Chola
Enter a better life

August 31, 2015

The Secretary
National Stock Exchange of India Limited
Capital Market – Listing
Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051

Dear Sir,

Sub.: Annual General Meeting Proceedings and the Chairman's message

We enclose herewith a copy of the proceedings of the 37th Annual General Meeting held on 31st July 2015 and the Chairman's message, distributed at the venue of the meeting.

We request you to kindly take the above on record and acknowledge receipt.

Thanking you,

Yours faithfully,
For Cholamandalam Investment and Finance Company Limited

P Sujatha
Company Secretary

Encl. : As above

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PROCEEDINGS OF THE THIRTY SEVENTH ANNUAL GENERAL MEETING OF CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED HELD AT 4.00 P.M. ON FRIDAY, THE 31st JULY 2015 AT THE MUSIC ACADEMY, NEW NO.168 (OLD NO.306), T.T.K. ROAD, ROYAPETTAH, CHENNAI 600 014.

PRESENT :	**Mr. M B N RAO,** **Chairman of the Board**
	Mr. N SRINIVASAN, **Vice Chairman and Chairman of Stakeholders Relationship Committee**
	Mr. V SRINIVASA RANGAN, **Chairman of the Nomination and Remuneration Committee**
	Mr. NALIN MANSUKHLAL SHAH, **Chairman of the Audit Committee**
	Mr. M M MURUGAPPAN
	Ms. BHARATI RAO
	Mr. VELLAYAN SUBBIAH, **Managing Director**
INVITEES :	**Mr. ROHIT PHADKE,** **President & Business Head - Home Equity, Home Loan & Corporate Finance**
	Mr. D ARUL SELVAN, **Executive Vice President & CFO**
	Mr. RAVINDRA KUNDU **Sr. Vice President & National Business Manager – Vehicle Finance**
IN ATTENDANCE :	**Ms. P SUJATHA,** **Company Secretary**

1. Mr. M B N Rao took the Chair and requested everyone to observe one minute silence to pay condolence to the late former President Dr. A.P.J. Abdul Kalam.

   After one minute of silence, the Chairman thanked everyone in the hall.

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Cholamandalam Investment and Finance Company Ltd.
Dare House, 2, N.S.C. Bose Road, Parrys, Chennai 600001, India.
Tel : 91.44.30007172 / Fax : 91.44.25346464
Website : www.cholamandalam.com
CIN – L65993TN1978PLC007576

2. The Chairman declared that the necessary quorum for the meeting was present with 2,598 members (including representatives) registering their attendance and called the meeting to order.

3. The Chairman welcomed the members to the 37th annual general meeting of the Company and introduced the other directors, secretary and senior management on the dais. Chairman informed that Mr. Indresh Narain, Director of the Company who retires at the 37th AGM had expressed his inability to attend the meeting due to certain personal exigencies. The Chairman informed that Ms. Geetha Suryanarayanan, Partner and Ms. Ananthi Amarnath, Partner of M/s. Deloitte Haskins & Sells, the statutory auditors of the Company were present at the meeting.

4. The Chairman further informed that Mr. R. Sridharan of M/s. R. Sridharan & Associates, company secretaries, appointed by the Board as the Scrutiniser for the purpose of remote e-voting and voting process at the AGM was also present at the meeting.

5. The Chairman announced that the Register of Directors, Key Managerial Personnel and Directors' shareholding and the Register of Contracts or Arrangements in which the Directors are interested maintained in accordance with the provisions of the Companies Act, 2013 and the draft letter for appointment of independent directors had been tabled and were available for inspection by the members at any time during the meeting.

   The Chairman further announced that the certificate received from the statutory auditors of the Company, M/s. Deloitte Haskins & Sells, certifying that the Employee Stock Option Scheme - 2007 of the Company had been implemented in accordance with the Securities and Exchange Board of India Regulations and the resolutions passed by the members in this regard on 30th July 2007, were available for inspection by the members at any time during the meeting.

6. The Chairman informed that 37 proxies had been received for 125,93,253 shares. The Register of Proxies was available for inspection by the members at any time during the meeting.

7. The Chairman mentioned that with the advent of the Companies Act, 2013 and the Rules made there under including consequential amendments ("the Act"), the manner of conduct of the meetings including the voting process had undergone significant changes as compared to the earlier years practice. The most significant of the changes in the proceedings of the annual general meetings is that the traditional way of voting by show of hands had been replaced with remote e-voting and voting at the general meeting. Also under the Act, voting is in proportion to the number of shares held by the members as against one vote one shareholder norm in voting by show of hands.

