditors, the internal auditors and senior management are invited to attend all the meetings of the committee. The company has in place a system for an independent meeting of the committee with the statutory and internal auditors without the presence of the non-independent directors and management team on a half-yearly basis.

### NOMINATION AND REMUNERATION COMMITTEE

#### Terms of Reference

The role of the committee is to determine the company's policy on remuneration to executive directors, including periodic increments in salary. The committee is also empowered to determine the annual commission / incentives of the executive directors and the minimum remuneration of the executive directors in the event of inadequacy of profits besides implementing, remuneration including commission payable to non-executive directors, administering and monitoring the employee stock option plan / schemes of the company. The terms of reference *inter alia* includes the role of the committee to further consider and recommend persons who are qualified for board positions, evaluate directors performance prior to recommendation for re-appointments, persons who are qualified to be in senior management, formulate the criteria for determining qualifications, positive attributes

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

### Composition & Meetings

As at 31 March, 2016, the committee comprised Mr. V. Srinivasa Rangan, independent director as the chairman, Mr. M.M. Murugappan and Ms. Bharati Rao as its members. Majority of the members of this committee comprise independent directors. The committee had two meetings during the year ended 31 March, 2016.

## REMUNERATION OF DIRECTORS

### Remuneration Policy

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

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

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

The compensation to the non-executive directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the company for each year calculated as per the provisions of section 198 of the Act, the actual commission paid to the directors is restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year. The sum is reviewed periodically taking into consideration various factors such as performance of the company, time devoted by the directors in attending to the affairs and business of the company and the extent of responsibilities cast on the directors under various laws and other relevant factors. Depending on the time and efforts put in by the directors towards the affairs of the company, the directors are also paid a differential remuneration.

### Remuneration of managing director:

Details of the remuneration of the managing director for the year ended 31 March, 2016 are as follows:

₹ in lakhs

Name of the Managing Director	Salary	Allowance	Incentive*	Perquisites & Contributions	Total
Mr. Vellayan Subbiah	85.40	125.81	67.17	47.12	325.50

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

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

### Criteria for Board Nomination

The nomination and remuneration committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee has formulated a charter in terms of the provisions of the Act, regulation 19(4) of the Listing Regulations and RBI Regulations applicable for non-banking finance companies, which *inter alia*, deals with the personal traits, competencies, experience, background and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions / re-appointment of directors.

### Criteria for appointment in senior management

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

### Performance Evaluation

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

### Policy on Board diversity

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

### Remuneration of Non-executive directors

Directors of the company were paid a sitting fee of ₹ 25,000/- for every meeting of board, audit committee and business committee and ₹ 15,000/- for every meeting of stakeholders' relationship committee, nomination and remuneration committee, risk management committee and corporate social responsibility committee during FY 16.

The details of commission provided / sitting fees paid to non-executive directors for the year ended 31 March, 2016 are as follows:

₹ in lakhs			
Name of the directors	Commission	Sitting Fees paid	Total
Mr. M.B.N. Rao	15.00	3.05	18.05
Mr. Indresh Narain	2.51	1.70	4.21
Mr. N. Srinivasan	7.50	3.45	10.95
Mr. V. Srinivasa Rangan	7.50	3.50	11.00
Mr. Nalin Mansukhlal Shah	7.50	3.60	11.10
Ms. Bharati Rao	7.50	2.40	9.90
Mr. M.M. Murugappan	7.50	2.70	10.20
<b>TOTAL</b>	<b>55.01</b>	<b>20.40</b>	<b>75.41</b>

#### Note:

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

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### Terms of Reference

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

During the year, the company had received three complaints from the shareholders which have been resolved to their satisfaction. There were no investor complaints pending as at 31 March, 2016.

#### Composition & Meetings

As at 31 March, 2016, the committee comprised Mr. N. Srinivasan, non-executive chairman and Mr. Vellayan Subbiah as its members. Ms. P. Sujatha, company secretary is the compliance officer. During the year, the committee held two meetings.

### RISK MANAGEMENT COMMITTEE

#### Terms of Reference

The role of the committee includes review of the risk management policy developed by the management, review of the annual risk management framework document and implementation of the actions planned in and periodical review of the process for systematic identification and assessment of the business risks. Besides, the committee periodically monitors the critical risk

exposures by specialised analysis and quality reviews and reports to the board the details of any significant developments, identify and make recommendations to the board, to the extent necessary on resources and staffing required for effective risk management and the action taken to manage the exposures and carry out any other function as may be necessary to ensure that an effective risk management system is in place.

#### Composition & Meetings

As at 31 March, 2016, the committee comprised Mr. V. Srinivasa Rangan as the chairman, Mr. M.B.N. Rao, Mr. Nalin Mansukhlal Shah, Mr. Vellayan Subbiah as its members and Mr. N. Srinivasan and the various business and functional heads of the company as invitees. The committee held four meetings during the year ended 31 March, 2016.

### BUSINESS COMMITTEE

#### Terms of Reference

The role of the committee includes review of the business of the company, including approval and review of business proposals beyond certain financial limits, review and recommend new product note to the board for approval, approve borrowings within the limits prescribed by the board, approve assignment of receivables and oversee the asset liability management system of the company.

#### Composition & Meetings

As at 31 March, 2016, the business committee comprised Mr. M.B.N. Rao as the chairman and Mr. N. Srinivasan, Mr. M.M. Murugappan and Mr. Vellayan Subbiah as its members. The senior management is invited to attend the meetings of the committee. The committee held three meetings during the year.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE****Terms of Reference**

The role of the committee includes formulation and recommendation of a corporate social responsibility (CSR) Policy for the company, recommend the amount of expenditure to be incurred on the CSR activities, monitor the CSR Policy of the company from time to time and institute a transparent monitoring mechanism for implementing the CSR activities and carry out any

other function or activity as may be required to ensure that the CSR objectives are met.

**Composition & Meetings**

As at 31 March, 2016, the committee comprised Mr. M.M. Murugappan, Ms. Bharati Rao and Mr. Vellayan Subbiah as its members. The committee held two meetings during the year ended 31 March, 2016.

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

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

**Note:**

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

**GENERAL BODY MEETINGS**

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

Year	Date and Time	Venue
2013	31 July, 2013 at 4.00 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai - 600 014
2014	31 July, 2014 at 4.00 p.m.	-do-
2015	31 July, 2015 at 4.00 p.m.	-do-

**DETAILS OF SPECIAL RESOLUTIONS PASSED**

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

Date of AGM	Details
31 July, 2013	Not applicable
31 July, 2014	1. Borrowing money up to ₹ 40,000 Crores under section 180(1)(c) of the Act 2. Issue of securities on private placement basis under section 42 of the Act 3. Payment of remuneration to non-executive directors under section 197 of the Act 4. To sell, mortgage and / or create charge under section 180(1)(a) of the Act
31 July, 2015	Issue of securities on private placement basis under section 42 of the Act

**POSTAL BALLOT**

No Postal Ballot was conducted during the FY 16.

**Proposed resolutions through postal ballot:**

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

### COMPLIANCE REPORT

A detailed compliance report is placed before the board every quarter and highlights of the report is circulated to the board along with the agenda every quarter. The company secretary submits a compliance certificate to the board on a quarterly basis. The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

### SECRETARIAL AUDIT

The company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31 March, 2016, M/s. R. Sridharan & Associates, company secretaries, have conducted the secretarial audit and the certificate was placed before the board and attached to this report.

### RECONCILIATION OF SHARE CAPITAL AUDIT

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

### CODE OF CONDUCT

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

### PREVENTION OF INSIDER TRADING CODE

The board has adopted a code to regulate, monitor and report trading by insiders in securities of the company. The code *inter alia* requires pre-clearance for dealing in the securities of the company beyond prescribed limits and prohibits the purchase or sale of securities of the company while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. During the year, the board has further approved the code for practices and procedures for fair disclosure of unpublished price sensitive information. The code has also been hosted on the website of the company.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The auditors' certificate on compliance of corporate governance norms is annexed to the report.

### CEO/CFO CERTIFICATION

Mr. Vellayan Subbiah, managing director and Mr. D. Arul Selvan, executive vice president & CFO have given a certificate to the board

with regard to financial statements, compliance and internal control systems as contemplated under regulation 17(8) of the Listing Regulations.

### Subsidiary companies

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

### DISCLOSURES

#### Related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no material transactions with related parties i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.

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

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

#### Penalties

There were no penalties, strictures imposed on the company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

### COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The company is in financial services business and has no exposure to commodity price risk and commodity hedging activities. In respect of certain computer related purchases involving payment in foreign currency wherein the payment is made basis the rate prevailing on date of payment and as per the terms mentioned in contract. To this extent, if the currency movement is adverse, the payment would be impacted by such currency exposure.

### Whistle blower mechanism

The company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimisation of directors /

employees / customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. During the year, no personnel have been denied access to the audit committee.

#### COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The company has complied with all mandatory requirements of corporate governance norms as enumerated in chapter IV of the Listing Regulations. The requirements of regulation 17 to regulation 27 of the Listing Regulations and clauses (b) to (i) of the sub-regulation 2 of regulation 46 to the extent applicable to the company have been complied with as disclosed in this report.

The company has also adopted the following discretionary requirements:

1. During the year, internal auditors have had separate discussions with the audit committee without the presence of the management team.
2. There are no audit qualifications in the company's financial statements or qualification or adverse remark by the company secretary in practice in his secretarial audit report for the FY 16.

The other discretionary requirements of the Listing Regulations have not been adopted by the company.

#### MEANS OF COMMUNICATION

The audited financial results, quarterly results and other major announcements like notices of board meetings, book closures were published in Business Standard, Business Line and Dinamani and are also available on the company's website [www.cholamandalam.com](http://www.cholamandalam.com). Press releases are given in the leading newspapers and also posted on the company's website. The investors' presentations and call transcripts are also posted on the company's website. The company has posted a shareholder's satisfaction survey on its website to ascertain the level of the shareholders satisfaction. Further, the shareholding pattern and presentations made to analysts and investors from time to time are also displayed on the website of the company.

#### MANAGEMENT DISCUSSION & ANALYSIS

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

#### GENERAL SHAREHOLDER INFORMATION

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

On behalf of the board

Place : Chennai  
Date : 29 April, 2016

**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, 2016, as envisaged in Schedule V under regulation 34(3) of the Listing Regulations.

Place : Chennai  
Date : 29 April, 2016

**Vellayan Subbiah**  
Managing Director

# Independent Auditors' Certificate on Corporate Governance

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

1. We have examined the compliance of conditions of Corporate Governance by **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company"), for the year ended on March 31, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Place : Chennai  
Date : 29 April, 2016



# General Shareholders Information

## REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER (CIN): L65993TN1978PLC007576

## ANNUAL GENERAL MEETING

Date	Time	Venue
29 July, 2016	4 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014

## FINANCIAL YEAR

1 April to 31 March

## DATES OF BOOK CLOSURE

Monday, the 25 July, 2016 to Friday, the 29 July, 2016 (both days inclusive)

## DIVIDEND PAYMENT DATE

The board vide its resolution dated 2 September, 2015, had approved payment of an interim dividend out of the profits of the Company during the FY 16, on 50,000,000 1% compulsorily convertible preference shares (CCPS) of ₹ 100/- each paid proportionately for the period from 1 April, 2015 to 2 September, 2015. Further, the board at its meeting held on 29 January, 2016 had approved payment of an interim dividend on the equity shares at the rate of 25% (₹ 2.50 per equity share of ₹ 10/- each). The dividend was paid to the CCPS holder by 7 September, 2015 and to the equity shareholders by 18 February, 2016.

The board at its meeting held on 29 April, 2016 has further recommended payment of a final dividend of 20% (₹ 2 per equity share of ₹ 10/- each), for the year ended 31 March, 2016. The same will be paid within 7 days upon declaration by the shareholders at the ensuing annual general meeting.

## LISTING ON STOCK EXCHANGES

### Equity Shares:

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

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

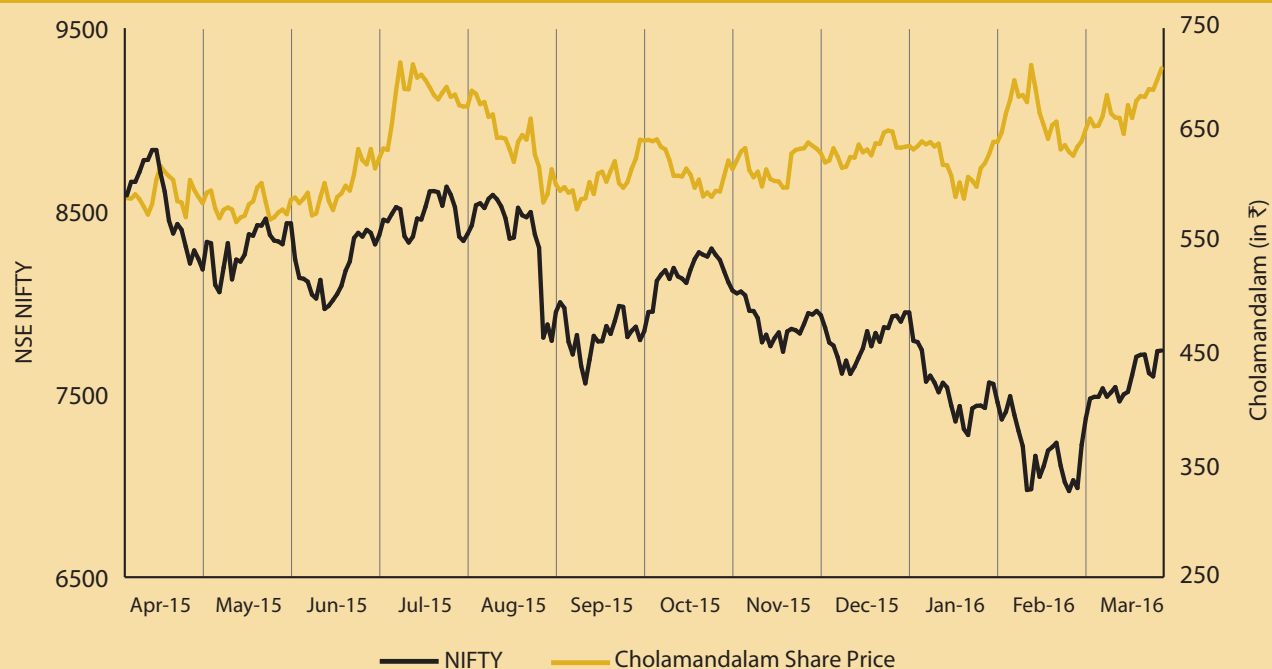
The listing fees for FY 16 were paid to the above stock exchanges.

**SHARE PRICE DATA**

(In ₹)

Month	BSE			NSE		
	High	Low	Vol.	High	Low	Vol.
April, 2015	633.05	541.00	138,514	634.90	538.25	1,261,277
May, 2015	618.00	570.90	46,864	620.20	566.95	714,753
June, 2015	667.15	552.00	100,069	666.90	577.00	441,573
July, 2015	739.00	628.90	211,879	744.00	622.00	598,372
August, 2015	712.90	570.40	349,094	714.00	570.00	1,169,792
September, 2015	659.95	580.00	241,091	695.00	570.50	1,158,116
October, 2015	659.95	589.55	1,672,245	677.95	589.75	3,062,962
November, 2015	651.30	594.50	59,538	654.95	596.00	1,181,763
December, 2015	668.00	606.60	79,084	670.10	611.95	1,087,970
January, 2016	655.05	582.50	77,500	659.20	590.00	992,970
February, 2016	756.80	625.00	884,558	752.00	625.00	1,613,449
March, 2016	726.80	630.00	55,749	726.75	627.00	1,411,201

### Cholamandalam share price performance in comparison with NSE NIFTY

**REGISTRAR AND SHARE TRANSFER AGENT**

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

**The contact details of the RTA are as follows:****Karvy Computershare Pvt. Ltd.**

(Unit: Cholamandalam Investment and Finance Company Limited)

Karvy Selenium Tower B

Plot 31-32, Gachibowli, Financial District

Nanakramguda, Hyderabad - 500 032, A.P.

Phone: 040-67161514

Fax: 040-23420814

E-mail: einward.ris@karvy.com

Contact person: Mrs. Varalakshmi P - Asst. General Manager-RIS

**Share Transfer System**

For speedy processing of share transfers, the board has delegated powers to approve share transfers to the managing director up to certain limits and beyond that to the stakeholders' relationship committee. Depending on the number of requests received, share transfers are processed every week.

**Dematerialisation of shares and liquidity**

The company has signed agreements with both depositories in the country, namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The company's shares are in the list of compulsory demat settlement by all investors. As of 31 March, 2016, 99.69% of the company's shares were held in dematerialised form. The company's shares are regularly traded on National Stock Exchange of India Limited and BSE Limited, in electronic form.

However, there are still 4,537 shareholders holding 0.31% of the company's shares in physical form. Those shareholders whose shares are held in physical mode may consider moving to dematerialised mode as it is a safer and easier way to hold and to transact in shares.

**Nomination facility**

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

**Payment of dividend through ECS / NECS**

The company uses electronic clearing service (ECS) facility for payment of dividends directly to the bank accounts of shareholders. In addition to this, the electronic fund transfer platform called the national electronic clearing system (NECS) is also used for disbursement of dividends. The shareholders may use these facilities by providing the bank account numbers to the depository participant / RTA, as may be relevant, to enable the company to effect the dividend payment through the ECS / NECS modes.

**Green initiative in corporate governance**

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

**Details of complaints received and redressed**

During the year, three investor service complaints relating to dematerialisation of share certificate/s and non-receipt of dividend. All the complaints were resolved to the satisfaction of the shareholders. There were no investor service complaints pending as on 31 March, 2016.

**Contact details of the designated official for assisting and handling investor grievances**

In terms of regulation 46(2)(k) of the Listing Regulations, the contact details of the designated official for assisting and handling investor grievances is [investors@chola.murugappa.com](mailto:investors@chola.murugappa.com).

**Payment of unclaimed / unpaid dividend**

In respect of unclaimed dividends, the company sends periodical reminders to the shareholders before transferring the matured but unclaimed dividends to the investor education and protection fund (IEPF) established by the central government. The dividends that are lying unclaimed / unpaid for a period of seven years are transferred from time to time to IEPF. The company has remitted ₹ 4,26,960/- to IEPF during the year.

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

FY to which the dividend relates	Date of declaration	Due date for transfer to IEPF
2010 - Interim	26 April, 2010	31 May, 2017
2011 - Final	28 July, 2011	01 September, 2018
2012 - Interim	31 January, 2012	07 March, 2019
- Final	30 July, 2012	04 September, 2019
2013 - Interim	18 January, 2013	23 February, 2020
- Final	31 July, 2013	04 September, 2020
2014 - Interim	29 January, 2014	05 March, 2021
- Final	31 July, 2014	04 September, 2021
2015 - Interim	27 January, 2015	03 March, 2022
- Final	31 July, 2015	04 September, 2022
2016 - Interim	29 January, 2016	05 March, 2023

**Unclaimed Suspense Account**

In terms of regulation 34(3) of the Listing Regulations, all the shares issued in physical form pursuant to a public issue or any other

issue, which remain unclaimed have been transferred into one folio in the name of unclaimed suspense account and dematerialised. The voting rights of these shares shall remain frozen till the rightful owner of such shares claims the shares. The details regarding the shares which are in the unclaimed suspense account are given below:

S. No.	Description	Total No. of cases	Total shares
1	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year	11	761
2	No. of shareholders who approached for transfer of shares from unclaimed suspense account during the year	-	-
3	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the year	-	-
4	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the end of the year	11	761

#### Distribution of Shareholding as on 31 March, 2016

No. of shares held	No. of shareholders	No. of Shares	(%) of Shareholding
1 - 5000	16,973	1,553,532	1.00
5001 - 10000	989	755,210	0.48
10001 - 20000	540	793,554	0.51
20001 - 30000	205	521,057	0.33
30001 - 40000	107	376,588	0.24
40001 - 50000	82	374,813	0.24
50001 - 100000	157	1,133,688	0.73
100001 & Above	257	150,637,202	96.47
<b>TOTAL</b>	<b>19,310</b>	<b>156,145,644</b>	<b>100.00</b>

#### CONTACT PERSON

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

Ms. P. Sujatha, Company Secretary  
 "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai-600 001  
 Phone: 044 30007172 (bd.) 30007055 (d). Fax: 044 25346464  
 E-mail: [sujathap@chola.murugappa.com](mailto:sujathap@chola.murugappa.com); [investors@chola.murugappa.com](mailto:investors@chola.murugappa.com)

#### SHAREHOLDING PATTERN

Category	As on 31 March, 2016	
	No. of shares	% of shareholding
Promoter and promoter group	82,980,884	53.14
Multilateral Financial Institution	5,915,676	3.79
Foreign Institutional / Portfolio Investors	23,849,722	15.27
Foreign Corporate Bodies	16,743,201	10.72
Private Corporate Bodies / NBFCs	2,422,523	1.55
Mutual Funds / Trust / Banks	15,700,481	10.06
Resident Individuals and others	8,533,157	5.47
<b>TOTAL</b>	<b>156,145,644</b>	<b>100.00</b>

#### OUTSTANDING GDRs/ADRs ETC.

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

#### COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND COMMODITY HEDGING ACTIVITIES

The company is in financial services business and has no exposure to commodity price risk and commodity hedging activities. In respect of certain computer related purchases involving payment in foreign currency wherein the payment is made basis the rate prevailing on the date of payment and as per the terms mentioned in contract. To this extent, if the currency movement is adverse, the payment would be impacted by such currency exposure.

#### LOCATION

The company operates out of 534 branches across the country.

On behalf of the board

Place : Chennai  
 Date : 29 April, 2016

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

## Independent Auditors' Report

TO THE MEMBERS OF

**CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Independent Auditors' Report (Contd.)

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, April 29, 2016

## Annexure “A” to the Independent Auditors’ Report

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, April 29, 2016



## Annexure "B" to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security for Redeemable Non-Convertible Debentures, are held in the name of the Company based on the Trust deed executed between the Trustees and the Company.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to a company covered in the Register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to Section 76 and any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 as amended, as applicable to the Company, with regard to the deposits accepted from the public prior to 1 November, 2006. However, in respect of overdue amounts totalling to ₹ 0.11 lakhs, payments have not been made as per instructions received from the Central Bureau of Investigation. Other than the above, according to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

## Annexure “B” to the Independent Auditors’ Report (Contd.)

- (c) Details of dues of Income-tax, Sales Tax and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates (Financial Year)	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Tax and Interest	Commissioner of Income Tax (Appeals)	2008-09, 2011-12 and 2012-13	22,783.35
Income Tax Act, 1961	Tax and Interest	Appellate Tribunal (ITAT)	1990-91, 1991-92, 2000-01, 2003-04, 2005-06, 2006-07, 2007-08 and 2008-09	655.73
Tamil Nadu General Sales Tax Act, 1959	TNGST	Madras High Court	1995-96	986.98
Tamil Nadu VAT Act, 2006	Sales Tax	Tamil Nadu Sales Tax Appellate Tribunal	2006-07 to 2013-14	1,028.80
Tamil Nadu VAT Act, 2006	Sales Tax	Joint Commissioner of Commercial Taxes	2014-15	64.90
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1995-96	11.83
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1993-94 and 1994-95	2.19
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	May 1997 to September 1997	2.03
Delhi Sales Tax Act, 1975	Sales Tax	Deputy Commissioner of Sales Tax	1991-92	7.58
OVAT Act, 2004	Sales Tax	Joint Commissioner of Sales Tax (Appeals)	July 2007 to January 2013	42.00
OVAT Act, 2004	Sales Tax	Odisha Sales Tax Appellate Tribunal	February 2012 to March 2014	268.56
Karnataka Sales Tax, Act 1957	Sales Tax	Karnataka Sales Tax Tribunal	2007-08 to 2013-14	357.46

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year though there have been a few cases of irregularities amounting to ₹ 207.47 lakhs (Refer Note 37 to the financial statements) detected and appropriately dealt with by the management.

