

September 10, 2010

MSE / NSE / BSE

NSDL / CDSL / WDM SEGMENT

Dear Sir,

We refer to our letter dated 28th July 2010 informing you of the approval of Board of Directors for a further issue of equity shares up to Rs.150 crs and redeemable preference shares up to Rs.100 crores.

Further to the above and subject to the receipt of approval of the shareholders and other regulatory approvals, as may be required, the Company is issuing 93,75,000 equity shares at Rs. 160/- per share on preferential basis aggregating to Rs. 150 Crores to the following investors.

S.N.	Name of the Investor	Number of equity shares issued	Amount of Investment (Rs. in crores)
1	Amansa Investments. Ltd.	31,25,000	50.00
2	Aquarius Investments Limited	26,56,250	42.50
3	Reliance Capital Trustee Limited A/C Reliance Banking Fund	12,50,000	20.00
4	India Capital Fund Limited	11,25,000	18.00
5	International Finance Corporation	9,37,500	15.00
6	India Capital Opportunities 1 Limited	2,81,250	4.50
Total		93,75,000	150.00

The Board has today approved convening of an extra-ordinary general meeting of the Company on 6th October 2010 at Chennai to obtain shareholders approval for the above preferential issue and issue of Cumulative Redeemable Preference Shares of Rs. 100/- each at par aggregating to Rs.100 Crores.

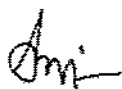
We enclose herewith six copies of EGM notice as required under clause 31(b) of Listing agreement.

Kindly take the above information on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For Cholamandalam Investment and Finance Company Limited



P Sujatha
Company Secretary

Encl.: As above

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that an Extraordinary General Meeting of the members of Cholamandalam Investment and Finance Company Limited will be held at 11.30 a.m. on Wednesday, the 6 October, 2010 at Dr. M.A. Chidambaram Hall, The Southern Indian Chamber Buildings, Esplanade, Chennai – 600 108 to transact the following special businesses:

1. To consider and if deemed fit, to pass with or without modification, the following as a Special Resolution:

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment hereto or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to all necessary statutory or regulatory approvals, consents, permissions and/ or sanctions as may be deemed necessary including without limitation approvals from the Government of India, Foreign Investment Promotion Board (FIPB), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and all other appropriate authorities, Institutions or Bodies and all other applicable laws, issued from time to time and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee thereof) consent, authority and approval of the Company be and is hereby accorded to the Board to offer, issue and allot at its sole discretion 9,375,000 equity shares of Rs.10/- each, in one or more tranches, to the following investors, 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") on the terms and conditions as may be determined by the Board, at Rs.160/- per Equity Share aggregating to Rs.150 crores being the price determined in accordance with the SEBI ICDR Regulations viz., a price not less than higher of the following:

The average of the weekly high and low of the closing price of the equity shares quoted on the National Stock Exchange of India Limited (having the highest trading volume in the preceding six months) during the twenty six weeks preceding the relevant date or

The average of the weekly high and low of the closing price of the equity shares quoted on the National Stock Exchange of India Limited (having the highest trading volume in the preceding six months) during the two weeks preceding the relevant date.

The Relevant Date for this purpose shall be 6 September, 2010.

S. No	Name of the Investor	Amount of Investment in equity shares (Rs. in crores)
1	Amansa Investments Limited	50.00
2	Aquarius Investments Limited	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

RESOLVED FURTHER THAT Mr. M B N Rao, Chairman, Mr. N Srinivasan, Director and Mr. Vellayan Subbiah, Managing Director, be and are hereby severally authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider as necessary or desirable and to obtain any approvals, permissions, sanctions, consents from SEBI, Stock Exchanges, FIPB, RBI and such other authorities which may be necessary or desirable in relation to the issue of equity shares on preferential basis to give effect to this resolution.

RESOLVED FURTHER THAT

- a. the equity shares issued on preferential basis as above, shall rank *pari passu* in all respects with the existing equity shares of the Company;
- b. the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue subject to agreement with the proposed allottee and also shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations;
- c. the Board be and is hereby authorised to accept any amendments, modifications, variations and alterations as the Government of India / RBI/ SEBI or any other regulatory authority may stipulate in that behalf ;
- d. the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for the above purpose, including without limitation execution of any documents/ agreements/ applications in this regard; and
- e. the Board be and is hereby authorised to delegate all or any of its powers to a Committee of Directors or Executives (as it may consider appropriate) to give effect to the aforesaid resolutions including to execute any documents on behalf of the Company before any governmental authority(ies)/ Depositories/ Stock exchanges or any other regulatory body and to appoint any professional advisers/consultants/ lawyers in that regard.