8. The Chairman said that the copies of the AGM notice together with the annual report for the financial year ended 31st March 2015 had been sent to all the shareholders.

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Based on the feedback received, physical copies of the annual report and AGM notice had been sent by speed post for all the Chennai shareholders. In the rest of the locations, for those with a registered e-mail id, annual reports and notice had been sent by e-mail and for those without a registered e-mail id or if there was a specific request for physical copies, annual reports had been sent by speed post, courier or registered parcel.

9. The Chairman further informed that in accordance with the provisions of the Act and the listing agreement, the Company had provided the remote e-voting and electronic voting facility at the AGM ("voting by electronic means") for its shareholders to enable larger participation in the voting process. The Company had engaged the services of M/s. Karvy Computershare Private Limited (Karvy) to provide the facility of voting by electronic means to all its members to cast their vote on all businesses contained in the notice. A person whose name was recorded in the register of members or in the register of beneficial owners in dematerialised form maintained by the depositories as on 24th July, 2015, the cut-off date, were entitled to vote using remote e-voting facility. The remote e-voting facility commenced on Monday, the 27th July, 2015 (9.00 a.m.) and ended on Thursday, the 30th July, 2015 (5.00 p.m.). As required under the Act, the remote e-voting module was disabled by Karvy thereafter.

10. The Chairman requested members as on the cut-off date i.e. 24th July 2015 to cast their vote at the venue of the meeting if they had not casted their vote electronically. He informed that the counters would be open for Insta-poll through Tablet device made available for the purpose of voting. A member can opt for only one mode of voting i.e. either through remote e-voting or voting at the AGM. Thus, voting facility at the AGM should be used only by those who had not exercised their right to vote through remote e-voting. Members who had cast their vote through remote e-voting could attend the AGM but would not be entitled to vote again in the AGM.

11. With the permission of the members present, the notice convening the meeting was taken as read.

12. The Chairman informed that the auditors' report on the financial statements of the Company for the year ended March 31, 2015 did not have any qualifications or observations or comments or other remarks on financial transactions or matters as having any adverse effect on the functioning of the Company. Accordingly, the auditors' report was not required to be read out before the meeting, as provided in the Act. Further, the auditors' report was available for inspection by the members at any time during the meeting.

13. The Chairman further informed that pursuant to the provisions of the Act, the secretarial audit report for the year ended March 31, 2015 forming part of the annual report did not contain any qualifications or observations or comments or other remarks. Further, the secretarial audit report was available for inspection by the members at any time during the meeting.

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14. The Chairman informed the shareholders that printed copies of his speech had been distributed at the meeting venue and those shareholders who had not already collected could collect a copy at the reception. The Chairman made a speech covering the economic review during FY14-15, growth in medium and heavy commercial vehicle segment and light commercial vehicles, Company performance in disbursements, assets under management, vehicle finance, home equity business, other businesses, new products lines and subsidiaries performance during FY14-15 and outlook.

15. The Chairman called upon Mr. Vellayan Subbiah, Managing Director to make a brief presentation on the developments in the Company during the financial year 2014-15 and the performance during the first quarter ended 30th June 2015.

    Mr. Vellayan Subbiah made a presentation to the members covering the key highlights for FY15, geographical presence, employee strength of the Company as on 31st March, 2015, key highlights – shareholders, corporate overview, vehicle finance / home equity – financial summary, consolidated financials and the financial results for the first quarter of FY16 subjected to a limited review by the statutory auditors.

16. The Chairman then briefed the members about the ordinary businesses set out in the AGM notice under item nos.1 to 5 and the special businesses under item nos.6 to 8.

17. The Chairman invited queries on the various agenda items stated in the notice of the meeting. After the queries and comments were made by the members on the agenda items as well as on the performance and operations of the Company and the related issues, the Chairman answered them.

18. The following is a summary of the feedback from the members and clarifications provided on the various agenda items:

    Feedback from the members:

    1. Happy with the overall progress of the Company and subsidiaries
    2. appreciated that Mutual Funds have increased their shareholding in the Company during the year
    3. appreciated the presentation and transparency in annual report
    4. appreciated the company operations across 534 branches
    5. advised caution in real estate finance and agri financing business
    6. to conduct the annual general meeting within one month of finalization of audited accounts

    Queries on the agenda and clarifications provided by the Chairman:

    1. Requests for increased dividend payouts: Since the Company is in the business of financial services with a 15% statutory Capital Adequacy Requirement, the Company conserved profits for future growth and business activities.