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

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, April 29, 2016

## Balance Sheet

As at March 31, 2016

₹ in lakhs

	Note No.	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	15,621.10	64,373.46
Reserves and surplus	4	350,117.20	252,892.04
		<b>365,738.30</b>	<b>317,265.50</b>
<b>Share Application Money pending Allotment</b>	3.1	<b>2.51</b>	<b>67.86</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,093,473.00	1,244,750.00
Other long-term liabilities	6	8,201.94	4,258.82
Long-term provisions	7	49,277.22	32,055.66
		<b>1,150,952.16</b>	<b>1,281,064.48</b>
<b>Current liabilities</b>			
Short-term borrowings	5	397,441.64	267,834.02
Trade payables - Total outstanding dues of:			
(i) Micro and Small Enterprises	27	-	-
(ii) Creditors other than Micro and Small Enterprises		19,639.32	15,071.48
Current maturities of long-term borrowings	5	766,707.00	434,940.00
Other current liabilities	8	72,825.20	64,553.47
Short-term provisions	7	15,524.92	6,525.81
		<b>1,272,138.08</b>	<b>788,924.78</b>
<b>TOTAL</b>		<b>2,788,831.05</b>	<b>2,387,322.62</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
(i) Tangible assets		10,541.35	6,472.13
(ii) Intangible assets		590.95	361.09
		<b>11,132.30</b>	<b>6,833.22</b>
Non-current investments	10	6,468.30	6,017.82
Deferred tax assets (Net)	11	28,149.34	18,362.13
Receivables under financing activity	12	1,818,765.84	1,546,796.92
Long-term loans and advances	13	6,716.24	6,275.46
Other non-current assets	14	44,851.18	60,508.64
		<b>1,916,083.20</b>	<b>1,644,794.19</b>
<b>Current assets</b>			
Current investments	15	188.70	730.20
Cash and cash equivalents	16	49,047.18	34,065.58
Receivables under financing activity	12	772,247.07	671,556.72
Short-term loans and advances	13	3,732.67	1,958.50
Other current assets	14	47,532.23	34,217.43
		<b>872,747.85</b>	<b>742,528.43</b>
<b>TOTAL</b>		<b>2,788,831.05</b>	<b>2,387,322.62</b>

See accompanying Notes forming part of the financial statements

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

**Bhavani Balasubramanian**  
Partner

Date : April 29, 2016  
Place : Chennai

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

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

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Statement of Profit and Loss

For the year ended March 31, 2016

	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
₹ in lakhs			
<b>Revenue</b>			
- Revenue from operations	17	419,246.60	369,045.82
- Other income	18	123.93	73.33
<b>Total Revenue</b>		<b>419,370.53</b>	<b>369,119.15</b>
<b>Expenses</b>			
- Finance costs	19	205,077.61	196,039.31
- Business origination outsourcing		22,582.64	18,695.62
- Employee benefits expense	20	25,394.80	22,173.78
- Other operating expenses	21	34,381.89	31,098.32
- Depreciation and amortisation expense	9	2,133.13	2,918.26
- Provisions and loan losses	22	42,723.77	32,471.81
<b>Total Expenses</b>		<b>332,293.84</b>	<b>303,397.10</b>
<b>Profit before tax</b>		<b>87,076.69</b>	<b>65,722.05</b>
<b>Tax expense</b>			
- Current tax		40,018.79	27,603.13
- Deferred tax	11	(9,787.21)	(5,397.26)
Net tax expense		30,231.58	22,205.87
<b>Profit for the year</b>		<b>56,845.11</b>	<b>43,516.18</b>
Earnings per equity share of ₹ 10 each	23		
- Basic		37.50	30.09
- Diluted		37.46	29.97

See accompanying Notes forming part of the financial statements

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

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

**Bhavani Balasubramanian**  
Partner

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

Date : April 29, 2016  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Cash Flow Statement

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015	
<b>Cash Flow from Operating Activities</b>			
<b>Profit Before Tax</b>	<b>87,076.69</b>	<b>65,722.05</b>	
Adjustments for :-			
Depreciation and amortisation expense	2,133.13	2,918.26	
Provisions/(reversal of provisions) - Long-Term			
- Standard Assets (Net)	3,313.30	295.17	
- Non-Performing Assets under Financing Activity (Net)	14,474.14	1,721.56	
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	(565.88)	(187.56)	
Provisions/(reversal of provisions) - Short -Term			
- Standard Assets (Net)	4,359.59	1,411.08	
- Compensated Absences(Net)	148.95	135.00	
- Contingencies	2,461.54	-	
Loss on Repossessed Assets (Net)	20,158.66	17,902.92	
Loss assets written off	868.66	11,286.56	
Finance Costs	205,077.61	196,039.31	
(Gain)/Loss on Sale of Fixed Assets (Net)	32.53	58.86	
Liability no longer required written back	(43.55)	(37.94)	
Profit on Sale of Current Investments (Net)	(709.02)	(2,161.12)	
Gain on prepayment of Commercial paper and Debentures (Net)	(84.26)	(25.97)	
Interest Income on deposits	(5,465.29)	(5,953.81)	
Interest Income on Investments	(26.87)	(98.97)	
	246,133.24	223,303.35	
<b>Operating Profit Before Working Capital Changes</b>	<b>333,209.93</b>	<b>289,025.40</b>	
Adjustments for :-			
(Increase)/Decrease in operating Assets - Current/short-term			
- Receivables under Financing Activity (including Repossessed Assets)	(424,308.75)	(269,587.10)	
- Other Current Assets	(2,566.10)	(1,454.66)	
- Loans and advances	(1,774.17)	(526.62)	(271,568.38)
(Increase)/Decrease in operating Assets - Non Current/Long-term			
- Receivables under Financing Activity	(271,968.92)	(211,696.01)	
- Other Non Current Assets	14,704.49	640.07	
- Loans and advances	370.83	763.53	(210,292.41)
Securitisation / Assignment of Receivables	301,696.74	175,695.37	
Increase/(Decrease) in operating liabilities (Trade payables & other current liabilities)			
- Current & Short-term liabilities	7,206.94	2,920.18	
- Long-term liabilities	51.21	9.83	
<b>Cash Flow generated used in Operations</b>	<b>(43,377.80)</b>	<b>(14,210.01)</b>	
Finance Costs paid	(204,399.17)	(194,410.90)	
Interest Received on Bank Deposits and Other Investments	5,568.45	6,351.92	
Profit on Sale of Current Investments (Net)	709.02	2,161.12	
Direct Taxes Paid	(39,865.19)	(26,984.36)	(212,882.22)
<b>Net Cash Used in Operating Activities (A)</b>	<b>(281,364.69)</b>	<b>(227,092.23)</b>	

## Cash Flow Statement (Contd.)

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
<b>Cash Flow from Investing Activities</b>				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	(7,363.34)		(2,482.43)	
Purchase of Fixed Assets	(7,541.80)		(3,089.70)	
Proceeds from Sale of Fixed Assets	111.85		78.78	
Purchase of long-term investment - Subsidiaries	(800.00)		(200.00)	
Purchase of Other Investments	(1,221,800.00)		(2,623,500.00)	
Proceeds from sale / redemption of Other Investments	1,222,691.02		2,625,194.73	
<b>Net Cash Used in Investing Activities (B)</b>	<b>(14,702.27)</b>		<b>(3,998.62)</b>	
<b>Cash Flow from Financing Activities</b>				
Proceeds from issue of Share Capital (Including Securities Premium)		274.60		50,731.91
Proceeds from issue of long-term debentures	263,080.00		271,220.00	
Redemption of long-term debentures	(175,290.00)		(188,150.00)	
Borrowing - Term Loan from Banks	393,500.00		450,000.00	
Repayment - Term Loans from Banks	(301,150.00)		(348,474.00)	
Proceeds from Inter - Corporate Deposits - Subsidiary	1,000.00		2,300.00	
Increase / (Decrease) in short-term borrowings	129,457.62	310,097.62	(46,891.27)	138,204.73
Decrease in Fixed Deposits		(7.21)		(12.85)
Dividends Paid (Including Distribution Tax)		(6,679.79)		(6,333.38)
<b>Net Cash From Financing Activities (C)</b>	<b>303,685.22</b>		<b>182,590.41</b>	
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>7,618.26</b>		<b>(48,500.44)</b>	
Cash and Cash Equivalents at the Beginning of the Year		18,997.57		67,498.01
Cash and Cash Equivalents at the End of the Year		26,615.83		18,997.57
<b>Note:</b>				
Cash and Cash Equivalents at the End of the Year as per Balance Sheet		49,047.18		34,065.58
Less: Balance in Current Accounts held for Unpaid Dividends		36.33		32.89
Less: Bank Deposits held for More than Three Months		451.09		1,117.96
Less: Bank Deposits under Lien		21,943.93		13,917.16
		26,615.83		18,997.57

See accompanying Notes forming part of the financial statements

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

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

**Bhavani Balasubramanian**  
Partner

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

Date : April 29, 2016  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Notes forming part of the Financial Statements

For the year ended March 31, 2016

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

### 1. Significant Accounting Policies

#### a) Basis of accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

#### b) Use of Estimates

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

#### c) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or

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

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

#### d) Revenue Recognition

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

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

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

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

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

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

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

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

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



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

For the year ended March 31, 2016

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

### e) Fixed Assets, Depreciation and Impairment

#### Tangible fixed assets / Depreciation:

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

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

Useful life of assets as per Schedule II :

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

Useful life of assets based on Management's estimation :

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

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

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

#### Intangible assets / Amortisation:

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised over their estimated useful life on straight line method as follows:

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

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

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

### f) Investments

Investments which are long-term in nature are stated at cost. Provisions made for diminution in value, if it is of nature other than temporary.

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

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

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

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

- (i) Unearned income
- (ii) Instalments appropriated up to the Balance Sheet date

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

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

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

For the year ended March 31, 2016

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

### h) Repossessed Assets

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

### i) Retirement and Other Benefits

#### (i) Defined Contribution Plans:

**Provident Fund:** Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family Pension Fund, based on the statutory provisions as per the Employee Provident Fund Scheme. The Company has no liability for future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**Employee State Insurance:** The Company contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**Superannuation:** The Company contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

#### (ii) Defined Benefit Plan

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

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

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

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

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

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

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

#### (iv) Other-short term employee benefits

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

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

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

For the year ended March 31, 2016

### j) Foreign Currency Transactions

The Company translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognized as income or as expenses in the period in which they arise.

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

### k) Derivative Accounting

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

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

### l) Lease Accounting

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

### m) Business Origination and Outsourcing

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

### n) Service Tax Input Credit

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

### o) Taxation

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

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

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

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

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

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

For the year ended March 31, 2016

### p) Employee share based payments

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

### q) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liability is disclosed for –

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

Contingent assets are neither recognised nor disclosed in the financial statements.

### r) Segment Reporting

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

### s) Finance Costs

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

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure

of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

### t) Share Issue Expenses

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

### u) Earnings Per Share

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

### v) Operating Cycle

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

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

For the year ended March 31, 2016

the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current. All Non performing assets are classified as Non-Current.

### **2. Early adoption of Provision for Non-performing assets and Standard assets**

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

In the previous year (March 31, 2015), the Company had early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2016.

In the current year (March 31, 2016), the Company has early adopted the provisioning for standard assets to the extent they are required to be complied by March 31, 2018 and the revised asset classification norms to the extent they are required to be complied by March 31, 2017. Further, on a prudent basis, the Company has created a one-time additional provision of ₹ 5,480 lakhs against standard assets.

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

For the year ended March 31, 2016

Particulars	As at 31.03.2016		As at 31.03.2015	
	Nos.	Amount	Nos.	Amount
₹ in lakhs				
<b>NOTE : 3 SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of ₹ 10 each with voting rights	240,000,000	24,000.00	240,000,000	24,000.00
Preference Shares of ₹ 100 each	50,000,000	50,000.00	50,000,000	50,000.00
		<b>74,000.00</b>		<b>74,000.00</b>
<b>ISSUED</b>				
Equity Shares of ₹ 10 each with voting rights	156,282,398	15,628.24	143,805,957	14,380.60
1% Compulsorily Convertible Preference Shares (CCPS) of ₹ 100 each (Fully converted on September 2, 2015 into 12,285,012 equity shares)		-	50,000,000	50,000.00
		<b>15,628.24</b>		<b>64,380.60</b>
<b>SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of ₹ 10 each with voting rights	156,145,644	15,614.56	143,669,203	14,366.92
Add : Forfeited Shares	130,900	6.54	130,900	6.54
		15,621.10		14,373.46
1% Compulsorily Convertible Preference Shares of ₹ 100 each		-	50,000,000	50,000.00
		-		<b>50,000.00</b>
		<b>15,621.10</b>		<b>64,373.46</b>

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

Particulars	As at 31.03.2016		As at 31.03.2015	
	Nos.	Amount	Nos.	Amount
₹ in lakhs				
<b>Equity Shares</b>				
At the beginning of the year	143,669,203	14,366.92	143,191,034	14,319.10
Conversion of CCPS	12,285,012	1,228.50	-	-
Issued during the year - Employees Stock Option Scheme	191,429	19.14	478,169	47.82
Outstanding at the end of the year	<b>156,145,644</b>	<b>15,614.56</b>	<b>143,669,203</b>	<b>14,366.92</b>
<b>Forfeited shares</b>				
Equity Shares - Amount originally paid up	<b>130,900</b>	<b>6.54</b>	<b>130,900</b>	<b>6.54</b>
<b>1% Compulsorily Convertible Preference Shares</b>				
At the beginning of the year	50,000,000	50,000.00	-	-
Issued during the year on preferential basis	-	-	50,000,000	50,000.00
Conversion of CCPS into Equity Shares	(50,000,000)	(50,000.00)	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>50,000,000</b>	<b>50,000.00</b>

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

For the year ended March 31, 2016

**b) (i) Terms/rights attached to Equity shares:**

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

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

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

The CCPS have been converted into 12,285,012 equity shares of ₹ 10 each on September 2, 2015 at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share) and have been subscribed by Dynasty Acquisition (FDI) Ltd. The preferential dividend is cumulative and paid in full upto the Conversion Date.

**c) Equity Shares held by Holding Company/Entity having Significant Influence over the Company:**

Particulars	As at 31.03.2016	As at 31.03.2015
Tube Investments of India Limited - Holding Company upto August 31, 2015 and Entity having Significant Influence over the Company from September 01, 2015	72,233,019	72,233,019
Murugappa Holdings Limited - Entity having Significant influence over Holding Company		176

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

**Equity Shares**

Particulars	As at 31.03.2016		As at 31.03.2015	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	72,233,019	46.27	72,233,019	50.28
Dynasty Acquisitions (FDI) Limited	12,285,012	7.87	-	-
Ambadi Holdings Private Limited	7,218,410	4.62	7,218,410	5.02

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

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

Refer Note 31 for details of shares reserved for issue under options

- 3.1 As at March 31, 2016 the Company has received an amount of ₹ 2.51 lakhs (As at March 31, 2015 – ₹ 67.86 lakhs) towards share application money for 1,340 equity Shares (As at March 31, 2015 - 37,960 equity shares) of the Company pursuant to Employee Stock Option plan.

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 4 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>3.97</b>	<b>3.97</b>
<b>Capital Redemption Reserve (Refer Note 4.1)</b>	<b>3,300.00</b>	<b>3,300.00</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	117,103.14	116,485.97
Add: Premium on conversion of Compulsorily Convertible Preference Shares (Refer Note 3b(ii))	48,771.50	-
Add: Premium on ESOPs exercised	320.81	822.56
Less: Share issue expenses	-	(205.39)
<b>Closing balance</b>	<b>166,195.45</b>	<b>117,103.14</b>
<b>Statutory Reserve (Refer Note 4.2)</b>		
Balance at the beginning of the year	35,046.48	26,046.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	12,000.00	9,000.00
<b>Closing balance</b>	<b>47,046.48</b>	<b>35,046.48</b>
<b>General Reserve</b>		
Balance at the beginning of the year	78,776.51	38,776.51
Add: Amount transferred from surplus in the Statement of Profit and Loss	30,000.00	40,000.00
<b>Closing balance</b>	<b>108,776.51</b>	<b>78,776.51</b>
<b>Surplus in the Statement of Profit and loss</b>		
Balance at the beginning of the year	18,661.94	30,531.55
Profit for the year	56,845.11	43,516.18
Less:		
Dividend		
Equity for previous year (Refer Note 4.3)	(0.45)	(2.31)
Equity Interim - Paid (₹ 2.50 per share; March 31, 2015 - ₹ 2.50 per share)	(3,902.95)	(3,590.40)
Equity - Proposed (₹ 2.00 per share; March 31, 2015 - ₹ 1.00 per share)	(3,122.91)	(1,437.07)
Preference	(212.33)	(287.67)
Distribution tax on Equity Dividend	(1,430.39)	(1,010.82)
Distribution tax on Preference Dividend	(43.23)	(57.52)
Transfer to Statutory Reserve	(12,000.00)	(9,000.00)
Transfer to General Reserve	(30,000.00)	(40,000.00)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>24,794.79</b>	<b>18,661.94</b>
<b>Total Reserves and Surplus</b>	<b>350,117.20</b>	<b>252,892.04</b>

- 4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during the prior years.
- 4.2 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.
- 4.3 Represents dividend payment relating to previous year in respect of 45,251 shares (March 31, 2015 - 231,596) shares which were allotted to the employees under the Employee Stock Option Scheme, 2007 after March 31, 2015 but before July 31, 2015 (book closure date).



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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Non-Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 5 BORROWINGS</b>				
<b>LONG - TERM</b>				
Redeemable Non-Convertible Debentures				
Medium-Term - Secured	315,620.00	263,080.00	169,040.00	133,790.00
- Refer Note 5.1 (i) & 5.2 (i) to (ii)				
Subordinated Debt - Unsecured	145,800.00	150,800.00	5,000.00	-
- Refer Note 5.2 (iii)				
Perpetual Debt - Unsecured	110,070.00	110,070.00	-	-
- Refer Note 5.2 (iv)				
Term Loan				
Rupee Loans from Banks - Secured	521,633.00	718,500.00	590,367.00	301,150.00
- Refer Note 5.1 (ii) & 5.2 (v)				
Inter-corporate Deposits - Unsecured from subsidiaries (Refer Note 31)	350.00	2,300.00	2,300.00	-
	<b>1,093,473.00</b>	<b>1,244,750.00</b>	<b>766,707.00</b>	<b>434,940.00</b>
The above amount includes				
Secured borrowings	837,253.00	981,580.00	759,407.00	434,940.00
Unsecured borrowings	256,220.00	263,170.00	7,300.00	-
Amount disclosed under the head "Current Maturities of Long-term borrowings"	-	-	(766,707.00)	(434,940.00)
	<b>1,093,473.00</b>	<b>1,244,750.00</b>	-	-
<b>SHORT - TERM</b>				
Working Capital Demand loans and Cash Credit from Banks				
- Secured (Refer Note 5.1 (iii))	-	-	114,491.64	220,384.02
- Unsecured	-	-	10,000.00	-
Commercial Paper - Unsecured	-	-	272,600.00	47,250.00
Inter-corporate Deposits - Unsecured from subsidiaries (Refer Note 31)	-	-	350.00	200.00
	-	-	<b>397,441.64</b>	<b>267,834.02</b>
The above amount includes				
Secured borrowings	-	-	114,491.64	220,384.02
Unsecured borrowings	-	-	282,950.00	47,450.00
	-	-	<b>397,441.64</b>	<b>267,834.02</b>

### 5.1 Security

- (i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.
- (ii) Term loans from banks are secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (iii) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

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

For the year ended March 31, 2016

### 5.2 Details of Debentures

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs		
700	1,000,000	7,000	-	Nov-19	9.10
750	1,000,000	7,500	7,500	Aug-19	9.90
300	1,000,000	3,000	3,000	Jul-19	9.90
100	1,000,000	1,000	1,000	Jun-19	9.90
300	1,000,000	3,000	-	Mar-19	9.20
850	1,000,000	8,500	-	Nov-18	9.10 to 9.25
2,250	1,000,000	22,500	20,000	Sep-18	8.95 to 11.00
500	1,000,000	5,000	-	Aug-18	9.03
1,880	1,000,000	18,800	14,000	May-18	9.25 to 9.65
400	1,000,000	4,000	-	Apr-18	9.10 to 9.11
3,850	1,000,000	38,500	10,000	Mar-18	9.09 to 9.35
2,500	1,000,000	25,000	25,000	Dec-17	10.50
2,450	1,000,000	24,500	13,000	Nov-17	8.90 to 9.55
550	1,000,000	5,500	-	Aug-17	9.00
650	1,000,000	6,500	6,500	Jul-17	9.90
5,755	1,000,000	57,550	5,050	Jun-17	8.90 to 9.90
65	1,000,000	650	-	May-17	9.24 to 9.25
1,500	1,000,000	15,000	-	Apr-17	9.35
750	1,000,000	7,500	5,000	Mar-17	9.10 to 9.52
250	1,000,000	2,500	2,500	Jan-17	10.25
550	1,000,000	5,500	-	Nov-16	9.18 to 9.19
2,000	1,000,000	20,000	20,000	Sep-16	11.00
550	1,000,000	5,500	5,500	Aug-16	8.91 to 9.81
450	1,000,000	4,500	4,500	Jul-16	9.90
5,300	1,000,000	53,000	53,000	Jun-16	9.65 to 9.90
2,550	1,000,000	25,500	25,500	May-16	9.40 to 9.60
2,000	1,000,000	-	20,000	Mar-16	9.63 to 9.64
5,900	1,000,000	-	59,000	Dec-15	9.77 to 10.50
250	1,000,000	-	2,500	Jun-15	10.67
3,100	1,000,000	-	31,000	May-15	9.50 to 9.60
250	1,000,000	-	2,500	Apr-15	10.20
		<b>377,500</b>	<b>336,050</b>		

