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July 27, 2018

NSE / BSE
NSDL / CDSL / NSE - WDM / BSE – F Class

Dear Sirs,

Sub: Proceedings of 40th Annual General Meeting (AGM) and Voting Results.

We wish to inform you that the 40th AGM of the Company was held yesterday at 4 p.m. and the business as mentioned in the notice dated 31st May, 2018 were transacted.

In this regard, please find enclosed the following:

1. Summary of proceedings under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
2. Voting Results under Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
3. Report of Scrutiniser dated 27th July, 2018 pursuant to Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014; and
4. The Chairman's message, distributed at the venue of the meeting.

We further wish to inform you that Mr. N. Srinivasan who was reappointed as a director retiring by rotation at the above AGM had expressed his desire to step-down as a Director and as Managing Director of the Company at the Board meeting held yesterday. The Board considered his request and accepted his resignation effective end of business hours on August 18, 2018.

Further the term of office of Mr. M.B.N. Rao, Chairman expired at the conclusion of the 40th AGM. Consequent to his retirement, Mr. M.M. Murugappan assumed office as the Chairman of the Board.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For Cholamandalam Investment and Finance Company Limited

P Sujatha
Company Secretary

Encl.: As above

Cholamandalam Investment and Finance Company Ltd.
Dare House, 2, N.S.C. Bose Road, Parrys, Chennai 600001, India.
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CIN – L65993TN1978PLC007576

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Summary of Proceedings of the 40th Annual General Meeting (AGM):

The 40th AGM of the members of Cholamandalam Investment and Finance Company Limited ("the Company") was held on Thursday, 26th July, 2018 at 4 p.m. at The Music Academy, New No. 168 (Old No. 306), T.T.K Road, Royapettah, Chennai 600 014. Mr. M B N Rao chaired the meeting. The requisite quorum being present, the Chairman called the meeting to order. He introduced the other directors, secretary and the senior management who were seated on the dais. The Chairman informed that the copies of the AGM notice together with the annual report had been sent to all the shareholders and the Company had provided the remote e-voting facility to the shareholders. He further informed that electronic voting facility at the venue may be used by those shareholders who had not exercised their right to vote through remote e-voting.

Further, the Chairman informed 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, the draft letter for appointment of independent director, the certificate received from the Auditors of the Company, M/s. S.R.Batliboi & Associates LLP, certifying that the Employee Stock Option Scheme (ESOP) – 2007 and ESOP 2016 of the Company has 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 and 3rd January 2017 were available for inspection by the members at any time during the meeting.

The notice of the meeting was taken as read with the permission of members since it was already circulated to them. Members were informed that the auditors' report on the financial statement of the Company and the secretarial audit report for the year ended 31 March, 2018 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 at the meeting, as provided in the Companies Act, 2013.

The following items of business, as per the notice of AGM dated 31st May, 2018, were transacted at the meeting:

1. Adoption of Standalone & Consolidated Financial Statements, Board's Report & Independent Auditors Report for the year ended 31st March, 2018.
2. Confirmation of the interim dividend of 45% paid on the equity shares and approval of the final dividend of 20% on the equity shares for the year ended 31st March, 2018.
3. Re-appointment of Mr. N. Srinivasan, as a director liable to retire by rotation.
4. Ratification of appointment of M/s. S.R.Batliboi & Associates LLP as statutory auditors of the Company from the conclusion of 40th AGM till the conclusion of the 44th AGM and authorisation to the Board of directos to fix the remuneration payable to the statutory auditors of the Company during the appointed period.

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5. Appointment of Mr. Ashok Kumar Barat as an independent director of the company not liable to retire by rotation to hold office for a term of five consecutive years effective 31st October 2017 up to 30th October 2022.
6. Appointment of Mr. M.M. Murugappan as a non-executive director liable to retire by rotation.
7. Approval of overall borrowing powers of the company upto a limit of Rs. 60,000 crores.
8. Approval to offer, issue and allot in one or more series or tranches, secured and unsecured non-convertible Debentures on a private placement basis during the period commencing from the date of the fortieth annual general meeting until the conclusion of forty first annual general meeting, up to an amount not exceeding Rs.18,000 crores.

The Board of Directors of the Company had appointed Mr. R. Sridharan of M/s. R. Sridharan & Associates, Practicing Company Secretary as the scrutiniser for conducting the remote e-voting and voting process at the AGM.