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2. Requests for Bonus issue: The Board would examine and decide on the same in the best interest of the Company.
3. Comments on Corporate Social Responsibility activities: The management had noted all the suggestions. The details of the CSR activity done during the year were given in the balance sheet.
4. Performance of Subsidiaries: Management had done lot of activities and the subsidiaries had earned profit during the year.
5. Comments on ESOP: Unlike a manufacturing Industry or a mining industry, it is the effort of employees spread over 534 branches that had contributed to the better performance of the Company. They are the assets of the Company and hence the employees need to be adequately compensated with the employee stock options. It is prevalent in all the services industries like finance companies and banks.
6. Reasons for dilution in promoters holding: The difference in percentage in promoters' stake was consequent to allotment of shares on exercise of ESOPs and promoters had not diluted their stake during the year.
7. General queries: Book value of shares, 10 years' highlights, non-performing assets, corporate information and loans were appropriately addressed.

19. After responding to the queries of the members, the Chairman thanked the members for their appreciation and clarifications sought and further requested them to cast their vote before leaving the venue of the meeting if they had not already casted their vote through remote e-voting.

20. The Chairman announced that the consolidated result of remote e-voting and voting at the AGM would be declared and made available along with the scrutiniser's report to the stock exchanges and posted on the website of the Company and on the website of Karvy before 4 p.m. on 1st August, 2015. A copy of the same shall be attached to the proceedings of this meeting.

The meeting concluded at 6.52 p.m. with a vote of thanks.

Summary of Scrutiniser's report

The consolidated results as per the scrutiniser's report dated 31st July, 2015 is as follows:

Item No.	Particulars	Voted for the resolution	Voted against the resolution
1.	Adoption of standalone & consolidated financial statements, Boards' report and Auditor's Report for the year ended 31 March, 2015	9,31,97,877	15
2.	Confirmation on interim dividend declared on 1%, 5,00,00,000 compulsorily convertible preference shares (CCPS) of Rs.100/- each of the Company	9,31,97,885	17

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Item No.	Particulars	Voted for the resolution	Voted against the resolution
3.	Confirmation of interim dividend of 25% paid and declaration of final dividend of 10% to equity shareholders	9,31,97,877	15
4.	Re-appointment of Mr. N Srinivasan (DIN 00123338), Director retiring by rotation	9,31,94,972	2,930
5.	Ratification of appointment of M/s. Deloitte Haskins & Sells as the statutory auditors and fixing their remuneration	9,14,47,887	17,50,015
6.	Appointment of Ms. Bharati Rao (DIN 01892516) as an Independent Director	9,31,97,887	15
7.	Appointment of Mr. M.M.Murugappan (DIN 00170478) as a Director liable to retire by rotation	9,31,97,537	365
8.	Issue of securities on a private placement basis under Section 42 of the Companies Act, 2013	9,31,94,902	2,980

Based on the report of the Scrutiniser, all resolutions as set out in the Notice of the 37th Annual General Meeting have been duly approved by the members with requisite majority as below:

Ordinary Business:

Item No.1: Adoption of standalone & consolidated financial statements together with the board's report and the auditors' report for the year ended 31 March, 2015:

RESOLVED THAT the board's report, the statement of profit and loss and the cash flow statement for the year ended 31 March, 2015 and the balance sheet as at that date, including the consolidated financial statements, together with the independent auditors' report thereon be and are hereby considered, approved and adopted.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the ordinary resolution with regard to item no.1 as set out in the Notice of the AGM was passed with requisite majority.

Item No.2: Confirmation of interim dividend declared on 1% compulsorily convertible preference shares (CCPS):

RESOLVED THAT the interim dividend of 1% declared by the board of directors on 27 January, 2015 on 5,00,00,000 compulsorily convertible preference shares (CCPS) of Rs.100/- each of the company proportionate for the period from 3 September, 2014 (being the date of allotment) till 31 March, 2015 and paid to the preference shareholder whose name

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appeared in the register of members as on 6 February, 2015 being the record date fixed for that purpose be and is hereby approved for the year ended 31 March, 2015.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution with regard to item no.2 as set out in the Notice of the AGM was passed with requisite majority.