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs			
500	1,000,000	5,000	-	Jul-19	1,363,101	363,101
80	1,000,000	800	-	Apr-19	1,308,150	308,150
250	1,000,000	2,500	-	Apr-19	1,313,730	313,730
250	1,000,000	2,500	2,500	Mar-19	1,623,240	623,240
100	1,000,000	1,000	1,000	Mar-19	1,619,345	619,345
160	1,000,000	1,600	1,600	Feb-19	1,635,566	635,566
580	1,000,000	5,800	-	Nov-18	1,357,496	357,496
100	1,000,000	1,000	-	Jul-18	1,302,320	302,320
150	1,000,000	1,500	-	Jul-18	1,259,970	259,970
100	1,000,000	1,000	1,000	May-18	1,580,260	580,260
250	1,000,000	2,500	-	Apr-18	1,301,077	301,077
60	1,000,000	600	-	Apr-18	1,295,193	295,193
110	1,000,000	1,100	1,100	Dec-17	1,360,923	360,923
110	1,000,000	1,100	1,100	Oct-17	1,317,130	317,130
850	1,000,000	8,500	-	Aug-17	1,188,380	188,380
100	1,000,000	1,000	1,000	Aug-17	1,320,598	320,598
75	1,000,000	750	750	Jul-17	1,323,949	323,949
100	1,000,000	1,000	-	Jun-17	1,176,932	176,932
50	1,000,000	500	-	Jun-17	1,186,518	186,518
135	1,000,000	1,350	-	Jun-17	1,189,472	189,472
43	1,000,000	430	-	Jun-17	1,187,498	187,498
170	1,000,000	1,700	1,700	Jun-17	1,311,675	311,675
267	1,000,000	2,670	2,670	Jun-17	1,314,349	314,349
75	1,000,000	750	-	May-17	1,188,908	188,908
70	1,000,000	700	-	May-17	1,187,780	187,780
120	1,000,000	1,200	-	May-17	1,190,320	190,320
200	1,000,000	2,000	-	May-17	1,190,740	190,740
150	1,000,000	1,500	-	May-17	1,192,760	192,760
100	1,000,000	1,000	-	Apr-17	1,186,652	186,652
20	1,000,000	200	-	Apr-17	1,185,196	185,196
135	1,000,000	1,350	-	Apr-17	1,188,908	188,908
570	1,000,000	5,700	-	Apr-17	1,188,907	188,907
140	1,000,000	1,400	-	Apr-17	1,188,344	188,344
42	1,000,000	420	-	Apr-17	1,190,320	190,320
100	1,000,000	1,000	-	Jan-17	1,155,522	155,522
600	1,000,000	6,000	6,000	Dec-16	1,207,943	207,943
1000	1,000,000	10,000	-	Dec-16	1,147,158	147,158
93	1,000,000	930	-	Dec-16	1,142,218	142,218
50	1,000,000	500	-	Dec-16	1,138,193	138,193
250	1,000,000	2,500	2,500	Nov-16	1,198,622	198,622
80	1,000,000	800	800	Nov-16	1,196,826	196,826

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs			
500	1,000,000	5,000	-	Oct-16	1,136,517	136,517
210	1,000,000	2,100	2,100	Sep-16	1,204,369	204,369
145	1,000,000	1,450	1,450	Aug-16	1,206,965	206,965
190	1,000,000	1,900	1,900	Aug-16	1,202,972	202,972
80	1,000,000	800	800	Aug-16	1,205,120	205,120
40	1,000,000	400	400	Aug-16	1,204,987	204,987
100	1,000,000	1,000	1,000	Aug-16	1,207,458	207,458
100	1,000,000	1,000	1,000	Jul-16	1,212,495	212,495
236	1,000,000	2,360	2,360	Jun-16	1,201,019	201,019
250	1,000,000	2,500	2,500	May-16	1,317,510	317,510
50	1,000,000	500	500	May-16	1,330,118	330,118
250	1,000,000	2,500	2,500	May-16	1,314,733	314,733
180	1,000,000	1,800	1,800	Apr-16	1,209,052	209,052
300	1,000,000	-	3,000	Mar-16	1,136,366	136,366
100	1,000,000	-	1,000	Mar-16	1,310,710	310,710
250	1,000,000	-	2,500	Jan-16	1,275,288	275,288
250	1,000,000	-	2,500	Dec-15	1,144,977	144,977
100	1,000,000	-	1,000	Dec-15	1,145,121	145,121
145	1,000,000	-	1,450	Sep-15	1,340,839	340,839
102	1,000,000	-	1,020	Sep-15	1,334,362	334,362
30	1,000,000	-	300	Aug-15	1,382,264	382,264
180	1,000,000	-	1,800	Jun-15	1,363,970	363,970
225	1,000,000	-	2,250	May-15	1,348,378	348,378
100	1,000,000	-	1,000	Apr-15	1,200,660	200,660
97	1,000,000	-	970	Apr-15	1,336,573	336,573
		<b>107,160</b>	<b>60,820</b>			

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Redeemable at par - No put call option	253,500	221,050	124,000	115,000	377,500	336,050
Redeemable at premium - No put call option	62,120	42,030	45,040	18,790	107,160	60,820
	<b>315,620</b>	<b>263,080</b>	<b>169,040</b>	<b>133,790</b>	<b>484,660</b>	<b>396,870</b>

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs		
150	1,000,000	1,500	1,500	Jun-24	11.00
50	1,000,000	500	500	May-24	11.00
250	1,000,000	2,500	2,500	Apr-24	11.00
250	1,000,000	2,500	2,500	Mar-24	11.00
200	1,000,000	2,000	2,000	Feb-24	11.00
250	1,000,000	2,500	2,500	Jan-24	11.00
150	1,000,000	1,500	1,500	Sep-23	11.00
600	1,000,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	1,000,000	31,500	31,500	Nov-21	10.02
1,000	1,000,000	10,000	10,000	Jun-21	11.30
1,000	1,000,000	10,000	10,000	May-21	11.30
100	1,000,000	1,000	1,000	Mar-21	11.00
100	1,000,000	1,000	1,000	Feb-21	11.00
150	1,000,000	1,500	1,500	Oct-20	11.00
500	1,000,000	5,000	5,000	Jul-20	10.70
115	1,000,000	1,150	1,150	May-20	11.00
1,000	1,000,000	10,000	10,000	Apr-20	11.00
750	1,000,000	7,500	7,500	Dec-19	11.50
700	1,000,000	7,000	7,000	Jun-19	11.40
1,500	1,000,000	15,000	15,000	May-19	11.70 to 11.75
100	1,000,000	1,000	1,000	Nov-18	10.55
250	1,000,000	2,500	2,500	Sep-18	11.25
895	1,000,000	8,950	8,950	Aug-18	12.25
620	1,000,000	6,200	6,200	Jun-18	10.55 to 12.25
750	1,000,000	7,500	7,500	Nov-17	12.75
150	1,000,000	1,500	1,500	Mar-17	11.25
350	1,000,000	3,500	3,500	Feb-17	11.15
		<b>150,800</b>	<b>150,800</b>		

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Redeemable at par - No put call option	145,800	150,800	5,000	-	150,800	150,800

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Maturity Date (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs		
500	500,000	2,500	2,500	Aug-24	12.80
174	1,000,000	1,740	1,740	Jul-24	12.90
500	500,000	2,500	2,500	Jun-24	12.90
500	500,000	2,500	2,500	Feb-24	12.90
50	1,000,000	500	500	Jan-24	12.60
1,031	1,000,000	10,310	10,310	Dec-23	12.50 to 12.60
245	1,000,000	2,450	2,450	Oct-23	12.60
1,000	500,000	5,000	5,000	Oct-23	12.90
300	1,000,000	3,000	3,000	Feb-23	12.80
1,450	1,000,000	14,500	14,500	Dec-22	12.70 to 12.80
860	500,000	4,300	4,300	Sep-22	12.75
2,000	500,000	10,000	10,000	Aug-22	12.90
200	500,000	1,000	1,000	Mar-22	12.50
700	500,000	3,500	3,500	Jan-22	12.50
3,500	500,000	17,500	17,500	Dec-21	12.50 to 12.95
320	500,000	1,600	1,600	Aug-21	12.50
413	500,000	2,065	2,065	Jul-21	12.50
2,021	500,000	10,105	10,105	Jun-21	12.50
3,000	500,000	15,000	15,000	Oct-20	12.05
		<b>110,070</b>	<b>110,070</b>		

(v) Details of term loans

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2016	31.03.2015	31.03.2016	31.03.2015
Base Rate	< 1 year	1	-	-	265,000	150,000
		2	-	-	6,000	4,150
		4	-	-	30,000	35,000
		1 - 2 years	1	72,460	257,500	-
		2	14,920	-	15,000	-
		3	24,000	-	28,000	-
		4	44,000	42,500	14,000	15,000
		5	20,000	-	30,000	-

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

For the year ended March 31, 2016

(v) Details of term loans (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding				
			Non Current		Current		
			31.03.2016	31.03.2015	31.03.2016	31.03.2015	
Base Rate	2 - 3 years	1	75,000	67,500	-	-	
		3	9,133	10,000	4,367	5,000	
		4	30,000	30,000	-	-	
		5	51,000	78,000	19,000	7,000	
		8	27,500	-	2,500	-	
		10	16,000	-	4,000	-	
Base Rate + spread (0.05% to 0.40%)	< 1 year	1	-	-	125,000	-	
		4	-	-	-	7,500	
		6	-	-	15,000	7,500	
	1 - 2 years	1	40	115,000	-	-	
		2	80	10,000	-	10,000	
		4	7,500	15,000	22,500	5,000	
	2 - 3 years	5	-	-	-	-	
		1	80,000	-	-	-	
		4	30,000	25,000	-	5,000	
			5	-	42,000	-	28,000
Rate based on 3 - Month T Bill + Spread	< 1 year	1	-	-	10,000	-	
Fixed Rate	< 1 year	1	-	-	-	10,000	
		1 - 2 years	1	20,000	-	-	
			10	-	6,000	-	12,000
	2 - 3 years	1	-	20,000	-	-	
<b>Total</b>			<b>521,633</b>	<b>718,500</b>	<b>590,367</b>	<b>301,150</b>	

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

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 6 OTHER LONG - TERM LIABILITIES</b>		
Advances from Customers	85.56	105.30
Interest Accrued but not due on borrowings	7,818.94	3,927.03
Deferred Rent	297.44	226.49
	<b>8,201.94</b>	<b>4,258.82</b>

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Long-term		Short-term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 7 PROVISIONS</b>				
<b>Provision for Employee Benefits</b>				
- Compensated Absences (Refer Note 29 B)	-	-	1,192.09	1,043.14
	-	-	<b>1,192.09</b>	<b>1,043.14</b>
<b>Other Provisions</b>				
Provision for Standard Assets (Refer Note 33 and Note 2)	6,874.98	3,561.68	7,320.26	2,960.67
Provision for Non-performing Assets (Refer Note 33 and Note 2)	42,402.24	27,928.10	-	-
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 33)	-	565.88	-	-
Provision for Contingencies (Refer Note 33)	-	-	2,461.54	-
Provision for Contingent Service Tax claims (Refer Note 33)	-	-	792.37	792.37
Proposed Dividend - Equity	-	-	3,122.91	1,437.07
Provision for Distribution tax on proposed Dividend - Equity	-	-	635.75	292.56
	49,277.22	32,055.66	14,332.83	5,482.67
	<b>49,277.22</b>	<b>32,055.66</b>	<b>15,524.92</b>	<b>6,525.81</b>

₹ in lakhs

Particulars	As at	As at
	31.03.2016	31.03.2015
<b>NOTE : 8 OTHER CURRENT LIABILITIES</b>		
Interest Accrued but Not Due on Borrowings / Other Deposits	43,022.16	37,342.21
Income received in advance	173.35	21.47
Unpaid Dividend (Refer Note 8.1)	36.33	32.89
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 & 8.3)	1.23	8.44
Advances from customers	2,351.78	1,940.42
Security Deposits received	535.25	431.28
Remittances payable - Derecognised assets (Refer Note 16.1)	24,571.49	22,974.64
Insurance premium collected from customers	1,114.27	801.64
Statutory dues	519.86	484.66
Other liabilities*	499.48	515.82
	<b>72,825.20</b>	<b>64,553.47</b>
* Other liabilities include		
Dues to subsidiaries - Cholamandalam Securities Limited	-	0.34
Cholamandalam Distribution Services Limited	0.14	-
Gratuity Payable	171.59	201.61

- 8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF)
- 8.2 As at March 31, 2016, in respect of overdue amounts totalling to ₹ 0.11 lakh (March 31, 2015 - ₹ 0.11 lakh), payments have not been made as per instructions received from the Central Bureau of Investigation .
- 8.3 Pursuant to the Company obtaining a fresh Certificate of Registration dated December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits and consequent to its decision to exit from deposit accepting activities effective November 1, 2006, the Company has a total deposit of ₹ 2.75 lakhs as at March 31, 2016 (March 31, 2015 - ₹ 14.94 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 16.



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

For the year ended March 31, 2016

### NOTE : 9 FIXED ASSETS

As at March 31, 2016

₹ in lakhs

Description	Gross Block		Accumulated Depreciation and Amortisation				Net Block as at			
	Cost as at 31.03.2015	Additions 31.03.2016	Deletions 31.03.2016	Cost as at 31.03.2016	Upto 31.03.2015	Provided for the year during the year	Withdrawn 31.03.2016	Upto 31.03.2016	31.03.2015	31.03.2016
<b>Tangible Asset (owned)</b>										
Freehold Land	464.19	3,492.00	-	3,956.19	-	-	-	-	3,956.19	464.19
Buildings (Refer Note 9.1 & 9.2)	3,463.77	18.91	-	3,482.68	807.23	47.75	-	854.98	2,627.70	2,656.54
Plant and Machinery	3,543.07	1,700.62	165.41	5,078.28	2,652.59	687.36	163.05	3,176.90	1,901.38	890.48
Office Equipment	1,756.60	165.93	66.56	1,855.97	1,177.72	234.34	55.58	1,356.48	499.49	578.88
Furniture and Fixtures	1,963.69	151.11	219.73	1,895.07	1,332.97	281.88	176.70	1,438.15	456.92	630.72
Leasehold Improvements	2,410.86	299.21	239.89	2,470.18	1,737.60	428.89	238.17	1,928.32	541.86	673.26
Vehicles	886.48	243.33	251.91	877.90	308.42	177.29	165.62	320.09	557.81	578.06
<b>Total - 1</b>	<b>14,488.66</b>	<b>6,071.11</b>	<b>943.50</b>	<b>19,616.27</b>	<b>8,016.53</b>	<b>1,857.51</b>	<b>799.12</b>	<b>9,074.92</b>	<b>10,541.35</b>	<b>6,472.13</b>
<b>Intangible Asset (acquired)</b>										
- Computer Software	3,231.77	505.48	189.25	3,548.00	2,870.68	275.62	189.25	2,957.05	590.95	361.09
<b>Total - 2</b>	<b>3,231.77</b>	<b>505.48</b>	<b>189.25</b>	<b>3,548.00</b>	<b>2,870.68</b>	<b>275.62</b>	<b>189.25</b>	<b>2,957.05</b>	<b>590.95</b>	<b>361.09</b>
<b>Grand Total (1 + 2)</b>	<b>17,720.43</b>	<b>6,576.59</b>	<b>1,132.75</b>	<b>23,164.27</b>	<b>10,887.21</b>	<b>2,133.13</b>	<b>988.37</b>	<b>12,031.97</b>	<b>11,132.30</b>	<b>6,833.22</b>

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

For the year ended March 31, 2016

### NOTE : 9 FIXED ASSETS

As at March 31, 2015

Description	Gross Block		Cost as at 31.03.2015	Accumulated Depreciation and Amortisation			Net Block as at	
	Cost as at 31.03.2014	Additions Deletions		Upto 31.03.2014	Provided for the year	Withdrawn during the year	Upto 31.03.2015	31.03.2014
<b>Tangible Asset (owned)</b>								
Freehold Land	464.19	-	464.19	-	-	-	464.19	464.19
Buildings (Refer Note 9.1 & 9.2)	3,463.77	-	3,463.77	727.78	79.45	-	2,656.54	2,735.99
Plant and Machinery	3,101.75	765.62	3,543.07	2,156.80	820.08	324.29	890.48	944.95
Office Equipment	1,475.89	337.89	1,756.60	871.46	349.32	43.06	578.88	604.43
Furniture and Fixtures	1,629.33	405.98	1,963.69	1,025.86	368.03	60.92	630.72	603.47
Leasehold Improvements	2,183.03	424.28	2,410.86	1,185.34	709.20	156.94	673.26	997.69
Vehicles	699.79	369.62	886.48	258.87	159.18	109.63	578.06	440.92
<b>Total - 1</b>	<b>13,017.75</b>	<b>2,303.39</b>	<b>14,488.66</b>	<b>6,226.11</b>	<b>2,485.26</b>	<b>694.84</b>	<b>8,016.53</b>	<b>6,472.13</b>
<b>Intangible Asset (acquired)</b>								
- Computer Software	2,935.62	296.15	3,231.77	2,437.68	433.00	-	361.09	497.94
<b>Total - 2</b>	<b>2,935.62</b>	<b>296.15</b>	<b>3,231.77</b>	<b>2,437.68</b>	<b>433.00</b>	<b>-</b>	<b>2,870.68</b>	<b>497.94</b>
<b>Grand Total ( 1 + 2)</b>	<b>15,953.37</b>	<b>2,599.54</b>	<b>17,720.43</b>	<b>8,663.79</b>	<b>2,918.26</b>	<b>694.84</b>	<b>10,887.21</b>	<b>7,289.58</b>

#### Notes:

- 9.1 Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.
- 9.2 Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 10 NON - CURRENT INVESTMENTS</b> (Valued at cost unless stated otherwise)		
<b>Trade Investments - Unquoted</b>		
Investment in Equity shares of subsidiaries		
Cholamandalam Distribution Services Limited 42,400,000 Equity shares of ₹ 10 each fully paid up	4,240.00	4,240.00
Cholamandalam Securities Limited 22,500,014 Equity shares of ₹ 10 each fully paid up	2,250.00	2,250.00
White Data System India Private Limited 1,275,917 Equity shares of ₹ 10 each fully paid up acquired on March 16, 2016	800.00	-
	7,290.00	6,490.00
Less: Provision for diminution in the value of investment	(953.00)	(953.00)
<b>Total (a)</b>	<b>6,337.00</b>	<b>5,537.00</b>
<b>Non Trade Investments - Unquoted</b>		
Investment in Equity shares -		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up	129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up	0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up	0.25	0.25
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹ 10 each fully paid up	1.91	1.91
Investment in other shares -		
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only	0	0
Investment in Pass Through Certificates - <b>Unquoted</b>	188.70	1,079.72
Amount disclosed under Current Investments	(188.70)	(730.20)
	-	349.52
<b>Total (b)</b>	<b>131.30</b>	<b>480.82</b>
<b>Total Non-current Investments (a + b)</b>	<b>6,468.30</b>	<b>6,017.82</b>
Aggregate Value of Unquoted Investments - At Cost	7,421.30	6,970.82
Aggregate provision for diminution in the value of investments	953.00	953.00

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE: 11 DEFERRED TAX ASSETS (Net)</b>		
<b>Deferred Tax Assets</b>		
Provision for Standard Assets	4,912.69	2,257.25
Provision for Non-Performing Assets	14,674.57	9,665.36
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	-	195.84
Provision for Repossessed Stock	979.04	912.52
Provision for Contingent Service Tax	274.22	274.22
Interest Income Derecognised on Non- Performing Assets	5,265.83	3,639.56
Unrealised Excess Interest Spread on Assignment/Securitisation	1,851.91	2,527.98
Provision for Contingencies	851.89	-
Provision for compensated absences and gratuity	471.94	361.01
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	518.32	458.27
Others	102.94	148.14
	<b>(A) 29,903.35</b>	<b>20,440.15</b>
<b>Deferred Tax Liability</b>		
Unamortised Prepaid Finance Charges	1,754.01	2,078.02
	<b>(B) 1,754.01</b>	<b>2,078.02</b>
<b>Net Deferred Tax Assets (A) - (B)</b>	<b>28,149.34</b>	<b>18,362.13</b>
<b>Deferred Tax benefit in the Statement of Profit and Loss</b>	<b>9,787.21</b>	<b>5,397.26</b>

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE: 12 RECEIVABLES UNDER FINANCING ACTIVITY</b>				
<b>Secured</b>				
Automobile Financing (Refer Note 12.1)	1,060,567.36	865,877.82	665,205.40	575,992.60
Loans against Immovable Properties	681,318.71	644,072.31	48,811.89	49,920.80
Construction Equipment Financing	21,518.46	9,300.28	10,709.12	3,559.95
Loans against Securities	2,266.21	2,749.65	500.41	824.64
Other Loans	484.21	184.35	-	29.72
Amount Retained on Assigned Assets	14,877.78	-	1,337.60	-
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.3)	37,326.37	24,206.48	23,725.49	32,216.36
<b>Total (a)</b>	<b>1,818,359.10</b>	<b>1,546,390.89</b>	<b>750,289.91</b>	<b>662,544.07</b>
<b>Unsecured</b>				
Loans to Automobile Dealers	354.01	200.40	10,087.75	6,938.72
Bills Discounted	-	-	10,700.63	1,989.92
Other Loans	3.80	151.77	1,106.51	-
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	48.93	53.86	62.27	84.01
<b>Total (b)</b>	<b>406.74</b>	<b>406.03</b>	<b>21,957.16</b>	<b>9,012.65</b>
<b>Total receivables under financing activity (a + b)</b>	<b>1,818,765.84</b>	<b>1,546,796.92</b>	<b>772,247.07</b>	<b>671,556.72</b>

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

For the year ended March 31, 2016

### NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Contd.)

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or, pledge of securities and / or, equitable mortgage of property and/ or, corporate guarantees or personal guarantees and/ or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Instalments and Other Dues from Borrowers include dues from borrowers in respect of assets de-recognised on account of Assignment/Securitisation of Receivables.				
12.3 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	27,916.87	19,183.55		
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	48.93	53.72		
Of the above:				
Considered Good	1,716,580.98	1,466,520.66	772,247.07	671,556.72
Others - Non - Performing Assets	102,184.86	80,276.26	-	-
	<b>1,818,765.84</b>	<b>1,546,796.92</b>	<b>772,247.07</b>	<b>671,556.72</b>
Refer Note 7 for Provision for Non - Performing assets				

₹ in lakhs

Particulars	Long-term		Short-term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE :13 LOANS AND ADVANCES</b>				
<b>Unsecured - considered good</b> (unless otherwise stated)				
Capital Advances	1,628.83	663.62	-	-
Security Deposits	509.82	881.74	713.73	576.27
Prepaid expenses	31.49	30.40	473.81	319.83
Service tax input credit	-	-	324.76	73.49
Advance tax (net of provision for tax ₹ 117,660.02 lakhs; March 31, 2015 - ₹ 77,641.24 lakhs)	4,546.10	4,699.70	-	-
Other advances *	-	-	2,220.37	988.91
	<b>6,716.24</b>	<b>6,275.46</b>	<b>3,732.67</b>	<b>1,958.50</b>
* Other advances includes:-				
Cholamandalam Securities Limited	-	-	1.67	-
Dues from subsidiary company - Cholamandalam Distribution Services Limited	-	-	-	23.37
Disputed Sales tax / Value Added tax paid under protest	-	-	1,394.33	649.15

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 14 OTHER ASSETS</b>				
<b>Unsecured - considered good</b> (unless otherwise stated)				
Deposits with Banks as collateral towards assets derecognised	40,983.39	52,030.98	-	-
Excess Interest spread - Derecognised assets	-	3,656.90	-	261.37
Prepaid Finance Charges	3,867.79	4,820.76	1,200.43	1,183.69
Prepaid Discount on Commercial Papers	-	-	10,603.49	689.58
Repossessed Automobile assets*	-	-	2,856.66	1,962.32
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	27,590.17	26,236.99
- on Deposits and Investments	-	-	198.32	274.61
Other Accruals and receivables**	-	-	5,083.16	3,608.87
	<b>44,851.18</b>	<b>60,508.64</b>	<b>47,532.23</b>	<b>34,217.43</b>
* Net of provision			2,830.58	2,640.55

\*\* Includes - ₹ 3,920.29 lakhs (March 31, 2015 - ₹ 2,831.64 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognised assets referred in Note 8

₹ in lakhs

Particulars	As at	As at
	31.03.2016	31.03.2015
<b>NOTE : 15 CURRENT INVESTMENTS</b> (valued at lower of cost and fair value, unless stated otherwise - Non - Trade)		
Current Portion of Long-term Investment in Pass Through Certificates - <b>Unquoted</b>	188.70	730.20
	<b>188.70</b>	<b>730.20</b>
<b>NOTE : 16 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	5,056.71	4,408.17
Cheques, drafts on hand	2,014.65	2,652.24
Balances with banks		
- In Current Accounts (Refer Note 16.1)	18,377.67	11,923.51
- In Deposit Accounts - Original maturity 3 months or less	1,166.80	13.65
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 16.2)	451.09	1,117.96
- In earmarked accounts		
- In Unpaid Dividend Accounts	36.33	32.89
- Deposits with Banks as collateral towards assets derecognised	62,917.00	65,925.61
- Amount disclosed under Non-current bank balances (Refer Note 14)	(40,983.39)	(52,030.98)
	21,933.61	13,894.63
- Public deposit Escrow Account	2.75	14.94
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	7.57	7.59
	<b>49,047.18</b>	<b>34,065.58</b>

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 26,615.83 lakhs (March 31, 2015 - ₹ 18,997.57 lakhs).