Mr. Arun Alagappan, Executive Director made a brief presentation on the developments in the Company during the financial year 2017-18 and also shared the performance of the Company for the quarter ended 30th June, 2018 as approved by the Board earlier during the day.

The Chairman invited queries from members regarding the accounts and operations of the Company during the year 2017-18 and provided clarifications to them.

The Chairman further informed the shareholders that the voting results along with the scrutiniser's report will be placed on the website of the Company, www.cholamandalam.com and on the website of Karvy Computershare Private Limited engaged for providing e-voting before 4 p.m. on 27th July, 2018 and will be communicated to the stock exchanges.

There being no other agenda, the Chairman called the meeting to a close.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For Cholamandalam Investment and Finance Company Limited

P Sujatha
Company Secretary

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Chairman's Message

40th Annual General Meeting of the company held on July 26, 2018

Ladies and Gentlemen

It gives me great pleasure to share with you some key highlights of the economy, the performance of your company and that of its subsidiaries during the financial year 2017-18 as well as the outlook for the financial year 2018-19.

Economic Review and Fiscal Scenario

Macroeconomic developments in FY 18 have been marked by swings. In the first half, India's economy temporarily decelerated due to series of actions and developments that temporarily buffeted the economy: demonetization, implementation difficulties in the GST, high and rising real interest rates, an intensifying overhang from the Twin Balance Sheet challenge, and sharp falls in certain food prices that impacted agricultural incomes. During the same period the rest of the world accelerated - however the economy remained the second-best performer amongst major countries, with strong macroeconomic fundamentals.

In the second half, the economy witnessed robust signs of revival. Economic growth improved as the shocks began to fade and global economic recovery boosted our exports. Policy actions to improve the business climate helped India jump 30 spots on the World Bank's Ease of Doing Business rankings, while similar actions to liberalize the foreign direct investment (FDI) regime helped increase flows by 20%. Cumulative policy record combined with brightening medium-term growth prospects helped India secure a sovereign ratings upgrade, the first in 14 years.

India's economy grew at its fastest in seven quarters in the January-March 2018 period, bolstered by strong performance in construction, manufacturing and public services, pointing to a persistent revival trend and bringing cheer to the government ahead of next year's general election.

The full FY18 growth estimate was revised upward to 6.7% from 6.6% in the second advance estimate released in February 2018. This is in line with the 6.75% growth forecast by the Economic Survey. Gross domestic product rose a better-than-expected 7.7% in the fourth quarter, retaining India's ranking as the world's fastest-growing major economy, outpacing China by nearly a percentage point. As per the Central Statistics Office data, manufacturing sector Gross Value Added grew at 9.1% in Q4 FY18, up from 6.1% in FY17. Similarly, construction sector grew at 11.5% in the same quarter, against a contraction of 3.9% a year ago.

Fiscal year 2017-18, saw the return of consumer spending and 'growth' for commercial vehicles industry. Vehicle manufacturers across segments reported double digit growth after many years. The heavy commercial vehicles (HCV) grew by 11% YoY, Light commercial vehicle (LCV) grew by 17% YoY and Mini LCV grew by 33%.

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Financial services sector

India's financial services sector is diversified, comprising of entities such as commercial banks, co-operatives, insurance companies, pension funds, mutual funds, non-banking financial companies (NBFCs) and other various entities. NBFCs continued to grow their share in the financial services industry. The growth momentum of NBFCs will result in their share in the financial services sector increasing in the near future. Non-banking financial companies (NBFCs) will implement IFRS-converged Indian Accounting Standards (Ind AS) with effect from accounting periods beginning April 1, 2018. The implementation of Ind AS will mark a major transition from the current accounting framework followed by NBFCs which is based on a blend of accounting standards and regulatory guidelines, especially in certain key areas such as classification, measurement and impairment of financial assets. The focus of accounting will shift from a rule-based to a principle-based approach.

Company performance

Your company continued to remain focused on maintaining asset quality. The company's aggregate loan disbursements grew by 35% from ₹ 18,591 crores in FY17 to ₹ 25,114 crores in FY18. The total AUM for the company as a whole grew by 25% (YoY) and the growth of on-balance sheet assets was 31%. The business AUM (including on book and assigned and net of provisions) in FY18 stood at ₹ 42,879 crores as against ₹ 34,167 crores recorded in FY17.The Profit After Tax (PAT) for the year is ₹ 974 crores, a growth of 36% over the last financial year. Earnings per share for the year stood at ₹ 62.32 and the book value per share stood at ₹ 329.50 as against ₹ 46.01 and ₹ 274.20 respectively, in the previous year. Net Income Margin (NIM) is at 9.7% for the year driven by reduction in cost of funds & increase in fee and other income.