2. To consider and if deemed fit, to pass with or without modification, the following as a Special Resolution:

RESOLVED THAT in accordance with the provisions of Section 80, 81(IA) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment hereto or re-enactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to all necessary statutory or regulatory approvals, consents, permissions and/ or sanctions as may be deemed necessary including without limitation approvals from the Government of India, Foreign Investment Promotion Board (FIPB), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and all other appropriate authorities, Institutions or Bodies and all other applicable laws, issued from time to time and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee thereof) consent, authority and approval of the Company be and is hereby accorded to the Board to offer, issue and allot 1,00,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each at par aggregating to Rs. 100 crores by way of private placement for a tenor not less than 18 months and not later than 5 years which will carry a dividend of not exceeding 8.5% per annum.

RESOLVED FURTHER THAT Mr. N Srinivasan, Director, Mr. Vellayan Subbiah, Managing Director, Mr. D Arul Selvan, Sr. Vice President & CFO and Ms. P Sujatha, Company Secretary be and are hereby severally authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider as necessary or desirable and to obtain any approvals, permissions, sanctions, consents from SEBI, Stock Exchanges, FIPB, RBI and such other authorities which may be necessary or desirable in relation to the issue of preference shares on preferential basis to give effect to this resolution .

RESOLVED FURTHER THAT Mr. M B N Rao, Chairman, Mr. N Srinivasan, Director and Mr. Vellayan Subbiah, Managing Director be and are hereby severally authorised to –

- (a) to decide and approve the other terms and conditions of the issue subject to agreement with the proposed allottee(s) and also shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations;
- (b) to accept any amendments, modifications, variations and alterations as the Government of India / RBI/ SEBI or any other regulatory authority may stipulate in that behalf;
- (c) allot the preference shares;
- (d) make available the preference shares in dematerialized form with NSDL and/or CDSL, if necessary;
- (e) designate one or more executives or persons as authorized signatories for any of the purposes mentioned above or to give effect to this resolution; and
- (f) approve all other acts and deeds as may be required to give effect to this resolution.

By Order of the Board

Place: Chennai
Date: 10 September, 2010

P Sujatha
Company Secretary

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING MAY APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIM. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY TO BE VALID SHALL BE DEPOSITED WITH THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
- 2) The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item Nos.1 & 2 is annexed.
- 3) All correspondence relating to change of address, transfer/transmission of shares, issue of duplicate share certificates, bank mandates, dividend and all other matters relating to the shareholding in the company may be made directly to M/s. Karvy Computershare Private Ltd., the Registrar and Share Transfer Agent (RTA).
- 4) Members holding shares in physical form are requested to intimate immediately any change in their address to the RTA and the shareholders holding shares in dematerialised form may inform the same to their respective depository participant(s).

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

As the shareholders are aware, the Board of Directors (Board) at their meeting held on 28 July, 2010 had considered the capital raising proposal of the Company considering the projected growth in disbursements and to augment the capital Adequacy Ratio (CAR).

Accordingly, the Board considered the proposals to raise further capital and approved raising equity Capital upto Rs.150 crores and preference capital upto Rs.100 crores by way of private placement with one or more investors in one or more tranches.

Since the issue of equity shares as well as preference shares on a preferential basis requires the prior approval of the shareholders, the requisite approval of the shareholders is being sought. The proposed Preferential Issues are subject to the approval of the members of the Company and such other statutory approvals, as may be required.

Item No: 1

As your Company is a listed company, the proposed equity issue is in terms of the provisions of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and other applicable regulations, as applicable. In terms of the provisions of the Companies Act, 1956, and the aforesaid SEBI ICDR Regulations, the relevant disclosures/details are given below:

Object of the issue through preferential offer:

The objective of the Preferential Offer is to meet the growth requirements and augment CAR.

Type of security offered and the number of security offered:

The Company proposes to offer, issue and allot 9,375,000 Equity shares Rs.10/- each aggregating to Rs.150 crores to the investors on the terms and conditions determined by the Board.

Relevant Date & Price:

As per Chapter VII of the SEBI ICDR Regulations, issue of equity shares on a preferential basis to an investor, shall be made at a price not less than higher of the following:

The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the twenty six weeks preceding the relevant date or

The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "Relevant Date" for determining the issue price of the preferential issue of equity shares shall be 6 September, 2010 being the date which is 30 days prior to the date on which the Extraordinary General Meeting is to be held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of Extraordinary General Meeting of shareholders is on 6 October, 2010, the "relevant date" is 6 September, 2010.

The Stock Exchange means National Stock Exchange of India Ltd. being the exchange recording the highest trading volume in respect of the shares of the Company during the preceding six months prior to the Relevant Date.

The average price as computed on the above basis during the six months preceding the Relevant Date is Rs.127.17 per Equity Share where as during the two weeks preceding the Relevant Date is Rs.159.48 per Equity Share. Hence the floor price is Rs.159.48 per Equity Share.