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

For the year ended March 31, 2016

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

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

16.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 175.07 lakhs (March 31, 2015 - ₹ 266.19 lakhs) which have an residual maturity of more than 12 months.

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 17 REVENUE FROM OPERATIONS</b>		
<b>Income from Operations</b>		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	258,276.71	238,247.67
- Loans against Immovable Properties	95,058.66	78,249.02
- Construction Equipment Financing	2,644.48	623.08
- Loans against Securities	355.51	603.00
- Loans to Automobile dealers	969.69	877.07
- Bills Discounting	612.57	85.79
- Other Loans	343.77	637.63
- Interest spread on assignment/securitisation	20,534.34	14,346.28
ii) Other Operating Revenue		
- Automobile Financing	26,039.12	19,552.89
- Loans against Immovable Properties	6,999.39	6,926.08
- Construction Equipment Financing	177.23	143.41
- Loans against Securities	19.10	22.74
- Other Loans	135.65	35.70
(b) Interest Income		
- Deposits placed as collateral towards assets derecognised	5,365.41	5,931.95
- Other Deposits	99.88	21.86
- Long Term Investment - Pass Through Certificates	26.87	98.97
(c) Gain on prepayment of Commercial Paper and Debentures (Net) (Refer Note 17.1)	84.26	25.97
<b>Total (A)</b>	<b>417,742.64</b>	<b>366,429.11</b>
<b>Other Operating Income</b>		
(d) Profit on sale of current investments	709.02	2,161.12
(e) Servicing and Collection fee on Securitisation / Assignment	744.49	335.69
(f) Others	50.45	119.90
<b>Total (B)</b>	<b>1,503.96</b>	<b>2,616.71</b>
<b>Total (A+B)</b>	<b>419,246.60</b>	<b>369,045.82</b>

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 17 REVENUE FROM OPERATIONS (Contd.)</b>		
<b>17.1 Gain on Prepayment of Commercial Paper and Debentures</b>		
Book Value (including interest accrued) on the date of prepayment	41,500.00	10,000.00
Consideration paid for prepayment	41,415.74	9,974.03
<b>Net Gain</b>	<b>84.26</b>	<b>25.97</b>

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 18 OTHER INCOME</b>		
Other Non-operating Income		
Rent	30.38	35.39
Miscellaneous Income (Refer Note 18.1)	93.55	37.94
	<b>123.93</b>	<b>73.33</b>
18.1 Miscellaneous Income includes		
Liability no longer required written back	43.55	37.94
Receipt of insurance claim	50.00	-

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 19 FINANCE COSTS</b>		
Interest Expense		
- Debentures	81,303.23	68,518.55
- Bank Loans	102,426.39	104,717.32
- Inter - corporate Deposits	259.29	232.64
Discount on Commercial Papers	17,936.80	18,664.58
Others		
- Amortisation of ancillary borrowing costs	2,070.95	2,814.67
- Amortisation of premium on Forward contracts	-	73.89
- Bank charges	1,080.95	1,017.66
	<b>205,077.61</b>	<b>196,039.31</b>

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 20 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Bonus and Commission		
	22,677.53	19,837.74
Contribution to Provident and Other Funds		
- Employees' Provident Fund	822.37	749.22
- Superannuation Fund	158.95	141.79
- Gratuity Fund (Refer Note 29 A)	301.90	231.89
Staff Welfare Expenses	1,434.05	1,213.14
	<b>25,394.80</b>	<b>22,173.78</b>



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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 21 OTHER OPERATING EXPENSES</b>		
Rent (Refer Note 21.1 & 21.2)	3,057.01	2,911.62
Electricity Charges	766.29	738.23
Rates and Taxes (Refer Note 21.3)	5,444.10	2,397.04
Communication Costs	1,537.42	1,535.87
Travelling and Conveyance	2,320.61	2,515.49
Advertisement Expenses	548.38	258.58
Insurance	397.81	534.87
Repairs and Maintenance		
- Buildings	10.99	8.97
- Others	129.42	49.99
Printing and Stationery	769.33	814.67
Information Technology Expenses	1,475.80	1,646.10
Auditors' Remuneration (Refer Note 26)	54.55	57.73
Professional Charges	2,248.90	2,219.49
Operating Lease Rental Expense	25.17	147.35
Loss on Sale of Fixed Assets (Net)	32.53	58.86
Commission to Directors	55.00	51.33
Sitting Fees to Directors	20.40	18.60
Recovery Charges (Refer Note 21.5)	14,158.21	14,304.51
Corporate Social Responsibility Expenditure	929.94	573.94
Miscellaneous Expenses (Refer Note 21.4)	449.58	284.50
	34,431.44	31,127.74
Less : Expenses Recovered	(49.55)	(29.42)
	<b>34,381.89</b>	<b>31,098.32</b>
21.1 Lease equalisation charge included in Rent	41.37	(43.86)
21.2 Cancellable operating lease entered for office space	3,057.01	2,911.62
21.3 Rates and Taxes include -		
Service tax	2,861.89	2,342.70
Value added tax	2,461.54	0.05
21.4 Miscellaneous Expenses includes		
Donation To Electoral Trust	-	50.00
Other Donations	210.00	1.21
21.5 Net of reversal of provision for servicing costs on assets derecognised	115.28	42.07

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 22 PROVISIONS AND LOAN LOSSES</b>		
Loss Assets Written Off (Net)	868.66	11,286.56
Loss on Repossessed Assets (Net)	20,158.66	17,902.92
Provision for Non -Performing Assets (Refer Note 2 & 33)	27,249.24	20,031.79
Provision Released for Non- Performing Assets on recovery/write off (Refer Note 22.1 & 33)	(13,225.68)	(18,455.71)
	35,050.88	30,765.56
Provision for Standard Assets (Net) (Refer Note 2 & 33)	7,672.89	1,706.25
	<b>42,723.77</b>	<b>32,471.81</b>
22.1 Includes reversal of provision for credit enhancements on assets derecognised	450.59	145.48

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

For the year ended March 31, 2016

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 23 EARNINGS PER SHARE</b>		
<b>Profit After Tax (₹ in lakhs)</b>	<b>56,845.11</b>	<b>43,516.18</b>
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	255.56	345.19
<b>Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)</b>	<b>56,589.55</b>	<b>43,170.99</b>
Weighted Average Number of Equity Shares (Basic)	150,904,759	143,486,422
Add: Dilutive effect relating to ESOP/CCPS	151,237	1,705,893
Weighted Average Number of Equity Shares (Diluted)	151,055,996	145,192,315
<b>Earnings per Share - Basic (₹ )</b>	<b>37.50</b>	<b>30.09</b>
<b>Earnings per Share - Diluted (₹ )</b>	<b>37.46</b>	<b>29.97</b>
Face Value Per Share (₹ )	10.00	10.00

**Note:**

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

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 24 ASSETS DE-RECOGNISED</b>		
<b>a) On Securitisation</b>		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation Transactions	21	24
Outstanding securitised Assets in books of SPV	290,523.00	368,880.53
Less: Collections not yet due to be remitted to SPV*	20,013.99	19,753.10
Outstanding securitised Assets as per books	270,509.01	349,127.43
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	9,225.92	6,170.36
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	62,917.00	61,779.21
• Others		
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	188.70	1079.72
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	648,583.22	693,847.00

\* excludes interest collected from customers on securitised assets.

**b) On Bilateral assignment**

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
Number of Assignment Transactions	3	3
Outstanding Assigned Assets in books of Assignee*	150,649.72	5,694.72
Less: Collections not yet due to be remitted to Assignee#	4,711.30	
Outstanding Assigned Assets as per books	145,938.42	
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 24 ASSETS DE-RECOGNISED (Contd.)</b>		
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral	-	4,146.40
• Others	16,215.38	-
Book value of Assets sold	185,429.64	49,804.00

\* the outstanding assignment transaction in the previous year represent deals entered prior to the issue of revised guidelines on Assignment / Securitisation transactions dated August 21, 2012 by Reserve Bank of India.

# excludes interest collected from customers on securitised assets.

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 25 DETAILS OF OUTSTANDING DERIVATIVES</b>		
(i) Outstanding Derivatives:		
(a) Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	-	-
(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 26 AUDITORS' REMUNERATION (Net of Service Tax Input Credit)</b>		
Statutory Audit	28.00	28.00
Interim Audit & Limited Review	16.00	16.00
Tax Audit	3.00	3.00
Other Services	6.45	9.75
Reimbursement of Expenses	1.10	0.98
<b>Total</b>	<b>54.55</b>	<b>57.73</b>

### NOTE : 27 MICRO, SMALL & MEDIUM ENTERPRISES

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2016.

The relevant particulars as at the year-end are furnished below:

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 28 A) EXPENDITURE IN FOREIGN CURRENCIES</b>		
Travel	14.81	0.71
Interest and processing charges for subordinated debt	3.36	439.14
Membership fees	2.10	5.55
Rating fees	89.51	31.44
Training expenses	-	15.16
Professional charges	5.21	24.51
<b>B) REMITTANCES IN FOREIGN CURRENCIES</b>		
Purchase of fixed assets	223.86	110.63
Purchase of Software Licenses	-	90.00
<b>C) DIVIDEND PAID IN FOREIGN CURRENCY</b>		
Preference Dividend		
• Amount remitted	212.33	287.67
• Total No.of Non-resident shareholders	1	1
• Total No.of Shares held by them to which dividend relates	50,000,000	50,000,000
Equity Dividend		
• Amount remitted	307.13	-
• Total No.of Non-resident shareholders	1	-
• Total No.of Shares held by them to which dividend relates	12,285,012	-

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE: 29 A) GRATUITY</b>		
<b>Details of Actuarial Valuation:</b>		
<b>Projected Benefit Obligation at the beginning of the year</b>	<b>1020.17</b>	<b>806.93</b>
Current Service Cost	12.91	10.91
Interest Cost	76.37	61.72
Actuarial Losses	291.65	211.39
Benefits Paid	(131.16)	(70.78)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1,269.94</b>	<b>1,020.17</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the Beginning of the Year	818.56	793.05
Expected Returns on Plan Assets	76.68	64.46
Employer's Contribution	331.92	44.16
Benefits Paid	(131.16)	(70.78)
Actuarial Gains / (Losses)	2.35	(12.33)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>1,098.35</b>	<b>818.56</b>
<b>Amount Recognised in the Balance Sheet</b>		
Fair Value of Plan Assets as at the End of the Year	1,098.35	818.56
Liability at the End of the Year	1,269.94	1,020.17
<b>Amount Recognised in the Balance Sheet under Note 8- Other liabilities</b>	<b>(171.59)</b>	<b>(201.61)</b>

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 29 A) GRATUITY (Contd.)</b>		
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	12.91	10.91
Interest on Obligation	76.37	61.72
Expected Return on Plan Assets	(76.68)	(64.46)
Net Actuarial Losses recognised in the Year	289.30	223.72
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>301.90</b>	<b>231.89</b>
<b>Assumptions</b>		
Discount Rate	8.00% p.a.	8.00% p.a.
Future salary increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
– Senior management	1% p.a.	1% p.a.
– Middle management	2% p.a.	2% p.a.
– Others	3% p.a.	3% p.a.
Expected rate of return on Plan Assets	8.00% p.a.	8.00% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Major categories of plan assets (managed by LIC) as a percentage of fair value of total plan assets		
• Government Securities	Refer Note 1	46.35%
• Bonds, debentures and other fixed income instruments	below	47.45%
• Equity Shares		6.20%

### Other Disclosures:

Benefit	₹ in lakhs				
	2015-16	2014-15	2013-14	2012-13	2011-12
Projected Benefit Obligation	1,269.94	1,020.17	806.93	538.57	357.50
Fair Value of Plan Assets	1,098.35	818.56	793.05	549.90	360.17
<b>Surplus/(Deficit)</b>	<b>(171.59)</b>	<b>(201.61)</b>	<b>(13.88)</b>	<b>11.33</b>	<b>2.67</b>

Experience Adjustments (Refer Note 2 below)	₹ in lakhs		
	2015-16	2014-15	2013-14
Actuarial Loss on Obligations	291.65	211.39	148.11
Actuarial (Gain)/Loss on Plan Assets	(2.35)	12.33	(5.43)

### Notes:

- The expected return on plan assets for the year ended March 31, 2016 is as furnished by LIC. The entire plan assets are managed by LIC and the data on plan assets as on March 31, 2016 have not been furnished.
- The details of Experience adjustments have been disclosed to the extent of information available.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Estimated amount of contribution to the funds during the year ended March 31, 2016 as estimated by the Management is ₹ 300 lakhs (March 31, 2015 ₹ 250 lakhs)
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE: 29 B) COMPENSATED ABSENCES</b>		
<b>Details of Actuarial Valuation</b>		
<b>Projected Benefit Obligation at the beginning of the year</b>		
Balance as at the beginning of the year	<b>1,043.14</b>	<b>908.14</b>
Compensated absences reassessed on actuarial basis at the beginning of the year	-	-
Current Service Cost	114.11	102.44
Interest Cost	79.01	70.40
Actuarial Losses	66.96	18.43
Benefits Paid	(111.13)	(56.27)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1,192.09</b>	<b>1,043.14</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	114.11	102.44
Past Service Cost reversed	-	-
Interest on Obligation	79.01	70.40
Net Actuarial Losses recognised in the year	66.96	18.43
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>260.08</b>	<b>191.27</b>
<b>Assumptions</b>		
Discount Rate	8.00% p.a.	8.00% p.a.
Future salary increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
- Senior management	1% p.a.	1% p.a.
- Middle management	2% p.a.	2% p.a.
- Others	3% p.a.	3% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

### Other Disclosures

₹ in lakhs

Experience Adjustments (Refer Note 4 below)	2015-16	2014-15	2013-14
Actuarial Loss/(Gain) on Obligations	66.96	18.43	140.89

### Notes:

- The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2016.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The details of Experience adjustments have been disclosed to the extent of information available.

### NOTE : 30 SEGMENT REPORTING

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

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

For the year ended March 31, 2016

### NOTE : 31 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Holding Company:** Tube Investments of India Limited (upto August 31, 2015)
- **Entity having significant influence over the Company :** Tube Investments of India Limited (from September 1, 2015)
- **Entity having significant influence over Holding Company:** Murugappa Holdings Limited (up to August 31, 2015)
- **Joint venture of Holding Company :** Cholamandalam MS Risk Services Limited (upto August 31, 2015)
- **Subsidiaries:** Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited, White Data Systems India Private Limited (from March 16, 2016)
- **Fellow Subsidiary:** Cholamandalam MS General Insurance Company Limited (upto August 31, 2015)
- **Key Managerial Personnel:** Mr. Vellayan Subbiah, Managing Director

Additional related parties as per Companies Act, 2013:

- Mr. D. Arul Selvan, Chief Financial Officer
- Ms. P. Sujatha, Company Secretary

#### Note:

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

Nature of Transactions	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>a) Tube Investments of India Limited</b>		
Dividend Payments		
– Equity shares	2,528.15	2,528.15
Rent (including hiring) receipts	17.59	16.87
Expenses – Reimbursed	1.85	0.15
Net Amount Receivable/(Due) as at year end		
Rental Deposit	(0.90)	(0.90)
Others	1.31	0.52
	<b>Five months ended 31.08.2015</b>	<b>Year ended 31.03.2015</b>
<b>b) Murugappa Holdings Limited</b>		
Dividend payments – Equity shares - ₹ 176.00 (March 31, 2015 - ₹ 616.00)	0.00	0.00
<b>c) Cholamandalam MS Risk Services Limited</b>		
Amount received towards reimbursement of Expenses	-	0.15
	<b>Year ended 31.03.2016</b>	<b>Year ended 31.03.2015</b>
<b>d) Cholamandalam Securities Limited</b>		
Interest Receipts	13.19	22.69
Rent payments	-	-
Rent (including hiring) receipts	61.08	49.36
Payments for services availed	44.85	59.73
Expenses – Reimbursed	15.01	8.48
Amount received towards reimbursement of Expenses	45.41	39.21
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	3.33	1.95
Subscription to Equity Share Capital	-	200.00
Advances/Deposits given	10,200.00	15,450.00
Advances/Deposits recovered	10,200.00	16,250.00

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

For the year ended March 31, 2016

₹ in lakhs

Nature of Transactions	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 31 RELATED PARTY DISCLOSURES (Contd.)</b>		
Net Amount Receivable/(Due) as at year end		
Advances Receivable	-	-
Others	1.67	(0.34)
<b>e) Cholamandalam Distribution Services Limited</b>		
Interest Payments	259.29	232.64
Rent payments	8.65	7.42
Rent (including hiring) receipts	43.74	55.37
Expenses – Reimbursed	2.39	1.93
Amount received towards reimbursement of Expenses	69.12	79.01
Purchase of Fixed Assets	8.23	-
Advances/Deposits availed	1,000.00	2,500.00
Advances/Deposits repaid	500	1,800.00
Net Amount Receivable/(Due) as at year end		
Advances Payable	(3,000.00)	(2,500.00)
Others	(0.14)	23.37
	<b>Five months ended 31.08.2015</b>	<b>Year ended 31.03.2015</b>
<b>f) Cholamandalam MS General Insurance Company Limited</b>		
Interest payments	429.77	782.60
Rent payments	5.62	15.16
Rent (including hiring) receipts	30.76	66.44
Payments for services availed	5.33	229.64
Receipts for services rendered	1,384.08	2,605.06
Receipts on settlement of insurance claim	2.13	17.43
Amount received towards reimbursement of Expenses	3.93	19.74
Issue of Un-Secured Non-Convertible Debentures		-
Net Amount Receivable/(Due) as at year end		
Debentures along with accrued interest	-	(6,470.50)
Rental Deposit	-	(21.14)
Others	-	423.94
	<b>Year ended 31.03.2016</b>	<b>Year ended 31.03.2015</b>
<b>g) Key Managerial Personnel</b>		
Vellayan Subbiah – Managing Director		
Remuneration	325.50	298.65
Dividend Payments	8.59	8.59
D. Arul Selvan – Chief Financial Officer		
Remuneration	114.69	81.96
Dividend Payments	1.02	0.59
Rental payments	2.40	2.40
P. Sujatha – Company Secretary		
Remuneration	132.74	78.75
Dividend Payments	0.70	0.22
Rental Payments	2.40	2.40



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

For the year ended March 31, 2016

### NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
Income tax and Interest on Tax issues where the Company has gone on appeal	27,473.49	5,280.52
Decided in the Company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	564.40	564.60
Sales Tax issues pending before Appellate Authorities in respect of which the Company is on appeal. (The Company has paid ₹ 1,745.36 lakhs (March 31, 2015 – ₹ 649.15 lakhs) under protest, which is included under loans and advances – Note 13)	2,575.53	4,220.09
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	5,543.73	3,376.36

- i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
- ii) It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
- iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.
- iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 1,268.34 lakhs (March 31, 2015 – ₹ 981.51 lakhs)

### NOTE : 33 CHANGES IN PROVISIONS

Particulars	₹ in lakhs			
	As at 31.03.2015	Additional Provision	Utilisation/ Reversal	As at 31.03.2016
Provision for Standard Assets (Refer Note 2)	6,522.35	7,672.89	-	14,195.24
Provision for Non-Performing Assets (Refer Note 2)	27,928.10	27,249.24	12,775.09	42,402.24
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	565.88	-	565.88*	-
Provision for Contingent Service Tax claims	792.37	-	-	792.37
Provision for Contingencies	-	2,461.54	-	2,461.54

\*Refer Notes 21.4 & 22.1

### NOTE : 34 EMPLOYEE STOCK OPTION PLAN

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 1,904,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme - 2007:

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

For the year ended March 31, 2016

### NOTE : 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

Grant No	Particulars	Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	765,900	110,680	596,032	19,488	-
	CAA *	25-01-08	178.70	-	54,433	8,909	44,337	1,187	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	16,208	133,638	12,954	-
4	Original	25-04-08	191.80	25-04-09	468,740	146,433	310,955	11,352	-
5	Original	30-07-08	105.00	30-07-09	10,070	5,729	1,491	2,850	-
6	Original	24-10-08	37.70	24-10-09	65,600	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	164,973	63,438	66,189	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	154,442	40,569	14,689	-
8	Original	30-04-11	162.55	30-04-12	113,400	27,563	46,197	39,640	-
9	Original	28-07-11	175.35	28-07-12	61,800	29,544	32,256	-	-
10	Original	27-10-11	154.55	27-10-12	195,680	103,687	50,488	41,505	-