Vehicle Finance (VF)

The commercial vehicles segment reported double digit growth after many years with heavy commercial vehicle registering a growth of 11%. LCV grew by 17% and mini LCV grew by 33%.

The VF business posted a record disbursement growth of 42% and PBT growth of 50% in FY18. The disbursements during the year were ₹ 20,540 crores against ₹ 14,471 crores in the previous year. The PBT during the year was ₹ 1,023 crores against ₹ 682 crores in the previous year.

The VF business continued to focus on strengthening its business operations through various initiatives and organizational restructuring which improved its asset quality by reducing its gross NPAs from 4.2% to 2.0% with an absolute reduction of ₹ 354 crores. This business continues to remain optimistic and is focused on growing the book while maintaining and improving asset quality. The business in order to increase the market presence has grown to 868 branches from 698 branches as at the end of previous year.

Home Equity (HE)

HE business continued 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.



The delinquency levels have dropped, with resolutions through The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI) starting to come through. GNPA levels have dropped to 5.36% in March 2018 from 5.77% in March 2017.

Managed assets for the business grew by 4.2% during FY18 and stood at ₹ 9,997 crores as against ₹ 9,593 crores in FY17. The overall disbursements during FY18 stood at ₹ 3,174 crores against ₹ 3,056 crores during FY17. The company continued to expand its reach in the HE business and added 25 branches during the year, taking the total branch count to 148 at the end of FY18.

Other Businesses

The affordable home loans (HL) business has increased the disbursement to ₹ 606 crores during FY18 as against ₹ 325 crores in FY17, registering a growth of 87%. Managed Assets was at ₹ 984 crores in FY 18 as against ₹ 518 crores in FY17, registering a healthy growth of 90%.

During the year, the board of directors of your company approved setting up of a housing finance company (HFC) as a subsidiary. The subsidiary company, Cholamandalam Home Finance Limited has made an application to National Housing Bank seeking registration to commence the housing finance business.

Under corporate finance, the business offers short-term financing products such as bill discounting and working capital loans. AUM in this business stood at ₹ 292 crores as of March 2018.

Subsidiaries' Performance

The subsidiaries, Cholamandalam Securities Limited (CSEC), Cholamandalam Home Finance Limited (CHFL) – formerly known as Cholamandalam Distribution Services Limited (CDSL) and White Data Systems India Private Limited (WDSI) together made a PBT of ₹ 5.99 crores in FY18 as against ₹ 6.85 crores in FY17. CSEC recorded an income of ₹ 19.68 crores in FY18 and made a PBT of ₹ 3.54 crores as against a PBT of ₹ 2.68 crores in the previous year. CHFL recorded an income of ₹ 11.51 crores in FY18 and made a PBT of ₹. 6.78 crores as against a PBT of ₹ 8.35 crores in the previous year. WDSI recorded an income of ₹ 50.33 crores in FY18 and made a loss of ₹ 4.34 crores as against loss of ₹ 4.18 crores in the previous year.

Outlook

GST and demonetisation impact is slowly fading away but the economy will be facing a number of headwinds, ranging from non-performing assets of the banking system and elevated bond yields to increased trade protectionism and tightening global financial conditions. Notwithstanding the International Monetary Fund had projected India's economy to grow at 7.4% in FY19, while the World Bank expects the economy to grow at 7.3% in FY19.

From the expenditure side, the boost is expected to come from both private and government expenditure coupled with green shoots emerging in investment spending. FY19 growth will continue to be driven by consumption and associated sectors such as automobiles, cargo handled at major ports, railway freight, domestic air passengers and consumption of petroleum products.

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Changes to Board constitution

I, on behalf of the company and the board of directors take this opportunity to welcome on board Mr. Ashok Kumar Barat who assumed office as an Independent Director effective October 30, 2017 as well as Mr. M. M. Murugappan who assumed office as a non executive Director effective May 31, 2018. We wish them all success.

Acknowledgement

To conclude, I 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 at all levels of the company, for their hard work, dedication and continued commitment. I also take this opportunity to thank all the shareholders for their unstinted support in all our endeavours. We continue to be committed towards creating value for all our stakeholders and adhering to the highest standards of corporate governance.

Thank you,

M B N Rao

Chairman

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