Item No.3: Confirmation of interim dividend of 25% paid and declaration of final dividend of 10% to equity shareholders:

RESOLVED THAT the interim dividend of 25% declared by the board of directors on 27 January, 2015 on the outstanding equity shares of Rs.10/- each of the company and paid to those equity shareholders whose name appeared in the register of members as on 6 February, 2015 being the record date fixed for this purpose be and is hereby approved for the year ended 31 March, 2015.

RESOLVED FURTHER THAT a final dividend of 10% as recommended by the board of directors be and is hereby declared on the outstanding equity shares of Rs.10/- each of the company for the year ended 31 March, 2015 and paid to those members, in case of shares held in physical form, whose names appear in the register of members as on 31 July, 2015 and in case of shares held in dematerialised form, as per the details furnished by the depositories for this purpose.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution with regard to item no.3 as set out in the Notice of the AGM was passed with requisite majority.

Item No.4: Re-appointment of Mr. N Srinivasan (DIN 00123338), Director retiring by rotation:

RESOLVED THAT Mr. N. Srinivasan (holding DIN 00123338), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the company liable to retire by rotation.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution with regard to item no.4 as set out in the Notice of the AGM was passed with requisite majority.

Special Business:

Item No.5: Ratification of appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai as the statutory auditors and fixing their remuneration:

RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the

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appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai bearing registration no.008072S as the statutory auditors of the company from the conclusion of thirty seventh annual general meeting till the conclusion of the thirty eighth annual general meeting at a remuneration of Rs.30 lakhs per annum including the actual travelling and out of pocket expenses incurred in connection with the audit in addition to service tax as applicable be and is hereby ratified.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution with regard to item no.5 as set out in the Notice of the AGM was passed with requisite majority.

Item No.6: Appointment of Ms. Bharati Rao (DIN 01892516) as an Independent Director:

RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, 161, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to clause 49 of the listing agreement and the Articles of Association of the company, Ms. Bharati Rao (holding DIN 01892516), an additional director, holding office up to the date of this annual general meeting and in respect of whom the company has received a notice in writing proposing her candidature for the office of a director under section 160 of the Companies Act, 2013, being qualified for appointment as an independent director be and is hereby appointed as an independent director of the company not liable to retire by rotation, to hold office for a term of 4 consecutive years up to forty first annual general meeting.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution with regard to item no.6 as set out in the Notice of the AGM was passed with requisite majority.

Item No.7: Appointment of Mr. M M Murugappan (DIN 00170478) as a Director liable to retire by rotation:

RESOLVED THAT pursuant to the provisions of sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to clause 49 of the listing agreement and the Articles of Association of the company, Mr. M.M. Murugappan (holding DIN 00170478), an additional director holding office up to the date of this annual general meeting and in respect of whom the company has received a notice in writing proposing his candidature for the office of a director under section 160 of the Companies Act, 2013, be and is hereby appointed as a director of the company, liable to retire by rotation.

Result: As the number of votes cast in favour of the resolution was more than the number of votes cast against, the Ordinary Resolution with regard to item no.7 as set out in the Notice of the AGM was passed with requisite majority.

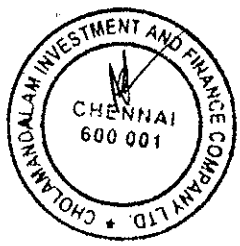
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Item No.8: Issue of securities on a private placement basis under Section 42 of the Companies Act, 2013:

RESOLVED THAT pursuant to the provisions of sections 42, 71 and other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the rules, regulations, guidelines and circulars as amended from time to time, the Memorandum and Articles of Association of the company and subject to such other requirements as may be prescribed by regulatory authorities from time to time, consent of the members of the company be and is hereby accorded to offer, issue and allot, in one or more series or tranches, secured and unsecured non-convertible debentures on private placement basis during the period commencing from the date of the thirty seventh annual general meeting until the conclusion of the thirty eighth annual general meeting, up to an amount not exceeding Rs.10,000 crores within the overall borrowing limits of the company, as approved by the members, on such terms and conditions and at such times at par or at such premium as may be decided by the board of directors of the company (including committees thereof), from time to time, to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals, as the case may be or such other person / persons as the board of directors of the company (including committees thereof) may determine and consider proper and most beneficial to the company including rate of interest, tenure and security cover thereof, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto.