\* CAA- Corporate Action Adjustment

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

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

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

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

For the year ended March 31, 2016

### NOTE : 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

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

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2016 is ₹ 0.96 lakh (March 31, 2015 ₹ (0.97) lakhs)

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

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

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

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

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Net Profit attributable to Equity Shareholders (as reported) (₹ lakhs)	56,589.55	43,170.99
Add: Stock based employee compensation expense included in net profit (₹ lakhs)	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma) (₹ lakhs)	(6.58)	(5.93)
Net Profit (Proforma) (₹ lakhs)	56,596.13	43,176.92
Basic Earnings per Share of ₹ 10 each (as reported) (₹ )	37.50	30.09
Basic Earnings per Share of ₹ 10 each (pro forma) (₹ )	37.50	30.09
Diluted Earnings per Share of ₹ 10 each (as reported) (₹ )	37.46	29.97
Diluted Earnings per Share of ₹ 10 each (pro forma) (₹ )	37.46	29.97

### NOTE : 35 SHARING OF COSTS

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

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007:

		₹ in lakhs	
Sl. No.	Particulars	Amount Outstanding	Amount Overdue
		As at March 31, 2016	
<b>Liabilities:</b>			
<b>(1)</b>	<b>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
(a)	Debentures		
	- Secured	520,614.12	-
	- Unsecured	115,149.57	-
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	160,370.46	-
(b)	Deferred Credits	-	-
(c)	Term Loans	1,112,236.95	-
(d)	Inter-Corporate Loans and Borrowings	3,000.00	-
(e)	Commercial Paper	261,996.51	-
(f)	Other Loans	124,491.64	-
	(Represents Working Capital Demand Loans, Cash Credit from Banks & Fixed Deposits along with Interest Accrued but Not Due on above) [Refer Notes 1 and 2 below]		

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

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

### Notes:

- Though the Company has become a Non-deposit taking Non-Banking Finance Company, since the Company still has fixed deposits from the public accepted prior to November 1, 2006 which have not yet been liquidated (Refer Note 8), the details of the same have been disclosed above.
- Fixed Deposits include Matured / Unclaimed Deposits (together with Interest on Matured / Unclaimed Deposits) amounting to ₹ 1.23 lakhs as at March 31, 2016 (March 31, 2015 - ₹ 8.44 lakhs)

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding as at March 31, 2016	Amount Outstanding as at March 31, 2015
<b>(2)</b>	<b>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)</b>		
(a)	Secured	761,692.45	707,936.09
(b)	Unsecured	22,506.88	9,418.79
<b>(3)</b>	<b>Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</b>		
(i)	Lease Assets including Lease Rentals Accrued and Due:		
(a)	Financial Lease	-	-
(b)	Operating Lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
(a)	Assets on hire	-	-
(b)	Repossessed assets	-	-
(iii)	Other Loans counting towards AFC Activities		
(a)	Loans where assets have been repossessed (Net)	2,856.66	1,962.32
(b)	Loans other than (a) above	1,834,403.75	1,527,235.73
<b>(4)</b>	<b>Break-up of Investments (net of provision for diminution in value):</b>		
	<b>Current Investments:</b>		
<b>I</b>	<b>Quoted:</b>		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities (Net of amortisation)	-	-
(v)	Others	-	-

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

Sl. No.	Particulars	₹ in lakhs	
		Amount Outstanding as at March 31, 2016	Amount Outstanding as at March 31, 2015
<b>II</b>	<b>Unquoted:</b>		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
	<b>Long term Investments:</b>		
<b>I</b>	<b>Quoted:</b>		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities (Net of amortisation)	-	-
(v)	Others	-	-
<b>II</b>	<b>Unquoted:</b>		
(i)	Shares:		
	(a) Equity (Net of Provision for Diminution in Value of Investment)	6,468.31	5,668.30
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others– Investment in Pass Through Certificates	188.70	1,079.72

Category	₹ in lakhs		
	Amount (Net of provision for Non-performing assets)		Total
	Secured	Unsecured	
<b>(5) Borrower Group-wise Classification of Assets Financed as in (2) and (3) above</b>			
<b>As at March 31, 2016</b>			
1. Related Parties *			
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	-	-	-
(c) Other Related Parties	-	-	-
2. Other than Related Parties	2,526,153.62	22,457.05	2,548,610.67
<b>Total</b>	<b>2,526,153.62</b>	<b>22,457.05</b>	<b>2,548,610.67</b>
<b>As at March 31, 2015</b>			
1. Related Parties *			
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	-	-	-
(c) Other Related Parties	-	-	-
2. Other than Related Parties	2,181,318.17	9,107.37	2,190,425.54
<b>Total</b>	<b>2,181,318.17</b>	<b>9,107.37</b>	<b>2,190,425.54</b>

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

		₹ in lakhs	
Category	Market value / Break - up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)	
<b>(6) Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :</b>			
<b>As at March 31, 2016</b>			
1. Related Parties *			
(a) Subsidiaries	7,290.00	6,337.00	
(b) Companies in the Same Group	-	-	
(c) Other Related Parties	-	-	
2. Other than Related Parties	320.01	320.01	
<b>Total</b>	<b>7,610.01</b>	<b>6,657.01</b>	
<b>As at March 31, 2015</b>			
1. Related Parties *			
(a) Subsidiaries	5,632.77	5,537.00	
(b) Companies in the Same Group	-	-	
(c) Other Related Parties	-	-	
2. Other than Related Parties	1,211.03	1,211.03	
<b>Total</b>	<b>6,843.08</b>	<b>6,748.03</b>	

		₹ in lakhs	
Other Information	Amount Outstanding as at		
	March 31, 2016	March 31, 2015	
<b>(7)</b>			
(i) Gross Non-Performing Assets			
a) With Related Parties *	-	-	
b) With Others	102,184.86	80,276.26	
(ii) Net Non-Performing Assets			
a) With Related Parties *	-	-	
b) With Others	59,782.62	52,348.16	
(iii) Assets Acquired in Satisfaction of Debt			
a) With Related Parties *	-	-	
b) With Others	-	-	

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

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

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

**i. Capital Adequacy Ratio**

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
Tier I Capital	356,210	297,116
Tier II Capital	172,291	187,730
<b>Total Capital</b>	<b>528,501</b>	<b>484,846</b>
Total Risk Weighted Assets	2,685,488	2,282,217
<b>Capital Ratios</b>		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.26%	13.02%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	6.42%	8.22%
<b>Total (%)</b>	<b>19.68%</b>	<b>21.24%</b>
<b>Amount of Subordinated Debt raised as Tier – II capital during the year</b>	-	<b>56,000</b>
<b>Amount raised by issue of Perpetual Debt instruments during the year</b>	-	<b>6,740</b>

**ii) Investments**

Particulars	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
<b>(1) Value of Investments</b>		
(i) Gross Value of Investments		
(a) In India	7,610.00	7,701.03
(b) Outside India		-
(ii) Provisions for Depreciation		
(a) In India	953.00	953.00
(b) Outside India		-
(iii) Net Value of Investments		
(a) In India	6,657.00	6,748.03
(b) Outside India		-
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	953.00	953.00
(ii) Add: Provisions made during the year	-	-
(iii) Less: Reversal of provision on account of merger	-	-
(iv) Closing balance	953.00	953.00



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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

### iii. Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities –

As at March 31, 2016

₹ in lakhs

	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowing from Banks	77,492	9,000	47,500	221,667	359,200	521,633	-	-	1,236,492
Market Borrowings	1,800	93,100	123,860	86,150	144,380	315,320	90,950	165,570	1,021,130
<b>Assets</b>									
Advances (Net of Provision for Non Performing Assets)	47,869	51,367	58,205	192,730	422,076	981,956	347,504	446,904	2,548,611
Investment (Net of Provision for Diminution in Value of Investments)	19	18	17	45	58	32	-	6,468	6,657

As at March 31, 2015

₹ in lakhs

	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowing from Banks	84,384	19,000	41,750	79,250	297,150	718,500	-	-	1,240,034
Market Borrowings	11,320	51,450	17,500	11,770	89,200	226,280	99,750	200,220	707,490
<b>Assets</b>									
Advances (Net of Provision for Non Performing Assets)	60,132	38,421	41,981	169,676	361,347	836,673	218,347	463,849	2,190,426
Investment (Net of Provision for Diminution in Value of Investments)	80	77	74	202	297	246	104	5,668	6,748

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

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

Category	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
<b>(a) Direct Exposure</b> (Net of Advances from Customers)		
<b>(i) Residential Mortgages -</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
- individual housing loans upto ₹ 15 lakhs	57,306.11	29,497.16
- individual housing loans more than ₹ 15 lakhs	621,971.57	612,289.89
<b>(ii) Commercial Real Estate -</b>		
Lending secured by mortgages on commercial real estates (office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).		
- Fund Based	67,068.30	52,206.06
- Non Fund based	-	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -</b>		
a. Residential	-	-
b. Commercial Real Estate	-	-
<b>(b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>Total Exposure</b>	<b>746,345.98</b>	<b>693,993.11</b>

#### Note:

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

### v. Exposure to the Capital Market

Particulars	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares/bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	2,766.62	3,574.29

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

Particulars	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds /convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows/issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure</b>	<b>2,766.62</b>	<b>3,574.29</b>

### vi. Other Regulator Registration

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

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

### viii. Ratings assigned by Credit Rating Agencies

	As at March 31, 2016	As at March 31, 2015
Commercial paper & Non- convertible Debentures –Short Term	ICRA A1+,CRISIL A1+	ICRA A1+,CRISIL A1+
Working Capital Demand Loans	ICRA A1+	ICRA A1+
Cash Credit	ICRA AA	ICRA AA
Bank Term Loans	ICRA AA	ICRA AA
Non-Convertible Debentures – Long term	ICRA AA, CARE AA	ICRA AA, CARE AA
Subordinated Debt	ICRA AA, CARE AA, CRISIL AA, IND AA(ind)	ICRA AA, CARE AA, CRISIL AA-, IND AA(ind)
Perpetual Debt	ICRA AA-, CARE AA-	ICRA AA-, CARE AA-

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

### ix. Concentration of Advances

	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
Total Advances to twenty largest borrowers	23,130.60	22,700.21
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.89%	1.02%

### x. Concentration of Exposures

	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
Total Exposure to twenty largest borrowers / customers	23,130.60	22,700.21
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers.	0.89%	1.02%

### xi. Concentration of NPAs

	₹ in lakhs	
	As at March 31, 2016	As at March 31, 2015
Total Exposure to top four NPA accounts	1,944.11	1,855.16

### xii. Sector-wise NPAs as on March 31, 2016

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2016	Percentage of NPAs to Total Advances in that sector as on March 31, 2015
1.	Agriculture & allied activities	0.35%	-
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans (commercial vehicles)	3.99%	4.38%
7.	Other loans	3.84%	2.04%

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

For the year ended March 31, 2016

**NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007**

DATED FEBRUARY 22, 2007: (Contd.)

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

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
(i) Net NPAs to Net Advances (%)	2.35%	2.39%
(ii) Movement of Gross NPA		
(a) Opening balance	80,276.26	43,586.35
(b) Additions during the year	65,240.64	64,355.48
(c) Reductions during the year	(43,332.03)	(27,665.57)
(d) Closing balance	102,184.86	80,276.26
(iii) Movement of Net NPA		
(a) Opening balance	52,348.16	17,379.80
(b) Additions during the year	37,991.40	44,323.69
(c) Reductions during the year	(30,556.94)	(9,355.33)
(d) Closing balance	59,782.62	52,348.16
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	27,928.10	26,206.54
(b) Provisions made during the year	27,249.24	20,031.79
(c) Write-off / write-back of excess provisions	(12,775.10)	(18,310.23)
(d) Closing balance	42,402.24	27,928.10

### xiv. Customer Complaints

(a) No. of complaints pending as on April 01, 2015	8
(b) No. of complaints received during the year	1,419
(c) No. of complaints redressed during the year	1,427
(d) No. of complaints pending as on March 31, 2016	Nil

**Note:**

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

**NOTE: 37 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2016 VIDE DNBS. PD. CC NO. 256/03.10.042/ 2011-12 DATED MARCH 02, 2012**

There were 62 cases (March 31, 2015 - 24 cases) of frauds amounting to ₹ 207.47 lakhs (March 31, 2015 - ₹ 182.13 lakhs) reported during the year. The Company has recovered an amount of ₹ 42.83 lakhs (March 31, 2015 - ₹ 91.47 lakhs). The un-recovered amounts are either pending settlement with the insurance companies or have been fully provided / written off.

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

For the year ended March 31, 2016

**NOTE: 38 DISCLOSURE PURSUANT TO SCHEDULE V OF CLAUSE A.2 OF REGULATION 34(3) AND REGULATION 54(F) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

		₹ in lakhs	
Sl No	Loans and Advances in the nature of Loans	Amount Outstanding as at 31.03.2016	Maximum Amount Outstanding during the year
(A)	To Subsidiaries		
-	Cholamandalam Securities Limited	-	1,450.00
-	Cholamandalam Distribution Services Limited	-	-
(B)	To Associates		
-		-	-
(C)	Where there is		
(i)	No repayment schedule	-	-
(ii)	Repayment beyond seven years	-	-
(iii)	No interest	-	-
(iv)	Interest below the rate as specified in section 372 A of the Companies Act, 1956/ section 186 of the Companies Act, 2013	-	-
(D)	To Firms / Companies in which Directors are Interested (other than (A) and (B) above)	-	-
(E)	Investments by the loanee in the shares of Parent Company and Subsidiary Company	-	-

**NOTE: 39 PREVIOUS YEAR'S FIGURES**

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

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

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

Date : April 29, 2016  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Independent Auditors' Report

TO THE MEMBERS OF

**CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Independent Auditors' Report (Contd.)

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of ₹ 5,734.23 lakhs as at March 31, 2016, total revenues of ₹ 2,251.60 lakhs and net cash flows amounting to ₹ (178.62 lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary companies' incorporated in India, internal financial controls over financial reporting.



## Independent Auditors' Report (Contd.)

- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, April 29, 2016

## Annexure “A” to the Independent Auditors’ Report

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India.

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

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, April 29, 2016

## Consolidated Balance Sheet

As at March 31, 2016

₹ in lakhs

	Note No.	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	15,621.10	64,373.46
Reserves and surplus	4	351,346.53	252,995.49
		<b>366,967.63</b>	<b>317,368.95</b>
<b>Share Application Money pending Allotment</b>	3.1	<b>2.51</b>	<b>67.86</b>
<b>Minority Interest</b>		<b>350.34</b>	-
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,093,123.00	1,242,450.00
Other long-term liabilities	6	8,204.28	4,258.82
Long-term provisions	7	49,277.22	32,055.66
		<b>1,150,604.50</b>	<b>1,278,764.48</b>
<b>Current liabilities</b>			
Short-term borrowings	5	397,116.64	267,634.02
Trade payables – Total outstanding dues of			
i) Micro and Small Enterprises		-	-
ii) Creditors other than Micro and Small Enterprises		20,883.12	16,738.33
Current maturities of Long-term borrowings	5	764,407.00	434,940.00
Other current liabilities	8	73,024.07	64,687.42
Short-term provisions	7	15,569.14	6,595.59
		<b>1,270,999.97</b>	<b>790,595.36</b>
<b>TOTAL</b>		<b>2,788,924.95</b>	<b>2,386,796.65</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
i) Tangible assets		10,631.51	6,509.53
ii) Intangible assets		694.73	377.95
		<b>11,326.24</b>	<b>6,887.48</b>
Goodwill on Consolidation		700.88	-
Non-current investments	10	1,236.31	1,587.58
Deferred tax assets (Net)	11	28,238.82	18,462.11
Receivables under financing activity	12	1,818,765.84	1,546,796.92
Long-term loans and advances	13	7,313.52	6,956.43
Trade receivables	16	0.81	0.71
Other non-current assets	14	44,851.18	60,508.64
		<b>1,912,433.60</b>	<b>1,641,199.87</b>
<b>Current assets</b>			
Current investments	15	358.70	870.20
Trade receivables	16	1,153.27	1,183.11
Cash and Cash Equivalents	17	50,946.36	35,219.87
Receivables under financing activity	12	772,247.07	671,556.72
Short-term loans and advances	13	4,237.78	2,523.54
Other current assets	14	47,548.17	34,243.34
		<b>876,491.35</b>	<b>745,596.78</b>
<b>TOTAL</b>		<b>2,788,924.95</b>	<b>2,386,796.65</b>

See accompanying Notes forming part of the consolidated financial statements

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

**Bhavani Balasubramanian**  
Partner

Date : April 29, 2016  
Place : Chennai

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

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

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Consolidated Statement of Profit and Loss

For the year ended March 31, 2016

₹ in lakhs

	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
<b>Revenue</b>			
- Revenue from operations	18	421,374.99	371,481.37
- Other income	19	220.40	65.66
<b>Total Revenue</b>		<b>421,595.39</b>	<b>371,547.03</b>
<b>Expenses</b>			
- Finance costs	20	204,794.91	195,781.52
- Business origination outsourcing		22,909.72	19,085.81
- Employee benefits expenses	21	26,217.52	23,022.52
- Other operating expenses	22	34,819.91	31,534.12
- Depreciation and amortisation expense	9	2,174.43	3,010.22
- Provisions and loan losses	23	42,733.92	32,490.37
<b>Total Expenses</b>		<b>333,650.41</b>	<b>304,924.56</b>
<b>Profit before tax</b>		<b>87,944.98</b>	<b>66,622.47</b>
<b>Tax expense/(benefit):</b>			
- Current tax expense		40,182.93	27,733.51
- Prior years - Expense/(Reversal of provision)		2.96	-
- MAT Credit Entitlement			
- Current year		76.70	(27.42)
- Prior years		(5.52)	-
- Deferred tax	11	(9,776.71)	(5,497.24)
Net tax expense		30,480.36	22,208.85
<b>Profit for the year before share of minority interest</b>		<b>57,464.62</b>	<b>44,413.62</b>
Add : Share of Loss attributable to minority interest		3.32	-
<b>Profit for the year</b>		<b>57,467.94</b>	<b>44,413.62</b>
Earnings per equity share of ₹ 10 each	24		
- Basic		37.91	30.71
- Diluted		37.87	30.59

See accompanying Notes forming part of the consolidated financial statements

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

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

**Bhavani Balasubramanian**  
Partner

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

Date : April 29, 2016  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Consolidated Cash Flow Statement

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>87,944.98</b>	<b>66,622.47</b>
<b>Adjustments for :-</b>		
Depreciation and amortisation expense	2,174.43	3,010.22
Provisions/(reversal of provisions) - Long-Term		
- Standard Assets (Net)	3,313.30	295.17
- Non-Performing Assets under Financing Activity (Net)	14,474.14	1,721.56
- Doubtful debts	0.12	0.05
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	(565.88)	(187.56)
Provisions/(reversal of provisions) - Short-Term		
- Standard Assets (Net)	4,359.59	1,411.08
- Contingencies	2,449.54	12.00
- Clawback	(10.41)	6.73
- Doubtful debts	1.58	(5.12)
- Compensated Absences(Net)	145.80	141.23
Loss on Repossessed Assets (Net)	20,158.66	17,902.92
Loss assets written off	868.66	11,286.56
Finance Costs	204,794.91	195,781.52
Loss on Sale of Fixed Assets ( Net )	33.08	58.73
Liability no longer required written back	(120.10)	(39.79)
Profit on Sale of Current Investments ( Net )	(728.52)	(2,174.93)
Gain on prepayment of Commercial paper and Debentures (Net)	(84.26)	(25.97)
Interest Income on deposits	(5,526.89)	(6,012.66)
Interest Income on Investments	(26.87)	(98.97)
Dividend on Investments	(11.06)	(5.21)
	245,699.82	223,077.56
<b>Operating Profit Before Working Capital Changes</b>	<b>333,644.80</b>	<b>289,700.03</b>
<b>Adjustments for :-</b>		
(Increase)/Decrease in operating Assets - Current/Short-term		
- Receivables under Financing Activity (including Repossessed Assets)	(424,308.75)	(269,587.10)
- Other Current Assets and Trade receivables	(2,523.22)	(991.51)
- Loans and advances	(1,714.24)	152.05
	(428,546.21)	(270,426.56)
(Increase)/Decrease in operating Assets - Non-Current/Long-term		
- Receivables under Financing Activity	(271,968.92)	(211,696.01)
- Other Non-Current Assets and Trade receivables	14,777.03	640.07
- Loans and advances	363.60	(33.05)
	(256,828.29)	(211,088.99)
Securitisation/Assignment of Receivables	301,696.74	175,695.37
Increase in operating liabilities (Trade Payables & Other current liabilities)		
- Current & Short-term liabilities	6,836.59	2,438.55
- Other Long-term liabilities	53.17	9.83
<b>Cash Flow generated from / (used in) Operations</b>	<b>(43,143.20)</b>	<b>(13,671.77)</b>
Finance Costs paid	(204,116.47)	(194,153.11)
Interest Received on Bank Deposits and Other Investments	5,627.49	6,415.22
Profit on Sale of Current Investments ( Net )	728.52	2,174.93
Direct Taxes Paid	(40,007.46)	(27,138.18)
	(237,767.92)	(212,701.14)
<b>Net Cash Used in Operating Activities (A)</b>	<b>(280,911.12)</b>	<b>(226,372.91)</b>

## Consolidated Cash Flow Statement (Contd.)

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>Cash Flow from Investing Activities</b>		
Bank Deposits and Unpaid Dividend Accounts (See Note below)	(7,258.81)	(2,440.76)
Purchase of Fixed Assets	(7,707.52)	(3,106.79)
Proceeds from Sale of Fixed Assets	128.05	78.91
Purchase of Other Investments	(1,223,605.00)	(2,625,779.05)
Proceeds from Sale/ Redemption of Other Investments	1,224,467.76	2,627,219.72
Dividend Received on Investments	11.06	5.21
<b>Net Cash Used in Investing Activities (B)</b>	<b>(13,964.46)</b>	<b>(4,022.76)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital and Securities Premium (net of expenses)	274.60	50,731.91
Increase/(Decrease) in borrowings		
Proceeds from issue of long-term debentures	263,080.00	271,220.00
Redemption of long-term debentures	(175,290.00)	(188,150.00)
Borrowing - Term Loan from Banks	393,500.00	450,000.00
Repayment - Term Loan from Banks	(301,150.00)	(348,474.00)
Increase / (Decrease) in short-term borrowings	129,387.62	309,527.62
(47,091.27)		137,504.73
Decrease in Fixed Deposits	(7.21)	(12.85)
Dividends Paid (Including Distribution Tax)	(6,679.79)	(6,333.38)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>303,115.22</b>	<b>181,890.41</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>8,239.64</b>	<b>(48,505.26)</b>
Cash and Cash Equivalents at the Beginning of the period	19,053.66	67,558.92
Cash and bank balances on acquisition of subsidiaries during the year	228.04	-
Cash and Cash Equivalents at the End of the period	<b>27,521.34</b>	<b>19,053.66</b>
<b>Note:</b>		
Cash and Cash Equivalents at the End of the period as per Balance Sheet	50,946.36	35,219.87
Add: Current Investments (Excluding Investments under Lien)	-	-
Less: Balance in Current Accounts held for Unpaid Dividends	36.33	32.89
Less: Bank Deposits held for More than Three Months	451.09	1,117.96
Less: Bank Deposits under Lien	22,937.60	15,015.36
	27,521.34	19,053.66

See accompanying Notes forming part of the consolidated financial statements

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

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

**Bhavani Balasubramanian**  
Partner

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

Date : April 29, 2016  
Place : Chennai

**P. Sujatha**  
Secretary

**D. Arul Selvan**  
Chief Financial Officer

**Vellayan Subbiah**  
Managing Director

## Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2016

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

### 1. Significant Accounting Policies

#### a) Principles of Consolidation

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

- (i) The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions and resulting in unrealised profits or losses, unless cost cannot be recovered.
- (ii) Investments in entities where the Company holds interest on a temporary basis and where it does not exercise significant influence / control are not considered for consolidation purposes.
- (iii) The Financial Statements of the Subsidiaries in the Consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2016.
- (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 arising on Consolidation is not amortised but 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.
- (vi) Minority Interest in the Net Assets of the Consolidated Subsidiaries consists of:
  - a) The amount of Equity attributable to Minorities at the date on which the investment in the Subsidiary is made; and

- b) The Minorities’ share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

- (vii) Minority Interest share in the Net Profit for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit After Tax of the Group.