The price at which the preferential issue is being made is Rs.160/- per Equity Share computed on the basis of the above SEBI pricing.

Intention of promoters /directors /key management personnel to subscribe to the offer:

None of the promoters, directors or key management persons intend to subscribe to the offer.

Pre-issue & Post-issue Shareholding Pattern of the Company:

Shareholder category	% of shareholding before the proposed preferential allotment (As on 3-Sep-2010)		% of shareholding after the proposed preferential allotment	
	No. of shares	%	No. of shares	%
A. Promoters	82385651	74.96	82385651	69.07
B. Public shareholding				
Banks	12100	0.01	12100	0.01
Mutual Funds	100	0.00	1250100	1.05
Financial Institutions	50	0.00	50	0.00
Foreign Financial Institutions	430962	0.39	4962212	4.16
Private corporate bodies	4981577	4.53	4981577	4.18
Foreign companies/ NRIs	348519	0.32	3004769	2.52
Shares in transit	277347	0.25	277347	0.23
Resident Individuals/others	10578723	9.62	10578723	8.87
International Finance Corporation	10893852	9.91	11831352	9.92
Total	109908881	100.00	119283881	100.00

Proposed time within which the allotment shall be complete:

As required under the SEBI ICDR Regulations, the allotment of equity shares will be completed within 15 days from the date of the passing of this resolution. Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority or central government, if applicable, the allotment would be completed within 15 days from date of such approval.

Identity of the proposed allottees and % of post preferential issue capital that may be held by them and change in control, if any, consequent to the preferential issue:

Name of the proposed allottees	Pre-issue shareholding		Post issue shareholding	
	No. of shares	% before the proposed preferential allotment	No. of shares	% after the proposed preferential allotment
Amansa Investments Limited	Nil	Nil	3,125,000	2.62
Aquarius Investments Limited	Nil	Nil	2,656,250	2.23

Name of the proposed allottees	Pre-issue shareholding		Post issue shareholding	
	No. of shares	% before the proposed preferential allotment	No. of shares	% after the proposed preferential allotment
India Capital Fund Limited (Sub Account No:197563)	Nil	Nil	1,125,000	0.94
India Capital Opportunities 1 Limited (Sub Account No: 20070025)	Nil	Nil	281,250	0.24
International Finance Corporation	10,893,852	9.91	11,831,352	9.92
Reliance Capital Trustee Limited A/C Reliance Banking Fund	Nil	Nil	1,250,000	1.05

Amansa Investments Limited, International Finance Corporation, India Capital Fund Limited (Sub account No: 197563), India Capital Opportunities 1 Limited (Sub account No:20070025) are and Reliance Capital Trustee Limited A/C Reliance Banking Fund are defined as qualified institutional buyer, as under the SEBI ICDR Regulations.

Aquarius Investments Limited proposes to make this investment as foreign direct investment.

There will be no change in control of the Company consequent to the preferential issue.

Lock in:

The equity shares being allotted on preferential basis shall be locked in for a period of 1 year from the date of allotment.

Also the entire pre Preferential Issue shareholding of the proposed allottees shall be under lock-in from the Relevant Date up to a period of six months from the date of the Preferential Allotment.

Auditor's Certificate:

It is proposed to obtain a certificate from M/s. Deloitte Haskins & Sells, Statutory Auditors of the Company, certifying that the issue of equity shares is being made in accordance with requirements of SEBI ICDR Regulations. This certificate will be made available for inspection by the members at the meeting.

Further, as per Section 81(1A) of the Companies Act, 1956, approval of the members is required for allotment of equity shares on preferential basis. Accordingly, the consent of the shareholders is being sought, pursuant to the applicable provisions of the Companies Act, 1956, and SEBI ICDR Regulations, and in terms of the provisions of the Listing Agreements to issue and allot equity shares on preferential basis as stated in the resolution.

Item No 2:

The Company proposes to offer, issue and allot 100,00,000 Cumulative Redeemable Preference shares of Rs.100/- each aggregating to Rs.100,00,00,000 (Rupees one hundred crores only) for cash at par as per the terms and conditions determined by the Board. None of the promoters, directors or key management persons intend to subscribe to the offer.

The Board of Directors of the Company believes that the proposed preferential issues are in the best interest of the Company and its members. The Board of Directors, therefore, commends the resolution for approval.

Interest of Directors:

None of the Directors of the Company is interested or concerned in the proposed resolutions, except as holders of shares in general or that of the companies, firms, and/or institutions of which they are directors, partners or members and who may hold shares in the Company.

By Order of the Board
P Sujatha
Company Secretary

Place: Chennai
Date: 10 September, 2010