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

Result: As the number of votes cast in favour of the resolution was three times more than the number of votes cast against, the Special Resolution with regard to item No.8 as set out in the Notice of the AGM was passed with requisite majority.



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Cholamandalam Investment and Finance Company Limited

Registered Office: "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai - 600 001.
Phone: 044 3000 7172; Fax: 044 2534 6464;
CIN-L65993TN1978PLC007576
E-mail ID: investors@chola.murugappa.com; Website: www.cholamandalam.com

Chairman's Speech

Address by Mr. M. B. N. Rao, Chairman
at the 37th Annual General Meeting of the Company held on July 31, 2015

Ladies and Gentlemen

On behalf of the board of directors, it gives me great pleasure in welcoming you to your company's 37th Annual General Meeting. The company's annual report including the audited financial statements for the year ended 31 March, 2015 has been with you for some time now and with your permission I shall take them as read.

Economic Review

Eight years since the onset of global financial crisis and after easy money and tough regulations, the global economy is in search of a sustainable growth path, even as inflation in many advanced economies is still below their respective 'comfort' levels. The global economy continued to expand during 2014 at a moderate and uneven pace at 3.4%, as the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. The growth was supported by the developed economies, which registered the gross domestic product (GDP) growth of 1.8% in 2014 as against 1.4% in the previous year.

The year 2014 will probably be remembered for the rise in geopolitical risk more than the performance of markets. The fall in oil prices may go down as the single most important development of 2014. Accommodative supply faced with weaker demand pushed oil prices down by 42% over the year. The global economy, as per IMF, is expected to expand at a slightly faster but still only moderate pace, with world gross product (WGP) projected to grow by 3.5% and 3.8% in 2015 and 2016 respectively.

The Indian economy is reviving, helped by positive policy actions, progress on key reforms and falling global oil prices. The GDP expanded at 7.3% in FY15 as compared to 6.9% in FY14 supported by the uptick in industrial growth led by manufacturing, utilities and service sector.

Inflation, as measured by consumer price index (CPI), showed a substantial decline and was below 6% for the better part of the year. The drop in the inflation levels were much faster than was anticipated and this led to the RBI now being more open about a softer stance in monetary policy. The decline in inflation and subdued commodity prices provided enough headroom for the RBI to cut interest rates three times during the last six months, making it cumulative 75 bps so far. The expansion in the index of industrial production

to 2.8% in FY15 as against the contraction of 0.1% in the previous year boded well for the economy. The revival in the index could be seen from the growth of the medium and heavy commercial vehicle (MHCV) sector, which is the barometer of the country's economy. This growth is seen after nearly two years of prolonged slump. MHCV segment after dropping by 25% in FY14, grew by 16% in FY15. Given the expected growth in industrial, construction and mining sectors, society of indian automobile manufacturers (SIAM) has projected growth rates of 13-15% for MHCVs and 3-5% for light commercial vehicles (LCVs) in FY16.

Company Performance

Your company's cautious approach to disbursements, continued in FY15 as well. Disbursements saw a drop of 2% from ₹ 13,114 crores in FY14 to ₹ 12,808 crores in FY15. Assets under Management (AUM) showed a growth of 9%. Despite a challenging business environment, your company contained the stress in the portfolio. Gross non-performing assets (GNPA), as a percentage of AUM, moved from 1.9% in FY14 to 2.4% in FY15. Net non-performing assets (NNPA) is at 1.4% of AUM in FY15, compared to 0.7% in FY14. A gradual improvement in collections was witnessed in the second half of the year. As a prudent and conservative measure, your company decided to advance its adoption of the RBI regulations relating to recognition of NPAs at 5 months overdue and increased its standard asset provisioning from 0.25 to 0.30% by one year. The early adoption resulted in the GNPA moving to 3.1% and NNPA of 2%.

Your company's focus on higher yield products and a reduction in interest costs resulted in an increase in net income margin (NIM) from 7.7% in FY14 to 7.9% in FY15. Ongoing cost rationalisation efforts ensured that the operating cost to asset ratio was maintained at 3.4%, same as the previous year.

The net profit after tax for the year rose by 20% from ₹ 364 crores in FY14 to ₹ 435 crores in FY15.