#### b) Particulars of consolidation

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

Name of the Company	Percentage of Voting Power as on	
	March 31, 2016	March 31, 2015
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Distribution Services Limited (CDSL)	100.00%	100.00%
White Data Systems India Private Limited (Investment made on March 16, 2016)	63.00%	-

#### c) Basis of accounting and preparation of the financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

#### d) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates



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

For the year ended March 31, 2016

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

### e) Cash Flow Statement

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

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

### f) Revenue Recognition

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

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

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

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

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

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

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

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

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

Income from business of providing freight data solution, revenue from transaction fees are charged from the transporter on accrual basis on initiation of trip and in certain cases on receipt of POD from the transporter.

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

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

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

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

### g) Fixed Assets, Depreciation and Impairment

Fixed Assets are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case

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

For the year ended March 31, 2016

the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Useful life of assets as per Schedule II

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

Useful life of assets based on Management's estimation:

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

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

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

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

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

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

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

### h) Investments

Investments which are long-term in nature are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

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

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

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

### i) Receivables under Financing Activity, Provisioning and Derecognition

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

- (i) Unearned income
- (ii) Instalments appropriated up to the Balance Sheet date.

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

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

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

### j) Repossessed Assets

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

### k) Retirement and Other Benefits

- (i) Defined Contribution Plan

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family

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

For the year ended March 31, 2016

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

Employee State Insurance: The Group contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Superannuation: The Group contributes a sum equivalent to 15% of eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Group has no liability for future Superannuation Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

### (ii) Defined Benefit Plan

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

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

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

### (iii) Long-Term Compensated Absences

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

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

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

### (iv) Other-Short Term Employee Benefits

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

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

## I) Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the Statement of Profit and Loss.

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

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

For the year ended March 31, 2016

### m) Derivative Transactions

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

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

### n) Lease Accounting

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

### o) Business Origination and Outsourcing

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

### p) Service Tax Input Credit

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

### q) Taxation

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

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

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed

depreciation, carry forward losses and items relating to capital losses are recognised if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

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

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

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

### r) Employee share based payments

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

### s) Provisions, Contingent Liabilities and Contingent Assets

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

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

For the year ended March 31, 2016

Contingent liability is disclosed for :-

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

Contingent assets are neither recognised nor disclosed in the financial statements.

### t) Segment Reporting

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

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

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

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

### u) Finance Costs

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

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

availed, is amortised on a straight-line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

### v) Share issue expenses

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

### w) Earnings per share

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

### x) Operating Cycle

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

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

For the year ended March 31, 2016

of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current. All Non performing assets are classified as Non-Current.

### y) Provision for Claw Back of Commission Income

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

### 2. a) Early adoption of Provision for Non-performing assets and Standard assets

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

In the previous year (March 31, 2015), the Company had early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2016.

In the current year (March 31, 2016), the Company has early adopted the provisioning for standard assets to the extent they are required to be complied by March 31, 2018 and the revised asset classification norms to the extent they are required to be complied by March 31, 2017. Further, on a prudent basis, the Company has created a one-time additional provision of ₹ 5,480 lakhs against standard assets.

b) The Company has invested ₹ 800 lakhs in the equity shares of M/s.White Data Systems India Private Limited on March 16, 2016 thereby acquiring 63% stake in that company through which the latter has become a subsidiary of the Company. The effect of this acquisition is given below:

#### Goodwill on consolidation ₹ in lakhs

Particulars	As at March 31, 2016
Opening Balance	-
Add: On acquisition of subsidiary during the year	700.88
Closing Balance	700.88

#### Effect of acquisition of subsidiary ₹ in lakhs

Particulars	As at March 31, 2016
<b>Liabilities as at date of acquisition</b>	
Non-current liabilities	0.38
Current Liabilities	111.56
<b>Assets as at date of acquisition</b>	
Non-current assets	37.64
Current assets	231.63

Particulars	For the period March 16, 2016 to March 31, 2016
Revenue	3.19
Expenses	9.63
Loss before tax	6.44
Loss after tax	8.97

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

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in ₹ Lakhs	As % of consolidated profit or loss	Amount in ₹ Lakhs
1	2	3	4	5
Cholamandalam Investment and Finance Company Limited	98.95%	363,106.37	98.92%	56,845.11
<b>Subsidiaries</b>				
1. Cholamandalam Distribution Services Limited	0.43%	1,577.15	0.82%	473.10
2. Cholamandalam Securities Limited	0.46%	1,690.31	0.27%	155.39
3. White Data Systems India Private Limited	0.16%	596.31	(0.01%)	(5.66)
<b>TOTAL</b>	<b>100.00%</b>	<b>366,970.14</b>	<b>100.00%</b>	<b>57,467.94</b>

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	As at 31.03.2016		As at 31.03.2015	
	Nos.	Amount	Nos.	Amount
<b>NOTE : 3 SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of ₹ 10 each with voting rights	240,000,000	24,000.00	240,000,000	24,000.00
Preference Shares of ₹ 100 each	50,000,000	50,000.00	50,000,000	50,000.00
		<b>74,000.00</b>		<b>74,000.00</b>
<b>ISSUED</b>				
Equity Shares of ₹ 10 each with voting rights	156,282,398	15,628.24	143,805,957	14,380.60
1% Compulsorily Convertible Preference Shares (CCPS) of ₹ 100 each (Fully converted on September 02, 2015 into 12,285,012 equity shares)	-	-	50,000,000	50,000.00
		<b>15,628.24</b>		<b>64,380.60</b>
<b>SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of ₹ 10 each with voting rights	156,145,644	15,614.56	143,669,203	14,366.92
Add : Forfeited Shares	130,900	6.54	130,900	6.54
		<b>15,621.10</b>		<b>14,373.46</b>
1% Compulsorily Convertible Preference Shares of ₹ 100 each	-	-	50,000,000	50,000.00
		-		<b>50,000.00</b>
		<b>15,621.10</b>		<b>64,373.46</b>

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

₹ in lakhs

Particulars	As at 31.03.2016		As at 31.03.2015	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
Outstanding at the beginning of the year	143,669,203	14,366.92	143,191,034	14,319.10
Conversion of CCPS	12,285,012	1,228.50	-	-
Issued during the period/year - Employees Stock Option Scheme	191,429	19.14	478,169	47.82
<b>Outstanding at the end of the year</b>	<b>156,145,644</b>	<b>15,614.56</b>	<b>143,669,203</b>	<b>14,366.92</b>
<b>Forfeited shares</b>				
Equity Shares - Amount originally paid up	<b>130,900</b>	<b>6.54</b>	<b>130,900</b>	<b>6.54</b>
<b>1% Compulsorily Convertible Preference Shares</b>				
At the beginning of the year	50,000,000	50,000.00	-	-
Issued during the year on preferential basis	-	-	50,000,000	50,000.00
Conversion of CCPS into Equity Shares	(50,000,000)	(50,000.00)	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>50,000,000</b>	<b>50,000.00</b>

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

For the year ended March 31, 2016

### b) (i) Terms/rights attached to Equity shares:

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

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

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

The CCPS has been converted into 12,285,012 equity shares of ₹ 10 each on September 02, 2015 at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share) and has been subscribed by Dynasty Acquisition (FDI) Ltd. The preferential dividend is cumulative and paid in full upto the Conversion Date.

### c) Equity Shares held by Holding Company/Entity having significant influence over the Company:

Particulars	As at 31.03.2016	As at 31.03.2015
Tube Investments of India Limited - Holding Company upto August 31, 2015 and Entity having significant influence over the Company from September 01, 2015	72,233,019	72,233,019
Murugappa Holdings Limited - Entity having Significant influence over Holding Company		176

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

#### i) Equity Shares

Particulars	As at 31.03.2016		As at 31.03.2015	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	72,233,019	46.27	72,233,019	50.28
Dynasty Acquisitions (FDI) Limited	12,285,012	7.87	-	-
Ambadi Holdings Private Limited	7,218,410	4.62	7,218,410	5.02

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

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

Refer Note 33 for details of shares reserved for issue under options.

- 3.1 As at March 31, 2016 the Company has received an amount of ₹ 2.51 lakhs (As at March 31, 2015 – ₹ 67.86 lakhs) towards share application money for 1,340 equity shares (As at March 31, 2015 – 37,960 equity shares) of the Company pursuant to Employee Stock Option plan.



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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 4 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>3.97</b>	<b>3.97</b>
<b>Capital Redemption Reserve (Refer Note 4.1)</b>	<b>3,300.00</b>	<b>3,300.00</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	117,103.14	116,485.97
Add: Premium on conversion of Compulsorily Convertible Preference Shares (Refer 3b (ii))	48,771.50	-
Add: Premium - White Data Systems India Private Limited	503.05	-
Add: Premium on ESOPs exercised	320.81	822.56
Less: Share issue expenses	-	(205.39)
<b>Closing balance</b>	<b>166,698.50</b>	<b>117,103.14</b>
<b>Statutory Reserve (Refer Note 4.2)</b>		
Balance at the beginning of the year	35,046.48	26,046.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	12,000.00	9,000.00
<b>Closing balance</b>	<b>47,046.48</b>	<b>35,046.48</b>
<b>General Reserve</b>		
Balance at the beginning of the year	80,967.33	40,967.33
Add: Amount transferred from surplus in the Statement of Profit and Loss	30,000.00	40,000.00
<b>Closing balance</b>	<b>110,967.33</b>	<b>80,967.33</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	16,574.57	27,546.74
Profit for the year	57,467.94	44,413.62
Less:		
Dividend		
Equity for previous year (Refer Note 4.3)	(0.45)	(2.31)
Equity Interim - Paid (₹ 2.50 per share; March 31, 2015 - ₹ 2.50 per share)	(3,902.95)	(3,590.40)
Equity - Proposed (₹ 2.00 per share; March 31, 2015 - ₹ 1.00 per share)	(3,122.91)	(1,437.07)
Preference	(212.33)	(287.67)
Distribution tax on Equity Dividend	(1,430.39)	(1,010.82)
Distribution tax on Preference Dividend	(43.23)	(57.52)
Transfer to Statutory Reserve	(12,000.00)	(9,000.00)
Transfer to General Reserve	(30,000.00)	(40,000.00)
<b>Net surplus in the Statement of Profit and Loss</b>	<b>23,330.25</b>	<b>16,574.57</b>
<b>Total Reserves and Surplus</b>	<b>351,346.53</b>	<b>252,995.49</b>

- 4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during the prior years.
- 4.2 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934
- 4.3 Represents dividend payment relating to previous year in respect of 45,251 (March 31, 2015 - 231,596) shares which were allotted to the employees under the Employee Stock Option Scheme, 2007 after March 31, 2015 but before July 31, 2015 (book closure date).

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Non-Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 5 BORROWINGS (Refer Note 5.3)</b>				
<b>LONG - TERM</b>				
Redeemable Non-Convertible Debentures				
Medium Term - Secured Refer Note 5.1 (i) & 5.2 (i) to (ii)	315,620.00	263,080.00	169,040.00	133,790.00
Subordinated debt - Unsecured -Refer Note 5.2 (iii)	145,800.00	150,800.00	5,000.00	-
Perpetual debt - Unsecured -Refer Note 5.2 (iv)	110,070.00	110,070.00	-	-
Term Loans				
Rupee Loans from Banks - Secured -Refer Note 5.1 (ii) & 5.2 (v)	521,633.00	718,500.00	590,367.00	301,150.00
	<b>1,093,123.00</b>	<b>1,242,450.00</b>	<b>764,407.00</b>	<b>434,940.00</b>
The above amount includes				
Secured borrowings	837,253.00	981,580.00	759,407.00	434,940.00
Unsecured borrowings	255,870.00	260,870.00	5,000.00	-
Amount disclosed under the head "Current Maturities of Long term borrowings"	-	-	(764,407.00)	(434,940.00)
	<b>1,093,123.00</b>	<b>1,242,450.00</b>	-	-
<b>SHORT TERM</b>				
Working capital Demand loans and cash credit from Banks				
- Secured - Refer Note 5.1 (iii)	-	-	114,491.64	220,384.02
- Unsecured	-	-	10,000.00	-
Other Borrowings - Unsecured	-	-	25.00	-
Commercial paper - Unsecured	-	-	272,600.00	47,250.00
	-	-	<b>397,116.64</b>	<b>267,634.02</b>
The above amount includes				
Secured borrowings	-	-	114,491.64	220,384.02
Unsecured borrowings	-	-	282,625.00	47,250.00
	-	-	<b>397,116.64</b>	<b>267,634.02</b>

### 5.1 Security

- (i) Redeemable Non convertible debentures - Medium term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.
- (ii) Term loans from banks is secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (iii) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

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

For the year ended March 31, 2016

### 5.2 Details of Debentures

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs		
700	1,000,000	7,000	-	Nov-19	9.10
750	1,000,000	7,500	7,500	Aug-19	9.90
300	1,000,000	3,000	3,000	Jul-19	9.90
100	1,000,000	1,000	1,000	Jun-19	9.90
300	1,000,000	3,000	-	Mar-19	9.20
850	1,000,000	8,500	-	Nov-18	9.10 to 9.25
2,250	1,000,000	22,500	20,000	Sep-18	8.95 to 11.00
500	1,000,000	5,000	-	Aug-18	9.03
1,880	1,000,000	18,800	14,000	May-18	9.25 to 9.65
400	1,000,000	4,000	-	Apr-18	9.10 to 9.11
3,850	1,000,000	38,500	10,000	Mar-18	9.09 to 9.35
2,500	1,000,000	25,000	25,000	Dec-17	10.50
2,450	1,000,000	24,500	13,000	Nov-17	8.90 to 9.55
550	1,000,000	5,500	-	Aug-17	9.00
650	1,000,000	6,500	6,500	Jul-17	9.90
5,755	1,000,000	57,550	5,050	Jun-17	8.90 to 9.90
65	1,000,000	650	-	May-17	9.24 to 9.25
1,500	1,000,000	15,000	-	Apr-17	9.35
750	1,000,000	7,500	5,000	Mar-17	9.10 to 9.52
250	1,000,000	2,500	2,500	Jan-17	10.25
550	1,000,000	5,500	-	Nov-16	9.18 to 9.19
2,000	1,000,000	20,000	20,000	Sep-16	11.00
550	1,000,000	5,500	5,500	Aug-16	8.91 to 9.81
450	1,000,000	4,500	4,500	Jul-16	9.90
5,300	1,000,000	53,000	53,000	Jun-16	9.65 to 9.90
2,550	1,000,000	25,500	25,500	May-16	9.40 to 9.60
2,000	1,000,000	-	20,000	Mar-16	9.63 to 9.64
5,900	1,000,000	-	59,000	Dec-15	9.77 to 10.50
250	1,000,000	-	2,500	Jun-15	10.67
3,100	1,000,000	-	31,000	May-15	9.50 to 9.60
250	1,000,000	-	2,500	Apr-15	10.20
		<b>377,500</b>	<b>336,050</b>		

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs			
500	1,000,000	5,000	-	Jul-19	1,363,101	363,101
80	1,000,000	800	-	Apr-19	1,308,150	308,150
250	1,000,000	2,500	-	Apr-19	1,313,730	313,730
250	1,000,000	2,500	2,500	Mar-19	1,623,240	623,240
100	1,000,000	1,000	1,000	Mar-19	1,619,345	619,345
160	1,000,000	1,600	1,600	Feb-19	1,635,566	635,566
580	1,000,000	5,800	-	Nov-18	1,357,496	357,496
100	1,000,000	1,000	-	Jul-18	1,302,320	302,320
150	1,000,000	1,500	-	Jul-18	1,259,970	259,970
100	1,000,000	1,000	1,000	May-18	1,580,260	580,260
250	1,000,000	2,500	-	Apr-18	1,301,077	301,077
60	1,000,000	600	-	Apr-18	1,295,193	295,193
110	1,000,000	1,100	1,100	Dec-17	1,360,923	360,923
110	1,000,000	1,100	1,100	Oct-17	1,317,130	317,130
850	1,000,000	8,500	-	Aug-17	1,188,380	188,380
100	1,000,000	1,000	1,000	Aug-17	1,320,598	320,598
75	1,000,000	750	750	Jul-17	1,323,949	323,949
100	1,000,000	1,000	-	Jun-17	1,176,932	176,932
50	1,000,000	500	-	Jun-17	1,186,518	186,518
135	1,000,000	1,350	-	Jun-17	1,189,472	189,472
43	1,000,000	430	-	Jun-17	1,187,498	187,498
170	1,000,000	1,700	1,700	Jun-17	1,311,675	311,675
267	1,000,000	2,670	2,670	Jun-17	1,314,349	314,349
75	1,000,000	750	-	May-17	1,188,908	188,908
70	1,000,000	700	-	May-17	1,187,780	187,780
120	1,000,000	1,200	-	May-17	1,190,320	190,320
200	1,000,000	2,000	-	May-17	1,190,740	190,740
150	1,000,000	1,500	-	May-17	1,192,760	192,760
100	1,000,000	1,000	-	Apr-17	1,186,652	186,652
20	1,000,000	200	-	Apr-17	1,185,196	185,196
135	1,000,000	1,350	-	Apr-17	1,188,908	188,908
570	1,000,000	5,700	-	Apr-17	1,188,907	188,907
140	1,000,000	1,400	-	Apr-17	1,188,344	188,344
42	1,000,000	420	-	Apr-17	1,190,320	190,320
100	1,000,000	1,000	-	Jan-17	1,155,522	155,522
600	1,000,000	6,000	6,000	Dec-16	1,207,943	207,943
1000	1,000,000	10,000	-	Dec-16	1,147,158	147,158

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs			
93	1,000,000	930	-	Dec-16	1,142,218	142,218
50	1,000,000	500	-	Dec-16	1,138,193	138,193
250	1,000,000	2,500	2,500	Nov-16	1,198,622	198,622
80	1,000,000	800	800	Nov-16	1,196,826	196,826
500	1,000,000	5,000	-	Oct-16	1,136,517	136,517
210	1,000,000	2,100	2,100	Sep-16	1,204,369	204,369
145	1,000,000	1,450	1,450	Aug-16	1,206,965	206,965
190	1,000,000	1,900	1,900	Aug-16	1,202,972	202,972
80	1,000,000	800	800	Aug-16	1,205,120	205,120
40	1,000,000	400	400	Aug-16	1,204,987	204,987
100	1,000,000	1,000	1,000	Aug-16	1,207,458	207,458
100	1,000,000	1,000	1,000	Jul-16	1,212,495	212,495
236	1,000,000	2,360	2,360	Jun-16	1,201,019	201,019
250	1,000,000	2,500	2,500	May-16	1,317,510	317,510
50	1,000,000	500	500	May-16	1,330,118	330,118
250	1,000,000	2,500	2,500	May-16	1,314,733	314,733
180	1,000,000	1,800	1,800	Apr-16	1,209,052	209,052
300	1,000,000	-	3,000	Mar-16	1,136,366	136,366
100	1,000,000	-	1,000	Mar-16	1,310,710	310,710
250	1,000,000	-	2,500	Jan-16	1,275,288	275,288
250	1,000,000	-	2,500	Dec-15	1,144,977	144,977
100	1,000,000	-	1,000	Dec-15	1,145,121	145,121
145	1,000,000	-	1,450	Sep-15	1,340,839	340,839
102	1,000,000	-	1,020	Sep-15	1,334,362	334,362
30	1,000,000	-	300	Aug-15	1,382,264	382,264
180	1,000,000	-	1,800	Jun-15	1,363,970	363,970
225	1,000,000	-	2,250	May-15	1,348,378	348,378
100	1,000,000	-	1,000	Apr-15	1,200,660	200,660
97	1,000,000	-	970	Apr-15	1,336,573	336,573
		<b>107,160</b>	<b>60,820</b>			

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Redeemable at par - No put call option	253,500	221,050	124,000	115,000	377,500	336,050
Redeemable at premium - No put call option	62,120	42,030	45,040	18,790	107,160	60,820
	<b>315,620</b>	<b>263,080</b>	<b>169,040</b>	<b>133,790</b>	<b>484,660</b>	<b>396,870</b>

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs		
150	1,000,000	1,500	1,500	Jun-24	11.00
50	1,000,000	500	500	May-24	11.00
250	1,000,000	2,500	2,500	Apr-24	11.00
250	1,000,000	2,500	2,500	Mar-24	11.00
200	1,000,000	2,000	2,000	Feb-24	11.00
250	1,000,000	2,500	2,500	Jan-24	11.00
150	1,000,000	1,500	1,500	Sep-23	11.00
600	1,000,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	1,000,000	31,500	31,500	Nov-21	10.02
1,000	1,000,000	10,000	10,000	Jun-21	11.30
1,000	1,000,000	10,000	10,000	May-21	11.30
100	1,000,000	1,000	1,000	Mar-21	11.00
100	1,000,000	1,000	1,000	Feb-21	11.00
150	1,000,000	1,500	1,500	Oct-20	11.00
500	1,000,000	5,000	5,000	Jul-20	10.70
115	1,000,000	1,150	1,150	May-20	11.00
1,000	1,000,000	10,000	10,000	Apr-20	11.00
750	1,000,000	7,500	7,500	Dec-19	11.50
700	1,000,000	7,000	7,000	Jun-19	11.40
1,500	1,000,000	15,000	15,000	May-19	11.70 to 11.75
100	1,000,000	1,000	1,000	Nov-18	10.55
250	1,000,000	2,500	2,500	Sep-18	11.25
895	1,000,000	8,950	8,950	Aug-18	12.25
620	1,000,000	6,200	6,200	Jun-18	10.55 to 12.25
750	1,000,000	7,500	7,500	Nov-17	12.75
150	1,000,000	1,500	1,500	Mar-17	11.25
350	1,000,000	3,500	3,500	Feb-17	11.15
		<b>150,800</b>	<b>150,800</b>		

