

September 10, 2010

NSE / BSE / MSE

NSDL / CDSL / WDM

Dear Sir,

Further to our letter dated this day, we enclose a copy of the press release regarding the further issue of shares.

This is for your information please.

Thanking you,

Yours faithfully,

For Cholamandalam Investment and Finance Company Limited



P Sujatha
Company Secretary

Encl.: As above

Cholamandalam Investment and Finance Company Limited raises Rs 150 Cr through preferential allotment of Equity shares at a price of Rs 160 per share and up to Rs 100 Cr through issue of Cumulative Redeemable Preference Shares

The Board of Directors of the Company have convened an Extra ordinary General meeting on October 6, 2010 to seek the approval of the shareholders for issuing and allotting 9,375,000 of equity shares to marquee investors and give authority to the Directors to issue and allot Cumulative Redeemable Preference Shares up to Rs 100 Crs.. The Board, at its meeting held on July 28, 2010 had, earlier, approved issue of equity shares up to Rs 150 Cr and Redeemable Preference Shares up to Rs 100 Cr and authorized the Directors of the Company to seek shareholders approval.

Issue of Equity shares:

The Company proposes to issue 9,375,000 equity shares of Rs.10/- each at a price of Rs 160 per share aggregating to Rs 150 Cr to following investors

S. No	Name of the Investor	Proposed Investment in equity shares (Rs In Crores)
1	Amansa Investments. Ltd. Singapore	50.00
2	Aquarius Investments Limited Singapore	42.50
3	India Capital Fund Limited	18.00
4	India Capital Opportunities 1 Limited	4.50
5	International Finance Corporation	15.00
6	Reliance Capital Trustee Limited A/c Reliance Banking Fund	20.00
Total		150.00

The issue is by way of preferential allotment in accordance with the Chapter VII of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"). The Relevant Date for the purpose of this allotment is September 6, 2010. These shares proposed to be issued will remain locked in for a period of 12 months from the date of allotment.

The Company's businesses comprising of Commercial vehicle finance and Home equity have shown robust growth over the past several quarters and the outlook for the said businesses appear positive. The proposed capital infusion will meet the growth requirements and also augment the Capital adequacy ratio of the company. The investors are global and domestic institutional investors who take a long term view of on investments and have a track record of investing in reputed Indian companies. The fact that the shares have a lock-in of 12 months reflect the confidence and trust that the investors have in the business and management of the Company and the Murugappa Group. International Finance Corporation, Washington has also participated in this round of fund raising to maintain its stake at ~ 9.91% acquired through a preferential allotment in May 2010.

Cumulative Redeemable Preference Shares

The Company proposes to offer, issue and allot up to 1,00,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each at par aggregating to Rs.100 Cr by way of private placement for a tenor not less than 18 months and not later than 5 years.. The Board will take further steps to identify and allot these shares to potential investors.

ENAM Securities P Limited acted as the sole financial advisor to the Company in the above issuances.

For more information, contact:

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