Vehicle Finance (VF)

Automobile sales growth in India remained in single digits at 7.2% in FY15 compared to 3.5% in FY14. Within automobile sales, the commercial vehicle (CV) segment is the only segment that continues to shrink and posted a de-growth of 2.8%. Domestic tractor volumes fell by 13% in FY15 owing to below normal monsoons, which impacted the kharif and rabi crops. Both CV and tractor volumes are expected to pick up in FY16.

Your company has achieved deep penetration in terms of branch network across the country and operated out of 529 VF branches during the year. VF disbursements were ₹ 9,363 crores, as against ₹ 10,128 crores in the previous year. The AUM for the VF business was ₹ 17,639 crores, a growth of 3% as compared to the previous year. The collections efforts intensified given the muted macroeconomic environment and drop in freight utilisation and began to improve in the last few months of the year.

Home Equity (HE)

The HE business continued to maintain a healthy growth trajectory. Disbursements grew by 8% and AUM saw a growth of 24%, increasing from ₹ 5,860 crores in FY14 to ₹ 7,280 crores in FY15. HE business as a percentage of the overall loan book stands at 29%. During the year, your company extended the HE offering to 78 branches, up from 68 branches in FY14. Your company continues to remain focused towards self-employed segment in this business. The outlook for this product is positive, with a projected growth of 20-25% over the medium-term. Competition is intensifying in this product, with both NBFCs and PSU banks actively looking to grow their books. To stand out from the rest, your company is highly focused on building and maintaining a stable and long-term relationship with customers and channel partners. The recent announcement in the union budget of extending the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) to NBFCs will strengthen our efforts at maintaining healthy asset quality.

Other Businesses and New Product Lines

Among new businesses, MSME, home loans and wealth management businesses made noteworthy progress during the year. The affordable home loans business extended its customer base to over 800 and built an AUM of ₹ 121 crores. During the year, the MSME segment disbursed ₹ 249 crores.

Both rural finance and construction equipment continues to show promise and we are carefully increasing our presence and building our book in these lines. In addition, we commenced two wheeler financing in FY15.

Subsidiaries' Performance

Both the subsidiaries of your company performed well in FY15. The income of Cholamandalam Distribution Services during the year grew to ₹ 13.13 crores as against ₹ 11.88 crores in the previous year. The profit before tax was ₹ 5.58 crores as against ₹ 4.68 crores in the previous year. The income of Cholamandalam Securities grew from ₹ 8.04 crores in FY14 to ₹ 14.44 crores in FY15. Further, the business made a profit before tax of ₹ 3.42 crores, as against a loss of ₹ 0.40 crores in FY14.

Outlook

Terming the Indian economy a "bright spot" on the global economic landscape, IMF has projected the growth at 7.5% for the current fiscal. The optimism of economic growth is further affirmed by the revision in India's sovereign rating outlook to "Positive" from "Stable" by Moody's ratings. The focus on implementation of structural reforms, investments in infrastructure, uptick in consumption and cyclical easing of monetary policy would strengthen the aggregate growth. The expected buoyancy in the economy augurs well for the financial services sector as it would increase the credit off-take. However, steady increase in fuel prices and sub-par monsoon might pose a challenge to the ongoing improvement in growth inflation dynamics and monetary easing.

A growth rate of 7-9% is projected for the CV industry in FY16 and the industry is expected to grow at a compounded annual growth rate (CAGR) of 10-13% till FY20 (Source: CRISIL Research). Therefore, the outlook for the vehicle finance business is positive both in the short and medium term. Competition has been rapidly increasing in HE product with almost all the private sector banks and a number of public sector banks increasing their focus on loan against property (LAP) as an exclusive offering. However, your company has established itself in the market place as a trusted and reliable partner for customers seeking a LAP loan with a quick turnaround time and customer friendly service. Building on this momentum, your company expects to grow this product line at a healthy pace in FY16.

Acknowledgement

To conclude, I, on behalf of the company and the board of directors, express my sincere thanks to our customers, stakeholders, bankers, financial institutions, rating agencies, vehicle manufacturers, vehicle dealers, service providers and all other constituents for their valuable support and unstinted co-operation. To my colleagues on the board, I owe a great deal of gratitude for their prudent counsel and continued guidance. My special thanks and appreciation goes to the employees of the company at all levels for their hard work, dedication and continued commitment. I also take this opportunity to thank all the shareholders for the unstinted support in all our endeavours.

Thank you,

M B N Rao
Chairman