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Redeemable at par - No put call option	145,800	150,800	5,000	-	150,800	150,800

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

For the year ended March 31, 2016

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

No. of Debentures	Face Value ₹	Balance as at		Maturity Date (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2016 ₹ in lakhs	31.03.2015 ₹ in lakhs		
500	500,000	2,500	2,500	Aug-24	12.80
174	1,000,000	1,740	1,740	Jul-24	12.90
500	500,000	2,500	2,500	Jun-24	12.90
500	500,000	2,500	2,500	Feb-24	12.90
50	1,000,000	500	500	Jan-24	12.60
1,031	1,000,000	10,310	10,310	Dec-23	12.50 to 12.60
245	1,000,000	2,450	2,450	Oct-23	12.60
1,000	500,000	5,000	5,000	Oct-23	12.90
300	1,000,000	3,000	3,000	Feb-23	12.80
1,450	1,000,000	14,500	14,500	Dec-22	12.70 to 12.80
860	500,000	4,300	4,300	Sep-22	12.75
2,000	500,000	10,000	10,000	Aug-22	12.90
200	500,000	1,000	1,000	Mar-22	12.50
700	500,000	3,500	3,500	Jan-22	12.50
3,500	500,000	17,500	17,500	Dec-21	12.50 to 12.95
320	500,000	1,600	1,600	Aug-21	12.50
413	500,000	2,065	2,065	Jul-21	12.50
2,021	500,000	10,105	10,105	Jun-21	12.50
3,000	500,000	15,000	15,000	Oct-20	12.05
		<b>110,070</b>	<b>110,070</b>		

(v) Details of term loans

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2016	31.03.2015	31.03.2016	31.03.2015
Base Rate	< 1year	1	-	-	265,000	150,000
		2	-	-	6,000	4,150
		4	-	-	30,000	35,000
1 - 2 years	1	1	72,460	257,500	-	-
		2	14,920	-	15,000	-
		3	24,000	-	28,000	-
		4	44,000	42,500	14,000	15,000
		5	20,000	-	30,000	-
2 - 3 years	1	1	75,000	67,500	-	-
		3	9,133	10,000	4,367	5,000
		4	30,000	30,000	-	-
		5	51,000	78,000	19,000	7,000

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

For the year ended March 31, 2016

(v) Details of term loans (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2016	31.03.2015	31.03.2016	31.03.2015
Base Rate	2 - 3 years	8	27,500	-	2,500	-
		10	16,000	-	4,000	-
Base Rate + spread (0.05% to 0.40%)	< 1year	1	-	-	125,000	-
		4	-	-	-	7,500
		6	-	-	15,000	7,500
	1 - 2 years	1	40	115,000	-	-
		2	80	10,000	-	10,000
		4	7,500	15,000	22,500	5,000
		5	-	-	-	-
	2 - 3 years	1	80,000	-	-	-
		4	30,000	25,000	-	5,000
		5	-	42,000	-	28,000
Rate based on 3 - Month T Bill + Spread	< 1year	1	-	-	10,000	-
Fixed Rate	< 1year	1	-	-	-	10,000
		1 - 2 years	1	20,000	-	-
		10	-	6,000	-	12,000
	2 - 3 years	1	-	20,000	-	-
<b>Total</b>			<b>521,633</b>	<b>718,500</b>	<b>590,367</b>	<b>301,150</b>

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

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 6 OTHER LONG - TERM LIABILITIES</b>		
Advances from customers	87.90	105.30
Interest Accrued but not due on borrowings	7,818.94	3,927.03
Deferred Rent	297.44	226.49
	<b>8,204.28</b>	<b>4,258.82</b>



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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Long-term		Short-term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 7 PROVISIONS</b>				
<b>Provisions for Employee Benefits</b>				
- Compensated Absences (Refer Note 28 (B))	-	-	1,232.20	1,086.40
	-	-	1,232.20	1,086.40
<b>Other provisions</b>				
Provision for Standard Assets (Refer Note 32 & 2 a)	6,874.98	3,561.68	7,320.26	2,960.67
Provision for Non performing Assets (Refer Note 32 & 2 a)	42,402.24	27,928.10	-	-
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised (Refer Note 32)	-	565.88	-	-
Provision for Contingencies (Refer Note 32)	-	-	2,461.54	12.00
Provision for Contingent Service Tax Claims (Refer Note 32)	-	-	792.37	792.37
Provision for Clawback (Refer Note 32)	-	-	4.11	14.52
Proposed Dividend - Equity	-	-	3,122.91	1,437.07
Provision for Distribution tax on proposed Dividend - Equity	-	-	635.75	292.56
	49,277.22	32,055.66	14,336.94	5,509.19
	<b>49,277.22</b>	<b>32,055.66</b>	<b>15,569.14</b>	<b>6,595.59</b>

₹ in lakhs

Particulars	As at	As at
	31.03.2016	31.03.2015
<b>NOTE : 8 OTHER CURRENT LIABILITIES</b>		
Interest Accrued but Not Due on Borrowings / Other Deposits	43,022.16	37,342.21
Income received in advance	173.38	21.60
Unpaid Dividend (Refer Note 8.1)	36.33	32.89
Fixed Deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 & 8.3)	1.23	8.44
Advances from customers/others	2,379.62	1,948.55
Security Deposit received	642.12	504.02
Remittance payables - Derecognised assets (Refer Note 17.1)	24,571.49	22,974.64
Insurance premium collected from customers	1,114.27	801.64
Statutory dues	571.15	518.89
Other liabilities*	512.32	534.54
	<b>73,024.07</b>	<b>64,687.42</b>
* Other liabilities include Gratuity Payable (Refer Note 28 (a))	177.81	204.16

- 8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF).
- 8.2 As at March 31, 2016, in respect of overdue amounts totalling to ₹ 0.11 lakh (March 31, 2015 - ₹ 0.11 lakh), payment have not been made as per instructions received from the Central Bureau of Investigation.
- 8.3 Pursuant to the Company obtaining a fresh Certificate of Registration dated December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits, consequent to its decision to exit from deposit accepting activities effective November 01, 2006, the Company has a total deposit of ₹ 2.75 lakhs as at March 31, 2016 (March 31, 2015 - ₹ 14.94 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 17.

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

For the year ended March 31, 2016

### NOTE : 9 FIXED ASSETS

As at March 31, 2016

Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block as at			
	Cost as at 31.03.2015	Additions	Deletions	Acquired during the year (White Data Systems India Private Limited)	Cost as at 31.03.2016	Upto 31.03.2015	Provided for the period	Withdrawn during the period	Upto 31.03.2016	31.03.2015	31.03.2016
<b>Tangible Asset (owned)</b>											
Freehold Land	464.19	3,492.00	-	-	3,956.19	-	-	-	-	464.19	3,956.19
Buildings (Refer Note 9.1 & 9.2)	3,463.77	18.91	-	-	3,482.68	807.23	47.75	-	854.98	2,627.70	2,656.54
Plant and Machinery	3,836.50	1,736.46	297.14	4.96	5,280.78	2,937.60	697.14	294.78	3,340.49	1,940.29	898.90
Office Equipment	1,781.32	168.41	72.00	16.96	1,894.69	1,199.98	235.46	60.01	1,376.39	518.30	581.34
Furniture and Fixtures	1,994.33	153.06	221.93	1.00	1,926.46	1,351.39	288.12	178.90	1,460.73	465.73	642.94
Leasehold improvements	2,430.57	299.21	259.60	-	2,470.18	1,757.31	428.89	257.88	1,928.32	541.86	673.26
Vehicles	921.00	275.51	289.09	-	907.42	328.64	184.39	187.05	325.98	581.44	592.36
<b>Total - 1</b>	<b>14,891.68</b>	<b>6,143.56</b>	<b>1,139.76</b>	<b>22.92</b>	<b>19,918.40</b>	<b>8,382.15</b>	<b>1,881.75</b>	<b>978.62</b>	<b>9,286.89</b>	<b>10,631.51</b>	<b>6,509.53</b>
<b>Intangible Asset (Acquired)</b>											
Computer Software	3,713.17	595.04	189.25	15.56	4,134.52	3,337.41	290.49	189.26	3,439.79	694.73	375.76
Stock Exchange Membership Card	170.75	-	105.00	-	65.75	168.56	2.19	105.00	65.75	-	2.19
<b>Total - 2</b>	<b>3,883.92</b>	<b>595.04</b>	<b>294.25</b>	<b>15.56</b>	<b>4,200.27</b>	<b>3,505.97</b>	<b>292.68</b>	<b>294.26</b>	<b>3,505.54</b>	<b>694.73</b>	<b>377.95</b>
<b>Grand Total ( 1 + 2)</b>	<b>18,775.60</b>	<b>6,738.60</b>	<b>1,434.01</b>	<b>38.48</b>	<b>24,118.67</b>	<b>11,888.12</b>	<b>2,174.43</b>	<b>1,272.88</b>	<b>12,792.43</b>	<b>11,326.24</b>	<b>6,887.48</b>

₹ in lakhs

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

For the year ended March 31, 2016

### NOTE : 9 FIXED ASSETS As at March 31, 2015

Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block as at			
	Cost as at 31.03.2014	Additions	Deletions	Cost as at 31.03.2015	Upto 31.03.2014	Provided for the period	Withdrawn during the period	Upto 31.03.2015	31.03.2015	31.03.2014
<b>Tangible Asset (owned)</b>										
Freehold Land	464.19	-	-	464.19	-	-	-	-	464.19	464.19
Buildings (Refer Note 9.1 & 9.2)	3,463.77	-	-	3,463.77	727.78	79.45	-	807.23	2,656.54	2,735.99
Plant and Machinery	3,403.15	772.83	339.48	3,836.50	2,439.55	837.52	339.47	2,937.60	898.90	963.60
Office Equipment	1,505.42	339.63	63.73	1,781.32	890.72	358.87	49.61	1,199.98	581.34	614.70
Furniture and Fixtures	1,662.94	406.82	75.43	1,994.33	1,038.45	377.67	64.73	1,351.39	642.94	624.49
Leasehold improvements	2,202.74	424.28	196.45	2,430.57	1,205.05	709.20	156.94	1,757.31	673.26	997.69
Vehicles	734.32	369.61	182.93	921.00	272.27	166.00	109.63	328.64	592.36	462.05
<b>Total - 1</b>	<b>13,436.53</b>	<b>2,313.17</b>	<b>858.02</b>	<b>14,891.68</b>	<b>6,573.82</b>	<b>2,528.71</b>	<b>720.38</b>	<b>8,382.15</b>	<b>6,509.53</b>	<b>6,862.71</b>
<b>Intangible Asset (Acquired)</b>										
Computer Software	3,417.01	296.16	-	3,713.17	2,862.48	474.93	-	3,337.41	375.76	554.53
Stock Exchange Membership Card	170.75	-	-	170.75	161.98	6.58	-	168.56	2.19	8.77
<b>Total - 2</b>	<b>3,587.76</b>	<b>296.16</b>	<b>-</b>	<b>3,883.92</b>	<b>3,024.46</b>	<b>481.51</b>	<b>-</b>	<b>3,505.97</b>	<b>377.95</b>	<b>563.30</b>
<b>Grand Total ( 1 + 2)</b>	<b>17,024.29</b>	<b>2,609.33</b>	<b>858.02</b>	<b>18,775.60</b>	<b>9,598.28</b>	<b>3,010.22</b>	<b>720.38</b>	<b>11,888.12</b>	<b>6,887.48</b>	<b>7,426.01</b>

#### Notes:

- Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.
- Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 10 NON - CURRENT INVESTMENTS</b> (Valued at cost unless stated otherwise)		
<b>Non-Trade Investments</b>		
Investment in Equity shares - <b>Unquoted</b>		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up	129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up	0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up	0.25	0.25
Bombay Stock Exchange Limited 1,30,000 Shares of ₹ 1 each fully paid up	138.04	138.04
Madras Stock Exchange Limited 2,85,000 Shares of ₹ 1 each fully paid up	0.15	0.15
Chola Insurance Services Limited 19,133 Shares of ₹ 10 each fully paid up	1.91	1.91
Investment in other shares – <b>Unquoted</b>		
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only	0	0
Investment in other shares – <b>Quoted</b>		
Coromandel Engineering Company Limited 25,00,100 shares of ₹ 10 each fully paid	500.25	500.25
Investment in Venture Capital Fund – <b>Unquoted</b>		
Faering Capital India Evolving Fund	466.57	468.32
Investment in Pass Through Certificates - <b>Unquoted</b>		
	188.70	1,079.72
Amount disclosed under Current Investments	(188.70)	(730.20)
	-	349.52
	<b>1,236.31</b>	<b>1,587.58</b>
Aggregate Value of Unquoted Investments - At Cost	<b>1,236.31</b>	<b>1,587.58</b>
Aggregate Value of Quoted Investments - At Market Value	1,416.31	1,043.79

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 11 DEFERRED TAX ASSETS (Net)</b>		
<b>Deferred Tax Assets</b>		
Provision for Standard Assets	4,912.69	2,257.25
Provision for Non-Performing Assets	14,674.57	9,665.36
Provision for Credit Enhancements and Servicing Costs on Assets De-recognised	-	195.84
Provision for Repossessed Stock	979.04	912.52
Provision for Contingent Service Tax	348.60	274.22

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE: 11 DEFERRED TAX ASSETS (Net)</b> (Contd.)		
Income Derecognised on Non-Performing Assets	5,265.83	3,639.56
Provision for Contingencies	851.89	-
Unrealised Excess Interest Spread on Assignment/Securitisation	1,851.91	2,527.98
Provision for compensated absences and gratuity	475.08	365.43
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	531.47	470.65
Others	104.84	231.32
<b>(A)</b>	<b>29,995.92</b>	<b>20,540.13</b>
<b>Deferred Tax Liability</b>		
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	3.09	-
Unamortised Prepaid Finance Charges	1,754.01	2,078.02
<b>(B)</b>	<b>1,757.10</b>	<b>2,078.02</b>
<b>Net Deferred Tax Assets (A) - (B)</b>	<b>28,238.82</b>	<b>18,462.11</b>
<b>Deferred Tax benefit in the Statement of Profit and Loss</b>	<b>9,776.71</b>	<b>5,497.24</b>

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY</b>				
<b>Secured (Refer Note 12.1)</b>				
Automobile Financing	1,060,567.36	865,877.82	665,205.40	575,992.60
Loans against Immovable Property	681,318.71	644,072.31	48,811.89	49,920.80
Construction Equipment Financing	21,518.46	9,300.28	10,709.12	3,559.95
Loans against Securities	2,266.21	2,749.65	500.41	824.64
Other Loans	484.21	184.35	-	29.72
Amount Retained on Assigned Assets	14,877.78	-	1,337.60	-
Installments and Other Dues from Borrowers (Refer Note 12.2 & 12.3)	37,326.37	24,206.48	23,725.49	32,216.36
<b>Total (a)</b>	<b>1,818,359.10</b>	<b>1,546,390.89</b>	<b>750,289.91</b>	<b>662,544.07</b>
<b>Unsecured</b>				
Loan to Automobile Dealers	354.01	200.40	10,087.75	6,938.72
Bills Discounted	-	-	10,700.63	1,989.92
Other Loans	3.80	151.77	1,106.51	-
Installments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	48.93	53.86	62.27	84.01
<b>Total (b)</b>	<b>406.74</b>	<b>406.03</b>	<b>21,957.16</b>	<b>9,012.65</b>
<b>Total receivables under financing activity (a) + (b)</b>	<b>1,818,765.84</b>	<b>1,546,796.92</b>	<b>772,247.07</b>	<b>671,556.72</b>

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Contd.)</b>				
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or, pledge of securities and / or, equitable mortgage of property and/ or, corporate guarantees or personal guarantees and/ or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Secured Installments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	27,916.87	19,183.55		
12.4 Unsecured Installments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	48.93	53.72		
Of the above:				
Considered Good	1,716,580.98	1,466,520.66	772,247.07	671,556.72
Others - Non-Performing Assets	102,184.86	80,276.26	-	-
	1,818,765.84	1,546,796.92	772,247.07	671,556.72
Refer Note 7 for Provision for Non-Performing Assets				

₹ in lakhs

Particulars	Long-term		Short-term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE :13 LOANS AND ADVANCES</b>				
<b>Unsecured - considered good (unless otherwise stated)</b>				
Capital Advances	1,648.74	679.82	-	-
Security Deposits	512.13	882.94	713.73	576.27
Deposits with Stock Exchanges	137.70	139.10	457.14	553.81
Prepaid expenses	35.38	31.30	507.36	351.03
Service tax input credit	-	4.19	324.76	-
Service tax input credit (considered doubtful)	232.61	224.85	-	73.49
Less: Provision	(224.97)	(224.85)	-	-
	7.64	-	-	73.49
Advance tax (net of provision for tax)	4,714.23	4,892.66	-	-
MAT Credit entitlement (net)	255.24	326.42	-	-
Other advances *	2.46	-	2,234.79	968.94
	<b>7,313.52</b>	<b>6,956.43</b>	<b>4,237.78</b>	<b>2,523.54</b>
* Other advances includes:-				
Gratuity (Refer Note 28 (a))	-	-	4.86	-
Disputed Sales tax / Value Added tax paid under protest	-	-	1,394.33	649.15

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 14 OTHER ASSETS</b>				
<b>Unsecured - considered good</b> (unless otherwise stated)				
Deposit with Banks as collateral towards assets derecognised (Refer Note 17)	40,983.39	52,030.98	-	-
Excess Interest spread - Derecognised assets	-	3,656.90	-	261.37
Prepaid Finance Charges	3,867.79	4,820.76	1,200.43	1,183.69
Prepaid Discount on Commercial Papers	-	-	10,603.49	689.58
Reposessed Automobile assets *	-	-	2,856.66	1,962.32
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	27,590.17	26,236.99
- on Deposits and Investments	-	-	204.79	278.52
Unbilled revenue	-	-	8.23	22.05
Other Accruals and receivables **	-	-	5,084.40	3,608.82
	<b>44,851.18</b>	<b>60,508.64</b>	<b>47,548.17</b>	<b>34,243.34</b>
* Net of Provision			2,830.58	2,640.55

\*\* includes - ₹ 3,920.29 lakhs ( March 31, 2015 - ₹ 2,831.64 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognized assets referred in Note 8.

₹ in lakhs

Particulars	As at	As at
	31.03.2016	31.03.2015
<b>NOTE : 15 CURRENT INVESTMENTS</b> (valued at lower of cost and fair value, unless stated otherwise - Non-Trade)		
Investments in Mutual Funds - <b>Unquoted</b>	170.00	140.00
Current Portion of Long term Investment in Pass Through Certificates - <b>Unquoted</b>	188.70	730.20
	<b>358.70</b>	<b>870.20</b>

₹ in lakhs

Particulars	Long Term		Short Term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 16 TRADE RECEIVABLES</b>				
Secured - Considered Good	0.81	0.71	1,094.28	1,134.58
Unsecured - Considered Good	-	-	58.99	48.53
Unsecured - Considered Doubtful	94.53	166.75	35.79	34.21
Less: Provision for Doubtful Debts	(94.53)	(166.75)	(35.79)	(34.21)
	<b>0.81</b>	<b>0.71</b>	<b>1,153.27</b>	<b>1,183.11</b>
Trade Receivables outstanding for a period of more than 6 months from the due date				
Secured - Considered Good			23.81	21.13
Unsecured - Considered Doubtful			35.50	33.65

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 17 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	5,057.29	4,408.62
Cheques, Drafts on hand	2,014.65	2,652.24
Balances with banks		
- In Current Accounts (Refer Note 17.1)	18,432.60	11,979.15
- In Deposit Accounts - Original maturity 3 months or less	2,016.80	13.65
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 17.2)	451.09	1,117.96
- In earmarked accounts (Refer Note 17.3)		
- In Unclaimed Dividend Accounts	36.33	32.89
- In Client and Exchange related Accounts	281.17	410.70
- In Deposit Accounts (Under Lien)	712.50	687.50
- Deposit with Banks as collateral towards assets derecognised	62,917.00	65,925.61
- Amount disclosed under Non current bank balances (Refer Note 14)	(40,983.39)	(52,030.98)
	21,933.61	13,894.63
- Public deposit Escrow Account (Refer Note 8.3)	2.75	14.94
- Other Deposit Account	7.57	7.59
	<b>50,946.36</b>	<b>35,219.87</b>

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 (Cash Flow Statements) is ₹ 27,521.34 lakhs (March 31, 2015 - ₹ 19,053.66 lakhs).

- 17.1 Balances with Banks on Current Accounts and cash, cheques and drafts on hand include amounts collected in respect of assets de-recognised on account of Assignment /Securitisation of Receivables pending remittance to the assignees/investors. Refer Note 8.
- 17.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 175.07 lakhs (March 31, 2015 - ₹ 266.19 lakhs) which have a residual maturity of more than 12 months.
- 17.3 Balances with banks in earmarked Deposits accounts includes Margin money deposits amounting to ₹ 712.50 lakhs (March 31, 2015 - ₹ 687.50 lakhs) held as lien for bank guarantees issued to stock exchanges.

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 18 REVENUE FROM OPERATIONS</b>		
<b>Income from Operations</b>		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	258,276.71	238,247.67
- Loans against Immovable Property	95,058.66	78,249.02
- Construction Equipment Financing	2,644.48	623.08
- Loans against Securities	355.51	603.00
- Loans to Automobile dealers	969.69	877.07
- Bills Discounting	612.57	85.79
- Other Loans	330.58	614.93
- Interest spread on assignment/securitisation	20,534.34	14,346.28



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

For the year ended March 31, 2016

₹ in lakhs		
Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 18 REVENUE FROM OPERATIONS (Contd.)</b>		
ii) Other Operating Revenue		
- Automobile Financing	26,039.12	19,552.89
- Loans against Immovable Property	6,999.39	6,926.08
- Construction Equipment Financing	177.23	143.41
- Loans against Securities	19.10	22.74
- Other Loans	135.65	35.70
(b) Stock broking, Depository Operations and Allied Services	1,092.67	1,327.48
(c) Retail Distribution Operations - Commission	967.14	1,058.11
(d) Interest Income		
- Deposits placed as collateral towards assets derecognised	5,365.41	5,931.95
- Other Deposits	161.48	80.71
- Long Term Investment - Pass Through Certificates	26.87	98.97
(e) Gain on prepayment of Commercial Paper and Debentures (Net) (Refer Note 18.1)	84.26	25.97
<b>Total (A)</b>	<b>419,850.86</b>	<b>368,850.85</b>
<b>Other Operating Income</b>		
(f) Profit on sale of current investments	728.52	2,174.93
(g) Servicing and Collection fee on Securitisation / Assignment	744.49	335.69
(h) Others	51.12	119.90
<b>Total (B)</b>	<b>1,524.13</b>	<b>2,630.52</b>
<b>Total (A+B)</b>	<b>421,374.99</b>	<b>371,481.37</b>
Note:		
<b>18.1 Gain on Prepayment of Commercial Paper and Debentures</b>		
Book Value (including interest accrued) on the date of prepayment	41,500.00	10,000.00
Consideration paid for prepayment	41,415.74	9,974.03
<b>Net Gain</b>	<b>84.26</b>	<b>25.97</b>

₹ in lakhs		
Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 19 OTHER INCOME</b>		
Dividend Income from long term investments	11.06	5.21
Rent	16.83	20.49
Miscellaneous Income (Refer Note 19.1)	192.51	39.96
	<b>220.40</b>	<b>65.66</b>
19.1) Miscellaneous Income includes		
Liability no longer required written back	120.10	39.79
Receipt of insurance claim	50.00	-

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 20 FINANCE COSTS</b>		
Interest Expense		
- Debentures	81,303.23	68,518.55
- Bank Loans	102,426.39	104,717.32
Discount on Commercial Papers	17,936.80	18,664.58
Others		
- Amortisation of ancillary borrowing costs	2,034.95	2,778.67
- Amortisation of premium on Forward contracts	-	73.89
- Bank charges	1,093.54	1,028.51
	<b>204,794.91</b>	<b>195,781.52</b>

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 21 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Bonus and Commission	23,413.15	20,846.16
Contribution to Provident and Other Funds		
Employees' Provident Fund	850.50	774.37
Superannuation Fund	167.81	149.73
Gratuity Fund (Refer Note 28 (A))	309.64	241.66
Staff Welfare Expenses	1,476.42	1,010.60
	<b>26,217.52</b>	<b>23,022.52</b>

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 22 OTHER OPERATING EXPENSES</b>		
Rent (Refer Note 22.1 & 22.2)	3,151.26	3,004.68
Electricity Charges	790.52	766.93
Rates and Taxes (Refer Note 22.3)	5,466.24	2,409.36
Communication Cost	1,574.14	1,572.12
Travelling and Conveyance	2,360.85	2,289.28
Advertisement Expenses	548.38	258.58
Business Development Expenses	15.71	18.87
Insurance	419.84	559.09
Repairs and Maintenance		
- Buildings	11.00	8.97
- Others	153.52	70.34
Printing and Stationery	781.75	826.48
Information Technology Expenses	1,547.78	1,490.82
Auditors' Remuneration (Refer Note 27)	69.30	69.93
Professional Charges	2,292.64	2,517.13
Operating Lease Rental Expense	-	147.35
Loss on Sale of Fixed Assets (Net)	33.08	58.73
Commission to Directors	55.00	51.33
Sitting Fees to Directors	24.50	19.40

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 22 OTHER OPERATING EXPENSES (Contd.)</b>		
Recovery Charges (Refer Note 22.5)	14,158.21	14,304.51
Corporate Social Responsibility Expenditure	938.11	573.94
Miscellaneous Expenses (Refer Note 22.4)	485.22	552.30
	34,877.05	31,570.14
Less : Expenses Recovered	(57.14)	(36.02)
	<b>34,819.91</b>	<b>31,534.12</b>
22.1 Lease equalisation charge included in Rent	41.37	(43.86)
22.2 Cancellable operating lease entered for office space included in Rent	3,109.89	3,048.54
22.3 Rates and Taxes include -		
Service Tax	2,861.89	2,342.70
Value added tax	2,461.54	0.05
22.4 Miscellaneous Expenses includes		
Donation To Electoral Trust	-	50.00
Other Donations	210.00	1.21
22.5 Net of reversal of provision for servicing costs on assets derecognised	115.28	42.07

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 23 PROVISIONS AND LOAN LOSSES</b>		
Loss Assets Written Off (Net)	868.66	11,286.56
Provision/Loss on Repossessed Assets(Net)	20,158.66	17,902.92
Provision for Non-Performing Assets (Refer Note 2 (a), 23.1 & 32)	27,249.24	20,031.79
Provision Released for Non-Performing Assets on recovery/write off (Refer Note 23.1 & 32)	(13,225.68)	(18,455.71)
Total	35,050.88	30,765.56
Provision for Standard Assets (Net) (Refer Note 2 (a) & 32)	7,672.89	1,706.25
Provision for Contingencies	-	12.00
Provision for other doubtful debts and advances	9.60	1.68
Loss on sale of shares held as stock in trade (Net)	0.55	4.88
	<b>42,733.92</b>	<b>32,490.37</b>
23.1 Includes reversal of provision for credit enhancements on assets derecognised	450.59	145.48

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 24 EARNINGS PER SHARE</b>		
<b>Profit After Tax (₹ in lakhs)</b>	<b>57,467.94</b>	<b>44,413.62</b>
Less: Preference Dividend (including tax thereon) (₹ in lakhs)	255.56	345.19
<b>Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)</b>	<b>57,212.38</b>	<b>44,068.43</b>
Weighted Average Number of Equity Shares (Basic)	150,904,759	143,486,422
Add: Dilutive effect relating to ESOP/CCPS	151,237	1,705,893
Weighted Average Number of Equity Shares (Diluted)	151,055,996	145,192,315
<b>Earnings per Share - Basic (₹ )</b>	<b>37.91</b>	<b>30.71</b>
<b>Earnings per Share - Diluted (₹ )</b>	<b>37.87</b>	<b>30.59</b>
Face Value Per Share (₹ )	10.00	10.00

**Note:**

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

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

For the year ended March 31, 2016

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 25 ASSETS DE-RECOGNISED</b>		
<b>a) On Securitisation</b>		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	21	24
Outstanding securitised Assets in books of SPV	290,523.00	368,880.53
Less: Collections not yet due to be remitted to SPV *	20,013.99	19,753.10
Outstanding securitized Assets as per books	270,509.01	349,127.43
Total amount of exposure to comply with Minimum Retention Requirement (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	9,225.92	6,170.36
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	62,917.00	61,779.21
• Others		
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	188.70	1079.72
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	648,583.22	693,847.00

\* Excludes interest collected from customers on securitised assets.

**b) On Bilateral assignment**

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
Number of Assignment Transactions	3	3
Outstanding Assigned Assets in books of Assignee*	150,649.72	5,694.72
Less: Collections not yet due to be remitted to Assignee#	4,711.30	
Outstanding Assigned Assets as per books	145,938.42	
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral	-	4,146.40
• Others	16,215.38	-
Book value of Assets sold	185,429.64	49,804.00

\* the outstanding assignment transaction in the previous year represent deals entered prior to the issue of revised guidelines on Assignment / Securitisation transactions dated August 21, 2012 by Reserve Bank of India.

# excludes interest collected from customers on securitised assets.

₹ in lakhs

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE : 26 DETAILS OF OUTSTANDING DERIVATIVES</b>		
(i) Outstanding Derivatives:		
(a) Contracted Value		
- Interest rate derivatives	-	-
- Currency derivatives	-	-
(ii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE : 27 AUDITORS' REMUNERATION</b> (Net of Service Tax Input Credit)		
Statutory Audit	36.35	35.00
Interim Audit & Limited Review	19.80	19.50
Tax Audit	4.10	4.00
Other Services	7.50	10.05
Reimbursement of Expenses	1.55	1.38
<b>Total</b>	<b>69.30</b>	<b>69.93</b>

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE: 28 a) GRATUITY</b>		
<b>Details of Actuarial Valuation:</b>		
<b>Projected Benefit Obligation at the Beginning of the year</b>	1065.86	840.08
Current Service Cost	21.93	18.59
Interest Cost	78.15	63.31
Actuarial Losses	292.29	215.25
Benefits Paid	(133.99)	(71.37)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1324.24</b>	<b>1065.86</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the Beginning of the year	861.70	831.73
Expected Returns on Plan Assets	78.60	66.59
Actuarial Losses	4.12	(11.10)
Employer's Contribution	340.86	45.85
Benefits Paid	(133.99)	(71.37)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>1151.29</b>	<b>861.70</b>
<b>Amount Recognised in the Balance Sheet</b>		
Fair Value of Plan Assets at the End of the year	1151.29	861.70
Liability at the End of the year	1324.24	1065.86
<b>Amount Recognised in the Balance Sheet under Note 8- Other liabilities &amp; Note 13 – Loans and Advances</b>	<b>(172.95)</b>	<b>(204.16)</b>
<b>Cost of the Defined Benefit Plan for the year</b>		
Current Service Cost	21.93	18.59
Interest on Obligation	78.15	63.31
Expected Return on Plan Assets	(78.60)	(66.59)
Net Actuarial Losses Recognized in the year	288.16	226.35
<b>Net Cost Recognised in the Statement of Profit and Loss Note 21- Employee benefits expenses</b>	<b>309.64</b>	<b>241.66</b>
<b>Assumptions</b>		
Discount Rate	8.00% p.a.	8.00% p.a.
Future Salary Increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
- Senior Management	1% p.a.	1% p.a.
- Middle Management	2% p.a.	2% p.a.
- Others	3% p.a.	3% p.a.
Expected Rate of Return on Plan Assets	8.00% p.a.	8.00% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

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

For the year ended March 31, 2016

### NOTE: 28 a) GRATUITY (Contd.)

Particulars	As at 31.03.2016	As at 31.03.2015
Major categories of plan assets (managed by LIC) as a percentage of fair value of total plan assets		
Government Securities		46.35%
Bonds, debentures and other fixed income instruments	Refer Note 1 below	47.45%
Equity Shares		6.20%

### Other Disclosures:

₹ in lakhs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Projected Benefit Obligation	1324.24	1065.86	840.08	571.09	390.78
Fair Value of Plan Assets	1151.29	861.70	831.73	585.78	395.88
<b>Surplus/(Deficit)</b>	<b>(172.95)</b>	<b>(204.16)</b>	<b>(8.35)</b>	<b>14.69</b>	<b>5.10</b>

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2015-16	2014-15	2013-14
Actuarial Loss on Obligations	292.29	215.25	147.87
Actuarial (Gain)/Loss on Plan Assets	(4.13)	11.10	(6.66)

### Notes:

- The expected return on plan assets for the year ended March 31, 2016 is as furnished by LIC. The entire plan assets are managed by LIC and the data on plan assets as on March 31, 2016 have not been furnished.
- The details of Experience adjustments have been disclosed to the extent of information available.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Estimated amount of contribution to the funds during the year ended March 31, 2016 as estimated by the management is ₹ 306.50 lakhs (March 31, 2015 – ₹ 250.00 lakhs).
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

₹ in lakhs

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE: 28 b) COMPENSATED ABSENCES</b>		
<b>Details of Actuarial Valuation</b>		
<b>Projected Benefit Obligation at the beginning of the year</b>		
Balance as at the beginning of the year	<b>1,086.40</b>	<b>945.17</b>
Current Service Cost	118.48	106.96
Interest Cost	82.42	73.34
Actuarial Losses	57.33	17.71
Benefits Paid	(112.43)	(56.78)
<b>Projected Benefit Obligation at the end of the year</b>	<b>1,232.20</b>	<b>1,086.40</b>

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

For the year ended March 31, 2016

Particulars	₹ in lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE: 28 b) COMPENSATED ABSENCES (Contd.)</b>		
<b>Cost of the Defined Benefit Plan for the year</b>		
Current Service Cost	118.48	106.96
Past Service Cost reversed	0.34	-
Interest on Obligation	82.42	73.34
Actuarial Losses Recognised in the year	57.33	17.71
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>258.57</b>	<b>198.01</b>
<b>Assumptions</b>		
Discount Rate	8.00% p.a.	8.00% p.a.
Future salary increase	5.00% p.a.	5.00% p.a.
Attrition Rate		
- Senior management	1% p.a.	1% p.a.
- Middle management	2% p.a.	2% p.a.
- Others	3% p.a.	3% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Other Disclosures		₹ in lakhs		
Experience Adjustments (Refer Note 4 below)	2015-16	2014-15	2013-14	
Actuarial Loss/(Gain) on Obligations	57.33	17.71	138.59	

### Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2016.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The details of Experience adjustments have been disclosed to the extent of information available.

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

For the year ended March 31, 2016

### NOTE : 29 SEGMENTAL REPORTING

The Management has identified the following reportable segments:

₹ in lakhs

	Financing		Others (*)		Eliminations		Consolidated Total	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
<b>REVENUE</b>								
External Revenue	419,233.41	369,023.12	2,141.58	2,458.25	-	-	421,374.99	371,481.37
Inter-segment Revenue	13.19	22.70	295.29	285.80	(308.48)	(308.50)	-	-
<b>Total Revenue</b>	<b>419,246.60</b>	<b>369,045.82</b>	<b>2,436.87</b>	<b>2,744.05</b>	<b>(308.48)</b>	<b>(308.50)</b>	<b>421,374.99</b>	<b>371,481.37</b>
<b>Result</b>								
Segment Result	86,966.29	65,663.62	758.29	893.19	-	-	87,724.58	66,556.81
Other Income	-	-	-	-	-	-	220.40	65.66
Net Profit Before Tax	-	-	-	-	-	-	87,944.98	66,622.47
<b>Other Information</b>								
Segment Assets	2,749,665.66	2,358,569.06	3,943.82	3,308.33	-	-	2,753,609.48	2,361,877.39
Unallocated Corporate Assets	-	-	-	-	-	-	35,315.47	24,919.26
<b>Total Assets</b>	<b>2,749,665.66</b>	<b>2,358,569.06</b>	<b>3,943.82</b>	<b>3,308.33</b>	<b>-</b>	<b>-</b>	<b>2,788,924.95</b>	<b>2,386,796.65</b>
Segment Liabilities	2,420,090.16	2,067,488.92	1,514.32	1,870.92	-	-	2,421,604.47	2,069,359.84
Unallocated Corporate Liabilities	-	-	-	-	-	-	350.34	-
<b>Total Liabilities</b>	<b>2,420,090.16</b>	<b>2,067,488.92</b>	<b>1,514.32</b>	<b>1,870.92</b>	<b>-</b>	<b>-</b>	<b>2,421,954.81</b>	<b>2,069,359.84</b>
Capital Expenditure	7,541.80	3,089.70	199.41	17.09	-	-	7,741.21	3,106.79
Depreciation and amortisation	2,133.13	2,918.26	41.30	91.96	-	-	2,174.43	3,010.22
Other Non Cash Expenditure	45,175.41	32,714.52	(171.52)	18.05	-	-	45,003.89	32,732.57

(\*) Consists of Distribution, Stock Broking, Freight Data Solutions business.

### NOTE : 30 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Holding Company:** Tube Investments of India Limited (upto August 31, 2015)
- **Entity having significant influence over the Company:** Tube Investments of India Limited (from September 01, 2015)
- **Entity having significant influence over Holding Company:** Murugappa Holdings Limited (upto August 31, 2015)
- **Joint venture of Holding Company:** Cholamandalam MS Risk Services Limited (upto August 31, 2015)
- **Fellow Subsidiary:** Cholamandalam MS General Insurance Company Limited (upto August 31, 2015)
- **Key Managerial Personnel:** Mr. Vellayan Subbiah, Managing Director.

Additional related parties as per Companies Act, 2013:

- Mr. D. Arul Selvan, Chief Financial Officer;
- Ms. P. Sujatha, Company Secretary

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



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

For the year ended March 31, 2016

### NOTE : 30 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Nature of Transactions	Year ended 31.03.2016	Year ended 31.03.2015
<b>a) Tube Investments of India Limited</b>		
Dividend Payments		
- Equity shares	2,528.15	2,528.15
Rent (including hiring) receipts	17.59	16.87
Expenses – Reimbursed	1.85	0.15
Receipts for services rendered	-	-
Net Amount Receivable/(Due) as at year end		
Rental deposit	(0.90)	(0.90)
Others	1.31	0.52
	<b>Five months ended 31.08.2015</b>	<b>Year ended 31.03.2015</b>
<b>b) Murugappa Holdings Limited</b>		
Dividend payments – Equity shares - ₹ 176 (31.03.2015 – ₹ 176)	0.00	0.00
<b>c) Cholamandalam MS Risk Services Limited</b>		
Expenses – Reimbursed	-	0.15
<b>d) Cholamandalam MS General Insurance Company Limited</b>		
Interest Payments	429.77	782.60
Rent payments	5.62	15.16
Rent (including hiring) receipts	30.76	66.44
Payments for services availed	6.49	238.10
Receipts for services rendered	1,596.51	3,044.27
Receipts on settlement of insurance claim	2.54	18.42
Expenses – Reimbursed	-	3.59
Amount received towards reimbursement of Expenses	3.93	19.74
Net Amount Receivable/(Due) as at year end		
- Debentures and Commercial paper including accrued interest		(6,470.48)
- Rental deposit		(21.14)
- Others		448.50
	<b>Year ended 31.03.2016</b>	<b>Year ended 31.03.2015</b>
<b>e) Key Managerial Personnel</b>		
Vellayan Subbiah – Managing Director		
Remuneration	325.50	298.65
Dividend Payments	8.59	8.59
D Arul Selvan – Chief Financial Officer		
Remuneration	114.69	81.96
Dividend Payments	1.02	0.59
Rental payments	2.40	2.40
P Sujatha - Company Secretary		
Remuneration	132.74	78.75
Dividend Payments	0.70	0.22
Rental Payments	2.40	2.40

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

For the year ended March 31, 2016

### NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims Not Provided for:

Particulars	₹ in lakhs	
	As at 31.03.2016	As at 31.03.2015
Income tax and Interest on Tax issues where the Group is in appeal	27,537.20	5,344.23
Decided in the Group favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	564.40	564.60
Service Tax issues pending in respect of which the Group is under appeal	68.46	68.46
Sales Tax issues pending before Appellate Authorities in respect of which the Group is in appeal (The Group has paid ₹ 1,745.36 lakhs (March 31, 2015 – ₹ 649.15 lakhs) under protest, which is included under loans and advances – Refer Note 13)	2,575.53	4,220.09
Order in respect of alleged violations of the provisions of SEBI Act	7.00	-
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	5,563.73	3,399.36

- i) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
- ii) It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
- iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.
- iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 1,286.56 lakhs (March 31, 2015 - ₹ 1,019.61 lakhs)

### NOTE : 32 CHANGES IN PROVISIONS

Particulars	₹ in lakhs			
	As at 31.03.2015	Additional Provision	Utilisation/ Reversal	As at 31.03.2016
Provision for Standard Assets	6,522.35	7,627.89	-	14,195.24
Provision for Non-Performing Assets	27,928.10	27,249.24	(12,775.10)	42,402.24
Provision for Credit Enhancements and Servicing Costs on Assets Derecognised	565.88	-	(565.88)*	-
Contingent Service Tax Claims	792.37	-	-	792.37
Provision for Claw back	14.52	4.10	(14.51)	4.11
Provision for Contingencies	12.00	2,469.54	(20.00)	2,461.54

\* Refer Note 23.1 & 22.4

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

For the year ended March 31, 2016

### NOTE : 33 EMPLOYEE STOCK OPTION PLAN

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 1,904,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007:

Grant No	Particulars	Date of Grant	Exercise Price (₹ )	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	765,900	110,680	596,032	19,488	-
	CAA *	25-01-08	178.70	-	54,433	8,909	44,337	1,187	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	16,208	133,638	12,954	-
4	Original	25-04-08	191.80	25-04-09	468,740	146,433	310,955	11,352	-
5	Original	30-07-08	105.00	30-07-09	10,070	5,729	1,491	2,850	-
6	Original	24-10-08	37.70	24-10-09	65,600	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	164,973	63,438	66,189	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	154,442	40,569	14,689	-
8	Original	30-04-11	162.55	30-04-12	113,400	27,563	46,197	39,640	-
9	Original	28-07-11	175.35	28-07-12	61,800	29,544	32,256	-	-
10	Original	27-10-11	154.55	27-10-12	195,680	103,687	50,488	41,505	-

\* CAA- Corporate Action Adjustment

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

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

For the year ended March 31, 2016

### NOTE : 33 EMPLOYEE STOCK OPTION PLAN (Contd.)

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

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

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

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2016 is ₹ 0.96 lakhs (March 31, 2015 (₹ 0.97 lakhs))

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

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

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

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

For the year ended March 31, 2016

### NOTE : 34 SHARING OF COSTS

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

### NOTE: 35 PREVIOUS YEAR'S FIGURES

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

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

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

Date : April 29, 2016  
Place : Chennai

**P. Sujatha**  
*Secretary*

**D. Arul Selvan**  
*Chief Financial Officer*

**Vellayan Subbiah**  
*Managing Director*

**Form AOC-1****(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

**Part "A": Subsidiaries**

₹ in lakhs

Name of the subsidiary	Cholamandalam Distribution Services Limited	Cholamandalam Securities Limited	White Data Systems India Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-16	31-Mar-16	31-Mar-16
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable
Share capital	4,240.00	2,250.00	202.52
Reserves & surplus	337.01	(558.02)	744.33
Total assets	4,662.19	3,079.18	992.99
Total Liabilities	85.18	1,387.20	46.14
Investments	1,136.82	138.19	-
Turnover	1,261.51	1,282.51	4.23
Profit/(Loss) before taxation	701.05	173.69	(51.62)
Provision for taxation	227.95	18.30	2.53
Profit/(Loss) after taxation	473.10	155.39	(54.15)
Proposed Dividend	-	-	-
% of shareholding	-	-	-
Names of subsidiaries which are yet to commence operations	Not applicable	Not applicable	Not applicable
Names of subsidiaries which have been liquidated or sold during the year.	Not applicable	Not applicable	Not applicable

**Part "B": Associates and Joint Ventures**

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	
Latest audited Balance Sheet Date	<b>Not applicable</b>
Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding %	
Description of how there is significant influence	
Reason why the associate/joint venture is not consolidated	
Networth attributable to Shareholding as per latest audited Balance Sheet	
Profit / Loss for the year	
Considered in Consolidation	
Not Considered in Consolidation	
Names of associates or joint ventures which are yet to commence operations	
Names of associates or joint ventures which have been liquidated or sold during the year.	

For and on behalf of the **Board of Directors****M.B.N. Rao**  
ChairmanDate : April 29, 2016  
Place : Chennai**P. Sujatha**  
Secretary**D. Arul Selvan**  
Chief Financial Officer**Vellayan Subbiah**  
Managing Director

# Corporate Values & Beliefs

## Murugappa Group

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

### Integrity

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

### Passion

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

### Quality

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

### Respect

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

### Responsibility

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



**Chola**  
*Enter a better life*



**murugappa**

**Cholamandalam Investment and Finance Company Limited**

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